UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2023

or

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

Commission file number 001-36777

JAMES RIVER GROUP HOLDINGS, LTD.

(Exact name of registrant as specified in its charter)

Bermuda	**98-0585280**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Wellesley House, 2nd Floor, 90 Pitts Bay Road, Pembroke HM08, Bermuda

(Address of principal executive offices)

Registrant's telephone number, including area code: **(441) 278-4580**

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

Title of each class	Trading Symbol(s)	Names of each exchange on which registered
Common Shares, par value $0.0002 per share	JRVR	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act. Yes ☐ No ☒

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. (Check one):

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report . ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's common shares held by non-affiliates of the registrant as of June 30, 2023, computed by reference to the closing sales price on the NASDAQ Global Select Market on that date, was approximately $669,576,597.

The number of the registrant's common shares outstanding was 37,660,083 as of February 27, 2024.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the James River Group Holdings, Ltd. Proxy Statement for the 2024 Annual General Meeting of Shareholders may be incorporated by reference into Part III hereof. Alternatively, such Part III information may be filed by James River Group Holdings, Ltd. by an amendment to this Form 10-K.

Unless the context indicates or suggests otherwise, references in this Annual Report on Form 10-K to "the Company," "we," "us" and "our" refer to James River Group Holdings, Ltd. and its consolidated subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("Annual Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements may be identified by the fact that they do not relate strictly to historical or current facts. You may identify forward-looking statements in this Annual Report by the use of words such as "anticipates," "estimates," "expects," "intends," "plans", "seeks" and "believes," and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could." These forward-looking statements include, among others, all statements relating to our future financial performance, our business prospects and strategy, anticipated financial position and financial strength ratings, liquidity and capital needs and other similar matters. These forward-looking statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict.

Our actual results may differ materially from those expressed in, or implied by, the forward-looking statements included in this Annual Report as a result of various factors, many of which are beyond our control, including, among others:

- the inherent uncertainty of estimating reserves and the possibility that incurred losses may be greater than our loss and loss adjustment expense reserves;
- inaccurate estimates and judgments in our risk management may expose us to greater risks than intended;
- downgrades in the financial strength rating or outlook of our regulated insurance subsidiaries impacting our ability to attract and retain insurance business that our subsidiaries write, our competitive position, and our financial condition;
- the timing of the, or potential failure to, close the sale by James River Group Holdings, Ltd. of the common shares of JRG Reinsurance Company Ltd. announced on November 8, 2023;
- potential uncertainty regarding the outcome of our exploration of strategic alternatives, and the impacts that it may have on our business;
- the potential loss of key members of our management team or key employees, and our ability to attract and retain personnel;
- adverse economic factors resulting in the sale of fewer policies than expected or an increase in the frequency or severity of claims, or both;
- the impact of a persistent high inflationary environment on our reserves, the values of our investments and investment returns, and our compensation expenses;
- exposure to credit risk, interest rate risk and other market risk in our investment portfolio;
- reliance on a select group of brokers and agents for a significant portion of our business and the impact of our potential failure to maintain such relationships;
- reliance on a select group of customers for a significant portion of our business and the impact of our potential failure to maintain, or decision to terminate, such relationships;
- our ability to obtain reinsurance coverage at prices and on terms that allow us to transfer risk, adequately protect our Company against financial loss and that supports our growth plans;
- losses resulting from reinsurance counterparties failing to pay us on reinsurance claims, insurance companies with whom we have a fronting arrangement failing to pay us for claims, or a former customer with whom we have an indemnification arrangement failing to perform its reimbursement obligations, and our potential inability to demand or maintain adequate collateral to mitigate such risks;
- inadequacy of premiums we charge to compensate us for our losses incurred;
- changes in laws or government regulation, including tax or insurance law and regulations;
- changes in U.S. tax laws (including associated regulations) and the interpretation of certain provisions applicable to insurance/reinsurance businesses with U.S. and non-U.S. operations, which may be retroactive and could have a significant effect on us including, among other things, by potentially increasing our tax rate, as well as on our shareholders;

- in the event we do not qualify for the insurance company exception to the passive foreign investment company (“PFIC”) rules and are therefore considered a PFIC, there could be material adverse tax consequences to an investor that is subject to U.S. federal income taxation;
- the Company or any of its foreign subsidiaries becoming subject to U.S. federal income taxation;
- a failure of any of the loss limitations or exclusions we utilize to shield us from unanticipated financial losses or legal exposures, or other liabilities;
- losses from catastrophic events, such as natural disasters and terrorist acts, which substantially exceed our expectations and/or exceed the amount of reinsurance we have purchased to protect us from such events;
- potential effects on our business of emerging claim and coverage issues;
- the potential impact of internal or external fraud, operational errors, systems malfunctions or cyber security incidents;
- our ability to manage our growth effectively;
- failure to maintain effective internal controls in accordance with the Sarbanes-Oxley Act of 2002, as amended (“Sarbanes-Oxley”);
- changes in our financial condition, regulations or other factors that may restrict our subsidiaries’ ability to pay us dividends;
- an adverse result in any litigation or legal proceedings we are or may become subject to; and
- other risks and uncertainties discussed under “Risk Factors” and elsewhere in this Annual Report.

Accordingly, you should read this Annual Report completely and with the understanding that our actual future results may be materially different from what we expect.

Forward-looking statements speak only as of the date of this Annual Report. Except as expressly required under federal securities laws and the rules and regulations of the SEC, we do not have any obligation, and do not undertake, to update any forward-looking statements to reflect events or circumstances arising after the date of this Annual Report, whether as a result of new information or future events or otherwise. You should not place undue reliance on the forward-looking statements included in this Annual Report or that may be made elsewhere from time to time by us, or on our behalf. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

PART I

Item 1. BUSINESS

General

James River Group Holdings, Ltd. is a Bermuda-based holding company. We own and operate a group of specialty insurance companies focused on underwriting small and middle market casualty risks within the U.S. excess and surplus ("E&S") lines market. For the year ended December 31, 2023, approximately 71.7% of our gross written premiums and 85.8% of our net written premiums from continuing operations originated from the E&S lines market, which we believe puts us among the top three publicly traded insurers as ranked by highest concentrations of E&S risk. Substantially all of our business is casualty insurance, and for the year ended December 31, 2023, 95.7% of our gross written premiums from continuing operations were derived from casualty insurance. Our objective is to generate compelling returns on tangible equity, while limiting underwriting and investment volatility. We seek to accomplish this by earning profits from insurance underwriting and generating meaningful risk-adjusted investment returns, while managing our capital.

We write very little property or catastrophe insurance and no property catastrophe reinsurance. For the year ended December 31, 2023, property insurance represented 4.3% of our gross written premiums from continuing operations. When we do write property insurance, we buy reinsurance to significantly mitigate our risk. We have structured our reinsurance arrangements so that our modeled net pre-tax loss from a 1/1000 year probable maximum loss ("PML") event would not exceed 2.5% of shareholders' equity on a group-wide basis, inclusive of reinstatement premiums payable and net retentions.

During 2023, we undertook several strategic actions to focus our business around our higher returning U.S. insurance businesses. Our continuing operations are now comprised of two operating segments, Excess and Surplus Lines and Specialty Admitted Insurance, and a third segment, Corporate and Other.

The Excess and Surplus Lines segment sells E&S commercial lines liability and property insurance in every U.S. state and the District of Columbia through James River Insurance Company ("James River Insurance") and its wholly-owned subsidiary, James River Casualty Company ("James River Casualty"). The Excess and Surplus Lines segment produced 66.8% of our gross written premiums and 85.0% of our net written premiums from continuing operations for the year ended December 31, 2023. James River Insurance and James River Casualty are both non-admitted carriers. Non-admitted carriers writing in the E&S market are not bound by most of the rate and form regulations imposed on standard market companies, allowing them flexibility to change the coverage terms offered and the rate charged without the time constraints and financial costs and delays associated with the filing of such changes with state regulators and seeking approval for the filings. In 2023, the average account in this segment (excluding commercial auto policies) generated annual gross written premiums of approximately $26,000. The Excess and Surplus Lines segment distributes primarily through wholesale insurance brokers. Members of our management team have participated in this market for over three decades and have long-standing relationships with the wholesale brokers who place E&S lines accounts.

The Specialty Admitted Insurance segment has admitted licenses and the authority to write excess and surplus lines insurance in 50 states and the District of Columbia through Falls Lake National Insurance Company ("Falls Lake National") and its wholly-owned subsidiaries, Stonewood Insurance Company ("Stonewood Insurance") and Falls Lake Fire and Casualty Company ("Falls Lake Fire and Casualty"). The Specialty Admitted Insurance segment produced 33.2% of our gross written premiums and 15.0% of our net written premiums from continuing operations for the year ended December 31, 2023. The Specialty Admitted Insurance segment primarily writes fronting business where we retain a minority share of the risk, generally 10%-35%, and seek to earn fee income. When we front, we use our legal authority, financial strength rating, underwriting experience and claims infrastructure to write insurance to service clients (usually managing general agents and reinsurers) who assume the vast majority of the risk on each fronted policy. Because we retain little premium or risk in our fronted business, we can allocate less capital per dollar of revenue to fronted policies than to policies where we retain more risk, which we believe enhances our returns on equity. We have also written a select book of Individual Risk Workers' Compensation ("IRWC") coverage for building trades, healthcare employees and light manufacturing, among other light to medium hazard risks in select U.S. states. In 2023, the Company took actions to reduce its workers' compensation book by non-renewing its large California workers' compensation program and by closing on an agreement to sell the renewal rights to the IRWC business. The Specialty Admitted Insurance segment accepts applications for insurance from a variety of sources, including fronting and program administrators, managing general agents ("MGAs"), and independent retail agents.

The Corporate and Other segment consists of the management and treasury activities of our holding companies, equity compensation for the group, and interest expense associated with our debt.

Our discontinued operations include JRG Re, which comprises the remaining operations of the former Casualty Reinsurance segment, and which, prior to the suspension of its underwriting activities in 2023, provided proportional and working layer casualty reinsurance to third parties. On November 8, 2023, the Company entered into a definitive agreement to sell JRG Re. The sale transaction is expected to close in the first quarter of 2024.

In 2023, we wrote $1,508.7 million of gross written premiums from continuing operations, allocated by segment and underlying market as follows:

Gross Written Premiums by Segment	Gross Written Premiums Year Ended December 31, 2023	% of Total
	(in thousands)	
Excess and Surplus Lines segment	$ 1,007,351	66.8 %
Specialty Admitted Insurance segment	501,309	33.2 %
	$ 1,508,660	100.0 %
Gross Written Premiums by Market		
Non-admitted markets	$ 1,081,830	71.7 %
Admitted markets	426,830	28.3 %
	$ 1,508,660	100.0 %

The A.M. Best Company (“A.M. Best”) financial strength rating for our group’s regulated U.S. subsidiaries is “A-” (Excellent). This rating reflects A.M. Best’s evaluation of our U.S. subsidiaries’ financial strength, operating performance and ability to meet obligations to policyholders and is not an evaluation directed towards the protection of investors. The rating for our U.S. operating companies of “A-” (Excellent) is the fourth highest rating of the thirteen ratings issued by A.M. Best and is assigned to insurers that have, in A.M. Best’s opinion, an excellent ability to meet their ongoing obligations to policyholders.

The financial strength ratings assigned by A.M. Best have an impact on the ability of our regulated subsidiaries to attract and retain agents and brokers and on the risk profiles of the submissions for insurance that our subsidiaries receive. We believe the “A-” (Excellent) ratings assigned to our subsidiaries allows them to actively pursue relationships with the agents and brokers identified in their marketing plans.

On December 20, 2023, A.M. Best announced that it revised the outlook on our financial strength rating from stable to negative on our U.S. subsidiaries. Also, on December 20, 2023, A.M. Best announced that it downgraded the financial strength rating of JRG Re from “A-” (Excellent) with a stable outlook to "B++" (good) with a negative outlook. A.M. Best announced that the ratings actions follow our announcements in November 2023 that we identified a material weakness in our internal control over financial reporting, that we entered into an agreement to sell JRG Re, and that we are exploring strategic alternatives for the Company. A.M. Best indicated that the negative outlook reflects the uncertainty that the actions will have on our organization, and reflects the execution risk associated with some of these initiatives. A.M. Best further announced that the ratings actions on JRG Re was based upon A.M. Best's view that JRG Re is less integral to our strategic, operational and financial objectives, as a result of our determination to suspend underwriting in our former casualty reinsurance segment, and our agreement to sell JRG Re at 75% of the book value, valued at September 30, 2023. The Company has remediated the material weakness in our internal control over financial reporting as of December 31, 2023 (see Item 9A. - Remediated Material Weakness).

Our History

In 2002, a group of experienced insurance executives created James River Group, Inc. (“James River Group”). James River Group was listed on the NASDAQ Stock Market (symbol: JRVR) in 2005. James River Group had two insurance company subsidiaries, James River Insurance and Stonewood Insurance. Both of these subsidiaries as well as James River Group remain subsidiaries of ours.

In 2007, a group of investors acquired James River Group, at which point it ceased trading as a public company. Simultaneously, the investors and management founded and capitalized JRG Re to begin providing reinsurance to third parties and our U.S.-based insurance subsidiaries.

In December 2014, we completed an initial public offering of our common shares (the “IPO”). Institutional investors sold all of the common shares in the IPO. Neither the Company nor any of its management or other shareholders sold shares in the IPO.

In November 2023, we announced an agreement to sell JRG Re. The sale, which is expected to close in the first quarter of 2024, allows us to focus on growing our U.S. insurance and fronting businesses.

Our Competitive Strengths

We believe we have the following competitive strengths:

Broad Underwriting Expertise. We strive to be innovative in tailoring our products to provide solutions for our distribution partners and insureds, and we are willing to entertain insuring many types of risk classifications. As a result, we believe we are a “go to” market for a wide variety of risks. We are able to structure solutions for our insureds and the wholesale brokers with whom we work because of our deep technical expertise and experience in the niches and specialties we underwrite.

Focus on Small and Medium-Sized Casualty Niche and Specialty Business. We believe that small and medium-sized casualty accounts, in niche areas where we focus, are consistently among the most attractive subsets of the property-casualty insurance and reinsurance market. We think the unique characteristics of the risks within these markets require each account to be individually underwritten in an efficient manner.

Many carriers have chosen either to reject business that requires individual underwriting or have attempted to automate the underwriting of this highly variable business. Since our inception, we have embraced technology to greatly reduce the cost of individually underwriting these accounts in our Excess and Surplus Lines and Specialty Admitted Insurance segments. We are investing in technologies that may bring additional insights to our underwriters and allow them to refine and improve their risk selection and pricing. We continue to have our underwriters make individual judgments regarding the underwriting and pricing of accounts. Our experience leads us to believe this approach, combining expert judgment and technology designed to provide our underwriters with relevant information and quick processing, is more likely to produce consistent results over time and across markets. We are successfully increasing rates in our Excess and Surplus Lines segment. Pricing on our E&S renewal book has increased for twenty-eight consecutive quarters. The Excess and Surplus Lines segment represented 66.8% of our gross written premiums and 85.0% of our net written premiums from continuing operations for the year ended December 31, 2023. We believe that there are compelling opportunities for measured but profitable growth in many sectors of the insurance markets we target.

Emphasis on Lowering Volatility. We earn our profits by taking underwriting and investment risk. We underwrite many classes of insurance and invest in many types of assets. We believe we have minimal exposure to material property risks and did not have meaningful losses from property risks during 2023.

We seek to limit our catastrophic underwriting exposure in all areas, but in particular to property risks and catastrophic events. Our U.S. primary companies purchase reinsurance from unaffiliated reinsurers to reduce our net exposure to any one risk or occurrence. In addition, our policy forms and pricing are subject to regular formal analysis in an effort to ensure we are insuring the types of risks we intend and that we are being appropriately compensated for taking on those risks.

Talented Underwriters and Operating Leadership. The managers of our 15 underwriting divisions have an average of over 25 years of industry experience, substantial subject matter expertise and deep technical knowledge. They have been successful and profitable underwriters for us in the specialty casualty insurance sector. Our segment presidents both have extensive backgrounds and histories working in management capacities in specialty casualty insurance. Our Chief Actuary, Chief U.S. Claims Officer and Chief Underwriting Officer have extensive backgrounds in operational leadership within specialty casualty insurance, including a deep focus on risk management.

Efficient Operating Platform. We have what we believe to be an extremely attractive expense ratio, as we carefully manage personnel and all other costs throughout our group while growing our business. For the year ended December 31, 2023, our expense ratio was 26.6%.

Robust Technology and Data Capture. We seek to ground our underwriting decisions in reliable historical data and technical evaluation of risks. Our underwriters utilize intuitive systems and differentiated technologies. We have implemented processes to capture extensive data from our book of business, before, during and after the underwriting analysis and decision. We use the data we collect to inform and, we believe, improve our judgment about similar risks as we refine our underwriting criteria. We use the data we collect in regular formal review processes for each of our lines of business.

Active Claims Management. Our U.S.-based primary insurance companies actively manage claims. We attempt to investigate thoroughly and settle promptly all covered claims, which we generally accomplish through direct contact with the insured and other affected parties. We have historically been able to close approximately 95% of claims from a particular policy year within the five subsequent years, and as of December 31, 2023, our reserves for claims incurred but not reported (“IBNR”) for our continuing operations were 72.0% of total net loss reserves.

Meaningful Risk Adjusted Investment Returns. We seek to generate meaningful contributions to company profitability from our investment portfolio. We attempt to follow a strategy that emphasizes the preservation of our invested assets, provides adequate liquidity for the prompt payment of claims and produces attractive results for our shareholders. Within that context, we seek to improve risk-adjusted returns in our investment portfolio by allocating a portion of our portfolio to investments where we take measured risks based upon detailed knowledge of certain niche asset classes. Investment grade fixed maturity securities make up the majority of our investment portfolio, and we are comfortable allocating a portion of our assets to non-traditional investments. We consider non-traditional investments to include investments that are (1) unrated bond or fixed income securities, (2) non-listed equities or (3) investments that generally have less liquidity than rated bond or fixed income securities or listed equities. Non-traditional investments represented 9.6% of our total cash and invested assets (excluding restricted cash equivalents) at December 31, 2023, consisting of syndicated bank loans (7.9%) and other invested assets (1.7%) that include interests in limited liability companies that invest in renewable energy opportunities, limited partnerships that invest in debt or equity securities, and notes receivable for renewable energy projects. While we are willing to make investments in non-traditional types of investments, we seek to avoid asset classes and investments that we do not understand. The weighted average credit rating of our portfolio of fixed maturity securities, bank loans and preferred stocks as of December 31, 2023 was “A”. At December 31, 2023, the average duration of our total invested assets and cash, excluding restricted cash, was 3.6 years.

Our Strategy

We believe our approach to our business will help us achieve our goal of generating compelling returns on tangible equity while limiting volatility in our financial results. This approach involves the following:

Generate Consistent Underwriting Profits. We seek to make underwriting profits each and every year. We attempt to find ways to grow in markets we believe to be profitable, but are less concerned about growth than maintaining profitability in our underwriting activities (measured without regard to investment income). We are willing to reduce the premiums we write when we cannot achieve the pricing and contract terms we believe are necessary to meet our financial goals.

Maintain a Strong Balance Sheet. Balance sheet integrity is key to our long-term success. In order to maintain balance sheet integrity, we seek to estimate the amount of future obligations, especially reserves for losses and loss adjustment expenses, in a consistent and appropriate fashion.

Respond Rapidly to Market Opportunities and Challenges. For the year ended December 31, 2023, gross written premiums for the Excess and Surplus Lines segment increased by 9.4% over the same period in 2022. We seek to grow our business by taking advantage of opportunities in markets in which we believe we can use our expertise to generate consistent underwriting profits. We seek to measure rates and react quickly to changes in the rates or terms the market will accept. In this favorable pricing environment, we have taken steps to grow and are increasing gross written premiums across most underwriting divisions in this segment. In 2023, our growth was primarily focused in our Excess Casualty, General Casualty, Manufacturers & Contractors, and Excess Property divisions within our Excess and Surplus Lines segment. This very specific evaluation of each risk or class of risks is a hallmark of our underwriting.

When market conditions have been challenging, or when actual experience has not been as favorable as we anticipated, or when the size or risk profile of certain insureds or lines of business change, we have tried to act quickly to evaluate our situation and to make course corrections in order to protect our profits and preserve tangible equity. Our actions have included reducing our writings when margins tightened and exiting lines or classes of business when we believed the risk of continuing in a line outweighed the potential rewards from underwriting. We do not hesitate to increase loss estimates when we determine that it is appropriate.

Focus on Specialty Insurance Markets and Fee Income. We focus on specialty markets in which our underwriters have particular expertise and in which we have fewer competitors than in standard markets, and greater flexibility to price and structure our products in accordance with our underwriting strategy. We believe underwriting profitability can best be achieved through restricting our risk taking to niches where, because of our expertise, we can distinguish ourselves in the underwriting and pricing process. We also believe that we can achieve attractive returns on capital through the growth of our fronting business, as we carefully manage credit and collateral to generate attractive fee income, while generally utilizing less capital than in our highly underwritten businesses.

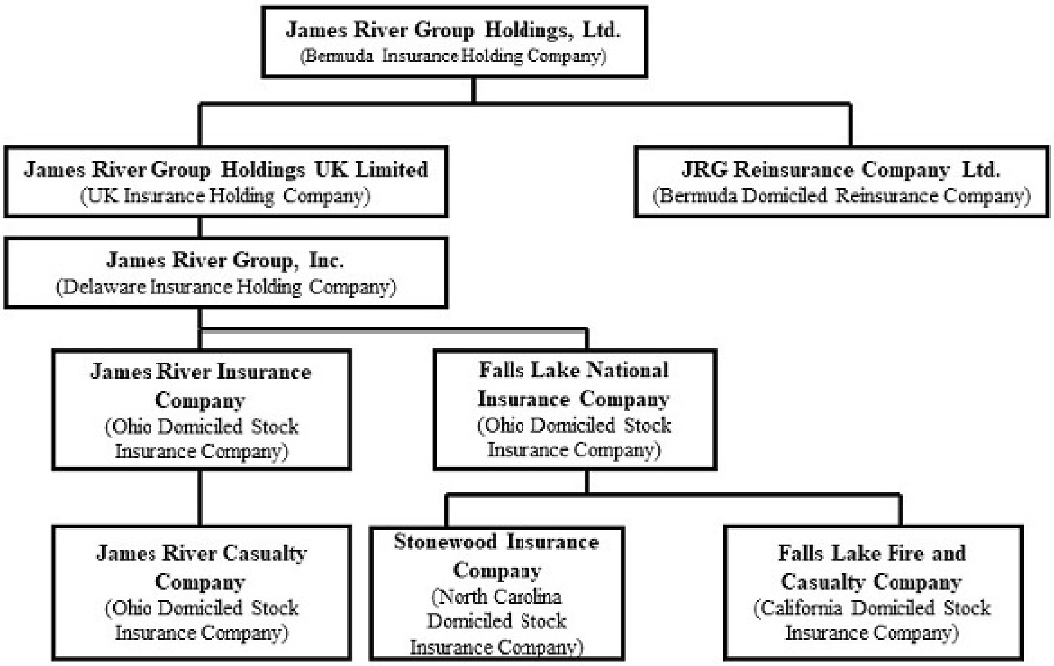
Use Timely and Accurate Data. We design our internal processing and data collection systems to provide our management team with accurate and relevant information in real-time. We collect premium, commission and claims data, including detailed information regarding policy price, terms, conditions and the nature of the insured’s business. This data allows us to analyze trends in our business, including results by individual agent or broker, underwriter and class of business and expand or contract our operations quickly in response to market conditions. We rely on our information technology systems in this process. Additionally, the claims staff also contributes to our underwriting operations through its communication of claims information to our underwriters.

Earn a Meaningful Contribution from Investments. We seek to earn a meaningful contribution to our overall returns from our investment portfolio activities each year. We attempt to balance the preservation of assets, liquidity needs and mitigation of volatility with returns across our portfolio. We believe our diversified portfolio and ability to source investment opportunities positions us well to generate returns while balancing the importance of maintaining a strong balance sheet.

Manage Capital Actively. We invest and manage our capital with a goal of consistently increasing tangible equity for our shareholders and generating attractive returns on tangible equity. We intend to expand our premium volume and capital base to take advantage of opportunities to earn an underwriting profit or to reduce our premium volume and capital base if attractive underwriting opportunities are not available. We expect to finance our future operations with a combination of debt and equity and do not intend to raise or retain more capital than we believe we can profitably deploy in a reasonable time frame or that is reasonably necessary to bolster the capital positions of our regulated insurance entities. We may not, however, always be able to raise capital when needed. Our ratings from A.M. Best are very important to us, as are our relationships with our regulators, and maintaining them in good order is a principal consideration in our decisions regarding capital management.

Our Structure

The chart below displays our corporate structure as of December 31, 2023 as it pertains to our holding and operating subsidiaries.



Business Segments

Excess and Surplus Lines Segment

We underwrite non-admitted E&S business through our subsidiaries, James River Insurance and James River Casualty (together, "James River," which comprises our Excess and Surplus Lines segment), from offices in Richmond, Virginia; Scottsdale, Arizona; and Atlanta, Georgia. The Excess and Surplus Lines segment is our largest segment, representing 66.8% of consolidated gross written premiums from continuing operations for the year ended December 31, 2023. James River has been engaged in the E&S insurance market for over 20 years.

The E&S industry focuses on providing insurance coverage to policyholders that may be unable to purchase insurance from standard lines insurers typically due to perceived risk related to their operations or risk exposures. Our Excess and Surplus Lines segment underwrites property-casualty insurance in all states and the District of Columbia. We utilize a network of authorized wholesale brokers and general agents throughout the United States. Gross written premiums for our Excess and Surplus Lines segment grew by 9.4%, 10.5%, and 19.2% in 2023, 2022, and 2021, respectively. Net written premiums grew by 0.1%, 17.5%, and 11.3% in 2023, 2022, and 2021, respectively. Net written premium growth was lower in 2023 due to $16.4 million of reinstatement premium, triggered by claims on the 2020 and 2021 years of an excess of loss reinsurance treaty, which reduced net written premiums, and the renewal of a quota share treaty, effective July 1, 2023, that increased premium cessions across all underwriting divisions other than Excess Casualty and resulted in lower retentions for the segment. The Excess and Surplus Lines segment produced a cumulative combined ratio of 94.4% from 2014 through 2023. Excluding Rasier, the cumulative combined ratio of the Excess and Surplus Lines segment for 2019 through 2023 was 86.1%.

Companies that underwrite on an E&S lines basis operate under a different regulatory structure than standard market carriers. E&S lines carriers are generally permitted to craft the terms of the insurance contract to suit the particular risk they are assuming. E&S lines carriers are, for the most part, free of rate and form regulation. In contrast, standard market carriers are generally required to use approved insurance forms and to charge rates that have been authorized by or filed with state insurance departments. However, as E&S carriers, our insurance subsidiaries in the Excess and Surplus Lines segment are not backed by any state's guarantee fund, and in most states these subsidiaries may only write coverage for an insured after they have been declined coverage by the standard market.

Our Excess and Surplus Lines segment underwrites coverage for a wide range of commercial businesses and does not write personal lines insurance. Applications for insurance are presented to us by authorized wholesale brokers who are engaged by retail agents to assist in coverage procurement.

Claims for business written and retained by the Excess and Surplus Lines segment are managed by our internal claims department although we use independent adjusters for inspection and payment of certain claims.

The chart below identifies the Excess and Surplus Lines segment's divisions and sets forth the amount of gross written premiums by each division.

	Gross Written Premiums Year Ended December 31,						
E&S Division	**2023**	**Percentage of Total 2023**	**2022**	**2021**	**2020**	**2019**	
			(in thousands)				
Excess Casualty	$ 339,870	33.7 %	$ 310,383	$ 285,082	$ 213,037	$ 118,954	
General Casualty	202,861	20.2 %	173,574	140,608	125,433	115,832	
Manufacturers and Contractors	180,074	17.9 %	156,645	139,720	122,880	105,096	
Excess Property	64,574	6.4 %	52,104	47,241	37,332	31,606	
Energy	51,593	5.1 %	42,290	46,216	51,109	45,442	
Small Business	38,561	3.8 %	36,930	32,593	24,790	19,725	
Allied Health	30,904	3.1 %	34,156	35,192	26,918	26,713	
Commercial Auto	29,379	2.9 %	37,974	34,630	30,029	405,565	(1)
Life Sciences	27,595	2.7 %	32,277	35,935	35,163	24,462	
Sports and Entertainment	17,826	1.8 %	13,934	9,442	6,118	4,212	
Environmental	13,832	1.4 %	20,676	17,050	17,753	16,539	
Professional Liability	9,264	0.9 %	8,936	8,104	6,881	6,441	
Medical Professionals	955	0.1 %	1,285	1,844	1,700	1,733	
Management Liability	63	— %	—	—	—	—	
Total	$ 1,007,351	100.0 %	$ 921,164	$ 833,657	$ 699,143	$ 922,320	

(1) Gross written premiums for 2019 include $374.2 million related to a large commercial auto insured (Rasier). This coverage was terminated on December 31, 2019.

Excess Casualty underwrites excess liability coverage for a variety of risk classes including manufacturers, contractors, distributors and transportation risks. Typically, we provide between $1.0 million and $10.0 million per occurrence limits above a $1.0 million attachment point. Of this amount, we retain up to $2.0 million of exposure per occurrence and cede the balance to our reinsurers. We write excess liability coverage above our own primary policies, as well as policies issued by third parties. When we write above others' policies, we are selective regarding underlying carriers, focusing on the nature of the business, the financial strength of the carrier, their pricing and their claims handling capabilities.

General Casualty writes primary liability coverage on businesses exposed to premises liability type claims including real estate, mercantile and retail operations, apartments and condominiums, hotels and motels, restaurants, bars, taverns and schools. Typically, we write $1.0 million per occurrence in limits, of which we retain $690,000 net per occurrence.

Manufacturers and Contractors writes primary general liability coverage for a variety of classes, including manufacturers of consumer, commercial, and industrial products and general and trade contractors. Typically, we issue a $1.0 million per occurrence limit in this division, of which we retain $690,000 net per occurrence.

Excess Property writes property risks providing limits in various layers above the primary coverage layer for a variety of classes, including apartments, condominiums, resorts, shopping centers, offices and general commercial properties. Typical per risk limits offered range from $5.0 million to $30.0 million on a gross basis, and a maximum of $5.0 million on a net of reinsurance basis. The average net per risk limit is approximately $775,000 as of December 31, 2023. We retain up to the first $5.0 million in any one event or catastrophe.

Energy writes risks engaged in the business of energy production, distribution or mining, and the manufacture of equipment used in the energy business segment. Examples of classes underwritten by this division include oil and gas exploration companies, oil or gas well drillers, oilfield consultants, oil or gas lease operators, oil well servicing companies, oil or gas pipeline construction companies, fireworks manufacturing, mining-related risks, utilities, and utility contractors. We provide policy limits up to $11.0 million per occurrence, of which we retain up to $3.2 million in limit net, with typical limits between $1.0 million and $5.0 million per occurrence, of which we retain between $690,000 and $1.98 million net, respectively, on either a primary or excess basis.

Small Business includes both brokerage and delegated authority contract binding focusing on accounts with annual primary liability insurance premiums of less than $20,000 and more typically below $10,000. For these smaller risks, we limit flexibility in coverage options and pricing to facilitate quick turnaround and efficient processing. We generally write $1.0 million per occurrence limits, of which we retain $690,000 net per occurrence.

Allied Health underwrites casualty insurance for allied health and social service types of risks, such as long-term care facilities, independent living apartments, group homes, half-way houses and shelters, drug rehabilitation, home health care and medical staffing enterprises. We provide policy limits up to $11.0 million per occurrence, of which we retain up to $3.2 million in limit net, with typical limits between $1.0 million and $5.0 million per occurrence, of which we retain between $690,000 and $1.98 million net, respectively. Approximately 88% of the premiums written by our Allied Health division from inception through 2023 have been written on a claims-made and reported form. We believe this policy form significantly reduces our long-term exposure in this complicated class of business.

Commercial Auto underwrites primarily the hired and non-owned auto liability exposures for a variety of industry segments including package and food delivery services. Limits assumed are retained up to $690,000 net per occurrence by the Company, in some cases subject to self-insured retentions of the insureds.

Life Sciences underwrites general liability, products liability and/or professional liability coverage for manufacturers, distributors and developers of biologics (antibodies & vaccines used for the prevention of disease), nutraceuticals (health, nutrition and herbal supplements), human clinical trials, pharmaceuticals (mainly generics and over-the-counters) and medical devices. This division also writes a book of various types of business engaged in the medical and adult-use cannabis industry. We provide policy limits up to $11.0 million per occurrence (up to $10.0 million on cannabis), of which we retain up to $3.2 million in limit net per occurrence, with typical limits between $1.0 million and $5.0 million per occurrence, of which we retain between $690,000 and $1.98 million net, respectively.

Sports and Entertainment underwrites primary liability coverage for sports, recreation and entertainment related risks, including special events, family entertainment centers, tourist attractions, health clubs, sports complexes and other sport and event venues. Typical limits offered are up to $1.0 million per occurrence, of which we retain $690,000 net per occurrence.

Environmental underwrites contractors' pollution liability, products pollution liability, site specific pollution liability and consultant's professional liability coverage on a stand-alone basis and in conjunction with the general liability coverage. Typically, we write environmental coverage for contractors who are not engaged in environmental remediation work on an occurrence form. We provide policy limits up to $11.0 million per occurrence, of which we retain up to $3.2 million in limit net, with typical limits between $1.0 million and $5.0 million per occurrence, of which we retain between $690,000 and $1.98 million net, respectively, on a primary or excess basis.

Professional Liability writes professional liability coverage for accountants, architects, engineers, lawyers and certain other professions. We provide policy limits up to $11.0 million, of which we retain up to $3.2 million in limit net, with typical limits between $1.0 million and $5.0 million per occurrence, of which we retain between $690,000 and $1.98 million net, respectively. All of our professional liability coverage is written on a claims-made and reported basis.

Medical Professionals underwrites non-standard physicians' professional liability for individuals or small groups. Our healthcare business is a mix of both surgical and non-surgical classes. We typically provide between $1.0 million and $3.0 million per occurrence limits, of which we retain between $690,000 and $1.58 million net, respectively. All of the policies written by this division have been issued on a claims-made and reported basis.

Management Liability, a new underwriting division in 2023, writes excess management liability coverage inclusive of directors & officers liability, employment practices liability, and fiduciary liability. The division will underwrite a wide range of industries except for financial institutions and cryptocurrency firms. We write publicly traded risks, privately held risks and not-for-profit risks. Typical per risk limits offered are $5.0 million or less on a gross basis or $1.8 million on a net basis and a maximum of $10.0 million on a gross basis or $3.2 million on a net basis.

The following table identifies the top producing states by amount of gross written premium for our Excess and Surplus Lines segment for the year ended December 31, 2023 and the amount of gross written premium produced by such states for the years ended December 31, 2022, 2021, 2020 and 2019. The table also shows the percentage of each states' gross written premium to total gross written premium in the Excess and Surplus Lines segment for the years ended December 31, 2023, 2022 and 2021.

	2023		2022		2021		2020	2019
State	Gross Written Premiums	% of Total	Gross Written Premiums	% of Total	Gross Written Premiums	% of Total	Gross Written Premiums	Gross Written Premiums
Florida	$ 176,730	17.5 %	$ 161,679	17.5 %	$ 137,880	16.5 %	$ 104,120	$ 67,700
California	172,114	17.1 %	157,519	17.1 %	147,677	17.7 %	136,532	368,488
Texas	169,919	16.9 %	146,737	15.9 %	128,312	15.4 %	79,338	51,978
New York	126,326	12.5 %	112,189	12.2 %	101,820	12.2 %	108,778	89,680
New Jersey	25,871	2.6 %	23,383	2.5 %	22,131	2.7 %	17,621	13,425
Washington	23,104	2.3 %	22,618	2.5 %	22,778	2.7 %	16,407	16,573
Arizona	22,434	2.2 %	20,972	2.3 %	16,544	2.0 %	12,782	9,023
Georgia	22,205	2.2 %	18,636	2.0 %	15,522	1.9 %	11,934	10,936
Illinois	21,399	2.1 %	17,526	1.9 %	19,010	2.3 %	16,243	14,491
Pennsylvania	17,794	1.8 %	23,548	2.5 %	22,055	2.6 %	19,008	16,206
Louisiana	16,054	1.6 %	17,161	1.9 %	15,723	1.9 %	13,968	16,001
Ohio	14,415	1.4 %	11,091	1.2 %	13,156	1.6 %	9,210	10,537
Virginia	12,141	1.2 %	11,125	1.2 %	8,663	1.0 %	8,932	23,563
Missouri	11,812	1.2 %	12,446	1.4 %	11,967	1.4 %	10,080	14,628
Oregon	11,533	1.1 %	10,041	1.1 %	7,501	0.9 %	6,583	6,063
All other states	163,500	16.3 %	154,493	16.8 %	142,918	17.2 %	127,607	193,028
Total	$ 1,007,351	100.0 %	$ 921,164	100.0 %	$ 833,657	100.0 %	$ 699,143	$ 922,320

Marketing and Distribution

The Excess and Surplus Lines segment distributes its products through a select group of authorized E&S lines brokers we believe can consistently produce reasonable volumes of quality business. These brokers procure policies for their clients from us as well as from other insurance companies. At December 31, 2023, the segment had authorized close to 100 broker groups to submit applications to us. The Excess and Surplus Lines segment generally makes broker authorizations by brokerage office and underwriting division. The segment does not grant its brokers underwriting or claims authority. The segment does delegate limited authority under several programs underwritten by exclusive General Agents as well as a growing but still limited number of General Agents underwriting small-account commercial risks through our online contract binding portal.

Our Excess and Surplus Lines segment selects its brokers based upon management's review of the experience, knowledge and business plan of each broker. While many of our Excess and Surplus Lines segment's brokers have more than one office, we evaluate each office as if it were a separate entity. Brokers must be able to demonstrate an ability to produce both the quality and quantity of business that we seek. Brokers unable to produce consistently profitable business, or who produce unacceptably low volumes of business, may be terminated. Our Excess and Surplus Lines segment's underwriters visit brokers regularly to discuss the products that we offer and the needs of the brokers. We believe the personal relationships we foster with individual brokers and our ability to respond to a wide variety of risks placed by these brokers make us an important market for them.

Our Excess and Surplus Lines segment's three largest brokers produced $716.3 million of gross written premiums for the year ended December 31, 2023, representing approximately 71.1% of the Excess and Surplus Lines segment's gross written premiums and 47.5% of consolidated gross written premiums from continuing operations for 2023. The three largest brokers produced $324.7 million (Ryan Specialty Group), $246.4 million (Amwins Group), and $145.2 million (Truist Insurance Holdings) of gross written premiums for the year ended December 31, 2023, respectively, representing 21.5%, 16.3%, and 9.6% of consolidated gross written premiums from continuing operations and 32.2%, 24.5%, and 14.4% of the Excess and Surplus Lines segment's gross written premiums for 2023, respectively.

In 2023 and 2022, our Excess and Surplus Lines segment paid an average commission to producers of 17.5% and 16.8%, respectively, of gross written premiums.

Underwriting

Our Excess and Surplus Lines segment's staff includes over 200 individuals directly employed in underwriting policies as of December 31, 2023. We are very selective about the policies we bind. Our Excess and Surplus Lines segment binds approximately 3% of new submissions and one out of every four new quotes. If our underwriters cannot reasonably expect to bind coverage at the combination of premiums and coverage that meet our standards, they are encouraged to quickly move on to another prospective opportunity. For the year ended December 31, 2023, we received approximately 321,000 submissions (new and renewal, excluding commercial auto policies), quoted almost 61,000 policies and bound close to 27,000 policies.

When we accept risk in our Excess and Surplus Lines segment, we are careful to establish terms that are suited to the risk and the pricing. As an excess and surplus lines writer, we use our freedom of rate and form to make it possible to take on risks that have already been rejected by admitted carriers who have determined they cannot insure these risks on approved forms at filed rates. We attempt to craft policies that offer affordable protection to our insureds by tailoring coverage in ways that make potential losses more predictable and are intended to reduce claims costs.

We design our internal processing and data collection systems to provide our management team with accurate and relevant information in real-time. We collect premium, commission and claims data, including detailed information regarding policy price, terms, conditions and the nature of the insured's business. This data allows us to analyze trends in our business, including results by individual broker, underwriter and class of business and expand or contract our operations quickly in response to market conditions. We rely on our information technology systems in this process. Additionally, the claims staff also contributes to our underwriting operations through its communication of claims information to our underwriters.

Claims

We believe that effective management of claims settlement and any associated litigation avoids delays and associated additional costs.

Over 60 claims professionals with significant experience in the property-casualty industry support our Excess and Surplus Lines segment as of December 31, 2023.

Our excess and surplus lines business generally results in claims from premises/operations liability, professional liability, hired and non-owned auto liability, auto physical damage, first party property losses and products liability. We believe the key to effective claims management is timely and thorough claims investigation. We seek to complete all investigations and adjust reserves appropriately as soon as is practicable after the receipt of a claim. We seek to manage the number of claims per adjuster to allow adjusters sufficient time to investigate and resolve claims. Senior management reviews each case above a specified amount at least quarterly to evaluate whether the key issues in the case are being considered and to monitor case reserve levels. We keep the settlement authority of front-line adjusters low to ensure the practice of having two or more members of the department participate in the decision as to whether to settle or defend. In addition, cases with unusual damage, liability or policy interpretation issues are subjected to peer reviews. Members of the underwriting staff participate in this process. Prior to any scheduled mediation or trial involving a claim, claims personnel conduct further peer review to make sure all issues and exposures have been adequately analyzed.

Our claims staff also contributes to our underwriting operations through communication of claims information to our underwriters. Members of our Claims team participate on our forms committee, which reviews and develops all policy forms and exclusions, and are also members of the underwriting review committee.

Approximately 94% of all claims received are closed within five years in the Excess and Surplus Lines segment.

The calendar year net loss ratios for the Excess and Surplus Lines segment for the last ten years were:

2014	55.2 %
2015	54.5 %
2016	62.6 %
2017	80.2 %
2018	78.8 %
2019	84.4 %
2020	76.7 %
2021	106.2 %
2022	65.9 %
2023	68.9 %

The calendar year loss ratios for 2017 through 2021 were impacted by adverse reserve development of $38.7 million, $20.7 million, $57.4 million, $91.4 million and $200.1 million, respectively, in the commercial auto line of business that was primarily related to a former insured, Rasier LLC and its affiliates (“Rasier”). The loss ratios for 2022 and 2021 also include net catastrophe losses in the Excess Property line of business of $5.0 million related to Hurricane Ian in 2022 and $5.0 million related to Hurricane Ida in 2021.

On September 27, 2021, James River entered into a loss portfolio transfer transaction (the “Commercial Auto LPT”) with Aleka Insurance, Inc. (“Aleka”), a captive insurance company affiliate of Rasier, to reinsure substantially all of the Excess and Surplus Lines segment’s legacy portfolio of commercial auto policies previously issued to Rasier for which James River is not otherwise indemnified by Rasier. Under the terms of the transaction, effective as of July 1, 2021, James River ceded to Aleka approximately $345.1 million of commercial auto liabilities relating to Rasier policies written in the years 2013-2019, which amount constituted the reinsurance premium. The reinsurance coverage is structured to be fully collateralized, is not subject to an aggregate limit, and is subject to certain exclusions. A pre-tax loss of $29.6 million was recognized as adverse loss and loss adjustment reserve development in the Excess and Surplus Lines segment for the third quarter of 2021 associated with the loss portfolio transfer.

For the years ended December 31, 2023 and 2022, due to adverse paid and reported loss trends on the legacy Rasier business, the Company recognized adverse prior year development of $64.4 million and $46.7 million, respectively, on the net reserves subject to the Commercial Auto LPT, resulting in corresponding additional amounts ceded under the Commercial Auto LPT. As a result, the cumulative amounts ceded under the Commercial Auto LPT exceed the consideration paid, moving the Commercial Auto LPT into a gain position. The Company has applied retroactive reinsurance accounting to the Commercial Auto LPT. Retroactive reinsurance benefits of $59.4 million and $31.0 million, respectively, were recorded in losses and loss adjustment expenses on the Consolidated Statements of (Loss) Income and Comprehensive Loss for the years ended December 31, 2023 and 2022 using the recovery method. As of December 31, 2023 and December 31, 2022, the cumulative amounts ceded under the Commercial Auto LPT were $456.2 million and $391.8 million, respectively. The deferred retroactive reinsurance gain separately presented on the Company's Consolidated Balance Sheets was $20.7 million and $15.7 million at December 31, 2023 and December 31, 2022, respectively.

Specialty Admitted Insurance Segment

The Falls Lake Insurance Companies (“Falls Lake”) comprise our other U.S. insurance segment, Specialty Admitted Insurance. Falls Lake consists of Falls Lake National (an Ohio domiciled company, licensed in 49 states and the District of Columbia and registered as a surplus lines company in California), and its subsidiaries Stonewood Insurance (a North Carolina domiciled company) and Falls Lake Fire and Casualty (a California domiciled company). The Specialty Admitted Insurance segment produced 33.2% of gross written premiums from continuing operations for the year ended December 31, 2023.

Fronting & Program Business

Fronting and program business written through selected MGAs, insurance carriers, and other producers, represented 90.9% of 2023 gross written premiums in this segment (89.2% in 2022, 88.3% in 2021). In our fronting business, we issue insurance policies for another insurance company which may not have the licensure, product suite or rating to serve its desired market, or for a program supported by reinsurance or alternative capital provider(s). In a fronting arrangement, we give selected MGAs authority to act on our behalf to produce, underwrite and administer policies that meet our underwriting and pricing guidelines. We generally retain 10%-35% of the underwriting risk in our fronting business. The issuance of our policy makes us contractually responsible to the insured in the event they experience a covered loss. We enter into these arrangements selectively with counterparties which have significant experience and market presence in specialty classes of property-casualty risk, workers' compensation or automobile business. We only work with MGAs who permit us to actively engage with them through a combination of onsite and offsite resources to facilitate our real-time supervision of their work. Underwriting, claims and financial performance is subject to regular review by our staff, and we hold appropriate collateral to manage counterparty credit risk. We grant limited authority for underwriting and claims administration and employ a rigorous review process to ensure the authority is appropriately used within the terms of our contract, and that collateral held by us is appropriate. We charge fees as a percentage of gross written premiums for issuing these policies. We establish fronting opportunities through a variety of sources, including direct carrier relationships, MGAs, reinsurers, and reinsurance brokers.

Our objective is to utilize the combination of fee income and underwriting profits from our Specialty Admitted Insurance segment to leverage our capital and improve returns on tangible equity. Fee income was $24.2 million in 2023, $23.6 million in 2022, and $22.7 million in 2021. Our licensure and product filings position us to support this business throughout the United States. Because of the more limited capital allocation required to support it, we believe the fronting business represents an efficient use of capital, and we continued to expand this business in 2023. Our largest fronting relationship produced $163.1 million of gross written premiums in 2023, representing 10.8% of consolidated gross written premiums from continuing operations and 32.5% of the Specialty Admitted Insurance segment's gross written premiums, respectively.

We focus our coverage on casualty risks in our fronting business, although some property insurance is written. We seek to limit our risk generally through reinsurance either on a proportional or excess of loss basis, or sometimes both. For initial claims oversight and administration, we generally outsource frequency layer claims management authority to third-party administrators up to the first $100,000 of a claim with our management oversight, and then provide supervisory control above this amount.

Under the terms of these program agreements, we pay fixed commissions, often with a profit contingency. Our fronting business is distributed primarily through MGAs and fronting and program managers.

Actions to Reduce Workers' Compensation Book

In June 2023, the Company non-renewed its large California workers' compensation program in the Specialty Admitted Insurance segment. This action was taken due to persistent rate pressure and tighter reinsurance capacity. Gross written premiums for the program were $96.5 million, $110.9 million, and $124.1 million for the years ended December 31, 2023, 2022, and 2021, respectively.

On September 25, 2023, the Company announced that certain of its subsidiaries entered into an agreement to sell the renewal rights to the IRWC business in the Specialty Admitted Insurance segment. The IRWC business, underwritten by our staff and generated by appointed agents in 13 states, produced 9.1% of 2023 gross written premiums in this segment (10.8% in 2022, 11.7% in 2021). The transaction includes the full operations of the business, including underwriting, loss control and claims, and transfer of the employees supporting the business. The transaction, which closed on September 29, 2023, was aligned with our strategy to focus our resources on core businesses where we have meaningful scale. Upon closing of the transaction, the Company recognized a $2.2 million gain on sale included in other income for the year ended December 31, 2023 representing the minimum guaranteed consideration to be received in the transaction. The Company also recognized an impairment charge of $2.5 million related to the trademark intangible asset associated with the IRWC business.

Corporate and Other Segment

Our Chief Executive Officer and Chief Financial Officer and other holding company employees are part of the Corporate and Other segment. This is where we set and direct strategy for the group as a whole as well as high level objectives for each of the operating segments. We make all capital management, capital allocation, treasury functions, information technology and group wide risk management decisions in this segment. Our decisions at this level also include reinsurance purchasing.

Purchase of Reinsurance

We routinely purchase reinsurance for our Excess and Surplus Lines and Specialty Admitted Insurance segments. The purchase of reinsurance reduces volatility by limiting our exposure to large losses and provides capacity for growth. In a reinsurance transaction, an insurance company transfers, or cedes, all or part of its exposure in return for a portion of the premium. Our companies remain legally responsible for the entire obligation to policyholders, irrespective of any reinsurance coverage we may purchase. Typically, we pay claims from our own funds and then seek reimbursement from the reinsurer. There is credit exposure with respect to losses ceded to the extent that any reinsurer is unable or unwilling to meet the obligations ceded by us under reinsurance treaties. The ability to collect on reinsurance is subject to many factors, including the solvency of the counterparty and their interpretation of contract language and other factors. As of December 31, 2023, we have no material, ongoing disputes with any reinsurer, and we are not aware of any credit quality issues with any of our reinsurers.

Purchased Property Reinsurance

Our focus on return on tangible equity leads us to avoid lines of business that we know are exposed to high degrees of volatility. The Excess and Surplus Lines segment writes a limited book of excess property risks ($64.6 million of direct written premiums in 2023). The risks assumed in this book are geographically dispersed and significantly reinsured to limit losses. The Excess and Surplus Lines segment may retain up to $5.0 million per risk on our excess property book; however, the average retained amount per risk is approximately $775,000. In our Specialty Admitted Insurance segment, we focus on casualty business, but we do write a limited amount of property insurance, principally through our fronting and programs business.

In our Excess and Surplus Lines segment, we purchased a proportional quota share reinsurance treaty specifically designed to cover property risks. The proportional quota share treaty along with facultative reinsurance helps ensure that our net retained limit per risk will be $5.0 million or less. Additionally, we purchased catastrophe reinsurance of $20.0 million in excess of a $5.0 million retention for the group that is intended to cover the 1 in 1,000 year modeled aggregate PML on the segment’s excess property book. We buy such high limits because we believe the property catastrophe models are less accurate when applied to small books of business like ours than when applied to larger portfolios. Where the Specialty Admitted Insurance segment incurs incidental property risks in its fronting and program book of business, protection is also provided under the corporate $20.0 million in excess of $5.0 million catastrophe treaty. This is also intended to cover the 1 in 1,000 year modeled aggregate PML on any property exposures the Specialty Admitted Insurance segment assumes. We believe our pre-tax group-wide PML from a 1 in 1,000 year catastrophic event would not exceed 2.5% of shareholders' equity, inclusive of reinstatement premiums payable and net retentions.

Purchased Casualty Reinsurance

In our Excess and Surplus Lines segment, we purchase a casualty multiline reinsurance solution for all divisions that provides coverage through a proportional quota share treaty and companion excess of loss treaty. The Company also utilizes facultative reinsurance to reduce the amount of exposure it retains on individual accounts according to its guidelines for accepting risk across various industry segments, locations and types of exposure. Our maximum net liability is $1.4 million of all policy limits up to $2.0 million per occurrence, and up to $3.2 million of all policy limits greater than $2.0 million per occurrence.

In our Specialty Admitted Insurance segment, there are two distinct reinsurance strategies. For individual risk workers' compensation, we purchased $29.5 million excess of $500,000 per occurrence. For our fronting and program business, we generally purchase proportional reinsurance and excess of loss reinsurance to limit our exposure to no more than $750,000 per occurrence.

In prior years, for both our Excess and Surplus Lines segment and our Specialty Admitted Insurance segment, we purchased a contingency clash reinsurance treaty that covered all casualty business for $10.0 million in excess of $2.0 million per occurrence. This coverage, which was put into runoff effective July 1, 2022, was intended to respond in situations with multiple insured losses from the same event as well as extra contractual obligations or excess policy limits on an individual occurrence basis.

Effective January 1, 2020, we purchased an additional $10.0 million in claims made coverage for excess policy limits and extra contractual obligations exposures above the clash and contingency treaty for the period 2014 to present. This treaty has one reinstatement and expired on December 31, 2022.

For 2023, our top ten reinsurers represented 65.2% of our total ceded reinsurance recoverables, and all of these reinsurance recoverables were from reinsurers with an A.M. Best rating of "A" (Excellent) or better, or are collateralized with letters of credit or by a trust agreement. The following table sets forth our ten most significant reinsurers by amount of reinsurance recoverables on unpaid losses and the amount of reinsurance recoverables pertaining to each such reinsurer as well as its A.M. Best rating as of December 31, 2023:

Reinsurer	Reinsurance Recoverable as of December 31, 2023	A.M. Best Rating December 31, 2023
	(in thousands)	
Swiss Reinsurance America Corporation	$ 366,107	A+
Berkley Insurance Company	162,120	A+
Aleka Insurance Company (Commercial Auto LPT)	78,065	Unrated(1)
Hannover Ruck SE	57,280	A+
Endurance Assurance Corporation	51,850	A+
American European Insurance Company	41,429	B(2)
Munich Reinsurance America	37,024	A+
Safety National Casualty	32,919	A++
Aspen Insurance	29,397	A
Motors Insurance	29,395	A
Top 10 Total	885,586	
Other	472,888	
Total	$ 1,358,474	

(1) This reinsurer is unrated. All material reinsurance amounts from this reinsurer are collateralized.

(2) This reinsurer is below A-. All material reinsurance recoverable amounts from this reinsurer are collateralized.

Amounts Recoverable from an Indemnifying Party and Reinsurer on Legacy Commercial Auto Book

James River previously issued a set of commercial auto insurance contracts to Rasier (the "Rasier Commercial Auto Policies") under which James River pays losses and loss adjustment expenses on the contracts. James River has indemnity agreements with Rasier (non-insurance entities) (collectively, the "Indemnity Agreements") and is contractually entitled to reimbursement for the portion of the losses and loss adjustment expenses paid on behalf of Rasier under the Rasier Commercial Auto Policies and other expenses incurred by James River. On September 27, 2021, James River entered into the Commercial Auto LPT with Aleka to reinsure substantially all of the Rasier Commercial Auto Policies for which James River is not otherwise indemnified by Rasier under the Indemnity Agreements. Under the terms of the Commercial Auto LPT, effective as of July 1, 2021, James River ceded to Aleka approximately $345.1 million of commercial auto liabilities relating to Rasier Commercial Auto Policies written in the years 2013-2019, which amount constituted the reinsurance premium. For the years ended December 31, 2023 and 2022, due to adverse paid and reported loss trends on the legacy Rasier business, the Company recognized adverse prior year development of $64.4 million and $46.7 million, respectively, on the net reserves subject to the Commercial Auto LPT, bringing the cumulative amount ceded under the Commercial Auto LPT to $456.2 million at December 31, 2023.

Each of Rasier and Aleka are required to post collateral under the Indemnity Agreements and the Commercial Auto LPT:

- Pursuant to the Indemnity Agreements, Rasier is required to post collateral equal to 102% of James River's estimate of the amounts that are recoverable or may be recoverable under the Indemnity Agreements, including, among other things, case loss and loss adjustment expense reserves, IBNR loss and loss adjustment expense reserves, extra contractual obligations and excess policy limits liabilities. The collateral is provided through a collateral trust arrangement (the “Indemnity Trust”) in favor of James River by Aleka. In connection with the execution of the Commercial Auto LPT, James River returned $691.3 million to the Indemnity Trust, representing the remaining balance of the amount withdrawn in October 2019, as was permitted under the indemnification agreements with Rasier and the associated trust agreement. At December 31, 2023, the balance in the Indemnity Trust was $138.4 million, and, together with the balance of the Loss Fund Trust (as defined below) attributable to the Indemnity Agreements as described below, the total balance of collateral securing Rasier’s obligations under the Indemnity Agreements was $183.6 million.

- Pursuant to the Commercial Auto LPT, Aleka is required to post collateral equal to 102% of James River's estimate of Aleka's obligations under the Commercial Auto LPT, calculated in accordance with standard actuarial principles and based on reserves recorded in our statutory financial statements. The collateral is provided through a collateral trust arrangement (the “LPT Trust”) established in favor of James River by Aleka. At December 31, 2023, the balance in the LPT Trust was $63.7 million, and, together with the balance of the Loss Fund Trust (as defined below) attributable to the Commercial Auto LPT as described below, the total balance of collateral securing Aleka’s obligations under the Commercial Auto LPT was $83.8 million. At December 31, 2023, the total reinsurance recoverables under the Commercial Auto LPT was $84.5 million (including $78.1 million of unpaid recoverables and $6.4 million of paid recoverables).

In connection with the execution of the Commercial Auto LPT, James River and Aleka entered into an administrative services agreement (the “Administrative Services Agreement”) with a third party claims administrator (the “Administrator”) pursuant to which the Administrator handles the claims on the Rasier Commercial Auto Policies for the remaining life of those claims. The claims paid by the Administrator are reimbursable by James River, and pursuant to the Administrative Services Agreement, James River established a loss fund trust account for the benefit of the Administrator (the “Loss Fund Trust”) to collateralize its claims payment reimbursement obligations. James River funds the Loss Fund Trust using funds withdrawn from the Indemnity Trust, funds withdrawn from the LPT Trust, and its own funds, in each case in an amount equal to the pro rata portion of the required Loss Fund Trust balance attributable to the Indemnity Agreements, the Commercial Auto LPT and James River’s existing third party reinsurance agreements, respectively. At December 31, 2023, the balance in the Loss Fund Trust was $72.4 million, including $45.2 million representing collateral supporting Rasier’s obligations under the Indemnity Agreements and $20.0 million representing collateral supporting Aleka’s obligations under the Commercial Auto LPT. Funds posted to the Loss Fund Trust are classified as restricted cash equivalents on the Company's balance sheet.

While the Commercial Auto LPT brings economic finality to substantially all of the Rasier Commercial Auto Policies, the Company has credit exposure to Rasier and Aleka under the Indemnity Agreements and the Commercial Auto LPT if the estimated losses and expenses of the Rasier Commercial Auto Policies grow at a faster pace than the growth in our collateral balances. In addition, we have credit exposure if our estimates of future losses and loss adjustment expenses and other amounts recoverable under the Indemnity Agreements and the Commercial Auto LPT, which are the basis for establishing the collateral balances, are lower than actual amounts paid or payable. The amount of our credit exposure in any of these instances could be material. To mitigate these risks, we closely and frequently monitor our exposure compared to our collateral held, and we request additional collateral in accordance with the terms of the Commercial Auto LPT and Indemnity Agreements when our analysis indicates that we have uncollateralized exposure.

Reserve Policy

We seek to establish reserves that will adequately meet our obligations. All of our reserving actuaries are credentialed and our Chief Actuary has 39 years of industry experience. We engage independent actuarial consultants to perform independent valuations to corroborate our decisions regarding reserves. Anticipated inflation is reflected implicitly in the reserving process through analysis of cost trends and the review of historical development. We do not discount our reserves for losses and loss adjustment expenses to reflect estimated present value. All of our methods to calculate net reserves include assumptions about estimated reinsurance recoveries and their collectability. Reinsurance collectability is evaluated independently of the reserving process and appropriate allowances for credit losses are established.

We maintain reserves for specific claims incurred and reported and reserves for claims incurred but not reported (“IBNR”). The process of establishing loss reserves is complex and inherently imprecise because it must take into consideration many variables that are subject to the outcome of future events. As a result, informed subjective estimates and judgments about our ultimate exposure to losses are an integral component of our loss reserving process. Given that loss reserve estimates depend on the outcome of future events, changes in prior year estimates are generally unavoidable in the insurance industry. These changes are sometimes referred to as "prior year loss development" or "reserve development" and are included in current operations.

We continually monitor reserves using the most recent information on reported claims and a variety of statistical techniques, and we adjust our estimates as experience develops or new information becomes known.

In many cases, several years may elapse between the occurrence of an insured loss, the reporting of the loss and our eventual payment of the loss. We establish loss and loss adjustment expense reserves for the ultimate payment of all losses and loss adjustment expenses incurred. We estimate the reserve for losses and loss adjustment expenses using individual case-basis valuations of reported claims. We also use statistical analyses to estimate the cost of losses that have been incurred but not reported to us. These estimates are based on historical information and on estimates of future trends that may affect the frequency of claims and changes in the average cost of claims that may arise in the future. We also consider various factors such as:

- The product line and volume of business;
- Loss emergence and insured reporting patterns;
- Underlying policy terms and conditions;
- Business and exposure mix;
- Trends in claim frequency and severity;
- Changes in operations and claims practices;
- Emerging economic and social trends;
- Inflation;
- Changes in the regulatory and litigation environments
- Discussions with third-party actuarial consultants; and
- Reinsurance structures.

The procedures we use to estimate loss reserves assume that past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. It also assumes that adequate historical or other data exists upon which to make these judgments. These estimates are by their nature subjective and imprecise, and ultimate losses and loss adjustment expenses may vary from established reserves.

Our Reserve Committee consists of our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and Chief Actuary. Additionally, the presidents, chief financial officers and segment actuaries of each of our insurance segments participate in the Reserve Committee meetings for their respective segments. The Reserve Committee meets quarterly to review the actuarial recommendations made by each segment actuary and use their best judgment to determine the best estimate to be recorded for the reserve for losses and loss adjustment expenses on our balance sheet. The Company also engages an independent internationally recognized actuarial consulting firm to review the Company’s reserve estimates in the third and fourth quarters of each year. This independent actuarial consulting firm prepares its own estimate of the reserve for losses and loss adjustment expenses, and we compare their estimate to the reserve for losses and loss adjustment expenses reviewed and approved by the Reserve Committee in order to corroborate the adequacy of our reserves.

The following table reflects our favorable (adverse) reserve development by segment for our continuing operations during the calendar years 2023 to 2014 individually and in aggregate.

Segment	Excess and Surplus Lines	Specialty Admitted Insurance	Total
Calendar Year			
2023	$ (32,608) [1]	$ 972	$ (31,636)
2022	210	4,150	4,360
2021	(190,710) [2]	2,500	(188,210)
2020	(59,437) [3]	5,011	(54,426)
2019	(51,173) [4]	5,252	(45,921)
2018	(15,012) [5]	5,560	(9,452)
2017	(20,023) [6]	2,721	(17,302)
2016	24,079	3,822	27,901
2015	25,424	3,531	28,955
2014	27,283	5,854	33,137
Cumulative Development	$ (291,967)	$ 39,373	$ (252,594)

(1) Includes adverse development in accident years 2020 and prior exceeding favorable development on accident years 2022 and 2021.

(2) Includes $200.1 million of adverse development in the commercial auto line of business that was primarily related to the 2019 and prior contract years with Rasier, partially offset by $9.4 million of favorable development from other divisions.

(3) Includes $91.4 million of adverse development in the commercial auto line of business that was primarily related to the 2018 and prior contract years with Rasier, partially offset by $32.0 million of favorable development from other divisions.

(4) Includes $57.4 million of adverse development in the commercial auto line of business that was primarily related to the 2016 and 2017 contract years with Rasier, partially offset by $6.2 million of favorable development from other divisions.

(5) Includes $20.7 million of adverse development in the commercial auto line of business that was primarily related to the 2016 contract year with Rasier, partially offset by $5.7 million of favorable development from other divisions.

(6) Includes $38.7 million of adverse development in the commercial auto line of business that was primarily related to the 2016 contract year with Rasier, partially offset by $18.6 million of favorable development from other divisions primarily from the 2014 through 2016 accident years.

Among the indicators of reserve strength that we monitor closely is the amount of IBNR reserves held on our balance sheet for claims that have been incurred but not yet reported. The table below sets forth our IBNR, total gross reserves and the percentage that IBNR represents of the total gross reserves, in each case by segment and in the aggregate, at December 31, 2023. The percentage that IBNR represents of total gross reserves at December 31, 2023 is 66.9%.

	Gross Reserves at December 31, 2023		
	IBNR	Total	IBNR % of Total
		(in thousands)	
Excess and Surplus Lines	$ 1,300,968	$ 1,769,788	73.5 %
Specialty Admitted Insurance	441,989	836,319	52.8 %
Total	$ 1,742,957	$ 2,606,107	66.9 %

The table below sets forth our IBNR, total net reserves (prior to the $660,000 allowance for credit losses on reinsurance recoverables) and the percentage that IBNR represents of the total net reserves, in each case by segment and in the aggregate, at December 31, 2023. The percentage that IBNR represents of total net reserves at December 31, 2023 is 72.0%.

	Net Reserves at December 31, 2023		
	IBNR	Total	IBNR % of Total
		(in thousands)	
Excess and Surplus Lines	$ 828,095	$ 1,113,371	74.4 %
Specialty Admitted Insurance	70,251	133,602	52.6 %
Total	$ 898,346	$ 1,246,973	72.0 %

A significant portion of reported claims from prior policy years were closed at December 31, 2023 as shown below:

Percentage of Claims Closed at December 31, 2023				
Policy Year	Excess and Surplus Lines Segment Excluding Commercial Auto	Excess and Surplus Lines Segment Commercial Auto	Specialty Admitted Insurance Segment Individual Risk Workers' Comp	Specialty Admitted Insurance Segment Fronting and Programs
2018	93.8 %	100.0 %	99.7 %	97.4 %
2019	90.1 %	100.0 %	99.1 %	96.2 %
2020	83.1 %	95.5 %	98.0 %	94.0 %
2021	80.0 %	94.0 %	94.7 %	91.9 %
2022	72.6 %	83.5 %	75.4 %	78.9 %

Investment Strategy

Our investment strategy seeks to generate stable investment income and contributions to growth in tangible equity, while providing sufficient liquidity to meet our claims and other obligations. We attempt to generate better than market average risk-adjusted returns in our investment portfolio by taking measured risks based upon detailed knowledge of certain niche asset classes. While we are willing to make investments in non-traditional types of investments, we avoid risks that we do not understand well, as well as structures or situations we think could cause substantial loss of capital. The vast majority of our investment portfolio is managed by third party, independent investment managers.

The majority of our investment portfolio is invested in investment grade fixed income securities. This portfolio provides predictable income with low risk of principal loss and strong liquidity. We seek to augment our overall return and income by investing in bank loans and other higher yielding assets, including equity securities and private investments. We designed these strategies to improve our investment return, and we are focused on opportunistic investing in areas where we believe our management has expertise or an appropriate understanding of the risk and return of the investment.

Our strategy is designed to earn higher returns than an investment grade fixed income approach alone while maintaining a high average portfolio credit rating and investing in asset classes and allocations that are consistent with the insurance regulatory and rating agency framework within which we operate. We have generally managed our overall portfolio to a duration of 3 to 5 years. At December 31, 2023, the average duration of our total invested assets and cash, excluding restricted cash, was 3.6 years.

A summary of our cash and invested assets, excluding restricted cash equivalents, at December 31, 2023 is as follows:

	December 31, 2023				
Portfolio	Book Value	Market Value	Carrying Value	Book Yield	% of Carrying Value
			($ in thousands)		
Fixed maturity and preferred stock	$ 1,470,125	$ 1,393,786	$ 1,393,786	3.8 %	70.4 %
Bank loan participations	160,460	156,169	156,169	10.6 %	7.9 %
Common stock	49,118	50,635	50,635	NA	2.6 %
Short-term investments	72,137	72,137	72,137	5.4 %	3.6 %
Other invested assets	33,134	33,134	33,134	NA	1.7 %
Total invested assets			1,705,861		86.2 %
Cash and cash equivalents			274,298		13.8 %
Total invested assets and cash			$ 1,980,159		100.0 %

Fixed maturity and preferred stock investments primarily consist of investment grade fixed income and preferred stock securities, which make up 70.4% of total invested assets and cash. Common stock investments primarily consist of dividend yield focused equity holdings and are 2.6% of total invested assets and cash. Our objective with fixed maturity, preferred stock and common stock investments is to earn attractive risk-adjusted returns with a low risk of loss of principal, while earning attractive income.

Bank Loans

The Bank Loan portfolio primarily consists of investments in participations in syndicated bank loans, but may also include a small allocation of bonds. Bank loans in our portfolio are generally senior secured loans with an average credit quality of “B” as of December 31, 2023 and floating interest rates based on spreads over SOFR. We believe bank loans are an attractive asset class because (1) floating-rate loans help to reduce our risk of loss in the event of rising interest rates, (2) the loans are generally senior secured, (3) the asset class has a history of relatively high recovery rates in the event of default, (4) the portfolio provides an attractive yield and (5) the maturities of the loans are relatively short (average of approximately 5 years). We invest in this asset class by owning individual loan participations that are carried at fair market value. As of December 31, 2023, bank loans totaled 7.9% of total invested assets and cash.

Other Invested Assets

We make selective investments in private debt or equity securities in areas where we see opportunity or attractive risk and return characteristics. We focus on investments where we believe we have an understanding of the risk and opportunity and have the ability to monitor them closely. At December 31, 2023, we held 10 private investments with a total carrying value of $33.1 million. Our portfolio consists of investments in wind and solar energy, banking, small cap equities, loans of middle market private equity sponsored companies, asset management firms and other investments. We are opportunistic in our private investment strategy and our portfolio may grow or shrink based on the opportunities available to us. Our other invested asset strategy has significant risk and not all investments are successful. As a result, we intentionally keep this portfolio as a small portion of the overall investment portfolio. As of December 31, 2023, other invested assets totaled 1.7% of total invested assets and cash.

Our total invested assets and cash totaled $1,980.2 million as of December 31, 2023. The weighted average credit rating of our portfolio of fixed maturity securities, bank loans and preferred stocks as of December 31, 2023 was “A”. We have intentionally maintained a cautious interest rate risk position by having an average duration for our total invested assets and cash, excluding restricted cash, of 3.6 years at December 31, 2023. Based on the current duration of 3.6 years, a 1.0% increase in interest rates would result in a pre-tax decline in the market value of our portfolio, excluding other invested assets and cash, of approximately $60.2 million.

Insurance Cycle Management and Growth

The insurance business is cyclical in nature, with “hard” and “soft” cycles. Hard markets occur when insurance underwriters limit their exposure in a line of business or across their entire portfolio. When underwriters exercise restraint, insurance buyers are forced to pay more to induce underwriters to cover their risks. A hard market can also be created by economic expansions when capital committed to backing insurance policies does not grow as fast as the demand for insurance. There is generally a correlation between interest rates and the willingness of insurance companies to commit their capital to writing insurance. When fixed income yields are low, insurance companies may need to raise insurance prices to improve underwriting results in order to offset loss of investment income.

We are currently in a growth phase for our U.S. primary operations. In both our Excess and Surplus Lines and Specialty Admitted Insurance segments, we are experiencing growth in premiums driven by favorable rates as well as increases in policy count and exposures. The table below shows the changes in gross written premiums we have experienced in our operating segments from 2021 through 2023.

	2023		2022		2021	
Gross Written Premiums	**$**	**% Change**	**$**	**% Change**	**$**	**% Change**
			($ in thousands)			
Excess and Surplus Lines	$ 1,007,351	9.4 %	$ 921,164	10.5 %	$ 833,657	19.2 %
Specialty Admitted Insurance	501,309	2.3 %	490,208	(0.3)%	491,561	20.3 %
Total	$ 1,508,660	6.9 %	$ 1,411,372	6.5 %	$ 1,325,218	19.6 %

In years prior to those presented, the business written at our U.S. primary operations has, at times, been subject to “soft” market conditions, reflected both in price decreases and reduced underlying exposures. Our Excess and Surplus Lines segment is the most sensitive to hard and soft markets. We have, therefore, sought to diversify this business by geography, line of business and revenue stream. While we have been growing this business and achieving increasing or stable rates for several periods through December 31, 2023, there will likely be periods in the future where our growth moderates, stagnates or turns negative. The market for most lines of commercial insurance, other than workers' compensation, are currently in a hardening phase.

The Excess and Surplus Lines segment has historically been able to make an underwriting profit regardless of the state of the underwriting cycle. This segment's cumulative combined ratio for 2014 through 2023 is 94.4%. Excluding Rasier, the cumulative combined ratio of the Excess and Surplus Lines segment for 2019 through 2023 was 86.1%.

Traditionally, admitted insurance lines have been very susceptible to market cycles. We believe this trend is continuing. We seek to isolate ourselves from these trends in our Specialty Admitted Insurance segment by writing lines of business we believe are slightly less competitive, by prudently purchasing reinsurance and by being willing to dramatically reduce our writings when market conditions warrant.

A material portion of the profitability we seek to achieve from our fronting business will come from fee income that is generated via policies that are issued by our insurance companies and then mostly or wholly reinsured to third parties. Because we earn substantial fees from underwriting business on which we retain little or no insurance risk, this business can be profitable to us even in soft market conditions. We have $455.8 million of gross written premiums for fronting and program business for 2023 ($69.7 million on a net basis), and we expect our fee income will continue to grow in future periods and provide us with a steady revenue stream that will be relatively insulated from conditions in the admitted insurance market.

Competition

We compete in a variety of markets against a variety of competitors depending on the nature of the risk and coverage being underwritten. The competition for any one account may range from large international firms to smaller regional companies or group captives in the domiciles in which we operate. To remain competitive, our strategy includes, among other measures: (1) focusing on rate adequacy and underwriting discipline, (2) leveraging our distribution network, (3) controlling expenses, (4) maintaining financial strength and issuer credit ratings and (5) providing quality services to agents and policyholders.

Excess and Surplus Lines

Competition within the E&S lines marketplace comes from a wide range of carriers. In addition to mature E&S companies that operate nationwide, there is competition from carriers formed in recent years. The Excess and Surplus Lines segment may also compete with national and regional carriers from the standard market willing to underwrite selected accounts on an admitted basis. Competitors in this segment include ACE Westchester Specialty Group (Chubb), AmRisc Insurance Company (Truist), Apollo Syndicate, Alleghany Corporation (Berkshire Hathaway), Arrowhead General Insurance Agency, Inc., Ategrity Specialty Insurance Company, Axis Insurance Company (Axis Capital Holdings Limited), Beazley Group (Lloyd’s), Brit Insurance (Lloyd’s), Colony Specialty Insurance Company (Argo Group International Holdings, Ltd.), Fairfax Financial Holdings, Ltd., Hiscox Insurance Company (Lloyd’s), Houston Casualty Company (a subsidiary of Tokio Marine HCC), Kinsale Capital Group, Inc., Lexington Insurance Company (American International Group, Inc.), Markel Corporation, Navigators Insurance Company (Hartford), OneBeacon (Intact Financial Corporation), QBE Insurance Group Ltd., RLI Corp., E&S/Specialty (Nationwide Mutual Group), Starr Insurance Company (C.V. Starr & Company), Swiss Re Ltd, United Specialty Insurance Company, W.R. Berkley, and other large national and multi-national insurance carriers.

Specialty Admitted Insurance

Due to the diverse nature of the products offered by the Specialty Admitted Insurance segment, competition comes from various sources. National carriers tend to compete for fronting and program accounts along all product lines. Competition for our fronting business includes but is not limited to State National (part of Markel), Argo Group, Clear Blue, Spinnaker, Trisura, Red Point, Equity Insurance Company, Worth Insurance, and Amtrust.

Regulation

Bermuda Insurance Regulation

The Insurance Act 1978 and related rules and regulations (the “Insurance Act”), which regulates the insurance business of JRG Re, provides that no person shall carry on insurance business in or from within Bermuda unless registered as an insurer under the Insurance Act by the Bermuda Monetary Authority (the “BMA”). The BMA, in deciding whether to grant registration, has broad discretion to act as it thinks fit in the public interest. The BMA is required by the Insurance Act to determine whether the applicant is a fit and proper body to be engaged in the insurance business and, in particular, whether it has, or has available to it, adequate knowledge and expertise. The registration of an applicant as an insurer is subject to its complying with the terms of its registration and such other conditions as the BMA may impose at any time.

It is not necessary that the insurance company be incorporated in Bermuda. A foreign corporation may obtain a permit under the Companies Act 1981 of Bermuda (the “Companies Act”) to carry on business in Bermuda and then be registered as an insurer in Bermuda under the Insurance Act.

The Insurance Act does not distinguish between insurers and reinsurers; companies are registered (licensed) under the Insurance Act as “insurers” (although in certain circumstances a condition to registration may be imposed to the effect that the company may carry on only reinsurance business). The Insurance Act uses the defined term “insurance business” to include reinsurance business.

The Insurance Act also grants to the BMA powers to supervise, investigate and intervene in the affairs of insurance companies.

An Insurance Advisory Committee appointed by the Bermuda Minister of Finance advises the BMA on matters connected with the discharge of the BMA’s functions and subcommittees thereof supervise, investigate and review the law and practice of insurance in Bermuda, including reviews of accounting and administrative procedures.

The Insurance Act imposes solvency and liquidity standards on Bermuda insurance companies, as well as auditing and reporting requirements.

Certain significant aspects of the Bermuda insurance regulatory framework applicable to Class 3B insurers are set forth below.

Classification of Insurers

The Insurance Act distinguishes between insurers carrying on long-term business, insurers carrying on general business and insurers carrying on special purpose business. There are several classifications of insurers carrying on general business, ranging from Class 1 insurers (pure captives) to Class 4 insurers (large commercial underwriters). JRG Re is licensed as a Class 3B insurer and is regulated as such under the Insurance Act.

Minimum Paid-Up Share Capital

A Class 3B insurer is required to maintain fully paid up share capital of at least $120,000.

Principal Representative and Principal Office

A Class 3B insurer is required to maintain a principal office and to appoint and maintain a principal representative in Bermuda. For the purposes of the Insurance Act, the principal office of JRG Re is located at Wellesley House, 2nd Floor, 90 Pitts Bay Road, Pembroke, HM 08, Bermuda.

Without a reason acceptable to the BMA, an insurer may not terminate the appointment of its principal representative, and the principal representative may not cease to act as such, unless 30 days’ prior notice in writing to the BMA is given of the intention to do so.

It is the duty of the principal representative to forthwith notify the BMA where the principal representative reaches the view that there is a likelihood of the insurer (for which the principal representative acts) becoming insolvent, or on it coming to the knowledge of the principal representative, or the principal representative having reason to believe, that a reportable “event” has occurred. Examples of a reportable “event” include a failure by the insurer to comply substantially with a condition imposed upon it by the BMA relating to a solvency margin or a liquidity or other ratio, a significant loss reasonably likely to cause the insurer to fail to comply with its enhanced capital requirement (discussed below) and the occurrence of a material change (as such term is defined under the Insurance Act) in its business operations.

Within 14 days of such notification to the BMA, the principal representative must furnish the BMA with a written report setting out all the particulars of the case that are available to the principal representative.

Where there has been a significant loss which is reasonably likely to cause the insurer to fail to comply with its enhanced capital requirement, the principal representative must also furnish the BMA with a capital and solvency return reflecting an enhanced capital requirement prepared using post-loss data. The principal representative must provide this within 45 days of notifying the BMA regarding the loss.

Furthermore, where a notification has been made to the BMA regarding a material change, the principal representative has 30 days from the date of such notification to furnish the BMA with unaudited interim statutory financial statements in relation to such period as the BMA may require, together with a general business solvency certificate in respect of those statements.

Head Office

A Class 3B insurer shall maintain its head office in Bermuda. In determining whether the insurer satisfies this requirement, the BMA shall consider, *inter alia*, the following factors: (i) where the underwriting, risk management and operational decision making of the insurer occurs; (ii) whether the presence of senior executives who are responsible for, and involved in, the decision making related to the insurance business of the insurer are located in Bermuda; and (iii) where meetings of the board of directors of the insurer occur. In making its determination, the BMA may also have regard to (a) the location where management of the insurer meets to effect policy decisions of the insurer; (b) the residence of the officers, insurance managers or employees of the insurer; and (c) the residence of one or more directors of the insurer in Bermuda. This provision does not apply to an insurer that has a permit to conduct business in Bermuda under the Companies Act or the Non-Resident Insurance Undertakings Act 1967.

Loss Reserve Specialist

A Class 3B insurer is required to appoint an individual approved by the BMA to be its loss reserve specialist. In order to qualify as an approved loss reserve specialist, the applicant must be an individual qualified to provide an opinion in accordance with the requirements of the Insurance Act and the BMA must be satisfied that the individual is fit and proper to hold such an appointment.

A Class 3B insurer is required to submit annually an opinion of its approved loss reserve specialist with its capital and solvency return in respect of its total general business insurance technical provisions (i.e. the aggregate of its net premium provisions, net loss and loss expense provisions and risk margin, as each is reported in the insurer's statutory economic balance sheet). The loss reserve specialist's opinion must state, among other things, whether or not the aggregate amount of technical provisions shown in the statutory economic balance sheet as at the end of the relevant financial year (i) meets the requirements of the Insurance Act and (ii) makes reasonable provision for the total technical provisions of the insurer under the terms of its insurance contracts and agreements.

Annual Financial Statements

A Class 3B insurer is required to prepare and submit to the BMA, on an annual basis, audited financial statements which have been prepared under generally accepted accounting principles or international financial reporting standards ("GAAP financial statements") and audited statutory financial statements.

The Insurance Act prescribes rules for the preparation and substance of statutory financial statements (which include, in statutory form, a balance sheet, an income statement, a statement of capital and surplus and notes thereto). The statutory financial statements include detailed information and analysis regarding premiums, claims, reinsurance and investments of the insurer.

The insurer's annual GAAP financial statements, and the auditor's report thereon, and the statutory financial statements are required to be filed with the BMA within four months from the end of the relevant financial year (unless specifically extended with the approval of the BMA). The statutory financial statements do not form a part of the public records maintained by the BMA but the GAAP financial statements are available for public inspection.

Declaration of Compliance

At the time of filing its statutory financial statements, a Class 3B insurer is also required to deliver to the BMA a declaration of compliance, in such form and with such content as may be prescribed by the BMA, declaring whether or not the insurer has, with respect to the preceding financial year (i) complied with all requirements of the minimum criteria applicable to it, (ii) complied with the minimum margin of solvency as at its financial year end, (iii) complied with the applicable enhanced capital requirements as at its financial year end, (iv) complied with applicable conditions, directions and restrictions imposed on, or approvals granted to, the insurer and (v) complied with the minimum liquidity ratio for general business as at its financial year end. The declaration of compliance is required to be signed by two directors of the insurer, and if the insurer has failed to comply with any of the requirements referenced in (i) through (v) above or observe any limitations, restrictions or conditions imposed upon the issuance of its license, if applicable, the insurer will be required to provide the BMA with particulars of such failure in writing. A Class 3B insurer shall be liable to a civil penalty by way of a fine for failure to comply with a duty imposed on it in connection with the delivery of the declaration of compliance.

Annual Statutory Financial Return and Annual Capital and Solvency Return

A Class 3B insurer is required to file with the BMA a statutory financial return no later than four months after its financial year end (unless specifically extended with the approval of the BMA).

The statutory financial return of an insurer shall consist of (i) an insurer information sheet, (ii) an auditor's report, (iii) the statutory financial statements, (iv) notes to the statutory financial statements and (v) declaration of compliance.

The insurer information sheet shall state, among other matters, (i) whether the general purpose financial statements of the insurer for the relevant year have been audited and an unqualified opinion issued, (ii) the minimum margin of solvency applying to the insurer and whether such margin was met, (iii) whether or not the minimum liquidity ratio applying to the insurer for the relevant year was met and (iv) whether or not the insurer has complied with every condition attached to its certificate of registration. The insurer information sheet shall state if any of the questions identified in items (ii), (iii) or (iv) above is answered in the negative, whether or not the insurer has taken corrective action in any case and, where the insurer has taken such action, describe the action in an attached statement.

The directors are required to certify whether the minimum solvency margin has been met, and the independent approved auditor is required to state whether in its opinion it was reasonable for the directors to make this certification.

Where an insurer's accounts have been audited for any purpose other than compliance with the Insurance Act, a statement to that effect must be filed with the statutory financial return.

In addition, each year the insurer is required to file with the BMA a capital and solvency return along with its annual statutory financial return. The prescribed form of capital and solvency return comprises the insurer's Bermuda Solvency Capital Requirement ("BSCR") model or an approved internal capital model in lieu thereof, together with such schedules as prescribed by the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Rules 2008 for Class 3B insurers, as amended from time to time.

Neither the statutory financial return nor the capital and solvency return is available for public inspection.

Quarterly Financial Return

A Class 3B insurer, not otherwise subject to group supervision, is required to prepare and file quarterly financial returns with the BMA on or before the last day of the months of May, August and November of each year. The quarterly financial returns consist of (i) quarterly unaudited financial statements for each financial quarter (which must minimally include a balance sheet and income statement and must also be recent and not reflect a financial position that exceeds two months), (ii) details of intra-group transactions that the Class 3B insurer is a party to and the Class 3B insurer's risk concentrations, including details of material intra-group transactions that have materialized since the most recent quarterly or annual financial returns, details surrounding all intra-group reinsurance and retrocession arrangements and other intra-group risk transfer insurance business arrangements that have materialized since the most recent quarterly or annual financial returns, and details of the ten largest exposures to unaffiliated counterparties and any other unaffiliated counterparty exposures exceeding 10% of the Class 3B insurer's statutory capital and surplus, (iii) enhanced capital requirement ratio for the financial quarter, (iv) total quoted bonds and unquoted bonds allocated by BSCR rating for the financial quarter and (v) details of any qualifying catastrophic event that occurred during the financial quarter.

Public Disclosures

All commercial insurers and insurance groups are required under the Insurance Act to prepare and file with the BMA, and also publish on their web site, a financial condition report. The BMA has discretion to approve modifications and exemptions to the public disclosure rules on application by the insurer if, among other things, the BMA is satisfied that the disclosure of certain information will result in a competitive disadvantage or compromise confidentiality obligations of the insurer.

Independent Approved Auditor

A Class 3B insurer must appoint an independent auditor who will audit and report on the insurer's GAAP financial statements and statutory financial statements, each of which are required to be filed annually with the BMA. The auditor must be approved by the BMA as the independent auditor of the insurer. If the insurer fails to appoint an approved auditor or at any time fails to fill a vacancy for such auditor, the BMA may appoint an approved auditor for the insurer and shall fix the remuneration to be paid to the approved auditor within 14 days, if not agreed sooner by the insurer and the auditor.

Non-insurance Business

No Class 3B insurer may engage in non-insurance business unless that non-insurance business is ancillary to its insurance business. Non-insurance business means any business other than insurance business and includes carrying on investment business, managing an investment fund as operator, carrying on business as a fund administrator, carrying on banking business, underwriting debt or securities or otherwise engaging in investment banking, engaging in commercial or industrial activities and carrying on the business of management, sales or leasing of real property.

Minimum Liquidity Ratio

The Insurance Act provides a minimum liquidity ratio for general business insurers. A Class 3B insurer engaged in general business is required to maintain the value of its relevant assets at not less than 75% of the amount of its relevant liabilities. Relevant assets include cash and time deposits, quoted investments, unquoted bonds and debentures, first liens on real estate, investment income due and accrued, accounts and premiums receivable, reinsurance balances receivable, funds held by ceding reinsurers and any other assets which the BMA, on application in any particular case made to it with reasons, accepts in that case.

There are certain categories of assets which, unless specifically permitted by the BMA, do not automatically qualify as relevant assets, such as unquoted equity securities, investments in and advances to affiliates and real estate and collateral loans.

The relevant liabilities are total general business insurance reserves and total other liabilities less deferred income taxes and letters of credit, guarantees and other instruments.

Minimum Solvency Margin and Enhanced Capital Requirements

The Insurance Act provides that the value of the statutory assets of an insurer must exceed the value of its statutory liabilities by an amount greater than its prescribed minimum solvency margin ("MSM").

The MSM that must be maintained by a Class 3B insurer with respect to its general business is the greater of (i) $1,000,000, (ii) 20% of the first $6,000,000 of net premiums written (but if the net premiums written are in excess of $6,000,000, the figure is $1,200,000 plus 15% of net premiums written in excess of $6,000,000) or (iii) 15% of the aggregate of net loss and loss expense provisions and other insurance general business reserves or (iv) 25% of the ECR (as defined below) as reported at the end of the relevant year.

Class 3B insurers are also required to maintain available statutory economic capital and surplus at a level equal to or in excess of its enhanced capital requirement ("ECR") which is established by reference to either the BSCR model or an approved internal capital model.

The BSCR model is a risk-based capital model which provides a method for determining an insurer's capital requirements (statutory economic capital and surplus) by taking into account the risk characteristics of different aspects of the insurer's business. The BSCR formula establishes capital requirements for ten categories of risk: fixed income investment risk, equity investment risk, interest rate/liquidity risk, currency risk, concentration risk, premium risk, reserve risk, credit risk, catastrophe risk and operational risk. For each category, the capital requirement is determined by applying factors to asset, premium, reserve, creditor, probable maximum loss and operation items, with higher factors applied to items with greater underlying risk and lower factors for less risky items.

While not specifically referred to in the Insurance Act (or required thereunder), the BMA has also established a target capital level ("TCL") for each Class 3B insurer equal to 120% of its ECR. The TCL serves as an early warning tool for the BMA, and failure to maintain statutory capital at least equal to the TCL will likely result in increased regulatory oversight.

Any insurer which at any time fails to meet its MSM requirements must, upon becoming aware of such failure, immediately notify the BMA and, within 14 days thereafter, file a written report with the BMA containing particulars of the circumstances that gave rise to the failure and setting out its plan detailing specific actions to be taken and the expected timeframe in which the insurer intends to rectify the failure.

Any insurer which at any time fails to meet its applicable ECR shall, upon becoming aware of that failure or of having reason to believe that such a failure has occurred, immediately notify the BMA in writing and within 14 days of such notification file with the BMA a written report containing particulars of the circumstances leading to the failure, and a plan detailing the manner, specific actions to be taken and time within which the insurer intends to rectify the failure, and within 45 days of becoming aware of that failure or of having reason to believe that such a failure has occurred, furnish the BMA with (i) unaudited statutory economic balance sheets and unaudited interim statutory financial statements prepared in accordance with GAAP covering such period as the BMA may require; (ii) the opinion of a loss reserve specialist in relation to the total general business insurance technical provisions as set out in the economic balance sheet, where applicable; (iii) a general business solvency certificate in respect of the financial statements; and (iv) a capital and solvency return reflecting an enhanced capital requirement prepared using post failure data where applicable.

Eligible Capital

To enable the BMA to better assess the quality of an insurer's capital resources, a Class 3B insurer is required to disclose the makeup of its capital in accordance with a "3-tiered eligible capital system". Under this system, all of the insurer's capital instruments will be classified as either basic or ancillary capital which in turn will be classified into one of three tiers based on their "loss absorbency" characteristics. Highest quality capital will be classified as Tier 1 Capital, and lesser quality capital will be classified as either Tier 2 Capital or Tier 3 Capital. Under this regime, up to certain specified percentages of Tier 1, Tier 2 and Tier 3 Capital may be used to support the insurer's MSM, ECR and TCL.

The characteristics of the capital instruments that must be satisfied to qualify as Tier 1, Tier 2 and Tier 3 Capital are set out in the Insurance (Eligible Capital) Rules 2012, and amendments thereto. Under these rules, Tier 1, Tier 2 and Tier 3 Capital may, until January 1, 2026, include capital instruments that do not satisfy the requirement that the instrument be non-redeemable or settled only with the issuance of an instrument of equal or higher quality upon a breach, or if it would cause a breach, of the ECR.

Where the BMA has previously approved the use of certain instruments for capital purposes, the BMA's consent will need to be obtained if such instruments are to remain eligible for use in satisfying the MSM and the ECR.

Code of Conduct

The Insurance Code of Conduct (the "Insurance Code") prescribes the duties, standards, procedures and sound business principles with which all insurers registered under the Insurance Act must comply. The BMA will assess an insurer's compliance with the Insurance Code in a proportional manner relative to the nature, scale and complexity of its business. Failure to comply with the requirements of the Insurance Code will be taken into account by the BMA in determining whether an insurer is conducting its business in a sound and prudent manner as prescribed by the Insurance Act, may result in the BMA exercising its powers of intervention and investigation (see below) and will be a factor in calculating the operational risk charge under the insurer's BSCR or approved internal model. At the end of 2021, the BMA released a consultation paper on the revisions to the Insurance Code and following a review of the public consultation feedback, the revisions to the Insurance Code were finalized and became effective on August 31, 2022 (with a six-month transition period for conduct-related additions and a 12-month transition period to comply with the new provisions/amendments of all other sections of the document). The most significant changes to the Insurance Code relate to corporate governance, including introducing a requirement that an insurer's board include an appropriate number of non-executive directors and independent directors without executive responsibility. The BMA clarified that the revisions would not create a requirement for independent non-executive directors for all boards, but that subsidiary boards of a Bermuda group would determine the appropriate number of non-executive directors required for the entity based on the nature, scale and complexity of the insurer's operations. The Insurance Code was also amended to require board members to review and assess the fitness and propriety of board members, committees, and chief and senior executives at least every three (3) years and/or upon a material change to the business activities or risk profile. Other changes include a requirement for insurers to demonstrate the economic impact of risk mitigation techniques originating from reinsurance contracts and the addition of "Sustainability Risk" as a material risk that should be considered in risk management strategies.

Cyber Risk Code of Conduct

The BMA has recognized that cyber incidents can cause significant financial losses and/or reputational impacts across the insurance industry and has implemented the Insurance Sector Operational Cyber Risk Management Code of Conduct (the "Cyber Risk Code") to ensure that those operating in the Bermuda insurance sector can mitigate such risks. The Cyber Risk Code prescribes the duties, requirements, standards, procedures and principles which all insurers, insurance managers and insurance intermediaries (agents, brokers and insurance market place providers) registered under the Insurance Act must comply. The Cyber Risk Code is designed to promote the stable and secure management of information technology systems of regulated entities and requires that all registrants implement their own technology risk programmes, determine what their top risks are and develop an appropriate risk response. This requires all registrants to develop a cyber risk policy which is to be delivered pursuant to an operational cyber risk management programme and appoint an appropriately qualified member of staff or outsourced resource to the role of Chief Information Security Officer. The role of the Chief Information Security Officer is to deliver the operational cyber risk management programme.

It is expected that the cyber risk policy will be approved by the registrant's board of directors at least annually. The BMA will assess a registrant's compliance with the Cyber Risk Code in a proportionate manner relative to the nature, scale and complexity of its business. While it is acknowledged that some registrants will use a third party to provide technology services and that they may outsource their IT resources (for example, to an insurance manager where applicable), when so outsourced, the overall responsibility for the outsourced functions will remain with the registrant's board of directors. Failure to comply with the requirements of the Cyber Risk Code will be taken into account by the BMA in determining whether a registrant is conducting its business in a sound and prudent manner as prescribed by the Insurance Act and may result in the BMA exercising its powers of intervention and investigation (see below).

Restrictions on Dividends and Distributions

A Class 3B insurer is prohibited from declaring or paying a dividend if it is in breach of its MSM, ECR or minimum liquidity ratio or if the declaration or payment of such dividend would cause such a breach. Where an insurer fails to meet its MSM or minimum liquidity ratio on the last day of any financial year, it will be prohibited from declaring or paying any dividends during the next financial year without the approval of the BMA.

In addition, a Class 3B insurer is prohibited from declaring or paying in any financial year dividends of more than 25% of its total statutory capital and surplus (as shown on its previous financial year's statutory balance sheet), unless it files (at least seven days before payment of such dividends) with the BMA an affidavit signed by at least two directors (one of whom must be a Bermuda resident director if any of the insurer's directors are resident in Bermuda) and the principal representative stating that it will continue to meet its solvency margin and minimum liquidity ratio. Where such an affidavit is filed, it shall be available for public inspection at the offices of the BMA.

Reduction of Capital

No Class 3B insurer may reduce its total statutory capital by 15% or more, as set out in its previous year's financial statements, unless it has received the prior approval of the BMA. Total statutory capital consists of the insurer's paid in share capital, its contributed surplus (sometimes called additional paid in capital) and any other fixed capital designated by the BMA as statutory capital (such as letters of credit).

A Class 3B insurer seeking to reduce its statutory capital by 15% or more, as set out in its previous year's financial statements, is also required to submit an affidavit signed by at least two directors (one of whom must be a Bermuda-resident director if any of the insurer's directors are resident in Bermuda) and the principal representative stating that the proposed reduction will not cause it to fail its relevant margins and such other information as the BMA may require. Where such an affidavit is filed, it shall be available for public inspection at the offices of the BMA.

Policyholder Priority

In the event of the liquidation or winding up of an insurer, policyholders' liabilities receive prior payment ahead of general unsecured creditors. Subject to the prior payment of preferential debts under the Employment Act 2000 and the Companies Act, the insurance debts of an insurer must be paid in priority to all other unsecured debts of the insurer. Insurance debt is defined as a debt to which an insurer is or may become liable pursuant to an insurance contract, excluding debts owed to an insurer under an insurance contract where the insurer is the person insured. Insurance contract is defined as any contract of insurance, capital redemption contract or a contract that has been recorded as insurance business in the financial statements of the insurer pursuant to the Insurance Accounts Regulations 1980 or the Insurance Account Rules 2016, as applicable.

Fit and Proper Controller

The BMA maintains supervision over the controllers of all registered insurers in Bermuda.

A controller includes (i) the managing director of the registered insurer or its parent company, (ii) the chief executive of the registered insurer or of its parent company, (iii) a shareholder controller, and (iv) any person in accordance with whose directions or instructions the directors of the registered insurer or of its parent company are accustomed to act.

The definition of shareholder controller is set out in the Insurance Act, but generally refers to (i) a person who holds 10% or more of the shares carrying rights to vote at a shareholders' meeting of the registered insurer or its parent company, (ii) a person who is entitled to exercise 10% or more of the voting power at any shareholders' meeting of such registered insurer or its parent company, or (iii) a person who is able to exercise significant influence over the management of the registered insurer or its parent company by virtue of its shareholding or its entitlement to exercise, or control the exercise of, the voting power at any shareholders' meeting.

A shareholder controller that owns 10% or more, but less than 20% of the shares as described above is defined as a 10% shareholder controller. A shareholder controller that owns 20% or more, but less than 33% of the shares as described above is defined as a 20% shareholder controller. A shareholder controller that owns 33% or more but less than 50% of the shares as described above is defined as a 33% shareholder controller. A shareholder controller that owns 50% or more of the shares as described above is defined as a 50% shareholder controller.

As the shares of JRG Re's parent company are traded on a recognized stock exchange, a person who becomes a 10%, 20%, 33% or 50% shareholder controller of the insurer, shall, within 45 days, notify the BMA in writing that he or she has become such a controller. In addition, a person who is a shareholder controller of JRG Re must serve on the BMA a notice in writing that he or she has reduced or disposed of his or her holding in the insurer where the proportion of voting rights in the insurer held by him or her will have reached or has fallen below 10%, 20%, 33% or 50% as the case may be, not later than 45 days after such disposal.

Any person who contravenes the Insurance Act by failing to give notice or knowingly becomes a controller of any description before the required 45 days has elapsed is guilty of an offence and liable to a fine of $25,000 on summary conviction.

The BMA may file a notice of objection to any person who has become a controller of any description where it appears that such person is not or is no longer, a fit and proper person to be a controller of the registered insurer. Before issuing a notice of objection, the BMA is required to serve upon the person concerned a preliminary written notice stating the BMA's intention to issue a formal notice of objection. Upon receipt of the preliminary written notice, the person served may, within 28 days, file written representations with the BMA, which shall be taken into account by the BMA in making their final determination. Any person who continues to be a controller of any description after having received a notice of objection shall be guilty of an offense and shall be liable on summary conviction to a fine of $25,000 (and a continuing fine of $500 per day for each day that the offense is continuing) or, if convicted on indictment, to a fine of $100,000 and/or two years in prison.

Notification by Registered Person of Change of Controllers and Officers

All registered insurers are required to give written notice to the BMA of the fact that a person has become, or ceased to be, a controller or officer of the insurer within 45 days of becoming aware of such fact. An officer in relation to a registered insurer means a director, chief executive or senior executive performing duties of underwriting, actuarial, risk management, compliance, internal audit, finance or investment matters.

Notification of Material Changes

All registered insurers are required to give notice to the BMA of their intention to effect a material change within the meaning of the Insurance Act. For the purposes of the Insurance Act, the following changes are material: (i) the transfer or acquisition of insurance business being part of a scheme falling under Section 25 of the Insurance Act or Section 99 of the Companies Act, (ii) the amalgamation with or acquisition of another firm, (iii) engaging in unrelated business that is retail business, (iv) the acquisition of a controlling interest in an undertaking that is engaged in non-insurance business which offers services and products to persons who are not affiliates of the insurer, (v) outsourcing all or substantially all of the company's actuarial, risk management compliance or internal audit functions, (vi) outsourcing all or a material part of an insurer's underwriting activity, (vii) the transfer other than by way of reinsurance of all or substantially all of a line of business, (viii) expansion into a material new line of business, (ix) the sale of an insurer, and (x) outsourcing of an officer role.

No registered insurer shall take any steps to give effect to a material change unless it has first served notice on the BMA that it intends to effect such material change, and before the end of 30 days, either the BMA has notified such company in writing that it has no objection to such change or that period has lapsed without the BMA having issued a notice of objection.

Before issuing a notice of objection, the BMA is required to serve upon the person concerned a preliminary written notice stating the BMA's intention to issue a formal notice of objection. Upon receipt of the preliminary written notice, the person served may, within 28 days, file written representations with the BMA which shall be taken into account by the BMA in making their final determination.

Notification of Cyber Reporting Events

Every insurer is required to notify the BMA on it coming to the knowledge of the insurer, or where the insurer has reason to believe that a Cyber Reporting Event has occurred. Within fourteen days of such notification, the insurer must also furnish the BMA with a written report setting out all the particulars of the Cyber Reporting Event that are available to it. A Cyber Reporting Event includes any act that results in the unauthorized access to, disruption, or misuse of electronic systems or information stored on such systems of an insurer, including breach of security leading to the loss or unlawful destruction or unauthorized disclosure of or access to such systems or information where there is a likelihood of an adverse impact to policyholders, clients or the insurer's insurance business, or an event that has occurred for which notice is required to be provided to a regulatory body or government agency.

Supervision, Investigation, Intervention and Disclosure

The BMA may, by notice in writing served on a registered person or a designated insurer, require the registered person or designated insurer to provide such information and/or documentation as the BMA may reasonably require with respect to matters that are likely to be material to the performance of its supervisory functions under the Insurance Act. In addition, it may require such person's auditor, underwriter, accountant or any other person with relevant professional skill of such registered person or designated insurer to prepare a report on any aspect pertaining thereto. In the case of a report, the person so appointed shall immediately give the BMA written notice of any fact or matter of which he becomes aware or which indicates to him that any condition attaching to his registration under the Insurance Act is not or has not, or may not be or may not have, been fulfilled and that such matters are likely to be material to the performance of its functions under the Insurance Act. If it appears to the BMA to be desirable in the interests of the clients of a registered person or relevant insurance group, the BMA may also exercise these powers in relation to subsidiaries, parent companies and other affiliates of the registered person or designated insurer.

If the BMA deems it necessary to protect the interests of the policyholders or potential policyholders of an insurer or insurance group, it may appoint one or more competent persons to investigate and report on the nature, conduct or state of the insurer's or the insurance group's business, or any aspect thereof, or the ownership or control of the insurer or insurance group. If the person so appointed thinks it necessary for the purposes of the investigation, such person may also investigate the business of any person who is or has been, at any relevant time, a member of the insurance group or of a partnership of which the person being investigated is a member. In this regard, it shall be the duty of every person who is or was a controller, officer, employee, agent, banker, auditor, accountant, barrister and attorney or insurance manager to produce to the person appointed such documentation as the appointed person may reasonably require for purposes of the investigation, and to attend and answer questions relevant to the investigation and to otherwise provide such assistance as may be necessary in connection therewith.

Where the BMA suspects that a person has failed to properly register under the Insurance Act or that a registered person or designated insurer has failed to comply with a requirement of the Insurance Act or that a person is not, or is no longer, a fit and proper person to perform functions in relation to a regulated activity, it may, by notice in writing, carry out an investigation into such person (or any other person connected thereto). In connection therewith, the BMA may require every person who is or was a controller, officer, employee, agent, banker, auditor, accountant, barrister and attorney or insurance manager to make a report and produce such documents in his care, custody and control and to attend before the BMA to answer questions relevant to the BMA's investigation and to take such actions as the BMA may direct. The BMA may also enter any premises for the purposes of carrying out its investigation and may petition the court for a warrant if it believes a person has failed to comply with a notice served on him, there are reasonable grounds for suspecting the completeness of any information or documentation produced in response to such notice, or that its directions will not be complied with or that any relevant documents would be removed, tampered with or destroyed.

If it appears to the BMA that the business of the registered insurer is being conducted in a way that there is a significant risk of the insurer becoming insolvent or being unable to meet its obligations to policyholders, or that the insurer is in breach of the Insurance Act or any conditions imposed upon its registration, or the minimum criteria stipulated in the Insurance Act is not or has not been fulfilled in respect of a registered insurer, or that a person has become a controller without providing the BMA with the appropriate notice or in contravention of a notice of objection, or the registered insurer is in breach of its ECR, or that a designated insurer is in breach of any provision of the Insurance Act or the regulations or rules applicable to it, the BMA may issue such directions as it deems desirable for safeguarding the interests of policyholders or potential policyholders of the insurer or the insurance group. The BMA may, among other things, direct an insurer, for itself and in its capacity as designated insurer of the insurance group of which it is a member, (i) not to take on any new insurance business, (ii) not to vary any insurance contract if the effect would be to increase the insurer's liabilities, (iii) not to make certain investments, (iv) to realize certain investments, (v) to maintain in or transfer to the custody of a specified bank, certain assets, (vi) not to declare or pay any dividends or other distributions or to restrict the making of such payments, (vii) to limit its premium income, (viii) not to enter into specified transactions with any specified person or persons of a specified class, (ix) to provide such written particulars relating to the financial circumstances of the insurer as the BMA thinks fit, (x) as an individual insurer only, and not in its capacity as designated insurer, to obtain the opinion of a loss reserve specialist and submit it to the BMA, and/or (xi) to remove a controller or officer.

The BMA has the power to assist other regulatory authorities, including foreign insurance regulatory authorities, with their investigations involving insurance and reinsurance companies in Bermuda if it is satisfied that the assistance being requested is in connection with the discharge of regulatory responsibilities and that such cooperation is in the public interest. The grounds for disclosure by the BMA to a foreign regulatory authority without consent of the insurer are limited and the Insurance Act provides for sanctions for breach of the statutory duty of confidentiality.

Cancellation of Insurer's Registration

An insurer's registration may be cancelled by the BMA at the request of the insurer or on certain grounds specified in the Insurance Act. Failure by the insurer to comply with its obligations under the Insurance Act, or if the BMA believes that the insurer has not been carrying on business in accordance with sound insurance principles, would be examples of such grounds.

Certain Other Bermuda Law Considerations

Bermuda Corporate Law Considerations

Although James River Group Holdings, Ltd. is incorporated in Bermuda, it is designated as a non-resident for Bermuda exchange control purposes by the BMA. Pursuant to its non-resident status, James River Group Holdings, Ltd. may engage in transactions in currencies other than the Bermuda dollar, and there are no restrictions on its ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to non-residents who are holders of its common shares in currencies other than the Bermuda dollar.

In accordance with Bermuda law, share certificates are issued only in the names of companies, partnerships or individuals. In the case of an applicant acting in a special capacity (for example, as an executor or trustee), certificates may, at the request of the applicant, record the capacity in which the applicant is acting. Notwithstanding the recording of any such special capacity, we are not bound to investigate or see to the execution of any such trust. We will take no notice of any trust applicable to any of our common shares whether or not we have notice of such trust.

Each of James River Group Holdings, Ltd. and JRG Re is incorporated in Bermuda as an "exempted company." Under Bermuda law, exempted companies are companies formed for the purpose of conducting business outside Bermuda from a principal place of business in Bermuda. As a result, they are exempt from Bermuda laws restricting the percentage of share capital that may be held by non-Bermudians. However, exempted companies may not participate in certain business transactions, including: (i) the acquisition or holding of land in Bermuda except that required for their business and held by way of lease or tenancy for a term not exceeding 50 years or, with the consent of the Minister of Finance granted in his discretion by way of lease or tenancy for a term not exceeding 21 years in order to provide accommodation or recreational facilities for its officers and employees, (ii) the taking of mortgages on land in Bermuda to secure an amount in excess of B.D.$50,000 without the consent of the Minister of Finance, (iii) the acquisition of any bonds or debentures secured by any land in Bermuda, other than certain types of Bermuda government securities or securities issued by Bermuda public authorities, or (iv) the carrying on of business of any kind in Bermuda, except in furtherance of business carried on outside Bermuda or under license granted by the Minister of Finance. Generally, it is not permitted without a special license granted by the Minister of Finance to insure

Bermuda domestic risks or risks of persons of, in or based in Bermuda. JRG Re is a licensed insurer in Bermuda, and so it may carry on activities from Bermuda that are related to and in support of its insurance business.

Each of James River Group Holdings, Ltd. and JRG Re must comply with the provisions of the Companies Act regulating the payment of dividends and making distributions from contributed surplus. A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the assets would thereby be less than its liabilities. In addition, certain provisions of the Insurance Act will limit our ability to pay dividends.

Under the Companies Act, where a Bermuda company issues shares at a premium (that is, for a price above the par value), whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares must be transferred to an account called “the share premium account.” The provisions of the Companies Act relating to the reduction of the share capital of a company apply as if the share premium account were paid up share capital of that company, except for certain matters such as: (i) paying up unissued shares to be issued to members as fully paid bonus shares, (ii) writing off the preliminary expenses of the company or the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the company, or (iii) providing for the premiums payable on redemption of shares or of any debentures of the company. The paid up share capital may not be reduced if, on the date the reduction is to be effected, there are reasonable grounds for believing that the company is, or after the reduction would be, unable to pay its liabilities as they become due. See “Restrictions on Dividends and Distributions”.

Securities may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 and the Exchange Control Act 1972 and related regulations of Bermuda which regulate the sale of securities in Bermuda. In addition, the permission of the BMA is required under the provisions of the Exchange Control Act 1972 and related regulations for all issuances and transfers of shares of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes, other than in cases where the BMA has granted a general permission. The BMA, in its notice to the public dated June 1, 2005, has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any “equity securities” of the company (which would include our common shares) are listed on an “Appointed Stock Exchange” (which would include the NASDAQ Stock Market). In granting the general permission, the BMA accepts no responsibility for our financial soundness or the correctness of any of the statements made or opinions expressed herein.

We have received consent from the BMA to issue, grant, create, sell and transfer freely any of our shares, stock, bonds, notes (other than promissory notes), debentures, debenture stock, units under a unit trust scheme, shares in an oil royalty, options, warrants, coupons, rights and depository receipts to and among persons who are either resident or non-resident of Bermuda for exchange control purposes.

Economic Substance

Under the Economic Substance Act 2018 and related regulations (collectively, the “ESA”), each entity resident in Bermuda that carries on a “relevant activity” is required to comply with the economic substance requirements under the ESA, unless resident for tax purposes in a jurisdiction outside Bermuda that is not on the EU list of non-cooperative jurisdictions for tax purposes. Relevant activities include, *inter alia*, insurance and holding entity activities, as each is defined in the ESA.

Compliance requires that the entity is managed and directed in Bermuda, core income generating activities (which in relation to insurance includes predicting and calculating risk, insuring or re-insuring against risk, providing client services and preparing regulatory reports) are undertaken in Bermuda with respect to the relevant activity, the entity maintains adequate physical presence in Bermuda, there are adequate full time employees in Bermuda with suitable qualifications and there is adequate operating expenditure incurred in Bermuda in relation to the relevant activity. Entities in scope will also need to file an annual declaration form in respect of its relevant activity or activities.

In relation to carrying on the relevant activity of insurance, compliance with the ESA also requires compliance with requirements in the Companies Act relating to corporate governance and the requirements of the Insurance Act and other instruments (including the Insurance Code) made thereunder. The Bermuda Registrar of Companies (the “Registrar”) will have regard to an insurer’s compliance with the Insurance Act and the Companies Act in his assessment of compliance with economic substance requirements and on the basis that an insurer complies with such requirements, the insurer will generally be considered to operate in Bermuda with adequate substance. An insurer will be required to complete and file a declaration form, and the Registrar will also have regard to the information provided in the declaration form in making his assessment of compliance with economic substance requirements.

Holding entities are subject to minimum economic substance requirements comprising (in the case of an exempted company), compliance with the corporate governance requirements set forth in the Companies Act and the filing of a declaration form. The ESA also requires such a holding entity to have adequate people for holding and managing equity participations and have adequate premises in Bermuda.

Any entity that must satisfy economic substance requirements but fails to do so could face automatic disclosure to competent authorities in the EU of the information filed by the entity with the Registrar in connection with the economic substance requirements and may also face financial penalties, restriction or regulation of its business activities and/or may be struck off as a registered entity in Bermuda.

Bermuda Work Permit Considerations

Under Bermuda law, non-Bermudians (other than spouses of Bermudians and individuals holding permanent resident’s certificates) may not engage in any gainful occupation in Bermuda without an appropriate government work permit.

Standard work permits can be obtained for a one-, two-, three-, four- or five-year period. Where a standard work permit is being applied for, it is a requirement that the job must be advertised for three days (within an eight-day period) in the local newspaper and advertised for eight consecutive days on the Bermuda Government Job Board. Should no Bermudian (or spouse of a Bermudian or holder of a permanent resident’s certificate) meet the minimum standards as stipulated in the advertisements, the employer may then apply for a standard work permit for the non-Bermudian. Where such persons apply, employers must complete a Recruitment Disclosure Form, within the Standard Work Permit Application Form, and provide a summary of all applicants that are Bermudian, the spouse of the Bermudian or the holder of a permanent resident's certificate, including their qualifications and the reason they were unsuccessful. The Department of Immigration will compare the qualifications and experience of any Bermudian applicants (or spouse of a Bermudian or holder of a permanent resident’s certificate) to that stipulated in the advertisements and to the non-Bermudian to be satisfied that the role could not have been filled by a Bermudian (or spouse of a Bermudian or holder of a permanent resident’s certificate). In addition to the advertising, there are other documents that are required prior to the Department of Immigration making its decision.

If the position for which the standard work permit is being applied is that of a Chief Executive Officer or other chief officer post, the Minister of Economy and Labour allows an automatic waiver from the requirement to advertise the position and on occasion, after consideration, may waive the requirement to advertise for other senior executive positions upon request.

If an employer wishes to change an employee’s job title, provided that the job description, duties, remuneration and benefits remain unchanged, the employer does not need to advertise or obtain the permission of the Minister of Economy and Labour to do this, but it must inform the Department of Immigration by letter, including the new Statement of Employment, and pay the necessary fee before or after the change has occurred.

If an employer wishes to promote an employee currently on a work permit from his current job to another within the same business, the permission of the Minister of Economy and Labour must first be obtained. The employer will need to advertise internally and provide evidence of the internal recruitment efforts and consideration of internal Bermudian/spouse of Bermudian candidates.

A temporary work permit can take up to 10 working days to process and a standard work permit takes four weeks to process.

Employers have the right to appeal to the Minister following any decision made by the Board or the Minister. Appeals should be submitted on letter form to the Department for the attention of the Chief Immigration Officer, made within seven (7) working days of the date of the refusal letter.

U.S. Insurance Regulation

State Regulation

Our U.S. insurance subsidiaries are subject to extensive regulation and supervision by their state of domicile, as well as those states in which they do business. The purpose of such regulation and supervision is primarily to provide safeguards for policyholders, rather than to protect the interests of shareholders. The insurance laws of the various states establish regulatory agencies with broad administrative powers, including the power to grant or revoke operating licenses and regulate trade practices, investments, premium rates, deposits of securities, the form and content of financial statements and insurance policies, dividend limitations, cancellation and non-renewal of policies, accounting practices and the maintenance of specified reserves and capital for the protection of policyholders.

The payment of dividends by our subsidiaries to us is limited by statute. In general, the laws and regulations applicable to our domestic insurance subsidiaries limit the aggregate amount of dividends or other distributions that they may declare or pay within any 12 month period without advance regulatory approval. In Ohio, the domiciliary state of James River Insurance, James River Casualty and Falls Lake National Insurance Company (“Falls Lake National”), the limitation is the greater of statutory net income for the preceding calendar year or 10% of the statutory surplus at the end of the preceding calendar year, provided that such dividends may only be paid out of the earned surplus of each of the companies without obtaining regulatory approvals. In North Carolina, the domiciliary state of Stonewood Insurance, this limitation is the greater of statutory net income excluding realized capital gains for the preceding calendar year or 10% of the statutory surplus at the end of the preceding calendar year, provided that such dividends may only be paid out of unassigned surplus without obtaining regulatory approval.

In California, the domiciliary state of Falls Lake Fire and Casualty Company, this limitation is the greater of statutory net income for the preceding calendar year or 10% of the statutory surplus at the end of the preceding calendar year, provided that such dividends may only be paid out of unassigned surplus without obtaining regulatory approval. In addition, insurance regulators have broad powers to prevent reduction of statutory surplus to inadequate levels and could refuse to permit the payment of dividends calculated under any applicable formula.

Premium rate regulation varies greatly among jurisdictions and lines of insurance. In most states in which our subsidiaries write insurance, premium rates for the various lines of insurance are subject to either prior approval or limited review upon implementation. States require rates for property-casualty insurance that are adequate, not excessive, and not unfairly discriminatory.

Our insurance subsidiaries are required to file quarterly and annual reports with the appropriate regulatory agency in its state of domicile and with The National Association of Insurance Commissioners (“NAIC”) based on applicable statutory regulations, which differ from U.S. generally accepted accounting principles. Their business and accounts are subject to examination by such agencies at any time.

Many jurisdictions have laws and regulations that limit an insurer’s ability to withdraw from a particular market. For example, states may limit an insurer’s ability to cancel or non-renew policies. Furthermore, certain states prohibit an insurer from withdrawing one or more lines of business from the states, except pursuant to a plan approved by the state insurance department. Laws and regulations that limit cancellation and non-renewal and that subject program withdrawals to prior approval requirements may restrict our ability to exit unprofitable marketplaces in a timely manner.

State laws governing insurance holding companies and insurance companies require an insurance holding company and their insurance subsidiaries to register with the insurance department authority, to file certain reports disclosing information, including but not limited to capital structure, ownership, management, and financial condition. Such holding company laws also impose standards and filing requirements on certain transactions between related companies, which include, among other requirements, that all transactions be fair and reasonable, that an insurer’s surplus as regards policyholders be reasonable and adequate in relation to its liabilities and that expenses and payments be allocated to the appropriate party in accordance with customary accounting practices. These transactions between related companies include transfers of assets, loans, reinsurance agreements, service agreements, certain dividend payments by the insurance companies and certain other material transactions and modifications to such transactions. In 2012, the NAIC adopted significant changes to the insurance holding company act and regulations (the “NAIC Amendments”). The NAIC Amendments, when adopted by the various states, are designed to respond to perceived gaps in the regulation of insurance holding company systems in the United States. One of the major changes is a requirement that an insurance holding company system’s ultimate controlling person submit annually to its lead state insurance regulator an “enterprise risk report” that identifies activities, circumstances or events involving one or more affiliates of an insurer that, if not remedied properly, are likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. Other changes include (i) requiring a controlling person to submit prior notice to its domiciliary insurance regulator of its divestiture of control, (ii) having detailed minimum requirements for cost sharing and management agreements between an insurer and its affiliates and (iii) expanding the types of agreements between an insurer and its affiliates to be filed with its domiciliary insurance regulator. The NAIC Amendments must be adopted by a state legislature and such state’s insurance regulator in order to be effective in that state. Each of California, North Carolina, and Ohio, the states in which our U.S. insurance subsidiaries are domiciled, include this enterprise risk report. In addition, in 2012, the NAIC adopted the Risk Management and Own Risk and Solvency Assessment Model Act (the “ORSA Model Act”). The ORSA Model Act, when adopted by the various states, requires an insurance holding company system’s Chief Risk Officer to submit at least annually to its lead state insurance regulator an Own Risk and Solvency Assessment Summary Report (“ORSA”). The ORSA is a confidential internal assessment, appropriate to the nature, scale and complexity of an insurer, of the material and relevant risks identified by the insurer associated with an insurer’s current business plan and the sufficiency of capital resources to support those risks. The ORSA Model Act must be adopted by a state legislature in order to be effective in that state. Each of California, North Carolina, and Ohio, the states in which our U.S. insurance subsidiaries are domiciled, adopted and require an ORSA filing.

The insurance holding company laws and regulations of the states in which our insurance companies are domiciled also generally require that before a person can acquire direct or indirect control of an insurer domiciled in the state, and in some cases prior to divesting its control, prior written approval must be obtained from the insurer’s domiciliary state insurance regulator. These laws discourage potential acquisition proposals and may delay, deter or prevent an investment in or a change of control involving us, or one or more of our regulated subsidiaries, including transactions that our management and some or all of our shareholders might consider desirable. Pursuant to applicable laws and regulations, “control” over an insurer is generally presumed to exist if any person, directly or indirectly, owns, controls, holds the power to vote or holds proxies representing 10 percent or more of the voting securities of that insurer. Indirect ownership includes ownership of the Company’s common shares.

Under state insurance guaranty fund laws, insurance companies doing business in a state can be assessed for certain obligations of insolvent insurance companies to such insolvent companies' policyholders and claimants. Maximum assessments allowed in any one year generally vary between one percent and two percent of annual premiums written in that state, but it is possible that caps on such assessments could be raised if there are numerous or large insolvencies. In most states, guaranty fund assessments are recoverable either through future policy surcharges or offsets to state premium tax liabilities.

The admitted market is subject to more state regulation than the E&S market, particularly with regard to rate and form filing requirements, restrictions on the ability to exit lines of business, premium tax payments and membership in various state associations, such as guaranty funds. Some states have deregulated their commercial insurance markets. We cannot predict the effect that further deregulation would have on our business, financial condition or results of operations.

The state insurance regulators utilize a risk-based capital model to help assess the capital and surplus adequacy of insurance companies in relation to investment and insurance risks and identify insurers that are in, or are perceived as approaching, financial difficulty. This model establishes minimum capital needs based on the risks applicable to the operations of the individual insurer. The risk-based capital requirements for property-casualty insurance companies measure three major areas of risk: asset risk, credit risk and underwriting risk. Under risk-based capital requirements, regulatory compliance is determined by the ratio of a company's total adjusted capital, as defined by the NAIC, to its company action level risk-based capital. Companies having less statutory surplus than required by the risk-based capital requirements are subject to varying degrees of regulatory scrutiny and intervention, depending on the severity of the inadequacy. At December 31, 2023, the Company's U.S.-based insurance subsidiaries had total adjusted statutory capital of $615.4 million, which is in excess of the minimum risk-based capital requirement.

In response to the growing threat of cyber-attacks in the insurance industry, certain jurisdictions have begun to consider new cybersecurity measures, including the adoption of cybersecurity laws and regulations which, among other things, would require insurance companies to establish and maintain a cybersecurity program and implement and maintain cybersecurity policies and procedures. On October 24, 2017, the NAIC adopted its Insurance Data Security Model Law, intended to serve as model legislation for states to enact in order to govern cybersecurity and data protection practices of insurers, insurance agents, and other licensed entities registered under state insurance laws. The following states have either adopted the NAIC Insurance Data Security Model Law or similar laws that govern the cybersecurity and data protection practices of insurers, insurance agents, and other licensed entities registered under state insurance laws: Alabama, Alaska, California, Connecticut, Delaware, Hawaii, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, New Hampshire, New York, North Dakota, Ohio, Pennsylvania, South Carolina, Tennessee, Vermont, Virginia and Wisconsin. We continue to monitor whether the other states in which we conduct business adopt the NAIC's Insurance Data Security Model Law.

From time to time, states consider and/or enact laws that may alter or increase state authority to regulate insurance companies and insurance holding companies. States also consider and/or enact laws that impact the competitive environment and marketplace for property-casualty insurance. Changes in legislation or regulations and actions by regulators, including changes in administrative and enforcement policies, could require operational modifications from time to time. We cannot predict the effect that such changes or actions would have on our business, financial condition or results of operations.

Federal Regulation

The U.S. federal government generally has not directly regulated the insurance industry except for certain areas of the market, such as insurance for flood, nuclear and terrorism risks. However, the U.S. federal government has undertaken initiatives or considered legislation in several areas that may impact the insurance industry, including tort reform, corporate governance and the taxation of reinsurance companies. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") established the Federal Insurance Office which is authorized to study, monitor and report to Congress on the insurance industry and to recommend that the Financial Stability Oversight Council ("FSOC") designate an insurer as an entity posing risks to the U.S. financial stability in the event of the insurer's material financial distress or failure. In December 2013, the Federal Insurance Office issued a report on alternatives to modernize and improve the system of insurance regulation in the United States, including by increasing national uniformity through either a federal charter or effective action by the states. Additionally, the Dodd-Frank Act streamlined E&S placements, the payment of E&S taxes, the regulation of credit for reinsurance, and simplified the process for insurers to become an eligible E&S insurer in the United States. In addition, legislation has been introduced from time to time that, if enacted, could result in the U.S. federal government assuming a more direct role in the regulation of the insurance industry, including federal licensing in addition to or in lieu of state licensing and reinsurance for natural catastrophes. Changes to federal legislation and administrative policies in several areas, including changes in federal taxation, can also significantly impact the insurance industry and us.

On December 20, 2019, the Terrorism Risk Insurance Act of 2002 and its successors, the Terrorism Risk Insurance Extension Act of 2005, the Terrorism Risk Insurance Program Reauthorization Act of 2007, and the Terrorism Risk Insurance Program Reauthorization Act of 2015 (collectively, the "Terrorism Acts"), were extended through December 31, 2027. Under the Terrorism Acts, commercial property and casualty insurers, in exchange for making terrorism insurance available, may be entitled to be reimbursed by the federal government for a portion of their aggregate losses. As required by the Terrorism Acts, we offer policyholders in specific lines of commercial insurance the option to elect terrorism coverage.

In order for a loss to be covered under the Terrorism Acts, the loss must meet the aggregate industry loss minimum and must be the result of an act of terrorism as certified by the Secretary of the Treasury. Insurers participating in the Terrorism Acts are required to provide information regarding insurance coverage for terrorism losses, including: (i) lines of business with exposure to such losses, (ii) premiums earned on such coverage, (iii) geographical location of exposures, (iv) pricing of such coverage, (v) the take-up rate for such coverage, and (vi) the amount of private reinsurance for acts of terrorism purchased.

Geographic Information

For each of the years ended December 31, 2023, 2022 and 2021, 100% of our gross written premiums and net earned premiums were generated from policies issued to U.S.-based insureds.

Employees and Human Capital Resources

We believe that by understanding and leveraging the different dimensions of diversity in our workforce, we drive empowerment, collaboration and innovation needed to be a leader in our industry. As of December 31, 2023, we had 649 employees located in the United States and Bermuda, all but two classified as full-time. Of that population, 52% were female, 43% were male, and 5% did not specify their gender. Among the 97% of our employees who chose to disclose their race and ethnicity, approximately 12% identified as Black or African American, 4% as Hispanic or Latino, 6% as Asian, 1% as two or more races, less than 1% as Native Hawaiian or other Pacific Islander, and less than 1% as American Indian or Alaska Native.

Over the last year, our Diversity, Equity and Inclusion (DEI) committee continued to make progress in bringing additional awareness and focus to DEI topics throughout the company and in the locations where we operate. The committee is both diverse and made up of employees from all segments, levels and office locations. The primary objectives of the committee are to increase awareness of diversity and inclusion, provide education opportunities to all employees, improve understanding of how diversity and inclusion affect our corporate objectives, and identify and address potential roadblocks to diversity and equity in hiring, promotion, physical environment and professional development.

We recognize the mutual benefits for our company and our employees to further their formal education and professional development. Our Employee Development and Education Assistance program provides financial assistance for courses, development programs and professional affiliations. Additionally, employees have access to an online learning management system that hosts courses and modules across a wide range of topics.

We offer a competitive benefits package that is designed to support the well-being of our employees. Our benefits include medical, dental and vision insurance, a comprehensive employee assistance program to support the mental health of our employees and their families, employer-paid life and disability plans, contributions to employee retirement accounts through a company match with immediate vesting as well as paid parental leave and adoption assistance.

We continue to encourage a hybrid work model, one that offers our employees a flexible work environment that fosters in-person connection and collaboration and best supports our success as a company. We believe in-office work strengthens our professional relationships and boosts employee training and development opportunities. We also understand that remote work offers benefits related to individual focus and time management. Hybrid work allows our company to thrive, balancing employee autonomy and satisfaction while preserving essential team communication and connection.

We understand the critical role acknowledging employee contributions plays in improving morale and promoting a sense of purpose and appreciation. In 2023, we introduced a new Employee Recognition Program offering multiple channels for employees and managers to highlight each other's accomplishments, mark service anniversaries, and celebrate life events. Employees can earn and award points under the program that they can use to purchase gift cards and merchandise or donate to charitable organizations.

We value the opinions and diverse perspectives of our employees and use the feedback we receive throughout the year to help develop many of our company programs, policies, and benefits. We conduct an annual engagement survey to assess how motivated and engaged our employees are to perform their best each day. We also host voluntary focus groups to gain more perspective on our annual engagement survey findings and influence our strategy for the upcoming year. New hire feedback is collected following an employee's first 30 days of employment, which allows us to reflect upon and improve aspects of our recruitment and onboarding processes. In addition to the formal surveys and feedback meetings, we collect valuable input through our Employee Suggestion Program where employees may express their feedback regarding any aspect of their employment with our company.

Intellectual Property

We hold U.S. federal service mark registration of our corporate logo and several other company trademark registrations with the U.S. Patent and Trademark Office. Such registrations protect our intellectual property from confusingly similar use. We monitor our trademarks and service marks and protect them from unauthorized use.

We use licensed and proprietary systems and technologies in our underwriting. The licenses have terms that expire at various times. We believe that we can utilize other available systems and technologies in the event that the licenses are not renewed upon their expiration.

Available Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other information with the SEC. The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC. The address of that site is http://www.sec.gov. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and other information filed by us with the SEC are available, without charge, on our Internet web site, https://jrvrgroup.com, as soon as reasonably practicable after they are filed electronically with the SEC. Copies are also available, without charge, by writing to us at James River Group Holdings, Ltd., Wellesley House, 2nd Floor, 90 Pitts Bay Road, Pembroke, HM 08, Bermuda. The information on our web site is not a part of this Annual Report.

Item 1A. RISK FACTORS

You should carefully consider the following risks, together with the cautionary statement under the caption “Special Note Regarding Forward-Looking Statements” above and the other information included in this Annual Report. The risks described below are not the only ones we face. Additional risks that are currently unknown to us or that we currently consider immaterial may also impair our business or materially adversely affect our financial condition or results of operations. If any of the following risks actually occurs, our business, financial condition or results of operation could be materially adversely affected.

Summary

Risks Related to Our Business and Industry

- Reserving for losses is an inherently uncertain process, and our actual incurred losses may be greater than our loss and loss adjustment expense reserves, which could have a material adverse effect on our financial condition and results of operations.
- Our risk management is based on estimates and judgments that are subject to significant uncertainties.
- A decline in our financial strength rating may result in a reduction of new or renewal business.
- We may not be able to retain key management and employees or recruit other qualified personnel, and as a result we may not be able to grow our business and may also be materially adversely affected.
- Adverse economic factors could result in the sale of fewer policies than expected or an increase in frequency or severity of claims and premium defaults or both, which, in turn, could affect our growth and profitability.
- We distribute products through a select group of brokers and agents, several of which account for a significant portion of our business, and such relationships may not continue, or if they do continue, the relationship may not be on favorable terms to us.
- Brokers or agents that produce our business may not forward premiums to us that they collect from our policyholders, and as a result, we may not receive compensation for coverage set forth in the underlying policy.
- We rely on a select group of customers for a significant portion of our business, and the loss or termination of our relationship with any such customers, or a material reduction in their business, could materially adversely affect our rate of growth, results of operations and financial condition.
- We may be unable to obtain reinsurance coverage at reasonable prices or on terms that provide us adequate protection.
- We have primary liability on our insurance policies for losses, even if reinsurance counterparties or insurance companies with which we have a fronting arrangement fail to make any contractually obligated payments with respect to such loss, or if we do not receive indemnification payments pursuant to an arrangement we have with a former customer.
- If we are unable to underwrite risks accurately and charge and collect competitive yet profitable rates to our policyholders, our business, financial condition and results of operations will be materially adversely affected.
- The failure of any of the loss limitations or exclusions we employ, or changes in other claims or coverage issues, could result in higher than anticipated losses.
- We have exposure to losses arising from unpredictable natural disasters, terrorist acts, and other catastrophic events, the occurrence of which could result in an increase in the number or value of claims and could exceed the amount of reinsurance we purchased to protect us from such claims.
- The effect of emerging claim and coverage issues on our business is uncertain and may result in coverage of risks that we did not factor in our policy prices.
- Our investment portfolio is subject to significant market and credit risks, which could result in a material adverse impact on our financial condition or results of operations.
- We are subject to extensive regulation, and the cost of compliance with such regulation or new regulation, or the results of non-compliance, may materially adversely affect our ability to achieve our business objectives and additionally may materially adversely affect our financial condition and results of operations.
- We, or agents we have appointed, may act based on inaccurate or incomplete information regarding the accounts we underwrite, the result of which may be to cause us to misprice our policies.
- Agents may exceed their authority or commit fraud when binding policies on our behalf, causing us to make underwriting decisions on inadequate or inaccurate information.
- Our reinsurance business is subject to loss settlements made by ceding companies and fronting carriers over which we have no control that are binding upon us, which could materially adversely affect our performance.
- We could be forced to sell investments to meet our liquidity requirements, causing us to incur losses on the investments.
- We may require additional capital in the future, which may not be available or available only on unfavorable terms.
- Our credit agreements contain a number of financial and other covenants, the breach of which could result in acceleration of payment of amounts due under our credit facilities.
- If we are unable to keep pace with the technological advancements in the insurance industry, our ability to compete effectively could be impaired.

- If actual renewals of our existing contracts do not meet expectations, our premiums written in future years and our future results of operations could be materially adversely affected.
- If California, North Carolina, Ohio or any other state in which our insurance companies are admitted significantly increase the assessments our insurance companies are required to pay, our financial condition and results of operations will suffer.
- Our use of third-party claims administrators in certain lines of business may achieve less desirable results which could cause us to incur higher losses and loss adjustment expenses.

Risks Related to Taxation

- Changes in U.S. tax laws (including associated regulations) and the interpretation of certain provisions applicable to insurance/reinsurance businesses with U.S. and non-U.S. operations, which may be retroactive, could have a significant impact on the Company and persons who own our shares.
- The Company, JRG Re and James River Group Holdings UK Limited may be subject to U.S. federal income taxation and our non-U.K. companies may be subject to U.K. taxation, which may have a material adverse effect on our operating results.
- Persons who own our shares may be subject to U.S. federal income taxation on our undistributed earnings and may recognize ordinary income upon disposition of shares; non-corporate persons who own our shares may not qualify for the reduced tax rate for qualified dividend income on the dividends paid by us in the future, and tax-exempt organizations who own our shares may recognize unrelated business taxable income.

Risks Related to Ownership of Our Common Shares

- Litigation and legal proceedings against us or our subsidiaries could have a material adverse effect on our business, financial condition and/or results of operations.
- There is no guarantee that our evaluation of strategic alternatives will result in any particular outcome, and the perceived uncertainties related to the Company could adversely affect our business and our shareholders.
- The sale of JRG Re is subject to closing conditions and there can be no assurance that these conditions will be satisfied on the timeline we expect or at all, the sale of JRG may be terminated in certain circumstances, including the failure of the buyer to obtain required financing, and a portion of the consideration for the sale of JRG Re is a pre-closing dividend that is subject to the availability of unencumbered assets of JRG Re on the closing date.
- The identification of material weaknesses or the failure to otherwise maintain effective internal controls may result in material misstatements in our financial reporting and/or cause us to fail to meet our periodic reporting obligations.
- The amount of dividends that we may pay to our common shareholders is subject to restriction pursuant to the terms of the Series A Preferred Shares, and we cannot assure you that we will declare or pay dividends on our common shares in the future.
- The conversion of the Series A Preferred Shares into common shares would dilute the ownership of common shareholders and may adversely affect the market price of our common shares.
- Dividends paid by our U.S. subsidiaries to James River UK may not be eligible for benefits under the U.S.-U.K. income tax treaty, reducing the amount of funds that would be available for the payment of dividends.
- Our bye-laws and provisions of Bermuda law may impede or discourage a change of control transaction, which could deprive our investors of the opportunity to receive a premium for their shares.
- Bermuda law differs from the laws in effect in the United States and may afford less protection to holders of our shares.
- There are regulatory limitations on the ownership and transfer of our common shares.

General Risk Factors

- We rely on our systems and employees, and those of certain third-party vendors and service providers in conducting our operations, and certain failures, including internal or external fraud, operational errors, systems malfunctions, or cyber-security incidents, could materially adversely affect our operations.
- Our operating results have in the past varied from quarter to quarter and may not be indicative of our long-term prospects.

Risks Related to Our Business and Industry

Reserving for losses is an inherently uncertain process, and our actual incurred losses may be greater than our loss and loss adjustment expense reserves, which could have a material adverse effect on our financial condition and results of operations.

Our financial condition and results of operations depend upon our ability to assess accurately the potential losses and loss adjustment expenses under the terms of the insurance policies or reinsurance contracts we underwrite. Reserves do not represent an exact calculation of liability. Rather, reserves represent an estimate of what we expect the ultimate settlement and administration of claims will cost us, and our ultimate liability may be greater or less than current reserves. These estimates are based on our assessment of facts and circumstances then known, as well as estimates of future trends in claim severity, claim frequency, judicial theories of liability and other factors. These variables are affected by both internal and external events that could increase our exposure to losses, including changes in actuarial projections, claims handling procedures, inflation, climate change, economic and judicial trends, and legislative changes. We continually monitor reserves using new information on reported claims and a variety of statistical techniques.

In the insurance and reinsurance industry, there is always the risk that reserves may prove inadequate, and actual results always differ from our reserve estimates. It is possible for insurance and reinsurance companies to underestimate the cost of claims. Our estimates could prove to be low, and this underestimation could have a material adverse effect on our financial strength. For example, in our subsidiary JRG Re, we experienced adverse development on the reserves for losses and loss adjustment expenses of: $35.5 million for the calendar year ended December 31, 2023; $13.4 million for the calendar year ended December 31, 2022; and $137.6 million for the calendar year ended December 31, 2021 primarily in underwriting years 2014 through 2018. In addition, for the commercial auto business in our Excess and Surplus Lines segment, we experienced adverse development on the reserves for losses and loss adjustment expenses of: $8.7 million for the calendar year ended December 31, 2023 principally relating to 2021 and prior accident years; $8.9 million for the calendar year ended December 31, 2022 principally relating to the 2020 and prior accident years; and $200.1 million for the calendar year ended December 31, 2021 principally relating to the 2019 and prior accident years for Rasier and its affiliates. Our Core E&S business (excluding commercial auto) in the Excess and Surplus Lines segment experienced adverse development on the reserves for losses and loss adjustment expenses of $23.9 million for the calendar year ended December 31, 2023 principally relating to the 2020 and prior accident years. We cannot assure you that we will not have further adverse development in our business.

The uncertainties we encounter in establishing our reserves for losses and related expenses in connection with our insurance businesses include:

- When we write “occurrence” policies, we are obligated to pay covered claims, up to the contractually agreed amount, for any covered loss that occurs while the policy is in force. Losses can emerge many years after a policy has lapsed. Accordingly, our first notice of a claim or group of claims may arise many years after a policy has lapsed. Approximately 94% of our Excess and Surplus Lines net casualty loss reserves are associated with “occurrence form” policies at December 31, 2023.
- Even when a claim is received (irrespective of whether the policy is a “claims made” or “occurrence” basis form), it may take considerable time to fully appreciate the extent of the covered loss suffered by the insured and, consequently, estimates of loss associated with specific claims can increase over time.
- New theories of liability are enforced retroactively from time to time by courts. See also “*The effect of emerging claim and coverage issues on our business is uncertain*” risk factor herein.
- Volatility in the financial markets, economic events and other external factors may result in an increase in the number of claims and the severity of the claims reported. In addition, elevated inflationary conditions could, among other things, cause loss costs to increase.
- If claims became more frequent, even if we had no liability for those claims, the cost of evaluating these potential claims could escalate beyond the amount of the reserves we have established. As we enter new lines of business, or as a result of new theories of claims, we may encounter an increase in claims frequency and greater claims handling costs than we had anticipated.
- We occasionally enter new lines of insurance, and as a consequence, we sometimes have to make estimates of future losses for risk classes with which we do not have a great deal of loss experience. This lack of loss experience may contribute to making errors of judgment when establishing reserves.

In addition, reinsurance reserve estimates are typically subject to greater uncertainty than insurance reserve estimates, primarily due to reliance on the original underwriting decisions made by the ceding company. As a result, we are subject to the risk that our ceding companies may not have adequately evaluated the risks reinsured by us and the premiums ceded may not adequately compensate us for the risks we assume. Other factors resulting in additional uncertainty in establishing reinsurance reserves include:

- The increased lapse of time from the occurrence of an event to the reporting of the claim and the ultimate resolution or settlement of the claim.
- The diversity of development patterns among different types of reinsurance treaties.
- The necessary reliance on the ceding company for information regarding claims.

If any of our insurance or reinsurance reserves should prove to be inadequate for the reasons discussed above, or for any other reason, we will be required to increase reserves, resulting in a reduction in our net income and shareholders’ equity in the period in which the deficiency is identified. Future loss experience substantially in excess of established reserves could also have a material adverse effect on future earnings and liquidity and financial rating, which could affect our ability to attract business, our cost of capital and our ability to retain or hire qualified personnel.

Our risk management is based on estimates and judgments that are subject to significant uncertainties.

Our approach to risk management relies on subjective variables that entail significant uncertainties. For example, we rely heavily on estimates of probable maximum losses for certain events that are generated by computer-run models. In addition, we rely on historical data and scenarios in managing credit and interest rate risks in our investment portfolio. These estimates, models, data and scenarios may not produce accurate predictions and consequently, we could incur losses both in the risks we underwrite and to the value of our investment portfolio.

Small changes in assumptions, which depend heavily on our judgment and foresight, can have a significant impact on the modeled outputs. Although we believe that these probabilistic measures provide a meaningful indicator of the relative risk of certain events and changes to our business over time, these measures do not predict our actual exposure to, nor guarantee our successful management of, future losses that could have a material adverse effect on our financial condition and results of operations.

A decline in our financial strength rating may result in a reduction of new or renewal business.

Companies, insurers and reinsurance brokers use ratings from independent ratings agencies as an important means of assessing the financial strength and quality of insurers and reinsurers. A.M. Best has assigned a financial strength rating of “A-” (Excellent), which is the fourth highest of 13 ratings that A.M. Best issues, to each of James River Insurance, James River Casualty, Falls Lake Fire and Casualty, Falls Lake National and Stonewood Insurance. On December 20, 2023, A.M. Best announced that it revised the outlook on our financial strength rating from stable to negative on such entities. Also, on December 20, 2023, A.M. Best announced that it downgraded the financial strength rating of JRG Re from “A-” (Excellent) with a stable outlook to "B++" (good) with a negative outlook. A.M. Best announced that the ratings actions follow our announcements in November 2023 that we identified a material weakness in our internal control over financial reporting, that we entered into an agreement to sell JRG Re, and that we are exploring strategic alternatives for the Company. A.M. Best indicated that the negative outlook reflects the uncertainty that the actions will have on our organization, and reflects the execution risk associated with some of these initiatives. A.M. Best further announced that the ratings actions on JRG Re was based upon A.M. Best's view that JRG Re is less integral to our strategic, operational and financial objectives, as a result of our determination to suspend underwriting in our former casualty reinsurance segment, and our agreement to sell JRG Re at 75% of the book value, valued at September 30, 2023.

A.M. Best assigns ratings that are intended to provide an independent opinion of an insurance or reinsurance company’s ability to meet its obligations to policyholders and such ratings are not an evaluation directed to investors. A.M. Best periodically reviews our rating and may revise it downward or revoke it at its sole discretion based primarily on its analysis of our balance sheet strength (including capital adequacy and loss and loss adjustment expense reserve adequacy), operating performance and business profile. Factors that could affect such an analysis include but are not limited to:

- if we change our business practices from our organizational business plan in a manner that no longer supports our A.M. Best’s rating;
- if unfavorable financial, regulatory or market trends affect us, including excess market capacity;
- if our losses exceed our loss reserves;
- if we have unresolved issues with government regulators;
- if we are unable to retain our senior management or other key personnel;
- if our investment portfolio incurs significant losses;
- if A.M. Best alters its capital adequacy assessment methodology in a manner that would adversely affect our rating; or
- if A.M. Best reduces its assessment of our enterprise risk management.

These and other factors could result in a downgrade of our rating. A downgrade of our rating could cause our current and future brokers and agents, retail brokers and insureds to choose other, more highly-rated competitors. A downgrade of this rating could also increase the cost or reduce the availability of reinsurance to us, increase collateral required for our assumed reinsurance business, trigger termination of assumed and/or ceded reinsurance contracts, trigger termination rights in certain of our agreements with MGAs in our Specialty Admitted segment, or, as occurred upon the downgrade by A.M. Best of JRG Re described above, result in a default under our credit facilities. See the Risk Factor *“Our credit agreements contain a number of financial and other covenants, the breach of any of which could result in acceleration of payment of amounts due under our credit facilities.”*

In addition, in view of the earnings and capital pressures experienced by many financial institutions, including insurance companies, it is possible that rating organizations will heighten the level of scrutiny that they apply to such institutions, will increase the frequency and scope of their credit reviews, will request additional information from the companies that they rate and may increase the capital and other requirements employed in the rating organizations' models for maintenance of certain ratings levels. It is possible that such reviews of us may result in adverse ratings consequences, which could have a material adverse effect on our financial condition and results of operations. A downgrade below "A-" or withdrawal of any rating could severely limit or prevent us from writing new and renewal insurance contracts. See also "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Ratings."

If we are unable to retain key management and employees or recruit other qualified personnel, we may be materially adversely affected.

We believe that our future success depends, in large part, on our ability to retain our experienced management team and key employees and on our ability to recruit additional qualified employees to support our growth. For instance, our specialty insurance operations require the services of a number of highly experienced employees, including underwriters, to source quality business and analyze and manage our risk exposure. There can be no assurance that we can attract and retain the necessary employees to conduct our business activities on a timely basis or at all. Our competitors may offer more favorable compensation and/or permanent remote work arrangements to our key management or employees to incentivize them to leave our Company, or alternatively, to make it more difficult for us to recruit and hire new employees. Further, the transition to remote work by employees has allowed competitors that are located in different states or parts of the country to solicit our employees without requiring their relocation. Although we have employment agreements with most members of our senior management team, which include certain post-employment restrictions on engaging in businesses competitive with the Company, we do not have employment agreements with our senior underwriters or claims personnel. The November 2023 announcement that we are evaluating strategic alternatives caused uncertainty among our employees regarding our future operations or employment needs, which may limit our ability to retain or hire qualified personnel, and may contribute to the unplanned loss of highly skilled employees through attrition. Our inability to attract and retain qualified personnel and the loss of services of key personnel could have a material adverse effect on our financial condition and results of operations.

Adverse economic factors, including recession, inflation, periods of high unemployment or lower economic activity could result in the sale of fewer policies than expected or an increase in frequency or severity of claims and premium defaults or both, which, in turn, could affect our growth and profitability.

Factors such as business revenue, economic conditions, the volatility and strength of the capital markets, inflation and pandemics can all affect the business and economic environment. These same factors affect our ability to generate revenue and profits. In an economic downturn that is characterized by higher unemployment, declining spending and reduced corporate revenues, the demand for insurance products is adversely affected, which directly affects our premium levels and profitability. Negative economic factors may also affect our ability to receive the appropriate rate for the risk we insure with our policyholders and may adversely affect the number of policies we can write, including with respect to our opportunities to underwrite profitable business. In an economic downturn, our customers may have less need for insurance coverage, cancel existing insurance policies, modify their coverage, self-insure their risks, or not renew with us. Existing policyholders may exaggerate or even falsify claims to obtain higher claims payments, or not pay premiums on our policies when due. These outcomes would reduce our underwriting profit to the extent these factors are not reflected in the rates we charge.

We underwrite a significant portion of our insurance in (i) the Excess and Surplus Lines segment in Florida, California, Texas and New York, and (ii) the fronting and program business of the Specialty Admitted Insurance segment in California, Texas, North Carolina, Florida, and New York. Any economic downturn or reduced business activities in any such state, or other states where we conduct business, could have a material adverse effect on our financial condition and results of operations.

Higher than expected inflation could adversely affect the adequacy of our reserves by increasing average loss costs over time, negatively impact the values of our investments and our investment returns, and may increase our compensation expenses.

We distribute products through a select group of brokers and agents, several of which account for a significant portion of our business, and such relationships may not continue, or if they do continue, the relationship may not be on favorable terms to us. In addition, reliance on brokers and agents subjects us to their credit risk.

We distribute our products through a select group of brokers and agents. In 2023:

- the Excess and Surplus Lines segment conducted business with three brokers that produced an aggregate of $716.3 million in gross written premiums, or 71.1% of that segment's gross written premiums for the year; and
- the Specialty Admitted Insurance segment conducted business with two agencies that produced $259.6 million in gross written premiums, representing 51.8% of that segment's gross written premiums for the year.

The relationship with any of these brokers or agents may not continue. Even if the relationships do continue, they may not be on terms that are profitable for us. The termination of a relationship with one or more significant brokers or agents could result in lower direct written premiums and could have a material adverse effect on our results of operations or business prospects.

There is a continuing trend toward consolidation among retail and wholesale brokers and agents. As brokers and agents consolidate and competition among them declines, they may seek and receive higher commissions. Increases in commission expense could reduce our underwriting profit.

Certain premiums from policyholders, where the business is produced by brokers or agents, are collected directly by the brokers or agents and forwarded to our insurance subsidiaries. In certain jurisdictions, when the insured pays its policy premium to brokers or agents for payment on behalf of our insurance subsidiaries, the premiums might be considered to have been paid under applicable insurance laws and regulations. Accordingly, the insured would no longer be liable to us for those amounts, whether or not we have actually received the premiums from that broker or agent. Consequently, we assume a degree of credit risk associated with brokers and agents. Where necessary, we review the financial condition of potential new brokers and agents before we agree to transact business with them. Although failures by brokers and agents to remit premiums have not been material to date, there may be instances where brokers and agents collect premiums but do not remit them to us and we may be required under applicable law to provide the coverage set forth in the policy despite the absence of premiums.

Because the possibility of these events depends in large part upon the financial condition and internal operations of our brokers and agents (which in most cases is not public information), we are not able to quantify the exposure presented by this risk. If we are unable to collect premiums from brokers and agents in the future, underwriting profits may decline and our financial condition and results of operations could be materially adversely affected.

We rely on a select group of customers for a significant portion of our business, and the loss or termination of our relationship with any of these customers, or a material reduction in business with any of these customers, could materially adversely affect our rate of growth, results of operations and financial condition.

Our largest customer, an agent for the Specialty Admitted Insurance segment, accounted for approximately $163.1 million (10.8%) of our consolidated gross written premium from continuing operations in 2023. No other insured generated 10.0% or more of consolidated gross written premiums from continuing operations for 2023.

Our two largest customers in 2022, both agents for the Specialty Admitted Insurance segment, accounted for approximately $120.9 million (8.6%) and $110.9 million (7.9%) of our consolidated gross written premium from continuing operations in 2022. No insured generated 10.0% or more of consolidated gross written premiums from continuing operations for 2022.

Our largest customer in 2021, an agent for the Specialty Admitted Insurance segment, accounted for approximately $124.1 million of our gross written premium, representing 9.4% of our consolidated gross written premium from continuing operations in 2021. No insured generated 10.0% or more of consolidated gross written premiums from continuing operations for 2021.

The loss or termination of our relationship with these customers, or another significant customer, or a material reduction in business with any such party, could materially adversely affect our rate of growth, results of operations and financial condition.

We may be unable to obtain reinsurance coverage at reasonable prices or on terms that provide us adequate protection.

We purchase reinsurance in many of our lines of business to help manage our exposure to insurance and reinsurance risks that we underwrite and to reduce volatility in our results. In addition, JRG Re has managed its risk through retrocession arrangements with third-party reinsurers. A retrocession is a practice whereby a reinsurer cedes risk to one or more other reinsurers.

The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and available capacity, each of which can affect our business volume and profitability. The availability of reasonably affordable reinsurance is a critical element of our business plan. One important way we utilize reinsurance is to reduce volatility in claims payments by limiting our exposure to losses from large risks. Another way we use reinsurance is to purchase substantial protection against concentrated losses when we enter new markets. In addition, the ability to obtain reinsurance is critical to our objective to grow our fee-based fronting business. As a result, our ability to manage volatility and avoid significant losses, expand into new markets, grow by offering insurance to new kinds of enterprises, or grow our fronting business may be limited by the unavailability of reasonably priced reinsurance. We may not be able to obtain reinsurance on acceptable terms or from entities with satisfactory creditworthiness. In such event, if we are unwilling to accept the terms or credit risk of potential reinsurers, we would have to reduce the level of our underwriting commitments, which would reduce our revenues. Reinsurance capacity has become more restricted making reinsurance placements more challenging during 2021, 2022 and 2023 than in prior years.

Many reinsurance companies have begun to exclude certain coverages from, or alter terms in, the reinsurance contracts we enter into with them. Some exclusions relate to risks that we cannot in turn exclude from the policies we write due to business or regulatory constraints. In addition, reinsurers are imposing terms, such as lower per occurrence and aggregate limits, and more exclusions, limiting the protection provided under the reinsurance contract. As a result, we, like other direct insurance companies, write insurance policies which to some extent do not have the benefit of reinsurance protection. These gaps in reinsurance protection expose us to greater risk and greater potential losses. For example, certain reinsurers have excluded coverage for terrorist acts or priced such coverage at unreasonably high rates. Many direct insurers, including us, have written policies without terrorist act exclusions and in many cases we cannot exclude terrorist acts because of regulatory constraints. We may, therefore, be exposed to potential losses as a result of terrorist acts. See also “Item 1. Business — Business Segments—Purchase of Reinsurance.”

We are subject to credit risk with regard to our reinsurance counterparties, insurance companies with which we have a fronting arrangement and an indemnification arrangement we have with a former customer.

Although reinsurance makes the assuming reinsurer liable to us to the extent of the risk ceded, we are not relieved of our primary liability to our insureds as the direct insurer. At December 31, 2023, reinsurance recoverables on unpaid losses from our three largest reinsurers was $606.3 million in the aggregate and represented 44.6% of the total balance. Additionally, prepaid reinsurance premiums ceded to three reinsurers at December 31, 2023 was $100.2 million in the aggregate, or 34.2% of the total balance of prepaid reinsurance premiums. In addition to reinsurance purchased to manage our ongoing business, we have two retroactive reinsurance arrangements on a legacy books of business: the first, a loss portfolio transfer reinsurance transaction on our legacy commercial auto lines business in our Excess & Surplus Lines segment (the “Commercial Auto LPT”), and the second, a loss portfolio transfer retrocession agreement entered into by JRG Re on February 23, 2022 (the "Casualty Re LPT"). At December 31, 2023, reinsurance recoverables on the Commercial Auto LPT were $84.5 million (including $78.1 million of unpaid recoverables and $6.4 million of paid recoverables), and reinsurance recoverables on the Casualty Re LPT were $221.7 million.

At December 31, 2023, all of our material reinsurance recoverable amounts are from companies with A.M. Best ratings of “A-” (Excellent) or better, are collateralized by the reinsurer for our benefit through letters of credit or funds held in trust accounts, or represent recoverables from a state residual market for automobile insurance, but we cannot be sure that our reinsurers will pay all reinsurance claims on a timely basis or at all. Similarly, in our fronting business, which we conduct through our Specialty Admitted Insurance segment, we are primarily liable to the insureds because we have issued the policies. While we customarily require a collateral trust arrangement to secure the obligations of the insurance entity for which we are fronting, we do not obtain collateral in every instance. See also “Item 1. Business — Business Segments — Specialty Admitted Insurance Segment — Fronting & Program Business.” Reinsurers or fronting partners may default in their financial obligations to us as the result of insolvency, lack of liquidity, operational failure, fraud, asserted defenses based on agreement wordings or the principle of utmost good faith, asserted deficiencies in the documentation of agreements or for other reasons. The failure of a reinsurer or fronting partner to pay us does not lessen our contractual obligations to insureds. If a reinsurer or fronting partner fails to pay the expected portion of a claim or claims, our net losses might increase substantially and materially adversely affect our financial condition. Any disputes regarding reinsurance contracts, indemnification arrangements and related agreements could be time-consuming, costly and uncertain of success.

Downgrades to the credit ratings of our reinsurance counterparties may result in the reduction of rating agency capital credit provided by those reinsurance contracts and could, therefore, result in a downgrade of our own credit ratings. In addition, under the reinsurance regulations, in many states where our U.S. insurance subsidiaries are domiciled, certain reinsurers are required to collateralize their obligations to us and to the extent they do not do so, our ability for regulators to recognize this reinsurance will be impaired. We evaluate each reinsurance claim based on the facts of the case, historical experience with the reinsurer on similar claims and existing case law and include any amounts deemed uncollectible from the reinsurer in our allowance for credit losses on reinsurance balances. See also “Item 1. Business — Business Segments — Purchase of Reinsurance.”

We are exposed to credit risk relating to a set of insurance contracts previously issued to Rasier, under which the Company pays losses and loss adjustment expenses on the contracts. Rasier is contractually obligated to reimburse us for the losses and loss adjustment expenses paid on their behalf pursuant to indemnification agreements with it. This reimbursement obligation is supported by collateral posted for our benefit in a trust account from time to time. If Rasier fails to reimburse us, and the collateral posted for our benefit to support their reimbursement obligations is insufficient, our financial condition and results of operations could be materially adversely affected. See also “Item 1. Business — Business Segments — Purchase of Reinsurance — Amounts Recoverable from an Indemnifying Party.”

In situations where we manage our credit exposure to reinsurers or fronting partners with a collateral arrangement, which includes our Commercial Auto LPT and indemnification arrangements on the Rasier policies, it is possible that the collateral could be insufficient to cover all claims, either as a result of a decline in the value of the collateral, an increase in the obligations being collateralized, a failure of management to monitor the adequacy of the collateral held, or the refusal of the counterparty to post additional collateral. In that event, we would be contractually entitled to recovery from our reinsurer or the entity for which we are fronting, but, for a variety of reasons, the other party could default in its obligations.

If we are unable to underwrite risks accurately and charge and collect competitive yet profitable rates to our policyholders, our business, financial condition and results of operations will be materially adversely affected.

In general, the premiums for our insurance policies are established at the time a policy is issued and, therefore, before all of our underlying costs are known. Like other insurance companies, we rely on estimates and assumptions in setting our premium rates. Establishing adequate premium rates is necessary, together with investment income, to generate sufficient revenue to offset losses, loss adjustment expenses and other underwriting costs and to earn a profit. If we do not accurately assess the risks that we assume, we may not charge adequate premiums to cover our losses and expenses, which would materially adversely affect our results of operations and our profitability. Alternatively, we could set our premiums too high, which could reduce our competitiveness and lead to lower revenues.

Pricing involves the acquisition and analysis of historical loss data and the projection of future trends, loss costs and expenses, and inflation trends, among other factors, for each of our products in multiple risk tiers and many different markets. In order to accurately price our policies, we:

- collect and properly analyze a substantial volume of data from our insureds;
- develop, test and apply appropriate actuarial projections and rating formulas;
- closely monitor and timely recognize changes in trends; and
- project both frequency and severity of our insureds' losses with reasonable accuracy.

We seek to implement our pricing accurately in accordance with our assumptions. Our ability to undertake these efforts successfully and, as a result, accurately price our policies, is subject to a number of risks and uncertainties, including:

- insufficient or unreliable data;
- incorrect or incomplete analysis of available data;
- uncertainties generally inherent in estimates and assumptions;
- our failure to implement appropriate actuarial projections and rating formulas or other pricing methodologies;
- regulatory constraints on rate increases;
- our failure to accurately estimate investment yields and the duration of our liability for loss and loss adjustment expenses; and
- unanticipated court decisions, legislation or regulatory action.

In addition to charging profitable rates on the insurance policies we issue, we also must be able to collect the premiums, deductibles, and self-insured retentions that our insureds agreed to pay at the inception of their policies. The inability or refusal of our insureds to pay the amounts owed by them pursuant to their policies undermines our goal of underwriting risk accurately and charging competitive yet profitable rates, and could adversely affect our results of operations and our profitability.

The failure of any of the loss limitations or exclusions we employ, or changes in other claims or coverage issues, could have a material adverse effect on our financial condition or results of operations.

Although we seek to mitigate our loss exposure through a variety of methods, the future is inherently unpredictable. It is difficult to predict the timing, frequency and severity of losses with statistical certainty. It is not possible to completely eliminate our exposure to unforecasted or unpredictable events and, to the extent that losses from such risks occur, our financial condition and results of operations could be materially adversely affected.

For instance, various provisions of our policies, such as limitations or exclusions from coverage or choice of forum, which have been negotiated to limit our risks, may not be enforceable in the manner we intend. At the present time, we employ a variety of endorsements to our policies that limit exposure to known risks.

In addition, we design our Excess and Surplus Lines segment's policy terms to manage our exposure to expanding theories of legal liability like those which have given rise to claims for lead paint, asbestos, mold, construction defects and environmental matters. Many of the policies we issue also include conditions requiring the prompt reporting of claims to us and entitle us to decline coverage in the event of a violation of that condition. Also, many of our policies limit the period during which a policyholder may bring a claim under the policy, which in many cases is shorter than the statutory period under which such claims can be brought against our policyholders. While these exclusions and limitations help us assess and reduce our loss exposure and help eliminate known exposures to certain risks, it is possible that a court or regulatory authority could nullify or void an exclusion or legislation could be enacted modifying or barring the use of such endorsements and limitations. These types of governmental actions could result in higher than anticipated losses and loss adjustment expenses, which could have a material adverse effect on our financial condition or results of operations. In some instances, these changes may not become apparent until sometime after we have issued insurance policies that are affected by the changes. As a result, the full extent of liability under our insurance contracts may not be known for many years after a contract is issued.

We have exposure to losses arising from unpredictable natural disasters, terrorist acts, and other catastrophic events. Claims from these events could reduce our earnings and cause volatility in our results of operations.

We have exposure to losses arising from unpredictable natural disasters, terrorist acts, and other catastrophic events. These events can cause losses in a variety of our property-casualty lines and generally result in an increase in the number of claims filed as well as the amount of compensation sought by claimants.

The incidence and severity of natural disasters, terrorist acts, and other catastrophic events are inherently unpredictable. The extent of losses from catastrophes is a function of the frequency of loss events, the total amount of insured exposure in the area affected by each event and the severity of the events. Claims from catastrophic events could exceed our amount of reinsurance purchased to protect us from such events, cause us to pay reinstatement premiums, reduce our earnings and cash flows, cause volatility in our results of operations and cash flows for any fiscal period or materially impact our financial condition. For example, for the third quarter ending September 30, 2022, we incurred $5.0 million in net catastrophe losses related to Hurricane Ian.

A large-scale pandemic, the continued threat or occurrence of terrorism, within the United States and abroad, or military and other actions, and heightened security measures in response to these types of threats may cause significant volatility and losses in our investment portfolio from declines in the equity markets and from interest rate changes in the United States, Europe and elsewhere, and result in loss of life, property damage, disruptions to commerce and reduced economic activity. Some of our assets in our investment portfolio may be adversely affected by declines in the equity markets and reduced economic activity caused by a large-scale pandemic or the continued threat of terrorism. Additionally, a large-scale pandemic or terrorist act could have a material effect on sales, profitability, competitiveness, marketability of product offerings, liquidity and operating results. For example, the COVID-19 pandemic presented, and other future pandemics could present, inflation, supply chain disruptions, labor shortages, backlogs in the court system, responsive regulatory actions and mandates, financial market disruptions, and economic downturn, among other things.

The effect of emerging claim and coverage issues on our business is uncertain.

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may materially adversely affect our business by either broadening coverage beyond our underwriting intent or by increasing the number or size of claims. In some instances, these changes may not become apparent until sometime after we have issued insurance or reinsurance contracts that are affected by the changes. As a result, the full extent of liability under our insurance or reinsurance contracts may not be known for many years after a contract is issued.

Four examples of unanticipated risks that affected the insurance industry are:

- Asbestos liability applied to manufacturers of products and contractors who installed those products;
- Apportionment of liability for settlement assigned to subcontractors who may have been involved in mundane tasks (such as installing sheetrock in a home);
- Court decisions, such as the 1995 Montrose decision in California, that read policy exclusions narrowly so as to expand coverage, thereby requiring insurers to create and write new exclusions; and
- Social inflation trends, including higher and more frequent claims, more favorable judgments and legislated increases.

In addition, the passage of new legislation designed to expand the right to sue, to remove limitations on recovery, to deem by statute the existence of a covered occurrence, to extend or eliminate the statutes of limitations or otherwise to repeal or weaken tort reforms could have a material and adverse effect on our results of operations and/or financial position.

Our investment portfolio is subject to significant market and credit risks, which could result in a material adverse impact on our financial condition or results of operations.

Our results of operations depend, in part, on the performance of our investment portfolio. We seek to hold a diversified portfolio of investments that is managed by professional investment advisory management firms in accordance with our investment policy and periodically reviewed by our Investment Committee. However, our investments are subject to general economic conditions and market risks as well as risks inherent to particular securities.

Our primary market risk exposures are to changes in interest rates and equity prices. See “Item 7A. Quantitative and Qualitative Disclosures About Market Risk.” Prior to 2022, interest rates had been at or near historic lows, limiting yields on fixed income investments and negatively impacting investment income. Increases in interest rates during 2022 and for much of 2023, while generating higher investment yields, led to declines in the fair values of our fixed income securities, influenced by the duration of our fixed income investments and the extent of interest rate increases. For example, for the year ended December 31, 2022, we experienced unrealized losses on fixed maturity investments of $193.0 million, which were recognized in other comprehensive loss. During 2023, the fair values of our fixed maturity securities recovered some of the unrealized losses with signs of inflation easing and optimism about future Federal Reserve interest rate cuts. The $99.3 million reduction in accumulated other comprehensive loss in the year ended December 31, 2023 reflects the increase in fair values of our fixed maturity securities as well as $53.2 million of losses recognized on JRG Re's fixed maturities. The Company entered into a definitive agreement on November 8, 2023 to sell JRG Re. The sale is expected to close in the first quarter of 2024 and the Company no longer has the intent or ability to hold securities in an unrealized loss position until a recovery of their fair value could occur. Some fixed income securities have call or prepayment options, which represent possible reinvestment risk in declining rate environments. Other fixed income securities such as mortgage-backed and asset-backed securities carry prepayment risk or, in a rising interest rate environment, may not pre-pay as quickly as expected. In addition, individual securities in our fixed income securities portfolio are subject to credit risk and default. Downgrades in the credit ratings of fixed maturities can have a significant negative effect on the market valuation of such securities.

In the event of a financial crisis or severe downturn in public debt and equity markets, we could incur substantial realized and unrealized investment losses in future periods, which could have a material adverse impact on our financial condition, results of operations, debt and financial strength ratings, insurance subsidiaries' capital liquidity and ability to access capital markets.

The value of our investment portfolio is subject to the risk that certain investments may default or become impaired due to deterioration in the financial condition of one or more issuers of the securities held, or due to deterioration in the financial condition of an insurer that guarantees an issuer's payments of such investments. Such defaults and impairments could reduce our net investment income and result in realized investment losses.

We hold investments in bank loans (7.9% of the carrying value of our cash and invested assets (excluding restricted cash equivalents) as of December 31, 2023. Most of these loans are issued to sub-investment grade borrowers. While this class of investment has been profitable for us, a severe downturn in the markets could materially adversely affect the value of these investments, including the possibility that we would suffer substantial losses on this portfolio. As of December 31, 2023, the fair value of our investments in bank loans was $156.2 million.

As of December 31, 2023, we held equity investments of $8.4 million in non-public limited liability companies that have invested in renewable energy investments. We invested in the equity of these projects because we anticipate earning attractive risk-adjusted returns from these investments. However, our investments in these projects are illiquid and the ultimate results from these investments may be unknown for some time.

We also invest in marketable equity securities. These securities are carried on the balance sheet at fair market value and are subject to potential losses and declines in market value. Our invested assets also include interests in limited partnerships and privately held debt investments totaling $24.8 million at December 31, 2023. These investments were designed to provide diversification of risk and enhance the return on the overall portfolio. However, these investments entail substantial risks and are generally illiquid. Our investment portfolio is subject to increased valuation uncertainties when investment markets are illiquid. The valuation of investments is more subjective when markets are illiquid, thereby increasing the risk that the estimated fair value (*i.e.*, the carrying amount) does not reflect prices at which actual transactions would occur.

Risks for all types of securities are managed through application of our investment policy, which establishes investment parameters that include (but are not limited to) maximum percentages of investment in certain types of securities and minimum levels of credit quality, which we believe are within guidelines established by the NAIC, BMA and various state insurance departments, as applicable.

Although we seek to preserve our capital, we cannot be certain that our investment objectives will be achieved, and results may vary substantially over time. In addition, although we seek to employ investment strategies that are not correlated with our insurance and reinsurance exposures, losses in our investment portfolio may occur at the same time as underwriting losses and, therefore, exacerbate the adverse effect of the losses on us.

We may become subject to additional government or market regulation which may have a material adverse impact on our business.

Market disruptions like those experienced during the credit-driven financial market collapse in 2008, as well as the dramatic increase in the capital allocated to alternative asset management during recent years, have led to increased governmental as well as self-regulatory scrutiny of the insurance industry in general. In addition, certain legislation proposing greater regulation of the industry is periodically considered by governing bodies of some jurisdictions as well as the U.S. federal government. The credit-driven equity market collapse in 2008 or other significant market disruptions may increase the likelihood that some increased regulation of the industry is mandated.

Because we are a Bermuda company, we are subject to changes in Bermuda law and regulation that may have a material adverse impact on our operations, including through the imposition of tax liability or increased regulatory supervision. In addition, we will be exposed to any changes in the political environment in Bermuda.

Our business could be materially adversely affected by changes in state laws, including those relating to asset and reserve valuation requirements, surplus requirements, limitations on investments and dividends, enterprise risk and risk-based capital requirements and, at the federal level, by laws and regulations that may affect certain aspects of the insurance industry, including proposals for preemptive federal regulation. The U.S. federal government generally has not directly regulated the insurance industry except for certain areas of the market, such as insurance for flood, nuclear and terrorism risks. However, the U.S. federal government has undertaken initiatives or considered legislation in several areas that may affect the insurance industry, including tort reform, corporate governance and the taxation of reinsurance companies. The Dodd-Frank Act also established the Federal Insurance Office, which is authorized to study, monitor and report to Congress on the insurance industry and to recommend that the FSOC designate an insurer as an entity posing risks to U.S. financial stability in the event of the insurer's material financial distress or failure. In December 2013, the Federal Insurance Office issued a report on alternatives to modernize and improve the system of insurance regulation in the United States, including increasing national uniformity through either a federal charter or effective action by the states. Any additional regulations established as a result of the Dodd-Frank Act or actions in response to the Federal Insurance Office Report could increase our costs of compliance or lead to disciplinary action. In addition, legislation has been introduced from time to time that, if enacted, could result in the U.S. federal government assuming a more direct role in the regulation of the insurance industry, including federal licensing in addition to or in lieu of state licensing and reinsurance for natural catastrophes. We are unable to predict whether any legislation will be enacted or any regulations will be adopted, or the effect that any such developments could have on our business, financial condition or results of operations.

The Bermuda insurance and reinsurance regulatory framework has become subject to increased scrutiny in many jurisdictions. The BMA sought "regulatory equivalency" which enables Bermuda's commercial insurers to transact business with the European Union on a "level playing field". In connection with its initial efforts to achieve equivalency under Solvency II, the BMA implemented and imposed additional requirements on the companies it regulates, such as JRG Re. On November 26, 2015, via delegated act, the European Commission granted Bermuda's commercial insurers full equivalence in all areas of Solvency II for an indefinite period of time. The European Commission's act was reviewed and approved by the European Parliament and Council. On March 4, 2016, the delegated act was published in the official journal of the European Union. The grant of full equivalence came into force on March 24, 2016 and applies from January 1, 2016.

Additionally, the regulatory environment surrounding information security and privacy is increasingly demanding. We are subject to numerous U.S. federal and state laws governing the protection of personal and confidential information of our clients and employees, and new privacy laws have been adopted or are being considered at the state and federal level that may be applicable to us. The NAIC adopted an Insurance Data Security Model Law on October 24, 2017, which requires licensed insurance entities to comply with detailed information security requirements. To date, the following states have either adopted the NAIC Insurance Data Security Model Law or similar laws that govern the cybersecurity and data protection practices of insurers, insurance agents, and other licensed entities registered under state insurance laws: Alabama, California, Connecticut, Delaware, Indiana, Iowa, Louisiana, Maine, Michigan, Minnesota, Mississippi, New Hampshire, New York, North Dakota, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia and Wisconsin. It is not yet known whether, and to what extent, other state legislatures or insurance regulators where we operate will enact the NAIC Insurance Data Security Model Law in whole or in part, or in a modified form. Such enactments, especially if inconsistent between states or with existing laws and regulations, could raise compliance costs or increase the risk of noncompliance, with the attendant risk of being subject to regulatory enforcement actions and penalties, as well as reputational harm. Further, several states have enacted privacy laws requiring specific disclosures regarding privacy practices and granting certain rights to consumers with respect to the use by companies of their personally identifiable information. There has also been proposed privacy legislation at the federal level. These new privacy laws may impose compliance costs, and ambiguities surrounding their applicability and interpretation may increase the risk of noncompliance, with the attendant risk of being subject to regulatory enforcement actions and penalties, as well as class action litigation. Any such events could potentially have an adverse impact on our business, financial condition or results of operations.

It is impossible to predict what, if any, changes in the regulations applicable to us, the markets in which we operate, trade and invest or the counterparties with which we do business may be instituted in the future. Any such regulation could have a material adverse impact on our business.

We are subject to extensive regulation, which may materially adversely affect our ability to achieve our business objectives. In addition, if we fail to comply with these regulations, we may be subject to penalties, including fines and suspensions, which may materially adversely affect our financial condition and results of operations.

Our admitted insurance and reinsurance subsidiaries are subject to extensive regulation, primarily by California (the domiciliary state for Falls Lake Fire and Casualty Company), Ohio (the domiciliary state for James River Insurance, James

River Casualty, and Falls Lake National), North Carolina (the domiciliary state for Stonewood Insurance), Bermuda (the domicile of JRG Re), and to a lesser degree, the other jurisdictions in the United States in which we operate. Most insurance regulations are designed to protect the interests of insurance policyholders, as opposed to the interests of shareholders. These regulations generally are administered by a department of insurance in each state and, in the case of JRG Re, the BMA in Bermuda, and relate to, among other things, authorizations to write certain lines of business, capital and surplus requirements, reserve requirements, rate and form approvals, investment and underwriting limitations, affiliate transactions, dividend limitations, cancellation and non-renewal of policies, changes in control, solvency, receipt of reinsurance credit, accounting principles and a variety of other financial and non-financial aspects of our business. These laws and regulations are regularly re-examined and any changes in these laws and regulations or new laws or interpretations thereof may be more restrictive, could make it more expensive to conduct business or otherwise materially adversely affect our financial condition or operations. State insurance departments and the BMA also conduct periodic examinations of the affairs of insurance companies and reinsurance companies and require the filing of annual and other reports relating to financial condition, holding company issues and other matters. These regulatory requirements may impose timing and expense or other constraints that could materially adversely affect our ability to achieve some or all of our business objectives. Failure by any of our insurance subsidiaries to comply with applicable regulations could result in a requirement for that subsidiary to cease writing business.

In addition, regulatory authorities have broad discretion to deny or revoke licenses for various reasons, including the violation of regulations. For example, an insurer's registration may be cancelled by the BMA on certain grounds specified in the Insurance Act, including failure by the insurer to comply with its obligations under the Insurance Act, or if the BMA believes that the insurer has not been carrying on business in accordance with sound insurance principles. In some instances, where there is uncertainty as to applicability, we follow practices based on our interpretations of regulations or practices that we believe are generally followed by the industry. These practices may turn out to be different from the interpretations of regulatory authorities. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory requirements, insurance regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us. This could materially adversely affect our ability to operate our business.

The admitted market is subject to more state regulation than the E&S market, particularly with regard to rate and form filing requirements, restrictions on the ability to exit lines of business, premium tax payments and membership in various state associations, such as guaranty funds. Some states have deregulated their commercial insurance markets. We cannot predict the effect that further deregulation would have on our business, financial condition or results of operations.

The NAIC has developed a system to test the adequacy of statutory capital of U.S.-based insurers, known as risk-based capital or "RBC," that many states have adopted. This system establishes the minimum amount of risk-based capital necessary for an insurer to support its overall business operations. It identifies property-casualty insurers that may be inadequately capitalized by looking at certain inherent risks of each insurer's assets and liabilities and its mix of net written premiums. Insurers falling below a calculated threshold may be subject to varying degrees of regulatory action, including supervision, rehabilitation or liquidation. Failure to maintain adequate risk-based capital at the required levels could materially adversely affect the ability of our insurance subsidiaries to maintain regulatory authority to conduct their business. For additional information, see "Item 1. Business — Regulation — U.S. Insurance Regulation — State Regulation."

In addition, the various state insurance regulators have increased their focus on risks within an insurer's holding company system that may pose enterprise risk to the insurer. In 2012, the NAIC adopted the NAIC Amendments. The NAIC Amendments, when adopted by the various states, are designed to respond to perceived gaps in the regulation of insurance holding company systems in the United States. One of the major changes is a requirement that an insurance holding company system's ultimate controlling person submit annually to its lead state insurance regulator an "enterprise risk report" that identifies activities, circumstances or events involving one or more affiliates of an insurer that, if not remedied properly, are likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. Other changes include (i) requiring a controlling person to submit prior notice to its domiciliary insurance regulator of a divestiture of control, (ii) having detailed minimum requirements for cost sharing and management agreements between an insurer and its affiliates and (iii) expanding the types of agreements between an insurer and its affiliates to be filed with its domiciliary insurance regulator. The NAIC Amendments must be adopted by a state legislature and such state's insurance regulator in order to be effective in that state. Each of California, North Carolina and Ohio, the states in which our U.S. insurance subsidiaries are domiciled, adopted the NAIC Amendments, including the enterprise risk report requirement.

In 2012, the NAIC also adopted the ORSA Model Act. The ORSA Model Act, when adopted by the various states, requires an insurance holding company system's Chief Risk Officer to submit annually to its lead state insurance regulator an ORSA. The ORSA is a confidential internal assessment appropriate to the nature, scale and complexity of an insurer of the material and relevant risks identified by the insurer associated with an insurer's current business plan and the sufficiency of capital resources to support those risks. The ORSA Model Act must be adopted by a state legislature in order to be effective in that state. Each of California, North Carolina and Ohio, the states in which our U.S. insurance subsidiaries are domiciled, adopted the ORSA Model Act and require an ORSA filing.

We cannot predict with certainty the effect any enacted, proposed or future state or federal regulation or NAIC initiative may have on the conduct of our business. Furthermore, there can be no assurance that the regulatory requirements applicable to our business will not become more stringent in the future or result in materially higher cost than current requirements. Changes in regulation of our business may materially reduce our profitability, limit our growth or otherwise materially adversely affect our operations.

Changing climate conditions may increase the frequency and severity of catastrophic events and thereby adversely affect our financial condition and results of operations.

Over the past several years, changing weather patterns and climatic conditions, such as global warming, appear to have contributed to the unpredictability, frequency and severity of natural disasters and created additional uncertainty as to future trends and exposures. There is a growing scientific consensus that global warming and other climate changes are increasing the frequency and severity of catastrophic weather and other events, such as hurricanes, fires, tornadoes, windstorms, floods and other natural disasters. Such changes make it more difficult for us to predict and model catastrophic events, reducing our ability to accurately price our exposure to such events and mitigate our risks. Any increase in the frequency or severity of natural disasters may adversely affect our financial condition and results.

We may have exposure to losses from terrorism for which we are required by law to provide coverage.

U.S. insurers are required by state and federal law to offer coverage for terrorism in certain commercial lines, including workers' compensation. As discussed under "Item 1. Business — Regulation — U.S. Insurance Regulation — Federal Regulation," the Terrorism Acts require commercial property and casualty insurance companies to offer coverage for acts of terrorism, whether foreign or domestic, and established a federal assistance program through the end of 2027 to help cover claims related to future terrorism-related losses. The impact of any terrorist act is unpredictable, and the ultimate impact on us would depend upon the nature, extent, location and timing of such an act.

We, or agents we have appointed, may act based on inaccurate or incomplete information regarding the accounts we underwrite, or such agents may exceed their authority or commit fraud when binding policies on our behalf.

We, and our MGAs and other agents who have the ability to bind our policies, rely on information provided by insureds or their representatives when underwriting insurance policies. While we may make inquiries to validate or supplement the information provided, we may make underwriting decisions based on incorrect or incomplete information. It is possible that we will misunderstand the nature or extent of the activities or facilities and the corresponding extent of the risks that we insure because of our reliance on inadequate or inaccurate information.

In addition, in the Specialty Admitted Insurance segment, MGAs and other agents have the authority to bind policies on our behalf within prescribed underwriting guidelines, and third party administrators manage and pay claims on our behalf and advise us with respect to case reserves. If any such agents exceed their authority, breach their obligations to us, fail to maintain proper licenses, have weak internal controls, or engage in fraudulent activities, our reputation could suffer, we may experience regulatory intervention, or our financial condition and results of operations could be materially adversely affected. Although we are continually monitoring these agents and administrators, our monitoring efforts may not be adequate.

The insurance business is historically cyclical, and we may experience periods with excess underwriting capacity and unfavorable premium rates, which could materially adversely affect our business.

Historically, insurers have experienced significant fluctuations in operating results due to competition, frequency and severity of catastrophic events, levels of capacity, adverse trends in litigation, regulatory constraints, general economic conditions and other factors. We have experienced these types of fluctuations since the Company's inception. The supply of insurance is related to prevailing prices, the level of insured losses and the level of capital available to the industry that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the insurance industry. As a result, the insurance business historically has been a cyclical industry characterized by periods of intense price competition due to excessive underwriting capacity as well as periods when shortages of capacity increased premium levels. Demand for insurance depends on numerous factors, including the frequency and severity of catastrophic events, levels of capacity, the introduction of new capital providers, general economic conditions and underwriting results of primary insurers. All of these factors fluctuate and may contribute to price declines generally in the insurance industry.

We cannot predict with certainty whether market conditions will improve, remain constant or deteriorate. Negative market conditions may impair our ability to underwrite insurance at rates we consider appropriate and commensurate relative to the risk assumed. If we cannot underwrite insurance at appropriate rates, our ability to transact business will be materially adversely affected. Any of these factors could lead to a material adverse effect on our business, financial condition and results of operations.

Our reinsurance business is subject to loss settlements made by ceding companies and fronting carriers over which we have no control, which could materially adversely affect our performance.

Where JRG Re enters into assumed reinsurance contracts with third parties, all loss settlements made by the ceding company will be unconditionally binding upon us, provided they are within the terms of the underlying policies and within the terms of the relevant contract. While we believe the ceding companies will settle such claims in good faith, we are bound to accept the claims settlements agreed to by the ceding companies. Under the underlying policies, each ceding company typically bears the burden of proving that a contractual exclusion applies to a loss, and there may be circumstances where the facts of a loss are insufficient to support the application of an exclusion. In such circumstances, we assume such losses under the reinsured policies, which could materially adversely affect our performance.

We could be forced to sell investments to meet our liquidity requirements.

We invest the premiums we receive from our insureds and ceding companies until they are needed to pay policyholder claims or until they are recognized as profits. Consequently, we seek to manage the duration of our investment portfolio based on the duration of our loss and loss adjustment expense reserves to ensure sufficient liquidity and avoid having to liquidate securities to fund claims. Risks such as inadequate loss and loss adjustment expense reserves or unfavorable trends in litigation could potentially result in the need to sell investments to fund these liabilities. Such sales could result in significant realized losses depending on the conditions of the general market, interest rates and credit issues with individual securities.

Our employees could take excessive risks, which could negatively affect our financial condition and business.

As an insurance enterprise, we are in the business of binding certain risks. The employees who conduct our business, including executive officers and other members of management, underwriters, claims professionals, and other employees, do so in part by making decisions and choices that involve exposing us to risk. These include decisions such as setting underwriting guidelines and standards, product design and pricing, determining which business opportunities to pursue, claims management decisions, and other decisions. Although we employ controls and procedures designed to monitor employees' business decisions and prevent us from taking excessive risks, these controls and procedures may not be effective. If our employees take excessive risks, the impact of those risks could have a material adverse effect on our financial condition and business operations.

We may require additional capital in the future, which may not be available or available only on unfavorable terms.

Our future capital requirements depend on many factors, including our ability to write new and renewal business successfully and to establish premium rates and reserves at levels sufficient to cover losses. Our ability to underwrite depends largely upon the expected quality of our claims paying process and our perceived financial strength as estimated by potential insureds, brokers, other intermediaries, independent rating agencies, and our regulators. To the extent that our existing capital is insufficient to fund our future operating requirements, cover claim losses, satisfy ratings agencies in order to maintain a satisfactory rating, or meet the capital requirements of our regulators in order to maintain our insurance licenses, we may need to raise additional capital in the future through offerings of debt, hybrid or equity securities or through suspension or reduction of dividends, or otherwise to:

- fund liquidity needs caused by underwriting or investment losses;
- replace capital lost in the event of significant reinsurance losses or adverse reserve developments;
- satisfy letters of credit or guarantee bond requirements that may be imposed by our clients or by regulators;
- meet rating agency or regulatory capital requirements; or
- respond to competitive pressures.

Any equity or debt financing, if available at all, may be on terms that are unfavorable to us. Further, any additional capital raised through the sale of equity could dilute shareholders' ownership interest in the Company and would likely cause the value of our shares to decline. For example, in May 2021, we raised $192.1 million in equity capital (the "May Equity Offering") to protect our balance sheet after experiencing $170.0 million of adverse development on our commercial auto business in the first quarter of 2021 almost entirely related to a previously canceled account that has been in run-off since 2019. In the May Equity Offering, we announced the offering of 6,497,500 shares at $31.00 per share the day after our shares had a closing market price equal to $46.50. Additionally, on March 1, 2022 we issued 150,000 Series A Perpetual Cumulative Convertible Preferred Shares, par value $0.00125 per share (the "Series A Preferred Shares"), for an aggregate purchase price of $150 million, primarily to protect our balance sheet after experiencing $115.0 million of adverse reserve development in our former casualty reinsurance segment in the fourth quarter of 2021. The Series A Preferred Shares, among other things, have the right to receive a payment on account of the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company before any payment may be made to holders of any other class or series of capital shares, pay dividends to the security holders at the initial rate of 7% of their liquidation preference of $1,000 per share per annum, include restrictions that may limit our ability to pay dividends to common shareholders and may not be redeemed at our election. See also "*The Series A Preferred Shares have rights, preferences and privileges that are not held by, and are preferential to the rights of, our common shareholders, which could adversely affect our liquidity and financial condition"* and "*The amount of dividends that we may pay to our common shareholders is subject to restrictions pursuant to the terms of the Series A Preferred Shares, and we cannot assure you that we will declare or pay dividends on our common shares in the future."*

Further, our ability to raise debt and certain types of equity capital may be constrained by covenants in our existing credit facilities. See the Risk Factor "*Our credit agreements contain financial and other covenants, the breach of which could result in acceleration of payment of amounts due under our credit facilities*" below. Additional capital raised through the issuance of debt would most likely result in creditors having rights, preferences and privileges senior or otherwise superior to those of the holders of our shares and may limit our flexibility in operating our business and make it more difficult to obtain capital in the future. Disruptions, uncertainty, or volatility in the capital and credit markets may also limit our access to capital required to operate our business. If we are not able to obtain adequate capital, or obtain it on favorable terms, our business, financial condition and results of operations could be materially adversely affected.

Our credit agreements contain financial and other covenants, the breach of any of which could result in acceleration of payment of amounts due under our credit facilities.

As of December 31, 2023, we had an outstanding unsecured balance of approximately $207.3 million in the aggregate under our two bank credit agreements. The agreements contain certain financial covenants that require us to maintain consolidated net worth in excess of a specified minimum amount and a leverage ratio as of the end of any fiscal quarter not in excess of 0.35 to 1. The agreements contain other covenants which, among other things, require ongoing compliance with applicable insurance regulations and require each of our regulated insurance subsidiaries to maintain ratings from A.M. Best not lower than an A-. At December 31, 2023, we were in default of the financial strength rating covenant due to the downgrade of JRG Re by A.M. Best on December 20, 2023 from "A-" (Excellent) to "B++" (good), which default has been waived by our lenders until March 1, 2025. See the Risk Factor "*A decline in the financial strength rating may result in a reduction of new or renewal business*" above. This breach or any other breach of any of the covenants could result in acceleration of our obligations to repay our outstanding indebtedness under such agreement if we are unable to obtain a waiver or amendment from our lenders, and otherwise could impair our ability to borrow funds or result in higher borrowing costs.

We operate in a highly competitive environment and we may not continue to be able to compete effectively against larger or more well-established business rivals.

We face competition from other specialty insurance companies, standard insurance companies and underwriting agencies, as well as from diversified financial services companies that are larger than we are and that have greater financial, marketing and other resources than we do. Some of these competitors also have longer experience and more market recognition than we do in certain lines of business. In addition, it may be difficult or prohibitively expensive for us to implement technology systems and processes that are competitive with the systems and processes of these larger companies.

In particular, competition in the insurance industry is based on many factors, including price of coverage, the general reputation and perceived financial strength of the company, relationships with brokers, terms and conditions of products offered, ratings assigned by independent rating agencies, speed of claims payment and reputation, and the experience and reputation of the members of our underwriting team in the particular lines of insurance we seek to underwrite. See also “Item 1. Business — Competition.”

A number of new, proposed or potential legislative or industry developments could further increase competition in our industry. These developments include:

- An increase in capital-raising by companies in our lines of business, which has resulted in new entrants to our markets and an excess of capital in the industry;
- The deregulation of commercial insurance lines in certain states and the possibility of federal regulatory reform of the insurance industry, which could increase competition from standard carriers for our E&S lines of insurance business; and
- Changing practices facilitated by the Internet may lead to greater competition in the insurance business. Among the possible changes are shifts in the way in which commercial insurance is purchased, which could affect both admitted and E&S lines.

We currently depend largely on the wholesale distribution model for our Excess and Surplus Lines segment’s premiums. If the wholesale distribution model were to be significantly altered by changes in the way E&S lines risks are marketed, including, without limitation, through use of the internet, it could have a material adverse effect on our premiums, underwriting results and profits.

There is no assurance that we will be able to continue to compete successfully in the insurance market. Increased competition in the market could result in a change in the supply and/or demand for insurance, affect our ability to price our products at risk-adequate rates, affect our ability to retain business with existing customers, or underwrite new business on favorable terms. If this increased competition so limits our ability to transact business, our operating results could be materially adversely affected.

If we are unable to keep pace with the technological advancements in the insurance industry, our ability to compete effectively could be impaired.

We are committed to developing and maintaining information technology systems and data analytics that will allow our insurance subsidiaries to compete effectively. There can be no assurance that the development of current technology or data analytics for future use will not result in our being competitively disadvantaged, especially with those carriers that have greater resources. If we are unable to keep pace with the advancements being made in technology and data analytics, our ability to compete with other insurance companies who have advanced technological or data analytics capabilities will be negatively affected. Further, if we are unable to effectively execute and update or replace our key legacy technology systems as they become obsolete or as emerging technology renders them competitively inefficient, our competitive position and our cost structure could be adversely affected.

If actual renewals of our existing contracts do not meet expectations, our premiums written in future years and our future results of operations could be materially adversely affected.

Most of our contracts are written for a one-year term. In our financial forecasting process, we make assumptions about the renewal of our prior year's contracts. The insurance industry has historically been a cyclical business with intense competition, often based on price. If actual renewals do not meet expectations or if we choose not to write a renewal (including in connection with the early termination of insurance policies), our premiums written in future years and our future operations could be materially adversely affected.

We may change our underwriting guidelines or our strategy without shareholder approval.

Our management has the authority to change our underwriting guidelines or our strategy without notice to our shareholders and without shareholder approval. As a result, we may make fundamental changes to our operations without shareholder approval, which could result in our pursuing a strategy or implementing underwriting guidelines that may be materially different from the strategy or underwriting guidelines described in the section titled "Business" or elsewhere in this Annual Report.

Our ability to implement our business strategy could be delayed or adversely affected by Bermuda employment restrictions relating to the ability to obtain and retain work permits for key employees in Bermuda.

Under Bermuda law, non-Bermudians (other than spouses of Bermudians and holders of permanent residents' certificates) may not engage in any gainful occupation in Bermuda without a valid government work permit. A work permit may be granted or renewed upon showing that, after proper public advertisement, no Bermudian, spouse of a Bermudian or a holder of a permanent resident's certificate who meets the minimum standards reasonably required by the employer has applied for the job. A work permit is issued with an expiry date (up to five years) and no assurances can be given that any work permit will be issued or, if issued, renewed upon the expiration of the relevant term. If work permits are not obtained or are not renewed for our key employees, we would lose their services, which could materially affect our business.

If California, North Carolina Ohio or any other state in which our insurance companies are admitted significantly increases the assessments our insurance companies are required to pay, our financial condition and results of operations will suffer.

Our insurance companies are subject to assessments in California (the domiciliary state for Falls Lake Fire and Casualty Company), North Carolina (the domiciliary state for Stonewood Insurance), Ohio (the domiciliary state for James River Insurance, James River Casualty and Falls Lake National) and other states in which our insurance companies may be admitted, for various purposes, including the provision of funds necessary to fund the operations of the various insurance departments and the state funds that pay covered claims under certain policies written by impaired, insolvent or failed insurance companies. These assessments are generally set based on an insurer's percentage of the total premiums written in the insurer's state within a particular line of business. As our insurance subsidiaries grow, our share of any assessments may increase. We cannot predict with certainty the amount of future assessments because they depend on factors outside our control, such as insolvencies of other insurance companies. Significant assessments could result in higher than expected operating expenses and have a material adverse effect on our financial condition or results of operations.

Our use of third-party claims administrators in certain lines of business may result in higher losses and loss adjustment expenses.

Historically, our Excess and Surplus Lines and Specialty Admitted Insurance segments handled all claims using employed staff. As we have entered new lines of business, we now use third-party claims administrators and contract employees to administer claims subject to the supervision of our employed staff. It is possible that these contract employees and third-party claims administrators may achieve less desirable results on claims than has historically been the case for our internal staff, which could result in significantly higher losses and loss adjustment expenses in those lines of business.

Risks Related to Taxation

Changes in tax law may have a significant impact on the Company.

Tax Act. The Tax Act, enacted on December 22, 2017, introduced significant changes to the Internal Revenue Code of 1986, as amended (the "Code"). The Tax Act contained many provisions that impact us and our shareholders, including provisions that impose a base erosion and anti-abuse tax ("BEAT") on income of a U.S. corporation determined without regard to certain otherwise deductible payments made to certain foreign affiliates (including premium or other consideration paid or accrued to a related foreign reinsurance company for reinsurance), broaden the definition of United States shareholder for purposes of the controlled foreign corporation ("CFC") rules, and make it more difficult for a foreign insurance company to avoid being treated as a passive foreign investment company ("PFIC").

There is continued uncertainty regarding how these and other provisions of the Tax Act will be interpreted, although guidance in proposed and final forms has been released with respect to certain provisions of the Tax Act, including certain BEAT and PFIC provisions, that may impact the Company. The ultimate impact of the Tax Act may differ from the Company's description below due to changes in interpretations, as well as additional regulatory guidance that may be issued. Given the complexity of the Tax Act, you are strongly encouraged to consult your own tax advisor regarding its potential impact on the U.S. federal income tax consequences to you considering your particular circumstances.

BEAT. The Tax Act's BEAT provision imposes a minimum tax on "applicable taxpayers," which are generally corporations that are part of a group with at least $500 million of applicable annual gross receipts and that make certain payments to related foreign persons, including payments that are deductible for U.S. tax purposes, payments to purchase depreciable or amortizable property, and reinsurance payments. BEAT subjects the "modified taxable income" of an applicable taxpayer to tax at a rate of 10% in 2020-2025, and 12.5% in 2026 and thereafter. In general, modified taxable income is calculated by adding back to a taxpayer's regular taxable income the amount of certain "base erosion tax benefits" with respect to certain "base erosion payments" to foreign affiliates, as well as the "base erosion percentage" of any net operating loss deductions. BEAT applies to the extent it exceeds a taxpayer's regular corporate income tax liability (determined without regard to certain tax credits).

We have analyzed the regulations released by the U.S. Internal Revenue Service (the "IRS") and U.S. Department of the Treasury regarding BEAT and have concluded that we will be subject to additional tax if regular U.S. income tax does not exceed a minimum amount. The applicability of BEAT depends on a number of factors and the extent to which we may be subject to BEAT in future periods as a result of changes in interpretations, as well as additional regulatory guidance that may be issued, is currently unknown.

IRA. The Inflation Reduction Act of 2022 (the "IRA") contains a number of tax-related provisions, including a 15% corporate alternative minimum tax imposed on certain corporations that meet an income-based test, as well as a 1% nondeductible excise tax on certain stock repurchases. It is unclear how these provisions of the IRA will be applied and what impact the IRA will have on our tax liability. We will continue to evaluate the IRA's impact as further information becomes available.

BEPS. In recent years, the Organization for Economic Co-operation and Development ("OECD"), with the support of the G20, has developed proposals to address perceived base erosion and profit shifting ("BEPS"). BEPS generally refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to locations with low or no tax and little or no economic activity, for the purpose of reducing a multinational group's aggregate tax liability. In 2021, the OECD/G20 Inclusive Framework on BEPS published a statement updating and finalizing the key components of a "two pillar" plan for global tax reform, as agreed among a number of countries across the globe. Pillar I addresses tax nexus and the allocation of profits for tax purposes. Under Pillar II, a global minimum tax at the rate of 15% would be imposed on certain companies whose revenues exceed a threshold. In December 2022, the member states of the European Union unanimously voted to adopt the OECD's minimum tax rules and phase them into national law, and in February 2023 the OECD released technical guidance on the global minimum tax which was agreed by consensus of the BEPS 2.0 (Pillars I and II) signatory jurisdictions. Under the European Union's minimum tax directive, member states are to adopt domestic legislation implementing the minimum tax rules effective for periods beginning on or after December 31, 2023, with the "under-taxed profit rule" to take effect for periods beginning on or after December 31, 2024. Legislatures in multiple countries outside of the European Union have also drafted legislation to implement the OECD's minimum tax proposal. As a result of these developments, the tax laws of certain countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes, including the adoption of the global minimum tax rules, could subject us to additional taxes and costs for tax compliance.

U.S. persons who own our shares may be subject to U.S. federal income taxation on our undistributed earnings and may recognize ordinary income upon disposition of shares.

If we are considered a PFIC (as defined in Section 1297(a) of the Code) for U.S. federal income tax purposes, a U.S. person who owns any of our shares could be subject to adverse tax consequences, including becoming subject to a greater tax liability than might otherwise apply and to tax on amounts in advance of when tax would otherwise be imposed, in which case your investment could be materially adversely affected.

The PFIC rules include provisions intended to provide an exception for qualifying insurance corporations ("QIC") engaged in the active conduct of an insurance business. Generally, a QIC is a company (i) that would be subject to tax under special provisions related to insurance companies if the company was a U.S. entity, and (ii) the applicable insurance liabilities of which constitute more than 25% of its total assets as reported on the company's applicable financial statement. On January 15, 2021, the IRS and U.S. Department of the Treasury issued final regulations and proposed regulations that provide guidance regarding the PFIC rules and the QIC exception. More specifically, the complex regulations provide, among other things, clarity on the application of "applicable insurance liabilities" and the "applicable financial statement," as well as the requirements to be engaged in the "active conduct" of an insurance business. The IRS has requested comments on several aspects of the proposed regulations, which are not effective until adopted in final form. It is uncertain when the proposed regulations will be finalized, and whether the provisions of any final or temporary regulations will vary from the proposed regulations.

We believe that we are not and have not been, and currently do not expect to become, a PFIC for U.S. federal income tax purposes. Our belief that we are not and have not been a PFIC is based, in part, on the fact that we believe that we are a QIC engaged in the active conduct of an insurance business. New regulations or pronouncements interpreting or clarifying these rules may be forthcoming. We cannot predict what impact, if any, such guidance would have on an investor that is subject to U.S. federal income taxation. As a result, we cannot assure you that we, or one of our subsidiaries, will not be deemed a PFIC by the IRS. If we, or one of our subsidiaries, were considered a PFIC, it could have material adverse tax consequences for an investor that is subject to U.S. federal income taxation.

A non-U.S. corporation generally will be classified as a CFC if U.S. persons, each of whom owns, directly, indirectly, or constructively, at least 10% of the voting power or value of such corporation's stock ("U.S. 10% Shareholders"), own in the aggregate more than 50% of the voting power or value of the stock of such corporation. The Tax Act eliminated the prohibition on "downward attribution" from non-U.S. persons to U.S. persons under the CFC constructive ownership rules. As a result, our U.S. subsidiaries are deemed to own all of the stock of our non-U.S. subsidiaries (other than James River Group Holdings UK Limited ("James River UK")) for purposes of classifying those non-U.S. subsidiaries as CFCs. The legislative history under the Tax Act indicates that this change to the CFC constructive ownership rules was not intended to cause our non-U.S. subsidiaries to be treated as CFCs with respect to a 10% U.S. Shareholder that is not related (within the meaning of Section 954(d)(3) of the Code) to our U.S. subsidiary. However, it is not clear whether the IRS or a court would interpret the change made by the Tax Act in a manner consistent with such indicated intent.

Under these rules, if a foreign corporation is a CFC, each U.S. 10% Shareholder who owns directly or indirectly shares of the CFC on the last day of the CFC's taxable year must annually include in its taxable income its pro rata share of the CFC's "subpart F income," even if no distributions are made. Subpart F income typically includes "foreign personal holding company income" (such as interest, dividends and other types of passive income), as well as insurance and reinsurance income (including underwriting and investment income). In general (subject to the special rules applicable to "related person insurance income" described below), for purposes of taking into account insurance income, a foreign insurance company will be treated as a CFC if U.S. 10% Shareholders collectively own more than 25% of the voting power or value of the company's shares at any point during any year. As discussed above, we cannot assure you that we are not and will not become a CFC. If you are a U.S. person, we strongly urge you to consult your own tax advisor concerning the CFC rules.

Related Person Insurance Income. Under proposed regulations, if (i) our gross income attributable to insurance or reinsurance policies pursuant to which the direct or indirect insureds are our direct or indirect U.S. shareholders or persons related to such U.S. shareholders equals or exceeds 20% of our gross insurance income in any taxable year; and (ii) direct or indirect insureds and persons related to such insureds own directly or indirectly 20% or more of the voting power or value of our shares (together, the "RPII Test"), a U.S. person who owns any of our shares directly or indirectly on the last day of such taxable year would most likely be required to include its allocable share of our related person insurance income for such taxable year in its income, even if no distributions are made. We do not believe that the 20% gross insurance income threshold has been, or will be, met. However, we cannot assure you that this will continue to be the case. Additionally, certain proposed regulations would expand the scope of related person insurance income to potentially include all of the insurance income any of our non-U.S. operating companies earn from reinsuring affiliates if such companies are majority owned (directly, indirectly or by application of certain constructive ownership rules) by U.S. persons. It is not certain whether any of these proposed regulations will be adopted in their proposed form or what changes or clarifications might ultimately be made thereto or whether any such changes, as well as any interpretation or application of the related person insurance income rules by the IRS, the courts, or otherwise, might have retroactive effect. Consequently, we cannot assure you that a person who is a direct or indirect U.S. shareholder will not be required to include amounts in its income in respect of related person insurance income in any taxable year.

Dispositions of Our Shares. If a U.S. shareholder is treated as disposing of shares in a CFC of which it is a U.S. 10% Shareholder, or of shares in a foreign insurance corporation that has related person insurance income and in which U.S. persons collectively own 25% or more of the voting power or value of the company's shares, any gain from the disposition will generally be treated as a dividend to the extent of the U.S. shareholder's portion of the corporation's undistributed earnings and profits, as the case may be, that were accumulated during the period that the U.S. shareholder owned the shares. In addition, the shareholder will be required to comply with certain reporting requirements.

The Company, JRG Re and James River Group Holdings UK Limited may be subject to U.S. federal income taxation.

The Company and JRG Re are each incorporated under the laws of Bermuda and James River UK is incorporated under the laws of England and Wales. In general, a corporation organized under the laws of a foreign country or U.S. possession is subject to U.S. federal income tax on its net income only if it is considered as engaged in a U.S. trade or business. We believe that the activities of each of the Company's non-U.S. holding companies and JRG Re, as contemplated, will not cause them to be treated as engaging in a U.S. trade or business and as such, will not be subject to current U.S. federal income taxation on their net income. However, there are no definitive standards provided by the Code, regulations or court decisions as to the specific activities that constitute being engaged in the conduct of a trade or business within the United States, and any such determination is essentially factual in nature and must be made annually. The IRS could assert that our non-U.S. holding companies or JRG Re (or both) are engaged in a trade or business in the United States or, under the applicable income tax treaty, are engaged in a trade or business in the United States through a permanent establishment, and thus are subject to current U.S. federal income taxation. If our non-U.S. holding companies or JRG Re were deemed to be engaged in a trade or business in the United States (or, under the applicable income tax treaty, were deemed to be so engaged through a permanent establishment), our non-U.S. holding companies or JRG Re, as applicable, would become subject to U.S. federal income tax on income "effectively connected" (or treated as effectively connected) with the U.S. trade or business and would become subject to the "branch profits" tax on earnings and profits that are both effectively connected with the U.S. trade or business and deemed repatriated out of the United States. Any such federal tax liability could materially adversely affect our results of operations.

U.S. tax-exempt organizations who own our shares may recognize unrelated business taxable income.

A U.S. tax-exempt organization may recognize unrelated business taxable income if a portion of any subpart F insurance income we may have is allocated to it. In general, subpart F insurance income will be allocated to a tax-exempt organization owning (or treated as owning) our shares if we are a CFC as discussed above and it is a U.S. 10% Shareholder or we earn related person insurance income and we satisfy the RPII Test. We cannot assure you that U.S. persons holding our shares (directly or indirectly) will not be allocated subpart F insurance income. U.S. tax-exempt organizations should consult their own tax advisors regarding the risk of recognizing unrelated business taxable income due to their ownership of our shares.

We may become subject to U.S. withholding and information reporting requirements under the Foreign Account Tax Compliance Act ("FATCA") provisions.

The FATCA provisions of the Code generally impose a 30% withholding tax regime with respect to (i) certain U.S. source income (including interest and dividends) ("withholdable payments") and (ii) "passthru payments" (generally, withholdable payments and payments that are attributable to withholdable payments) made by foreign financial institutions ("FFIs"). Under proposed regulations promulgated by the U.S. Department of the Treasury, on which taxpayers may rely until final regulations are issued, withholdable payments do not include gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends. As a general matter, FATCA was designed to require U.S. persons' direct and indirect ownership of certain non-U.S. accounts and non-U.S. entities to be reported to the IRS. The application of the FATCA withholding rules were phased in beginning July 1, 2014, with withholding on foreign passthru payments made by FFIs taking effect after the date of publication of final regulations defining the term foreign passthru payment.

The United States has entered into intergovernmental agreements between the United States and Bermuda and between the United States and the United Kingdom (the "IGAs"), which potentially modify the FATCA withholding regime described above with respect to us and our common shares. There can be no certainty as to whether the Company or JRG Re will be treated as a FFI under FATCA. We strongly urge you to consult your own tax advisor regarding the potential impact of FATCA, the IGAs and any non-U.S. legislation implementing FATCA.

Changes in U.S. tax laws may be retroactive and could subject us and/or U.S. persons who own our shares to U.S. income taxation.

Legislative proposals or administrative or judicial developments could result in an increase in the amount of U.S. tax payable by us or by an owner of our shares or reduce the attractiveness of our products. Any such developments could materially adversely affect our results of operations.

Tax laws and interpretations thereof, including with respect to whether a company is engaged in a U.S. trade or business, is a CFC, has related party insurance income, is a PFIC, or is subject to BEAT, are subject to change, possibly on a retroactive basis. There are currently only proposed regulations regarding the RPII Test. New regulations or pronouncements interpreting or clarifying such rules may be forthcoming from the IRS or the U.S. Department of the Treasury. We are not able to predict if, when or in what form such guidance will be provided and whether such guidance will have a retroactive effect.

If reinsurance premiums paid by our U.S. subsidiaries to our non-U.S. subsidiaries do not reflect arm's-length terms, the IRS could seek to recharacterize the payments in a way that is unfavorable to us.

The IRS is permitted to reallocate or recharacterize income, deductions or certain other items, and to make any other adjustment, to reflect the proper amount, source or character of the taxable income in respect of payments among related parties to reflect an arm's-length transaction. In the past, we have had in place intercompany loans from our U.S. subsidiaries to our parent company and intercompany reinsurance agreements among consolidated entities. We believe the terms of these transactions were appropriate and reflected arm's-length arrangements and are consistent with all applicable rules and regulations. However, if the U.S. Department of the Treasury or the IRS reviews our intercompany agreements and successfully asserts, under Section 482 or 845 of the Code, that the terms do not reflect arm's-length transactions, we may owe additional tax.

Reduced tax rates for qualified dividend income may not be available in the future.

We believe that the dividends paid on our common shares should qualify as "qualified dividend income" as long as the common shares are listed on a national securities exchange and we are not a PFIC. Qualified dividend income received by non-corporate U.S. persons is generally eligible for long-term capital gain rates. While neither the Tax Act nor the IRA modified these rules, there has been proposed legislation before the U.S. Senate and House of Representatives that would exclude shareholders of certain foreign corporations from this advantageous tax treatment. If such legislation were to become law, non-corporate U.S. persons would no longer qualify for the reduced tax rate on the dividends paid by us.

Our non-U.K. companies may be subject to U.K. tax that may have a material adverse effect on our operating results.

We intend to operate in such a manner so that none of our companies other than our intermediate holding company incorporated in the United Kingdom, James River UK, should be resident in the U.K. for tax purposes or have a permanent establishment in the U.K. Accordingly, we expect that none of our companies other than James River UK should be subject to U.K. taxation. However, since applicable law and regulations do not conclusively define the activities that constitute conducting business in the U.K. through a permanent establishment, the U.K. HM Revenue & Customs might contend successfully that one or more of our other companies is conducting business in the U.K. through a permanent establishment in the U.K., and therefore such entities could become subject to U.K. taxation.

We may become subject to taxes in Bermuda, which may have a material adverse effect on our results of operations and your investment.

The Organization for Economic Co-operation and Development is coordinating a global effort to reform certain aspects of the international tax system. This effort included the December 2021 release of model rules for a 15% global minimum tax regime. If these model rules are partially or fully implemented globally, we could be subject to additional taxes and costs for tax compliance.

In response to this initiative, Bermuda has recently introduced the Corporate Income Tax Act 2023 ("CIT Act") which will be fully effective for tax years beginning on or after January 1, 2025. Entities subject to tax under the CIT Act are the Bermuda constituent entities of multi-national groups. A multi-national group is defined under the CIT Act as a group with entities in more than one jurisdiction with consolidated revenues of at least €750 million for two of the four previous fiscal years. If Bermuda constituent entities of a multi-national group are subject to tax under the CIT Act, such tax is charged at a rate of 15 per cent of the net income of such constituent entities (as determined in accordance with the CIT Act, including after adjusting for any relevant foreign tax credits applicable to the Bermuda constituent entities). No tax is chargeable under the CIT Act until tax years starting on or after January 1, 2025. Provided that the Company is not part of a multi-national group, it is not currently expected to be subject to tax under the CIT Act and, under current Bermuda law, there is no other income, corporate or profits tax or withholding tax, capital gains tax or capital transfer tax payable by the Company.

The Company has obtained from the Minister of Finance under The Exempted Undertaking Tax Protection Act of 1966, as amended, ("EUTP Act") as assurance that, in the event that Bermuda enacts legislation imposing tax computed on profits, income, any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance, then the imposition of any such tax shall not be applicable to the Company or to any of its operations or its shares, debentures or other obligations, until March 31, 2035. The Company could be subject to taxes in Bermuda after that date. This assurance is subject to the proviso that it is not to be construed so as to prevent the application of any tax or duty to such persons as are ordinarily resident in Bermuda or to prevent the application of any tax payable in accordance with the provisions of the Land Tax Act 1967 or otherwise payable in relation to any property leased to the Company. In the event the Company is subject to tax under the CIT Act, this would supersede the assurance received from the Minister of Finance under the EUTP Act.

Risks Related to Ownership of Our Common Shares

The trading price of our common shares has been, and may continue to be, volatile, and you could lose all or part of your investment.

Volatility in the market price of our common shares may prevent you from being able to sell your common shares at or above the price you paid. The market price for our common shares has, and may continue to, fluctuate significantly for various reasons, including, without limitation:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or earnings estimates, or those of other companies in our industry;
- failure to meet external expectations or management guidance;
- market reaction to adverse loss reserve development;
- market reaction to any strategic alternative transaction that we enter into, rumors regarding the same, or our determination to terminate the review of strategic alternatives without entering into a transaction;
- the loss of one or more individually large clients, and its impact on our growth rate, profitability and financial condition;
- adverse regulatory or rating agency action;
- exposure to capital market risks related to changes in interest rates, realized investment losses, credit spreads, equity prices, foreign exchange rates and performance of insurance-linked investments;
- our creditworthiness, financial condition, performance and prospects;
- termination of payment of dividends on our common shares, or payment of a reduced amount of dividends;
- actual or anticipated growth rates relative to our competitors;
- perceptions of the investment opportunity associated with our common shares relative to other investment alternatives;
- speculation by the investment community regarding our business;
- future announcements concerning our business or our competitors' businesses;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- changes in accounting standards, policies, guidance, interpretations or principles;
- market and industry perception of our success, or lack thereof, in pursuing our strategy;
- strategic actions by us or our competitors, such as acquisitions, dispositions, restructurings, significant contracts or joint ventures;
- catastrophes that are perceived by investors as impacting the insurance and reinsurance market in general;
- changes in laws or government regulation, including tax or insurance laws and regulations;
- potential characterization of us as a PFIC;
- general market, economic and political conditions;
- changes in conditions or trends in our industry, geographies or customers;
- arrival and departure of key personnel;
- the number of common shares that are publicly traded;
- the offering and issuance of common shares or other securities by us, sales of common shares by our directors or executive officers, or sales of a significant number of common shares issued upon conversion of the Series A Preferred Shares; and
- adverse resolution of litigation against us.

In addition, stock markets, including the NASDAQ Stock Market (the market on which our common shares are traded), have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities issued by many companies, including companies in our industry. In the past, some companies that have had volatile market prices for their securities have been subject to class action or derivative lawsuits. The filing of a lawsuit against us, regardless of the outcome, could have a negative effect on our business, as it could result in substantial legal costs and a diversion of management's attention and resources. The Company had such a lawsuit filed against it following our May 2021 equity offering and another regarding the restatement of our financial statements in November 2023. The filing of these lawsuits against us, or any future filings of a lawsuit against us, regardless of the outcome, could have a negative effect on our business, as it could result in substantial legal costs and a diversion of management's attention and resources. See "Item 3. Legal Proceedings" for more information.

As a result of the factors described above, shareholders may not be able to resell their common shares at or above their purchase price or may not be able to resell them at all. These market and industry factors may materially reduce the market price of our common shares, regardless of our operating performance.

We cannot assure you that our evaluation of strategic alternatives will result in any particular outcome, and the perceived uncertainties related to the Company could adversely affect our business and our shareholders.

On November 10, 2023, we announced that our board of directors initiated an exploration of strategic alternatives for the Company, including consideration of a wide range of options including, among other things, a potential sale, merger, or other strategic transaction. We have not set a deadline or definitive timetable for the completion of the strategic review process, nor have we made any decisions relating to any strategic alternative at this time. No assurance can be given as to the outcome of the process, including whether the process will result in any particular outcome. Any potential transaction may be dependent on a number of factors that may be beyond our control, for example, market conditions, industry trends or acceptable terms. The process of reviewing potential strategic alternatives may be time consuming, distracting and disruptive to our business operations. In addition, given that the exploration of strategic alternatives may eventually result in a potential sale, merger or other strategic transaction, any perceived uncertainty regarding our future operations or employment needs may limit our ability to retain or hire qualified personnel and may contribute to unplanned loss of highly skilled employees through attrition, and result in the loss of brokers, agents or customers with whom we do business. We may ultimately determine that no transaction is in the best interest of our shareholders. We do not intend to comment further regarding the review of strategic alternatives until we determine disclosure is necessary or advisable. Accordingly, speculation regarding any developments associated with our review of strategic alternatives and any perceived uncertainties related to the Company or its business could cause the price of our shares to fluctuate significantly.

The sale of JRG Re is subject to conditions to closing over which we do not have control, and a portion of the consideration is comprised of a pre-closing dividend that is subject to the availability of unencumbered assets at JRG Re.

The sale of JRG Re announced on November 8, 2023 (the "Transaction") is subject to a number of closing conditions and there can be no assurance that these conditions will be satisfied on the timeline we expect or at all. The Transaction may also be terminated in certain circumstances, including termination (A) by either the Company or the Buyer if the Transaction is not completed by June 3, 2024 (subject to one two-month extension in the event closing has not occurred solely because one or more required governmental approvals have not been obtained), or (B) by the Company if (i) all closing conditions have been met, (ii) the Company is ready, willing and able to consummate the closing, and (iii) the Buyer fails to complete the closing solely as a result of the failure to obtain debt financing or alternate financing that is sufficient to finance the consummation of the Transaction.

In addition, a portion of the consideration pursuant to the Transaction is comprised of a $139 million dividend or return of capital or surplus by JRG Re to the Company prior to the closing date of the Transaction, which dividend or return of capital or surplus is subject to the availability of unencumbered assets at JRG Re on the closing date. A number of factors may impact the availability of unencumbered assets at JRG Re prior to the closing date, including collateral requirements of JRG Re's cedents.

While the Transaction is pending or if the Transaction is not completed, we may be subject to several risks including:

- The current trading price of our common stock may reflect a market assumption that the Transaction will be completed, and may decline if the Transaction is not completed;
- We have incurred and expect to incur significant transaction costs in connection with the Transaction whether or not the Transaction is completed;
- Under the definitive agreements for the Transaction, we are subject to certain restrictions on the conduct of JRG Re's business prior to the closing date of the Transaction, which restrictions could adversely affect our ability to realize certain business strategies or take advantage of certain business opportunities;
- The negative perception of investors, vendors, trading partners, or employees if the Transaction is not completed;

- The attention of our management may be directed toward the completion of the pending Transaction and related matters, and their focus may be diverted from our day-to-day business operations; and
- Our inability to cure the financial strength rating default under our credit agreements prior to the expiration of the waiver of such default provided by our lenders (see "*Our credit agreements contain financial and other covenants, the breach of any of which could result in accelerations of payment of amounts due under our credit facilities*").

Any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

Litigation and legal proceedings against us or our subsidiaries could have a material adverse effect on our business, financial condition and/or results of operations.

We or our subsidiaries are or may be named as defendants in various legal actions, including commercial matters and litigation regarding insurance claims which arise in the ordinary course of business. In addition, the Company is involved from time to time in legal actions which seek extra-contractual damages, punitive damages or penalties, including claims alleging bad faith in handling of insurance claims.

On July 9, 2021, a purported class action lawsuit was filed in the US District Court, Eastern District of Virginia on behalf of Employees' Retirement Fund of the City of Fort Worth against the Company and certain of its present and former officers, alleging claims under Section 10(b) of the Securities Exchange Act of 1934. On December 7, 2023 we reached an agreement in principle to settle this purported securities class action lawsuit and on December 22, 2023 the parties submitted the stipulation of settlement to the Court for approval. On January 26, 2024 the Court issued its preliminary approval order of the settlement and scheduled a final settlement hearing for May 24, 2024. A final, non-appealable closure of the litigation could take several months. See "Item 3. Legal Proceedings" for more information.

On November 13, 2023, a purported class action lawsuit was filed in the US District Court, Southern District of New York, on behalf of Paul Glantz against the Company and certain of its officers, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Mr. Glantz alleges that he purchased James River common stock between August 7, 2023 and November 7, 2023, inclusive, that the Company failed to disclose that it lacked effective internal controls regarding the recognition of reinstatement premiums for reinsurance causing the Company to overstate its net income, and that, as a result, Plaintiff suffered unspecified damages. See "Item 3. Legal Proceedings" for more information.

We believe that the outcomes of these matters and other presently pending matters, individually and in the aggregate, will not have a material adverse effect on our consolidated financial position. However, the outcomes of lawsuits cannot be predicted and, if determined adversely, could require us to pay significant damage amounts or to change aspects of our operations, which could have a material adverse effect on our financial results.

In the future we may identify additional material weaknesses or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations. The occurrence of any such event may have a material adverse effect on our business and common share price.

We previously identified a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

As previously disclosed, in preparing our unaudited consolidated financial statements for the three and nine months ended September 30, 2023, the Company became aware that the unaudited consolidated financial statements for the six months ended June 30, 2023 contained material misstatements related to unrecorded reinstatement premium as more fully described in Note 1 to the condensed consolidated financial statements of the 10-Q/A filed with the SEC on November 14, 2023. Management of the Company concluded that because the controls to evaluate the accounting and disclosure of the reinstatement premium did not operate effectively, and resulted in the failure to detect the misstatement, the deficiencies were a material weakness in the Company's internal control over financial reporting.

Our internal controls did not detect the error related to the unrecorded reinstatement premium during the period ending June 30, 2023. This control deficiency resulted in the restatement of the Company's unaudited consolidated financial statements contained in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 and if it was not remediated, could have resulted in a material misstatement to future annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, management determined that this control deficiency constituted a material weakness.

To address this material weakness, we took actions designed to improve our internal control over financial reporting and remediate the control deficiencies that led to the material weakness, including (i) implementing additional review procedures within our accounting department, (ii) implementing additional training of accounting personnel, and (iii) enhancing our existing process and internal control documentation and financial statement preparation process, specifically including updates to accounting policies for reinstatement premium, to ensure completion of financial reporting and proper accounting in accordance with U.S. GAAP. As of the year ended December 31, 2023, we concluded that our remediation efforts have been successful and that the previously identified material weakness in internal control over financial reporting has been remediated. However, while the material weakness has been remediated, we continue to seek improvements to enhance our control environment and to strengthen our internal controls to provide reasonable assurance that our financial statements continue to be fairly stated in all material respects**.**

If we discover additional weaknesses in our system of internal financial and accounting controls and procedures, our consolidated financial statements may contain material misstatements, and we could be required to restate our financial results. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

Any failure to implement and maintain effective internal control over financial reporting could cause investors to lose confidence in our reported financial and other information, adversely impact our stock price, cause us to incur increased costs to remediate any deficiencies, and attract regulatory scrutiny or additional lawsuits that could be costly to resolve and distract management's attention, limit our ability to access the capital markets or cause our stock to be delisted from The Nasdaq Global Select Market. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

The holders of the Series A Convertible Preferred Shares are entitled to vote up to 9.9% of the aggregate voting power of our then-outstanding common shares on an as converted basis or of the outstanding voting securities of the Company, and have rights to approve certain actions, which may allow such holders to exercise significant influence over matters requiring shareholder approval. Additionally, GPC Partners may exercise influence over us through their ability to designate a nominee for election to our board of directors.

The holders of the Series A Preferred Shares are entitled to vote up to 9.9% of the aggregate voting power of the then-outstanding common shares on an as converted basis or of the outstanding voting securities of the Company with the holders of our common shares on all matters submitted for a vote of holders of common shares (voting together as one class). As a result, such holders may be able to exercise significant influence over all matters requiring shareholder approval.

Pursuant to the Investment Agreement dated February 24, 2022 (the "Investment Agreement") by and between the Company and GPC Partners Investments (Thames) LP ("GPC Partners"), an affiliate of Gallatin Point Capital LLC, GPC Partners has the right to designate one candidate for nomination for election to our board of directors for so long as GPC Partners and its Permitted Transferees (as defined in the Investment Agreement) continue to beneficially own Series A Preferred Shares and/or common shares issued or issuable upon conversion of such Series A Preferred Shares that represent in the aggregate at least 50% of the number of common shares beneficially owned by the Investors, on an as-converted basis, as of the issuance date of the Series A Preferred Shares. Notwithstanding the fact that all directors will be subject to fiduciary duties to us and to applicable law, the interests of the director designated by GPC Partners for nomination may differ from the interests of our security holders as a whole or of our other directors.

Additionally, holders of the Series A Preferred Shares are entitled to a separate class vote with respect to amendments to the Company's organizational documents that have an adverse effect on the Series A Preferred Shares, including authorizations or issuances by the Company of securities that are senior to or pari passu with the Series A Preferred Shares, increases or decreases in the number of authorized Series A Preferred Shares, or the issuance of any additional Series A Preferred Shares other than in payment of dividends on the outstanding Series A Preferred Shares.

As a result, the holders of the Series A Preferred Shares may have the ability to influence the outcome of certain matters affecting our governance and capitalization.

The conversion of the Series A Preferred Shares into common shares would dilute the ownership of common shareholders and could adversely affect the market price of our common shares.

The conversion of our Series A Preferred Shares into common shares or payment of dividends on the Series A Preferred Shares in common shares would dilute the ownership interest of existing holders of our common shares. Further, common shares issuable upon conversion of the Series A Preferred Shares, or as payment of dividends on the Series A Preferred Shares, may be sold by GPC Partners or its Permitted Transferees after the second anniversary of the Series A Preferred Shares issuance date. Any sale of common shares following conversion of the Series A Preferred Shares or payment of dividends on the Series A Preferred Shares in common shares, would increase the number of common shares available for public trading, and may adversely affect prevailing market prices of our common shares.

The Series A Preferred Shares have rights, preferences and privileges that are not held by, and are preferential to the rights of, our common shareholders, which could adversely affect our liquidity and financial condition.

The holders of our Series A Preferred Shares have the right to receive a payment on account of the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company before any payment may be made to holders of any other class or series of capital shares. In addition, dividends on the Series A Preferred Shares accrue and are cumulative at the initial rate of 7.0% of the $1,000 per share liquidation preference per annum, paid in cash, in-kind in common shares or in Series A Preferred Shares, at our election. On March 1, 2027 (the five-year anniversary of the issuance date of the Series A Preferred Shares), and each five-year anniversary thereafter, the dividend rate on the liquidation preference will reset to a rate equal to the five-year U.S. treasury rate (calculated as set forth in the Certificate of Designations designating the Series A Preferred Shares (the "Certificate of Designations")) plus 5.2%.

The holders of the Series A Preferred Shares also have certain repurchase rights. Upon prior written notice of certain change of control events (a "Fundamental Change"), each holder of outstanding Series A Preferred Shares may, at its election, (i) effective as of immediately prior to the Fundamental Change, convert all or a portion of its Series A Preferred Shares into common shares, or (ii) require the Company to repurchase any or all of such holder's Series A Preferred Shares in cash at a purchase price per Series A Preferred Share equal to the liquidation preference of such Series A Preferred Share plus accrued and unpaid dividends.

These dividend and share repurchase obligations could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions and other general corporate purposes, as well as for the payment of dividends to our common shareholders. Our obligations to the holders of the Series A Preferred Shares could also limit our ability to obtain additional financing, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of the Series A Preferred Shares and common shareholders.

Our bye-laws permit non-employee members of our board of directors and their affiliates to compete with us, which may result in conflicts of interest.

Our bye-laws provide that members of our board of directors (other than those who are our officers, managers or employees) and their affiliates do not have any duty to (i) communicate or present to the Company any investment or business opportunity or prospective transaction or arrangement in which the Company may have any interest or expectancy or (ii) refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Our bye-laws will not restrict our non-employee directors, or their affiliates from acquiring and holding interests in businesses that compete directly or indirectly with us. Our non-employee directors and their affiliates may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations or prospects if we are unable to pursue attractive corporate opportunities because they are allocated by our non-employee directors to themselves or their affiliates instead of being presented to us.

The amount of dividends that we may pay to our common shareholders is subject to restrictions pursuant to the terms of the Series A Preferred Shares, and we cannot assure you that we will declare or pay dividends on our common shares in the future.

The Certificate of Designations limits our ability to pay dividends to our shareholders. If we pay cash dividends of more than $0.05 per common share per quarter, without the consent of at least the majority of the Series A Preferred Shares then outstanding, we will be required to reduce the conversion price of the Series A Preferred Shares. Additionally, the payment of cash dividends in excess of $0.10 per common share per quarter is not permitted if the dividends on the Series A Preferred Shares for that quarter are not paid in cash, unless the Company's U.S.-based insurance subsidiaries and direct Bermuda-based insurance subsidiary satisfy certain capital requirements. Share dividends payable on the common shares also trigger a reduction of the conversion price applicable to the Series A Preferred Shares.

Additionally, the declaration, payment and amount of dividends is further subject to the discretion of our board of directors. Our board of directors may take into account a variety of factors when determining whether to declare any dividends, including (1) our financial condition, liquidity, results of operations (including our ability to generate cash flow in excess of expenses and our expected or actual net income), retained earnings and collateral and capital requirements, (2) general business conditions, (3) legal, tax and regulatory limitations, (4) contractual prohibitions and other restrictions, in addition to those related to our Series A Preferred Shares, (5) the effect of a dividend or dividends upon our financial strength ratings and (6) any other factors that our board of directors deems relevant. See also "Item 5. Market For Registrant's Common Equity, Related Stockholder

Matters and Issuer Purchases Of Equity Securities - Dividends." We cannot assure you that we will continue to pay dividends in the future, or that the amount of any such dividend will not decline from prior dividends we have paid.

We depend upon dividends and distributions from our subsidiaries, and we may be unable to distribute dividends to our shareholders to the extent we do not receive dividends from our subsidiaries.

We are a holding company that has no substantial operations of our own. Accordingly, we rely primarily on cash dividends or distributions from our operating subsidiaries to pay our operating expenses and any dividends that we may pay to shareholders. The payment of dividends by our insurance and reinsurance subsidiaries is limited under the laws and regulations of the applicable domicile. These regulations stipulate the maximum amount of annual dividends or other distributions available to shareholders without prior approval of the relevant regulatory authorities. As a result of such regulations, we may not be able to pay our operating expenses as they become due and our payment of future dividends to shareholders may be limited.

The payment of dividends by our subsidiaries to us is limited by statute. In general, the laws and regulations applicable to our U.S. insurance subsidiaries limit the aggregate amount of dividends or other distributions that they may declare or pay within any 12 month period without advance regulatory approval. In Ohio, the domiciliary state of Falls Lake National, James River Insurance and James River Casualty, this limitation is the greater of statutory net income for the preceding calendar year or 10% of the statutory surplus at the end of the preceding calendar year, provided that such dividends may only be paid out of earned surplus of each of the companies, without obtaining regulatory approval. In North Carolina, the domiciliary state of Stonewood Insurance, respectively, this limitation is the greater of statutory net income excluding realized capital gains for the preceding calendar year or 10% of the statutory surplus at the end of the preceding calendar year, provided that such dividends may only be paid out of unassigned surplus without obtaining regulatory approval. In California, the domiciliary state of Falls Lake Fire and Casualty Company, this limitation is the greater of statutory net income for the preceding calendar year or 10% of the statutory surplus at the end of the preceding calendar year, provided that such dividends may only be paid out of unassigned surplus without obtaining regulatory approval. In addition, insurance regulators have broad powers to prevent reduction of statutory surplus to inadequate levels and could refuse to permit the payment of dividends calculated under any applicable formula. See "Item 1. Business — Regulation — U.S. Insurance Regulation — State Regulation" for more information. In addition, dividends paid by our U.S. subsidiaries to our U.K. holding company are subject to a 5% withholding tax by the IRS. Under U.K. domestic law, no withholding tax is applied to dividends paid by U.K. tax resident companies.

JRG Re, which is domiciled in Bermuda, is registered as a Class 3B insurer under the Insurance Act. The Insurance Act, the conditions listed in the insurance license and the applicable approvals issued by the BMA provide that JRG Re is required to maintain a minimum statutory solvency margin of approximately $31.1 million as of December 31, 2023. See "Item 1. Business — Regulation — Bermuda Insurance Regulation — Minimum Solvency Margin and Enhanced Capital Requirements" for more information. A Class 3B insurer is prohibited from declaring or paying a dividend if it fails to meet, before or after declaration or payment of such dividend, its: (i) requirements under the Companies Act, (ii) minimum solvency margin, (iii) enhanced capital requirement or (iv) minimum liquidity ratio. If a Class 3B insurer fails to meet its minimum solvency margin or minimum liquidity ratio on the last day of any financial year, it is prohibited from declaring or paying any dividends during the next financial year without the approval of the BMA. In addition, JRG Re, as a Class 3B insurer, is prohibited from declaring or paying in any financial year dividends of more than 25% of its total statutory capital and surplus (as shown on its previous financial year's statutory balance sheet) unless it files (at least seven days before payment of such dividends) with the BMA an affidavit signed by at least two directors (one of whom must be a Bermuda resident director if any of the insurer's directors are resident in Bermuda) and the principal representative stating that it will continue to meet its solvency margin and minimum liquidity ratio. Where such an affidavit is filed, it shall be available for public inspection at the offices of the BMA. See "Item 1. Business — Regulation — Bermuda Insurance Regulation — Restrictions on Dividends and Distributions" for more information.

The inability of our subsidiaries to pay dividends or make distributions to us, including as a result of regulatory or other restrictions or capital needs, may prevent us from paying our expenses or paying dividends to our shareholders.

Dividends paid by our U.S. subsidiaries to James River UK may not be eligible for benefits under the U.S.-U.K. income tax treaty.

Under U.S. federal income tax law, dividends paid by a U.S. corporation to a non-U.S. shareholder are generally subject to a 30% withholding tax, unless reduced by treaty. The income tax treaty between the United Kingdom and the United States (the "U.K. Treaty") reduces the rate of withholding tax on certain dividends to 5%. Were the IRS to contend successfully that James River UK is not eligible for benefits under the U.K. Treaty, any dividends paid by James River Group, Inc., our U.S. holding company, to James River UK would be subject to the 30% withholding tax. Such a result would substantially reduce the amount of dividends that our shareholder may receive.

If securities or industry analysts do not continue to publish research or publish misleading or unfavorable research about our business, our common share price and trading volume could decline.

The trading market for our common shares depends in part on the research and reports that securities or industry analysts publish about our business. If one or more of these analysts downgrades our shares or publishes misleading or unfavorable research about our business, our share price would likely decline. If one or more of these analysts ceases coverage of our Company or fails to publish reports on us regularly, demand for our shares could decrease, which could cause our share price or trading volume to decline.

Future sales of our common shares, or the possibility of such sales, may cause the trading price of our common shares to decline and could impair our ability to raise capital through subsequent equity offerings.

Future sales of substantial amounts of our common shares in the public market, or the perception that these sales could occur, could cause the market price of our common shares to decline and impair our ability to raise capital through the sale of additional shares.

In the future, we may issue additional common shares or other equity or debt securities convertible into common shares in connection with a financing, acquisition or employee arrangement or otherwise. Any of these issuances could result in substantial dilution to our existing shareholders and could cause the trading price of our common shares to decline.

Our bye-laws and provisions of Bermuda law may impede or discourage a change of control transaction, which could deprive our investors of the opportunity to receive a premium for their shares.

Our bye-laws and provisions of Bermuda law to which we are subject contain provisions that could discourage, delay or prevent "change of control" transactions or changes in our board of directors and management that certain shareholders may view as beneficial or advantageous. These provisions include, among others:

- our board of directors has the authority to issue preferred shares without shareholder approval, which could be used to dilute the ownership of a potential hostile acquirer;
- our shareholders may only remove directors for cause;
- there are advance notice requirements for shareholders with respect to director nominations and actions to be taken at annual meetings; and
- under Bermuda law, for so long as JRG Re is registered under the Insurance Act, the BMA may object to a person holding more than 10%, 20%, 33% or 50% of our common shares if it appears to the BMA that the person is not or is no longer fit and proper to be such a holder (See "*There are regulatory limitations on the ownership and transfer of our common shares*." risk factor herein).

The foregoing factors could impede a merger, takeover or other business combination, which could reduce the market value of our shares.

We may repurchase your common shares without your consent.

Under our bye-laws and subject to Bermuda law, we have the option, but not the obligation, to require a shareholder to sell to us at fair market value the minimum number of common shares which is necessary to avoid or cure any adverse tax consequences or materially adverse legal or regulatory treatment to us, our subsidiaries or our shareholders, if our board of directors reasonably determines, in good faith, that failure to exercise this option would result in such adverse consequences or treatment.

Bermuda law differs from the laws in effect in the United States and may afford less protection to holders of our shares.

We are organized under the laws of Bermuda. As a result, our corporate affairs are governed by the Companies Act, which differs in some material respects from laws typically applicable to U.S. corporations and shareholders, including the provisions relating to interested directors, amalgamations, mergers and acquisitions, takeovers, shareholder lawsuits and indemnification of directors. Generally, the duties of directors and officers of a Bermuda company are owed to the company only. Shareholders of Bermuda companies typically do not have rights to take action against directors or officers of the company and may only do so in limited circumstances. Class actions are not available under Bermuda law. The circumstances in which derivative actions may be available under Bermuda law are substantially more proscribed and less clear than they would be to shareholders of U.S. corporations. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner that is oppressive or prejudicial to the interests of some shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company. Additionally, under our bye-laws and as permitted by Bermuda law, each shareholder has waived any claim or right of action against our directors or officers for any action taken by directors or officers in the performance of their duties, except for actions involving fraud or willful misconduct. In addition, the rights of holders of our common shares and the fiduciary responsibilities of our directors under Bermuda law are not as clearly established as under statutes or judicial precedent in existence in jurisdictions in the United States, particularly the State of Delaware. Therefore, holders of our common shares may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction within the United States.

There are regulatory limitations on the ownership and transfer of our common shares.

Common shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 and the Exchange Control Act 1972 and related regulations of Bermuda, which regulate the sale of securities in Bermuda. In addition, the permission of the BMA is required under the provisions of the Exchange Control Act 1972 and related regulations for all issuances and transfers of shares of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes, other than where the BMA has granted a general permission. The BMA, in its notice to the public dated June 1, 2005 has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any "equity securities" of such company are listed on an appointed stock exchange, which includes the NASDAQ Stock Market. This general permission will apply to our common shares, but would cease to apply if we were to cease to be listed on the NASDAQ Stock Market.

In connection with the IPO, we received consent from the BMA to issue and transfer freely any of our shares, options, warrants, depository receipts, rights loan notes, debt instruments or other securities to and among persons who are either residents or non-residents of Bermuda for exchange control purposes.

The Insurance Act requires that where the shares of the registered insurer, or the shares of its parent company, are traded on a recognized stock exchange, and a person becomes a 10%, 20%, 33% or 50% shareholder controller of the insurer, that person shall, within 45 days, notify the BMA in writing that he has become such a controller. In addition, a person who is a shareholder controller of a Class 3B insurer whose shares or the shares of its parent company (if any) are traded on a recognized stock exchange must serve on the BMA a notice in writing that he has reduced or disposed of his holding in the insurer where the proportion of voting rights in the insurer held by him will have reached or has fallen below 10%, 20%, 33% or 50% as the case may be, not later than 45 days after such disposal. This requirement will apply to us as long as our shares are listed on the NASDAQ Stock Market or another stock exchange recognized by the BMA. The BMA may, by written notice, object to a person holding 10%, 20%, 33% or 50% of our common shares if it appears to the BMA that the person is not fit and proper to be such a holder. The BMA may require the holder to reduce its shareholding in us and may direct, among other things, that the voting rights attaching to its shares shall not be exercisable. A person that does not comply with such a notice or direction from the BMA will be guilty of an offense.

JRG Re is also required to notify the BMA in writing in the event any person has become or has ceased to be a controller or an officer of it (an officer includes a director, chief executive or senior executive performing duties of underwriting, actuarial, risk management, compliance, internal audit, finance or investment matters).

Except in connection with the settlement of trades or transactions entered into through the facilities of the NASDAQ Stock Market, our board of directors may generally require any shareholder or any person proposing to acquire our common shares to provide the information required under our bye-laws. If any such shareholder or proposed acquiror does not provide such information, or if our board of directors has reason to believe that any certification or other information provided pursuant to any such request is inaccurate or incomplete, our board of directors may decline to register any transfer or to effect any issuance or purchase of our common shares to which such request is related.

In addition, the insurance holding company laws and regulations of the states in which our insurance companies are domiciled generally require that, before a person can acquire direct or indirect control of an insurer domiciled in the state, and in some cases prior to divesting its control, prior written approval must be obtained from the insurer's domiciliary state insurance regulator. These laws may discourage potential acquisition proposals and may delay, deter or prevent an investment in or a change of control involving us, or one or more of our regulated subsidiaries, including transactions that our management and some or all of shareholders might consider desirable. Pursuant to applicable laws and regulations, "control" over an insurer is generally presumed to exist if any person, directly or indirectly, owns, controls, holds the power to vote or holds proxies representing, 10% or more of the voting securities of that reinsurer or insurer. Indirect ownership includes ownership of the Company's common shares.

General Risk Factors

We rely on our systems and employees, and those of certain third-party vendors and service providers in conducting our operations, and certain failures, including internal or external fraud, operational errors, systems malfunctions, or cyber-security incidents, could materially adversely affect our operations.

We are exposed to many types of operational risk, including the risk of fraud by employees and outsiders, clerical and recordkeeping errors and computer or telecommunications systems malfunctions. Our business depends on our ability to process a large number of increasingly complex transactions. If any of our operational, accounting, or other data processing systems fail or have other significant shortcomings, we could be materially adversely affected. Similarly, we depend on our employees and could be materially adversely affected if one or more of our employees causes a significant operational breakdown or failure, either as a result of human error, intentional sabotage or fraudulent manipulation of our operations or systems.

Third parties with whom we do business, including vendors that provide services or security solutions for our operations, could also be sources of operational and information security risk to us, including from breakdowns, failures, or capacity constraints of their own systems or employees. Any of these occurrences could diminish our ability to operate our business, or cause financial loss, potential liability to insureds, inability to secure insurance, reputational damage or regulatory intervention, which could materially adversely affect us.

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Although we seek to protect our intellectual property rights, third parties may infringe or misappropriate intellectual property. We may have to litigate to enforce and protect intellectual property and to determine its scope, validity or enforceability, which could divert significant resources and prove unsuccessful.

We may be subject to claims by third parties for patent, trademark or copyright infringement or breach of usage rights. Any such claims and any resulting litigation could result in significant expense and liability. If third party providers or we are found to have infringed a third party intellectual property rights, either of us could be enjoined from providing certain products or services or from utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses. Alternatively, we could be required to enter into costly licensing arrangements with third parties or implement a costly work-around. Any of these scenarios could have a material effect on our business or results of operations.

We rely on multiple proprietary operating systems as well as operating systems of third-party providers to issue policies, pay claims, run modeling functions and complete various internal processes. We may be subject to disruptions of such operating systems arising from events that are wholly or partially beyond our control, which may include, for example, electrical or telecommunications outages, natural or man-made disasters, such as earthquakes, hurricanes, floods or tornados, or events arising from criminal or terrorist acts. Such disruptions may give rise to losses in service to insureds and loss or liability to us. In addition, there is the risk that our controls and procedures as well as our business continuity, disaster recovery and data security systems prove to be inadequate. The computer systems and network systems we and others use could be vulnerable to unforeseen problems. These problems may arise in both our internally developed systems and the systems of third-party service providers. In addition, our computer systems and network infrastructure present security risks and could be susceptible to hacking, computer viruses, data breaches, or ransomware attacks. Any such failure or security incident could affect our operations and could materially adversely affect our results of operations by requiring us to expend significant resources to correct the defect or incident, as well as by exposing us to litigation or losses not covered by insurance. Although we have disaster recovery plans and other safeguards in place, our business operations may be materially adversely affected by significant and widespread disruption to our physical infrastructure or operating systems and those of third-party service providers that support our business.

Our operations rely on the secure processing, transmission and storage of confidential information in our computer systems and networks. Our technologies, systems and networks may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our or our insureds', reinsureds' or claimants' confidential, proprietary and other information, or otherwise disrupt our or our insureds', reinsureds', claimants' or other third parties' business operations, which in turn may result in legal claims, regulatory scrutiny and liability, reputational damage, the incurrence of costs to eliminate or mitigate further exposure and the loss of customers. This risk may be heightened as a result of the current remote and hybrid work environment. Although to date we have not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that we will not suffer such losses in the future. While we make efforts to maintain the security and integrity of our information technology networks and related systems, and we have implemented various measures and an incident response protocol to manage the risk of, or respond to, a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. In addition, our results of operations could be materially adversely affected if one of our business partners, such as brokers, general agents, third party claims administrators or vendors, experiences disruptions to their operating systems and/or a cybersecurity breach, as such disruption or breach could reduce submission flow, policy issuance, claims settlement, and/or make us more vulnerable to a cybersecurity breach ourselves. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats and the outsourcing of some of our business operations. As a result, cyber-security and the continued development and enhancement of our controls, processes and practices designed to protect our systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber-threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

Disruptions or failures in the physical infrastructure or operating systems that support our business and customers, or cyber-attacks or security breaches of the networks, systems or devices that our customers use to access our products and services could result in customer attrition, regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, any of which could materially adversely affect our financial condition or results of operations.

Our operating results have in the past varied from quarter to quarter and may not be indicative of our long-term prospects.

Our operating results are subject to fluctuation and have historically varied from quarter to quarter. We expect our quarterly results to continue to fluctuate in the future due to a number of factors, including the general economic conditions in the markets where we operate, the frequency of occurrence or severity of catastrophic or other insured events, fluctuating interest rates, claims exceeding our loss reserves, competition in our industry, deviations from expected renewal rates of our existing policies and contracts, adverse investment performance and the cost of reinsurance and retrocessional coverage.

In particular, we seek to underwrite products and make investments to achieve favorable returns on tangible equity over the long term. In addition, our opportunistic nature and focus on long-term growth in tangible equity may result in fluctuations in total premiums written from period to period as we concentrate on underwriting contracts that we believe will generate better long-term, rather than short-term, results. Accordingly, our short-term results of operations may not be indicative of our long-term prospects.

We may not be able to manage our growth or other changes effectively.

We intend to continue to grow our excess and surplus and specialty admitted businesses, may attempt to enter new business lines, and may also face changes from market, legal or regulatory developments. Such growth, new business lines, and changes could require additional capital, systems development and skilled personnel. We cannot assure you that we will be able to meet our capital needs, expand and maintain our systems and our internal controls effectively, allocate our human resources optimally, identify and hire qualified employees or incorporate effectively the components of any businesses we may acquire in our effort to achieve growth. The failure to manage our growth and other changes effectively could have a material adverse effect on our business, financial condition and results of operations.

Changes in accounting practices and future pronouncements may materially affect our reported financial results.

Developments in accounting practices may require us to incur considerable additional expenses to comply, particularly if we are required to prepare information relating to prior periods for comparative purposes or to apply the new requirements retroactively. The impact of changes in current accounting practices and future pronouncements cannot be predicted but may affect the calculation of net income, shareholders' equity and other relevant financial statement line items.

Further, our U.S. insurance subsidiaries are required to comply with statutory accounting principles ("SAP"). SAP and various components of SAP (such as actuarial reserving methodology) are subject to constant review by the NAIC and its task forces and committees, as well as state insurance departments, in an effort to address emerging issues and otherwise improve financial reporting. At any given point in time, various proposals are pending before committees and task forces of the NAIC, some of which, if enacted, could have negative effects on insurance industry participants. The NAIC continuously examines existing laws and regulations in the United States. We cannot predict whether or in what form such reforms will be enacted and, if so, whether the enacted reforms will positively or negatively affect us.

In addition, the NAIC Accounting Practices and Procedures manual provides that state insurance departments may permit insurance companies domiciled in their jurisdiction to depart from SAP by granting them permitted accounting practices. We cannot predict whether or when the insurance departments of the states of domicile of our competitors may permit them to utilize advantageous accounting practices that depart from SAP, the use of which may not be permitted by the insurance departments of the states of domicile of our U.S. insurance subsidiaries. Further, we cannot assure that future changes to SAP or components of SAP or the grant of permitted accounting practices to our competitors will not have a negative impact on us.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 1C. CYBERSECURITY

The Company utilizes widely-recognized frameworks based on practices believed to be effective for managing cybersecurity risk, including the development of an organizational understanding of systems, assets, data and capabilities, and the development and implementation of safeguards and processes designed to ensure delivery of services and to detect, respond to and recover from cybersecurity events. Significant time and resources are devoted to the protection of the Company’s systems and data, including the staffing of an experienced internal cybersecurity team, the use of a variety of preventative, detective and recovery tools, and engagement with external service providers to bolster the Company’s cyber defense and response capabilities. Our Chief Information Officer (CIO) has over 30 years of information technology and cybersecurity experience and our Chief Information Security Officer (CISO) has more than 15 years of direct cybersecurity experience. In addition, the Company’s Internal Audit team includes members with information technology and cybersecurity expertise and training.

In the last three fiscal years, our business strategy, results of operations and financial condition have not been materially affected by risks from cybersecurity threats, including as a result of previously identified cybersecurity incidents, but we cannot provide assurance that they will not be materially affected in the future by such risks or any future material incidents. The Company maintains cyber liability insurance coverage to minimize any potential financial impacts from cybersecurity incidents that may occur.

Board Oversight

The Company’s Board of Directors provides oversight of the Company’s cybersecurity risks through its Audit Committee. Four of the eight members of the Board of Directors, and three of the four Audit Committee members, possess skills related to information technology and cybersecurity. The Audit Committee reviews the Internal Audit team’s cyber-related control audits to confirm that cyber risks are being appropriately managed and also reviews a periodic report produced by the CIO and CISO on the performance of the Company’s cybersecurity program. In addition, the CIO and CISO present a comprehensive cybersecurity update to the full Board of Directors on at least an annual basis.

Risk Identification & Mitigation

Cyber risk is incorporated into the Company’s larger enterprise risk management practices, which include efforts to identify, assess, rank, treat, monitor and review risks. Cyber risks are assessed no less than annually by the CIO and CISO. Significant findings from these internal assessments are presented to management for incorporation into the enterprise risk management framework, and appropriate measures to mitigate and monitor the identified risks are developed and implemented. Strategic and emergent cyber-related efforts are shared with the wider information technology team and other stakeholders within the business for both informational and execution purposes.

The Company assesses and monitors third-party risks and closely tracks cyber threats such as ransomware and emergent web-based vulnerabilities. A variety of controls exist to minimize the impact of these risks and ensure each is managed within organizational tolerances, which controls are monitored by management for effectiveness. In addition, James River's Information Security Office conducts cybersecurity risk reviews on new and existing third-party vendors and business partners, which are presented to management so that either appropriate risk mitigation controls can be established with respect to such third-party or the Company can avoid engaging with such third-party if they are deemed to present an unacceptable level of risk.

Independent cybersecurity testing is performed by outside parties on at least an annual basis to identify opportunities for cyber control strengthening in the face of applicable threats. The results of these evaluations are reviewed and prioritized by the CIO and CISO based on their applicability and urgency to address gaps and drive continuous improvement. These findings, along with resultant enhancement and remediation efforts, are communicated with the Company’s Board of Directors.

Training

The Information Security Office conducts company-wide cybersecurity training, including through an annually required course of online training modules and a continuous email phishing test campaign. In addition, the CISO leads an annual cybersecurity tabletop exercise with company leadership to continually improve the organization’s preparedness for cyber incidents. These exercises consider real-world events that could impact the business and seek to fine-tune response activities in an effort to minimize future cybersecurity incident impacts.

See Item 1A. Risk Factors - "*We rely on our systems and employees, and those of certain third-party vendors and service providers in conducting our operations, and certain failures, including internal or external fraud, operational errors, systems malfunctions, or cyber-security incidents, could materially adversely affect our operations*" for additional discussion.

Item 2. PROPERTIES

We lease office space in Bermuda, where our principal executive office is located and JRG Re is based. We also lease offices in (1) Chapel Hill, North Carolina, where our U.S. holding company, James River Group is based, (2) Raleigh, North Carolina, where we conduct business in our Specialty Admitted Insurance segment and (3) Richmond, Virginia; Scottsdale, Arizona; and Atlanta, Georgia for the conduct of business in our Excess and Surplus Lines segment. We believe that our facilities are adequate for our current needs and that suitable additional or substitute space will be available as needed.

Item 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings, including commercial matters and litigation regarding insurance claims which arise in the ordinary course of business, as well as two alleged class action lawsuits. In addition, the Company is involved from time to time in legal actions which seek extra-contractual damages, punitive damages or penalties, including claims alleging bad faith in the handling of insurance claims. We believe that the outcome of such matters, individually and in the aggregate, is not reasonably likely to have a material adverse effect on our consolidated financial position, results of operations or cash flows.

On July 9, 2021 a purported class action lawsuit was filed in the U.S. District Court, Eastern District of Virginia (the “Court”) by Employees’ Retirement Fund of the City of Fort Worth against James River Group Holdings, Ltd. and certain of its present and former officers (together, “Defendants”). On September 22, 2021, the Court entered an order appointing Employees’ Retirement Fund of the City of Fort Worth and the City of Miami General Employees’ and Sanitation Employees’ Retirement Trust as co-lead plaintiffs (together, “Plaintiffs”). Plaintiffs’ consolidated amended complaint was filed on November 19, 2021 (the “First Amended Complaint”). The Defendants filed a motion to dismiss the First Amended Complaint on January 18, 2022, Plaintiffs’ opposition thereto was filed on March 4, 2022, and the Defendants’ reply to the Plaintiffs’ opposition was filed on April 4, 2022. On August 25, 2022, Plaintiffs filed a motion for leave to file a second amended class action complaint (the “Second Amended Complaint”). On September 8, 2022, the Defendants consented to the Plaintiffs’ motion to file the Second Amended Complaint, and filed a motion to dismiss the Second Amended Complaint on October 24, 2022 (the “Second MTD”). The Plaintiffs’ opposition to the Second MTD was filed on November 7, 2022, and the Defendant’s reply to the Plaintiffs’ opposition was filed on November 14, 2022. On August 28, 2023, the Court denied the Second MTD. The Second Amended Complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of a putative class of persons and entities that purchased the Company’s stock between February 22, 2019 and October 25, 2021, alleges that Defendants failed to make appropriate disclosures concerning the adequacy of reserves for policies that covered Rasier LLC, a subsidiary of Uber Technologies, Inc., and seeks unspecified damages, costs, attorneys’ fees and such other relief as the court may deem proper. We engaged in mediation in the fourth quarter of 2023 and on December 7, 2023, in connection with the mediation, we reached an agreement in principle to settle the action. On December 22, 2023, the parties submitted the stipulation of settlement to the Court for approval. The settlement provides for a full release of all defendants in connection with the allegations made and a settlement payment to the class of $30 million, inclusive of all Plaintiffs’ attorneys fees and expenses and settlement costs, all of which will be paid by the Company’s insurance carriers. On January 26, 2024 the Court issued an order granting preliminary approval of the settlement and scheduled a final settlement hearing for May 24, 2024.

On November 13, 2023, a purported class action lawsuit was filed in the U.S. District Court, Southern District of New York, on behalf of Paul Glantz against James River Group Holdings, Ltd. and certain of its officers, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Mr. Glantz alleges that he purchased James River common stock between August 7, 2023 and November 7, 2023, inclusive, that the Company failed to disclose that it lacked effective internal controls regarding the recognition of reinstatement premiums for reinsurance and as a result the Company overstated its net income, and that, as a result, Mr. Glantz suffered unspecified damages. On January 12, 2024, both Mr. Glantz and Madhav Ghimire, another individual shareholder, filed an application with the court for appointment as Lead Plaintiff, and on January 26, 2024 Mr. Glantz filed a notice of non-opposition to Mr. Ghimire's competing motion for appointment as Lead Plaintiff. The court's appointment of Lead Plaintiff is pending. We believe that the claims are without merit and intend to vigorously defend this lawsuit.

Item 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common shares began trading on the NASDAQ Global Select Market under the symbol "JRVR" on December 12, 2014. Prior to that time, there was no public market for our common shares. As of February 26, 2024, there were 4 holders of record of our common shares. A substantially greater number of holders of common shares are "street name" or beneficial holders, whose shares of record are held by banks, brokers, and other financial institutions.

Dividends

We paid quarterly dividends of $0.05 per common share in 2023 and 2022, and $0.30 per common share from 2017 to the fourth quarter of 2021. On February 15, 2024, the Board of Directors declared a cash dividend of $0.05 per common share. The dividend is payable on March 29, 2024 to shareholders of record on March 11, 2024. As described below, the amount of dividends that we may pay on our common shares is restricted by the terms of our Series A Preferred Shares.

We closed on the issuance and sale of 150,000 Series A Preferred Shares on March 1, 2022. Holders of the Series A Preferred Shares are entitled to a dividend at the initial rate of 7% of the $1,000 per share liquidation preference per annum, paid in cash, in-kind in common shares or in Series A Preferred Shares, at our election. On the five-year anniversary of the Closing Date, and each five-year anniversary thereafter, the dividend rate will reset to a rate equal to the five-year U.S. treasury rate plus 5.2%. Dividends accrue and are payable quarterly.

For the years ended December 31, 2023 and 2022, cash dividends of $10.5 million and $8.8 million were declared, respectively, of which $2.6 million was payable at December 31 of both years. On February 15, 2024, the Board of Directors declared a quarterly dividend on the Series A Preferred Shares. The dividend of $2.6 million will be payable in cash on April 1, 2024 to shareholders of record on March 15, 2024.

The Certificate of Designations setting forth the terms of the Series A Preferred Shares limits our ability to pay dividends to our common shareholders. If we pay cash dividends of more than $0.05 per common share per quarter, without the consent of at least the majority of the Series A Preferred Shares then outstanding, we will be required to reduce the conversion price of the Series A Preferred Shares. Additionally, the payment of cash dividends in excess of $0.10 per common share per quarter is not permitted if the dividends on the Series A Preferred Shares for that quarter are not paid in cash, unless the Company's U.S.-based insurance subsidiaries and direct Bermuda-based insurance subsidiary satisfy certain capital requirements.

We are a holding company that has no substantial operations of our own, and we rely primarily on cash dividends or distributions from our subsidiaries to pay our operating expenses and dividends to shareholders. The payment of dividends by our insurance and reinsurance subsidiaries is limited under the laws and regulations of their respective domicile. These regulations stipulate the maximum amount of annual dividends or other distributions available to shareholders without prior approval of the relevant regulatory authorities. Additionally, dividends from our U.S. subsidiaries to our U.K. intermediate holding company are generally subject to a 5% withholding tax by the IRS. Under U.K. domestic law, no withholding tax is applied to dividends paid by U.K. tax resident companies. As a result of such regulations, or a change in applicable tax law, we may not be able to pay our operating expenses as they become due and our payment of future dividends to shareholders may be limited. See "Risk Factors — Risks Related to Ownership of Our Common Shares—We depend upon dividends and distributions from our subsidiaries, and we may be unable to distribute dividends to our shareholders to the extent we do not receive dividends from our subsidiaries," and "—Dividends paid by our U.S. subsidiaries to James River UK may not be eligible for benefits under the U.S.-U.K. income tax treaty."

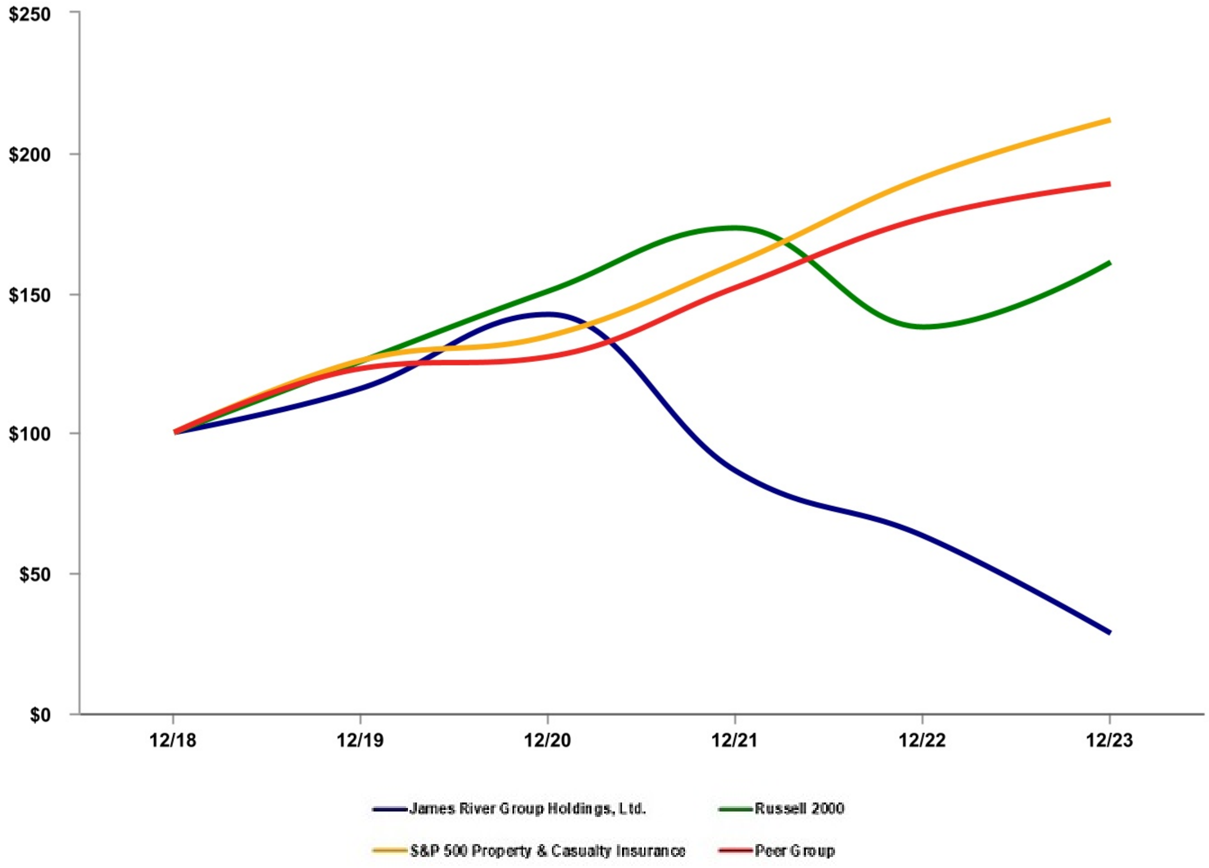
Additionally, the declaration, payment and amount of future dividends is further subject to the discretion of our board of directors. Our board of directors will give consideration to various risks and uncertainties, including those discussed under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report when determining whether to declare and pay dividends, as well as the amount thereof. Our board of directors may take into account a variety of factors when determining whether to declare any future dividends, including (1) our financial condition, liquidity, results of operations (including our ability to generate cash flow in excess of expenses and our expected or actual net income), retained earnings and collateral and capital requirements, (2) general business conditions, (3) legal, tax and regulatory limitations, (4) contractual prohibitions and other restrictions, in addition to those relating to our Series A Preferred Shares (5) the effect of a dividend or dividends upon our financial strength ratings and (6) any other factors that our board of directors deems relevant.

Performance Graph

The graph below compares the cumulative 5-Year total shareholder return of our common shares relative to the cumulative total returns of the Russell 2000 index, the S&P 500 Property and Casualty Insurance index, and a selected peer group of six companies that includes Amerisafe, Inc., Argo Group International Holdings, Ltd, Kinsale Capital Group, Inc., Markel Corporation, RLI Corp. and W. R. Berkley Corporation. We have elected to replace our selected peer group with the S&P P&C Index to be more consistent with the index used by many of our industry peers in preparing the performance graph in their Annual Report on Form 10-K.

The companies in the peer group are weighted by market capitalization. The calculation of cumulative total shareholder return assumes an initial investment of $100 and the reinvestment of all dividends, if any, for the period from December 31, 2018 through December 31, 2023. Such returns are based on historical results and are not intended to suggest future performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among James River Group Holdings, Ltd., the Russell 2000 Index,
the S&P 500 Property & Casualty Insurance Index, and a Peer Group



	12/18	12/19	12/20	12/21	12/22	12/23
James River Group Holdings, Ltd.	100.00	115.88	142.20	86.34	63.21	28.32
Russell 2000	100.00	125.52	150.58	172.90	137.56	160.85
S&P Property & Casualty Insurance	100.00	125.87	134.63	160.58	190.89	211.53
Peer Group	100.00	123.05	127.17	151.85	176.72	188.64

The performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any future filing under the Securities

Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

Item 6. [RESERVED]

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis contains forward-looking statements and involves numerous risks and uncertainties, including those described under the heading "Risk Factors." Actual results may differ materially from those contained in any forward-looking statements. You should read this discussion and analysis together with our audited consolidated financial statements and related notes included elsewhere in this Form 10-K.

Overview

James River Group Holdings, Ltd. is a Bermuda-based holding company. We own and operate a group of specialty insurance companies with the objective of generating compelling returns on tangible equity while limiting underwriting and investment volatility. We seek to accomplish this by earning profits from insurance underwriting and generating meaningful risk-adjusted investment returns, while managing our capital.

For the year ended December 31, 2023, approximately 71.7% of our gross written premiums and 85.8% of our net written premiums from continuing operations originated from the U.S. E&S lines market, which we believe puts us among the top three publicly traded insurers as ranked by highest concentrations of E&S risk. We also have a specialty admitted insurance business in the United States. We intend to concentrate substantially all of our underwriting in casualty insurance, and for the year ended December 31, 2023, 95.7% of our gross written premiums from continuing operations were derived from casualty insurance. We focus on writing business in specialty markets where our underwriters have particular expertise and where we have long-standing distribution relationships; maintaining a strong balance sheet with appropriate reserves; monitoring reinsurance recoverables carefully; managing our investment portfolio actively without taking undue risk; using technology to monitor trends in our business; responding rapidly to market opportunities and challenges; and actively managing our capital.

We report our continuing operations in three segments: Excess and Surplus Lines, Specialty Admitted Insurance, and Corporate and Other.

The Excess and Surplus Lines segment offers E&S commercial lines liability and property insurance in every U.S. state, the District of Columbia, Puerto Rico and the U.S. Virgin Islands through James River Insurance and its wholly-owned subsidiary, James River Casualty. James River Insurance and James River Casualty are both non-admitted carriers. Non-admitted carriers writing in the E&S market are not bound by most of the rate and form regulations imposed on standard market companies, allowing them flexibility to change the coverage terms offered and the rate charged without the time constraints and financial costs associated with the rate and form filing process. In 2023, the average account in this segment (excluding commercial auto policies) generated annual gross written premiums of approximately $26,000. The Excess and Surplus Lines segment distributes its products primarily through wholesale insurance brokers. Members of our management team have participated in this market for over three decades and have long-standing relationships with the wholesale agents who place E&S lines accounts. The Excess and Surplus Lines segment produced 66.8% of our gross written premiums and 85.0% of our net written premiums for the year ended December 31, 2023.

The Specialty Admitted Insurance segment focuses on niche classes within the standard insurance markets with a primary focus on fronting business, where we retain a minority share of the risk and seek to earn fee income by allowing other carriers and producers to use our licensure, ratings, expertise and infrastructure. Through Falls Lake National and its subsidiaries, this segment has admitted licenses and the authority to write excess and surplus lines insurance in 50 states and the District of Columbia and distributes through a variety of sources, including program administrators and MGAs. The Specialty Admitted Insurance segment produced 33.2% of our gross written premiums and 15.0% of our net written premiums for the year ended December 31, 2023.

The Corporate and Other segment consists of the management and treasury activities of our holding companies, equity compensation for the group, and interest expense associated with our debt.

Our discontinued operations include JRG Re, which comprises the remaining operations of the former Casualty Reinsurance segment, and which, prior to the suspension of its underwriting activities in 2023, provided proportional and working layer casualty reinsurance to third parties and, through December 31, 2021, to our U.S.-based insurance subsidiaries. On November 8, 2023, the Company entered into a definitive agreement to sell JRG Re. The sale transaction is expected to close in the first quarter of 2024.

All of the Company's U.S.-domiciled insurance subsidiaries are party to an intercompany pooling agreement that distributes the net underwriting results among the group companies based on their approximate pro-rata level of statutory capital and surplus to the total Company statutory capital and surplus. Additionally, the Company's U.S.-domiciled insurance subsidiaries were previously parties to intercompany quota share reinsurance agreements that in periods prior to January 1, 2018 ceded 70% of their premiums and losses to JRG Re, and from January 1, 2018 through December 31, 2021, ceded 70% of their premiums and losses to Carolina Re Ltd., a former wholly-owned subsidiary of James River Group ("Carolina Re").

During 2022, Carolina Re commuted the outstanding obligations ceded under the intercompany quota-share reinsurance agreements back to the Company's U.S.-based insurance subsidiaries with effect from January 1, 2022. Carolina Re concluded all operations and was dissolved in December 2023. During 2023, JRG Re commuted the outstanding obligations ceded under the intercompany quota share reinsurance agreements back to the Company's U.S.-based insurance subsidiaries with effect from January 1, 2023. We report all segment information in this ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' prior to the effects of intercompany reinsurance, consistent with the manner in which we evaluate the operating performance of our reportable segments.

The A.M. Best Company ("A.M. Best") financial strength rating for our group's regulated U.S. insurance subsidiaries is "A-" (Excellent) with a negative outlook. This rating reflects A.M. Best's evaluation of our U.S. insurance subsidiaries' financial strength, operating performance and ability to meet obligations to policyholders and is not an evaluation directed towards the protection of investors. The rating for our U.S. operating insurance companies of "A-" (Excellent) is the fourth highest rating of the thirteen ratings issued by A.M. Best and is assigned to insurers that have, in A.M. Best's opinion, an excellent ability to meet their ongoing obligations to policyholders.

The financial strength ratings assigned by A.M. Best have an impact on the ability of our regulated subsidiaries to attract and retain agents and brokers and on the risk profiles of the submissions for insurance that our subsidiaries receive. We believe the "A-" (Excellent) ratings assigned to our insurance subsidiaries allow our subsidiaries to actively pursue relationships with the agents and brokers identified in their marketing plans.

Key Metrics

We discuss certain key metrics, described below, which we believe provide useful information about our business and the operational factors underlying our financial performance.

Underwriting profit is a non-GAAP measure commonly used in the property and casualty insurance industry to evaluate underwriting performance. We believe that the disclosure of underwriting profit by individual segment and of the Company as a whole is useful to investors, analysts, rating agencies and other users of our financial information in evaluating our performance because our objective is to consistently earn underwriting profits. We evaluate the performance of our segments and allocate resources based primarily on underwriting profit. We define underwriting profit as net earned premiums and gross fee income (in specific instances when the Company is not retaining insurance risk) less losses and loss adjustment expenses on business from continuing operations not subject to retroactive reinsurance accounting for a loss portfolio transfer (see *Loss Portfolio Transfer* in *Strategic Actions* below) and other operating expenses. Other operating expenses include the underwriting, acquisition, and insurance expenses of the operating segments and, for consolidated underwriting profit, the expenses of the Corporate and Other segment. Our definition of underwriting profit may not be comparable to that of other companies. See "Reconciliation of Non-GAAP Measures" for a reconciliation of underwriting profit to income before taxes and for additional information.

Loss ratio, expressed as a percentage, is the ratio of losses and loss adjustment expenses on business from continuing operations not subject to retroactive reinsurance accounting for a loss portfolio transfer to net earned premiums. Our definition of loss ratio may not be comparable to that of other companies. See "Underwriting Performance Ratios" for a reconciliation of underwriting ratios.

Accident year loss ratio, expressed as a percentage, is the ratio of losses and loss adjustment expenses for the current accident year (excluding development on prior accident year reserves) to net earned premiums for the current year (excluding net earned premium adjustments on reinstatement premiums associated with prior years).

Expense ratio, expressed as a percentage, is the ratio of other operating expenses net of gross fee income included in other income to net earned premiums.

Combined ratio is a measure of underwriting performance calculated as the sum of the loss ratio and the expense ratio. A combined ratio of less than 100% indicates an underwriting profit, while a combined ratio greater than 100% reflects an underwriting loss. Our definition of combined ratio may not be comparable to that of other companies. See "Underwriting Performance Ratios" for a reconciliation of underwriting ratios.

Adjusted net operating income is an internal performance measure used in the management of our operations. We believe it gives our management and other users of our financial information useful insight into our results of operations and our underlying business performance. Adjusted net operating income is defined as income available to common shareholders excluding a) income (loss) from discontinued operations b) the impact of retroactive reinsurance accounting for a loss portfolio transfer, c) net realized and unrealized gains (losses) on investments, d) certain non-operating expenses such as professional service fees related to a purported class action lawsuit, various strategic initiatives, and the filing of registration statements for the offering of securities, and e) severance costs associated with terminated employees. Adjusted net operating income is a non-GAAP measure and should not be viewed as a substitute for net income calculated in accordance with GAAP. Our definition of adjusted net operating income may not be comparable to that of other companies. See “Reconciliation of Non-GAAP Measures” for a reconciliation of income available to common shareholders to adjusted net operating income.

Tangible equity is defined as shareholders' equity plus mezzanine Series A Preferred Shares (as defined below) and the unrecognized deferred retroactive reinsurance gain on loss portfolio transfers less goodwill and intangible assets, net of amortization. We believe tangible equity is a good measure to evaluate the strength of our balance sheet and to compare returns relative to this measure. Key financial measures that we use to assess our longer term financial performance include the percentage growth in our tangible equity per share and our return on tangible equity. Tangible equity is a non-GAAP measure and should not be viewed as a substitute for shareholders’ equity calculated in accordance with GAAP. Our definition of tangible equity may not be comparable to that of other companies. See “Reconciliation of Non-GAAP Measures” for a reconciliation of shareholders' equity to tangible equity.

Adjusted net operating return on tangible equity is defined as annualized adjusted net operating income expressed as a percentage of the average quarterly tangible equity balances in the respective period.

Tangible equity per share represents tangible equity divided by the sum of total common shares outstanding plus the common shares resulting from an assumed conversion of the outstanding Series A Preferred Shares into common shares (at the current conversion price).

Net retention is defined as the ratio of net written premiums to gross written premiums.

Gross investment yield is annualized investment income before any deductions for fees and expenses, expressed as a percentage of the average beginning and ending carrying values of those investments during the period.

Unless specified otherwise, all references to our defined metrics above in this *Management’s Discussion and Analysis of Financial Condition and Results of Operations* are for our business from continuing operations that is not subject to retroactive reinsurance accounting for a loss portfolio transfer. Management believes that the lack of economic impact of retroactive reinsurance accounting makes the presentation of our key metrics on business not subject to retroactive reinsurance accounting helpful to the users of our financial information. See “Underwriting Performance Ratios” and “Reconciliation of Non-GAAP Measures.”

Critical Accounting Policies and Estimates

We identified the accounting estimates below as critical to the understanding of our financial position and results of operations. Critical accounting estimates are defined as those estimates that are both important to the portrayal of our financial condition and results of operations and which require us to exercise significant judgment. We use significant judgment concerning future results and developments in applying these critical accounting estimates and in preparing our consolidated financial statements. These judgments and estimates affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of material contingent assets and liabilities. Actual results may differ materially from the estimates and assumptions used in preparing the consolidated financial statements. We evaluate our estimates regularly using information that we believe to be relevant. For a detailed discussion of our accounting policies, see the Notes to Consolidated Financial Statements included in this Form 10-K.

Reserve for Losses and Loss Adjustment Expenses

The reserve for losses and loss adjustment expenses represents our estimated ultimate cost of all reported and unreported losses and loss adjustment expenses incurred and unpaid at the balance sheet date. We do not discount this reserve. We estimate the reserve using individual case-basis valuations of reported claims and statistical analysis. We believe that the use of judgment is necessary to arrive at a best estimate for the reserve for losses and loss adjustment expenses given the long-tailed nature of the business generally written by the Company and the limited operating experience of the fronting and program business in the Specialty Admitted Insurance segment and the commercial auto business in the Excess and Surplus Lines segment. In applying this judgment, we may establish reserves that differ from our internal actuaries’ estimate. We seek to establish reserves that will ultimately prove to be adequate. If we have indications that claims frequency or severity exceeds our initial expectations, we generally increase our reserves for losses and loss adjustment expenses. Conversely, when claims frequency and severity trends are more favorable than initially anticipated, we generally reduce our reserves for losses and loss adjustment expenses once we have sufficient data to confirm the validity of the favorable trends.

Our Excess and Surplus Lines and Specialty Admitted Insurance segments generally are notified of losses by our insureds or their brokers. Based on the information provided, we establish case reserves by estimating the ultimate losses from the claim, including administrative costs associated with the ultimate settlement of the claim. Our claims department personnel use their knowledge of the specific claim along with internal and external experts, including underwriters and legal counsel, to estimate the expected ultimate losses.

We also use statistical analysis to estimate the cost of losses and loss adjustment expenses that have been incurred but not reported to us. Those estimates are based on our historical information, industry information and estimates of future trends that may affect the frequency of claims and changes in the average cost of claims (severity) that may arise in the future.

The Company's gross reserve for losses and loss adjustment expenses at December 31, 2023 was $2,606.1 million. Of this amount, 66.9% relates to IBNR. The Company's gross reserve for losses and loss adjustment expenses by segment are summarized as follows:

	Gross Reserves at December 31, 2023			
	Case	IBNR	Total	IBNR % of Total
	($ in thousands)			
Excess and Surplus Lines	$ 468,820	$ 1,300,968	$ 1,769,788	73.5 %
Specialty Admitted Insurance	394,330	441,989	836,319	52.8 %
Total	$ 863,150	$ 1,742,957	$ 2,606,107	66.9 %

The Company's net reserve for losses and loss adjustment expenses prior to the $660,000 allowance for credit losses on reinsurance recoverables at December 31, 2023 was $1,247.0 million. Of this amount, 72.0% relates to IBNR. The Company's net reserve for losses and loss adjustment expenses by segment are summarized as follows:

	Net Reserves at December 31, 2023			
	Case	IBNR	Total	IBNR % of Total
	($ in thousands)			
Excess and Surplus Lines	$ 285,276	$ 828,095	$ 1,113,371	74.4 %
Specialty Admitted Insurance	63,351	70,251	133,602	52.6 %
Total	$ 348,627	$ 898,346	$ 1,246,973	72.0 %

Our Reserve Committee consists of our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and Chief Actuary. Additionally, the presidents, chief financial officers and segment actuaries of each of our insurance segments participate in the Reserve Committee meetings for their respective segments. The Reserve Committee meets quarterly to review the actuarial recommendations made by each segment actuary and use their best judgment to determine the best estimate to be recorded for the reserve for losses and loss adjustment expenses on our balance sheet.

We engage an independent internationally recognized actuarial consulting firm to review our reserves for losses and loss adjustment expenses in the third and fourth quarters of each year. This independent actuarial consulting firm prepares its own estimate of our reserve for losses and loss adjustment expenses, and we compare their estimate to the reserve for losses and loss adjustment expenses reviewed and approved by the Reserve Committee in order to corroborate the adequacy of our reserves.

The process of estimating the reserve for losses and loss adjustment expenses requires a high degree of judgment and is subject to a number of variables. In establishing the quarterly actuarial recommendation for the reserve for losses and loss adjustment expenses, our actuaries estimate an initial expected ultimate loss ratio for each of our product lines by accident year. Input from our underwriting and claims departments, including premium pricing assumptions and historical experience, are considered by our internal actuaries in estimating the initial expected loss ratios. Our actuaries generally utilize five primary actuarial methods in their estimation process for the reserve for losses and loss adjustment expenses. These primary methods are supplemented by additional actuarial methods as the Chief Actuary considers appropriate. For example, these supplemental methods can include frequency and severity methods that use claim count data to estimate ultimate losses and loss adjustment expenses. These claims frequency and severity methods may be appropriate for some lines of business and inappropriate for others. The Chief Actuary uses professional judgment to determine when additional methods should be used to supplement the five primary methods. The five primary methods utilize, to varying degrees, the initial expected loss ratio, detailed statistical analysis of past claims reporting and payment patterns, claims frequency and severity, paid loss experience, industry loss experience, and changes in market conditions, policy forms, exclusions, and exposures. The five primary actuarial methods that we use in our reserve estimation process are:

Expected Loss Method

The Expected Loss method multiplies earned premiums by an initial expected loss ratio. In our Excess and Surplus Lines segment and for our Workers' Compensation book in the Specialty Admitted Insurance segment, the initial expected loss ratio is estimated based on adjusting book of business prior year experience to current cost and rate level. In our Programs business within the Specialty Admitted Insurance segment, the expected loss ratio is based on the actuarial pricing of the individual account. Alternatively, when company experience lacks historical depth, initial expected loss ratios can be determined using loss ratios implied by industry loss costs for the class or reported industry loss ratios.

Incurred Loss Development Method

The Incurred Loss Development method uses historical loss reporting patterns by accident year to estimate future loss reporting patterns. In this method, our actuaries review historical loss reporting patterns to develop incurred loss development factors that are applied to current reported losses to calculate ultimate losses.

Paid Loss Development Method

The Paid Loss Development method is similar to the Incurred Loss Development method, but it uses historical loss payment patterns to estimate future loss payment patterns. In this method, our actuaries apply historical loss payment patterns to develop paid loss development factors that are applied to current paid losses to calculate expected ultimate losses.

Bornhuetter-Ferguson Incurred Loss Development Method

The Bornhuetter-Ferguson Incurred Loss Development method divides the projection of ultimate losses into the portion that has already been reported and the portion that has yet to be reported. The portion that has yet to be reported is estimated as the product of premiums earned for the accident year, the initial expected ultimate loss ratio and an estimate of the percentage of ultimate losses that are unreported at the valuation date. This technique is particularly valuable when there is a low volume of business being reviewed and reported losses lack historical depth.

Bornhuetter-Ferguson Paid Loss Development Method

The Bornhuetter-Ferguson Paid Loss Development method is similar to the Bornhuetter-Ferguson Incurred Loss Development method, except this method divides the projection of ultimate losses into the portion that has already been paid and the portion that has yet to be paid. The portion that has yet to be paid is estimated as the product of premiums earned for the accident year, the initial expected ultimate loss ratio and an estimate of the percentage of ultimate losses that are unpaid at the valuation date. This approach assumes that the paid experience has no effect on the subsequent paid loss emergence of the business. Again, this technique is particularly valuable when there is a low volume of business being reviewed and paid losses lack historical depth.

Different reserving methods are appropriate in different situations, and our actuaries use their judgment and experience to determine the weighting of the methods detailed above to use for each accident year and each line of business. For example, the current accident year has very little incurred and paid loss development data on which to base reserve projections. As a result, we rely heavily on the Expected Loss Method in estimating reserves for the current accident year. The Company generally sets the initial expected loss ratio for the current accident year consistent with the internal actuaries' pricing assumptions adjusted upward where warranted based on management's judgment in order to produce the best estimate. We believe that this is a reasonable and appropriate reserving assumption for the current accident year since our pricing assumptions are actuarially driven and since we expect to make an acceptable return on the new business that we write. If actual loss emergence is better than our initial expected loss ratio assumptions, we will experience favorable development, and if it is worse than our initial expected loss ratio assumptions, we will experience adverse development. Conversely, sufficient incurred and paid loss development is available for our oldest accident years, so more weight is given to the Incurred Loss Development method and the Paid Loss Development method than the Expected Loss Method. The Bornhuetter-Ferguson Incurred Loss Development and Paid Loss Development methods blend features of the Expected Loss Method and the Incurred and Paid Loss Development methods. The Bornhuetter-Ferguson methods are typically used for the more recent prior accident years.

In applying these methods to develop an estimate of the reserve for losses and loss adjustment expenses, our actuaries use judgment to determine three key parameters for each accident year and line of business: the initial expected loss ratios, the incurred and paid loss development factors and the weighting of the actuarial methods to be used for each accident year and line of business. Judgment is also required to make actuarial adjustments, if needed, for changes in claims processing and case reserving that could cause current reported loss and paid loss development patterns to deviate from historical patterns. For the Excess and Surplus Lines segment, the segment actuary performs a study on each of these parameters at least annually and makes recommendations for the initial expected loss ratios, the incurred and paid loss development factors and the weighting of the actuarial methods by accident year and line of business. Members of the Reserve Committee review and approve the parameter review actuarial recommendations, and absent any developments requiring an earlier review, these approved parameters are generally used in the reserve estimation process for the next four quarters at which time a new parameter study is performed. For the Specialty Admitted Insurance segment, expected loss ratios, loss development factors, and loss cost trends are reviewed and updated at least annually.

The table below quantifies the impact of extreme reserve deviations from our expected value at December 31, 2023. The total carried net reserve for losses and loss adjustment expenses for our continuing operations is displayed alongside 5th, 50th and 95th percentiles of likely ultimate net reserve outcomes. The estimates of these percentiles are a result of a reserve variability analysis which is part of our internal capital modeling efforts using a simulation approach.

Sensitivity	5th Pct.	50th Pct.	Carried	95th Pct.
		(in thousands)		
Reserve for losses and loss adjustment expenses	$ 1,133,845	$ 1,242,367	$ 1,246,973	$ 1,376,650
Changes in reserves	(113,128)	(4,606)	—	129,677

The impact of recording the net reserve for losses and loss adjustment expenses at the highest value from the sensitivity analysis above would be to increase losses and loss adjustment expenses incurred by $129.7 million, reduce after-tax net income by $102.4 million, reduce shareholders' equity by $102.4 million and reduce shareholders' tangible equity by $102.4 million, in each case at or for the year ended December 31, 2023.

The impact of recording the net reserve for losses and loss adjustment expenses at the lowest value from the sensitivity analysis above would be to reduce losses and loss adjustment expenses incurred by $113.1 million, increase after-tax net income by $89.4 million, increase shareholders' equity by $89.4 million, and increase tangible equity by $89.4 million, in each case at or for the year ended December 31, 2023. Such changes in the net reserve for losses and loss adjustment expenses would not have an immediate impact on our liquidity, but would affect cash flow and investment income in future periods as the incremental or reduced amount of losses are paid and investment assets adjusted to reflect the level of paid claims.

Loss reserve estimates are subject to a high degree of variability due to the inherent uncertainty of ultimate claims settlement values. In recording our best estimate of our reserve for losses and loss adjustment expenses, our Reserve Committee may select an amount that is different from the actuarial recommendation submitted after considering other qualitative factors and our knowledge and expectations of trends and other business developments that impact our best estimate. There is inherent variation associated with our reserve estimates and the possibility that there are unforeseen or incorrectly valued liabilities in the actuarial recommendations exists. We believe that the insurance that we write is subject to above-average variation in reserve estimates. The Excess and Surplus Lines market is subject to high policyholder turnover and changes in underlying mix of exposures. This turnover and change in underlying mix of exposures can cause actuarial estimates based on prior experience to be less reliable than estimates for more stable, admitted books of business. As a casualty insurer, losses on our policies often take a number of years to develop, making it difficult to estimate the ultimate losses associated with this business. Judicial and regulatory bodies have frequently interpreted insurance contracts in a manner that expands coverage beyond that which was contemplated at the time that the policy was issued. In addition, many of our policies are issued on an occurrence basis, and insureds suffering a loss frequently seek coverage beyond the policies' original intent.

Our reserves are driven by a number of important assumptions, including litigation and regulatory trends, legislative activity, climate change, social and economic patterns and claims inflation assumptions. Our reserve estimates reflect current inflation in legal claims' settlements and assume we will not be subject to losses from significant new legal liability theories. Our reserve estimates also assume that we will not experience significant losses from mass torts and that we will not incur losses from future mass torts not known to us today. While it is not possible to predict the impact of changes in the litigation environment, if new mass torts or expanded legal theories of liability emerge, our cost of claims may differ substantially from our reserves. Our reserve estimates assume that there will not be significant changes in the regulatory and legislative environment. The impact of potential changes in the regulatory or legislative environment is difficult to quantify in the absence of specific, significant new regulation or legislation. In the event of significant new regulation or legislation, we will attempt to quantify its impact on our business but no assurance can be given that our attempt to quantify such inputs will be accurate or successful.

IBNR reserve estimates are inherently less precise than case reserve estimates. A 5% change in net IBNR reserves at December 31, 2023 would equate to a $44.9 million change in the reserve for losses and loss adjustment expenses at such date, a $35.5 million change in after-tax net income, a 6.6% change in shareholders' equity and a 7.3% change in tangible equity, in each case at or for the year ended December 31, 2023.

Although we believe that our reserve estimates are reasonable, it is possible that our actual loss experience may not conform to our assumptions. Specifically, our actual ultimate loss ratio could differ from our initial expected loss ratio or our actual reporting and payment patterns could differ from our expected reporting and payment patterns, which are based on our own data and industry data. Accordingly, the ultimate settlement of losses and the related loss adjustment expenses may vary significantly from the estimates included in our financial statements. We regularly review our estimates and adjust them as necessary as experience develops or as new information becomes known to us. Such adjustments are included in current operations.

In determining the amount of prior accident year development to recognize each year, we consider actual loss emergence (reported and paid) versus expected loss emergence, as well as our internal actuaries' indications and the prior year development indicated in the actuarial analysis prepared by our independent third-party actuary. We look at these different data points with the goal of disclosing prior accident year development that is representative of loss emergence on prior accident years during the year, while also recording the Company's best estimate of the aggregate reserve for losses and loss adjustment expenses on the Company's Consolidated Balance Sheet. At a high level, actual loss emergence on prior accident years in excess of actuarial expectations implies adverse development, while actual loss emergence less than expected emergence implies favorable development.

We experienced $31.6 million of net adverse development in 2023 on the reserve for losses and loss adjustment expenses held at December 31, 2022 (excluding adverse prior year development on the commercial auto loss portfolio transfer subject to retroactive reinsurance accounting - see *Loss Portfolio Transfers and Impact of Retroactive Reinsurance* below). This net adverse reserve development included $32.6 million of net adverse development in the Excess and Surplus Lines segment, with adverse development in accident years 2020 and prior exceeding favorable development on accident years 2022 and 2021, and $972,000 of net favorable development in the Specialty Admitted Insurance segment.

We experienced $4.4 million of net favorable development in 2022 on the reserve for losses and loss adjustment expenses held at December 31, 2021 (excluding adverse prior year development on the commercial auto loss portfolio transfer subject to retroactive reinsurance accounting - see *Loss Portfolio Transfers and Impact of Retroactive Reinsurance* below). This net favorable reserve development included $210,000 of net favorable development in the Excess and Surplus Lines segment and $4.2 million of net favorable development in the Specialty Admitted Insurance segment.

Investment Valuation and Impairment

We carry fixed maturity securities classified as "available-for-sale" at fair value, and unrealized gains and losses on such securities, net of any deferred taxes, are reported as a separate component of accumulated other comprehensive income (loss). Equity securities (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are measured at fair value with changes in fair value recognized in net income. Certain restricted cash equivalents invested in funds with floating net asset values are measured at fair value with changes in fair value recognized in net income. At December 31, 2023, we do not have any securities classified as "held-to-maturity" or "trading."

The Company periodically reviews its available-for-sale fixed maturities to determine whether any unrealized losses exist that are due to credit-related factors. An allowance for credit losses is established for any credit-related impairments, limited to the amount by which fair value is below amortized cost. Changes in the allowance for credit losses are recognized in earnings and included in net realized and unrealized gains (losses) on investments. Unrealized losses that are not credit-related continue to be recognized in other comprehensive income.

The Company considers the extent to which fair value is below amortized cost in determining whether a credit-related loss exists. The Company also considers the credit quality rating of the security, with a special emphasis on securities downgraded below investment grade. A comparison is made between the present value of expected future cash flows for a security and its amortized cost. If the present value of future expected cash flows is less than amortized cost, a credit loss is presumed to exist and an allowance for credit losses is established. Management may conclude that a qualitative analysis is sufficient to support its conclusion that the present value of the expected cash flows equals or exceeds a security's amortized cost. As a result of this review, management concluded that there were no credit-related impairments of fixed maturity securities at December 31, 2023, 2022, or 2021. Management does not intend to sell the securities in an unrealized loss position, and it is not "more likely than not" that the Company will be required to sell these securities before a recovery in their value to their amortized cost basis occurs.

The Company elected the fair value option to account for bank loan participations. Under the fair value option, bank loan participations are measured at fair value, and changes in unrealized gains and losses in bank loan participations are reported in our Consolidated Statements of (Loss) Income and Comprehensive Loss as net realized and unrealized gains (losses) on investments. Losses due to credit-related impairments on bank loan participations are determined based upon consultations and advice from the Company's specialized investment manager and consideration of any adverse situations that could affect the borrower's ability to repay, the estimated value of underlying collateral, and other relevant factors. For the years ended December 31, 2023 and 2022, management concluded that $946,000 and $592,000 of the unrealized losses were due to credit-related impairments, respectively. Management concluded that none of the unrealized losses were due to credit-related impairments for the year ended December 31, 2021.

Fair values are measured in accordance with ASC 820, *Fair Value Measurements*. The guidance establishes a framework for measuring fair value and a three-level hierarchy based upon the quality of inputs used to measure fair value. The three levels of the fair value hierarchy are: (1) Level 1: quoted price (unadjusted) in active markets for identical assets, (2) Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument and (3) Level 3: inputs to the valuation methodology are unobservable for the asset or liability.

The fair values of fixed maturity securities and equity securities have been determined using fair value prices provided by our investment accounting services provider or investment managers, who utilize internationally recognized independent pricing services. The prices provided by the independent pricing services are generally based on observable market data in active markets (*e.g.* broker quotes and prices observed for comparable securities). Values for U.S. Treasury and publicly-traded equity securities are generally based on Level 1 inputs which use the market approach valuation technique. The values for all other fixed maturity securities (including state and municipal securities and obligations of U.S. government corporations and agencies) generally incorporate significant Level 2 inputs, and in some cases, Level 3 inputs, using the market approach and income approach valuation techniques.

The fair values of cash and cash equivalents, restricted cash equivalents (excluding those invested in funds with floating net asset values), and short-term investments approximate their carrying values due to their short-term maturity.

In the determination of the fair value for bank loan participations and certain high yield bonds, the Company endeavors to obtain data from multiple external pricing sources. External pricing sources may include brokers, dealers, and price data vendors that provide a composite price based on prices from multiple dealers. Such external pricing sources typically provide valuations for normal institutional size trading units of such securities using methods based on market transactions for comparable securities, and various relationships between securities, as generally recognized by institutional dealers. For investments in which the Company determines that only one external pricing source is appropriate or if only one external price is available, the investment is generally recorded based on such price.

Investments for which external sources are not available or are determined by an investment manager not to be representative of fair value are recorded at fair value as determined by the investment manager. In determining the fair value of such investments, the investment manager considers one or more of the following factors: type of security held, convertibility or exchangeability of the security, redeemability of the security (including the timing of redemptions), application of industry accepted valuation models, recent trading activity, liquidity, estimates of liquidation value, purchase cost and prices received for securities with similar terms of the same issuer or similar issuers. There were no bank loan participations for which external sources were unavailable to determine fair value at December 31, 2023 or 2022.

We review fair value prices provided by our outside investment accounting service provider or our investment managers for reasonableness by comparing the fair values provided to those provided by our investment custodian. We conduct corroborative price testing comparing prices utilized for each security to those from an alternate reputable pricing service. We also review and monitor changes in fair values and unrealized gains and losses. We obtain an understanding of the methods, models, and inputs used by our investment managers and independent pricing services, and controls are in place to validate that prices provided represent fair values. Our control process includes, but is not limited to, initial and ongoing evaluation of the methodologies used, a review of specific securities and an assessment for proper classification within the fair value hierarchy, and obtaining and reviewing internal control reports for our investment accounting services provider and investment managers that obtain fair values from independent pricing services.

Recent Accounting Pronouncements

No accounting standards were adopted during the year ended December 31, 2023 that had a material impact on our financial statements. There are no prospective accounting standards which are expected to have a material impact on our financial statements subsequent to December 31, 2023.

Recent Strategic Actions

James River Group Holdings, Ltd.

On November 10, 2023, the Company announced that its board of directors has initiated an exploration of strategic alternatives.

Sale of JRG Re

On November 8, 2023, the Company entered into a Stock Purchase Agreement (the “Stock Purchase Agreement”) with Fleming Intermediate Holdings LLC, a Cayman Islands limited liability company (the “Buyer”). Pursuant to the Stock Purchase Agreement, and on the terms and subject to the conditions therein, the Buyer agreed to purchase from the Company all of the common shares of JRG Re (the “Transaction”). JRG Re comprises the remaining operations of the former Casualty Reinsurance segment, and the Transaction, which is expected to close in the first quarter of 2024, will result in the Company’s disposition of its casualty reinsurance business and related assets.

Total consideration to the Company for the sale of JRG Re includes (A) $277 million (the “Purchase Price”), which is comprised of (i) $138 million payable by the Buyer to the Company on the closing date in cash, subject to final closing adjustments based on changes in JRG Re’s adjusted net worth between March 31, 2023 and the closing date, and (ii) a $139 million dividend or return of capital or surplus by JRG Re to the Company prior to the closing date, which dividend or return of capital or surplus is subject to the availability of unencumbered assets on the closing date, and (B) $2.5 million to be paid by the

Buyer to the Company in the event that certain conditions outlined in the Stock Purchase Agreement are met on the date that is nine months following the closing date. The Purchase Price is subject to adjustment based on changes in JRG Re’s adjusted net worth between March 31, 2023 and the closing date.

We have determined that the sale of JRG Re meets the criteria to be classified as held for sale and that the sale represents a strategic shift that will have a major effect on our operations. Accordingly, the results of JRG Re's operations have been presented as discontinued operations, and the assets and liabilities of JRG Re have been classified as held for sale and segregated for all periods presented in the Annual Report on Form 10-K.

In the fourth quarter of 2023, we recorded an estimated loss on sale of $80.4 million to write down the carrying value of JRG Re to its estimated fair value based upon the estimated sales price of the transaction less costs to sell and other adjustments in accordance with the Stock Purchase Agreement.

Actions to Reduce Workers' Compensation Book

In June 2023, the Company non-renewed its large California workers' compensation program in the Specialty Admitted Insurance segment. This action was taken due to persistent rate pressure and tighter reinsurance capacity. Gross written premiums for the program were $96.5 million, $110.9 million, and $124.1 million for the years ended December 31, 2023, 2022, and 2021, respectively.

On September 25, 2023, the Company announced that certain of its subsidiaries entered into an agreement to sell the renewal rights to the Individual Risk Workers’ Compensation (“IRWC”) business in the Specialty Admitted Insurance segment. The transaction includes the full operations of the business, including underwriting, loss control and claims, and transfer of the employees supporting the business. The transaction, which closed on September 29, 2023, was aligned with our strategy to focus our resources on core businesses where we have meaningful scale. Gross written premiums for IRWC were $45.5 million, $53.0 million, and $57.4 million for the years ended December 31, 2023, 2022, and 2021, respectively. Upon closing of the transaction, the Company recognized a $2.2 million gain on sale included in other income for the year ended December 31, 2023 representing the minimum guaranteed consideration to be received in the transaction. The Company also recognized an impairment charge of $2.5 million related to the trademark intangible asset associated with the IRWC business.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

The following table summarizes our results for the years ended December 31, 2023 and 2022:

	Year Ended December 31,		% Change
	2023	2022	
	($ in thousands)		
Gross written premiums	$ 1,508,660	$ 1,411,372	*6.9 %*
Net retention	46.0 %	47.1 %	
Net written premiums	$ 693,901	$ 665,446	*4.3 %*
Net earned premiums	$ 708,005	$ 629,734	*12.4 %*
Losses and loss adjustment expenses excluding retroactive reinsurance	(495,166)	(424,900)	*16.5 %*
Other operating expenses	(188,355)	(148,809)	*26.6 %*
Underwriting profit (1), (2)	24,484	56,025	*(56.3)%*
Losses and loss adjustment expenses - retroactive reinsurance	(4,991)	(15,742)	*(68.3)%*
Net investment income	84,046	43,188	*94.6 %*
Net realized and unrealized investment gains (losses)	10,441	(15,720)	—
Other income (expense)	424	(244)	—
Interest expense	(24,627)	(13,872)	*77.5 %*
Amortization of intangible assets	(363)	(363)	—
Impairment of intangible assets	(2,500)	—	—
Income from continuing operations before taxes	86,914	53,272	*63.2 %*
Income tax expense on continuing operations	25,705	18,414	*39.6 %*
Net income from continuing operations	61,209	34,858	*75.6 %*
Net loss from discontinued operations	(168,893)	(3,885)	—
Net (loss) income	(107,684)	30,973	—
Dividends on Series A Preferred Shares	(10,500)	(8,750)	*20.0 %*
Net (loss) income available to common shareholders	$ (118,184)	$ 22,223	—
Adjusted net operating income (1)	$ 50,317	$ 51,710	*(2.7)%*
Ratios:			
Loss ratio	69.9 %	67.5 %	
Expense ratio	26.6 %	23.6 %	
Combined ratio	96.5 %	91.1 %	
Accident year loss ratio	64.0 %	68.2 %	
Accident year loss ratio ex-cat (3)	64.0 %	67.4 %	

(1) Underwriting profit and adjusted net operating income are non-GAAP measures. See "Reconciliation of Non-GAAP Measures."

(2) Underwriting results include gross fee income of $24.2 million and $23.6 million for the years ended December 31, 2023 and 2022, respectively.

(3) Accident year loss ratio excluding $5.0 million of net catastrophe losses related to Hurricane Ian in the year ended December 31, 2022.

The Company produced net income from continuing operations of $61.2 million for the year ended December 31, 2023, an increase of 75.6% over the prior year. Adjusted net operating income was $50.3 million for the year ended December 31, 2023 compared to $51.7 million for the year ended December 31, 2022.

Underwriting profits were $24.5 million and $56.0 million (combined ratios of 96.5% and 91.1%) for the years ended December 31, 2023 and 2022, respectively. Underwriting results for the current year were negatively impacted by $16.4 million of reinstatement premium in the Excess and Surplus Lines segment. The reinstatement premium, triggered by claims on the 2020 and 2021 years of an excess of loss reinsurance treaty, reduced net written and net earned premiums, and underwriting profit. The reinstatement premium resulted in a 2.1 percentage point increase in our combined ratio for the current year.

Net earned premiums grew by $78.3 million or 12.4% reflecting growth in both operating segments. Net earned premiums for the Excess and Surplus Lines segment grew by $54.0 million or 9.7% driven primarily by growth in our larger underwriting divisions, in particular Excess Casualty, General Casualty, and Manufacturers and Contractors. Segment renewal rate increases continue to be strong and broad based across underwriting divisions (+10.0% over the prior year). Net earned premiums for the Specialty Admitted Insurance segment increased by $24.3 million or 32.8% due to higher retentions of individual risk workers compensation business following the termination of a quota share treaty effective January 1, 2023 and the growth in fronting with the mix of business and changes in reinsurance coverages contributing to higher retentions and higher earned premium.

Our loss ratio was 69.9% in the current year compared to 67.5% in the prior year. The impact of the reinstatement premium was a 1.5 percentage point increase in our loss ratio for the current year. Net reserve development on prior accident years was $31.6 million or 4.5 percentage points adverse for the year ended December 31, 2023 and included $32.6 million of net adverse development from the Excess and Surplus Lines segment, with adverse development in accident years 2020 and prior exceeding favorable development on accident years 2022 and 2021, and $972,000 of net favorable development from the Specialty Admitted Insurance segment. For the year ended December 31, 2022, net reserve development on prior accident years was $4.4 million or 0.7 percentage points favorable including $210,000 of net favorable reserve development from the Excess and Surplus Lines segment and $4.2 million of net favorable development from the Specialty Admitted Insurance segment. Current accident year losses for the year ended December 31, 2022 include $5.0 million or 0.8 percentage points of net catastrophe losses related to Hurricane Ian in our Excess Property book within the Excess and Surplus Lines segment.

Our expense ratio increased from 23.6% to 26.6% with the reinstatement premium impact on net earned premium in the current year contributing 0.6 percentage points of the increase. Other contributors include lower reinsurance cessions that resulted in lower ceding commissions in the aggregate and higher net commissions and higher general and administrative expenses due to higher compensation, bad debts, and taxes, licenses and fees.

Investment income grew by $40.9 million or 94.6% over the prior year primarily driven by higher yields on fixed maturities, bank loans, and cash equivalents. The higher yields reflect the rise in interest rates in the current year. Net realized and unrealized gains and losses on investments include the impact of market volatility in the respective periods on the fair values of equity securities and bank loan participations (see *Investing Results* below). Interest expense was $10.8 million higher in the current year largely driven by higher interest rates on our variable rate senior and trust preferred debt. The applicable rates on our debt reset periodically and are structured as SOFR plus a margin or spread. Our average rate of interest increased from 4.3% in the prior year to 7.5% in the current year.

As disclosed above, on September 29, 2023, the Company completed the sale of the renewal rights to the IRWC business in the Specialty Admitted Insurance segment. Upon closing of the transaction, the Company recognized a $2.2 million gain on sale included in other income in the current year representing the minimum guaranteed consideration to be received in the transaction. The Company also recognized an impairment charge of $2.5 million related to the trademark intangible asset associated with the IRWC business.

The Company entered into a definitive agreement on November 8, 2023 to sell JRG Re. The sale is expected to close in the first quarter of 2024 and discontinued operations includes the operating results of JRG Re for the respective periods as well as certain transaction-related expenses in the current year. The current year transaction-related expenses include $53.2 million of losses recognized on JRG Re's fixed maturity investments as the Company no longer has the intent or ability to hold securities in an unrealized loss position until a recovery of their fair value could occur, $1.4 million of professional services and other costs to sell, and an $80.4 million loss on the held-for sale classification of JRG Re's net assets adjusting them down to the anticipated closing price in the transaction. Excluding the transaction-related expenses, JRG Re's operating results were a loss of $33.9 million compared to a $3.9 million loss in the prior year. The operating results include net adverse development of $35.5 million on treaties not subject to the Casualty Re LPT for the year ended December 31, 2023 compared to $13.4 million of net adverse development in the prior year.

Adjusted net operating income decreased 2.7% from the prior year due to lower underwriting results and higher interest expense, partially offset by higher investment income. Tangible equity and tangible equity per share decreased by 3.1% and 4.2%, respectively, in the current year mainly due to the loss from discontinued operations, partially offset by the positive results from continuing operations and unrealized gains on fixed maturities in other comprehensive income. Our 9.6% adjusted net operating return on tangible equity for the year ended December 31, 2023 compares to a 10.0% return in the prior year.

Loss Portfolio Transfers and Impact of Retroactive Reinsurance

The Company has entered into two loss portfolio transfers, which are a form of reinsurance utilized by the Company to transfer losses and loss adjustment expenses and associated risk of adverse development on covered subject business, as defined in the respective agreements, to an assuming reinsurer in exchange for a reinsurance premium. Loss portfolio transfers can bring economic finality on the subject risks as long as any additional losses are within the limit of the loss portfolio transfer and the counterparty performs under the contract.

On September 27, 2021, James River Insurance Company and James River Casualty Company (together, “James River”) entered into a loss portfolio transfer transaction (the “Commercial Auto LPT”) with Aleka Insurance, Inc. (“Aleka”), a captive insurance company affiliate of Rasier LLC, to reinsure substantially all of the Excess and Surplus Lines segment’s legacy portfolio of commercial auto policies previously issued to Rasier LLC and its affiliates (collectively, “Rasier”) for which James River is not otherwise indemnified by Rasier. The reinsurance coverage is structured to be fully collateralized, is not subject to an aggregate limit, and is subject to certain exclusions.

On February 23, 2022, JRG Re entered into a loss portfolio transfer retrocession agreement (the “Casualty Re LPT”) with Fortitude Reinsurance Company Ltd. (“FRL”) under which FRL reinsures the majority of JRG Re's reserves. Under the terms of the transaction, which closed on March 31, 2022 (the “Retrocession Closing Date”), JRG Re (a) ceded to FRL all existing and future claims for losses arising under certain casualty reinsurance agreements with underlying insurance companies with treaty inception dates ranging from 2011 to 2020 (the “Subject Business”), in each case net of third-party reinsurance and other recoveries, up to an aggregate limit of $400.0 million; (b) continues to manage and retain the benefit of other third-party reinsurance on the Subject Business; (c) paid FRL a reinsurance premium of $335.0 million, $310.0 million of which JRG Re credited to a notional funds withheld account (the “Funds Withheld Account”) and $25.0 million of which was paid in cash to FRL; and (d) pays FRL a 2% per annum crediting rate on the Funds Withheld Account balance on a quarterly basis. The total premium, initial Funds Withheld Account credit, and aggregate limit was adjusted for claims paid from October 1, 2021 to the Retrocession Closing Date. JRG Re incurred $6.8 million of net adverse reserve development in the three months ended March 31, 2022 associated with the Casualty Re LPT. The Funds Withheld Account balance was $137.8 million and $213.6 million at December 31, 2023 and December 31, 2022, respectively. Funds Withheld Account crediting fees of $3.6 million and $3.7 million are included in the loss from discontinued operations in our Consolidated Statements of (Loss) Income and Comprehensive Loss for the years ended December 31, 2023 and 2022, respectively.

The Company periodically reevaluates the remaining reserves subject to the Commercial Auto LPT and the Casualty Re LPT. For the year ended December 31, 2023, due to adverse paid and reported loss trends on the business subject to the loss portfolio transfers, the Company recognized adverse prior year development of $117.3 million on the reserves subject to the Commercial Auto LPT ($64.4 million) and Casualty Re LPT ($52.9 million), resulting in corresponding additional amounts ceded under the respective loss portfolio transfers. For the year ended December 31, 2022, the Company recognized adverse prior year development of $46.7 million on the reserves subject to the Commercial Auto LPT and $6.1 million on the reserves subject to the Casualty Re LPT. Both loss portfolio transfers are in gain positions as the cumulative amounts ceded under the loss portfolio transfers exceed the consideration paid, requiring the application of retroactive reinsurance accounting.

Under retroactive reinsurance accounting, gains are deferred and recognized in earnings in proportion to actual paid recoveries under the loss portfolio transfers using the recovery method. Over the life of the contracts, we would expect no economic impact to the Company as long as any additional losses are within the limit of the loss portfolio transfer and the counterparty performs under the contract. In periods where the Company recognizes a change in the estimate of the reserves subject to the loss portfolio transfers that increases or decreases the amounts ceded under the loss portfolio transfers, the proportion of actual paid recoveries to total ceded losses is affected and the change in deferred gain is recognized in earnings as if the revised estimate of ceded losses was available at the effective date of the loss portfolio transfer. The effect of the deferred retroactive reinsurance benefit is recorded in losses and loss adjustment expenses on the Consolidated Statements of (Loss) Income and Comprehensive Loss.

Retroactive reinsurance benefits totaling $83.5 million including $59.4 million for the Commercial Auto LPT and $24.0 million for the Casualty Re LPT were recorded in losses and loss adjustment expenses for the year ended December 31, 2023 using the recovery method, resulting in a net impact of $33.8 million within our net losses and loss adjustment expenses for the year ended December 31, 2023. For the year ended December 31, 2022, retroactive reinsurance benefits of $31.0 million and $1.7 million were recorded in losses and loss adjustment expenses for the Commercial Auto LPT and Casualty Re LPT, respectively, resulting in a net impact of $20.1 million within our net losses and loss adjustment expenses. As of December 31, 2023, the cumulative amounts ceded under the loss portfolio transfers was $850.2 million ($456.2 million under the Commercial Auto LPT and $393.9 million under the Casualty Re LPT). The total deferred retroactive reinsurance gain of $53.9 million at December 31, 2023 under the loss portfolio transfers includes $20.7 million related to the Commercial Auto LPT separately presented on the Company's Consolidated Balance Sheets, and $33.2 million related to the Casualty Re LPT which is included within the assets held-for sale of JRG Re on the Company's Consolidated Balance Sheets. At December 31, 2023, the Company has $6.1 million of aggregate limit remaining under the Casualty Re LPT.

Premiums

Insurance premiums are earned ratably over the terms of our insurance policies, generally twelve months. The following table summarizes the change in premium volume by component and business segment:

	Year Ended December 31, 2023	2022	% Change
	($ in thousands)		
Gross written premiums:			
Excess and Surplus Lines	$ 1,007,351	$ 921,164	9.4 %
Specialty Admitted Insurance	501,309	490,208	2.3 %
	$ 1,508,660	$ 1,411,372	6.9 %
Net written premiums:			
Excess and Surplus Lines	$ 589,551	$ 589,056	0.1 %
Specialty Admitted Insurance	104,350	76,390	36.6 %
	$ 693,901	$ 665,446	4.3 %
Net earned premiums:			
Excess and Surplus Lines	$ 609,566	$ 555,597	9.7 %
Specialty Admitted Insurance	98,439	74,137	32.8 %
	$ 708,005	$ 629,734	12.4 %

Gross written premiums for the Excess and Surplus Lines segment (which represents 66.8% of our consolidated gross written premiums from continuing operations in 2023) increased 9.4% from the prior year. The growth was driven by our Core E&S lines, as we continue to de-emphasize commercial auto. Total policy submissions for Core E&S lines (excluding commercial auto) increased 10.3% from the prior year in 2023 largely due to a 10.9% increase in new business submissions as the segment focused on growing new business with smaller account sizes. Renewal rates for the Excess and Surplus Lines segment were up 10.0% compared to 2022. The change in gross written premiums was notable in several divisions as shown below:

	Year Ended December 31, 2023	2022	% Change
Excess Casualty	$ 339,870	$ 310,383	9.5 %
General Casualty	202,861	173,574	16.9 %
Manufacturers & Contractors	180,074	156,645	15.0 %
Excess Property	64,574	52,104	23.9 %
All other Core E&S divisions	190,593	190,484	0.1 %
Total Core E&S divisions	977,972	883,190	10.7 %
Commercial Auto	$ 29,379	$ 37,974	(22.6)%
Excess and Surplus Lines gross written premium	$ 1,007,351	$ 921,164	9.4 %

The components of gross written premiums for the Specialty Admitted Insurance segment (which represents 33.2% of our 2023 consolidated gross written premiums) are as follows:

	Year Ended December 31, 2023	2022	% Change
	($ in thousands)		
Fronting and program premium	$ 455,767	$ 437,221	4.2 %
Individual risk workers' compensation premium	45,542	52,987	(14.1)%
Specialty Admitted gross written premium	$ 501,309	$ 490,208	2.3 %

Our fronting written premium increased 4.2% over the prior year driven primarily by the continued expansion of existing fronting relationships. Our largest fronting relationship represented $163.1 million or 32.5% of segment gross written premium in 2023 compared to $120.9 million or 24.7% in 2022.

In June 2023, the Company non-renewed its large California workers' compensation program in the Specialty Admitted Insurance segment, which represented $96.5 million and $110.9 million of gross written premiums for the years ended December 31, 2023 and 2022, respectively. This action was taken due to persistent rate pressure and tighter reinsurance capacity. On September 29, 2023, the Company completed the sale of the renewal rights to the IRWC business in the Specialty Admitted Insurance segment. The transaction is aligned with our strategy to focus our resources on core businesses where we have meaningful scale.

Net Retention

The ratio of net written premiums to gross written premiums is referred to as our net premium retention. Our net premium retention by segment is as follows:

	Year Ended December 31,	
	2023	2022
Excess and Surplus Lines	58.5 %	63.9 %
Specialty Admitted Insurance	20.8 %	15.6 %
Total	46.0 %	47.1 %

The net premium retention for the Excess and Surplus Lines segment decreased in 2023 driven by $16.4 million of reinstatement premium, which reduced the 2023 net retention ratio by 1.7%, and the renewal of a quota share treaty, effective July 1, 2023, that increased premium cessions across all underwriting divisions other than Excess Casualty and resulted in lower retentions for the segment.

The net premium retention for the Specialty Admitted Insurance segment increased in 2023 primarily due to the termination of an individual risk workers' compensation quota share treaty effective January 1, 2023. The net retention on the workers' compensation business was 76.0% and 29.8% for the years ended December 31, 2023 and 2022, respectively. The net retention on the segment's fronting business, which reflects the mix of business and changes in reinsurance coverage as treaties renew, was 15.3% and 13.9% for the years ended December 31, 2023 and 2022, respectively.

Segment Results

The following table presents our combined ratios by segment:

	Year Ended December 31,	
	2023	2022
Excess and Surplus Lines	91.1 %	85.1 %
Specialty Admitted Insurance	95.9 %	94.3 %
Total	96.5 %	91.1 %

Excess and Surplus Lines Segment

Results for the Excess and Surplus Lines segment are as follows:

	Year Ended December 31,		
	2023	2022	% Change
	($ in thousands)		
Gross written premiums	$ 1,007,351	$ 921,164	*9.4 %*
Net written premiums	$ 589,551	$ 589,056	*0.1 %*
Net earned premiums	$ 609,566	$ 555,597	*9.7 %*
Losses and loss adjustment expenses	(420,044)	(366,352)	*14.7 %*
Underwriting expenses	(135,175)	(106,194)	*27.3 %*
Underwriting profit (1)	$ 54,347	$ 83,051	*(34.6)%*
Ratios:			
Loss ratio	68.9 %	65.9 %	
Expense ratio	22.2 %	19.2 %	
Combined ratio	91.1 %	85.1 %	
Accident year loss ratio	61.9 %	66.0 %	
Accident year loss ratio ex-cat *(2)*	61.9 %	65.1 %	

(1) Underwriting Profit is a non-GAAP Measure. See "Reconciliation of Non-GAAP Measures."

(2) Accident year loss ratio excluding $5.0 million of net catastrophe losses related to Hurricane Ian in the year ended December 31, 2022.

The Excess and Surplus Lines segment produced underwriting profits of $54.3 million and $83.1 million (combined ratios of 91.1% and 85.1%) for the years ended December 31, 2023 and 2022, respectively. Underwriting results for the year ended December 31, 2023 include $16.4 million of reinstatement premium. The reinstatement premium, triggered by claims on the 2020 and 2021 years of an excess of loss reinsurance treaty, reduced net written and net earned premiums, and underwriting profit for the current year. Segment underwriting ratios were also impacted by the reinstatement premium, attributing to a 2.4 percentage point increase in the segment combined ratio for the year ended December 31, 2023.

Excluding the reinstatement premium, net earned premiums increased by $70.4 million or 12.7% for the year ended December 31, 2023 due to growth in our larger underwriting divisions and broad based renewal rate increases of 10.0% compared to the prior year.

The loss ratio of 68.9% for the year ended December 31, 2023 includes $32.6 million or 5.3 percentage points of net adverse reserve development (excluding adverse prior year development on the legacy Rasier business and the impact of retroactive reinsurance - see *Commercial Auto Loss Portfolio Transfer* in *Strategic Actions*) in our loss estimates for prior accident years, with adverse development in accident years 2020 and prior exceeding favorable development on accident years 2022 and 2021. The $16.4 million of reinstatement premium, which reduced net earned premiums in 2023, resulted in a 1.8 percentage point increase in our loss ratio for the year ended December 31, 2023. The loss ratio of 65.9% for the year ended December 31, 2022 included $210,000 of net favorable reserve development in our loss estimates for prior accident years, including $9.1 million of net favorable development in Core E&S lines and $8.9 million of net adverse reserve development on our commercial auto business. The 2022 loss ratio includes 0.9 percentage points related to $5.0 million of catastrophe losses for Hurricane Ian in the prior year.

The higher current year expense ratio was partially due to the $16.4 million of reinstatement premium, which reduced net earned premiums and contributed 0.6 percentage points of the expense ratio increase relative to the prior year. The expense ratios also increased over the prior year due to the mix of business and reinsurance changes which resulted in higher net commissions expense, as well as higher compensation costs and bad debt expenses.

Specialty Admitted Insurance Segment

Results for the Specialty Admitted Insurance segment are as follows:

	Year Ended December 31,		
	2023	2022	% Change
	($ in thousands)		
Gross written premiums	$ 501,309	$ 490,208	*2.3 %*
Net written premiums	$ 104,350	$ 76,390	*36.6 %*
Net earned premiums	$ 98,439	$ 74,137	*32.8 %*
Losses and loss adjustment expenses	(75,122)	(58,548)	*28.3 %*
Underwriting expenses	(19,240)	(11,355)	*69.4 %*
Underwriting profit[(1), (2)]	$ 4,077	$ 4,234	*(3.7)%*
Ratios:			
Loss ratio	76.3 %	79.0 %	
Expense ratio	19.6 %	15.3 %	
Combined ratio	95.9 %	94.3 %	
Accident year loss ratio	77.3 %	84.6 %	

(1) Underwriting Profit is a non-GAAP Measure. See "Reconciliation of Non-GAAP Measures."

(2) Underwriting profit includes fee income of $24.2 million and $23.6 million for the years ended December 31, 2023 and 2022, respectively.

The Specialty Admitted Insurance segment generated underwriting profits of $4.1 million and $4.2 million (combined ratios of 95.9% and 94.3%) for the years ended December 31, 2023 and 2022, respectively. Net earned premiums increased by $24.3 million or 32.8% due to higher retentions of individual risk workers compensation business following the termination of a quota share treaty effective January 1, 2023 and the growth in fronting with the mix of business and changes in reinsurance coverages contributing to higher retentions and higher earned premium. The growth in fronting business produced a 2.5% increase in segment fee income.

The loss ratio improvement in the current year primarily reflects changes in the mix of business and improved loss trends which helped to produce a lower current accident year loss ratio, partially offset by lower net favorable development in our loss estimates for prior accident years. Net favorable development in our loss estimates for prior accident years was $972,000 and $4.2 million (1.0 and 5.6 percentage points) for the years ended December 31, 2023 and 2022, respectively. The favorable development in both 2023 and 2022 reflects the fact that actual loss emergence of the workers' compensation book for prior accident years has been better than expected.

The segment expense ratio increased over the prior year driven by higher net commission expense due to the January 1, 2023 termination of the individual risk workers' compensation quota share treaty as well as higher taxes, licenses, and fees in the current year due to adjustments to tax and assessment accruals in the prior year.

Corporate and Other Segment

Other operating expenses for the Corporate and Other segment include personnel costs associated with the Bermuda and U.S. holding companies, professional fees, and various other corporate expenses that were not reimbursed by our subsidiaries, including costs associated with our internal quota share, rating agencies and strategic initiatives. The expenses are included in our calculation of consolidated underwriting profit, and in our consolidated expense ratio and combined ratio.

Total operating expenses of the Corporate and Other segment were $33.9 million and $31.3 million for the years ended December 31, 2023 and 2022, respectively. The higher current year expenses as compared to the prior year were largely driven by higher compensation expenses due to the hiring of additional employees and included share-based compensation ($9.1 million and $8.1 million for the years ended December 31, 2023 and 2022, respectively), as well as higher audit fees.

Investing Results

Net investment income was $84.0 million for the year ended December 31, 2023 compared to $43.2 million in the prior year. The Company's private investments generated income of $5.0 million and $3.4 million for the years ended December 31, 2023 and 2022, respectively. Excluding private investments, our net investment income for the year ended December 31, 2023 increased 98.6% over the prior year principally due to higher yields on fixed maturities, bank loan participations, short-term investments, and cash and cash equivalents.

Major categories of the Company's net investment income are summarized as follows:

	Year Ended December 31,	
	2023	**2022**
	(in thousands)	
Fixed maturity securities	$ 49,793	$ 28,131
Bank loan participations	11,984	4,256
Equity securities	6,548	5,479
Other invested assets:		
Renewable energy investments	3,143	4,408
Other private investments	1,906	(1,000)
	5,049	3,408
Cash, cash equivalents, restricted cash equivalents, and short-term investments	13,703	4,170
Gross investment income	87,077	45,444
Investment expense	(3,031)	(2,256)
Net investment income	$ 84,046	$ 43,188

The following table summarizes our investment returns:

	Year Ended December 31,	
	2023	**2022**
Annualized gross investment yield on:		
Average cash and invested assets	4.6 %	2.8 %
Average fixed maturity securities	4.4 %	2.8 %

Of our total cash and invested assets of $1,980.1 million at December 31, 2023 (excluding restricted cash equivalents and cash and invested assets of JRG Re included in assets held for sale), $274.3 million represents the cash and cash equivalents portion of the portfolio. The majority of the portfolio, or $1,324.5 million, is comprised of fixed maturity securities that are classified as available-for-sale and carried at fair value with unrealized gains and losses on these securities reported, net of applicable taxes, as a separate component of accumulated comprehensive income or loss. The fair values of our fixed maturity securities were negatively impacted in 2022 by a heightened inflationary environment and rate actions of the Federal Reserve, which led to higher interest rates and lower fair values of our fixed maturity securities. Unrealized losses on fixed maturities recognized in other comprehensive (loss) income in 2022 resulted in a $193.0 million reduction in accumulated other comprehensive (loss) income in the year ended December 31, 2022. During 2023, the fair values of our fixed maturity securities recovered some of the unrealized losses with signs of inflation easing and optimism about future Federal Reserve interest rate cuts. The $99.3 million reduction in accumulated other comprehensive loss in the year ended December 31, 2023 reflects the increase in fair values of our fixed maturity securities as well as $53.2 million of losses recognized on JRG Re's fixed maturities. The Company entered into a definitive agreement on November 8, 2023 to sell JRG Re. The sale is expected to close in the first quarter of 2024 and the Company no longer has the intent or ability to hold securities in an unrealized loss position until a recovery of their fair value could occur.

Also included in our investments are $156.2 million of bank loan participations, $119.9 million of equity securities, $72.1 million of short-term investments, and $33.1 million of other invested assets.

Bank loan participations generally provide a higher yield than our portfolio of fixed maturity securities and are primarily senior, secured floating-rate debt rated “BB”, “B”, or “CCC” by Standard & Poor’s or an equivalent rating from another nationally recognized statistical rating organization, and are therefore below investment grade. Bank loans include assignments of and participations in performing and non-performing senior corporate debt generally acquired through primary bank syndications and in secondary markets. They consist of, but are not limited to, term loans, the funded and unfunded portions of revolving credit facilities, and similar loans and investments. Bank loan participations are measured at fair value pursuant to the Company's election of the fair value option, and changes in unrealized gains and losses in bank loan participations are reported in our income statement as net realized and unrealized gains (losses) on investments. At December 31, 2023 and 2022, the fair value of these securities was $156.2 million and $54.3 million, respectively.

The Company invests selectively in private debt and equity opportunities. These investments comprise the Company’s other invested assets and are primarily focused in renewable energy, limited partnerships, and notes receivable for structured private specialty credit. Equity interests in various renewable energy LLCs generated investment income of $2.9 million and $3.8 million for the years ended December 31, 2023 and 2022, respectively. The Company’s former Non-Executive Chairman has invested in certain of these LLCs. During the fourth quarter of 2022, the underlying projects in two of our LLCs were sold at the manager's discretion. We received proceeds of $3.6 million and $20.2 million from these sales during the years ended December 31, 2023 and 2022. We could receive additional contingent payments in the future according to terms of the transaction. The remaining investments had a carrying value of $8.4 million at December 31, 2023.

Investments in loans for renewable energy projects had investment income of $244,000 and $607,000 for the years ended December 31, 2023 and 2022, respectively. During 2023, the Company received principal repayments of $1.3 million on the notes receivable. These investments had a carrying value of $1.4 million at December 31, 2023. The Company owns investments in limited partnerships that invest in concentrated portfolios including publicly-traded small cap equities, loans of middle market private equity sponsored companies, private equity general partnership interests, commercial mortgage-backed securities, specialty private credit, and tranches of distressed home loans. Investment income from these partnerships was $1.6 million in 2023 compared to losses of $1.3 million in 2022. Together, these limited partnerships had a carrying value of $12.6 million at December 31, 2023. Income from the Company’s investments in renewable energy LLCs and limited partnerships is recognized under the equity method of accounting. At December 31, 2023, the Company held $10.8 million in two notes receivable for structured private credit. Previously, the Company held $4.5 million of subordinated notes issued by a bank holding company that matured on August 12, 2023. The Company’s former Non-Executive Chairman was previously the Lead Independent Director of the bank holding company and an investor in the bank holding company. Interest income from both notes was $340,000 and $343,000 for the years ended December 31, 2023 and 2022, respectively.

For the year ended December 31, 2023, the Company recognized net realized and unrealized investment gains of $10.4 million, including $339,000 of net realized investment losses on the sale of fixed maturity securities, $3.5 million of net realized investment losses on the sale of bank loans securities, $1.5 million of net realized investment gains on the sale of equity securities, $9.0 million of gains for the change in fair value of bank loans, and $3.7 million of gains for the change in fair value of equity securities.

For the year ended December 31, 2022, the Company recognized net realized and unrealized investment losses of $15.7 million, including $1.2 million of net realized investment gains on the sale of fixed maturity securities, $365,000 of net realized investment losses on the sale of bank loans, $563,000 of net realized investment gains on the sale of equity securities, $5.4

million of losses for the change in fair value of bank loans, and $11.7 million of losses for the change in fair value of equity securities.

In conjunction with its outside investment managers, the Company performs quarterly reviews of all securities within its investment portfolio to determine whether any impairment has occurred.

Management concluded that none of the fixed maturity securities with an unrealized loss at December 31, 2023 or 2022 experienced an other-than-temporary impairment. Management does not intend to sell available-for-sale securities in an unrealized loss position, and it is not “more likely than not” that the Company will be required to sell these securities before a recovery in their value to their amortized cost basis occurs.

At December 31, 2023, our available-for-sale fixed maturity securities had net unrealized losses of $80.7 million representing 5.7% of the amortized cost of the portfolio. Additionally, at December 31, 2023, 99.9% of our fixed maturity security portfolio was rated “BBB-” or better (“investment grade”) by Standard & Poor’s or had an equivalent rating from another nationally recognized statistical rating organization. The average duration of our invested assets and cash, excluding restricted cash, was 3.6 years at December 31, 2023.

The amortized cost and fair value of our available-for-sale fixed maturity securities were as follows:

	December 31, 2023			December 31, 2022		
	Cost or Amortized Cost	Fair Value	% of Total Fair Value	Cost or Amortized Cost	Fair Value	% of Total Fair Value
	($ in thousands)					
Fixed maturity securities, available-for-sale:						
State and municipal	$ 273,462	$ 248,837	*18.8 %*	$ 263,543	$ 229,254	*19.6 %*
Residential mortgage-backed	336,064	317,928	*24.0 %*	295,655	274,575	*23.4 %*
Corporate	530,408	505,728	*38.2 %*	457,043	420,045	*35.9 %*
Commercial mortgage and asset-backed	235,302	222,853	*16.8 %*	235,907	218,388	*18.6 %*
U.S. Treasury securities and obligations guaranteed by the U.S. government	29,900	29,130	*2.2 %*	30,219	29,041	*2.5 %*
Total fixed maturity securities, available-for-sale	$ 1,405,136	$ 1,324,476	*100.0 %*	$ 1,282,367	$ 1,171,303	*100.0 %*

The following table sets forth the composition of the Company’s portfolio of fixed maturity securities by rating as of December 31, 2023:

Standard & Poor’s or Equivalent Designation	Fair Value	% of Total
	($ in thousands)	
AAA	$ 290,646	21.9 %
AA	535,520	40.4 %
A	354,893	26.8 %
BBB	142,100	10.7 %
Below BBB and unrated	1,317	0.2 %
Total	$ 1,324,476	100.0 %

At December 31, 2023, our portfolio of available-for-sale fixed maturity securities contained corporate fixed maturity securities with a fair value of $505.7 million. A summary of these securities by industry segment is shown below as of December 31, 2023:

Industry	Fair Value	% of Total
	($ in thousands)	
Industrials and other	$ 95,602	18.9 %
Consumer Discretionary	55,300	10.9 %
Financial	183,527	36.3 %
Health Care	36,529	7.2 %
Consumer Staples	44,559	8.8 %
Utilities	90,211	17.9 %
Total	$ 505,728	100.0 %

Corporate available-for-sale fixed maturity securities include publicly traded securities and privately placed bonds as shown below as of December 31, 2023:

Public/Private	Fair Value	% of Total
	($ in thousands)	
Publicly traded	$ 458,146	90.6 %
Privately placed	47,582	9.4 %
Total	$ 505,728	100.0 %

The amortized cost and fair value of our available-for-sale investments in fixed maturity securities summarized by contractual maturity are as follows:

	December 31, 2023		
	Amortized Cost	Fair Value	% of Total Fair Value
	($ in thousands)		
Due in:			
One year or less	$ 42,123	$ 41,699	*3.1 %*
After one year through five years	349,510	341,971	*25.8 %*
After five years through ten years	265,836	243,960	*18.4 %*
After ten years	176,301	156,065	*11.9 %*
	833,770	783,695	*59.2 %*
Residential mortgage-backed	336,064	317,928	*24.0 %*
Commercial mortgage and asset-backed	235,302	222,853	*16.8 %*
Total	$ 1,405,136	$ 1,324,476	*100.0 %*

Other Income (Expense)

Other income and expense items netted to income of $424,000 and expense of $244,000 for the years ended December 31, 2023 and 2022, respectively. Included in 2023 are a $2.2 million gain on the sale of the renewal rights to the IRWC business in the Specialty Admitted Insurance segment, $1.3 million of broker incentive rebates in the Excess and Surplus Lines segment, and $693,000 of income related to interest income from trust preferred securities and distributions from a joint venture interest, partially offset by non-operating expenses of $3.8 million in the current year primarily consisting of legal fees related to a purported class action lawsuit and legal and other professional fees and other expenses related to various strategic initiatives including the sale of renewal rights to the IRWC business in the Specialty Admitted Insurance segment. For 2022, the expense of $244,000 included non-operating expenses of $797,000 primarily consisting of legal fees related to a purported class action lawsuit and $553,000 of income primarily related to interest income from trust preferred securities and distributions from a joint venture interest.

Interest Expense

Interest expense was $24.6 million and $13.9 million for the years ended December 31, 2023 and 2022, respectively. The increase reflects the impact of rising interest rates on our variable rate senior and trust preferred debt. See "—Liquidity and Capital Resources—Sources and Uses of Funds" for information regarding our senior debt facilities and trust preferred securities.

Amortization of Intangibles

The Company recorded $363,000 of amortization of intangibles in each of the years ended December 31, 2023 and 2022.

Goodwill and Impairment

We test goodwill and other intangible assets in each operating segment for impairment at least annually. The fair value of the reporting units is determined by weighting the results of a discounted cash flow analysis and a valuation derived from a market-based approach. Intangible assets are valued using various methodologies. The projection of future cash flows is dependent upon assumptions on the future levels of income as well as business trends, prospects and market and economic conditions.

We perform this assessment to determine whether there has been any impairment in the value of goodwill or intangible assets by comparing its fair value to the net carrying value of the reporting units. If the carrying value exceeds its estimated fair value, an impairment loss is recognized and the asset is written down accordingly.

On September 29, 2023, the Company completed the sale of the renewal rights to the IRWC business in the Specialty Admitted Insurance segment. Upon closing of the transaction, the Company recognized an impairment charge of $2.5 million related to the trademark intangible asset associated with the IRWC business.

The Company completed its impairment tests and fair value analysis for goodwill and other intangible assets during the fourth quarter of 2023 and 2022. No impairment was present for the years ended December 31, 2023 or 2022 except for the $2.5 million related to the trademark intangible asset as mentioned above.

Income Tax Expense

Our effective tax rate fluctuates from period to period based on the relative mix of income reported by country and the respective tax rates imposed by each tax jurisdiction. For the years ended December 31, 2023 and 2022, our effective tax rate was 29.6% and 34.6%, respectively. The Company does not receive a U.S. tax deduction for losses in Bermuda. Bermuda had losses in both years because of Bermuda holding company expenses. For U.S.-sourced income, the Company's U.S. federal income tax expense differs from the amounts computed by applying the federal statutory income tax rate to income before taxes due primarily to interest income on tax-advantaged state and municipal securities, dividends received income, and excess tax benefits and expenses on share based compensation.

The Company has a deferred tax asset of $16.6 million at December 31, 2023 associated with unrealized losses in the Company's available-for-sale fixed maturity securities portfolio. The unrealized losses are attributable to rising market interest rates and other economic factors rather than credit-related factors of the issuers. The Company does not intend to sell available-for-sale debt securities in an unrealized loss position, and it is not "more likely than not" that the Company will be required to sell these securities before a recovery in their fair value to their amortized cost basis occurs. The Company's hold to recovery assertion related to investments in an unrealized loss position is considered a tax planning strategy. Both the cash generated by the Company from operating activities and the unused capacity on the Company's unsecured revolving credit facilities reduce the likelihood of having to sell debt securities in an unrealized loss position. As a result, the Company has concluded that no valuation allowance is required for the deferred tax asset associated with unrealized losses on its investments at December 31, 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

For a discussion of our results for the year ended December 31, 2022 as compared to year ended December 31, 2021, please refer to our 2021 Form 10-K filed with the SEC on March 1, 2022.

Liquidity and Capital Resources

Sources and Uses of Funds

Our sources of funds consist primarily of premiums written, investment income, reinsurance recoveries, proceeds from sales and redemptions of investments, borrowings on our credit facilities, and the issuance of common shares and Series A Preferred Shares. We use operating cash flows primarily to pay operating expenses, losses and loss adjustment expenses, reinsurance premiums, and income taxes. Cash flow from operations may differ substantially from net income. The potential for a large claim under an insurance or reinsurance contract means that substantial and unpredictable payments may need to be made within relatively short periods of time.

The following table summarizes our total cash flows including both continuing and discontinued operations, consistent with the presentation in our Consolidated Statements of Cash Flows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Cash and cash equivalents provided by (used in):			
Operating activities (excluding restricted cash equivalents)	$ 118,719	$ 221,524	$ (155,631)
Investing activities	16,732	(328,154)	35,823
Financing activities	(21,115)	89,671	147,671
Change in cash and cash equivalents	114,336	(16,959)	27,863
Change in restricted cash equivalents (operating activities)	(30,766)	1,210	(757,915)
Change in cash, cash equivalents, and restricted cash equivalents	$ 83,570	$ (15,749)	$ (730,052)

Cash provided by operating activities excluding restricted cash equivalents of $118.7 million and $221.5 million for the years ended December 31, 2023 and 2022, respectively, was driven by the growth in our U.S. segments and the collection of premiums receivable at a quicker rate than payments of loss and loss adjustment expenses. The cash provided by operating activities declined in 2023 relative to the prior year due to the suspension of underwriting activities of JRG Re in 2023. Cash used in operating activities excluding restricted cash equivalents of $155.6 million for the year ended December 31, 2021 primarily reflects the outflow of funds to effect the Commercial Auto LPT in the third quarter of that year. Cash provided by (used in) operating activities from continuing operations excluding restricted cash equivalents was $234.6 million, $246.6 million, and $(134.4) million for the years ended December 31, 2023, 2022, and 2021, respectively, compared to cash used in operating activities of discontinued operations of $115.9 million, $25.1 million, and $21.2 million in the respective years. Because JRG Re is currently in run off, we believe that its sale, expected to be completed in the first quarter of 2024, will increase our future cash flows from operations relative to 2023. Proceeds from the sale of JRG Re will support additional growth in our U.S. continuing operations.

In 2023, cash provided by investing activities of $16.7 million was driven by the suspension of underwriting activities of JRG Re and the withdrawal of invested assets in that company to fund claims and operating expenses. Cash used in investing activities for 2022 of $328.2 million reflects our efforts to enhance the yield in our investment portfolio by investing available cash and cash equivalents into higher yielding investments. Cash provided by investing activities of $35.8 million for the year ended December 31, 2021 was primarily due to the investments sold and funds withdrawn from our investment portfolio to effect the Commercial Auto LPT in the third quarter of that year. Cash and cash equivalents (excluding restricted cash equivalents) comprised 13.9%, 7.3%, and 8.2% of total cash and invested assets at December 31, 2023, 2022, and 2021, respectively. Cash (used in) provided by investing activities from continuing operations was $(98.4) million, $(336.7) million, and $8.1 million for the years ended December 31, 2023, 2022, and 2021, respectively, compared to cash provided by investing activities of discontinued operations of $115.1 million, $8.5 million, and $27.7 million in the respective years. Because JRG Re is currently in run off, we believe that its sale, expected to be completed in the first quarter of 2024, will increase our future cash flows from operations relative to 2023 which will lead to higher amounts invested and more cash used in investing activities. Proceeds from the sale of JRG Re supporting additional growth in our U.S. continuing operations are expected to be invested and will increase the invested assets of our continuing operations.

Cash (used in) provided by financing activities above relate entirely to continuing operations for all years. Cash used in financing activities of $21.1 million for the year ended December 31, 2023 includes $7.7 million of dividends paid to common shareholders, $10.5 million of dividends paid on the Series A Preferred Shares, $1.1 million of paid issuance costs related to the amendment of the 2013 Facility in July, 2023, and $1.7 million of payroll taxes withheld and remitted on net settlement of RSUs. Cash provided by financing activities of $89.7 million for the year ended December 31, 2022 includes $144.9 million of net proceeds (after expenses) from the issuance and sale of 150,000 Series A Preferred Shares on March 1, 2022. The proceeds were used for general corporate purposes and to repay $40.0 million of loans outstanding on the 2017 Facility (as defined below) on March 28, 2022. Financing activities for the year ended December 31, 2022 also include $7.8 million of dividends paid to common shareholders, $6.1 million of dividends paid on the Series A Preferred Shares, and $1.3 million of payroll taxes withheld and remitted on net settlement of RSUs. Cash provided by financing activities of $147.7 million for the year ended December 31, 2021 includes $192.1 million of net proceeds (before expenses) from the May 10, 2021 public offering of common shares which was used for general corporate purposes, $43.2 million of dividends paid to common shareholders, $3.1 million of payroll taxes withheld and remitted on net settlement of RSUs, and $1.9 million of proceeds from the issuance of common shares resulting from share option exercises.

As permitted under the agreements establishing the Indemnity Trust and the LPT Trust, we have withdrawn collateral from the Indemnity Trust and the LPT Trust to fund the Loss Fund Trust as required under the Administrative Services Agreement.

Amounts on deposit in the Loss Fund Trust are included in restricted cash equivalents on the Company's consolidated balance sheet. See *Amounts Recoverable from an Indemnifying Party and Reinsurer on Legacy Commercial Auto Book* below.

Dividends

We are organized as a Bermuda holding company with our operations conducted by our wholly-owned subsidiaries. Accordingly, our holding company may receive cash through loans from banks, issuance of equity and debt securities, corporate service fees or dividends received from our subsidiaries and/or other transactions. Our U.S. holding company may receive cash in a similar manner and also through payments from our subsidiaries pursuant to our U.S. consolidated tax allocation agreement.

The payment of dividends by our subsidiaries to us is limited by statute. In general, the laws and regulations applicable to our domestic insurance subsidiaries limit the aggregate amount of dividends or other distributions that they may declare or pay within any 12-month period without advance regulatory approval. Generally, the limitations are based on the greater of statutory net income for the preceding year or 10.0% of statutory surplus at the end of the preceding year. In addition, insurance regulators have broad powers to prevent reduction of statutory surplus to inadequate levels and could refuse to permit the payment of dividends calculated under any applicable formula. See Item 1— “Regulation—U.S. Insurance Regulation—State Regulation” for additional information. The maximum amount of dividends available to the U.S. holding company from our U.S. insurance subsidiaries during 2023 without regulatory approval is $107.1 million.

The Bermuda Insurance Act of 1978 prohibits an insurer from declaring or paying a dividend if it is in breach of its minimum solvency margin, its enhanced capital requirement, or its minimum liquidity ratio, or if the declaration or payment of such dividend would cause such a breach. An insurer can declare or pay dividends without prior regulatory approval up to 25% of the total statutory capital and surplus (as shown on its previous financial year's statutory balance sheet). See Item 1- “Regulation- Bermuda Insurance Regulation- Restrictions on Dividends and Distributions” for additional information. Based on that calculation, the maximum amount of dividends available to us from JRG Re without regulatory approval in 2023 is calculated to be approximately $90.3 million. However, any dividend payment is contingent upon continued compliance with Bermuda regulatory requirements, including but not limited to the enhanced solvency requirement calculations.

Holders of the Series A Preferred Shares are entitled to a dividend at the initial rate of 7% of the $1,000 liquidation preference per share (the “Liquidation Preference”) per annum, paid in cash, in-kind in common shares or in Series A Preferred Shares, at our election. On the five-year anniversary of the Closing Date, and each five-year anniversary thereafter, the dividend rate will reset to a rate equal to the five-year U.S. treasury rate plus 5.2%. Dividends accrue and are payable quarterly. For the years ended December 31, 2023 and 2022, cash dividends of $10.5 million and $8.8 million were declared, respectively, of which $2.6 million was payable at December 31 of both years.

At December 31, 2023, our Bermuda holding company had $2.0 million of cash and cash equivalent assets. Our U.S. holding company had $15.2 million of cash and invested assets at December 31, 2023, comprised of cash and cash equivalents of $13.8 million and other invested assets of $1.4 million, which are not subject to regulatory restrictions. Additionally, our U.K. intermediate holding company had no invested assets and cash of less than $10,000 at December 31, 2023.

Credit Agreements

The Company has a $315.0 million senior revolving credit facility (as amended or amended and restated, the “2013 Facility”). The 2013 Facility is comprised of the following at December 31, 2023:

- A $102.5 million secured revolving facility utilized by JRG Re to issue letters of credit for the benefit of third-party reinsureds. This portion of our credit facility is secured by our investment securities. At December 31, 2023, the Company had $42.7 million of letters of credit issued under the secured facility.
- A $212.5 million unsecured revolving facility to meet the working capital needs of the Company. All unpaid principal on the revolver is due at maturity. Interest accrues quarterly and is payable in arrears, currently at 1-month SOFR (the Company, per the terms of the credit agreement, can elect between one, three, or six month interest periods) plus a 0.1% SOFR index adjustment and a SOFR margin which is currently 1.75% and is subject to change according to terms in the credit agreement. At December 31, 2023 and 2022, the Company had a drawn balance of $185.8 million outstanding on the unsecured revolver.

The 2013 Facility has been amended from time to time since its inception in 2013.

On July 7, 2023, the Company entered into a Third Amended and Restated Credit Agreement for its $315.0 million senior revolving credit facility which, among other things, extended the maturity date of such facility until July 7, 2026 and increased the applicable interest rate and letter of credit fees.

The 2013 Facility contains certain financial and other covenants (including minimum net worth, maximum ratio of total adjusted debt outstanding to total capitalization, and financial strength ratings) with which the Company was in compliance at

December 31, 2023, with the exception of a default of the financial strength rating covenant due to the downgrade of JRG Re by A.M. Best on December 20, 2023 from “A-” (Excellent) to “B++” (good). The financial strength rating covenant requires that each of our regulated insurance subsidiaries maintain an A.M. Best rating not lower than “A-” (Excellent). Our lenders have waived this default through March 1, 2025, and in any event, we expect it to be cured upon the closing of the sale of JRG Re, at which time we expect JRG Re to be removed as a borrower under the 2013 Facility.

On August 2, 2017, the Company, and its wholly-owned subsidiary, JRG Re, together as borrowers, entered into a credit agreement (the "2017 Facility") that provides the Company with a revolving line of credit of up to $100.0 million, which may be used for loans and letters of credit made or issued, at the borrowers' option, on a secured or unsecured basis. Obligations under the 2017 Facility carry a variable rate of interest subject to terms in the credit agreement and will mature 30 days after notice of termination from the lender. The 2017 Facility contains certain financial and other covenants with which we are in compliance at December 31, 2023, with the exception of a default of the financial strength rating covenant due to the downgrade of JRG Re by A.M. Best on December 20, 2023 from “A-” (Excellent) to “B++” (good). The financial strength rating covenant requires that each of our regulated insurance subsidiaries maintain an A.M. Best rating not lower than “A-” (Excellent). Our lenders have waived this default through March 1, 2025, and in any event, we expect it to be cured upon the closing of the sale of JRG Re, at which time we expect JRG Re to be removed as a borrower under the 2017 Facility. The loans and letters of credit made or issued under the revolving line of credit of the 2017 Facility may be used to finance the borrowers' general corporate purposes. The 2017 Facility has been amended from time to time since its inception in 2017, including on November 8, 2019 when the Company entered into a First Amendment to Credit Agreement which, among other things, lowered the applicable interest rate and modified certain negative covenants to be less restrictive. Interest accrues and is payable in arrears at variable rates which are subject to change according to terms in the credit agreement. At December 31, 2023, unsecured loans of $21.5 million and secured letters of credit totaling $25.5 million were outstanding on the 2017 Facility. During the three months ended March 31, 2022, the Company repaid $40.0 million of loans that were outstanding under the 2017 Facility.

The Company expects to have reduced borrowing needs following the expected disposition of JRG Re (See “Recent Strategic Actions—Sale of JRG Re” above), and therefore expects to reduce the size of its 2013 Facility and its 2017 Facility in connection with the removal of JRG Re as a borrower thereunder as referenced above.

On May 26, 2004, we issued $15.0 million of senior debt due April 29, 2034. The senior debt is not redeemable by the holder or subject to sinking fund requirements. Interest accrues quarterly and is payable in arrears at a floating rate per annum equal to the 3-month SOFR and 3.85% margin plus a spread adjustment of 0.26%. This senior debt is redeemable at par prior to its stated maturity at our option in whole or in part. The terms of the senior debt contain certain covenants, with which we are in compliance at December 31, 2023, and which, among other things, restrict our ability to assume senior indebtedness secured by our U.S. holding company's common stock or its subsidiaries' capital stock or to issue shares of its subsidiaries' capital stock.

From May 2004 through January 2008, we sold trust preferred securities through five Delaware statutory trusts sponsored and wholly-owned by the Company or its subsidiaries. Each trust used the net proceeds from the sale of its trust preferred securities to purchase our floating-rate junior subordinated debt.

The following table summarizes the nature and terms of the junior subordinated debt and trust preferred securities outstanding at December 31, 2023 (including the Company’s repurchase of a portion of these trust preferred securities):

	James River Capital Trust I	**James River Capital Trust II**	**James River Capital Trust III**	**James River Capital Trust IV**	**Franklin Holdings II (Bermuda) Capital Trust I**
			($ in thousands)		
Issue date	May 26, 2004	December 15, 2004	June 15, 2006	December 11, 2007	January 10, 2008
Principal amount of trust preferred securities	$7,000	$15,000	$20,000	$54,000	$30,000
Principal amount of junior subordinated debt	$7,217	$15,464	$20,619	$55,670	$30,928
Carrying amount of junior subordinated debt net of repurchases	$7,217	$15,464	$20,619	$44,827	$15,928
Maturity date of junior subordinated debt, unless accelerated earlier	May 24, 2034	December 15, 2034	June 15, 2036	December 15, 2037	March 15, 2038
Trust common stock	$217	$464	$619	$1,670	$928
Interest rate, per annum	Three-Month SOFR plus 4.3%	Three-Month SOFR plus 3.7%	Three-Month SOFR plus 3.3%	Three-Month SOFR plus 3.4%	Three-Month SOFR plus 4.3%

All of the junior subordinated debt is currently redeemable at 100.0% of the unpaid principal amount at our option.

The junior subordinated debt contains certain covenants with which we are in compliance as of December 31, 2023.

At December 31, 2023 and December 31, 2022, the Company's leverage ratio was 26.0% and 22.9%, respectively. The leverage ratio is defined in our senior credit agreements as the ratio of adjusted consolidated debt to total capital. Adjusted consolidated debt treats trust preferred securities as equity capital up to 15% of total capital. Total capital is defined as total debt plus tangible equity excluding accumulated other comprehensive income. The maximum leverage ratio permitted by the agreements is 35.0%.

Ceded Reinsurance

Our insurance segments enter into reinsurance contracts to limit our exposure to potential losses arising from large risks, to protect against the aggregation of several risks in a common loss occurrence, and to provide additional capacity for growth. Our reinsurance is contracted under excess of loss and proportional quota share reinsurance contracts. In excess of loss reinsurance, the reinsurer agrees to assume all or a portion of the ceding company's losses in excess of a specified amount. The premiums payable to the reinsurer are negotiated by the parties based on their assessment of the amount of risk being ceded to the reinsurer because the reinsurer does not share proportionately in the ceding company's losses. In proportional quota share reinsurance, the reinsurer agrees to assume a specified percentage of the ceding company's losses arising out of a defined class of business in exchange for a corresponding percentage of premiums. The Company also utilizes facultative reinsurance to reduce the amount of exposure it retains on individual accounts according to its guidelines for accepting risk across various industry segments, locations and types of exposure. For the years ended December 31, 2023, 2022, and 2021 our net premium retention was 46.0%, 47.1% and 44.2%, respectively.

The following is a summary of our Excess and Surplus Lines segment's ceded reinsurance in place as of December 31, 2023:

Line of Business	Company Retention
Casualty	
Specialty Casualty	Up to $3.2 million per occurrence.(1)
Primary Casualty	Up to $1.38 million per occurrence.(2)
Excess Casualty	Up to $1.98 million per occurrence.
Property	
Excess Property	Up to $5.0 million per risk.(3)

(1) Excluding Excess Casualty.
(2) Total exposure to any one claim is generally $690,000.
(3) The property catastrophe reinsurance treaty has a limit of $20.0 million per event with one reinstatement.

We use catastrophe modeling software to analyze the risk of severe losses from hurricanes and earthquakes on our exposure. We utilize the model in our risk selection, pricing, and to manage our overall portfolio probable maximum loss ("PML") accumulations. A PML is an estimate of the amount we would expect to pay in any one catastrophe event within a given annual probability of occurrence (i.e. a return period or loss exceedance probability).

In our Excess and Surplus Lines segment, we write a small book of excess property insurance, but we do not write primary property insurance. The Excess and Surplus Lines segment has a specific proportional quota share treaty in effect to cover property risks. The proportional quota share treaty along with facultative reinsurance helps ensure that our net retained limit per risk will be $5.0 million or less.

Also in our Excess and Surplus Lines segment, a specialty casualty treaty providing $9.0 million in excess of $2.0 million coverage is subject to reinstatement premiums for treaty years spanning July 1, 2017 through July 1, 2022.

Based upon the modeling of our Excess and Surplus Lines and Specialty Admitted segments, it would take an event greater than the 1 in 1,000 year PML to exhaust our $20.0 million property catastrophe reinsurance. In the event of a catastrophe loss exhausting our $20.0 million property catastrophe reinsurance, we estimate our pre-tax cost would not exceed 2.5% of shareholders' equity, including reinstatement premiums and net retentions. In addition to this retention, we would retain any losses in excess of our reinsurance coverage limits.

The Commercial Auto LPT with Aleka reinsures substantially all of the Excess and Surplus Lines segment's legacy portfolio of commercial auto policies previously issued to Rasier. See "*Amounts Recoverable from an Indemnifying Party and Reinsurer on the Legacy Commercial Auto Book*" below for further information on this reinsurance agreement.

The following is a summary of our Specialty Admitted Insurance segment's ceded reinsurance in place as of December 31, 2023:

Line of Business	Coverage
Casualty	
Workers' Compensation	Excess of loss coverage for $29.5 million in excess of $500,000.
Auto Programs	Quota share coverage for 50%-90% of limits up to $1.5 million liability and $7.5 million physical damage per occurrence.
General Liability & Professional Liability – Programs	Quota share coverage for 61.3%-100% of limits up to $2.0 million per occurrence.
Umbrella and Excess Casualty - Programs	Quota share coverage for at least 85% of limits up to $10.0 million per occurrence, and 82% of excess of loss coverage for $5.0 million in excess of $10.0 million.
Property	
Property within Package - Programs	Quota share coverage for 100% of limits up to $40.0 million per risk.
Excess Property	Quota share coverage for 100% of limits up to $58.9 million per occurrence.
Aviation Programs	Quota share coverage for 80% of limits up to $25 million liability, $5.0 million hull, and $5.0 million spares per occurrence, each aircraft; and excess of loss coverage for up to $8.7M excess of $300,000 of our 20% share of the quota share each occurrence.

Our Specialty Admitted Insurance segment purchases reinsurance for at least 50% of the exposed limits on specialty admitted property-casualty business. The segment enters into reinsurance contracts for the individual risk workers' compensation business as well as fronting and program business. While the segment focuses on casualty business, incidental property risk is incurred in the fronting and program business. The segment is covered for $20.0 million in excess of $5.0 million per occurrence to manage its property exposure to an approximate 1 in 1,000 year PML.

In the aggregate, we believe our pre-tax group-wide PML from a 1 in 1,000 year property catastrophe event would not exceed 2.5% of shareholders' equity, inclusive of reinstatement premiums payable.

On February 23, 2022, JRG Re entered into the Casualty Re LPT with FRL to reinsure the majority of the segment risk, which closed on March 31, 2022. Under the terms of the transaction, JRG Re (a) ceded to FRL all existing and future claims for losses arising under certain casualty reinsurance agreements with underlying insurance companies with treaty inception dates ranging from 2011 to 2020 (the "Subject Business"), in each case net of third-party reinsurance and other recoveries, up to an aggregate limit of $400.0 million; (b) continues to manage and retain the benefit of other third-party reinsurance on the Subject Business; (c) paid FRL a reinsurance premium of $335.0 million, $310.0 million of which JRG Re credited to a notional funds withheld account (the "Funds Withheld Account") and $25.0 million of which was paid in cash to FRL.

We also had a contingency clash reinsurance treaty to cover both the Excess and Surplus Lines and Specialty Admitted Insurance segments in the event of a claim incident involving more than one of our insureds in addition to Extra Contractual and Excess Policy Limits protection. The treaty covered $10.0 million in excess of a $2.0 million retention for loss occurrences within the treaty term. This coverage was put into runoff effective July 1, 2022.

Effective January 1, 2020, we purchased an additional $10.0 million in claims made coverage for excess policy limits and extra contractual obligations exposures above the clash and contingency treaty for the period 2014 to present. This treaty had one reinstatement and expired on December 31, 2022.

The Company's insurance segments remain liable to policyholders if its reinsurers are unable to meet their contractual obligations under applicable reinsurance agreements. We establish an allowance for credit losses for our current estimate of uncollectible reinsurance recoverables. At December 31, 2023, the allowance for credit losses on reinsurance recoverables was $660,000. To minimize exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk. The Company generally seeks to purchase reinsurance from reinsurers with A.M. Best financial strength ratings of "A-" (Excellent) or better. The Company's reinsurance contracts generally require reinsurers that are not authorized as reinsurers under U.S. state insurance regulations or that experience rating downgrades from rating agencies below specified levels to fund their share of the Company's ceded outstanding losses and loss adjustment expense reserves, typically through the use of irrevocable and unconditional letters of credit. In fronting arrangements, which the Company conducts through its Specialty Admitted Insurance segment, we are subject to credit risk with regard to insurance companies who act as reinsurers for us in such arrangements. We require collateral, in the form of a trust arrangement or letter of credit, to secure the obligations of the insurance entity for whom we are fronting.

At December 31, 2023, we had reinsurance recoverables on unpaid losses of $1,358.5 million (net of a $660,000 allowance for credit losses) and reinsurance recoverables on paid losses of $158.0 million, and all material recoverable amounts were from companies with A.M. Best ratings of “A" (Excellent) or better, or are collateralized by the reinsurer for our benefit through letters of credit or funds on deposit in trust accounts.

The following table sets forth our most significant reinsurers by amount of reinsurance recoverables and the amount of reinsurance recoverables pertaining to each such reinsurer as well as its A.M. Best rating as of December 31, 2023:

Reinsurer	Reinsurance Recoverable as of December 31, 2023	A.M. Best Rating December 31, 2023
	(in thousands)	
Swiss Reinsurance America Corporation	$ 366,107	A+
Berkley Insurance Company	162,120	A+
Aleka Insurance Company (Commercial Auto LPT)	78,065	Unrated(1)
Hannover Ruck SE	57,280	A+
Endurance Assurance Corporation	51,850	A+
American European Insurance Company	41,429	B(2)
Munich Reinsurance America	37,024	A+
Safety National Casualty	32,919	A++
Aspen Insurance	29,397	A
Motors Insurance	29,395	A
Top 10 Total	885,586	
Other	472,888	
Total	$ 1,358,474	

(1) This reinsurer is unrated. All material reinsurance amounts from this reinsurer are collateralized.

(2) This reinsurer is below A-. All material reinsurance recoverable amounts from this reinsurer are collateralized.

Amounts Recoverable from an Indemnifying Party and Reinsurer on Legacy Commercial Auto Book

James River previously issued a set of commercial auto insurance contracts to Rasier (the “Rasier Commercial Auto Policies”) under which James River pays losses and loss adjustment expenses on the contracts. James River has indemnity agreements with Rasier (non-insurance entities) (collectively, the “Indemnity Agreements”) and is contractually entitled to reimbursement for the portion of the losses and loss adjustment expenses paid on behalf of Rasier under the Rasier Commercial Auto Policies and other expenses incurred by James River. On September 27, 2021, James River entered into a loss portfolio transfer reinsurance agreement (the “Commercial Auto LPT”) with Aleka to reinsure substantially all of the Rasier Commercial Auto Policies for which James River is not otherwise indemnified by Rasier under the Indemnity Agreements. Under the terms of the Commercial Auto LPT, effective as of July 1, 2021, James River ceded to Aleka approximately $345.1 million of commercial auto liabilities relating to Rasier Commercial Auto Policies written in the years 2013-2019, which amount constituted the reinsurance premium. For the years ended December 31, 2023 and 2022, due to adverse paid and reported loss trends on the legacy Rasier business, the Company recognized adverse prior year development of $64.4 million and $46.7 million, respectively, on the reserves subject to the Commercial Auto LPT, bringing the cumulative amount ceded under the Commercial Auto LPT to $456.2 million at December 31, 2023.

Each of Rasier and Aleka are required to post collateral under the Indemnity Agreements and the Commercial Auto LPT:

- Pursuant to the Indemnity Agreements, Rasier is required to post collateral equal to 102% of James River's estimate of the amounts that are recoverable or may be recoverable under the indemnity agreements, including, among other things, case loss and loss adjustment expense reserves, IBNR loss and loss adjustment expense reserves, extra contractual obligations and excess policy limits liabilities. The collateral is provided through a collateral trust arrangement (the “Indemnity Trust”) in favor of James River by Aleka. In connection with the execution of the Commercial Auto LPT, James River returned $691.3 million to the Indemnity Trust, representing the remaining balance of the amount withdrawn in October 2019, as was permitted under the indemnification agreements with Rasier and the associated trust agreement. At December 31, 2023, the balance in the Indemnity Trust was $138.4 million, and, together with the balance of the Loss Fund Trust (as defined below) attributable to the Indemnity Agreements as described below, the total balance of collateral securing Rasier’s obligations under the Indemnity Agreements was $183.6 million.

- Pursuant to the Commercial Auto LPT, Aleka is required to post collateral equal to 102% of James River's estimate of Aleka's obligations under the Commercial Auto LPT, calculated in accordance with standard actuarial principles and based on reserves recorded in our statutory financial statements. The collateral is provided through a collateral trust arrangement (the “LPT Trust”) established in favor of James River by Aleka. At December 31, 2023, the balance in the LPT Trust was $63.7 million, and, together with the balance of the Loss Fund Trust (as defined below) attributable to the Commercial Auto LPT as described below, the total balance of collateral securing Aleka’s obligations under the Commercial Auto LPT was $83.8 million. At December 31, 2023, the total reinsurance recoverables under the Commercial Auto LPT was $84.5 million (including $78.1 million of unpaid recoverables and $6.4 million of paid recoverables).

In connection with the execution of the Commercial Auto LPT, James River and Aleka entered into an administrative services agreement (the “Administrative Services Agreement”) with a third party claims administrator (the “Administrator”) pursuant to which the Administrator handles the claims on the Rasier Commercial Auto Policies for the remaining life of those claims. The claims paid by the Administrator are reimbursable by James River, and pursuant to the Administrative Services Agreement, James River established the Loss Fund Trust account for the benefit of the Administrator (the “Loss Fund Trust”) to collateralize its claims payment reimbursement obligations. James River funds the Loss Fund Trust using funds withdrawn from the Indemnity Trust, funds withdrawn from the LPT Trust, and its own funds, in each case in an amount equal to the pro rata portion of the required Loss Fund Trust balance attributable to the Indemnity Agreements, the Commercial Auto LPT and James River’s existing third party reinsurance agreements, respectively. At December 31, 2023, the balance in the Loss Fund Trust was $72.4 million, including $45.2 million representing collateral supporting Rasier’s obligations under the Indemnity Agreements and $20.0 million representing collateral supporting Aleka’s obligations under the Commercial Auto LPT. Funds posted to the Loss Fund Trust are classified as restricted cash equivalents on the Company's balance sheet.

While the Commercial Auto LPT brings economic finality to substantially all of the Rasier Commercial Auto Policies, the Company has credit exposure to Rasier and Aleka under the Indemnity Agreements and the Commercial Auto LPT if the estimated losses and expenses of the Rasier Commercial Auto Policies grow at a faster pace than the growth in our collateral balances. In addition, we have credit exposure if our estimates of future losses and loss adjustment expenses and other amounts recoverable under the Indemnity Agreements and the Commercial Auto LPT, which are the basis for establishing the collateral balances, are lower than actual amounts paid or payable. The amount of our credit exposure in any of these instances could be material. To mitigate these risks, we closely and frequently monitor our exposure compared to our collateral held, and we request additional collateral in accordance with the terms of the Commercial Auto LPT and Indemnity Agreements when our analysis indicates that we have uncollateralized exposure.

Ratings

The A.M. Best financial strength rating for our group’s regulated U.S. insurance subsidiaries is “A-” (Excellent) with a negative outlook. This rating reflects A.M. Best’s opinion of our U.S. insurance subsidiaries’ financial strength, operating performance and ability to meet obligations to policyholders and is not an evaluation directed towards the protection of investors. The rating for our U.S. operating insurance companies of “A-” (Excellent) is the fourth highest rating of the thirteen ratings issued by A.M. Best and is assigned to insurers that have, in A.M. Best’s opinion, an excellent ability to meet their ongoing obligations to policyholders. On December 20, 2023, A.M. Best announced that it reduced the outlook on our regulated U.S. insurance subsidiaries to negative from stable on the “A-” (Excellent) financial strength rating on such entities following our announcements in November 2023 that we identified a material weakness in our internal control over financial reporting, that we entered into an agreement to sell JRG Re and our announcement that James River Group's board of directors will explore strategic business alternatives. We have since received all required regulatory approvals for the sale of JRG Re and have remediated the material weakness in our internal control over financial reporting.

The financial strength ratings assigned by A.M. Best have an impact on the ability of our regulated U.S. subsidiaries to attract and retain agents and brokers and on the risk profiles of the submissions for insurance that our subsidiaries receive. We believe the “A-” (Excellent) ratings assigned to our U.S. insurance subsidiaries allow our subsidiaries to actively pursue relationships with the agents and brokers identified in their marketing plans.

Series A Preferred Shares

The Company closed on the issuance and sale of 150,000 Series A Preferred Shares on March 1, 2022 for an aggregate purchase price of $150.0 million, or $1,000 per share, in a private placement. The Series A Preferred Shares are convertible into the Company’s common shares at the option of the holder at any time, or at the Company’s option under certain circumstances. Dividends on the Series A Preferred Shares accrue quarterly at the initial rate of 7% of the Liquidation Preference per annum, which may be paid in cash, in-kind in common shares or in Series A Preferred Shares, at the Company’s election.

Equity

The Company issued 171,326 common shares in the twelve months ended December 31, 2023 related to vesting of restricted share units ("RSUs"), increasing the total common shares outstanding from 37,470,237 at December 31, 2022 to 37,641,563 at December 31, 2023.

Share Based Compensation Expense

For the years ended December 31, 2023, 2022, and 2021, the Company recognized $9.1 million, $8.1 million and $6.7 million, respectively, of share based compensation expense. As of December 31, 2023, the Company had $10.2 million of unrecognized share based compensation expense expected to be charged to earnings over a weighted-average period of 1.7 years.

Equity Incentive Plans

Options

The following table summarizes the option activity:

	Year Ended December 31,					
	2023		2022		2021	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding:						
Beginning of year	287,974	$ 35.26	287,974	$ 35.26	463,324	$ 32.25
Granted	—	$ —	—	$ —	—	$ —
Exercised	—	$ —	—	$ —	(126,798)	$ 22.26
Lapsed	(164,548)	$ 32.07	—	$ —	—	$ —
Forfeited	(49,036)	$ 35.50	—	$ —	(48,552)	$ 40.42
End of year	74,390	$ 42.17	287,974	$ 35.26	287,974	$ 35.26
Exercisable, end of year	74,390	$ 42.17	287,974	$ 35.26	287,974	$ 35.26

All of the outstanding options vested over three years and have a contractual life of seven years from the original date of grant.

RSUs

The following table summarizes the RSU activity:

	Year Ended December 31,					
	2023		2022		2021	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Unvested, beginning of year	665,458	$ 25.98	292,135	$ 45.89	399,856	$ 43.59
Granted	388,517	$ 24.13	560,680	$ 20.61	161,971	$ 47.82
Vested	(250,793)	$ 30.99	(147,530)	$ 45.16	(194,157)	$ 42.74
Forfeited	(51,928)	$ 24.08	(39,827)	$ 25.41	(75,535)	$ 45.98
Unvested, end of year	751,254	$ 23.48	665,458	$ 25.98	292,135	$ 45.89

Outstanding RSUs granted to employees generally vest ratably over a three year vesting period. RSUs granted to non-employee directors have a one year vesting period.

Material Cash Requirements

We believe the cash generating capability of our operations, together with our revolving credit facilities, and ability to raise capital through future equity offerings, will be adequate to meet our short and long-term cash requirements and provide the financial strength necessary to support our business growth.

The following table illustrates our material cash requirements by due date as of December 31, 2023:

	Payments Due by Period				
	Total	2024	2025-2026	2027-2028	Thereafter
	(in thousands)				
Reserve for losses and loss adjustment expenses	$ 2,606,107	$ 793,592	$ 1,182,083	$ 432,104	$ 198,328
Long-term debt:					
Senior debt	222,300	—	185,800	—	36,500
Junior subordinated debt	104,055	—	—	—	104,055
Operating lease obligations	8,674	3,102	4,116	1,298	158
Interest on debt obligations	175,700	25,955	44,475	21,719	83,551
Total	$ 3,116,836	$ 822,649	$ 1,416,474	$ 455,121	$ 422,592

The reserve for losses and loss adjustment expenses represent management's estimate of the ultimate cost of settling losses. As more fully discussed in "—Critical Accounting Policies—Reserves for Losses and Loss Adjustment Expenses" above, the estimation of losses is based on various complex and subjective judgments. Actual losses paid may differ, perhaps significantly, from the reserve estimates reflected in our consolidated financial statements. Similarly, the timing of payment of our estimated losses is not fixed and there may be significant changes in actual payment activity. The assumptions used in estimating the likely payments due by period are based on our historical claims payment experience and industry payment patterns, but due to the inherent uncertainty in the process of estimating the timing of such payments, there is a risk that the amounts paid in any such period can be significantly different from the amounts disclosed above.

The amounts in the above table represent our gross estimates of known liabilities as of December 31, 2023 and do not include any allowance for claims for future events within the time period specified. Accordingly, it is highly likely that the total amounts paid out in the time periods shown will be greater than those indicated in the table.

Interest on debt obligations was calculated using the SOFR rate as of December 31, 2023 with the assumption that interest rates would remain flat over the remainder of the period that the debt was outstanding.

The Company owns investments in limited partnerships that invest in concentrated portfolios including publicly traded small cap equities, loans of middle market private equity sponsored companies, private equity general partnership interests, commercial mortgage-backed securities, and tranches of distressed home loans. At December 31, 2023, the Company's Excess and Surplus Lines segment has outstanding commitments to invest another $6.3 million in these limited partnerships.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Underwriting Performance Ratios

The following table provides the underwriting performance ratios of the Company's continuing operations inclusive of the business subject to retroactive reinsurance accounting for a loss portfolio transfer. There is no economic impact to the Company over the life of a loss portfolio transfer contract so long as any additional losses subject to the contract are within the limit of the loss portfolio transfer and the counterparty performs under the contract. Retroactive reinsurance accounting is not indicative of our current and ongoing operations. Management believes that providing loss ratios and combined ratios on business not subject to retroactive reinsurance accounting for loss portfolio transfers gives the users of our financial statements useful information in evaluating our current and ongoing operations.

	Years Ended December 31,		
	2023	2022	2021
Excess and Surplus Lines:			
Loss Ratio	68.9 %	65.9 %	106.2 %
Impact of retroactive reinsurance	0.8 %	2.8 %	— %
Loss Ratio including impact of retroactive reinsurance	69.7 %	68.7 %	106.2 %
Combined Ratio	91.1 %	85.1 %	125.0 %
Impact of retroactive reinsurance	0.8 %	2.8 %	— %
Combined Ratio including impact of retroactive reinsurance	91.9 %	87.9 %	125.0 %
Consolidated:			
Loss Ratio	69.9 %	67.5 %	101.9 %
Impact of retroactive reinsurance	0.7 %	2.5 %	— %
Loss Ratio including impact of retroactive reinsurance	70.6 %	70.0 %	101.9 %
Combined Ratio	96.5 %	91.1 %	124.8 %
Impact of retroactive reinsurance	0.7 %	2.5 %	— %
Combined Ratio including impact of retroactive reinsurance	97.2 %	93.6 %	124.8 %

Reconciliation of Non-GAAP Measures

See “Key Metrics” above for description of why management believes the following Non-GAAP measures provide useful information about our financial condition and results of operation.

Reconciliation of Underwriting Profit

We define underwriting profit as net earned premiums and gross fee income (in specific instances when the Company is not retaining insurance risk) less losses and loss adjustment expenses on business from continuing operations not subject to retroactive reinsurance accounting for loss portfolio transfers and other operating expenses. Other operating expenses include the underwriting, acquisition, and insurance expenses of the operating segments and, for consolidated underwriting profit, the expenses of the Corporate and Other segment. Our definition of underwriting profit may not be comparable to that of other companies.

The following table reconciles the underwriting profit (loss) of the operating segments by individual segment to consolidated income (loss) before income taxes for the years ended December 31, 2023, 2022 and 2021.

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Underwriting profit (loss) of the operating segments:			
Excess and Surplus Lines	$ 54,347	$ 83,051	$ (121,478)
Specialty Admitted Insurance	4,077	4,234	9,667
Total underwriting profit (loss) of the operating segments	58,424	87,285	(111,811)
Other operating expenses of the Corporate and Other segment	(33,940)	(31,260)	(27,609)
Underwriting profit (loss)(1)	24,484	56,025	(139,420)
Losses and loss adjustment expenses - retroactive reinsurance	(4,991)	(15,742)	—
Net investment income	84,046	43,188	31,989
Net realized and unrealized gains (losses) on investments	10,441	(15,720)	10,818
Other income	4,216	551	353
Other expenses	(3,792)	(795)	(2,585)
Interest expense	(24,627)	(13,872)	(8,922)
Amortization of intangible assets	(363)	(363)	(363)
Impairment of intangible assets	(2,500)	—	—
Income (loss) from continuing operations before income taxes	$ 86,914	$ 53,272	$ (108,130)

(1) Underwriting profit (loss) includes gross fee income of $24.2 million, $23.6 million, and $22.7 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Reconciliation of Adjusted Net Operating Income (Loss)

Adjusted net operating income is defined as income available to common shareholders excluding a) income (loss) from discontinued operations b) the impact of retroactive reinsurance accounting for a loss portfolio transfer, c) net realized and unrealized gains (losses) on investments, d) certain non-operating expenses such as professional service fees related to a purported class action lawsuit, various strategic initiatives, and the filing of registration statements for the offering of securities, and e) severance costs associated with terminated employees. Adjusted net operating income should not be viewed as a substitute for net income calculated in accordance with GAAP, and our definition of adjusted net operating income may not be comparable to that of other companies.

Our (loss) income available to common shareholders for the years ended December 31, 2023, 2022 and 2021 reconciles to our adjusted net operating income (loss) as follows:

	Year Ended December 31,					
	2023		2022		2021	
	Income Before Taxes	Net Income	Loss Before Taxes	Net Loss	Income Before Taxes	Net Income
	(in thousands)					
(Loss) income available to common shareholders	$ (92,479)	$ (118,184)	$ 40,637	$ 22,223	$ (196,034)	$ (172,799)
Loss from discontinued operations	168,893	168,893	3,885	3,885	87,904	87,904
Losses and loss adjustment expenses - retroactive reinsurance	4,991	3,943	15,742	12,437	—	—
Net realized and unrealized investment (gains) losses	(10,441)	(8,248)	15,720	12,418	(10,818)	(8,547)
Other expenses	1,588	1,938	747	747	2,214	1,847
Impairment of intangible assets	2,500	1,975	—	—	—	—
Adjusted net operating income (loss)	$ 75,052	$ 50,317	$ 76,731	$ 51,710	$ (116,734)	$ (91,595)

Tangible Equity and Tangible Equity per Share

Tangible equity is defined as shareholders' equity plus mezzanine Series A Preferred Shares and the unrecognized deferred retroactive reinsurance gain on loss portfolio transfers less goodwill and intangible assets, net of amortization. Tangible equity per share represents tangible equity divided by the sum of total common shares outstanding plus the common shares resulting from an assumed conversion of the outstanding Series A Preferred Shares into common shares (at the current conversion price). Our definitions of tangible equity and tangible equity per share may not be comparable to that of other companies, and they should not be viewed as a substitute for shareholders' equity and shareholders' equity per share calculated in accordance with GAAP.

The following table reconciles shareholders' equity to tangible equity as of December 31, 2023, 2022 and 2021:

	As of December 31,					
	2023		2022		2021	
	Equity	Equity per share	Equity	Equity per share	Equity	Equity per share
	(in thousands, except per share amounts)					
Shareholders' equity	$ 534,621	$ 14.20	$ 553,766	$ 14.78	$ 725,362	$ 19.41
Series A redeemable preferred shares	144,898		144,898		—	
Deferred reinsurance gain	20,733		20,091		—	
Less:						
Goodwill	181,831		181,831		181,831	
Intangible assets, net	32,813		35,676		36,039	
Tangible equity	$ 485,608	$ 11.13	$ 501,248	$ 11.63	$ 507,492	$ 13.58
Common shares outstanding	37,641,563		37,470,237		37,373,066	
Common shares from assumed conversion of Series A Preferred Shares	5,971,184		5,640,158		—	
Common shares outstanding after assumed conversion of Series A Preferred Shares	43,612,747		43,110,395		37,373,066	

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of economic losses due to adverse changes in the estimated fair value of a financial instrument as the result of changes in equity prices, interest rates, foreign currency exchange rates and commodity prices. Our consolidated balance sheets include assets and liabilities with estimated fair values that are subject to market risk. Our primary market risks have been interest rate risk associated with investments in fixed maturities and equity price risk associated with investments in equity securities. We do not have material exposure to foreign currency exchange rate risk or commodity risk.

Interest Rate Risk

Our fixed maturity and preferred stock investments and borrowings are subject to interest rate risk. Increases and decreases in interest rates typically result in decreases and increases, respectively, in the fair value of these financial instruments.

The majority of our investable assets come from premiums paid by policyholders. These funds are invested predominantly in high quality corporate, government and municipal bonds with relatively short durations. Total invested assets and cash, excluding restricted cash, has an average duration of approximately 3.6 years at December 31, 2023, and fixed maturity securities and preferred stock investments in the portfolio have an average rating by at least one nationally recognized rating organization of “AA-”. See Note 3 to the Notes to the Audited Consolidated Financial Statements for disclosure of contractual maturity dates of our fixed maturity portfolio. The changes in the estimated fair value of the fixed maturity portfolio classified as available-for-sale are presented as a component of shareholders’ equity in accumulated other comprehensive (loss) income, net of taxes.

We work to manage the impact of interest rate fluctuations on our fixed maturity and preferred stock portfolio. The effective duration is managed with consideration given to the estimated duration of our liabilities. We have investment guidelines that set targets for average duration and maturity.

Our investment manager employs a model to estimate the effect of interest rate risk on the fair values of our fixed maturity and preferred stock securities and our bank loan participations. Our bank loan participations are primarily floating-rate debt and have limited exposure to interest rate risk with the majority resetting monthly. Therefore, their fair values are less sensitive to changes in interest rates than our fixed maturity and preferred stock securities. The model estimates the impact of interest rate changes on a wide range of factors, including duration and prepayment. Fair values of borrowings are estimated based on the net present value of cash flows, using a representative set of possible future interest rate scenarios. The model requires that numerous assumptions be made about the future. To the extent that any of the assumptions are invalid, incorrect estimates could result. The usefulness of a single point-in-time model is limited, as it is unable to accurately incorporate the full complexity of market interactions.

The following table summarizes our interest rate risk and shows the effect of hypothetical changes in interest rates as of December 31, 2023. The selected hypothetical changes do not indicate what could be the potential best or worst case scenarios.

	As of December 31, 2023			
	Estimated Fair Value	Hypothetical Change in Interest Rates (bp=basis points)	Estimated Fair Value after Hypothetical Change in Interest Rates	Estimated Hypothetical Percentage Increase (Decrease) in Fair Value
	($ in thousands)			
Total fixed maturity and preferred stock investments	$ 1,393,786	200 bp decrease	$ 1,522,627	9.2 %
		100 bp decrease	1,458,195	4.6 %
		100 bp increase	1,329,406	(4.6)%
		200 bp increase	1,265,053	(9.2)%
Bank loan participations	$ 156,169	200 bp decrease	$ 156,238	— %
		100 bp decrease	156,205	— %
		100 bp increase	156,129	— %
		200 bp increase	156,085	(0.1)%
Senior debt and junior subordinated debt	$ 371,672	200 bp decrease	$ 339,908	(8.5)%
		100 bp decrease	355,790	(4.3)%
		100 bp increase	387,555	4.3 %
		200 bp increase	403,437	8.5 %

Equity Price Risk

A portion of our equity securities portfolio is invested in common stocks, which have historically produced higher long-term returns relative to fixed maturities. The changes in the estimated fair value of the common stocks in our equity securities portfolio are recognized in net income.

At December 31, 2023, our common stock investments were concentrated in terms of the number of issuers and industries. Such concentrations can lead to higher levels of price volatility.

The following table summarizes the equity price risk related to common stock and shows the effect of a hypothetical 35% increase or decrease in the fair value of the common stocks in our equity securities portfolio as of December 31, 2023. We believe that this range represents a reasonably likely scenario, as the largest annual increases and decreases in the S&P 500 Index in the past twenty-five years were 31.0% in 1997 and (38.5%) in 2008. The selected hypothetical changes do not indicate what could be the potential best or worst case scenarios.

	As of December 31, 2023		
	Estimated Fair Value	**Hypothetical Price Change**	**Estimated Fair Value after Hypothetical Change in Prices**
		($ in thousands)	
Equity securities - common stock	$ 50,635	35% increase	$ 68,357
		35% decrease	32,913

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The report of our independent registered public accounting firm and our Consolidated Financial Statements and required Financial Statement Schedules are filed pursuant to this Item 8 and are included later in this report. See Index to Financial Statements and Schedules on page F-1.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. In connection with the preparation of this Annual Report on Form 10-K, our management carried out an evaluation, under the supervision and with the participation of our CEO and CFO, as of December 31, 2023, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2023.

Remediated Material Weakness

As previously disclosed, the Company became aware that the unaudited consolidated financial statements for the six months ended June 30, 2023 contained material misstatements related to unrecorded reinstatement premium as more fully described in Note 1 to the condensed consolidated financial statements of the 10-Q/A filed with the SEC on November 14, 2023. Management of the Company concluded that because the controls to evaluate the accounting and disclosure of the reinstatement premium did not operate effectively, and resulted in the failure to detect the misstatement, the deficiencies were a material weakness in the Company's internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

Remedial Actions Implementation

To remediate the material weakness in the Company’s internal control over financial reporting, during the fourth quarter of fiscal year 2023, the Company implemented a remediation plan that included: (i) additional review procedures within our accounting department, (ii) additional training of accounting personnel and (iii) enhancing our existing process and internal control documentation and financial statement preparation process, specifically including updates to accounting policies for reinstatement premium, to ensure completion of financial reporting and proper accounting in accordance with U.S. GAAP.

The implementation of these procedures and controls have remediated the material weakness as of December 31, 2023.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has conducted an assessment, including testing, of the effectiveness of our internal control over financial reporting as of December 31, 2023. In making its assessment of internal control over financial reporting, management used the criteria in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company's management has concluded that, as of December 31, 2023, the Company's internal control over financial reporting was effective.

Ernst & Young LLP, the independent registered public accounting firm that audited the Consolidated Financial Statements of the Company included in this Annual Report, has audited the effectiveness of internal control over financial reporting as of December 31, 2023. Their attestation report, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, is included with our financial statements.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our quarter ended December 31, 2023, except for the implementation of the remediation steps described above, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The effectiveness of any system of controls and procedures is subject to certain limitations, and, as a result, there can be no assurance that our controls and procedures will detect all errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be attained.

Item 9B. OTHER INFORMATION

None.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 may be incorporated by reference to the definitive James River Group Holdings, Ltd. Proxy Statement, or alternatively, disclosed in an amendment to this Annual Report on Form 10-K, in either case to be filed with the SEC not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. EXECUTIVE COMPENSATION

The information required by Item 11 may be incorporated by reference to the definitive James River Group Holdings, Ltd. Proxy Statement, or alternatively, disclosed in an amendment to this Annual Report on Form 10-K, in either case to be filed with the SEC not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 may be incorporated by reference to the definitive James River Group Holdings, Ltd. Proxy Statement, or alternatively, disclosed in an amendment to this Annual Report on Form 10-K, in either case to be filed with the SEC not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 may be incorporated by reference to the definitive James River Group Holdings, Ltd. Proxy Statement, or alternatively, disclosed in an amendment to this Annual Report on Form 10-K, in either case to be filed with the SEC not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 may be incorporated by reference to the definitive James River Group Holdings, Ltd. Proxy Statement, or alternatively, disclosed in an amendment to this Annual Report on Form 10-K, in either case to be filed with the SEC not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

Item 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a) (1) and (2) Financial Statements and Financial Statement Schedules.

See "Index to Financial Statements and Schedules" on Page F-1.

(3) Exhibits

Exhibit Number	Description
2.1	Stock Purchase Agreement dated November 8, 2023 by and among James River Group Holdings, Ltd. and Fleming Intermediate Holdings LLC (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed on November 9, 2023, Commission File No. 001-36777) +
3.1	Certificate of Incorporation of James River Group Holdings, Ltd. (incorporated by reference to Exhibit 3.1 of the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 7, 2014)
3.2	Certificate of Incorporation on Change of Name (incorporated by reference to Exhibit 3.2 of the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 7, 2014)
3.3	Memorandum of Association of James River Group Holdings, Ltd. (incorporated by reference to Exhibit 3.3 of the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 7, 2014)
3.4	Certificate of Deposit of Memorandum of Increase of Share Capital, dated December 24, 2007 (incorporated by reference to Exhibit 3.4 of the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 7, 2014)
3.5	Certificate of Deposit of Memorandum of Increase of Share Capital, dated October 7, 2009 (incorporated by reference to Exhibit 3.5 of the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 7, 2014)
3.6	Fourth Amended and Restated Bye-Laws of James River Group Holdings, Ltd. (incorporated by reference to Exhibit 3.6 to the Annual Report on Form 10-K filed on February 28, 2023, Commission File No. 001-36777)
4.1	Form of Certificate of Common Shares (incorporated by reference to Exhibit 4.1 of Amendment No. 3 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on December 9, 2014)
4.2	Certificate of Designations of 7% Series A Perpetual Cumulative Convertible Preferred Shares of James River Group Holdings, Ltd. dated March 1, 2022 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed on May 10, 2022; Commission File No. 001-36777)
4.3	Indenture, dated as of May 26, 2004, by and between James River Group, Inc. and Wilmington Trust Company, as Trustee, relating to Floating Rate Senior Debentures Due 2034+
4.4	Indenture, dated as of May 26, 2004, by and between James River Group, Inc. and Wilmington Trust Company, as Trustee, relating to Floating Rate Junior Subordinated Debentures Due 2034+
4.5	Amended and Restated Declaration of Trust of James River Capital Trust I, dated as of May 26, 2004, by and among James River Group, Inc., as Sponsor, Wilmington Trust Company, as Institutional Trustee and Delaware Trustee, the Regular Trustees (as defined therein), and the holders, from time to time, of undivided beneficial interests in James River Capital Trust I+
4.6	Preferred Securities Guarantee Agreement, dated as of May 26, 2004, by James River Group, Inc., as Guarantor, and Wilmington Trust Company, as Preferred Guarantee Trustee, for the benefit of the holders of James River Capital Trust I+
4.7	Indenture, dated as of December 15, 2004, by and between James River Group, Inc. and Wilmington Trust Company, as Trustee, relating to Floating Rate Junior Subordinated Deferrable Interest Debentures Due 2034+
4.8	Amended and Restated Declaration of Trust of James River Capital Trust II, dated as of December 15, 2004, by and among James River Group, Inc., as Sponsor, Wilmington Trust Company, as Institutional Trustee and Delaware Trustee, the Administrators (as defined therein), and the holders, from time to time, of undivided beneficial interests in the James River Capital Trust II+
4.9	Guarantee Agreement, dated as of December 15, 2004, by James River Group, Inc., as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, for the benefit of the holders, from time to time, of the capital securities of James River Capital Trust II+
4.10	Indenture, dated June 15, 2006, by and between James River Group, Inc. and Wilmington Trust Company, as Trustee, relating to Floating Rate Junior Subordinated Deferrable Interest Debentures Due 2036+
4.11	Amended and Restated Declaration of Trust of James River Capital Trust III, dated as of June 15, 2006, by and among James River Group, Inc., as Sponsor, Wilmington Trust Company, as Institutional Trustee and Delaware Trustee, the Administrators (as defined therein) and the holders, from time to time, of undivided beneficial interests in the James River Capital Trust III+
4.12	Guarantee Agreement, dated as of June 15, 2006, by James River Group, Inc., as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, for the benefit of the holders, from time to time, of the capital securities of James River Capital Trust III+

Exhibit Number	Description
4.13	Indenture, dated December 11, 2007, by and between James River Group, Inc. and Wilmington Trust Company, as Trustee, relating to Fixed/Floating Rate Junior Subordinated Deferrable Interest Debentures Due 2037+
4.14	Amended and Restated Declaration of Trust, dated December 11, 2007, by and among James River Group, Inc., as Sponsor, Wilmington Trust Company, as Institutional Trustee and Delaware Trustee and the Administrators (as defined therein) and the holders, from time to time, of undivided beneficial interests in James River Capital Trust IV+
4.15	Guarantee Agreement, dated as of December 11, 2007, by James River Group, Inc., as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, for the benefit of the holders, from time to time, of the capital securities of James River Capital Trust IV+
4.16	Indenture, dated as of January 10, 2008, among James River Group Holdings, Ltd. and Wilmington Trust Company, as Trustee relating to Fixed/Floating Rate Junior Subordinated Deferrable Interest Debentures Due 2038+
4.17	Amended and Restated Declaration of Trust, dated as of January 10, 2008, by and among James River Group Holdings, Ltd., as Sponsor, Wilmington Trust Company, as Institutional Trustee and Delaware Trustee and the Administrators (as defined therein) for the benefit of the holders, from time to time, of undivided beneficial interest in Franklin Holdings II (Bermuda) Capital Trust I+
4.18	Guarantee Agreement, dated as of January 10, 2008, by and among James River Group Holdings, Ltd., as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, for the benefit of the holders, from time to time, of the capital securities of Franklin Holdings II (Bermuda) Capital Trust I+
4.19	Description of Registrant's Securities Registered under Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.18 to the Annual Report on Form 10-K filed on February 28, 2023, Commission File No. 001-36777)
10.1	Third Amended and Restated Credit Agreement, dated as of July 7, 2023, by and among James River Group Holdings, Ltd., JRG Reinsurance Company, Ltd., KeyBank National Association, as Administrative Agent and Letter of Credit Issuer, KeyBank National Association and Truist Securities, Inc. as Joint Book Runners and Joint Lead Arrangers, Truist Bank as Syndication Agent, and the lender parties thereto (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on July 12, 2023, Commission File No. 001-36777)
10.2	Consent Agreement dated November 8, 2023 to the Third Amended and Restated Credit Agreement dated as of July 7, 2023 by and among James River Group Holdings, Ltd. and JRG Reinsurance Company Ltd., as borrowers, KeyBank National Association ("KeyBank") as Administrative Agent and Letter of Credit Issuer, KeyBank and Truist Securities, Inc. as Joint Book Runners and Joint Lead Arrangers, Truist Bank as Syndication Agent, and the lender parties thereto (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on November 9, 2023, Commission File No. 001-36777)
10.3	Continuing Guaranty of Payment, dated as of June 5, 2013, by James River Group, Inc., as Guarantor, pursuant to Credit Agreement, dated as of June 5, 2013, among James River Group Holdings, Ltd. and JRG Reinsurance Company Ltd., KeyBank National Association, as Administrative Agent and as Letter of Credit Issuer, and certain Lender parties (incorporated by reference to Exhibit 10.2 of the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 7, 2014)
10.4	Continuing Guaranty of Payment, dated as of December 15, 2015, by James River Group Holdings UK Limited, pursuant to Credit Agreement, dated as of June 5, 2013, among James River Group Holdings, Ltd. and JRG Reinsurance Company Ltd., KeyBank National Association, as Administrative Agent and as Letter of Credit Issuer, and certain Lender parties (incorporated by reference to Exhibit 10.5 to the Annual Report on Form 10-K filed on March 10, 2016, Commission File No. 001-36777)
10.5	Credit Agreement, dated as of August 2, 2017, among James River Group Holdings, Ltd., JRG Reinsurance Company Ltd. and BMO Harris Bank N.A. (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on August 3, 2017, Commission File No. 001-36777)
10.6	First Amendment to Credit Agreement dated as of November 8, 2019 by and among James River Group Holdings, Ltd. and JRG Reinsurance Company Ltd., as the borrowers, and BMO Harris Bank, N.A., as the lender (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed on November 12, 2019, Commission File No. 001-36777)
10.7	Second Amendment to Credit Agreement dated as of February 18, 2022 by and among James River Group Holdings, Ltd. and JRG Reinsurance Company Ltd. as the borrowers, and BMO Harris Bank N.A., as the lender (incorporated by reference to Exhibit 10.7 of the Annual Report on Form 10-K filed on March 1, 2022, Commission File No. 001-36777)

Exhibit Number	Description
10.8	Third Amendment to Credit Agreement dated as of January 27, 2023 by and among James River Group Holdings, Ltd. and JRG Reinsurance Company Ltd. as the borrowers, and BMO Harris Bank N.A., as the lender (incorporated by reference to Exhibit 10.9 of the Annual Report on Form 10-K filed on February 28, 2023, Commission File No. 001-36777)
10.9	Consent Agreement dated November 8, 2023 to the Credit Agreement dated as of August 2, 2017, as amended, by and among James River Group Holdings, Ltd. and JRG Reinsurance Company Ltd., as borrowers, and BMO Harris Bank N.A., as the lender (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed on November 9, 2023, Commission File No. 001-36777)
10.10	Pledge and Security Agreement, dated as of August 2, 2017, by and between JRG Reinsurance Company Ltd., and BMO Harris Bank N.A. (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed on August 3, 2017, Commission File No. 001-36777)
10.11	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.7 of Amendment No. 1 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 24, 2014)
10.12	Amended and Restated James River Group Holdings, Ltd. Equity Incentive Plan (incorporated by reference to Exhibit 10.8 of the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 7, 2014)*
10.13	Form of Stock Option Agreement (Amended and Restated James River Group Holdings, Ltd. Equity Incentive Plan) (incorporated by reference to Exhibit 10.9 of the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 7, 2014)*
10.14	First Amendment to the Amended and Restated James River Group Holdings, Ltd. Equity Incentive Plan (incorporated by reference to Exhibit 10.10 of Amendment No. 1 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 24, 2014)*
10.15	James River Group Holdings, Ltd. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.11 of Amendment No. 1 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 24, 2014)*
10.16	Amendment to the James River Group Holdings, Ltd. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on May 3, 2017, Commission File No. 001-36777)*
10.17	Second Amendment to the James River Group Holdings, Ltd. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 26, 2022, Commission File No. 001-36777)*
10.18	Form of Nonqualified Share Option Agreement (James River Group Holdings, Ltd. 2014 Long-Term Incentive Plan) (incorporated by reference to Exhibit 10.12 of Amendment No. 1 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 24, 2014)*
10.19	Form of Restricted Share Award Agreement (James River Group Holdings, Ltd. 2014 Long-Term Incentive Plan) (incorporated by reference to Exhibit 10.13 of Amendment No. 1 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 24, 2014)*
10.20	Form of Restricted Share Unit Award Agreement (James River Group Holdings, Ltd. 2014 Long-Term Incentive Plan) (incorporated by reference to Exhibit 10.14 of Amendment No. 3 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on December 9, 2014)*
10.21	Form of Performance Restricted Share Unit Agreement (James River Group Holdings, Ltd. 2014 Long-Term Incentive Plan) (incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K filed on February 28, 2023, Commission File No. 001-36777)
10.22	Form of Service-Based Restricted Share Unit Agreement (James River Group Holdings, Ltd. 2014 Long-Term Incentive Plan) (incorporated by reference to Exhibit 10.22 to the Annual Report on Form 10-K filed on February 28, 2023, Commission File No. 001-36777)
10.23	James River Group Holdings, Ltd. Short-Term Incentive Plan (incorporated by reference to Exhibit 10.23 to the Annual Report on Form 10-K filed on February 28, 2023, Commission File No. 001-36777)
10.24	James River Group Holdings, Ltd. 2014 Non-Employee Director Incentive Plan (incorporated by reference to Exhibit 10.15 of Amendment No. 1 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 24, 2014)*
10.25	Amendment to the 2014 Non-Employee Director Incentive Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on May 1, 2019, Commission File No. 001-36777)*
10.26	Form of Restricted Share Award Agreement (James River Group Holdings, Ltd. 2014 Non-Employee Director Incentive Plan) (incorporated by reference to Exhibit 10.16 of Amendment No. 1 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 24, 2014)*

Exhibit Number	Description
10.27	Form of Restricted Share Unit Award Agreement (James River Group Holdings, Ltd., 2014 Non-Employee Director Incentive Plan) (incorporated by reference to Exhibit 10.17 of Amendment No. 3 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on December 9, 2014)*
10.28	James River Management Company, Inc. Leadership Recognition Program (incorporated by reference to Exhibit 10.18 of Amendment No. 1 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 24, 2014)*
10.29	Employment Agreement, dated October 28, 2020, by and among Frank N. D'Orazio, James River Group Holdings, Ltd., and its subsidiary, James River Group, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 2, 2020, Commission File No. 001-36777) *
10.30	First Amendment to Employment Agreement dated October 28, 2020, by and among Frank N. D'Orazio, James River Group Holdings, Ltd., and its subsidiary James River Group, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 8, 2023, Commission File No. 001-36777) *
10.31	Employment Agreement, dated December 19, 2016, by and among James River Group Holdings, Ltd., James River Group, Inc., and Sarah C. Doran (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 22, 2016, Commission File No. 001-36777)*
10.32	Amendment to Employment Agreement dated December 19, 2016, between Sarah C. Doran and James River Group Holdings, Ltd., and its subsidiary, James River Group, Inc. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on November 8, 2018, Commission File No. 001-36777)*
10.33	Amended and Restated Employment Agreement, dated January 15, 2018, by and among James River Group, Inc., certain subsidiaries of James River Group, Inc. and Richard Schmitzer (incorporated by reference to Exhibit 10.22 to Annual Report on Form 10-K filed on March 1, 2018, Commission File No. 001-36777)*
10.34	James River Management Company, Inc. Leadership Recognition Program Award Letter, dated September 30, 2011 to Richard Schmitzer (incorporated by reference to Exhibit 10.22 of Amendment No. 1 to the Registration Statement on Form S-1, Registration No. 333-199958, filed with the Commission on November 24, 2014)*
10.35	Separation and Release Agreement, dated December 26, 2023, by and among James River Group, Inc., certain subsidiaries of James River Group, Inc. and Terry McCafferty *
10.36	Amended and Restated Employment Agreement, dated June 7, 2023, by and among James River Group, Inc., certain subsidiaries of James River Group, Inc. and Terry McCafferty (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on June 8, 2023, Commission File No. 001-36777) *
10.37	Employment Agreement, dated April 5, 2018, by and among JRG Reinsurance Company, Ltd. and Daniel Heinlein (incorporated by reference to Exhibit 10.31 to the Annual Report on Form 10-K filed on February 27, 2019, Commission File No. 001-36777)*
10.38	Investment Agreement, dated February 24, 2022, by and between James River Group Holdings, Ltd. and GPC Partners Investments (Thames) LP (incorporated by reference to Exhibit 10.1 on the Current Report on Form 8-K filed on February 28, 2022; Commission File No. 001-36777)
10.39	Amendment No. 1 to Investment Agreement, dated March 1, 2022, by and between James River Group Holdings, Ltd. and GPC Partners Investments (Thames) LP (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed on May 10, 2022; Commission File No. 001-36777)
10.40	Registration Rights Agreement, dated March 1, 2022, by and between James River Group Holdings, Ltd. and GPC Partners Investments (Thames) LP (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed on May 10, 2022; Commission File No. 001-36777)
10.41	Loss Portfolio Transfer Reinsurance Agreement dated September 27, 2021 between James River Insurance Company and James River Casualty Company and Aleka Insurance, Inc. (incorporated by reference to Exhibit 10.1 on the Current Report on Form 8-K filed on September 30, 2021, Commission File No. 001-36777)
10.42	Trust Agreement dated September 27, 2021 among James River Insurance Company and James River Casualty Company, Aleka Insurance, Inc., and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.2 on the Current Report on Form 8-K filed on September 30, 2021, Commission File No. 001-36777)
10.43	Loss Portfolio Transfer Retrocession Agreement entered into on February 23, 2022 by and between JRG Reinsurance Company Ltd. and Fortitude Reinsurance Company Ltd. (incorporated by reference to Exhibit 10.2 on the Current Report on Form 8-K filed on February 28, 2022; Commission File No. 001-36777)

Exhibit Number	Description
21.1	List of subsidiaries of James River Group Holdings, Ltd.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
31.1	Principal Executive Officer Certification pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Principal Financial Officer Certification pursuant to Rule 13a-14(a)/15d-14(a)
32.1	Principal Executive Officer and Principal Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	James River Group Holdings, Ltd. Executive Officer Incentive Compensation Recovery Policy
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document in Exhibit 101.

* Denotes a management contract or compensatory plan or arrangement.

\+ Exhibit not filed with the Securities and Exchange Commission pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Company will furnish a copy to the SEC upon request.

Item 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JAMES RIVER GROUP HOLDINGS, LTD.

By: /s/ Frank N. D'Orazio February 29, 2024

Frank N. D'Orazio
Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

NAME	TITLE	DATE
/s/ Frank N. D'Orazio Frank N. D'Orazio	Chief Executive Officer and Director (Principal Executive Officer)	February 29, 2024
/s/ Sarah C. Doran Sarah C. Doran	Chief Financial Officer (Principal Financial Officer)	February 29, 2024
/s/ Michael E. Crow Michael E. Crow	Principal Accounting Officer	February 29, 2024
/s/ Ollie L. Sherman, Jr. Ollie L. Sherman, Jr.	Director, Non-Executive Chairman of the Board	February 29, 2024
/s/ Matthew B. Botein Matthew B. Botein	Director	February 29, 2024
/s/ Thomas L. Brown Thomas L. Brown	Director	February 29, 2024
/s/ Kirstin M. Gould Kirstin M. Gould	Director	February 29, 2024
/s/ Dennis J. Langwell Dennis J. Langwell	Director	February 29, 2024
/s/ Peter B. Migliorato Peter B. Migliorato	Director	February 29, 2024
/s/ Patricia H. Roberts Patricia H. Roberts	Director	February 29, 2024

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of James River Group Holdings, Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of James River Group Holdings, Ltd. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of (loss) income and comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedules listed in the Index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 29, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

	Valuation of reserves for losses and loss adjustment expenses
Description of the Matter	At December 31, 2023, the Company’s reserve for losses and loss adjustment expenses balance was $3.0 billion, $441.7 million of which is reported within liabilities held for sale. As described in Notes 1 and 8 of the consolidated financial statements, reserves for losses and loss adjustment expenses reflect the estimated ultimate cost of all incurred unpaid claims including estimates of claims incurred but not reported and loss adjustment expenses as of the balance sheet date. The estimate of ultimate losses and loss adjustment expenses relies on key judgments, including the weighting of actuarial methods by line of business and accident year. Actuarial assumptions include initial expected loss ratios, and incurred and paid loss development factors. The Company's Reserve Committee utilizes the actuarial results, in addition to other information, in determining management's best estimate of recorded reserves. The subjectivity and uncertainty of estimating the reserve for losses and loss adjustment expenses is caused by various factors including the uncertainty of future frequency and severity of claims, economic and social trends including inflation and litigation, changes in the business and exposure mix, as well as changes in operations. As such, performing audit procedures to evaluate the reserve for losses and loss adjustment expenses required a high degree of auditor judgment and an increased extent of effort, including the involvement of our actuarial specialists.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls related to the valuation of the reserve for losses and loss adjustment expenses. This included testing controls that management has in place over the inputs, methods and assumptions used in estimating the reserve. To test the reserve for losses and loss adjustment expenses, we evaluated the actuarial methods and assumptions used by the Company with the assistance of our actuarial specialists as well as other judgments made by management in determining their best estimate of recorded reserves. We compared the Company’s prior year assumptions of expected development of ultimate loss to actual losses incurred during the current year to identify potential management bias in the determination of the reserve for losses and loss adjustment expenses. We independently projected reserves for selected lines of business using actual historical data and loss development patterns, as well as industry data and other benchmarks where applicable, and compared management’s recorded reserves to these independent estimates.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2003.

Charlotte, North Carolina
February 29, 2024

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of James River Group Holdings, Ltd.

Opinion on Internal Control Over Financial Reporting

We have audited James River Group Holdings, Ltd. and subsidiaries' internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, James River Group Holdings, Ltd. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of (loss) income and comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedules listed in the Index at Item 15(a) and our report dated February 29, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Charlotte, North Carolina
February 29, 2024

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31,	
	2023	2022
	(in thousands)	
Assets		
Invested assets:		
Fixed maturity securities, available-for-sale, at fair value (amortized cost: 2023 – $1,405,136; 2022 – $1,282,367)	$ 1,324,476	$ 1,171,303
Equity securities, at fair value (cost: 2023 – $114,107; 2022 – $113,180)	119,945	115,155
Bank loan participations, at fair value	156,169	54,281
Short-term investments	72,137	95,351
Other invested assets	33,134	27,447
Total invested assets	1,705,861	1,463,537
Cash and cash equivalents	274,298	159,200
Restricted cash equivalents	72,449	103,215
Accrued investment income	12,106	9,768
Premiums receivable and agents’ balances, net	249,490	239,944
Reinsurance recoverable on unpaid losses, net	1,358,474	1,259,617
Reinsurance recoverable on paid losses	157,991	114,242
Prepaid reinsurance premiums	293,108	269,442
Deferred policy acquisition costs	31,497	32,837
Intangible assets, net	32,813	35,676
Goodwill	181,831	181,831
Deferred tax assets, net	48,297	48,844
Income taxes receivable	224	—
Other assets	115,418	73,123
Assets held-for-sale (Note 2 - discontinued operations)	$ 783,393	$ 1,145,799
Total assets	$ 5,317,250	$ 5,137,075

See accompanying notes.

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31,	
	2023	**2022**
	(in thousands, except share amounts)	
Liabilities and shareholders' equity		
Liabilities:		
Reserve for losses and loss adjustment expenses	$ 2,606,107	$ 2,340,963
Unearned premiums	587,899	578,196
Payables to reinsurers	158,670	123,121
Funds held	65,235	97,360
Deferred reinsurance gain	20,733	15,742
Senior debt	222,300	222,300
Junior subordinated debt	104,055	104,055
Accrued expenses	56,722	56,881
Income taxes payable	—	13,900
Other liabilities	174,513	134,604
Liabilities held-for-sale (Note 2 - discontinued operations)	641,497	751,289
Total liabilities	4,637,731	4,438,411
Commitments and contingent liabilities		
Series A redeemable preferred shares – 2023 and 2022: $0.00125 par value; 20,000,000 shares authorized; 150,000 shares issued and outstanding	144,898	144,898
Shareholders' equity:		
Common Shares – 2023 and 2022: $0.0002 par value; 200,000,000 shares authorized; 37,641,563 and 37,470,237 shares issued and outstanding, respectively	7	7
Additional paid-in capital	876,240	868,858
Retained deficit	(277,905)	(152,055)
Accumulated other comprehensive loss	(63,721)	(163,044)
Total shareholders' equity	534,621	553,766
Total liabilities, Series A redeemable preferred shares, and shareholders' equity	$ 5,317,250	$ 5,137,075

See accompanying notes.

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Consolidated Statements of (Loss) Income and Comprehensive Loss

	Year Ended December 31,		
	2023	**2022**	**2021**
	(in thousands, except share amounts)		
Revenues:			
Gross written premiums	$ 1,508,660	$ 1,411,372	$ 1,325,218
Ceded written premiums	(814,759)	(745,926)	(740,033)
Net written premiums	693,901	665,446	585,185
Change in net unearned premiums	14,104	(35,712)	(23,814)
Net earned premiums	708,005	629,734	561,371
Net investment income	84,046	43,188	31,989
Net realized and unrealized gains (losses) on investments	10,441	(15,720)	10,818
Other income	9,517	4,312	4,857
Total revenues	812,009	661,514	609,035
Expenses:			
Losses and loss adjustment expenses	500,157	440,642	572,174
Other operating expenses	193,656	152,570	133,121
Other expenses	3,792	795	2,585
Interest expense	24,627	13,872	8,922
Amortization of intangible assets	363	363	363
Impairment of intangible assets	2,500	—	—
Total expenses	725,095	608,242	717,165
Income (loss) from continuing operations before income taxes	86,914	53,272	(108,130)
Income tax expense (benefit) on continuing operations:			
Current	31,677	13,787	(2,835)
Deferred	(5,972)	4,627	(20,400)
	25,705	18,414	(23,235)
Net income (loss) from continuing operations	61,209	34,858	(84,895)
Discontinued operations (Note 2):			
Loss from discontinued operations	(88,493)	(3,885)	(87,904)
Loss on held for sale classification of discontinued operations	(80,400)	—	—
Total loss from discontinued operations	(168,893)	(3,885)	(87,904)
Net (loss) income	(107,684)	30,973	(172,799)
Dividends on Series A preferred shares	(10,500)	(8,750)	—
Net (loss) income available to common shareholders	$ (118,184)	$ 22,223	$ (172,799)
Other comprehensive income (loss):			
Net unrealized gains (losses), net of taxes of $6,384 in 2023, $(27,041) in 2022, and $(7,135) in 2021	99,323	(193,022)	(51,921)
Total comprehensive loss	$ (8,361)	$ (162,049)	$ (224,720)
Net income (loss) per common share:			
Basic			
Continuing operations	$ 1.35	$ 0.70	$ (2.43)
Discontinued operations	$ (4.49)	$ (0.11)	$ (2.51)
	$ (3.14)	$ 0.59	$ (4.94)
Diluted			
Continuing operations	$ 1.34	$ 0.69	$ (2.43)
Discontinued operations	$ (4.47)	$ (0.10)	$ (2.51)
	$ (3.13)	$ 0.59	$ (4.94)
Dividend declared per common share	$ 0.20	$ 0.20	$ 1.20
Weighted-average common shares outstanding:			
Basic	37,618,660	37,442,856	34,956,957
Diluted	37,810,440	37,650,969	34,956,957

See accompanying notes.

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity

	Number of Common Shares Outstanding	Common Shares (Par)	Additional Paid-in Capital	Retained (Deficit) Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	(in thousands, except share amounts)					
Balances at December 31, 2020	30,649,261	$ 6	$ 664,476	$ 49,227	$ 81,899	$ 795,608
Net loss	—	—	—	(172,799)	—	(172,799)
Other comprehensive loss	—	—	—	—	(51,921)	(51,921)
Issuance of common shares	6,497,500	1	192,106	—	—	192,107
Exercise of stock options	93,446	—	1,671	—	—	1,671
Vesting of RSUs	132,859	—	(2,871)	—	—	(2,871)
Compensation expense under share incentive plans	—	—	6,658	—	—	6,658
Dividends on common shares	—	—	—	(43,091)	—	(43,091)
Balances at December 31, 2021	37,373,066	$ 7	$ 862,040	$ (166,663)	$ 29,978	$ 725,362
Net income	—	—	—	30,973	—	30,973
Other comprehensive loss	—	—	—	—	(193,022)	(193,022)
Vesting of RSUs	97,171	—	(1,304)	—	—	(1,304)
Compensation expense under share incentive plans	—	—	8,122	—	—	8,122
Dividends on Series A preferred shares	—	—	—	(8,750)	—	(8,750)
Dividends on common shares	—	—	—	(7,615)	—	(7,615)
Balances at December 31, 2022	37,470,237	$ 7	$ 868,858	$ (152,055)	$ (163,044)	$ 553,766
Net loss	—	—	—	(107,684)	—	(107,684)
Other comprehensive income	—	—	—	—	99,323	99,323
Vesting of RSUs	171,326	—	(1,734)	—	—	(1,734)
Compensation expense under share incentive plans	—	—	9,116	—	—	9,116
Dividends on Series A preferred shares	—	—	—	(10,500)	—	(10,500)
Dividends on common shares	—	—	—	(7,666)	—	(7,666)
Balances at December 31, 2023	37,641,563	$ 7	$ 876,240	$ (277,905)	$ (63,721)	$ 534,621

See accompanying notes.

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December 31, 2023	2022	2021
	(in thousands)		
Operating activities			
Net (loss) income	$ (107,684)	$ 30,973	$ (172,799)
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Deferred policy acquisition costs	(73,333)	(79,648)	(75,236)
Amortization of policy acquisition costs	96,453	88,571	69,663
Net realized and unrealized losses (gains) on investments	43,251	28,318	(15,564)
Impairment of intangible assets	2,500	—	—
Distributions from equity method investments	43	4,364	2,434
Income from equity method investments	(4,881)	(2,458)	(918)
Loss on held-for sale classification of discontinued operations	80,400	—	—
Deferred U.S. federal income tax benefit	(5,972)	4,627	(20,400)
Provision for depreciation and amortization	(475)	1,048	4,715
Share based compensation expense	9,116	8,122	6,658
Excess tax benefits from equity incentive plan transactions	449	530	(208)
Change in operating assets and liabilities:			
Reserve for losses and loss adjustment expenses	278,778	20,522	556,393
Unearned premiums	(70,894)	(51,536)	97,181
Premiums receivable and agents' balances	22,594	53,442	(46,865)
Reinsurance balances	(66,274)	96,310	(601,632)
Funds held	(107,922)	(60,900)	(762,560)
Payable to insurance companies	2,129	(2,770)	2,286
Other	(10,325)	83,219	43,306
Net cash provided by (used in) operating activities (a)	87,953	222,734	(913,546)
Investing activities			
Fixed maturity securities:			
Purchases	(197,360)	(709,576)	(362,537)
Sales	34,537	206,872	135,913
Maturities and calls	139,867	174,725	296,170
Equity Securities:			
Purchases	(11,869)	(38,801)	(21,845)
Sales	12,625	17,214	7,227
Bank loan participations:			
Purchases	(72,580)	(89,450)	(126,369)
Sales	52,016	52,042	65,291
Maturities	27,605	22,417	59,799
Other invested assets:			
Purchases	(13,775)	(150)	(12,394)
Return of capital	2,793	20,170	1,758
Repayments and redemptions	10,133	2,535	3,760
Securities receivable or payable, net	3,499	(6,684)	1,627
Short-term investments, net	35,675	28,751	(6,274)
Purchases of property and equipment	(6,434)	(8,219)	(6,303)
Net cash provided by (used in) investing activities	16,732	(328,154)	35,823
Financing activities			
Senior debt repayments	—	(40,000)	—
Issuance of Series A preferred shares (Note 12)	—	144,898	—
Issuances of common shares - public offering	—	—	192,107
Issuances of common shares under equity incentive plans	—	—	1,877
Payroll taxes withheld and remitted on net settlement of RSUs	(1,734)	(1,304)	(3,077)
Dividends on Series A preferred shares	(10,500)	(6,125)	—
Dividends on common shares	(7,746)	(7,798)	(43,236)
Payment of debt issuance costs	(1,135)	—	—
Net cash (used in) provided by financing activities	(21,115)	89,671	147,671
Change in cash, cash equivalents, and restricted cash equivalents (b)	83,570	(15,749)	(730,052)
Cash, cash equivalents, and restricted cash equivalents at beginning of year	276,379	292,128	1,022,180
Cash, cash equivalents, and restricted cash equivalents at end of year	$ 359,949	$ 276,379	$ 292,128

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December 31, 2023	2022	2021
	(in thousands)		
Supplemental information			
U.S. federal income taxes paid (refunded), net	$ 45,330	$ (3,470)	$ (3,932)
Interest paid	$ 30,697	$ 17,425	$ 9,927
Restricted cash equivalents at beginning of year	$ 103,215	$ 102,005	$ 859,920
Restricted cash equivalents at end of year	72,449	103,215	102,005
Change in restricted cash equivalents	$ (30,766)	$ 1,210	$ (757,915)

(a) Cash provided by (used in) operating activities for the years ended December 31, 2023, 2022, and 2021 reflects the activity in restricted cash equivalents above. As permitted under the agreements establishing the Indemnity Trust and the LPT Trust, we have withdrawn collateral from the Indemnity Trust and the LPT Trust to fund the Loss Fund Trust as required under the Administrative Services Agreement. Amounts on deposit in the Loss Fund Trust are included in restricted cash equivalents on the Company's consolidated balance sheets. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – *Amounts Recoverable from an Indemnifying Party and Reinsurer on Legacy Commercial Auto Book*”. Excluding the restricted cash activity above, cash provided by (used in) operating activities was $118.7 million, $221.5 million, and $(155.6) million for the years ended December 31, 2023, 2022, and 2021, respectively. The cash used in operating activities (excluding restricted cash equivalents) in 2021 was largely driven by $317.6 million paid to effect a loss portfolio transfer reinsurance transaction.

(b) includes change in cash and cash equivalents classified as held-for-sale (See Note 2).

See accompanying notes.

1. Accounting Policies

Organization

James River Group Holdings, Ltd. (referred to as “JRG Holdings” or, with its subsidiaries, the “Company”) is an exempted holding company registered in Bermuda, organized for the purpose of acquiring and managing insurance entities.

The Company owns five insurance companies based in the United States (“U.S.”) focused on specialty insurance niches as described below:

- James River Group Holdings UK Limited (“James River UK”) is an insurance holding company formed in 2015 in the United Kingdom (“U.K.”). The Company contributed James River Group, Inc. (“James River Group”), a U.S. insurance holding company, to James River UK in 2015.
- James River Group is a Delaware domiciled insurance holding company formed in 2002, which owns all of the Company’s U.S.-based subsidiaries, either directly or indirectly through one of its wholly-owned U.S. subsidiaries. James River Group oversees the Company’s U.S. insurance operations and maintains all of the outstanding debt in the U.S.
- James River Insurance Company (“James River Insurance”) is an Ohio domiciled excess and surplus lines insurance company that, with its wholly-owned insurance subsidiary, James River Casualty Company, is authorized to write business in every state and the District of Columbia.
- Falls Lake National Insurance Company (“Falls Lake National”) is an Ohio domiciled insurance company which wholly owns Stonewood Insurance Company (“Stonewood Insurance”), a North Carolina domiciled company, and Falls Lake Fire and Casualty Company, a California domiciled company. Falls Lake National primarily writes specialty admitted fronting and program business and individual risk workers' compensation insurance.

The Company also owns JRG Reinsurance Company Ltd. (“JRG Re”), a Bermuda domiciled reinsurer, which comprises the remaining operations of the former Casualty Reinsurance segment, and which, prior to the suspension of its underwriting activities in 2023, primarily provided non-catastrophe casualty reinsurance to U.S. third parties and, through December 31, 2017, to the Company’s U.S.-based insurance subsidiaries. On November 8, 2023, the Company entered into an agreement to sell JRG Re. The sale is expected to close in the first quarter of 2024 and will result in the Company’s disposition of its casualty reinsurance business and related assets. See Held-for-Sale and Discontinued Operations below and Note 2 for additional disclosure.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), which vary in some respects from statutory accounting practices (“SAP”) which are prescribed or permitted by the various state insurance departments in the U.S. or by insurance regulators in Bermuda. The accompanying consolidated financial statements include the accounts and operations of the Company and its subsidiaries. Intercompany transactions and balances have been eliminated.

Held-for-Sale and Discontinued Operations

The results of operations of a component of the Company are reported in discontinued operations when certain criteria are met as of the date of disposal, or earlier if classified as held-for-sale. The Company has determined that the definitive agreement to sell JRG Re meets the criteria for JRG Re to be classified as held for sale and that the sale represents a strategic shift that will have a major effect on the Company's operations. Accordingly, the results of JRG Re's operations have been presented as discontinued operations, and the assets and liabilities of JRG Re have been classified as held-for-sale and segregated for all periods presented in this Annual Report on Form 10-K. See Note 2 for additional disclosure.

Estimates and Assumptions

Preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Those estimates are inherently subject to change, and actual results may ultimately differ from those estimates.

Fixed Maturity and Equity Securities

Fixed maturity securities classified as “available-for-sale” are carried at fair value, and unrealized gains and losses on such securities, net of any deferred taxes, are reported as a separate component of accumulated other comprehensive income. The Company does not have any securities classified as “held-to-maturity” or “trading”.

Fair value generally represents quoted market value prices for securities traded in the public marketplace or prices analytically determined using bid or closing prices for securities not traded in the public marketplace.

Premiums and discounts on mortgage-backed securities and asset-backed securities are amortized or accrued using the constant yield method which considers anticipated prepayments at the date of purchase. To the extent that the estimated lives of such securities change as a result of changes in estimated prepayment rates, the adjustments are included in net investment income using the retrospective method.

Realized investment gains or losses are determined on a specific identification basis. Interest income is recognized as earned, and dividend income is recognized on the ex-dividend date.

The Company reviews its available-for-sale fixed maturities to determine whether any unrealized losses are due to credit-related factors. An allowance for credit losses is established for any credit-related impairments, limited to the amount by which fair value is below amortized cost. Changes in the allowance for credit losses are recognized in earnings and included in net realized and unrealized gains (losses) on investments. Unrealized losses that are not credit-related are recognized in other comprehensive income.

The Company considers the extent to which fair value is below amortized cost in determining whether a credit-related loss exists. The Company also considers the credit quality rating of the security, with a special emphasis on securities downgraded below investment grade. A comparison is made between the present value of expected future cash flows for a security and its amortized cost. If the present value of future expected cash flows is less than amortized cost, a credit loss is presumed to exist and an allowance for credit losses is established. Management may conclude that a qualitative analysis is sufficient to support its conclusion that the present value of the expected cash flows equals or exceeds a security’s amortized cost.

Bank Loan Participations

Bank loan participations are managed by a specialized outside investment manager. The Company has elected the fair value option to account for bank loan participations. Under the fair value option, bank loan participations are measured at fair value, and changes in unrealized gains and losses in bank loan participations are reported in our Consolidated Statements of (Loss) Income and Comprehensive Loss as net realized and unrealized gains (losses) on investments.

Losses due to credit-related impairments on bank loan participations are determined based upon consultations and advice from the Company's specialized investment manager and consideration of any adverse situations that could affect the borrower's ability to repay, the estimated value of underlying collateral, and other relevant factors.

Interest income is accrued on the unpaid principal balance. Discounts and premiums are amortized to income using the interest method.

Generally, the accrual of interest on a bank loan participation is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest. A bank loan participation may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. Interest received on nonaccrual loans generally is reported as investment income. There were no bank loans on nonaccrual status at December 31, 2023 or 2022.

Generally, bank loan participations are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

Other Invested Assets

Other invested assets at December 31, 2023 and 2022 include the Company’s interests in private debt and equity investments. The investments are primarily focused in renewable energy, limited partnerships, and bank holding companies. Equity interests in various limited liability companies (“LLCs”) and limited partnerships are accounted for under the equity method, as the Company has determined that the equity method best reflects its economic interest in the underlying equity investment.

Short-Term Investments

Short-term investments are carried at amortized cost, which approximates fair value. Short-term investments have maturities greater than three months but less than one year at the date of purchase.

Cash Equivalents

The Company considers highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Restricted Cash Equivalents

The Company considers highly liquid investments with maturities of three months or less at the date of purchase that are segregated for a specific use to be restricted cash equivalents. Certain restricted cash equivalents invested in funds with floating net asset values are measured at fair value with changes in fair value recognized in net income.

Direct Written Premiums

Direct written premiums are earned on a pro rata basis over the terms of the policies, generally 12 months. The portion of premiums written applicable to the unexpired terms of the policies in force is recorded as unearned premiums. Policies are accounted for on an individual basis, with no aggregation by counterparty.

Premiums Receivable and Agents' Balances, Net

Premiums receivable and agents' balances are carried at face value net of any allowance for credit losses. The allowance for credit losses represents the current estimate of expected credit losses based on the Company's assessment of the collectability of receivables that are past due, historical collection percentages, and consideration of current economic conditions and expectations of future conditions that could affect ultimate collections. Receivables greater than 90 days past due were $11.5 million and $9.4 million at December 31, 2023 and 2022, respectively. The allowance for credit losses was $17.9 million and $16.2 million at December 31, 2023 and 2022, respectively. Credit loss expense was $2.8 million for the year ended December 31, 2023, $1.1 million for the year ended December 31, 2022, and $9.4 million for the year ended December 31, 2021 ($7.1 million of which was deducted from amounts due to our reinsurers). Receivables written off against the allowance for credit losses totaled $1.2 million for the year ended December 31, 2023, $1.5 million for the year ended December 31, 2022, and $1.1 million for the year ended December 31, 2021. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Deferred Policy Acquisition Costs

Costs which are incrementally or directly related to the successful acquisition of new or renewal insurance business are deferred. These deferred costs are primarily commissions to agents, premium taxes, and the portion of underwriting fixed compensation and payroll related fringe benefits directly related to an insurance contract that has been acquired, net of ceding commissions related to reinsurance ceded. Amortization of such policy acquisition costs is charged to expense in proportion to premium earned over the estimated policy life. To the extent that unearned premiums on existing policies are not adequate to cover projected related costs and expenses, deferred policy acquisition costs are charged to earnings. The Company considers anticipated investment income in determining whether a premium deficiency exists.

Reinsurance and Adjustable Features of Insurance and Reinsurance Contracts

Certain premiums and losses are ceded to other insurance companies under various excess of loss and quota-share reinsurance contracts. The Company enters into ceded reinsurance contracts to limit its exposure to large losses, to limit exposure on new lines of insurance written by the Company, and to provide additional capacity for growth.

Premiums, commissions, and losses and loss adjustment expenses on reinsured business are accounted for on a basis consistent with that used in accounting for the original policies issued and the terms of the reinsurance contracts. Reinsurance recoverables and prepaid reinsurance premiums are reported as assets. The Company uses a provision matrix to calculate the allowance for credit losses on reinsurance recoverables by applying impairment rates based on historical loss data to similarly rated reinsurance companies based on the expected duration of the receivables. The Company also considers the expected impact of current and future expected economic conditions and adjusts estimates if needed based on an evaluation of these factors. The allowance for credit losses on reinsurance recoverables at December 31, 2023 and 2022 was $660,000 and $580,000, respectively. Other amounts payable to reinsurers or receivable from reinsurers are netted where the right of offset exists. The Company receives ceding commissions in connection with certain ceded reinsurance. The ceding commissions are recorded as a reduction of other operating expenses.

Certain reinsurance contracts include provisions that adjust premiums or acquisition expenses based upon the loss experience under the contracts. Premiums written and earned, as well as related acquisition expenses are recorded based upon the projected loss experience under the contracts.

The Company's Specialty Admitted Insurance segment writes insurance under specialty admitted fronting and program arrangements. The fronting and program arrangements may contain contractual provisions that adjust acquisition expenses based upon loss experience under the contracts. The specialty admitted fronting and program arrangements are significantly reinsured. These reinsurance contracts may also contain provisions that adjust premiums or acquisition expenses based upon the loss experience under the contracts. Premiums written and earned, as well as related acquisition expenses, are recorded based upon the projected loss experience under the contracts.

Other Income

Other income is principally comprised of fee income earned on policies for which the Company has no exposure to underwriting risk. Fee income of $5.3 million, $3.8 million, and $4.5 million is included in other income for the years ended December 31, 2023, 2022, and 2021, respectively. Fees are earned on a pro rata basis over the service period of the underlying business. Policies are accounted for on an individual basis, with no aggregation by counterparty.

Income Taxes

Deferred tax assets and deferred tax liabilities are provided for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective U.S. tax basis. Deferred tax assets and liabilities are measured using enacted U.S. corporate tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance only when management believes it is more likely than not that some, or all, of the deferred tax assets will not be realized. The Company determined that no valuation allowance was necessary at December 31, 2023 or 2022.

Goodwill

Goodwill is tested annually for impairment in the fourth quarter of each calendar year, or more frequently if events or changes in circumstances indicate that the carrying amount of the Company's reporting units, including goodwill, may exceed their fair values. The Company first assesses qualitative factors in determining whether it is necessary to perform the quantitative goodwill impairment test. If management determines that it is more likely than not that the fair value of a reporting unit is less than the carrying value based on qualitative factors then they will perform the quantitative goodwill impairment test. For the quantitative goodwill impairment testing, the fair value of the reporting units is determined using a combination of a market approach and an income approach which projects the future cash flows produced by the reporting units and discounts those cash flows to their present value. The projection of future cash flows is necessarily dependent upon assumptions on the future levels of income as well as business trends, prospects, market, and economic conditions. The results of the two approaches are weighted to determine the fair value of each reporting unit. When the fair value is less than the carrying value of the net assets of the reporting unit, including goodwill, an impairment loss is charged to operations. To determine the amount of any goodwill impairment, the implied fair value of reporting unit goodwill is compared to the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination is determined. That is, the fair value of a reporting unit is assigned to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination. The excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill.

Intangible Assets, Net

Intangible assets are initially recognized and measured at fair value. Specifically identified intangible assets with indefinite lives include trademarks and state insurance licenses and authorities. Other specifically identified intangible assets with lives ranging from 7.0 to 27.5 years represent relationships with brokers. These intangible assets are amortized on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are reviewed for impairment at least annually. In evaluating whether there has been impairment to the intangible asset, management determines the fair value of the intangible asset and compares the resulting fair value to the carrying value of the intangible asset. If the carrying value exceeds the fair value, the intangible asset is written down to fair value, and the impairment is reported through earnings. The Company evaluates intangible assets with definite lives for impairment when impairment indicators are noted.

Impairment of Long-Lived Assets

Long-lived assets with finite lives are tested for impairment whenever recognized events or changes in circumstances indicate the carrying value of these assets may not be recoverable. If indicators of impairment are present, fair value is calculated using estimated future cash flows expected to be generated from the use of those assets. In the fourth quarter of 2023, the Company determined that the sustained decrease in the share price of the Company's common stock was an indication of impairment, and accordingly, the Company performed impairment testing on its goodwill and other intangible assets using a December 31, 2023 valuation date. As a result of this testing, the Company concluded that no impairment of the intangible assets had occurred. An impairment loss is recognized only if the carrying amount of a long-lived asset or asset group is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. That assessment is based on the carrying amount of the asset or asset group at the date it is tested for recoverability. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset or asset group exceeds its fair value.

Property and Equipment, Net

Property and equipment, which is included in "other assets" in the accompanying consolidated balance sheets, is reported at cost less accumulated depreciation and is depreciated principally on a straight-line basis over the estimated useful lives of the depreciable assets, generally three years to ten years.

Reserve for Losses and Loss Adjustment Expenses

The reserve for losses and loss adjustment expenses represents the estimated ultimate cost of all reported and unreported losses and loss adjustment expenses incurred and unpaid at the balance sheet date. The Company does not discount this reserve. The process of estimating the reserve for losses and loss adjustment expenses requires a high degree of judgment and is subject to a number of variables. The reserve for losses and loss adjustment expenses is estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in loss severity and frequency.

The Company utilizes various actuarially-accepted reserving methodologies in determining expected outcomes for its reserves. These methodologies utilize various inputs, including management's initial expected loss ratio (the ratio of losses and loss adjustment expenses incurred to net earned premiums), expected reporting patterns and payment patterns for losses and loss adjustment expenses (based on insurance industry data and the Company's own experience), and the Company's actual paid and reported losses and loss adjustment expenses. An internal actuary reviews these results and (after applying appropriate professional judgment and other actuarial techniques that are considered necessary) presents recommendations to the Company's management. Management uses this information and its judgment to make decisions on the final recorded reserve for losses and loss adjustment expenses. Management believes that the use of judgment is necessary to arrive at a best estimate for the reserve for losses and loss adjustment expenses given the long-tailed nature of the business generally written by the Company and the limited operating experience of the fronting and program business in the Specialty Admitted Insurance segment and the commercial auto business in the Excess and Surplus Lines segment. Judgment is also required to make actuarial adjustments, if needed, for changes in claims processing and case reserving that could cause current reported loss and paid loss development patterns to deviate from historical patterns. The Company believes that the insurance that it writes is subject to above-average variation in reserve estimates. The Excess and Surplus Lines market is subject to high policyholder turnover and changes in underlying mix of exposures. This turnover and change in underlying mix of exposures can cause actuarial estimates based on prior experience to be less reliable than estimates for more stable, admitted books of business.

Catastrophes of significant magnitude, including hurricanes and earthquakes, involve complex coverage issues. In estimating the reserve for losses and loss adjustment expenses for these catastrophes, management uses case reserve estimates based on information obtained from site inspections by the Company's adjustors and the terms of coverage provided in the policies. Management estimates reserves for incurred but not reported claims for these catastrophes using judgment based on an assessment of the Company's property insurance exposures where the catastrophes occur and the Company's progress in settling claims.

Although management believes that the reserve for losses and loss adjustment expenses is reasonable, it is possible that the Company's actual incurred losses and loss adjustment expenses will not develop in a manner consistent with the assumptions inherent in the determination of these reserves. Specifically, the Company's actual ultimate loss ratio could differ from management's initial expected loss ratio and/or the Company's actual reporting patterns for losses could differ from the expected reporting patterns. Accordingly, the ultimate settlement of losses and the related loss adjustment expenses may vary significantly from the estimates included in the Company's consolidated financial statements. These estimates are reviewed continually by management and are adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Share Based Compensation

The Company expenses the fair value of share equity awards over the vesting period of the award on a straight-line basis. Compensation cost for performance restricted share units ("PRSU") is based upon the probable outcome of performance conditions. The Black-Scholes-Merton option pricing model is used to value the options granted (see Note 14). Forfeitures of share-based awards are recognized as they occur. As the share based compensation expense is incurred, a corresponding increase to additional paid-in capital in shareholders' equity is recognized. Share based compensation expense is reflected in "other operating expenses" in the accompanying consolidated statements of (loss) income and comprehensive loss.

Variable Interest Entities

Entities that do not have sufficient equity at risk to allow the entity to finance its activities without additional financial support or in which the equity investors, as a group, do not have the characteristic of a controlling financial interest are referred to as variable interest entities ("VIE"). A VIE is consolidated by the variable interest holder that is determined to have the controlling financial interest (primary beneficiary) as a result of having both the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. The Company determines whether it is the primary beneficiary of an entity subject to consolidation based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose, and the Company's relative exposure to the related risks of the VIE on the date it becomes initially involved in the VIE. The Company reassesses its VIE determination with respect to an entity on an ongoing basis.

The Company holds interests in VIEs through certain equity method investments included in "other invested assets" in the accompanying consolidated balance sheets. The Company has determined that it should not consolidate any of the VIEs as it is not the primary beneficiary in any of the relationships. Although the investments resulted in the Company holding variable interests in the entities, they did not empower the Company to direct the activities that most significantly impact the economic performance of the entities. The Company's investments related to these VIEs totaled $8.4 million and $9.2 million as of December 31, 2023 and 2022, respectively, representing the Company's maximum exposure to loss.

Earnings (Loss) Per Share

Basic earnings (loss) per share excludes dilution and is computed by dividing net income (loss) available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings (loss) per share reflects the dilution that could occur if securities or other contracts to issue common shares were exercised or vested using the treasury stock method or converted into common shares under the if-converted method. When inclusion of potential common shares increases the earnings per share or reduces the loss per share, the effect on earnings is anti-dilutive, and the diluted net earnings or net loss per share is computed excluding these potential common shares.

The following represents a reconciliation of the numerator and denominator of the basic and diluted earnings (loss) per common share computations contained in the consolidated financial statements.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands, except share and per share amounts)		
Net income (loss) from continuing operations	$ 61,209	$ 34,858	$ (84,895)
Less: Dividends on Series A preferred shares	(10,500)	(8,750)	—
Income (loss) from continuing operations available to common shareholders	$ 50,709	$ 26,108	$ (84,895)
Loss from discontinued operations	(168,893)	(3,885)	(87,904)
Net (loss) income available to common shareholders	$ (118,184)	$ 22,223	$ (172,799)
Weighted average common shares outstanding:			
Basic	37,618,660	37,442,856	34,956,957
Dilutive potential common shares	191,780	208,113	—
Diluted	37,810,440	37,650,969	34,956,957
Net income (loss) per common share:			
Basic			
Continuing operations	$ 1.35	$ 0.70	$ (2.43)
Discontinued operations	$ (4.49)	$ (0.11)	$ (2.51)
	$ (3.14)	$ 0.59	$ (4.94)
Diluted			
Continuing operations	$ 1.34	$ 0.69	$ (2.43)
Discontinued operations	$ (4.47)	$ (0.10)	$ (2.51)
	$ (3.13)	$ 0.59	$ (4.94)

For the years ended December 31, 2023, 2022, and 2021, potential common shares of 5,722,915, 4,728,461, and 95,219, respectively, were excluded from the calculation of diluted earnings (loss) per common share as their effects were anti-dilutive.

Adopted Accounting Standards

No accounting standards were adopted during the year ended December 31, 2023 that had a material impact on our financial statements.

Prospective Accounting Standards

There are no prospective accounting standards which are expected to have a material impact on our financial statements subsequent to December 31, 2023.

2. Discontinued Operations

On November 8, 2023, the Company entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") with Fleming Intermediate Holdings LLC, a Cayman Islands limited liability company (the "Buyer"). Pursuant to the Stock Purchase Agreement, and on the terms and subject to the conditions therein, the Buyer agreed to purchase from the Company all of the common shares of JRG Re (the "Transaction"). JRG Re comprises the remaining operations of the former Casualty Reinsurance segment, and the Transaction, which is expected to close in the first quarter of 2024, will result in the Company's disposition of its casualty reinsurance business and related assets.

Total consideration to the Company for the sale of JRG Re includes (A) $277 million (the "Purchase Price"), which is comprised of (i) $138 million payable by the Buyer to the Company on the closing date in cash, subject to final closing adjustments based on changes in JRG Re's adjusted net worth between March 31, 2023 and the closing date, and (ii) a $139 million dividend or return of capital or surplus by JRG Re to the Company prior to the closing date, which dividend or return of capital or surplus is subject to the availability of unencumbered assets on the closing date, and (B) $2.5 million to be paid by the Buyer to the Company in the event that certain conditions outlined in the Stock Purchase Agreement are met on the date that is nine months following the closing date. The Purchase Price is subject to adjustment based on changes in JRG Re's adjusted net worth between March 31, 2023 and the closing date.

The Company has determined that the sale of JRG Re meets the criteria to be classified as held for sale and that the sale represents a strategic shift that will have a major effect on our operations. Accordingly, the results of JRG Re's operations have been presented as discontinued operations, and the assets and liabilities of JRG Re have been classified as held for sale and segregated for all periods presented in this Annual Report on Form 10-K.

The $139 million pre-closing dividend includes the forgiveness of $133.2 million owed from JRGH to JRG Re and $5.8 million to be paid in cash to JRGH. In the fourth quarter of 2023, after giving effect to the pre-closing dividend, we recorded an estimated loss on sale of $80.4 million to write down the carrying value of JRG Re to its estimated fair value based upon the estimated sales price of the transaction less costs to sell and other adjustments in accordance with the Stock Purchase Agreement. The $5.8 million cash portion of the pre-closing dividend is included in other liabilities presented below. The Company also recognized losses of $53.2 million for the year ended December 31, 2023 associated with JRG Re's fixed maturity securities as the Company no longer has the intent or ability to hold securities in an unrealized loss position until a recovery of their fair value could occur. The losses are included in net realized and unrealized (losses) gains on investments in the operating results presented below.

JRG Re's assets and liabilities held for sale were comprised of the following:

	December 31, 2023	December 31, 2022
	(in thousands)	
Assets		
Invested assets:		
Fixed maturity securities, at fair value	$ 532,242	$ 612,114
Equity securities, at fair value	2,779	3,472
Bank loan participations, at fair value	—	100,710
Short-term investments	—	12,461
Total invested assets	535,021	728,757
Cash and cash equivalents	13,202	13,964
Accrued investment income	3,589	4,650
Premiums receivable and agents' balances, net	68,441	100,581
Reinsurance recoverable on unpaid and paid losses, net	234,615	260,496
Prepaid reinsurance premiums	—	4,723
Deferred policy acquisition costs	4,986	26,766
Write down of JRG Re to fair value less cost to sell	(80,400)	—
Other assets	3,939	5,862
Assets held for sale	$ 783,393	$ 1,145,799
Liabilities		
Reserve for losses and loss adjustment expenses	$ 441,666	$ 428,032
Unearned premiums	17,223	97,820
Funds held	137,796	213,593
Deferred reinsurance gain	33,167	4,349
Accrued expenses	1,955	2,685
Other liabilities	9,690	4,810
Liabilities held for sale	$ 641,497	$ 751,289

The operating results of JRG Re reported in discontinued operations were as follows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Revenues:			
Gross written premiums	$ 17,357	$ 85,208	$ 182,081
Ceded written premiums	2,178	(2,175)	(22,886)
Net written premiums	19,535	83,033	159,195
Change in net unearned premiums	75,874	53,394	(24,972)
Net earned premiums	95,409	136,427	134,223
Net investment income	23,038	27,923	24,876
Net realized and unrealized (losses) gains on investments	(53,693)	(12,598)	4,746
Other income	—	430	—
Total revenues	64,754	152,182	163,845
Expenses:			
Losses and loss adjustment expenses	120,294	104,172	220,178
Other operating expenses	27,983	42,987	31,571
Other expenses	1,402	5,202	—
Interest expense	3,568	3,706	—
Total expenses	153,247	156,067	251,749
Loss from discontinued operations	(88,493)	(3,885)	(87,904)
Loss on held for sale classification of discontinued operations	(80,400)	—	—
Total loss from discontinued operations	(168,893)	(3,885)	(87,904)

Cash flows from discontinued operations included in the consolidated statements of cash flows were as follows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Net cash used in operating activities of discontinued operations	$ (115,907)	$ (25,122)	$ (21,241)
Net cash provided by investing activities of discontinued operations	115,145	8,497	27,680
Net cash (used in) provided by discontinued operations	$ (762)	$ (16,625)	$ 6,439
Interest paid by discontinued operations	$ 3,951	$ 2,578	$ —

JRG Re Commitments and Contingent Liabilities

JRG Re has entered into three letter of credit facilities with banks as security to third-party reinsureds on reinsurance assumed by JRG Re. JRG Re has established custodial accounts to secure these letters of credit. Under a $75.0 million facility, $4.7 million of letters of credit were issued through December 31, 2023 which were secured by deposits of $3.2 million. Under the 2013 Facility, $42.7 million of letters of credit were issued through December 31, 2023 which were secured by deposits of $51.1 million. Under the 2017 Facility (as defined in Note 10), $25.5 million of letters of credit were issued through December 31, 2023 which were secured by deposits of $35.6 million. JRG Re has also established trust accounts to secure its obligations to selected reinsureds. The total amount deposited in the trust accounts for the benefit of third-party reinsureds was $444.8 million at December 31, 2023.

Casualty Re Loss Portfolio Transfer

On February 23, 2022, JRG Re entered into a loss portfolio transfer retrocession agreement (the “Casualty Re LPT”) with Fortitude Reinsurance Company Ltd. (“FRL”) under which FRL reinsures the majority of JRG Re's reserves. Under the terms of the transaction, which closed on March 31, 2022 (the “Retrocession Closing Date”), JRG Re (a) ceded to FRL all existing and future claims for losses arising under certain casualty reinsurance agreements with underlying insurance companies with treaty inception dates ranging from 2011 to 2020 (the “Subject Business”), in each case net of third-party reinsurance and other recoveries, up to an aggregate limit of $400.0 million; (b) continues to manage and retain the benefit of other third-party reinsurance on the Subject Business; (c) paid FRL a reinsurance premium of $335.0 million, $310.0 million of which JRG Re credited to a notional funds withheld account (the “Funds Withheld Account”) and $25.0 million of which was paid in cash to FRL; and (d) pays FRL a 2% per annum crediting rate on the Funds Withheld Account balance on a quarterly basis. The total premium, initial Funds Withheld Account credit, and aggregate limit were adjusted for claims paid from October 1, 2021 to the Retrocession Closing Date. JRG Re incurred $6.8 million of net adverse reserve development in the three months ended March 31, 2022 associated with the Casualty Re LPT. At December 31, 2023, the balance of the Funds Withheld Account was $137.8 million and reinsurance recoverables from FRL under the Casualty Re LPT were $221.7 million.

Retroactive Reinsurance Accounting

The Company periodically reevaluates the remaining reserves subject to the Casualty Re LPT. For the years ended December 31, 2023 and 2022, due to adverse paid and reported loss trends, JRG Re recognized adverse prior year development of $52.9 million and $6.1 million, respectively, on the reserves subject to the Casualty Re LPT, resulting in corresponding additional amounts ceded under the loss portfolio transfer. The Casualty Re LPT is in a gain position as the cumulative amounts ceded under the loss portfolio transfer exceeds the consideration paid, requiring the application of retroactive reinsurance accounting under GAAP.

Under retroactive reinsurance accounting, gains are deferred and recognized in earnings in proportion to actual paid recoveries under the loss portfolio transfer using the recovery method. Over the life of the contract, we would expect no economic impact to JRG Re as long as any additional losses are within the limit of the loss portfolio transfer and the counterparty performs under the contract. In periods where JRG Re recognizes a change in the estimate of the reserves subject to the loss portfolio transfer that increases or decreases the amounts ceded under the loss portfolio transfer, the proportion of actual paid recoveries to total ceded losses is affected and the change in deferred gain is recognized in earnings as if the revised estimate of ceded losses was available at the effective date of the loss portfolio transfer. The effect of the deferred retroactive reinsurance benefit is recorded in losses and loss adjustment expenses for the discontinued operations of JRG Re and reported within loss from discontinued operations on the Consolidated Statements of (Loss) Income and Comprehensive Loss.

For the years ended December 31, 2023 and 2022, retroactive reinsurance benefits totaling $24.0 million and $1.7 million, respectively, were recorded in losses and loss adjustment expenses using the recovery method. As of December 31, 2023 and 2022, the cumulative amounts ceded under the Casualty Re LPT was $393.9 million and $341.1 million, respectively. The total deferred retroactive reinsurance gain of $33.2 million at December 31, 2023 and $4.4 million at December 31, 2022 under the loss portfolio transfer is presented within the liabilities held for sale of JRG Re on the Company's Consolidated Balance Sheets. The Company has $6.1 million of aggregate limit remaining under the Casualty Re LPT at December 31, 2023.

Bermuda Statutory Matters

Under the Bermuda Insurance Act 1978 and related regulations, an insurer must maintain minimum statutory capital and surplus at the greater of a minimum solvency margin (“MSM”) and the Enhanced Capital Requirement (“ECR”), which is the higher of the MSM and capital calculated by the Bermuda Solvency Capital Requirement (“BSCR”) model or an approved internal model. The estimated minimum statutory solvency margin required at December 31, 2023 for JRG Re was approximately $31.1 million. Actual statutory capital and surplus at December 31, 2023 was $361.3 million. The statutory net loss was $36.1 million for the year ended December 31, 2023. The ECR for the year ended December 31, 2022 was $106.4 million. The BSCR models for the year ended December 31, 2023 will not be filed with the Bermuda Monetary Authority until April 30, 2024. The Company believes that the minimum statutory capital and surplus requirements will be met.

Under the Bermuda Insurance Act 1978, an insurer must maintain a minimum liquidity ratio in which the value of its relevant assets is not less than 75.0% of the amount of its relevant liabilities for general business. Relevant assets include cash and cash equivalents, fixed maturities, quoted alternative investments, accrued interest income, premiums receivable, losses recoverable from reinsurers, and funds withheld. The relevant liabilities include total insurance provisions and other liabilities less deferred income taxes and letters of credit, guarantees and other instruments. As of December 31, 2023, the minimum liquidity ratio requirements were met.

Dividend Restrictions

The Bermuda Insurance Act of 1978 prohibits an insurer from declaring or paying a dividend if it is in breach of its minimum solvency margin, its enhanced capital requirement, or its minimum liquidity ratio, or if the declaration or payment of such dividend would cause such a breach. An insurer can declare or pay dividends without prior regulatory approval up to 25%

of the total statutory capital and surplus (as shown on its previous financial year's statutory balance sheet). The maximum combined amount of dividends and return of capital that can be paid without prior regulatory approval from JRG Re at December 31, 2023 is calculated to be approximately $90.3 million. However, this dividend amount is subject to annual enhanced solvency requirement calculations. All necessary approvals have been obtained by JRG Re to facilitate the $139 million pre-closing dividend pursuant to the SPA covering the sale of JRG Re.

3. Investments

The Company's available-for-sale fixed maturity securities are summarized as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
December 31, 2023				
Fixed maturity securities:				
State and municipal	$ 273,462	$ 1,834	$ (26,459)	$ 248,837
Residential mortgage-backed	336,064	1,243	(19,379)	317,928
Corporate	530,408	4,167	(28,847)	505,728
Commercial mortgage and asset-backed	235,302	78	(12,527)	222,853
U.S. Treasury securities and obligations guaranteed by the U.S. government	29,900	8	(778)	29,130
Total fixed maturity securities, available-for-sale	$ 1,405,136	$ 7,330	$ (87,990)	$ 1,324,476
December 31, 2022				
Fixed maturity securities:				
State and municipal	$ 263,543	$ 712	$ (35,001)	$ 229,254
Residential mortgage-backed	295,655	715	(21,795)	274,575
Corporate	457,043	1,401	(38,399)	420,045
Commercial mortgage and asset-backed	235,907	75	(17,594)	218,388
U.S. Treasury securities and obligations guaranteed by the U.S. government	30,219	6	(1,184)	29,041
Total fixed maturity securities, available-for-sale	$ 1,282,367	$ 2,909	$ (113,973)	$ 1,171,303

The amortized cost and fair value of available-for-sale investments in fixed maturity securities at December 31, 2023 are summarized, by contractual maturity, as follows:

	Cost or Amortized Cost	Fair Value
	(in thousands)	
One year or less	$ 42,123	$ 41,699
After one year through five years	349,510	341,971
After five years through ten years	265,836	243,960
After ten years	176,301	156,065
Residential mortgage-backed	336,064	317,928
Commercial mortgage and asset-backed	235,302	222,853
Total	$ 1,405,136	$ 1,324,476

Actual maturities may differ for some securities because borrowers have the right to call or prepay obligations with or without penalties.

The following table shows the Company's gross unrealized losses and fair value for available-for-sale securities aggregated by investment category and the length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
			(in thousands)			
December 31, 2023						
Fixed maturity securities:						
State and municipal	$ 30,196	$ (287)	$ 168,517	$ (26,172)	$ 198,713	$ (26,459)
Residential mortgage-backed	68,497	(1,256)	145,954	(18,123)	214,451	(19,379)
Corporate	55,970	(532)	290,308	(28,315)	346,278	(28,847)
Commercial mortgage and asset-backed	24,048	(151)	182,295	(12,376)	206,343	(12,527)
U.S. Treasury securities and obligations guaranteed by the U.S. government	7,961	(71)	19,889	(707)	27,850	(778)
Total fixed maturity securities, available-for-sale	$ 186,672	$ (2,297)	$ 806,963	$ (85,693)	$ 993,635	$ (87,990)
December 31, 2022						
Fixed maturity securities:						
State and municipal	$ 175,041	$ (23,207)	$ 37,752	$ (11,794)	$ 212,793	$ (35,001)
Residential mortgage-backed	160,720	(12,310)	44,140	(9,485)	204,860	(21,795)
Corporate	261,369	(21,649)	76,974	(16,750)	338,343	(38,399)
Commercial mortgage and asset-backed	133,119	(9,146)	76,196	(8,448)	209,315	(17,594)
U.S. Treasury securities and obligations guaranteed by the U.S. government	23,498	(673)	4,973	(511)	28,471	(1,184)
Total fixed maturity securities, available-for-sale	$ 753,747	$ (66,985)	$ 240,035	$ (46,988)	$ 993,782	$ (113,973)

At December 31, 2023, the Company held fixed maturity securities of 441 issuers that were in an unrealized loss position with a total fair value of $993.6 million and gross unrealized losses of $88.0 million. None of the fixed maturity securities with unrealized losses has ever missed, or been delinquent on, a scheduled principal or interest payment. At December 31, 2023, 99.9% of the Company's fixed maturity security portfolio was rated "BBB-" or better ("investment grade") by Standard & Poor's or received an equivalent rating from another nationally recognized rating agency. Fixed maturity securities with ratings below investment grade by Standard & Poor's or another nationally recognized rating agency at December 31, 2023 had a fair value of $1.3 million.

The Company periodically reviews its available-for-sale fixed maturities to determine whether any unrealized losses exist that are due to credit-related factors. An allowance for credit losses is established for any credit-related impairments, limited to the amount by which fair value is below amortized cost. Changes in the allowance for credit losses are recognized in earnings and included in net realized and unrealized gains (losses) on investments. Unrealized losses that are not credit-related are recognized in other comprehensive income.

The Company considers the extent to which fair value is below amortized cost in determining whether a credit-related loss exists. The Company also considers the credit quality rating of the security, with a special emphasis on securities downgraded below investment grade. A comparison is made between the present value of expected future cash flows for a security and its amortized cost. If the present value of future expected cash flows is less than amortized cost, a credit loss is presumed to exist and an allowance for credit losses is established. Management may conclude that a qualitative analysis is sufficient to support its conclusion that the present value of expected cash flows equals or exceeds a security's amortized cost. As a result of this review, management concluded that there were no credit-related impairments of fixed maturities at December 31, 2023, 2022, or 2021. Management does not intend to sell the securities in an unrealized loss position, and it is not "more likely than not" that the Company will be required to sell these securities before a recovery in their value to their amortized cost basis occurs.

The Company elected the fair value option to account for bank loan participations. Under the fair value option, bank loan participations are measured at fair value, and changes in unrealized gains and losses in bank loan participations are reported in our income statement as net realized and unrealized gains (losses) on investments. Applying the fair value option to the bank loan portfolio increases volatility in the Company's financial statements, but management believes it is less subjective and less burdensome to implement and maintain than ASU 2016-13, which would have otherwise been required.

At December 31, 2023, the Company's bank loan portfolio had an aggregate unpaid principal balance of $164.3 million and an aggregate fair value of $156.2 million. Investment income on bank loan participations included in net investment income was $12.0 million, $4.3 million, $3.5 million during the years ended December 31, 2023, 2022, and 2021 respectively. Net realized and unrealized gains (losses) on investments includes gains of $9.0 million, losses of $5.4 million, and gains of $2.3 million related to changes in unrealized gains and losses on bank loan participations for the years ended December 31, 2023, 2022, and 2021, respectively. Management concluded that $946,000 and $592,000 of the unrealized losses were due to credit-related impairments for the years ended December 31, 2023 and 2022. Management concluded that none of the unrealized losses were due to credit-related impairments for the year ended December 31, 2021. Losses due to credit-related impairments were determined based upon consultations and advice from the Company's specialized investment manager and consideration of any adverse situations that could affect the borrower's ability to repay, the estimated value of underlying collateral, and other relevant factors.

Bank loan participations generally have a credit rating that is below investment grade (i.e. below “BBB-” for Standard & Poor’s) at the date of purchase. These bank loans are primarily senior, secured floating-rate debt rated “BB”, “B”, or “CCC” by Standard & Poor’s or an equivalent rating from another nationally recognized rating agency. These bank loans include assignments of, and participations in, performing and non-performing senior corporate debt generally acquired through primary bank syndications and in secondary markets. Bank loans consist of, but are not limited to, term loans, the funded and unfunded portions of revolving credit loans, and other similar loans and investments. Management believed that it was probable at the time that these loans were acquired that the Company would be able to collect all contractually required payments receivable.

Interest income on bank loan participations is accrued on the unpaid principal balance, and discounts and premiums on bank loan participations are amortized to income using the interest method. Generally, the accrual of interest on a bank loan participation is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest. A bank loan participation may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. Generally, bank loan participations are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectability of the total contractual principal and interest is no longer in doubt. Interest received on nonaccrual loans generally is reported as investment income. There were no bank loans on nonaccrual status at December 31, 2023 or 2022.

Major categories of the Company’s net investment income are summarized as follows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Fixed maturity securities	$ 49,793	$ 28,131	$ 23,311
Bank loan participations	11,984	4,256	3,515
Equity securities	6,548	5,479	4,880
Other invested assets	5,049	3,408	2,200
Cash, cash equivalents, restricted cash equivalents, and short-term investments	13,703	4,170	246
Gross investment income	87,077	45,444	34,152
Investment expense	(3,031)	(2,256)	(2,163)
Net investment income	$ 84,046	$ 43,188	$ 31,989

The Company’s net realized and unrealized gains and losses on investments are summarized as follows:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Fixed maturity securities:			
Gross realized gains	$ —	$ 1,534	$ 4,560
Gross realized losses	(339)	(291)	(53)
	(339)	1,243	4,507
Equity securities:			
Gross realized gains	1,845	1,248	175
Gross realized losses	(320)	(685)	(374)
Changes in fair values of equity securities	3,722	(11,685)	4,501
	5,247	(11,122)	4,302
Bank loan participations:			
Gross realized gains	306	63	156
Gross realized losses	(3,806)	(428)	(465)
Changes in fair values of bank loan participations	9,049	(5,381)	2,317
	5,549	(5,746)	2,008
Short-term investments and other:			
Gross realized gains	2	1	71
Gross realized losses	(18)	(96)	(150)
Changes in fair values of short-term investments and other	—	—	80
	(16)	(95)	1
Total	$ 10,441	$ (15,720)	$ 10,818

The change in the Company’s available-for-sale fixed maturity gross unrealized net losses was $30.4 million for the year ended December 31, 2023. The change in the Company's available-for-sale fixed maturity gross unrealized net (losses) gains was $(131.4) million and $(34.2) million for the years ended December 31, 2022 and 2021, respectively.

The Company invests selectively in private debt and equity opportunities. These investments, which together comprise the Company's other invested assets, are primarily focused in renewable energy, limited partnerships, and bank holding companies.

	Carrying Value		Investment Income		
	December 31,		Year Ended December 31,		
	2023	2022	2023	2022	2021
			(in thousands)		
Renewable energy LLCs *(a)*					
Excess and Surplus Lines	$ 8,382	$ 9,159	$ 2,375	$ 3,366	$ (625)
Corporate & Other	—	—	524	435	(812)
	8,382	9,159	2,899	3,801	(1,437)
Renewable energy notes receivable (*b*)					
Excess and Surplus Lines	608	1,202	108	270	417
Corporate & Other	761	1,503	136	337	522
	1,369	2,705	244	607	939
Limited partnerships *(c)*					
Excess and Surplus Lines	11,914	10,019	1,566	(805)	1,417
Corporate & Other	664	1,064	—	(538)	938
	12,578	11,083	1,566	(1,343)	2,355
Private Debt *(d)*					
Excess and Surplus Lines	10,805	4,500	340	343	200
Corporate & Other	—	—	—	—	143
	10,805	4,500	340	343	343
Total other invested assets					
Excess and Surplus Lines	31,709	24,880	4,389	3,174	1,409
Corporate & Other	1,425	2,567	660	234	791
	$ 33,134	$ 27,447	$ 5,049	$ 3,408	$ 2,200

(a) The Company's Excess and Surplus Lines segment owns equity interests ranging from 2.5% to 4.9% in various LLCs whose principal objective is capital appreciation and income generation from owning and operating renewable energy production facilities (wind and solar). The Company's former Non-Executive Chairman invested in certain of these LLCs. The equity method is used to account for the Company's LLC investments. Income for the LLCs primarily reflects adjustments to the carrying values of investments in renewable energy projects to their determined fair values. The fair value adjustments are included in revenues for the LLCs. Expenses for the LLCs are not significant and are comprised of administrative and interest expenses. During the fourth quarter of 2022, the underlying projects in two of our LLCs were sold at the manager's discretion.The Company received proceeds of $20.2 million, comprised of $17.2 million in the Excess and Surplus Lines segment and $3.0 million in the Corporate and Other segment. During the year ended December 31, 2023, the Company received additional proceeds from the sales of $3.1 million in the Excess and Surplus Lines segment and $524,000 in the Corporate and Other segment. The Company could receive additional contingent payments in the future according to terms of the transaction. The Company received cash distributions from all renewable energy investments totaling $3.7 million and $21.6 million for the years ended December 31, 2023 and 2022, respectively.

(b) The Company's Excess and Surplus Lines and Corporate and Other segments have invested in two notes receivable for renewable energy projects. Interest on the notes, which mature in 2025, is fixed at 12%. During the year ended December 31, 2023, the Company received principal repayments of $593,000 and $742,000 on the notes receivable in the Company's Excess and Surplus Lines segment and Corporate and Other segment, respectively. During the year ended December 31, 2022, the Company received principal repayments of $1.1 million and $1.4 million on the notes receivable in the Company's Excess and Surplus Lines segment and Corporate and Other segment, respectively.

(c) The Company owns investments in limited partnerships that invest in concentrated portfolios including publicly-traded small cap equities, loans of middle market private equity sponsored companies, private equity general partnership interests, commercial mortgage-backed securities, specialty private credit, and tranches of distressed home loans. Income from the partnerships is recognized under the equity method of accounting. During the year ended December 31, 2022, the Company recognized an impairment loss of $538,000 on one limited partnership in the Corporate & Other segment. At December 31, 2023, the Company's Excess and Surplus Lines segment has outstanding commitments to invest another $6.3 million in these limited partnerships.

(d) The Company's Excess and Surplus Lines segment holds two notes receivable for structured private specialty credit. Interest on the notes, which mature in 2031, is fixed at 4.25% and 5.25%. At December 31, 2023, the Company's Excess and Surplus Lines segment has outstanding commitments to invest another $5.9 million in these notes. Previously, the Company's Excess and Surplus Lines segment held $4.5 million of subordinated notes issued by a bank holding company for which the former Non-Executive Chairman of the Company was previously the Lead Independent Director. The notes matured on August 12, 2023. Interest on the notes was fixed at 7.6% per annum.

At December 31, 2023 and 2022, cash and investments with a fair value of $72.4 million and $61.0 million, respectively, were on deposit with state insurance departments to satisfy regulatory requirements.

4. Deferred Policy Acquisition Costs

An analysis of deferred policy acquisition costs is as follows:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Balance at beginning of period	$ 32,837	$ 21,399	$ 22,792
Policy acquisition costs deferred:			
Commissions	47,665	38,190	18,800
Underwriting and other issue expenses	23,628	23,057	21,693
	71,293	61,247	40,493
Amortization of policy acquisition costs	(72,633)	(49,809)	(41,886)
Net change	(1,340)	11,438	(1,393)
Balance at end of period	$ 31,497	$ 32,837	$ 21,399

5. Goodwill and Intangible Assets

On December 11, 2007, the Company completed an acquisition of James River Group by acquiring 100% of the outstanding shares of James River Group common stock, referred to herein as the "Merger". The transaction was accounted for under the purchase method of accounting, and goodwill and intangible assets were recognized by the Company as a result of the transaction.

All of the Company's goodwill is an asset of the Excess and Surplus Lines segment. The Company's annual testing performed in the fourth quarter of 2023, 2022 and 2021 indicated that no impairment of goodwill had occurred. The carrying amount of goodwill at December 31, 2023 and 2022 was $181.8 million. Accumulated goodwill impairment losses were $99.6 million at December 31, 2023 and 2022. The most recent goodwill impairment losses occurred in 2010.

Specifically identifiable intangible assets were acquired in the Merger. In September, 2023, the Company sold the renewal rights to the Individual Risk Workers' Compensation ("IRWC") business in the Specialty Admitted Insurance segment. Upon closing of the transaction, the Company recognized an impairment charge of $2.5 million related to the trademark intangible asset associated with the IRWC business. During the fourth quarters of 2023, 2022 and 2021, the indefinite-lived intangible assets for trademarks and insurance licenses and authorities were tested for impairment. Intangible assets for broker relationships that have specific lives and are subject to amortization were also reviewed for impairment. There were no additional impairments recognized in 2023, 2022, or 2021.

Notes to Consolidated Financial Statements
Years ended December 31, 2023, 2022, and 2021

The gross carrying amounts and accumulated amortization for each major specifically identifiable intangible asset class were as follows:

		December 31,			
		2023		2022	
	Life (Years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
		(in thousands)			
Trademarks	Indefinite	$ 19,700	$ —	$ 22,200	$ —
Insurance licenses and authorities	Indefinite	8,964	—	8,964	—
Identifiable intangibles not subject to amortization		28,664	—	31,164	—
Broker relationships	24.6	11,611	7,462	11,611	7,099
Identifiable intangible assets subject to amortization		11,611	7,462	11,611	7,099
		$ 40,275	$ 7,462	$ 42,775	$ 7,099

Future estimated amortization of specifically identifiable intangible assets as of December 31, 2023 is as follows (*in thousands)*:

2024	$ 363
2025	363
2026	363
2027	363
2028	363
Thereafter	2,334
Total	$ 4,149

The table below summarizes the changes in the net carrying values of intangible assets by segment for the year ended December 31, 2023:

	December 31, 2022 Net Carrying Value	Amortization	Impairment Losses	December 31, 2023 Net Carrying Value
	(in thousands)			
Excess and Surplus Lines				
Trademarks	$ 19,700	$ —	$ —	$ 19,700
Insurance licenses and authorities	4,900	—	—	4,900
Broker relationships	4,511	(363)	—	4,148
	29,111	(363)	—	28,748
Specialty Admitted Insurance				
Trademarks	2,500	—	(2,500)	—
Insurance licenses and authorities	4,065	—	—	4,065
	6,565	—	(2,500)	4,065
Total identifiable intangible assets	$ 35,676	$ (363)	$ (2,500)	$ 32,813

The table below summarizes the changes in the net carrying values of intangible assets by segment for the year ended December 31, 2022:

	December 31, 2021 Net Carrying Value	Amortization	Impairment Losses	December 31, 2022 Net Carrying Value
		(in thousands)		
Excess and Surplus Lines				
Trademarks	$ 19,700	$ —	$ —	$ 19,700
Insurance licenses and authorities	4,900	—	—	4,900
Broker relationships	4,874	(363)	—	4,511
	29,474	(363)	—	29,111
Specialty Admitted Insurance				
Trademarks	2,500	—	—	2,500
Insurance licenses and authorities	4,065	—	—	4,065
	6,565	—	—	6,565
Total identifiable intangible assets	$ 36,039	$ (363)	$ —	$ 35,676

Amortization of intangible assets was $363,000 for the Excess and Surplus Lines segment and $0 for the Specialty Admitted Insurance segment for the year ended December 31, 2021.

6. Property and Equipment, Net

Property and equipment, net of accumulated depreciation, is included in "other assets" on the consolidated balance sheets and consists of the following:

	December 31, 2023	December 31, 2022
	(in thousands)	
Electronic data processing hardware and software	$ 19,693	$ 2,894
Furniture and equipment	2,136	2,132
Property and equipment, cost basis	21,829	5,026
Accumulated depreciation	(4,834)	(3,679)
Property and equipment, net	$ 16,995	$ 1,347

7. Leases

The Company has entered into operating leases for office space in Bermuda, North Carolina, Virginia, Arizona, and Georgia. The present value of future lease payments for the Company’s leases with terms greater than 12 months are included on the consolidated balance sheets as lease liabilities and right-of-use lease assets. For leases with terms of 12 months or less, lease payments are recognized in other operating expenses on a straight-line basis over the lease term.

Total expected lease payments are based on the lease payments specified in the contract and the stated term, including any options to extend or terminate that the Company is reasonably certain to exercise. The Company elected the practical expedient to account for lease components and any associated non-lease components as a single lease component, and therefore allocates all of the expected lease payments to the lease component.

The lease liability, which represents the Company’s obligation to make lease payments arising from the lease, is calculated based on the present value of expected lease payments over the remaining lease term, discounted using the Company’s collateralized incremental borrowing rate at the commencement date. The lease liability is then adjusted for any prepaid rent, lease incentives received or capitalized initial direct costs to determine the lease asset, which represents the Company's right to use the underlying asset for the lease term. Lease liabilities and right-of-use assets are included in other liabilities and other assets, respectively, on the Company's consolidated balance sheets.

At December 31, 2023, lease liabilities and right-of-use assets associated with the Company's operating leases were $8.0 million and $7.8 million, respectively ($9.0 million and $8.1 million at December 31, 2022, respectively). The weighted-average discount rate and weighted average remaining lease term for operating leases was 4.8% and 3.3 years, respectively, as of December 31, 2023.

The table below summarizes maturities of the Company's operating lease liabilities as of December 31, 2023, which reconciles to total lease liabilities included in other liabilities on the Company's consolidated balance sheets:

Years ending December 31,		*(in thousands)*
2024	$	3,102
2025		3,047
2026		1,069
2027		783
2028		515
Thereafter		158
Total lease payments		8,674
Less imputed interest		(637)
Total operating lease liabilities	$	8,037

Operating lease liabilities include $4.3 million associated with office space in a building that is owned by a partnership in which the Company has a minority interest.

Operating lease costs were $4.6 million, $4.6 million, and $4.7 million for the years ended December 31, 2023, 2022, and 2021, respectively. Operating lease costs are primarily comprised of rental expense for operating leases. Rental expense is recognized on a straight line basis over the lease term and includes amortization of the right-of-use lease asset and imputed interest on the lease liability. Operating lease costs are included in other operating expenses in the Company's consolidated statements of (loss) income and comprehensive loss.

8. Reserve for Losses and Loss Adjustment Expenses

In establishing the reserve for losses and loss adjustment expenses, the Company's internal actuaries estimate an initial expected ultimate loss ratio for each of our lines of business by accident year. Input from the Company's underwriting and claims departments, including premium pricing assumptions and historical experience, are considered by the Company's internal actuaries in estimating the initial expected loss ratios. The Company's internal actuaries generally utilize five primary actuarial methods in their estimation process for the reserve for losses and loss adjustment expenses. These primary methods are supplemented by additional actuarial methods as the Chief Actuary considers appropriate. For example, these supplemental methods can include frequency and severity methods that utilize claim count data to estimate ultimate losses and loss adjustment expenses. These methods utilize, to varying degrees, the initial expected loss ratio, detailed statistical analysis of past claims reporting and payment patterns, claims frequency and severity, paid loss experience, industry loss experience, and changes in market conditions and claims handling practices, policy forms, exclusions, and exposures.

In applying these methods to develop an estimate of the reserve for losses and loss adjustment expenses, our internal actuaries use judgment to determine three key parameters for each accident year and line of business: the initial expected loss ratios, the incurred and paid loss development factors and the weighting of the actuarial methods to be used for each accident year and line of business. For the Excess and Surplus Lines segment, the internal actuaries perform a study on each of these parameters at least annually and make recommendations for the initial expected loss ratios, the incurred and paid loss development factors and the weighting of the actuarial methods by accident year and line of business. Members of management's Reserve Committee review and approve the parameter review actuarial recommendations, and absent any developments requiring an earlier review, these approved parameters are used in the reserve estimation process for the next four quarters at which time a new parameter study is performed. For the Specialty Admitted Insurance segment, expected loss ratios, loss development factors, and loss cost trends are reviewed and updated at least annually.

Different reserving methods are appropriate in different situations, and the Company's internal actuaries use their judgment and experience to determine the weighting of the methods to use for each accident year and each line of business. For example, the current accident year has very little incurred and paid loss development data on which to base reserve projections. As a result, the Company relies heavily on the initial expected loss ratio in estimating reserves for the current accident year. The

Company generally sets the initial expected loss ratio for the current accident year consistent with the internal actuaries' pricing assumptions adjusted upward where warranted based on management's judgment in order to produce the best estimate. We believe that this is a reasonable and appropriate reserving assumption for the current accident year since our pricing assumptions are actuarially driven and since the Company expects to make an acceptable return on the new business written. If actual loss emergence is better than our initial expected loss ratio assumptions, we will experience favorable development and if it is worse than our initial expected loss ratio assumptions, we will experience adverse development. Conversely, sufficient incurred and paid loss development data is available for the oldest accident years, so more weight is given to this development data and less weight is given to the initial expected loss ratio.

The following table provides a reconciliation of the beginning and ending reserve balances for losses and loss adjustment expenses, net of reinsurance, to the gross amounts reported in the consolidated balance sheets. Reinsurance recoverables on unpaid losses and loss adjustment expenses are presented gross of an allowance for credit losses on reinsurance balances of $660,000, $580,000, and $607,000 at December 31, 2023, 2022, and 2021, respectively.

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Reserve for losses and loss adjustment expenses net of reinsurance recoverables at beginning of period	$ 1,080,766	$ 974,221	$ 1,078,248
Add: Incurred losses and loss adjustment expenses net of reinsurance:			
Current year	463,530	429,260	383,964
Prior years - retroactive reinsurance	4,991	15,742	—
Prior years - excluding retroactive reinsurance	31,636	(4,360)	188,210
Total incurred losses and loss and adjustment expenses	500,157	440,642	572,174
Deduct: Loss and loss adjustment expense payments net of reinsurance:			
Current year	32,410	33,720	32,923
Prior years	296,549	284,635	386,826
Total loss and loss adjustment expense payments	328,959	318,355	419,749
Deduct: Change in deferred reinsurance gain - retroactive reinsurance	4,991	15,742	—
Deduct: Loss reserves ceded in loss portfolio transfer	—	—	256,452
Reserve for losses and loss adjustment expenses net of reinsurance recoverables at end of period	1,246,973	1,080,766	974,221
Add: Reinsurance recoverables on unpaid losses and loss adjustment expenses at end of period	1,359,134	1,260,197	1,336,058
Reserve for losses and loss adjustment expenses gross of reinsurance recoverables on unpaid losses and loss adjustment expenses at end of period	$ 2,606,107	$ 2,340,963	$ 2,310,279

The foregoing reconciliation shows that $31.6 million of net adverse development was experienced in 2023 on the reserve for losses and loss adjustment expenses held at December 31, 2022 (excluding adverse prior year development on the commercial auto loss portfolio transfer subject to retroactive reinsurance accounting - see *Loss Portfolio Transfer* below). This net adverse reserve development included $32.6 million of net adverse development in the Excess and Surplus Lines segment, with adverse development in accident years 2020 and prior exceeding favorable development on accident years 2022 and 2021, and $972,000 of net favorable development in the Specialty Admitted Insurance segment.

The foregoing reconciliation shows that $4.4 million of net favorable development was experienced in 2022 on the reserve for losses and loss adjustment expenses held at December 31, 2021 (excluding adverse prior year development on the commercial auto loss portfolio transfer subject to retroactive reinsurance accounting - see *Loss Portfolio Transfer* below). This net favorable reserve development included $210,000 of net favorable development in the Excess and Surplus Lines segment and $4.2 million of net favorable development in the Specialty Admitted Insurance segment. The Company also experienced $5.0 million of net catastrophe losses in the current accident year in 2022 related to Hurricane Ian.

The foregoing reconciliation shows that $188.2 million of net adverse development was experienced in 2021 on the reserve for losses and loss adjustment expenses held at December 31, 2020. This net adverse reserve development included $190.7 million of net adverse development in the Excess and Surplus Lines segment including $200.1 million of net adverse development in the commercial auto line of business that was primarily related to the 2019 and prior accident years with Rasier. The adverse development for commercial auto was partially offset by $9.4 million of net favorable development in the Core E&S underwriting divisions. The Company also experienced $2.5 million of net favorable development on prior accident years in the Specialty Admitted Insurance segment, as losses on our workers' compensation business written prior to 2020 continued to develop more favorably than we had anticipated. The Company also experienced $5.0 million of net catastrophe losses in the current accident year in 2021 related to Hurricane Ida.

Loss Portfolio Transfers

Loss portfolio transfers are a form of reinsurance utilized by the Company to transfer losses and loss adjustment expenses and associated risk of adverse development on covered subject business, as defined in the respective agreements, to an assuming reinsurer in exchange for a reinsurance premium. Loss portfolio transfers can bring economic finality on the subject risks when they no longer meet the Company's appetite or are no longer aligned with the Company's risk management guidelines.

Commercial Auto Loss Portfolio Transfer

On September 27, 2021, James River Insurance Company and James River Casualty Company (together, “James River”) entered into a loss portfolio transfer transaction (the “Commercial Auto LPT”) with Aleka Insurance, Inc. (“Aleka”), a captive insurance company affiliate of Rasier LLC, to reinsure substantially all of the Excess and Surplus Lines segment's legacy portfolio of commercial auto policies previously issued to Rasier LLC and its affiliates (collectively, “Rasier”) for which James River is not otherwise indemnified by Rasier. Under the terms of the transaction, effective as of July 1, 2021, James River ceded to Aleka approximately $345.1 million of commercial auto liabilities relating to Rasier policies written in the years 2013-2019, which amount constituted the reinsurance premium. The reinsurance coverage is structured to be fully collateralized, is not subject to an aggregate limit, and is subject to certain exclusions. A pre-tax loss of $29.6 million was recognized as adverse loss and loss adjustment reserve development in the Excess and Surplus Lines segment for the third quarter of 2021 associated with the loss portfolio transfer.

Retroactive Reinsurance Accounting

The Company periodically reevaluates the remaining reserves subject to the Commercial Auto LPT, and when recognized adverse prior year development on the subject business causes the cumulative amounts ceded under the loss portfolio transfer to exceed the consideration paid, the loss portfolio transfer moves into a gain position subject to retroactive reinsurance accounting under GAAP. Gains are deferred under retroactive reinsurance accounting and recognized in earnings in proportion to actual paid recoveries under the loss portfolio transfer using the recovery method. While the deferral of gains can introduce volatility in our results in the short-term, over the life of the contract, we would expect no economic impact to the Company as long as the counterparty performs under the contract. The impact of retroactive reinsurance accounting is not indicative of our current and ongoing operations.

For the years ended December 31, 2023 and 2022, due to adverse paid and reported loss trends on the legacy Rasier business, the Company recognized adverse prior year development of $64.4 million and $46.7 million, respectively, on the net reserves subject to the Commercial Auto LPT, resulting in corresponding additional amounts ceded under the Commercial Auto LPT. As a result, the cumulative amounts ceded under the Commercial Auto LPT exceed the consideration paid, moving the Commercial Auto LPT into a gain position. The Company has applied retroactive reinsurance accounting to the loss portfolio transfer. Retroactive reinsurance benefits of $59.4 million and $31.0 million, respectively, were recorded in losses and loss adjustment expenses on the Consolidated Statements of (Loss) Income and Comprehensive Loss for the years ended December 31, 2023 and 2022 using the recovery method. The cumulative amounts ceded under the loss portfolio transfer were $456.2 million and $391.8 million as of December 31, 2023 and 2022, respectively. The deferred retroactive reinsurance gain related to the Commercial Auto LPT separately presented on the Company's Consolidated Balance Sheets was $20.7 million and $15.7 million at December 31, 2023 and 2022, respectively.

James River Group Holdings, Ltd. and Subsidiaries

Notes to Consolidated Financial Statements
Years ended December 31, 2023, 2022, and 2021

The following tables present incurred and paid losses and loss adjustment expenses, net of reinsurance as of December 31, 2023 for: (1) the Excess and Surplus Lines segment split between all excess and surplus lines business excluding commercial auto, and separately, commercial auto, and (2) the Specialty Admitted Insurance segment split between individual risk workers' compensation and fronting and programs. The information provided herein about incurred and paid accident year claims development for the years ended December 31, 2022 and prior is presented as "unaudited" supplementary information.

Excess and Surplus Lines — Excluding Commercial Auto

Incurred losses and loss adjustment expenses, net of reinsurance (in thousands)

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 114,942	$ 104,092	$ 90,267	$ 82,232	$ 84,074	$ 88,904	$ 90,191	$ 90,944	$ 91,391	$ 94,877
2015		126,443	113,417	104,847	102,434	103,688	110,466	114,398	116,085	118,599
2016			138,507	125,093	126,050	126,971	125,097	132,235	135,491	141,242
2017				144,349	131,897	132,136	124,265	128,674	134,272	147,196
2018					167,004	158,458	146,633	150,687	151,563	167,237
2019						214,653	194,759	189,671	188,061	204,844
2020							239,897	211,732	207,210	231,658
2021								304,435	286,343	274,120
2022									340,436	293,402
2023										369,255
Total										$ 2,042,430

Cumulative paid losses and loss adjustment expenses, net of reinsurance (in thousands)

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 3,412	$ 16,969	$ 28,212	$ 43,891	$ 58,774	$ 71,549	$ 76,523	$ 79,980	$ 85,433	$ 89,769
2015		4,048	17,164	34,801	55,911	73,455	87,344	94,494	103,138	110,860
2016			5,180	22,852	46,045	70,105	90,166	102,072	116,059	126,916
2017				5,290	22,956	42,764	64,924	81,303	102,866	120,229
2018					6,000	26,160	50,679	76,494	105,538	124,903
2019						8,235	31,346	62,227	103,836	136,289
2020							8,642	34,561	73,106	117,892
2021								11,693	55,070	100,649
2022									12,713	51,537
2023										10,927
Total										$ 989,971
All outstanding losses and loss adjustment expenses prior to 2014, net of reinsurance (76 claims outstanding)										$ 11,111
Total outstanding losses and loss adjustment expenses, net of reinsurance										$ 1,063,570

Excess and Surplus Lines — Commercial Auto

Incurred losses and loss adjustment expenses, net of reinsurance (in thousands)

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 20,487	$ 14,071	$ 17,233	$ 18,953	$ 19,779	$ 18,303	$ 19,196	$ 20,013	$ 20,222	$ 20,121
2015		30,109	33,113	35,149	36,139	36,636	37,839	38,046	37,915	37,950
2016			74,340	109,286	126,791	147,122	157,712	164,399	164,046	165,744
2017				207,355	208,743	272,421	319,472	355,713	366,636	376,251
2018					255,881	230,220	283,408	349,067	371,637	389,244
2019						262,306	240,773	339,771	365,279	408,340
2020							19,133	10,899	12,324	19,009
2021								21,154	16,565	17,319
2022									26,126	19,921
2023										18,181
Total										$ 1,472,080

Cumulative paid losses and loss adjustment expenses, net of reinsurance (in thousands)

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 6,166	$ 8,645	$ 12,679	$ 16,359	$ 18,678	$ 17,745	$ 18,301	$ 19,163	$ 20,070	$ 20,077
2015		8,356	15,234	24,282	31,592	34,819	35,983	36,710	37,462	37,725
2016			18,295	54,054	89,381	125,108	141,545	152,030	158,819	162,219
2017				41,467	107,377	192,961	252,169	309,860	344,235	364,501
2018					45,136	119,099	184,686	257,346	329,009	368,865
2019						44,225	107,182	192,982	285,725	358,920
2020							628	2,854	7,304	14,151
2021								2,810	4,313	10,325
2022									1,897	5,365
2023										2,066
Total										$ 1,344,214
Total outstanding losses and loss adjustment expenses, net of reinsurance before Rasier LPT										$ 127,866
Reinsurance recoverable for Rasier LPT										$ 78,065
Total outstanding losses and loss adjustment expenses, net of reinsurance										$ 49,801

Specialty Admitted — Individual Risk Workers' Compensation

Incurred losses and loss adjustment expenses, net of reinsurance (in thousands)

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 16,638	$ 16,652	$ 14,620	$ 13,890	$ 12,704	$ 12,704	$ 12,573	$ 12,685	$ 12,553	$ 12,424
2015		20,938	21,274	19,741	18,376	17,626	16,492	16,468	16,409	16,096
2016			21,678	20,299	18,050	15,800	14,050	13,069	12,790	12,510
2017				24,869	22,071	19,779	18,810	16,606	15,487	15,360
2018					16,432	16,288	16,038	14,200	12,139	11,829
2019						20,253	21,056	20,631	18,129	17,624
2020							20,137	22,240	19,389	18,934
2021								14,519	14,713	12,668
2022									14,507	11,828
2023										21,095
										$ 150,368

Cumulative paid losses and loss adjustment expenses, net of reinsurance (in thousands)

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 4,633	$ 10,648	$ 12,041	$ 12,236	$ 12,282	$ 12,282	$ 12,276	$ 12,287	$ 12,306	$ 12,308
2015		6,604	13,285	15,118	15,889	15,901	16,068	16,069	16,071	16,071
2016			4,664	10,227	12,135	12,432	12,481	12,483	12,483	12,483
2017				6,546	12,782	14,285	15,195	15,210	15,236	15,279
2018					4,497	9,034	11,412	11,746	11,765	11,752
2019						5,473	13,776	16,254	16,909	17,154
2020							7,394	14,668	16,665	17,206
2021								5,874	10,780	11,679
2022									5,943	9,732
2023										6,126
Total										$ 129,790
All outstanding losses and loss adjustment expenses prior to 2014, net of reinsurance (6 claims outstanding)										$ 341
Outstanding losses and loss adjustment expenses assumed from involuntary workers' compensation pools										$ 3,701
Total outstanding losses and loss adjustment expenses, net of reinsurance										$ 24,620

Specialty Admitted — Fronting and Programs

Incurred losses and loss adjustment expenses, net of reinsurance (in thousands)

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 3,460	$ 3,468	$ 3,818	$ 3,425	$ 3,228	$ 3,083	$ 3,081	$ 3,068	$ 3,061	$ 2,939
2015		7,136	9,632	9,358	8,974	8,384	8,444	8,436	8,279	8,195
2016			11,542	15,670	14,682	15,522	14,468	15,090	14,304	13,289
2017				21,229	24,271	25,201	24,728	25,097	24,893	23,128
2018					21,758	20,677	19,822	20,158	19,268	19,193
2019						18,832	19,020	19,991	18,956	18,777
2020							25,433	28,131	31,555	34,705
2021								39,999	44,857	47,505
2022									47,262	51,101
2023										53,635
Total										$ 272,467

Cumulative paid losses and loss adjustment expenses, net of reinsurance (in thousands)

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2014	$ 883	$ 1,687	$ 2,369	$ 2,728	$ 2,854	$ 2,916	$ 2,917	$ 2,926	$ 2,939	$ 2,941
2015		2,058	4,666	6,165	6,919	7,329	7,654	7,728	7,824	8,007
2016			1,894	5,123	6,888	10,732	10,896	11,711	12,142	12,321
2017				1,223	6,682	13,065	15,854	18,219	20,655	20,770
2018					885	4,972	10,495	12,631	14,059	15,424
2019						4,358	5,125	9,958	13,007	14,914
2020							5,375	15,678	20,903	26,523
2021								8,347	18,106	27,156
2022									13,018	23,284
2023										13,145
Total										$ 164,485
All outstanding losses and loss adjustment expenses, net of reinsurance										$ 107,982
Outstanding losses and loss adjustment expenses, assumed from involuntary pools										$ 1,000
Total outstanding losses and loss adjustment expenses, net of reinsurance										$ 108,982

The reconciliation of the net incurred and paid claims development tables to the reserve for losses and loss adjustment expenses in the consolidated balance sheet at December 31, 2023 is as follows (in thousands):

E&S – excluding commercial auto	$	1,063,570
E&S – commercial auto		49,801
Specialty Admitted – individual risk workers' compensation		24,620
Specialty Admitted – fronting and programs		108,982
Net reserve for losses and loss adjustment expenses		1,246,973
Reinsurance recoverables on unpaid losses (gross of $660,000 allowance for credit losses on reinsurance recoverables)		1,359,134
Gross reserve for losses and loss adjustment expenses	$	2,606,107

The following is unaudited supplementary information about average annual percentage payouts of incurred claims by age, net of reinsurance, as of December 31, 2023.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
E&S – excluding commercial auto	3.7 %	12.7 %	15.1 %	17.4 %	14.8 %	12.0 %	8.2 %	6.2 %	6.1 %	3.8 %
E&S – commercial auto	13.8 %	15.7 %	23.0 %	21.7 %	13.6 %	4.8 %	3.5 %	2.8 %	1.1 %	0.0 %
Specialty Admitted – individual risk workers' compensation	28.5 %	32.5 %	14.8 %	8.1 %	6.4 %	3.3 %	1.9 %	1.0 %	1.0 %	0.8 %
Specialty Admitted – fronting and programs	18.7 %	21.4 %	20.7 %	13.3 %	7.6 %	5.4 %	4.5 %	3.5 %	2.3 %	2.1 %

In determining the cumulative number of reported claims, the Company measures claim counts by individual claimant for individual risk workers' compensation policies in the Specialty Admitted Insurance segment. In the Excess and Surplus Lines insurance segment and for fronting and programs in the Specialty Admitted Insurance segment, the Company measures claim counts by claim event. The claim counts include all claims reported, even if the Company does not establish a liability for the claim (i.e. reserve for losses and loss adjustment expenses).

The table below provides information on IBNR liabilities and claims frequency for: (1) the Excess and Surplus Lines segment split between commercial auto and all non commercial auto, and (2) the Specialty Admitted Insurance segment split between individual risk workers' compensation and fronting and programs:

Excess and Surplus Lines — Excluding Commercial Auto

Accident Year	Incurred Losses and Loss Adj Expenses	IBNR	Cumulative # of Reported Claims
		($ in thousands)	
2014	$ 94,877	$ 1,888	2,278
2015	118,599	3,198	2,706
2016	141,242	4,198	3,285
2017	147,196	9,122	3,322
2018	167,237	19,021	4,728
2019	204,844	30,925	6,143
2020	231,658	63,022	5,590
2021	274,120	123,776	4,803
2022	293,402	198,836	4,185
2023	369,255	337,417	2,712

Excess and Surplus Lines — Commercial Auto

Accident Year	Incurred Losses and Loss Adj Expenses	IBNR before Rasier LPT	IBNR net of Rasier LPT	Cumulative # of Reported Claims
	($ in thousands)			
2014	$ 20,121	$ 44	$ 20	7,764
2015	37,950	225	143	41,771
2016	165,744	1,032	106	89,117
2017	376,251	4,679	176	134,150
2018	389,244	8,474	157	97,342
2019	408,340	13,992	317	71,492
2020	19,009	1,212	1,212	633
2021	17,319	4,364	4,364	785
2022	19,921	11,871	11,871	501
2023	18,181	14,452	14,452	263

Specialty Admitted - Individual Risk Workers' Compensation

Accident Year	Incurred Losses and Loss Adj Expenses	IBNR	Cumulative # of Reported Claims
	($ in thousands)		
2014	$ 12,424	$ 26	851
2015	16,096	25	975
2016	12,510	26	835
2017	15,360	54	1,093
2018	11,829	32	1,238
2019	17,624	338	1,555
2020	18,934	808	1,381
2021	12,668	298	1,301
2022	11,828	759	1,046
2023	21,095	3,017	860

Specialty Admitted — Fronting and Programs

Accident Year	Incurred Losses and Loss Adj Expenses	IBNR	Cumulative # of Reported Claims
		($ in thousands)	
2014	$ 2,939	$ —	858
2015	8,195	50	1,363
2016	13,289	290	2,823
2017	23,128	1,043	6,805
2018	19,193	1,365	7,407
2019	18,777	1,806	8,154
2020	34,705	3,178	9,039
2021	47,505	10,971	10,622
2022	51,101	16,914	9,745
2023	53,635	27,444	8,035

The Company has not provided insurance coverage that could reasonably be expected to produce material levels of asbestos claims activity. In addition, management does not believe that the Company is exposed to environmental liability claims other than those which it has specifically underwritten and priced as an environmental exposure.

9. Reinsurance

The Company remains liable to policyholders if its reinsurers are unable to meet their contractual obligations under applicable reinsurance agreements. To minimize exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk. The Company's reinsurance contracts generally require reinsurers that are not authorized as reinsurers under U.S. state insurance regulations or that experience rating downgrades from rating agencies below specified levels to fund their share of the Company's ceded outstanding losses and loss adjustment expense reserves, typically through the use of irrevocable and unconditional letters of credit. In fronting arrangements, which the Company conducts through its Specialty Admitted Insurance segment, the Company is subject to credit risk with regard to insurance companies who act as reinsurers for the Company in such arrangements. The Company customarily requires a collateral trust arrangement to secure the obligations of the insurance entity for whom it is fronting.

At December 31, 2023, the Company had reinsurance recoverables on unpaid losses of $1,358.5 million and reinsurance recoverables on paid losses of $158.0 million. All material reinsurance recoverables are from companies with A.M. Best Company ratings of "A-" (Excellent) or better, or are collateralized by the reinsurer for our benefit through letters of credit or trust agreements, or represent recoverables from a state residual market for automobile insurance.

At December 31, 2023, reinsurance recoverables on unpaid losses from the Company's three largest reinsurers were $366.1 million, $162.1 million, and $78.1 million, representing 44.6% of the total balance.

At December 31, 2023, prepaid reinsurance premiums ceded to the three reinsurers with the largest amount of prepaid reinsurance premiums totaled $51.2 million, $25.0 million, and $24.1 million, representing 34.2% of the total balance.

Premiums written, premiums earned, and losses and loss adjustment expenses incurred are summarized as follows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Written premiums:			
Direct	$ 1,506,668	$ 1,408,524	$ 1,322,034
Assumed	1,992	2,848	3,184
Ceded	(814,759)	(745,926)	(740,033)
Net	$ 693,901	$ 665,446	$ 585,185
Earned premiums:			
Direct	$ 1,496,708	$ 1,378,619	$ 1,255,875
Assumed	2,250	3,032	3,198
Ceded	(790,953)	(751,917)	(697,702)
Net	$ 708,005	$ 629,734	$ 561,371
Losses and loss adjustment expenses:			
Direct	$ 1,204,532	$ 937,393	$ 1,117,673
Assumed	2,032	1,344	2,325
Ceded	(706,407)	(498,095)	(547,824)
Net	$ 500,157	$ 440,642	$ 572,174

10. Senior Debt

The Company has a $315.0 million senior revolving credit facility (as amended or amended and restated, the "2013 Facility”). The 2013 Facility is comprised of the following at December 31, 2023:

- A $102.5 million secured revolving facility utilized by JRG Re to issue letters of credit for the benefit of third-party reinsureds. This portion of our credit facility is secured by our investment securities. At December 31, 2023, the Company had $42.7 million of letters of credit issued under the secured facility.
- A $212.5 million unsecured revolving facility to meet the working capital needs of the Company. All unpaid principal on the revolver is due at maturity. Interest accrues quarterly and is payable in arrears, currently at 1-month SOFR (the Company, per the terms of the credit agreement, can elect between one, three, or six month interest periods) plus a 0.1% SOFR index adjustment and a SOFR margin (1.75% at December 31, 2023), which is subject to change according to terms in the credit agreement. At December 31, 2023 and 2022, the Company had a drawn balance of $185.8 million outstanding on the unsecured revolver.

James River Group Holdings, Ltd. and JRG Re are borrowers on the 2013 Facility. The 2013 Facility has been amended from time to time since its inception in 2013. On November 8, 2019, the Company entered into a Second Amended and Restated Credit Agreement for the 2013 Facility which, among other things, extended the maturity date of the 2013 Facility until November 8, 2024, increased the amount available under the unsecured revolving credit facility to $212.5 million, lowered the applicable interest rate and letter of credit fees, and modified certain negative covenants to be less restrictive.

On July 7, 2023, the Company entered into a Third Amended and Restated Credit Agreement for its $315.0 million senior revolving credit facility which, among other things, extended the maturity date of such facility until July 7, 2026 and increased the applicable interest rate and letter of credit fees.

A subsidiary of the bank holding company for which the former Non-Executive Chairman of the Company was previously Lead Independent Director is one of the lenders for the 2013 Facility, with a $50.0 million commitment allocation on the total $315.0 million 2013 Facility.

The 2013 Facility contains certain financial and other covenants (including minimum net worth, maximum ratio of total adjusted debt outstanding to total capitalization, and financial strength ratings) with which the Company was in compliance at December 31, 2023, with the exception of a default of the financial strength rating covenant due to the downgrade of JRG Re by A.M. Best on December 20, 2023 from “A-” (Excellent) to “B++” (good). The financial strength rating covenant requires that each of our regulated insurance subsidiaries maintain an A.M. Best rating not lower than "A-" (Excellent). Our lenders have waived this default through March 1, 2025, and in any event, we expect it to be cured upon the closing of the sale of JRG Re, at which time we expect JRG Re to be removed as a borrower under the 2017 Facility.

On August 2, 2017, the Company and its wholly-owned subsidiary, JRG Re, together as borrowers, entered into a credit agreement (the "2017 Facility") that provides the Company with a revolving line of credit of up to $100.0 million, which may be used for loans and letters of credit made or issued, at the borrowers' option, on a secured or unsecured basis. The loans and letters of credit made or issued under the revolving line of credit may be used to finance the Borrowers' general corporate purposes. The 2017 Facility has been amended from time to time since its inception in 2017. On November 8, 2019, the Company entered into a First Amendment to Credit Agreement which, among other things, lowered the applicable interest rate and modified certain negative covenants to be less restrictive. Obligations under the 2017 Facility carry a variable rate of interest subject to terms in the credit agreement which is currently at 1-month SOFR (the Company, per the terms of the credit agreement, can elect between one, two, three, or six month interest periods) plus a 0.1% SOFR index adjustment and a SOFR margin (1.50% at December 31, 2023) and will mature 30 days after notice of termination from the lender. Interest accrues quarterly and is payable in arrears at variable rates which are subject to change according to terms in the credit agreement. At December 31, 2023, unsecured loans of $21.5 million and secured letters of credit totaling $25.5 million were outstanding under the facility. The Company repaid $40.0 million of loans in 2022.

In order to secure borrowings and letters of credit made or issued under the secured portion of the 2017 Facility, JRG Re entered into a pledge and security agreement on August 2, 2017 with the lender, pursuant to which JRG Re pledged certain investment securities. In the event the Company elects to pledge investment securities as collateral for the secured portion of the revolving credit facility, the Company will enter into a similar pledge and security agreement.

An affiliate of the lender under the 2017 Facility was an underwriter in the December 2014 initial public offering of the Company's common shares and a joint lead book-running manager in the Company's May 2021 public offering of the Company's common shares.

The 2017 Facility contains certain financial and other covenants with which we are in compliance at December 31, 2023, with the exception of a default of the financial strength rating covenant due to the downgrade of JRG Re by A.M. Best on December 20, 2023 from "A-" (Excellent) to "B++" (good). The financial strength rating covenant requires that each of our regulated insurance subsidiaries maintain an A.M. Best rating not lower than "A-" (Excellent). Our lenders have waived this default through March 1, 2025, and in any event, we expect it to be cured upon the closing of the sale of JRG Re, at which time we expect JRG Re to be removed as a borrower under the 2017 Facility.

On May 26, 2004, James River Group issued $15.0 million of unsecured, floating rate senior debentures (the "Senior Debt"), due April 29, 2034 unless accelerated earlier, through an indenture. The Senior Debt is not redeemable by the holder and is not subject to sinking fund requirements. Interest accrues quarterly and is payable in arrears at a per annum rate of the three-month SOFR on the Determination Date (as defined in the indenture) plus a spread adjustment of 0.26% and a margin of 3.85%. The Senior Debt is redeemable prior to its stated maturity in whole or in part, at the option of James River Group.

The terms of the indenture generally provide that so long as the Senior Debt is outstanding, neither James River Group nor any of its subsidiaries may:

- assume or permit to exist any indebtedness that is secured by any encumbrance on the capital stock of James River Group or any of its subsidiaries which is senior to the Senior Debt; or
- issue, sell, transfer or otherwise dispose of any shares of, securities convertible into, or warrants, rights or options to subscribe for or purchase shares of, capital stock of any subsidiary.

The terms of the Senior Debt contain certain covenants, with which the Company was in compliance at December 31, 2023, and which, among other things, restrict our ability to assume senior indebtedness secured by our U.S. holding company's common stock or its subsidiaries' capital stock or to issue shares of its subsidiaries' capital stock.

Interest payable is included in "accrued expenses" in the accompanying consolidated balance sheets.

11. Junior Subordinated Debt

The Company issued trust preferred securities ("Trust Preferred Securities") through James River Capital Trust I, James River Capital Trust II, James River Capital Trust III, James River Capital Trust IV, and Franklin Holdings II (Bermuda) Capital Trust I, (each, a "Trust"; collectively, the "Trusts"). These Delaware statutory trusts are sponsored and wholly-owned by the Company. Each Trust was created solely for the purpose of issuing the Trust Preferred Securities.

Each Trust used proceeds from the sale of its Trust Preferred Securities to purchase the Company's floating rate junior subordinated debentures (the "Junior Subordinated Debt") issued to the Trust under an indenture (each, an "Indenture"; collectively, the "Indentures"). The Junior Subordinated Debt is the sole asset of each Trust, and the Trust Preferred Securities are the sole liabilities of each Trust. The Company purchased all of the outstanding common stock of the Trusts, and the investment in the Trusts is included in "other assets" in the accompanying consolidated balance sheets.

The following table summarizes the nature and terms of the junior subordinated debt and trust preferred securities outstanding at December 31, 2023 (including the Company's repurchases of a portion of these trust preferred securities):

	James River Capital Trust I	James River Capital Trust II	James River Capital Trust III	James River Capital Trust IV	Franklin Holdings II (Bermuda) Capital Trust I
			($ in thousands)		
Issue date	May 26, 2004	December 15, 2004	June 15, 2006	December 11, 2007	January 10, 2008
Principal amount of Trust Preferred Securities	$7,000	$15,000	$20,000	$54,000	$30,000
Principal amount of Junior Subordinated Debt	$7,217	$15,464	$20,619	$55,670	$30,928
Carrying amount of Junior Subordinated Debt net of repurchases	$7,217	$15,464	$20,619	$44,827	$15,928
Maturity date of Junior Subordinated Debt, unless accelerated earlier	May 24, 2034	December 15, 2034	June 15, 2036	December 15, 2037	March 15, 2038
Trust common stock	$217	$464	$619	$1,670	$928
Interest rate, per annum	Three-Month SOFR plus 4.3%	Three-Month SOFR plus 3.7%	Three-Month SOFR plus 3.3%	Three-Month SOFR plus 3.4%	Three-Month SOFR plus 4.3%

All of the Junior Subordinated Debt is currently redeemable at 100.0% of the unpaid principal amount at the Company's option. Interest on the Trust Preferred Securities and interest paid to the Trusts on the Junior Subordinated Debt is payable quarterly in arrears at a per annum rate as described in the table above. The Company has the right to defer interest payments on the Junior Subordinated Debt for up to five years without triggering an event of default.

The Trust Preferred Securities are subject to mandatory redemption in a like amount (a) upon repayment of all of the Junior Subordinated Debt on the stated maturity date, (b) contemporaneously with the optional prepayment of all of the Junior Subordinated Debt in conjunction with a special event (as defined), and (c) five years or more after the issue date, contemporaneously with the optional prepayment, in whole or in part, of the Junior Subordinated Debt. The Indentures contain certain covenants which the Company is in compliance with as of December 31, 2023.

Interest payable is included in "accrued expenses" on the accompanying consolidated balance sheets.

12. Series A Preferred Shares

On February 24, 2022, we entered into an Investment Agreement with GPC Partners Investments (Thames) LP ("GPC Partners"), an affiliate of Gallatin Point Capital LLC, relating to the issuance and sale of 150,000 7% Series A Perpetual Cumulative Convertible Preferred Shares, par value $0.00125 per share (the "Series A Preferred Shares"), for an aggregate purchase price of $150.0 million, or $1,000 per share, in a private placement. The transaction closed on March 1, 2022 (the "Series A Closing Date").

The Series A Preferred Shares rank senior to our common shares with respect to dividend rights and rights on the distribution of assets on any liquidation, dissolution or winding up of the affairs of the Company, upon which the holders of Series A Preferred Shares would receive the greater of the $1,000 liquidation preference per share (the "Liquidation Preference") plus accrued and unpaid dividends, or the amount they would have received if they had converted all of their Series A Preferred Shares to common shares immediately before such liquidation, dissolution or winding up.

Holders of the Series A Preferred Shares are entitled to a dividend at the initial rate of 7% of the Liquidation Preference per annum, paid in cash, in-kind in common shares or in Series A Preferred Shares, at the Company's election. On the five-year anniversary of the Series A Closing Date, and each five-year anniversary thereafter, the dividend rate will reset to a rate equal to the five-year U.S. treasury rate plus 5.2%. Dividends accrue and are payable quarterly. For the years ended December 31, 2023 and 2022, cash dividends of $10.5 million and $8.8 million were declared, respectively, of which $2.6 million was payable at December 31 of both years.

The Series A Preferred Shares are convertible at the option of the holders thereof at any time into common shares at an initial conversion price of $26.5950, making the Series A Preferred Shares initially convertible into 5,640,158 common shares. The conversion price is subject to customary anti-dilution adjustments, including cash dividends on the common shares above specified levels, as well as certain adjustments in case of net adverse reserve developments in excess of a threshold over a period of time. The measurement period for the adverse reserve development anti-dilution adjustment commenced with the quarter beginning January 1, 2022 and ends with the quarter ending December 31, 2025. As of December 31, 2023, net adverse reserve development exceeded the threshold. If net adverse reserve development exceeds the threshold at the conclusion of the measurement period (or upon a mandatory or optional conversion, if earlier), the conversion price will be adjusted pursuant to the Certificate of Designations and the adjusted conversion price will become effective after the filing of the Company's financial statements for the period ending December 31, 2025 (or immediately after the close of business on the date of the public filing of the Company's financial statements for the most recent quarterly period preceding a mandatory or optional conversion, if earlier). None of the other triggers that would result in additional adjustments to the conversion price have been met at December 31, 2023.

The Certificate of Designations setting forth the terms of the Series A Preferred Shares limits our ability to pay dividends to our common shareholders. If we pay cash dividends of more than $0.05 per common share per quarter, without the consent of at least the majority of the Series A Preferred Shares then outstanding, we will be required to reduce the conversion price of the Series A Preferred Shares. Additionally, the payment of cash dividends in excess of $0.10 per common share per quarter is not permitted if the dividends on the Series A Preferred Shares for that quarter are not paid in cash, unless the Company’s U.S.-based insurance subsidiaries and direct Bermuda-based insurance subsidiary satisfy certain capital requirements. Share dividends payable on the common shares to our shareholders also trigger a reduction of the conversion price applicable to the Series A Preferred Shares.

At any time on or after the two year anniversary of the Series A Closing Date, if the volume-weighted average price (“VWAP”) per Common Share is greater than 130% of the then-applicable conversion price for at least twenty (20) consecutive trading days, the Company will be able to elect to convert (a “Mandatory Conversion”) all of the outstanding Series A Preferred Shares into common shares. In the case of a Mandatory Conversion, each Series A Preferred Share then outstanding will be converted into (i) the number of common shares equal to the quotient of (A) the sum of the Liquidation Preference and the accrued and unpaid dividends with respect to such Series A Preferred Share to be converted divided by (B) the conversion price of such share in effect as of the date of the Mandatory Conversion plus (ii) cash in lieu of fractional shares.

Upon any Mandatory Conversion on or before the five-year anniversary of the Series A Closing Date, all dividends that would have accrued from the date of the Mandatory Conversion to the later of the five-year anniversary of the Series A Closing Date or the last day of the eighth quarter following the date of the Mandatory Conversion, the last eight quarters of which will be discounted to present value using a discount rate of 3.5% per annum, and will be immediately payable in common shares, valued at the average of the daily VWAP of the Company’s common shares during the five (5) trading days immediately preceding the Mandatory Conversion.

The holders of the Series A Preferred Shares may require the Company to repurchase their shares upon the occurrence of certain change of control events. Upon the occurrence of a Fundamental Change (as defined in the Certificate of Designations designating the Series A Preferred Shares), each holder of outstanding Series A Preferred Shares will be permitted to, at its election, (i) effective as of immediately prior to the Fundamental Change, convert all or a portion of its Series A Preferred Shares into common shares, or (ii) require the Company to repurchase any or all of such holder’s Series A Preferred Shares at a purchase price per Series A Preferred Share equal to the Liquidation Preference of such Series A Preferred Share plus accrued and unpaid dividends plus, if the Fundamental Change repurchase occurs prior to the five-year anniversary of the Series A Closing Date, all dividends that would have accrued up to such five-year anniversary, but that have not been paid. The repurchase price will be payable in cash.

Because the Company may be required to repurchase all or a portion of the Series A Preferred Shares at the option of the holder upon the occurrence of certain change of control events, the Series A Preferred Shares have been classified as mezzanine equity in the Company's consolidated balance sheets and are recognized at fair value of $150.0 million (the proceeds on the date of issuance) less issuance costs of $5.1 million, resulting in a carrying value of $144.9 million.

Under the terms of the Investment Agreement, GPC Partners has the right to designate one member of the Board (the “Series A Designee”). GPC Partners has designated Matthew Botein as the Series A Designee and, accordingly, the Board approved the appointment of Mr. Botein to serve as a Class I director with a term expiring at the 2024 annual meeting of the Company’s shareholders.

13. Shareholders' Equity

The Company has 200,000,000 common shares authorized with $0.0002 par value per share. The following table presents a rollforward of changes in common shares issued and outstanding.

	Year Ended December 31,	
	2023	2022
Issued and outstanding common shares, beginning of year	37,470,237	37,373,066
Vesting of RSU awards	171,326	97,171
Issued and outstanding common shares, end of year	37,641,563	37,470,237

On May 10, 2021, the Company closed the offering and public sale (the “Offering”) of an aggregate of 6,497,500 of the Company’s common shares at a public offering price of $31.00 per share. The Company received net proceeds (before expenses) from the Offering of $192.1 million, which were used for general corporate purposes. The common shares were offered and sold pursuant to an underwriting agreement entered into by the Company, Barclays Capital, Inc., and Keefe, Bruyette & Woods, Inc., as representatives of the several underwriters named therein.

The Company has 5,132,650 common shares reserved for future issuance upon exercise or vesting of equity awards, as applicable, and 5,971,184 common shares reserved for issuance upon conversion of the Series A Preferred Shares.

The Board of Directors declared the following cash dividends on common shares in 2023, 2022, and 2021:

Date of Declaration	Dividend per Common Share	Payable to Shareholders of Record on	Payment Date	Total Amount (thousands)
2023				
February 16, 2023	$0.05	March 13, 2023	March 31, 2023	$ 1,922
April 27, 2023	$0.05	June 12, 2023	June 30, 2023	$ 1,921
July 27, 2023	$0.05	September 11, 2023	September 29, 2023	$ 1,922
October 26, 2023	$0.05	December 11, 2023	December 29, 2023	$ 1,919
Total	$0.20			$ 7,684
2022				
February 16, 2022	$0.05	March 14, 2022	March 31, 2022	$ 1,908
April 28, 2022	$0.05	June 13, 2022	June 30, 2022	$ 1,908
July 26, 2022	$0.05	September 12, 2022	September 30, 2022	$ 1,908
October 25, 2022	$0.05	December 12, 2022	December 30, 2022	$ 1,908
Total	$0.20			$ 7,632
2021				
February 24, 2021	$0.30	March 15, 2021	March 31, 2021	$ 9,345
April 27, 2021	$0.30	June 14, 2021	June 30, 2021	$ 11,291
July 27, 2021	$0.30	September 13, 2021	September 30, 2021	$ 11,282
October 26, 2021	$0.30	December 13, 2021	December 31, 2021	$ 11,292
Total	$1.20			$ 43,210

Included in the dividends are $159,000, $141,000 and $404,000 of dividend equivalents on RSUs, of which $255,000, $335,000 and $518,000 were payable as of December 31, 2023, 2022, and 2021, respectively.

14. Equity Awards

Equity Incentive Plans

The Company's shareholders have approved various equity incentive plans, including the 2014 Long Term Incentive Plan ("2014 LTIP") and the 2014 Non-Employee Director Incentive Plan ("2014 Director Plan") (collectively, the "Plans"). All awards issued under the Plans are issued at the discretion of the Board of Directors.

Employees are eligible to receive non-qualified stock options, incentive stock options, share appreciation rights, performance shares, restricted shares, RSUs, and other awards under the 2014 LTIP. The 2014 LTIP was amended on October 25, 2022, increasing the number of shares available for issuance under the 2014 LTIP by 811,500 shares. Following the amendment, the maximum number of shares available for issuance under the 2014 LTIP is 4,982,650, and at December 31, 2023, 1,521,880 shares are available for grant.

On July 26, 2022, the Board of Directors of the Company approved a new long-term incentive plan (the "LTI Plan") under the 2014 LTIP. The LTI Plan is designed to align compensation of designated senior officers of the Company with Company performance and shareholder interests over the long-term. Awards under the LTI Plan are made in the form of performance restricted share units (a "PRSU") and service based restricted share units (RSUs). Initial awards were granted in the first quarter of 2023.

Each PRSU will represent a contingent right to receive one Company common share based upon the level of achievement of certain performance metrics during the performance period, with payout for achievement of threshold, target and maximum performance levels to be set at 50%, 100% and 200% of the target number of PRSUs, respectively. The initial PRSU awards have a performance period of January 1, 2023 through December 31, 2025.

Non-employee directors of the Company are eligible to receive non-qualified stock options, share appreciation rights, performance shares, restricted shares, RSUs, and other awards under the 2014 Director Plan. The maximum number of shares available for issuance under the 2014 Director Plan is 150,000, and at December 31, 2023, 66,999 shares are available for grant.

Generally, awards issued under the 2014 LTIP and 2014 Director Plan vest immediately in the event that an award recipient is terminated without Cause (as defined), and in the case of the 2014 LTIP for Good Reason (as defined), at any time following a Change in Control (as defined in the applicable plans).

Options

The following table summarizes the option activity:

	Year Ended December 31,					
	2023		2022		2021	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding:						
Beginning of year	287,974	$ 35.26	287,974	$ 35.26	463,324	$ 32.25
Granted	—	$ —	—	$ —	—	$ —
Exercised	—	$ —	—	$ —	(126,798)	$ 22.26
Lapsed	(164,548)	$ 32.07	—	$ —	—	$ —
Forfeited	(49,036)	$ 35.50	—	$ —	(48,552)	$ 40.42
End of year	74,390	$ 42.17	287,974	$ 35.26	287,974	$ 35.26
Exercisable, end of year	74,390	$ 42.17	287,974	$ 35.26	287,974	$ 35.26

All of the outstanding options are fully vested (vesting period of three years from date of grant) and have a contractual life of seven years from the original date of grant. All of the outstanding options have an exercise price equal to the fair value of the underlying shares at the date of grant.

The intrinsic value of each option is determined based on the difference between the fair value of the underlying share and the exercise price of the underlying option. The total intrinsic value of options exercised during 2023, 2022 and 2021 was $0, $0 and $1.3 million, respectively. The aggregate intrinsic value of options outstanding and options exercisable was $0 at December 31, 2023, 2022 and 2021. The fair value used for calculating intrinsic values was $9.24, $20.91 and $28.81 at December 31, 2023, 2022 and 2021, respectively.

The weighted-average remaining contractual life of the options outstanding and exercisable at December 31, 2023 is 0.1 years. There were no options granted in 2023, 2022, or 2021. The value of the options granted was estimated at the date of grant using the Black-Scholes-Merton option pricing model.

RSUs

The following table summarizes RSU activity:

	Year Ended December 31,					
	2023		2022		2021	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Unvested, beginning of year	665,458	$ 25.98	292,135	$ 45.89	399,856	$ 43.59
Granted	388,517	$ 24.13	560,680	$ 20.61	161,971	$ 47.82
Vested	(250,793)	$ 30.99	(147,530)	$ 45.16	(194,157)	$ 42.74
Forfeited	(51,928)	$ 24.08	(39,827)	$ 25.41	(75,535)	$ 45.98
Unvested, end of year	751,254	$ 23.48	665,458	$ 25.98	292,135	$ 45.89

Outstanding RSUs granted to employees generally vest ratably over a three year vesting period. RSUs granted to non-employee directors generally have a one year vesting period. The total fair value of shares vested in 2023, 2022 and 2021 was $5.6 million, $3.8 million and $9.1 million, respectively. The holders of RSUs are entitled to dividend equivalents. The dividend equivalents are settled in cash at the same time that the underlying RSUs vest and are subject to the same risk of forfeiture as the underlying shares. The fair value of the RSUs granted is based on the market price of the underlying shares at the date of grant. The RSUs granted in 2023 include 91,818 PRSU awards.

Compensation Expense

Share based compensation expense is recognized on a straight-line basis over the vesting period. Compensation cost for PRSUs is based upon the probable outcome of performance conditions. The amount of expense and related tax benefit is summarized below:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Share based compensation expense	$ 9,116	$ 8,122	$ 6,658
U.S. tax benefit on share based compensation expense	$ 1,690	$ 1,526	$ 1,206

At December 31, 2023, the Company had $10.2 million of unrecognized share based compensation expense expected to be charged to earnings over a weighted-average period of 1.7 years.

15. Income Taxes

Currently, James River Group Holdings, Ltd. and its Bermuda-based subsidiary, JRG Re, are not subject to income or capital tax. The Companies have obtained from the Bermuda Minister of Finance an assurance that, in the event Bermuda enacts legislation imposing tax, the imposition of any such tax shall not be applicable to the Company until March 31, 2035 (the “EUTP Act”). Effective for tax years beginning on or after January 1, 2025, Bermuda has introduced the Corporate Income Tax Act 2023 ("CIT Act") where a Bermuda Constituent Entity group (BCE) that is part of an “in scope Multi-National Enterprise group” (MNE) will be subject to a 15% corporate income tax. The CIT Act will supersede the assurance received from the Bermuda Minister of Finance under the EUTP Act.

A MNE group with a limited international footprint is not an in scope MNE, thus not subject to CIT. The limited international footprint exception is a year-by-year test and expires after tax year 2029. James River Group Holdings, Ltd. is expected to meet the criteria of the limited international footprint exception, and as such is not expected to be subject to tax under the CIT act.

Distributions from the Company’s U.S. subsidiaries to its U.K. intermediate holding company, James River UK, are generally subject to a 5% dividend withholding tax. No distributions occurred in 2023, 2022 or 2021.

The Company’s U.S. subsidiaries are subject to federal, state and local corporate income taxes, and other taxes applicable to U.S. corporations. The Company’s U.S.-domiciled subsidiaries file a consolidated U.S. federal income tax return.

The Company’s U.S.-based subsidiaries are generally no longer subject to income tax examination by U.S. income tax authorities for the tax years ending before January 1, 2020.

During 2018, the IRS published factors that allowed the Company to adjust its current and deferred tax liabilities based on the provisions of the Tax Act. The Tax Act has specific transition provisions associated with reserve discounting. The initial impact of the proposed regulations in 2018 was an increase to our deferred tax asset for the additional discount as of December 31, 2017 of $8.8 million offset by an increase to our deferred tax liability of $8.8 million representing the 8 year transition provision required by the Tax Act. During 2018, $1.1 million of this transition provision was recognized in our current provision and adjusted out of our deferred tax liability. The regulations were finalized in 2019, and the remaining reserve adjustment at December 31, 2019 based on these final regulations was $5.7 million to be recognized over the six years 2020 - 2025 at $950,000 per year.

The expected income tax provision computed from pre-tax income at the weighted-average tax rate has been calculated as the sum of the pre-tax income in each jurisdiction multiplied by that jurisdiction’s applicable Federal statutory tax rate. Federal statutory tax rates of 0% and 21% have been used in 2023, 2022 and 2021 for Bermuda and the U.S., respectively. The U.S. income (loss) before Federal income taxes was $119.9 million, $85.9 million, and $(89.3) million for the years ending December 31, 2023, 2022, and 2021, respectively. The Tax Act base-erosion and anti-abuse tax (“BEAT”) provisions impose a minimum tax on applicable taxpayers that make certain payments to related foreign persons. BEAT subjects the modified taxable income of an applicable taxpayer to a specified tax rate (10% in 2023). Modified taxable income is generally calculated by adding back certain payments to related foreign persons to regular taxable income. A reconciliation of the difference between the Company's Federal income tax provision on U.S. income and the expected Federal tax provision on U.S. income using the weighted-average tax rate as well as a reconciliation to total tax expense is as follows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Federal income tax expense (benefit) at applicable statutory rates	$ 25,175	$ 18,041	$ (18,750)
Tax-exempt investment income	(230)	(225)	(278)
Dividends received deduction	(386)	(315)	(298)
Excess tax expense (benefits) on share based compensation	449	530	(208)
Provision to return and amended tax returns	(211)	124	(3,945)
Excess §162(m) compensation	522	210	210
Other	(14)	49	23
Federal income tax expense (benefit)	$ 25,305	$ 18,414	$ (23,246)
U.S. state income tax expense	400	—	11
Total income tax expense (benefit)	$ 25,705	$ 18,414	$ (23,235)

The significant components of net deferred tax assets at the corporate income tax rate of 21% for the years ended December 31, 2023 and 2022 are summarized as follows:

	December 31,	
	2023	2022
	(in thousands)	
Deferred tax assets:		
Accrued compensation expenses	$ 3,302	$ 3,539
Reserve for losses and loss adjustment expenses	27,260	20,706
Unearned premiums	12,484	13,034
Share based compensation	1,692	1,842
Allowance for credit losses	3,240	2,549
Net unrealized losses	16,613	24,066
Other	4,836	3,991
Total deferred tax assets	69,427	69,727
Deferred tax liabilities:		
Intangible assets	6,733	7,281
Deferred policy acquisition costs	6,614	6,896
Equity method investments	3,470	3,327
Other	4,313	3,379
Total deferred tax liabilities	21,130	20,883
Net deferred tax assets	$ 48,297	$ 48,844

Deferred income taxes have not been accrued with respect to certain undistributed earnings of foreign subsidiaries. If the earnings were to be distributed, as dividends or otherwise, such amounts may be subject to withholding taxation in the jurisdiction of the paying entity. The Company asserts that U.S. unremitted earnings as of December 31, 2023 will be permanently reinvested in the U.S. and, accordingly, no provision for withholding taxes arising in respect to U.S. unremitted earnings has been made.

The Company is considered a mixed company for net operating loss carryforward rules. A 20-year carryforward without an annual income limitation is applicable for insurance companies. The carryforward period for non-insurance companies is unlimited but limited to 80% of the current year taxable income. At December 31, 2023, the Company has no net operating loss carryforwards.

The Company had no reserve for future tax contingencies or liabilities ("unrecognized tax benefits") at December 31, 2023 or 2022.

The U.S. imposes a 1% excise tax on reinsurance premiums paid to non-U.S. reinsurers with respect to risks located in the U.S. The rates of tax are established based on the nature of the risk, unless reduced by an applicable U.S. tax treaty. For the years ended December 31, 2023, 2022, and 2021, the Company paid $0, $0, and $338,000, respectively, of federal excise taxes on its intercompany reinsurance transactions. The Company also paid excise taxes of $194,000, $842,000, and $1.5 million for the years ended December 31, 2023, 2022, and 2021, respectively, on written premiums assumed from third-party insurers with respect to risks located in the U.S. These excise taxes are reflected as "other operating expenses" in the Company's Consolidated Statements of (Loss) Income and Comprehensive Loss.

16. Other Operating Expenses and Other Expenses

Other operating expenses consist of the following:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Amortization of policy acquisition costs	$ 72,633	$ 49,809	$ 41,886
Other underwriting expenses of the insurance segments	87,083	71,501	63,626
Other operating expenses of the Corporate and Other segment	33,940	31,260	27,609
Total	$ 193,656	$ 152,570	$ 133,121

Other expenses of $3.8 million, $795,000, and $2.6 million for the years ended December 31, 2023, 2022, and 2021, respectively, primarily consist of certain nonoperating expenses including legal fees related to a class action lawsuit, legal and other professional fees related to the Company's May 2021 common share offering, legal and other professional fees and other expenses related to various strategic initiatives including loss portfolio transfers accounted for as retroactive reinsurance, and employee severance costs.

17. Employee Benefits

The Company and its subsidiaries offer savings plans (the "Savings Plans") which qualify under Section 401(k) of the U.S. Internal Revenue Code. Participants may contribute certain percentages of their pre-tax salary to the Savings Plans subject to statutory limitations. The Company and its subsidiaries match employee contributions at various rates up to a maximum contribution of 6.0% of the participant's earnings subject to certain statutory limits. For the years ended December 31, 2023, 2022, and 2021, the expense associated with the Savings Plans totaled $4.1 million, $3.5 million, and $3.4 million, respectively.

18. Commitments and Contingent Liabilities

The Company is involved in various legal proceedings, including commercial matters and litigation regarding insurance claims which arise in the ordinary course of business, as well as an alleged class action lawsuit. In addition, the Company is involved from time to time in legal actions which seek extra-contractual damages, punitive damages or penalties, including claims alleging bad faith in the handling of insurance claims. The Company believes that the outcome of such matters, individually and in the aggregate, is not reasonably likely to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

On July 9, 2021 a purported class action lawsuit was filed in the U.S. District Court, Eastern District of Virginia (the "Court") by Employees' Retirement Fund of the City of Fort Worth against James River Group Holdings, Ltd. and certain of its present and former officers (together, "Defendants"). On September 22, 2021, the Court entered an order appointing Employees' Retirement Fund of the City of Fort Worth and the City of Miami General Employees' and Sanitation Employees' Retirement Trust as co-lead plaintiffs (together, "Plaintiffs"). Plaintiffs' consolidated amended complaint was filed on November 19, 2021 (the "First Amended Complaint"). The Defendants filed a motion to dismiss the First Amended Complaint on January 18, 2022, Plaintiffs' opposition thereto was filed on March 4, 2022, and the Defendants' reply to the Plaintiffs' opposition was filed on April 4, 2022. On August 25, 2022, Plaintiffs filed a motion for leave to file a second amended class action complaint (the "Second Amended Complaint"). On September 8, 2022, the Defendants consented to the Plaintiffs' motion to file the Second Amended Complaint, and filed a motion to dismiss the Second Amended Complaint on October 24, 2022 (the "Second MTD"). The Plaintiffs' opposition to the Second MTD was filed on November 7, 2022, and the Defendant's reply to the Plaintiffs' opposition was filed on November 14, 2022. On August 28, 2023, the Court denied the Second MTD.

The Second Amended Complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of a putative class of persons and entities that purchased the Company's stock between February 22, 2019 and October 25, 2021, alleges that Defendants failed to make appropriate disclosures concerning the adequacy of reserves for policies that covered Rasier LLC, a subsidiary of Uber Technologies, Inc., and seeks unspecified damages, costs, attorneys' fees and such other relief as the court may deem proper. We engaged in mediation in the fourth quarter of 2023 and on December 7, 2023, in connection with the mediation, we reached an agreement in principle to settle the action. On December 22, 2023, the parties submitted the stipulation of settlement to the Court for approval. The settlement provides for a full release of all defendants in connection with the allegations made and a settlement payment to the class of $30 million, inclusive of all Plaintiffs' attorneys fees and expenses and settlement costs, all of which will be paid by the Company's insurance carriers. On January 26, 2024 the Court issued an order granting preliminary approval of the settlement and scheduled a final settlement hearing for May 24, 2024.

On November 13, 2023, a purported class action lawsuit was filed in the U.S. District Court, Southern District of New York, on behalf of Paul Glantz against James River Group Holdings, Ltd. and certain of its officers, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Mr. Glantz alleges that he purchased James River common stock between August 7, 2023 and November 7, 2023, inclusive, that the Company failed to disclose that it lacked effective internal controls regarding the recognition of reinstatement premiums for reinsurance and as a result the Company overstated its net income, and that, as a result, Mr. Glantz suffered unspecified damages. On January 12, 2024, both Mr. Glantz and Madhav Ghimire, another individual shareholder, filed an application with the Court for appointment as Lead Plaintiff, and on January 26, 2024 Mr. Glantz filed a notice of non-opposition to Mr. Ghimire's competing motion for appointment as Lead Plaintiff. The court's appointment of Lead Plaintiff is pending. The Company believes that the claims are without merit and intends to vigorously defend this lawsuit.

Amounts Recoverable from an Indemnifying Party and Reinsurer on Legacy Commercial Auto Book

James River previously issued a set of commercial auto insurance contracts to Rasier (the "Rasier Commercial Auto Policies") under which James River pays losses and loss adjustment expenses on the contracts. James River has indemnity agreements with Rasier (non-insurance entities) (collectively, the "Indemnity Agreements") and is contractually entitled to reimbursement for the portion of the losses and loss adjustment expenses paid on behalf of Rasier under the Rasier Commercial Auto Policies and other expenses incurred by James River. On September 27, 2021, James River entered into the Commercial Auto LPT with Aleka to reinsure substantially all of the Rasier Commercial Auto Policies for which James River is not otherwise indemnified by Rasier under the Indemnity Agreements. Under the terms of the Commercial Auto LPT, effective as of July 1, 2021, James River ceded to Aleka approximately $345.1 million of commercial auto liabilities relating to Rasier Commercial Auto Policies written in the years 2013-2019, which amount constituted the reinsurance premium. For the years ended December 31, 2023 and 2022, due to adverse paid and reported loss trends on the legacy Rasier business, the Company recognized adverse prior year development of $64.4 million and $46.7 million, respectively, on the reserves subject to the Commercial Auto LPT, bringing the cumulative amount ceded under the Commercial Auto LPT to $456.2 million at December 31, 2023.

Each of Rasier and Aleka are required to post collateral under the Indemnity Agreements and the Commercial Auto LPT:

- Pursuant to the Indemnity Agreements, Rasier is required to post collateral equal to 102% of James River's estimate of the amounts that are recoverable or may be recoverable under the Indemnity Agreements, including, among other things, case loss and loss adjustment expense reserves, IBNR loss and loss adjustment expense reserves, extra contractual obligations and excess policy limits liabilities. The collateral is provided through a collateral trust arrangement (the "Indemnity Trust") in favor of James River by Aleka. In connection with the execution of the Commercial Auto LPT, James River returned $691.3 million to the Indemnity Trust, representing the remaining balance of the amount withdrawn in October 2019, as was permitted under the indemnification agreements with Rasier and the associated trust agreement. At December 31, 2023, the balance in the Indemnity Trust was $138.4 million, and, together with the balance of the Loss Fund Trust (as defined below) attributable to the Indemnity Agreements as described below, the total balance of collateral securing Rasier's obligations under the Indemnity Agreements was $183.6 million.

- Pursuant to the Commercial Auto LPT, Aleka is required to post collateral equal to 102% of James River's estimate of Aleka's obligations under the Commercial Auto LPT, calculated in accordance with standard actuarial principles and based on reserves recorded in the Company's statutory financial statements. The collateral is provided through a collateral trust arrangement (the "LPT Trust") established in favor of James River by Aleka. At December 31, 2023, the balance in the LPT Trust was $63.7 million, and, together with the balance of the Loss Fund Trust (as defined below) attributable to the Commercial Auto LPT as described below, the total balance of collateral securing Aleka's obligations under the Commercial

Auto LPT was $83.8 million. At December 31, 2023, the total reinsurance recoverables under the Commercial Auto LPT was $84.5 million (including $78.1 million of unpaid recoverables and $6.4 million of paid recoverables).

In connection with the execution of the Commercial Auto LPT, James River and Aleka entered into an administrative services agreement (the "Administrative Services Agreement") with a third party claims administrator (the "Administrator") pursuant to which the Administrator handles the claims on the Rasier Commercial Auto Policies for the remaining life of those claims. The claims paid by the Administrator are reimbursable by James River, and pursuant to the Administrative Services Agreement, James River established a loss fund trust account for the benefit of the Administrator (the "Loss Fund Trust") to collateralize its claims payment reimbursement obligations. James River funds the Loss Fund Trust using funds withdrawn from the Indemnity Trust, funds withdrawn from the LPT Trust, and its own funds, in each case in an amount equal to the pro rata portion of the required Loss Fund Trust balance attributable to the Indemnity Agreements, the Commercial Auto LPT and James River's existing third party reinsurance agreements, respectively. At December 31, 2023, the balance in the Loss Fund Trust was $72.4 million, including $45.2 million representing collateral supporting Rasier's obligations under the Indemnity Agreements and $20.0 million representing collateral supporting Aleka's obligations under the Commercial Auto LPT. Funds posted to the Loss Fund Trust are classified as restricted cash equivalents on the Company's balance sheet.

While the Commercial Auto LPT brings economic finality to substantially all of the Rasier Commercial Auto Policies, the Company has credit exposure to Rasier and Aleka under the Indemnity Agreements and the Commercial Auto LPT if the estimated losses and expenses of the Rasier Commercial Auto Policies grow at a faster pace than the growth in our collateral balances. In addition, the Company has credit exposure if its estimates of future losses and loss adjustment expenses and other amounts recoverable under the Indemnity Agreements and the Commercial Auto LPT, which are the basis for establishing the collateral balances, are lower than actual amounts paid or payable. The amount of credit exposure in any of these instances could be material. To mitigate these risks, the Company closely and frequently monitors exposure compared to collateral held, and requests additional collateral in accordance with the terms of the Commercial Auto LPT and Indemnity Agreements when its analysis indicates that the Company has uncollateralized exposure.

19. Other Comprehensive Income (Loss)

The following table summarizes the components of other comprehensive income (loss):

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Unrealized gains (losses) arising during the period, before U.S. income taxes	$ 105,368	$ (219,788)	$ (54,132)
U.S. income taxes	(6,313)	26,780	6,189
Unrealized gains (losses) arising during the period, net of U.S. income taxes	99,055	(193,008)	(47,943)
Less reclassification adjustment:			
Net realized investment (losses) gains	(339)	275	4,924
U.S. income taxes	71	(261)	(946)
Reclassification adjustment for investment (losses) gains realized in net income	(268)	14	3,978
Other comprehensive income (loss)	$ 99,323	$ (193,022)	$ (51,921)

In addition to the net realized investment (losses) gains of $(339,000), $275,000, and $4.9 million on available-for-sale fixed maturity securities for the years ended December 31, 2023, 2022, and 2021, the Company recognized net realized and unrealized investment gains (losses) in the respective years of $5.5 million, $(5.7) million, and $2.0 million on its investments in bank loan participations and $5.2 million, $(11.1) million, and $4.3 million on its investments in equity securities.

20. Segment Information

The Company's continuing operations are comprised of three reportable segments, two of which are separately managed business units and the third ("Corporate and Other") includes the Company's remaining operations. The Excess and Surplus Lines segment primarily offers commercial excess and surplus lines liability and excess property insurance products. The Specialty Admitted Insurance segment offers specialty admitted fronting and program business and workers' compensation insurance coverage. The Corporate and Other segment consists of certain management and treasury activities of James River Group, James River UK, and JRG Holdings as well as interest expense associated with senior debt and Junior Subordinated Debt, and investment income. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Prior to entering into a definitive agreement to sell JRG Re on November 8, 2023, JRG Re was considered a reportable segment (the "Casualty Reinsurance" segment). After entering into the agreement to sell JRG Re, the Company no longer considers Casualty Reinsurance to be a reportable segment, but instead it is reported as discontinued operations. The segment information below excludes discontinued operations for all periods presented.

Segment revenues for each reportable segment consist of net earned premiums, net investment income, and realized and unrealized (losses) gains on investments. Segment profit (loss) is measured by underwriting profit (loss), which is generally defined as net earned premiums and gross fee income (in specific instances when the Company is not retaining insurance risk) in "other income" in the Consolidated Statements of (Loss) Income and Comprehensive Loss less loss and loss adjustment expenses on business not subject to retroactive reinsurance accounting for loss portfolio transfers (see *Loss Portfolio Transfer* in *Note 8 - Reserve for Losses and Loss Adjustment Expenses*) and other operating expenses of the operating segments. Gross fee income of $5.3 million, $3.8 million, and $4.5 million from the Specialty Admitted Insurance segment for the years ended December 31, 2023, 2022, and 2021, respectively, was included in other income and in underwriting profit (loss). Segment results are reported prior to the effects of intercompany pooling agreements and intercompany reinsurance agreements. All gross written premiums and net earned premiums for all periods presented were generated from policies issued to U.S. based insureds.

	Excess and Surplus Lines	Specialty Admitted Insurance	Corporate and Other	Total
		(in thousands)		
As of and for the Year Ended December 31, 2023				
Gross written premiums	$ 1,007,351	$ 501,309	$ —	$ 1,508,660
Net earned premiums	609,566	98,439	—	708,005
Segment revenues	690,388	119,777	1,844	812,009
Net investment income	69,325	13,568	1,153	84,046
Interest expense	—	—	24,627	24,627
Underwriting profit of operating segments	54,347	4,077	—	58,424
Segment goodwill	181,831	—	—	181,831
Segment assets	3,083,798	1,387,020	63,039	4,533,857
As of and for the Year Ended December 31, 2022				
Gross written premiums	$ 921,164	$ 490,208	$ —	$ 1,411,372
Net earned premiums	555,597	74,137	—	629,734
Segment revenues	570,087	81,593	9,834	661,514
Net investment income	28,664	5,068	9,456	43,188
Interest expense	—	—	13,872	13,872
Underwriting profit of operating segments	83,051	4,234	—	87,285
Segment goodwill	181,831	—	—	181,831
Segment assets	2,627,956	1,277,988	85,332	3,991,276

As of and for the Year Ended December 31, 2021				
Gross written premiums	$ 833,657	$ 491,561	$ —	$ 1,325,218
Net earned premiums	486,000	75,371	—	561,371
Segment revenues	508,829	83,855	16,351	609,035
Net investment income	13,811	3,044	15,134	31,989
Interest expense	—	—	8,922	8,922
Underwriting (loss) profit of operating segments	(121,478)	9,667	—	(111,811)
Segment goodwill	181,831	—	—	181,831
Segment assets	1,997,192	1,062,125	647,700	3,707,017

The following table reconciles the underwriting profit (loss) of operating segments by individual segment to consolidated income (loss) from continuing operations before income taxes:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Underwriting profit (loss) of the operating segments:			
Excess and Surplus Lines	$ 54,347	$ 83,051	$ (121,478)
Specialty Admitted Insurance	4,077	4,234	9,667
Total underwriting profit (loss) of operating segments	58,424	87,285	(111,811)
Other operating expenses of the Corporate and Other segment	(33,940)	(31,260)	(27,609)
Underwriting profit (loss)	24,484	56,025	(139,420)
Losses and loss adjustment expenses - retroactive reinsurance	(4,991)	(15,742)	—
Net investment income	84,046	43,188	31,989
Net realized and unrealized gains (losses) on investments	10,441	(15,720)	10,818
Other income	4,216	551	353
Other expenses	(3,792)	(795)	(2,585)
Interest expense	(24,627)	(13,872)	(8,922)
Amortization of intangible assets	(363)	(363)	(363)
Impairment of intangible assets	(2,500)	—	—
Income (loss) from continuing operations before income taxes	$ 86,914	$ 53,272	$ (108,130)

The Company currently has 15 underwriting divisions, including 14 in the Excess and Surplus Lines segment, and one in the Specialty Admitted Insurance segment. Each underwriting division focuses on a specific industry group or coverage.

Gross written premiums by segment and underwriting division are presented below:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Excess Casualty	$ 339,870	$ 310,383	$ 285,082
General Casualty	202,861	173,574	140,608
Manufacturers and Contractors	180,074	156,645	139,720
Excess Property	64,574	52,104	47,241
Energy	51,593	42,290	46,216
Small Business	38,561	36,930	32,593
Allied Health	30,904	34,156	35,192
Commercial Auto	29,379	37,974	34,630
Life Sciences	27,595	32,277	35,935
Sports and Entertainment	17,826	13,934	9,442
Environmental	13,832	20,676	17,050
Professional Liability	9,264	8,936	8,104
Medical Professionals	955	1,285	1,844
Management Liability	63	—	—
Total Excess and Surplus Lines segment	1,007,351	921,164	833,657
Specialty Admitted Insurance segment	501,309	490,208	491,561
Total	$ 1,508,660	$ 1,411,372	$ 1,325,218

The Company does business with three brokers that generated $324.7 million, $246.4 million and $145.2 million of gross written premiums for the Excess and Surplus Lines segment for the year ended December 31, 2023, representing 21.5%, 16.3% and 9.6% of consolidated gross written premiums and 32.2%, 24.5% and 14.4% of the Excess and Surplus Lines segment’s gross written premiums, respectively. The Company has agency contracts with various branches within the aforementioned brokers. No other broker generated 10.0% or more of the gross written premiums for the Excess and Surplus Lines segment for the year ended December 31, 2023. No individual insured generated 10.0% or more of the gross written premiums for the Excess and Surplus Lines segment for the year ended December 31, 2023.

The Specialty Admitted Insurance segment accepts applications for insurance from a variety of sources, including independent retail agents, program administrators and managing general agents (“MGAs”). The Company does business with two agencies that generated $163.1 million and $96.5 million of gross written premiums for the Specialty Admitted Insurance segment for the year ended December 31, 2023, representing 10.8% and 6.4% of consolidated gross written premiums and 32.5% and 19.2% of the Specialty Admitted Insurance segment’s gross written premiums, respectively. No other agency generated 10.0% or more of the gross written premiums for the Specialty Admitted Insurance segment for the year ended December 31, 2023.

21. Fair Value Measurements

Three levels of inputs are used to measure fair value of financial instruments: (1) Level 1: quoted price (unadjusted) in active markets for identical assets, (2) Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument, and (3) Level 3: inputs to the valuation methodology are unobservable for the asset or liability.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The fair values of fixed maturity securities, equity securities, and bank loan participations have been determined using fair value prices provided by the Company's investment accounting services provider or investment managers, who utilize internationally recognized independent pricing services. The prices provided by the independent pricing services are generally based on observable market data in active markets (*e.g.* broker quotes and prices observed for comparable securities). Values for U.S. Treasury and publicly-traded equity securities are generally based on Level 1 inputs which use the market approach valuation technique. The values for all other fixed maturity securities (including state and municipal securities and obligations of U.S. government corporations and agencies) and bank loan participations generally incorporate significant Level 2 inputs, and in some cases, Level 3 inputs, using the market approach and income approach valuation techniques. There have been no changes in the Company's use of valuation techniques since December 31, 2021.

The Company reviews fair value prices provided by its outside investment accounting service provider or investment managers for reasonableness by comparing the fair values provided by the managers to those provided by its investment custodian. The Company also reviews and monitors changes in unrealized gains and losses. The Company has not historically adjusted security prices. The Company obtains an understanding of the methods, models and inputs used by the investment managers and independent pricing services, and controls are in place to validate that prices provided represent fair values. The Company's control process includes, but is not limited to, initial and ongoing evaluation of the methodologies used, a review of specific securities and an assessment for proper classification within the fair value hierarchy, and obtaining and reviewing internal control reports for the investment manager that obtains fair values from independent pricing services.

Assets measured at fair value on a recurring basis as of December 31, 2023 are summarized below:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	(in thousands)			
Fixed maturity securities, available-for-sale:				
State and municipal	$ —	$ 248,837	$ —	$ 248,837
Residential mortgage-backed	—	317,928	—	317,928
Corporate	—	505,728	—	505,728
Commercial mortgage and asset-backed	—	222,853	—	222,853
U.S. Treasury securities and obligations guaranteed by the U.S. government	29,130	—	—	29,130
Total fixed maturity securities, available-for-sale	$ 29,130	$ 1,295,346	$ —	$ 1,324,476
Equity securities:				
Preferred stock	$ —	$ 69,310	$ —	$ 69,310
Common stock	48,370	2,254	11	50,635
Total equity securities	$ 48,370	$ 71,564	$ 11	$ 119,945
Bank loan participations	$ —	$ 156,169	$ —	$ 156,169
Short-term investments	$ —	$ 72,137	$ —	$ 72,137

Assets measured at fair value on a recurring basis as of December 31, 2022 are summarized below:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	(in thousands)			
Fixed maturity securities, available-for-sale:				
State and municipal	$ —	$ 229,254	$ —	$ 229,254
Residential mortgage-backed	—	274,575	—	274,575
Corporate	—	420,045	—	420,045
Commercial mortgage and asset-backed	—	218,388	—	218,388
U.S. Treasury securities and obligations guaranteed by the U.S. government	28,721	320	—	29,041
Total fixed maturity securities, available-for-sale	$ 28,721	$ 1,142,582	$ —	$ 1,171,303
Equity securities:				
Preferred stock	$ —	$ 67,374	$ —	$ 67,374
Common stock	45,232	2,542	7	47,781
Total equity securities	$ 45,232	$ 69,916	$ 7	$ 115,155
Bank loan participations	$ —	$ 54,281	$ —	$ 54,281
Short-term investments	$ —	$ 95,351	$ —	$ 95,351

A reconciliation of the beginning and ending balances of available-for-sale fixed maturity securities, equity securities, and bank loan participations measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is shown below:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Beginning balance	$ 7	$ 39	$ 362
Transfers in to Level 3	—	—	3
Transfers out of Level 3	—	—	(3)
Purchases	—	—	—
Sales	—	(35)	(156)
Maturities, calls and paydowns	—	—	(143)
Amortization of discount	—	—	—
Total gains or losses (realized/unrealized):			
Included in earnings	4	3	(24)
Included in other comprehensive income	—	—	—
Ending balance	$ 11	$ 7	$ 39

The Company held one equity security at December 31, 2023 for which the fair value was determined using significant unobservable inputs (Level 3). The fair value of $11,000 for the equity security was obtained from our asset manager and was derived from an internal model.

The Company held one equity security at December 31, 2022 for which the fair value was determined using significant unobservable inputs (Level 3). The fair value of $7,000 for the equity security was obtained from our asset manager and was derived from an internal model.

The Company held one equity security at December 31, 2021 for which the fair value was determined using significant unobservable inputs (Level 3). The fair value of $39,000 for the equity security was based on expected proceeds from its sale.

During 2021, one equity security was transferred from Level 2 to Level 3 as the security was no longer actively traded. This security was exchanged for an equity security that was publicly traded and it was transferred from Level 3 to Level 1.

Transfers out of Level 3 occur when the Company is able to obtain reliable prices from pricing vendors for which the Company was previously unable to obtain reliable prices. Transfers in to Level 3 occur when the Company is unable to obtain reliable prices for securities from pricing vendors and instead must use broker price quotes.

There were no transfers between Level 1 and Level 2 during 2023, 2022 or 2021. The Company recognizes transfers between levels at the beginning of the reporting period.

In the determination of the fair value for bank loan participations and certain high yield bonds, the Company's investment manager endeavors to obtain data from multiple external pricing sources. External pricing sources may include brokers, dealers and price data vendors that provide a composite price based on prices from multiple dealers. Such external pricing sources typically provide valuations for normal institutional size trading units of such securities using methods based on market transactions for comparable securities, and various relationships between securities, as generally recognized by institutional dealers. For investments in which the investment manager determines that only one external pricing source is appropriate or if only one external price is available, the relevant investment is generally recorded at fair value based on such price.

Investments for which external sources are not available or are determined by the investment manager not to be representative of fair value are recorded at fair value as determined by the Company, with input from its investment managers and valuation specialists as considered necessary. In determining the fair value of such investments, the Company considers one or more of the following factors: type of security held, convertibility or exchangeability of the security, redeemability of the security (including the timing of redemptions), application of industry accepted valuation models, recent trading activity, liquidity, estimates of liquidation value, purchase cost, and prices received for securities with similar terms of the same issuer or similar issuers. There were no investments for which external sources were unavailable to determine fair value as of December 31, 2023 and 2022.

The carrying values and fair values of financial instruments are summarized below:

	December 31,			
	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in thousands)			
Assets				
Fixed maturity securities, available-for-sale	$ 1,324,476	$ 1,324,476	$ 1,171,303	$ 1,171,303
Equity securities	119,945	119,945	115,155	115,155
Bank loan participations	156,169	156,169	54,281	54,281
Cash and cash equivalents	274,298	274,298	159,200	159,200
Restricted cash equivalents	72,449	72,449	103,215	103,215
Short-term investments	72,137	72,137	95,351	95,351
Other invested assets – notes receivable	12,174	11,702	7,205	7,703
Liabilities				
Senior debt	222,300	233,408	222,300	226,063
Junior subordinated debt	104,055	138,264	104,055	127,149

The fair values of fixed maturity securities, equity securities, and bank loan participations have been determined using quoted market prices for securities traded in the public market or prices using bid or closing prices for securities not traded in the public marketplace. The fair values of cash and cash equivalents and short-term investments approximate their carrying values due to their short-term maturity.

The fair values of other invested assets-notes receivable, senior debt, and junior subordinated debt at December 31, 2023 and 2022 were determined by calculating the present value of expected future cash flows under the terms of the note agreements or debt agreements, as applicable, discounted at an estimated market rate of interest at December 31, 2023 and 2022, respectively. The Company also utilized an internally developed valuation model based on the spread of a comparable market index to determine the fair value of certain other invested assets-notes receivable at December 31, 2023.

The fair values of senior debt and junior subordinated debt at December 31, 2023 and 2022 were determined using inputs to the valuation methodology that are unobservable (Level 3).

22. Statutory Matters

U.S.

U.S. state insurance laws and regulations prescribe accounting practices for determining statutory net income and capital and surplus for insurance companies. In addition, state regulators may permit statutory accounting practices that differ from prescribed practices. Statutory accounting practices prescribed or permitted by regulatory authorities for the Company's insurance subsidiaries differ from U.S. GAAP. The principal differences between SAP and GAAP as they relate to the financial statements of the Company's insurance subsidiaries are (a) policy acquisition costs are expensed as incurred under SAP, whereas they are deferred and amortized under GAAP, (b) certain assets are not admitted for purposes of determining surplus under SAP, (c) the classification and carrying amounts of investments in certain securities are different under SAP and GAAP, and (d) the criteria for providing asset valuation allowances and the methodologies used to determine the amount thereof are different under SAP and GAAP.

Combined net income, statutory capital and surplus and minimum required statutory capital and surplus, as determined in accordance with statutory accounting practices, for the U.S. insurance subsidiaries as of December 31, 2023, 2022, and 2021 and for the years then ended are summarized as follows:

	2023	2022	2021
		(in thousands)	
Statutory net income (loss)	$ 90,469	$ 42,565	$ (3,847)
Statutory capital and surplus	615,427	493,303	325,368
Minimum required statutory capital and surplus	220,449	165,809	111,031

Risk-Based Capital ("RBC") requirements promulgated by the National Association of Insurance Commissioners require property-casualty insurers to maintain minimum capitalization levels determined based on formulas incorporating various business risks of the insurance subsidiaries. As of December 31, 2023, the insurance subsidiaries' adjusted capital and surplus exceeds their authorized control level RBC.

23. Dividend Restrictions

U.S.

The insurance statutes of the U.S.-based insurance subsidiaries' states of domicile limit the amount of dividends that they may pay annually without first obtaining regulatory approval. Generally, the limitations are based on the greater of statutory net income for the preceding year or 10.0% of statutory surplus at the end of the preceding year. The maximum amount of dividends available to James River Group from its U.S. insurance subsidiaries during 2024 without regulatory approval is $107.1 million. However, U.S. insurance regulators have broad powers to prevent the reduction of statutory surplus to inadequate levels and could refuse to permit the payment of dividends.

Distributions from the Company's U.S.-based subsidiaries to its U.K. intermediate holding company, James River UK, are generally subject to a 5% dividend withholding tax. The payment of any dividends by the Company's U.S.-based subsidiaries directly to a Bermuda-based entity is subject to U.S. taxes at a 30.0% tax rate. JRG Holdings has determined that earnings of its U.S. subsidiaries have been and will be indefinitely reinvested in U.S. operations.

24. Other Related Party Transactions

The Company leases a commercial office building which houses the Company's Richmond, Virginia operations under the terms of a non-cancelable lease from an entity with which it is affiliated. The term of the lease, which has been amended from time to time, runs through 2026. Operating costs under the lease were $2.1 million for each of the years ended December 31, 2023, 2022, and 2021, respectively.

Upon retiring effective July 31, 2021, the Company's former President and Chief Operating Officer entered into a consulting agreement with the Company to provide consulting services as requested by the Company's Chief Executive Officer during the period August 1, 2021 through December 31, 2021. The Company incurred expenses of $146,000 in 2021 as compensation for rendering these consulting services.

25. Subsequent Events

On February 15, 2024, the Board of Directors declared a cash dividend of $0.05 per common share. The dividend is payable on March 29, 2024 to shareholders of record on March 11, 2024.

On February 15, 2024, the Board of Directors declared a quarterly dividend on the Series A Preferred Shares. The dividend of $2.6 million will be payable in cash on April 1, 2024 to shareholders of record on March 15, 2024.

On February 15, 2024, the Board of Directors approved awards under the 2014 LTIP and the 2014 Director Plan to the Company's employees and directors with an aggregate fair value of $9.4 million and a grant date of March 1, 2024.

The 2013 Facility and 2017 Facility contain certain financial and other covenants with which we are in compliance at December 31, 2023, with the exception of a default of the financial strength rating covenant due to the downgrade of JRG Re by A.M. Best on December 20, 2023 from "A-" (Excellent) to "B++" (good). The financial strength rating covenant requires that each of our regulated insurance subsidiaries maintain an A.M. Best rating not lower than "A-" (Excellent). On February 26, 2024, our lenders waived this default through March 1, 2025, which, in any event, we expect to be cured upon the closing of the sale of JRG Re, at which time we expect JRG Re to be removed as a borrower under the 2013 Facility and 2017 Facility.

On February 26, 2024, JRGH received $5.8 million from JRG Re representing the cash portion of the pre-closing dividend pursuant to the Stock Purchase Agreement covering the sale of JRG Re. See Note 2 - Discontinued Operations.

26. Unaudited Selected Quarterly Financial Data

The following is a summary of the unaudited quarterly results of operations:

	2023 Quarter				2023
	First	Second	Third	Fourth	Year
	(in thousands except per share data)				
Gross written premiums	$ 353,454	$ 423,050	$ 342,851	$ 389,305	$ 1,508,660
Total revenues	188,804	194,782	210,319	218,104	812,009
Underwriting profit	7,314	1,878	11,827	3,465	24,484
Income from continuing operations	5,302	12,129	23,722	20,056	61,209
Income (loss) from discontinued operations	1,704	3,785	(4,171)	(170,211)	(168,893)
Net income (loss)	7,006	15,914	19,551	(150,155)	(107,684)
Net income (loss) available to common shareholders	4,381	13,289	16,926	(152,780)	(118,184)
Comprehensive income (loss)	37,908	(543)	(20,675)	(25,051)	(8,361)
Net income (loss) per common share:					
Basic					
Continuing operations	$ 0.07	$ 0.25	$ 0.56	$ 0.46	$ 1.35
Discontinued operations	$ 0.05	$ 0.10	$ (0.11)	$ (4.52)	$ (4.49)
	$ 0.12	$ 0.35	$ 0.45	$ (4.06)	$ (3.14)
Diluted					
Continuing operations	$ 0.07	$ 0.25	$ 0.55	$ 0.46	$ 1.34
Discontinued operations	$ 0.05	$ 0.10	$ (0.10)	$ (3.89)	$ (4.47)
	$ 0.12	$ 0.35	$ 0.45	$ (3.43)	$ (3.13)

James River Group Holdings, Ltd. and Subsidiaries

Notes to Consolidated Financial Statements
Years ended December 31, 2023, 2022, and 2021

	2022 Quarter				2022
	First	Second	Third	Fourth	Year
	(in thousands except per share data)				
Gross written premiums	$ 329,992	$ 391,602	$ 328,174	$ 361,604	$ 1,411,372
Total revenues	157,625	154,856	162,228	186,805	661,514
Underwriting profit	13,792	14,698	8,240	19,295	56,025
Income (loss) from continuing operations	13,939	7,219	(12,161)	25,861	34,858
(Loss) income from discontinued operations	(3,734)	445	7,540	(8,136)	(3,885)
Net income (loss)	10,205	7,664	(4,621)	17,725	30,973
Net income (loss) available to common shareholders	9,330	5,039	(7,246)	15,100	22,223
Comprehensive (loss) income	(75,766)	(50,936)	(65,277)	29,930	(162,049)
Net income (loss) per common share:					
Basic					
Continuing operations	$ 0.35	$ 0.12	$ (0.39)	$ 0.62	$ 0.70
Discontinued operations	$ (0.10)	$ 0.01	$ 0.20	$ (0.22)	$ (0.11)
	$ 0.25	$ 0.13	$ (0.19)	$ 0.40	$ 0.59
Diluted					
Continuing operations	$ 0.35	$ 0.12	$ (0.39)	$ 0.60	$ 0.69
Discontinued operations	$ (0.10)	$ 0.01	$ 0.20	$ (0.20)	$ (0.10)
	$ 0.25	$ 0.13	$ (0.19)	$ 0.40	$ 0.59

SCHEDULE I

JAMES RIVER GROUP HOLDINGS, LTD.

Summary of Investments—Other than Investments in Related Parties

Type of Investment	Cost or Amortized Cost	Fair Value	Amount at which shown on Balance Sheet(1)
	(in thousands)		
Fixed maturity securities, available-for-sale:			
State and municipal	$ 273,462	$ 248,837	$ 248,837
Residential mortgage-backed	336,064	317,928	317,928
Corporate	530,408	505,728	505,728
Commercial mortgage and asset-backed	235,302	222,853	222,853
U.S. Treasury securities and obligations guaranteed by the U.S. government	29,900	29,130	29,130
Total fixed maturity securities, available-for-sale	1,405,136	1,324,476	1,324,476
Equity securities:			
Preferred Stock	64,989	69,310	69,310
Common Stock	49,118	50,635	50,635
Total equity securities	114,107	119,945	119,945
Bank loan participations	160,460	156,169	156,169
Short-term investments	72,137	72,137	72,137
Other invested assets			23,383
Total invested assets			$ 1,696,110

(1) Differences between the amounts in this column and the amounts in the consolidated balance sheet are due to this schedule excluding investments in related parties.

SCHEDULE II

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Condensed Financial Information of Registrant

Balance Sheets (Parent Company)

	December 31,	
	2023	2022
	(in thousands)	
Assets		
Cash and cash equivalents	$ 1,961	$ 277
Investment in subsidiaries [1]	894,848	1,007,874
Due from subsidiaries	166	41
Other assets	52,013	5,255
Total assets	$ 948,988	$ 1,013,447
Liabilities and shareholders' equity		
Liabilities:		
Accrued expenses	$ 3,971	$ 1,538
Senior debt	207,300	207,300
Junior subordinated debt	15,928	15,928
Due to subsidiaries	—	87,061
Other liabilities	42,270	2,956
Total liabilities	269,469	314,783
Commitments and contingent liabilities		
Series A redeemable preferred shares	144,898	144,898
Shareholders' equity:		
Class A common shares	7	7
Additional paid-in capital	876,240	868,858
Retained deficit	(277,905)	(152,055)
Accumulated other comprehensive (loss) income	(63,721)	(163,044)
Total shareholders' equity	534,621	553,766
Total liabilities, Series A redeemable preferred shares, and shareholders' equity	$ 948,988	$ 1,013,447

See accompanying notes.

SCHEDULE II

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Condensed Financial Information of Registrant

Statements of (Loss) Income and Comprehensive Loss (Parent Company)

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Revenues:			
Other income	$ 88	$ 55	$ 39
Total revenues	88	55	39
Expenses:			
Other operating expenses	14,689	12,890	11,632
Other expenses	4,049	747	469
Interest expense	15,685	8,579	5,532
Total expenses	34,423	22,216	17,633
Loss before equity in net income of subsidiaries	(34,335)	(22,161)	(17,594)
Equity in net (loss) income of subsidiaries (1)	(73,349)	53,134	(155,205)
Net (loss) income	$ (107,684)	$ 30,973	$ (172,799)
Other comprehensive income (loss):			
Equity in other comprehensive earnings (losses) of subsidiaries	99,323	(193,022)	(51,921)
Total comprehensive loss	$ (8,361)	$ (162,049)	$ (224,720)

(1) Includes amounts for JRG Re which is classified as held for sale on our Consolidated Balance Sheets. Operating results of JRG Re are included in discontinued operations in our Consolidated Statements of (Loss) Income and Comprehensive Loss. See Note 2 - Discontinued Operations.

See accompanying notes.

SCHEDULE II

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Condensed Financial Information of Registrant

Statements of Cash Flows (Parent Company)

	Year Ended December 31,		
	2023	**2022**	**2021**
		(in thousands)	
Operating activities			
Net (loss) income	$ (107,684)	$ 30,973	$ (172,799)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Provision for depreciation and amortization	345	216	216
Share based compensation expense	9,116	8,122	6,658
Equity in undistributed earnings of subsidiaries	73,349	(53,134)	218,204
Changes in operating assets and liabilities	47,673	68,272	(2,364)
Net cash provided by operating activities	22,799	54,449	49,915
Investing activities			
Net cash provided by investing activities	—	—	—
Financing activities			
Senior debt repayments	—	(40,000)	—
Subsidiary note repayments	—	—	(70,000)
Contribution to subsidiary	—	(144,000)	(128,000)
Payment of debt issuance costs	(1,135)	—	—
Issuance of Series A preferred shares	—	144,898	—
Issuances of common shares - public offering	—	—	192,107
Issuances of common shares under equity incentive plans	—	—	1,877
Payroll taxes withheld and remitted on net settlement of RSUs	(1,734)	(1,304)	(3,077)
Dividends on Series A preferred shares	(10,500)	(6,125)	—
Dividends on common shares	(7,746)	(7,798)	(43,236)
Net cash used in financing activities	(21,115)	(54,329)	(50,329)
Change in cash and cash equivalents	1,684	120	(414)
Cash and cash equivalents at beginning of period	277	157	571
Cash and cash equivalents at end of period	$ 1,961	$ 277	$ 157
Supplemental information			
Interest paid	$ 16,949	$ 9,342	$ 5,954

See accompanying notes.

SCHEDULE II

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Condensed Financial Information of Registrant

Notes to Condensed Financial Statements

1. Accounting Policies

Organization

James River Group Holdings, Ltd. (the "Company") is an exempted holding company registered in Bermuda, organized for the purpose of acquiring and managing insurance and reinsurance entities.

Basis of Presentation

The accompanying condensed financial statements have been prepared using the equity method. Under the equity method, the investment in consolidated subsidiaries is stated at cost plus equity in undistributed earnings of consolidated subsidiaries since the date of acquisition. These condensed financial statements should be read in conjunction with the Company's consolidated financial statements.

Estimates and Assumptions

Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Those estimates are inherently subject to change, and actual results may ultimately differ from those estimates.

Adopted Accounting Standards

No accounting standards were adopted during the year ended December 31, 2023 that had a material impact on our financial statements.

SCHEDULE III

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Supplementary Insurance Information

(in thousands)

	Deferred Policy Acquisition Costs	Reserve for Losses and Loss Adjustment Expenses	Unearned Premiums	Net Earned Premiums	Net Investment Income	Losses and Loss Adjustment Expenses	Amortization of Policy Acquisition Costs	Other Operating Expenses	Net Written Premiums
December 31, 2023									
Excess and Surplus Lines	$ 30,625	$ 1,769,788	$ 428,570	$ 609,566	$ 69,325	$ 425,035	$ 75,890	$ 135,175	$ 589,551
Specialty Admitted	872	836,319	159,329	98,439	13,568	75,122	(3,257)	24,541	104,350
Corporate and Other	—	—	—	—	1,153	—	—	33,940	—
Total	$ 31,497	$ 2,606,107	$ 587,899	$ 708,005	$ 84,046	$ 500,157	$ 72,633	$ 193,656	$ 693,901
December 31, 2022									
Excess and Surplus Lines	$ 36,917	$ 1,585,861	$ 405,139	$ 555,597	$ 28,664	$ 382,094	$ 59,457	$ 106,194	$ 589,056
Specialty Admitted	(4,080)	755,102	173,057	74,137	5,068	58,548	(9,648)	15,116	76,390
Corporate and Other	—	—	—	—	9,456	—	—	31,260	—
Total	$ 32,837	$ 2,340,963	$ 578,196	$ 629,734	$ 43,188	$ 440,642	$ 49,809	$ 152,570	$ 665,446
December 31, 2021									
Excess and Surplus Lines	$ 26,297	$ 1,623,635	$ 382,479	$ 486,000	$ 13,811	$ 516,299	$ 50,281	$ 91,179	$ 501,250
Specialty Admitted	(4,898)	686,643	165,998	75,371	3,044	55,875	(8,395)	14,333	83,935
Corporate and Other	—	—	—	—	15,134	—	—	27,609	—
Total	$ 21,399	$ 2,310,278	$ 548,477	$ 561,371	$ 31,989	$ 572,174	$ 41,886	$ 133,121	$ 585,185

SCHEDULE IV

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Reinsurance

	Direct Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
			(in thousands)		
Year Ended December 31, 2023					
Excess and Surplus Lines Written Premiums	$ 1,007,351	$ 417,800	$ —	$ 589,551	—
Specialty Admitted Written Premiums	499,317	396,959	1,992	104,350	1.9 %
Total Written Premiums	$ 1,506,668	$ 814,759	$ 1,992	$ 693,901	0.3 %
Year Ended December 31, 2022					
Excess and Surplus Lines Written Premiums	$ 921,164	$ 332,108	$ —	$ 589,056	—
Specialty Admitted Written Premiums	487,360	413,818	2,848	76,390	3.7 %
Total Written Premiums	$ 1,408,524	$ 745,926	$ 2,848	$ 665,446	0.4 %
Year Ended December 31, 2021					
Excess and Surplus Lines Written Premiums	$ 833,657	$ 332,407	$ —	$ 501,250	—
Specialty Admitted Written Premiums	488,377	407,626	3,184	83,935	3.8 %
Total Written Premiums	$ 1,322,034	$ 740,033	$ 3,184	$ 585,185	0.5 %

SCHEDULE V

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Valuation and Qualifying Accounts

	Balance at Beginning of Period	Additions Amounts Charged to Expense	Deductions Amounts Written Off or Disposals	Balance at End of Period
	(in thousands)			
Year Ended December 31, 2023				
Allowance for Credit Losses on Premiums Receivable and Agents' Balances	$ 16,248	$ 2,826	$ (1,158)	$ 17,916
Allowance for Credit Losses on Reinsurance Balances	580	80	—	660
Total	$ 16,828	$ 2,906	$ (1,158)	$ 18,576
Year Ended December 31, 2022				
Allowance for Credit Losses on Premiums Receivable and Agents' Balances	$ 16,680	$ 1,051	$ (1,483)	$ 16,248
Allowance for Credit Losses on Reinsurance Balances	607	(27)	—	580
Total	$ 17,287	$ 1,024	$ (1,483)	$ 16,828
Year Ended December 31, 2021				
Allowance for Credit Losses on Premiums Receivable and Agents' Balances	$ 8,317	$ 9,426	$ (1,063)	$ 16,680
Allowance for Credit Losses on Reinsurance Balances	331	276	—	607
Total	$ 8,648	$ 9,702	$ (1,063)	$ 17,287

SCHEDULE VI

JAMES RIVER GROUP HOLDINGS, LTD. AND SUBSIDIARIES

Supplementary Information Concerning Property Casualty Insurance Operations

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Deferred policy acquisition costs	$ 31,497	$ 32,837	$ 21,399
Reserve for losses and loss adjustment expenses	2,606,107	2,340,963	2,310,279
Unearned premiums	587,899	578,196	548,477
Net earned premiums	708,005	629,734	561,371
Net investment income	84,046	43,188	31,989
Losses and loss adjustment expenses incurred:			
Current year	463,530	429,260	383,964
Prior years - retroactive reinsurance	4,991	15,742	—
Prior years - excluding retroactive reinsurance	31,636	(4,360)	188,210
Total losses and loss adjustment expenses incurred	500,157	440,642	572,174
Amortization of policy acquisition costs	72,633	49,809	41,886
Paid losses and loss adjustment expenses, net of reinsurance	328,959	318,355	419,749
Net written premiums	693,901	665,446	585,185

SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (the "Agreement") is entered into between James River Group, Inc. (the "Company"), Stonewood Insurance Company ("SIC"), Falls Lake Insurance Management Company, Inc. ("FLIMC"), Falls Lake National Insurance Company ("FLNIC"), Falls Lake Fire and Casualty Company ("FLFCC," and together with the Company, SIC, FLIMC, and FLNIC, the "Companies"), and Terry McCafferty ("Employee") (the Companies and Employee will be collectively referred to hereinafter as the "Parties").

WHEREAS, Employee was employed by the Companies pursuant to that certain Letter Agreement dated June 7, 2023 (the "Employment Agreement");

WHEREAS, the Parties agree that Employee separated from his employment, effective December 2, 2023 (the "Separation Date");

WHEREAS, the Parties seek to fully and finally settle all existing claims, whether or not now known, arising out of Employee's employment and termination of employment on the terms set forth herein, subject to the terms and conditions set forth herein;

NOW THEREFORE, the Parties mutually understand and agree as follows:

1. Separation Date. Employee's separation will be effective, the employment of Employee by the Companies shall end, and Employee shall cease to be an officer of the Companies and any and all Affiliates (as defined below), on the Separation Date.

2. Paid Time Off ("PTO"). The Parties agree that, as of the Separation Date, Employee had (22.85) days of accrued but unused PTO, which he has received as of the date of his execution of this Agreement.

3. 2023 Annual Bonus and Outstanding Equity Awards. The Parties acknowledge and agree that Employee's entitlement to all or any portion of his FY2023 annual bonus (the "STIP Award") and to vest in all or any portion of his outstanding equity awards (collectively, the "LTIP Award") would be governed, respectively, by the Employment Agreement; and the terms of the James River Group Holdings, Ltd. Short-Term Incentive Plan and the terms of the James River Group Holdings, Ltd. 2014 Long-Term Incentive Plan (collectively, the "Compensatory Plans"). The Companies acknowledge and agree that Employee's separation from employment will qualify as a "retirement" for purposes of applying the provisions of the Compensatory Plans (collectively, the "Compensatory Awards") to Employee's separation. The Parties further acknowledge and agree that this Agreement shall not adversely affect, alter, or extinguish any vested right that Employee may have with respect to any pension or other retirement benefits to which Employee is or will be entitled by virtue of Employee's employment with the Companies. For the avoidance of any doubt, the above means that Employee: (i) shall receive the pro-rata payout of 11/12th of his STIP Award and a pro-rata settlement of the performance-based LTIP Award granted in 2023 (the "2023 Performance LTIP Award") to the extent the STIP Award and the

2023 Performance LTIP Award are otherwise earned pursuant to their respective terms, which will be determined and paid to Employee pursuant to a good-faith implementation of the Compensatory Plans; (ii) shall be deemed vested in the 2023 Performance LTIP Award; (iii) with respect to the service-based LTIP Award granted in 2023 (the "2023 Service LTIP Award"), for purposes of determining its vested status only, shall be deemed to have remained in the service of the Companies through the vesting date immediately following the Separation Date and shall receive settlement of such award within thirty (30) days immediately following the Separation Date in the number of common shares that he would have otherwise been entitled to on such vesting date; and (iv) the STIP Award and 2023 Performance LTIP Award shall be paid or otherwise settled in accordance with their existing terms. For purposes of clarity, the Parties acknowledge that the unvested portions of the RSU awards granted to Employee on February 17, 2021 and March 2, 2022 and the unvested portions of the 2023 Service- LITP Award (other than as provided in clause (iii) above), as determined as of the Separation Date, shall be forfeited and cancelled without payment on the Separation Date or otherwise in accordance with their terms.

4. Expense Reimbursement. Within fourteen (14) calendar days of the later of the Company's receipt of this Agreement executed by Employee and the expiration of the period within which Employee may revoke Employee's acceptance of this Agreement as explained below (and provided Employee has not exercised such right of revocation), the Company shall pay one hundred, ten thousand dollars and zero cents ($110,000.00) (the "Expense Payment") to Employee or one or more third parties designated by Employee in writing. This payment is for certain reimbursable expenses incurred by Employee as agreed-upon by the Parties.

5. Material Breach(es) of Agreement. If a court of competent jurisdiction concludes that a party to this Agreement has materially violated any material term of this Agreement, the non-breaching party may seek all damages (monetary and/or non-monetary) under applicable law. These damages may include, but are not limited to, attempting to recover from Employee (but not any third party) the Expense Payment provided in Section 4 of this Agreement. The "prevailing party" in any lawsuit filed under this Section 5 and/or to otherwise enforce this Agreement shall be entitled to recover his/its reasonable legal fees.

6. Medical and Welfare Benefit Continuation. Employee will receive a notice under separate cover regarding the terms of continued insurance coverage under the Consolidated Omnibus Budget Reconciliation Act or applicable state law (the "COBRA Notice").

7. Waiver and Release of the Companies. For valuable consideration from the Companies, receipt of which is hereby acknowledged, Employee waives, releases, and forever discharges the Companies and their current and former parents, subsidiaries, affiliates, divisions, shareholders, owners, members, officers, directors, attorneys, agents, employees, insurers, successors, and assigns, and the Companies' parents', subsidiaries', and affiliates' divisions, shareholders, owners, members, officers, directors, attorneys, agents, employees, insurers, successors, and assigns (collectively referred to as the "Company Releasees") from any and all rights, causes of action, claims or demands, whether express or implied, known or unknown, that arise on or before the date that Employee executes this Agreement, which Employee has or may have

against the Company and/or the Company Releasees relating in any way to Employee's employment with the Companies or any Company Releasees, including, without limitation, all claims relating to the Employment Agreement (including, without limitation, any claim for severance or any other benefits that would have been due to him under the Employment Agreement if he had resigned for Good Reason or had been terminated by the Companies without Cause) and any rights, causes of action, claims, or demands relating to or arising out of the following:

(a) anti-discrimination, anti-harassment, and anti-retaliation laws, such as the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, and Executive Order 11141, which prohibit employment discrimination based on age; Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 (42 U.S.C. §1981), the Equal Pay Act, and Executive Order 11246, which prohibit discrimination based on race, color, national origin, religion, or sex (including sexual harassment or sexual abuse); the Genetic Information Nondiscrimination Act, which prohibits discrimination on the basis of genetic information; the Americans with Disabilities Act and §§503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination based on disability; and any other federal, state, or local laws prohibiting employment discrimination, harassment, and/or retaliation; and

(b) other employment laws, such as the Worker Adjustment and Retraining Notification Act, which requires that advance notice be given of certain workforce reductions; the Employee Retirement Income Security Act of 1974, which, among other things, protects employee benefits; the Family and Medical Leave Act, which requires employers to provide leaves of absence under certain circumstances; federal, state, and local laws which regulate wage and hour matters, including all forms of compensation, vacation pay, sick pay, compensatory time, overtime, commissions, bonuses, other incentive compensation, wage statements, scheduling, meal periods, and rest periods; federal, state, and local family, medical, and military leave laws, which require employers to provide leaves of absence and reinstatement under certain circumstances; the Sarbanes Oxley Act; and any other federal, state, or local laws relating to employment which—to the extent Employee performed work for the Company in New Jersey—would include, without limitation, the New Jersey Conscientious Employee Protection Act; and

(c) tort, contract, and quasi-contract claims, such as claims for wrongful discharge, physical or personal injury, sexual harassment or sexual abuse, intentional or negligent infliction of emotional distress, fraud, fraud in the inducement, negligent misrepresentation, defamation, invasion of privacy, tortious interference with contract or with prospective economic advantage, breach of express or implied contract, unjust enrichment, promissory estoppel, breach of covenants of good faith and fair dealing, negligent hiring, negligent supervision, negligent retention, and similar or related claims; and

(d) all remedies of any type, including, without limitation, damages and injunctive relief, in any action that may be brought on Employee's behalf against the Company and/or the Company Releasees by any government agency or other entity or person.

Employee understands that Employee is releasing claims about which Employee may not know anything at the time Employee executes this Agreement. Employee acknowledges that it is Employee's intent to release such unknown claims, even though Employee recognizes that someday Employee might learn new facts relating to Employee's employment or learn that some or all of the facts Employee currently believes to be true are untrue, and even though Employee might then regret having signed this Agreement. Nevertheless, Employee acknowledges Employee's awareness of that risk and agrees that this Agreement shall remain effective in all respects in any such case. Employee expressly waives all rights Employee might have under any laws intended to protect Employee from waiving unknown claims.

8. Excluded Claims. Notwithstanding anything to the contrary in this Agreement, the waiver and release contained in this Agreement shall exclude awards to Employee from or by a government agency for providing information, as well as any rights or claims that (a) may arise after the date on which Employee executes this Agreement; or (b) cannot be released under applicable law, such as unemployment insurance and worker's compensation claims (excluding claims under any worker's compensation law for discriminatory/retaliatory termination, which are included in the release). In addition, the Parties agree that this Agreement shall not adversely affect, alter, or extinguish any vested right that Employee may have with respect to any pension or other retirement benefits to which Employee is or will be entitled by virtue of Employee's employment with the Companies, and nothing in this Agreement shall prohibit Employee from enforcing such rights. Moreover, nothing in this Agreement shall preclude Employee from challenging in good faith the validity of this Agreement, nor does it impose any conditions precedent, penalties, or costs for doing so, unless specifically authorized by applicable law. Nothing in this Agreement prevents Employee from filing a charge for discrimination with, cooperating with, or participating in any investigation or proceeding before, the Equal Employment Opportunity Commission or any other applicable state fair employment practices agency, but Employee waives any rights or claims to any remedial relief in connection with any such charge, investigation, or proceeding (including any payment, benefit, or attorneys' fees).

9. No Other Claims.

(a) No Claims Have Been Filed. Except to the extent previously disclosed by Employee in writing to the Companies or expressly described in this Agreement, Employee represents and warrants that Employee has filed no claims, lawsuits, charges, grievances, or causes of action of any kind against the Company and/or any of the Company Releasees.

(b) No Compensation/Leave Claims. Except to the extent previously disclosed by Employee in writing to the Companies or expressly described in this Agreement, Employee represents and warrants that, to the best of Employee's knowledge (i) Employee possesses no claims for violation of federal, state, or local laws that govern compensation, work hours, paid or unpaid leaves of absence, or other benefits, including, without limitation, vacation pay, sick pay, compensatory time, overtime, commissions, bonuses, other incentive compensation, family/medical/military leave, wage statements, scheduling, meal periods, or rest periods, (ii) Employee has received all compensation (including, without limitation, any overtime compensation, bonuses, and commissions), meal periods, rest periods, and paid and unpaid leave to which Employee may have been entitled (excluding Employee's base compensation pay for Employee's final payroll period, to the extent Employee signs this Agreement prior to the final payday covering such final payroll period), and (iii) Employee has not suffered any work-related injury or illness within the twelve (12) months preceding Employee's execution of this Agreement.

(c) No Sexual Harassment or Sexual Abuse Claims. This Agreement has been offered to Employee based on the Company's understanding that Employee has not suffered any sexual harassment or sexual abuse in connection with Employee's employment by the Companies or services rendered in connection with the Companies, including by any owner, director, officer, partner, manager, employee, agent, client, potential client, customer, potential customer, vendor, or supplier of the Companies.

(d) Providing Information to the Company. If any of the representations in Subsections (a), (b) or (c) of this Section 9 is incomplete or incorrect, then Employee must promptly provide to the Company contact identified on the cover page of this Agreement (the "Company Contact") a written statement completing and/or correcting (as the case may be) the representation(s) at issue (the "Correcting Statement"), which Correcting Statement must be delivered at least (3) business days before Employee executes this Agreement and tenders it to the Company Contact. The disclosure of such information will not adversely affect the terms of this Agreement, nor will it extend the time periods described in the "Review and Revocation Periods" Section below absent written notice to Employee of any such extension. Notwithstanding the foregoing, the Companies reserve the right to revise this Agreement to address the issues raised in any Correcting Statement submitted by Employee in order to provide the Company and the Company Releasees with the broadest release of claims and maximum rights and protections available under applicable law. Under such circumstances, the revised Agreement shall not become effective unless and until authorized representatives of the Companies execute the revised Agreement.

10. Waiver and Release of Employee. For valuable consideration from Employee, the receipt of which is hereby acknowledged, the Companies (for themselves and their current and former parents, subsidiaries, divisions, affiliates, successors, assigns, and anyone else claiming by or through it) waive, release, and forever discharge Employee and his heirs, personal representatives, successors, attorneys, agents and representatives ("Employee Releasees") from any and all rights, causes of action, claims or demands, whether express or implied, known or

unknown, that arise on or before the date that the Companies execute this Agreement, which the Companies have or may have against Employee or the Employee Releasees; provided, however, notwithstanding the foregoing or any other term of this Agreement, such release shall not apply to (and no claim shall be waived) in respect of (a) any claim that may arise after the date on which the authorized Company representatives execute this Agreement, (b) any claim for recovery of any amount payable under the Compensatory Awards, or (c) any claim, matter, or circumstance which is subject to coverage pursuant to any policy of insurance maintained by, for the benefit of, or is paid or payable to Employee or the Companies, to the extent of such coverage.

The Companies understand that they are releasing claims about which the Companies may not know anything at the time the Companies execute this Agreement. The Companies acknowledge that it is their intent to release such unknown claims, even though the Companies recognize that someday the Companies might learn new facts relating to Employee's employment or learn that some or all of the facts the Companies currently believe to be true are untrue, and even though the Companies might then regret having signed this Agreement. Nevertheless, the Companies acknowledge their awareness of that risk and agree that this Agreement shall remain effective in all respects in any such case. The Companies expressly waive all rights the Companies might have under any laws intended to protect the Companies from waiving unknown claims.

11. Duty to Cooperate. Employee agrees that Employee will remain reasonably available to the Company and the Affiliates as needed to assist in the smooth transition of Employee's duties to one or more other employees of the Company and the Affiliates and without additional compensation to Employee. In addition, upon the receipt of reasonable notice from the Company or the Affiliates (including outside counsel), Employee agrees Employee will reasonably respond and provide information with regard to matters in which Employee has knowledge as a result of the Employee's employment with the Companies or any of the Affiliates, and will provide reasonable assistance to the Company, the Affiliates, and their respective representatives in defense of all claims that may be made against the Company or any of the Affiliates, and will reasonably assist the Company and the Affiliates in the prosecution of all claims that may be made by the Company or any of the Affiliates, to the extent that such claims may relate to the period of the Employee's employment with the Companies or any of the Affiliates. Employee agrees to promptly inform the Company if Employee becomes aware of any lawsuit involving such claims that may be filed or threatened against the Company or any of the Affiliates. Employee also agrees to promptly inform the Company (to the extent that the Employee is legally permitted to do so) if Employee is asked to assist in any investigation of the Company or any of the Affiliates (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or any of the Affiliates with respect to such investigation, and shall not do so unless legally required. Upon presentation of appropriate documentation, the Company shall pay or reimburse the Employee for all reasonable out-of-pocket travel, duplicating, or telephonic expenses incurred by the Employee in complying with this Section 11. It is expressly understood and agreed by the Parties that nothing herein shall preclude or discourage Employee from giving truthful testimony in any trial or hearing, whether such testimony is helpful or harmful to the Company or any of the Affiliates.

12. Non-Disparagement. Subject to the exceptions in Section 16 below, Employee will refrain from making disparaging remarks, orally, in writing, or by any other means, including, without limitation, on or through any kind of Internet social media sites (such as Twitter, Facebook, Instagram, LinkedIn, and Glassdoor), blogs, or any other kind of electronic communication, about the Company or any of the Company Releasees, including, without limitation, disparaging details regarding any claim that Employee is releasing under this Agreement. The Company will provide, in response to any request to the Human Resources Department for an employment reference or verification, only Employee's dates of employment and positions held. The Company also will instruct its C-Suite executives to refrain from making disparaging remarks, orally, in writing, or by any other means, about Employee to any third party. The Parties acknowledge that it is their respective preference that this Agreement includes non-disparagement provisions and that such provisions are mutually beneficial to both Employee and the Companies/the Affiliates.

13. Confidentiality of the Separation Negotiations. Subject to the exceptions in Section 16 below, Employee agrees that going forward, Employee will keep confidential the terms and substance of the negotiations leading up to this Agreement (the "Separation Negotiations"), and any factual information concerning any claim by Employee involving discrimination or retaliation in violation of any laws that Employee disclosed to the Company, the Affiliates, or their agents in connection with the Separation Negotiations (the "Disclosed Facts"). Employee agrees not to disclose such information to anyone outside of the above-described groups other than members of Employee's immediate family and/or Employee's financial advisors. If Employee advises any member of Employee's immediate family and/or any of Employee's financial advisors about the Separation Negotiations, or any of the Disclosed Facts, Employee agrees to advise that person of the confidentiality of the same and to instruct that person not to disclose such information to anyone; provided, however, that Employee will not otherwise be responsible for third-parties' actions concerning same. If Employee is asked about such information, Employee agrees to limit any response to, "The matter has been settled and that is all that I can say about it," or similar words to that effect.

14. Definitions. Capitalized terms used herein but not otherwise defined shall have their respective meanings set forth in the Employment Agreement. The following capitalized terms when used herein shall have their respective meaning set forth below.

(a) "Active Tenure" means the time period that began upon the commencement of Employee's employment with the Company (or any predecessor or any of the Affiliates) and ending on the Separation Date.

(b) "Affiliates" means FLFCC, SIC, FLIMC, FLNIC, and any and all entities directly or indirectly controlling or controlled by or under direct or indirect common control with the Company (including its respective members, shareholders, officers, directors and employees). For this purpose, "control" means the power to direct the management and policies of a person through the ownership of securities, by contract or otherwise and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

(c) "Confidential Information" shall include, but is not limited to, all confidential information of the Company and its Affiliates, regardless of the form or medium in which was created, stored, reflected, or preserved (including in Employee's memory), and includes trade secret information and all confidential information relating to or reflecting the Company's or any of the Affiliates' research and development plans and activities; compilations of data; product plans; sales, marketing, and business plans and strategies; pricing, price lists, pricing methodologies, and profit margins; personnel; inventions, concepts, ideas, designs, and formulae; current, past, and prospective customer lists; current, past, and anticipated customer and prospective customer needs, preferences, and requirements; market studies; computer software and programs (including object code and source code); and computer and database technologies, systems, structures, and architectures. Employee understands that Confidential Information may or may not be labeled as "confidential."

15. Restrictions and Obligations Relating to Confidential Information, Other Company Property, and Employee's Personal Electronic Equipment and Accounts.

(a) All Confidential Information is the property of the Company, and Employee shall use Employee's best efforts to protect the Confidential Information. Employee shall not, directly or indirectly, use or disclose any Confidential Information.

(b) Each of Employee's obligations in this Section 15 shall also apply to all confidential, trade secret, and proprietary information learned or acquired by Employee, as a result of Employee's employment with the Companies or any of the Affiliates, from or about others with whom the Company or any of the Affiliates has, had, or contemplated having a business relationship.

(c) Employee's obligations under this Section 15 shall continue after the Separation Date; provided, however, that Employee's post-employment obligations not to use or disclose Confidential Information shall not apply if and to the extent Employee demonstrates that: (i) the same information was in Employee's possession prior to the commencement of the Active Tenure; (ii) the same information is or becomes generally available to the public and such public availability is not the result, directly or indirectly, of any fault of, or improper taking, use, re-creating (e.g., through memory), or disclosure by, Employee or anyone working in concert or participation with Employee; or (iii) Employee obtains the information properly, from a source that was free to disclose it, and under circumstances such that Employee neither knew nor had reason to know that such information had been acquired, used, or disclosed improperly. In addition, nothing herein shall prohibit Employee from assisting the Company or any of the Affiliates after the Separation Date in response to a request for such assistance by an authorized representative of the Company or any of the Affiliates.

(d) Employee agrees to notify the Company promptly of any intended or unintended, unauthorized disclosure or use of any Confidential Information by Employee or any other person or entity of which Employee becomes aware. Employee further agrees to assist and cooperate with the Company and the Affiliates in their efforts to protect the Company's and the Affiliates' rights in and to the Confidential Information.

(e) If Employee becomes legally compelled (including by deposition, interrogatory, request for documents, subpoena, civil investigative, demand, or similar process) to disclose any of the Confidential Information, Employee will provide the Company with prompt written notice as soon as practicable, but in no event fewer than thirty (30) days' notice (if possible) prior to such disclosure so that the Company (or any of the Affiliates, as applicable) may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. If such a protective order or other remedy is not obtained, or if the Company (or any of the Affiliates, as applicable) waives compliance with the provisions hereof, Employee agrees to disclose only that portion of the Confidential Information that he/she is legally required to disclose.

16. Right to Communicate.

(a) Employee Right to Communicate. Notwithstanding any provision of this Agreement or any other agreement executed by Employee to the contrary, there shall be no restriction on Employee's ability to (i) speak with law enforcement, the United States Equal Employment Opportunity Commission, any state or local agency charged with the investigation or enforcement of equal employment opportunity, or an attorney retained by Employee; (ii) report violations of any law or regulation to, or initiate, testify, assist, comply with a subpoena from, or participate in any manner with an investigation conducted by, a local, state, or federal agency; (iii) testify in an administrative, legislative, or judicial proceeding concerning alleged criminal conduct or alleged sexual harassment on the part of any of the Company Releasees or any agent or employee of the Company or any of the Company Releasees, when Employee has been required or requested to attend the proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature, or otherwise provide truthful testimony or information pursuant to subpoena, court order, or similar legal process; (iv) otherwise engage in whistleblower activity protected by the Securities Exchange Act of 1934, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or any rules or regulations issued thereunder, including, without limitation, Rule 21F-17; (v) file or disclose any facts necessary to receive unemployment insurance, Medicaid, or other public benefits to which Employee is entitled; or (vi) respond to inquiries from James River Group Holdings, Ltd. Chief Executive Officer or Board of Directors regarding matters which relate to events that occurred during Executive's employment by the Company.

(b) Trade Secrets. In addition, 18 U.S.C. §1833(b) provides, "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement, any other agreement executed by Employee, or any policy of the Company of any of the Affiliates is intended to conflict with this statutory protection.

17. Waiver of Future Employment with the Companies. Employee agrees not to apply for employment, or seek reinstatement, with the Company or any of its Affiliates ("Restricted Employer(s)"), and further agrees that the Company (and Restricted Employers) has no obligation to hire or rehire Employee at any time in the future. Employee forever releases, waives, and relinquishes any right or claim to be hired by, or to reinstatement with, the Company (or any Restricted Employer). Employee agrees that this Agreement is a lawful, non-discriminatory, and non-retaliatory basis upon which the Company (or any Restricted Employer) may refuse to hire or rehire Employee.

18. Consideration. The Parties acknowledge they are providing one another with consideration that otherwise may not be entitled to each Party absent signing this Agreement. Irrespective of whether the Parties fully-execute this Agreement, Employee will be paid all compensation earned through the Separation Date and will retain any rights Employee may otherwise have to medical, dental, and vision benefits continuation coverage pursuant to applicable law (which rights will be explained in greater detail in the COBRA Notice).

19. Non-Admission of Liability. The Parties agree that nothing contained in this Agreement is to be construed as an admission of liability, fault, or improper action on the part of either of the Parties.

20. Return of Company Property. Employee represents that Employee has returned all property of the Company and the Affiliates, including, without limitation, (a) all Company computers, smartphones, cell phones, pagers, tablets, and any other electronic communication and/or memory devices of the Company or any of the Affiliates (the "Company Devices"), and (b) all other equipment, tools, keys, and key cards of the Company and any of the Affiliates. Employee warrants that Employee has not altered, transferred, deleted, or destroyed (as applicable) any Confidential Information or Company Devices prior to delivering the same to the Company. If Employee cannot make the warranty set forth in the immediately preceding sentence, Employee has attached a document to this Agreement describing in reasonable detail why Employee cannot do so, in which case Employee agrees to cooperate with the Company and the Affiliates in its rectification efforts. To the extent any Confidential Information is stored on any device or in any medium over which Employee has control, including, without limitation, in any personal cloud-based storage system or on any personal computer, personal data assistant, personal smartphones, personal cell phones, personal pagers, personal tablets, or any other personal electronic communication and/or memory device, Employee has attached a document to

this Agreement advising the Company of that fact in reasonable detail. Upon request, Employee agrees to cooperate with the Company and the Affiliates to allow them to locate, extract, and/or delete such Confidential Information, including providing them with any login or access credentials needed for this purpose.

21. Consultation with Legal Counsel. The Companies hereby advise Employee to consult with an attorney prior to signing this Agreement.

22. Review and Revocation Periods. Employee acknowledges that Employee has been given at least twenty-one (21) days to consider this Agreement from the date that it was first tendered to Employee. Employee agrees that changes in the terms of any version(s) of this Agreement, whether material or immaterial, do not restart the running of the twenty-one (21)-day consideration period. Employee may accept the Agreement by executing this Agreement within the designated time period. Employee shall have seven (7) days from the date that Employee executes the Agreement to revoke Employee's acceptance of the Agreement by delivering written notice of revocation within the seven (7)-day period to the following Company Contact:

Angie Burnett, SPHR
SVP, Chief Human Resources & Operations Officer
James River Group, Inc.
(804) 289-2723
angie.burnett@james-river-group.com

If Employee does not revoke acceptance, this Agreement will become effective and irrevocable by Employee on the eighth day after Employee has executed it.

For the avoidance of doubt, if Employee elects not to execute this Agreement and return it to the Company by December 26, 2023 (the "Expiration Date"), this offer will automatically expire on the Expiration Date. If Employee or Employee's agent proposes new or different terms to the Companies from those contained in this Agreement, such proposal will nullify this offer unless and until the Companies renew their offer or makes a subsequent offer, in which case the terms of the renewed or subsequent offer (if any) will control. If Employee exercises any right of revocation Employee has under this Agreement, this offer will expire on the date of such revocation.

23. Choice of Law; Choice of Venue. This Agreement is made and entered into in North Carolina and, to the extent the interpretation of this Agreement is not governed by applicable federal law, shall be interpreted and enforced under and shall be governed by the laws of that state. Any litigation arising out of or relating to this Agreement shall be filed and pursued exclusively in the state or federal courts encompassing Raleigh, North Carolina, and the Parties hereto consent to the jurisdiction of and venue in such courts.

24. Injunctive Relief. In the event of a material breach or threatened material breach of any provision of this Agreement, the non-breaching Party shall be entitled to pursue, in addition to any other legal or equitable rights or remedies it may have (including any right to damages), to temporary, preliminary, and permanent injunctive relief restraining such material breach or threatened material breach without the need to post any injunction bond or other security.

25. Severability. Should any provision of this Agreement be held to be illegal, void, or unenforceable, such provision shall be of no force and effect. However, the illegality or unenforceability of any such provision shall have no effect upon, and shall not impair the enforceability of, any other provision of this Agreement.

26. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A signed counterpart delivered as a PDF by email, by facsimile, or digitally (e.g., DocuSign) shall be as valid and binding as the original.

27. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Employee, the Company, the Affiliates, and the Company Releasees, and their respective representatives, predecessors, heirs, successors, and permitted assigns (including without limitation, as applicable, any successor to the Company's or Companies' business as the result of a purchase, merger, consolidation or otherwise of the Company or Companies, regardless of whether the Company or Companies survive such action). Successors to the Company or Companies shall include, without limitation, any corporation or corporations acquiring, directly or indirectly, all or substantially all of the assets of the Company or Companies whether by merger, consolidation, purchase or otherwise and such successor shall thereafter be deemed the "Company" or "Companies" for purposes of this Agreement. This Agreement may not be assigned by Employee without the prior written authorization of the Companies, and any unauthorized assignment by Employee shall be null and void *ab initio*.

28. Entire Agreement and Release from Non-Competition Restriction. This Agreement contains the complete understanding between the Parties as to the subject matter contained herein, and no other promises or agreements shall be binding unless signed by both authorized representatives of the Companies and Employee. In signing this Agreement, the Parties are not relying on any fact, statement, or assumption not set forth in this Agreement. Notwithstanding the foregoing, this Agreement does not replace, supersede, or modify the Employment Agreement or any other existing agreement executed by Employee to which the Company or any of the Affiliates is a party, a successor, an assign, or a third-party beneficiary concerning non-disclosure of confidential information, non-competition, non-solicitation, tuition reimbursement, loan repayment, deductions from final compensation, ownership of inventions or intellectual property, equity or stock plans, or the like; provided, further, that in the case of any conflict between any provision in such prior or concurrent agreement and this Agreement relating to restrictive covenants, the provision that is lawfully more restrictive shall control. In addition, the Parties agree that Subsections 5(b)(i) and 5(b)(ii) of the Employment Agreement shall be deemed stricken, effective as of the Separation Date.

29. Code Section 409A Compliance. It is intended that this Agreement shall comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance promulgated thereunder ("Code Section 409A"), or be exempt from the application of Code Section 409A. For purposes of Code Section 409A, the right to a series of installment payments hereunder shall be treated as a right to a series of separate payments. In no event may Employee, directly or indirectly, designate the calendar year of any payment under this Agreement. Notwithstanding any provision in this Agreement to the contrary, any references to termination of employment or Separation Date shall mean and refer to "separation from service" and the date of such "separation from service" as that term is defined in Code Section 409A.

30. Specified Employee. Notwithstanding any other provision of this Agreement to the contrary, if Employee is considered a "specified employee" for purposes of Code Section 409A, any payment that constitutes "deferred compensation" within the meaning of Code Section 409A that is otherwise due to Employee as a result of such Employee's "separation from service" under this Agreement during the six (6)-month period immediately following Employee's "separation from service" shall be accumulated and paid to Employee on the first day of the seventh month following such "separation from service" ("Delayed Payment Date"), provided that if Employee dies prior to the payment of such amounts, such amounts shall be paid to the personal representative of Employee's estate on the first to occur of the Delayed Payment Date or ten (10) days following the date of Employee's death.

31. Representation and Warranty of Understanding. By signing below, each Party represents and warrants that he/it: (a) has carefully read and understands the terms of this Agreement; (b) is entering into the Agreement knowingly, voluntarily and of Employee's own free will; (c) understands its terms and significance and intends to abide by its provisions without exception; (d) has not made any false statements or representations in connection with this Agreement; and (e) has not transferred or assigned to any person or entity not a Party to this Agreement any claim or right released hereunder, and each transferring Party agrees to indemnify the other Party (and any of the Affiliates, as applicable) and hold it harmless against any claim (including claims for attorneys' fees or costs actually incurred, regardless of whether litigation has commenced) based on or arising out of any alleged assignment or transfer of a claim by the transferring Party.

[signatures on next page]

/s/ Terry McCafferty
Terry McCafferty

December 26, 2023
Date

James River Group, Inc.

By: /s/ Frank N. D'Orazio
Its: Chairman and Chief Executive Officer
Date: December 26, 2023

Stonewood Insurance Company

By: /s/ Sarah C. Doran
Its: Chairperson of the Board
Date: December 27, 2023

Falls Lake Insurance Management Company, Inc.

By: /s/ Sarah C. Doran
Its: Chairperson of the Board
Date: December 27, 2023

Falls Lake National Insurance Company

By: /s/ Sarah C. Doran
Its: Chairperson of the Board
Date: December 27, 2023

Falls Lake Fire and Casualty Company

By: /s/ Sarah C. Doran
Its: Chairperson of the Board
Date: December 27, 2023

Exhibit 21.1

SUBSIDIARIES OF JAMES RIVER GROUP HOLDINGS, LTD.

Subsidiary	Jurisdiction of Incorporation or Formation
Falls Lake Fire and Casualty Company	California
Falls Lake Insurance Management Company, Inc.	Delaware
Falls Lake National Insurance Company	Ohio
Franklin Holdings II (Bermuda) Capital Trust I	Delaware
James River Capital Trust I	Delaware
James River Capital Trust II	Delaware
James River Capital Trust III	Delaware
James River Capital Trust IV	Delaware
James River Casualty Company	Ohio
James River Group Holdings UK Limited	United Kingdom
James River Group, Inc.	Delaware
James River Insurance Company	Ohio
James River Management Company, Inc.	Delaware
James River Richmond Real Estate, LLC	Virginia
JRG Reinsurance Company Ltd.	Bermuda
James River TPA Services, Inc.	Virginia
Stonewood Insurance Company	North Carolina

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-255789) of James River Group Holdings, Ltd., and
(2) Registration Statement (Form S-8 Nos. 333-200995, 333-217743, 333-231200, and 333-268114) pertaining to the Amended and Restated Equity Incentive Plan, 2014 Long-Term Incentive Plan, as amended, and 2014 Non-Employee Director Incentive Plan, as amended, of James River Group Holdings, Ltd.;

of our reports dated February 29, 2024, with respect to the consolidated financial statements and schedules of James River Group Holdings, Ltd. and the effectiveness of internal control over financial reporting of James River Group Holdings, Ltd. included in this Annual Report (Form 10-K) of James River Group Holdings, Ltd. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Charlotte, North Carolina
February 29, 2024

Exhibit 31.1

CERTIFICATION

I, Frank N. D'Orazio, certify that:

1. I have reviewed this annual report on Form 10-K of James River Group Holdings, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 29, 2024

/s/ Frank N. D'Orazio
Frank N. D'Orazio
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Sarah C. Doran, certify that:

1. I have reviewed this annual report on Form 10-K of James River Group Holdings, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2024

/s/ Sarah C. Doran
Sarah C. Doran
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of James River Group Holdings, Ltd. (the “Company”) on Form 10-K for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Frank N. D'Orazio, Chief Executive Officer of the Company, and Sarah C. Doran, Chief Financial Officer of the Company, certify, to the best of our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank N. D'Orazio

Frank N. D'Orazio
Chief Executive Officer
(Principal Executive Officer)
February 29, 2024

/s/ Sarah C. Doran

Sarah C. Doran
Chief Financial Officer
(Principal Financial Officer)
February 29, 2024

JAMES RIVER GROUP HOLDINGS, LTD.
EXECUTIVE OFFICER
INCENTIVE COMPENSATION RECOVERY POLICY

I. Introduction

The non-executive members of the board of directors (the "**Board**") of James River Group Holdings, Ltd. (the "**Company**"), upon the recommendation of the Compensation and Human Capital Committee of the Board, has adopted this Executive Officer Incentive Compensation Recovery Policy (this "**Policy**") to comply with NASDAQ Listed Company Rule 5608 which requires listed companies to provide for the recovery of certain executive compensation in the event of an Accounting Restatement (as defined below) resulting from material noncompliance with financial reporting requirements under the U.S. federal securities laws.

II. Administration

This Policy shall be administered by the Committee. Any determinations made by the Committee shall be final and binding on all affected individuals.

III. Definitions

For purposes of this Policy, the following capitalized terms shall have the meanings set forth below:

(a) "**Accounting Restatement**" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial restatements that is material to the previously issued financial statements (sometimes known as a "Big R" restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (sometimes known as a "little r" restatement).

(b) "**Committee**" means the Compensation and Human Capital Committee of the Board.

(c) "**Covered Executives**" means the Company's current and former Executive Officers, as determined by the Committee in accordance with Section 10D of the Exchange Act and the listing standards of NASDAQ.

(d) "**Effective Date**" means October 2, 2023.

(e) "**Erroneously Awarded Compensation**" means, with respect to each Covered Executive in connection with an Accounting Restatement, the amount by which Recovery Eligible Incentive-based Compensation exceeds the amount of Incentive-based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid.

(f) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(g) “**Executive Officer**” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including any executive officer of the Company’s affiliates) who performs similar policy-making functions for the Company. The term “Executive Officer” includes, without limitation, those officers identified by the Company in any disclosure made pursuant to the requirements of Regulation S-K Item 401(b).

(h) “**Financial Reporting Measures**” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company’s financial statements or included in a filing with the SEC.

(i) “**Incentive-based Compensation**” means any compensation that is granted, is earned or becomes vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, the term Incentive-based Compensation shall not include annual base salary or any compensation that is not based in whole or in part upon the attainment of a Financial Reporting Measure, such as awards that are earned, become vested or are paid solely based on time in service.

(j) “**NASDAQ**” means The NASDAQ Stock Market.

(k) “**Received**” Incentive-based Compensation shall be deemed “Received” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is deemed attained, even if payment or grant of the Incentive-based Compensation occurs after the end of that period.

(l) “**Recovery Eligible Incentive-based Compensation**” means, in connection with an Accounting Restatement and with respect to each individual who served as a Covered Executive at any time during the applicable performance period for any Incentive-based Compensation (whether or not such Covered Executive is serving in such capacity at the time the Erroneously Awarded Compensation is required to be repaid to the Company), all Incentive-based Compensation Received by such Covered Executive (i) on or after the Effective Date, (ii) after beginning service as a Covered Executive, (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (iv) during the applicable Recovery Period.

(m) “**Recovery Period**” means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company’s fiscal year) of less than nine months within or immediately following those three completed fiscal years.

(n) "**Restatement Date**" means the earlier to occur of the date (i) (A) the Board, or (B) a committee of the Board or (C) the officers of the Company authorized to take such action if Board or Board committee action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, and (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

(o) "**SEC**" means the U.S. Securities and Exchange Commission.

IV. Repayment/Forfeiture of Erroneously Awarded Compensation

(a) In the event of an Accounting Restatement, the Committee shall take reasonably prompt action after the Restatement Date to determine the amount of any Erroneously Awarded Compensation for each Covered Executive in connection with such Accounting Restatement and, thereafter, shall promptly provide each Covered Executive with a written notice containing the amount of Erroneously Awarded Compensation and a demand for repayment or return, as applicable. For Incentive-based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-based Compensation was Received (in which case the Company shall maintain documentation of such determination of that reasonable estimate and provide such documentation to the NASDAQ).

(b) The Committee shall have broad discretion to determine the appropriate means of recovery of Erroneously Awarded Compensation based on all applicable facts and circumstances and taking into account the time value of money and the cost to shareholders of delaying recovery, including without limitation (i) requiring reimbursement of cash Incentive-based Compensation previously paid; (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards; (iii) offsetting the amount of any Erroneously Awarded Compensation from any compensation otherwise owed by the Company to the Covered Executive; (iv) cancelling outstanding vested or unvested equity awards or other outstanding compensatory awards; and/or (v) taking any other remedial and recovery action permitted by law. For the avoidance of doubt, except as set forth in Section IV(d) below, in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of a Covered Executive's obligations hereunder.

(c) To the extent that a Covered Executive fails to repay all Erroneously Awarded Compensation to the Company when due (as determined in accordance with Section IV(b) above), the Company shall take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Covered Executive. The applicable Covered Executive shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

(d) Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section IV(b) above if the following conditions are met and the Committee determines that recovery would be impracticable:

(i) the direct expenses paid to a third party to assist in enforcing this Policy against a Covered Executive would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously Awarded Compensation, documented such attempts and provided such documentation to NASDAQ;

(ii) recovery would violate home country law where that law was adopted prior to November 28, 2022; provided that, before determining that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel (acceptable to NASDAQ) that recovery would result in such a violation and a copy of the opinion is provided to NASDAQ; or

(iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

V. Acknowledgement by Covered Executives

The Company shall provide notice of this Policy to, and seek written acknowledgement of this Policy from, each Covered Executive in such form as the Company deems appropriate; provided that the failure to provide such notice or obtain such acknowledgement shall have no impact on the applicability or enforceability of this Policy.

VI. Reporting and Disclosure.

The Company shall make all disclosures with respect to this Policy in accordance with the requirements of the U.S. federal securities laws and the applicable listing standards.

VII. No Indemnification

Notwithstanding the terms of any of the Company's organizational documents, any corporate policy or any contract, the Company shall not indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation or any claims relating to the Company's enforcement of its rights under this Policy nor shall the Company pay or reimburse any Covered Executive for any insurance premium to cover the loss of any Erroneously Awarded Compensation.

VIII. Interpretation

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC or any national securities exchange or national securities association on which the Company's securities are listed.

IX. Effective Date

This Policy shall be effective as of the Effective Date.

X. Amendment; Termination

The non-executive members of the Board may, upon the recommendation of the Committee, amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the SEC under Section 10D of the Exchange Act and to comply with any rules or standards adopted by NASDAQ or other national securities association on which the Company's securities are listed. The Board may terminate this Policy at any time. Notwithstanding the foregoing, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any U.S. federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

XI. Other Recovery Rights

The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to acknowledge this policy and agree to abide by its terms. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law, regulation or rule or pursuant to the terms of any similar policy, whether or not included in any employment agreement, equity award agreement, or similar agreement, and any other legal remedies or rights available to the Company.

XII. Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.