

Best's Rating Report



ODYSSEY RE®

ODYSSEY REINSURANCE GROUP

Odyssey Reinsurance Company	A
Hudson Insurance Company	A
Hudson Specialty Ins Co	A
Hudson Excess Insurance Co	A
Newline Insurance Company Ltd	A



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Associated With: Fairfax Financial Holdings Limited

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AMB#: 018514

Associated Ultimate Parent#: 058364

RATING RATIONALE

Rating Rationale: The ratings of the members of the group are based on the consolidated operating performance and financial condition of Odyssey Reinsurance Company and its core subsidiaries, Hudson Insurance Company (Delaware), Hudson Specialty Insurance Company (New York), Hudson Excess Insurance Company (Delaware); and Newline Insurance Company Limited (UK) which together make up the Odyssey Reinsurance Group (Odyssey Re). The five companies are wholly owned subsidiaries of Odyssey Re Holdings Corp., which is a wholly owned indirect subsidiary of Fairfax Financial Holdings Ltd. (Fairfax), a Canadian property/casualty insurance holding company with global operation

The ratings reflect Odyssey Re's rank among the top 15 global reinsurers supported by a diversified geographic client base, which includes reinsurance and specialty primary insurance, large line capacity, and broad product offerings. These positive attributes are supported by Odyssey Re's excellent risk-adjusted capitalization and strong financial performance. The ratings also reflect the benefit Odyssey Re receives as part of the diverse and financially strong group of companies that make up Fairfax.

Somewhat offsetting these strengths is Odyssey Re's challenging operating environment, which limits growth and accordingly Odyssey Re's ability to continue to improve its position among the global reinsurers. The group's investment strategy takes a long-term value-oriented total return approach, which has, on a five-year basis, been depressed by realized and unrealized losses and depressed net investment income, combining to produce volatile and lower than average total returns. However, strong underwriting performance has boosted the total return measures over the past few years.

Although A.M. Best believes the members of the group are well positioned at the current rating levels, factors that could lead to negative rating actions include a reduction in the current favorable financial and liquidity position at the group's parent, Fairfax Financial, a significant reduction in underwriting income due to increased competition in the group's reinsurance market segment which leads to a significant deterioration in underwriting performance or a significant reduction in the group's investment returns given losses associated with the group's investment strategy.

RATING UNIT MEMBERS

Odyssey Reinsurance Group

(AMB# 018514):

AMB#	COMPANY	BEST'S FSR
000539	Odyssey Reinsurance Company	A
003081	Hudson Insurance Company	A
012631	Hudson Specialty Ins Co	A
014995	Hudson Excess Insurance Co	A
078187	Newline Insurance Company Ltd	A

KEY FINANCIAL INDICATORS (\$000)

Period Ending	Statutory Data							
	Direct Premiums Written	Net Premiums Written	Pre-tax Operating Income	Net Income	Total Admitted Assets	Policyholders' Surplus		
2011	648,399	1,935,583	-201,399	-27,916	8,320,046	3,024,810		
2012	717,782	2,273,357	360,130	200,836	8,720,893	3,154,791		
2013	835,857	2,255,956	457,460	131,665	8,747,825	3,102,549		
2014	970,066	2,252,016	382,016	274,102	9,117,231	3,248,664		
2015	902,810	1,976,177	432,023	533,111	8,831,498	3,288,510		
Period Ending	Profitability			Leverage		Liquidity		
	Comb. Ratio	Inv. Yield (%)	Pre-tax ROR (%)	NA Inv Lev	NPW to PHS	Net Lev.	Overall Liq. (%)	Oper. Cash flow (%)
2011	117.3	2.8	-10.8	49.3	0.6	2.4	157.7	135.9
2012	87.0	1.5	16.6	61.2	0.7	2.5	157.4	121.5
2013	83.8	1.0	20.4	60.6	0.7	2.5	155.6	117.4
2014	84.5	0.8	17.2	58.0	0.7	2.5	155.8	123.7
2015	85.0	1.3	20.7	50.6	0.6	2.3	159.8	101.0
5-Yr	90.7	1.5	13.5	...	...	...	...	...

(* Within several financial tables of this report, this company is compared against the Reinsurance Composite.

(* Data reflected within all tables of this report has been compiled through the A.M. Best Consolidation of statutory filings.

BUSINESS PROFILE

Odyssey Re includes the U.S. reinsurance and insurance operations of ORH as well as a Lloyd's syndicate ("Newline Syndicate 1218") and Newline Insurance Company Limited ("Newline") which is a UK-based insurance company. Reinsurance operations are led by Odyssey Reinsurance Company ("ORC"), which provides treaty casualty and property reinsurance as well as facultative reinsurance for small to medium-sized regional companies and specialized departments of major insurance companies. Products are provided primarily through the broker market in the U.S. and through brokers and directly with insurers and reinsurers internationally. Specific lines of business include specialty casualty and general casualty; commercial and personal property; marine; aviation and space; accident and health; crop; and surety lines. Facultative casualty reinsurance is also provided for general liability; umbrella liability; directors' and officers' liability; professional liability and

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commercial automobile in the U.S. and facultative property reinsurance in Latin America.

The U.S. insurance operations of Odyssey Re are conducted through Hudson Insurance Company ("Hudson"), Hudson Specialty Insurance Company ("Hudson Specialty") and Hudson Excess Insurance Company ("Hudson Excess"). The insurance operations provide coverage on both an admitted and non-admitted basis through in-house underwriting facilities and program administrators. Lines of business include professional liability; multi-peril crop; directors' and officers' liability; marine and energy; personal umbrella; specialty property; personal liability; personal and commercial auto and surety. Where program administrator relationships are used, the group seeks organizations that have a long and successful track record in their particular areas of expertise. Odyssey Re's management has established strong control systems to monitor program administrators, including incentives to produce profitable business.

Specialty insurance is offered in London through Newline Syndicate 1218 and Newline. Business is written primarily in non-U.S. liability lines, including professional indemnity, directors' and officers' liability, medical professional liability, financial institutions, cargo and specie, space and liability.

TOTAL PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW		Reinsurance —Prem Assumed—		Reinsurance —Prem Ceded—	
	(\$000)	(% Chg)	(\$000)	(% Chg)	(\$000)	(% Chg)
2011	648,399	20.6	1,524,976	8.9	237,792	11.0
2012	717,782	10.7	1,836,934	20.5	281,360	18.3
2013	835,857	16.4	1,667,955	-9.2	247,856	-11.9
2014	970,066	16.1	1,519,352	-8.9	237,402	-4.2
2015	902,810	-6.9	1,306,497	-14.0	233,129	-1.8

5-Yr CAGR ... 10.9 ... -1.4 ... 1.7

Period Ending	NPW		NPE	
	(\$000)	(% Chg)	(\$000)	(% Chg)
2011	1,935,583	12.3	1,869,415	6.9
2012	2,273,357	17.5	2,174,039	16.3
2013	2,255,956	-0.8	2,247,184	3.4
2014	2,252,016	-0.2	2,226,597	-0.9
2015	1,976,177	-12.2	2,083,789	-6.4

5-Yr CAGR ... 2.8 ... 3.6

2015 BY-LINE BUSINESS (\$000)

Product Line	DPW		Reinsurance —Prem Assumed—		Reinsurance —Prem Ceded—	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
Reins-Property	...	...	453,736	34.7	40,190	17.2
Oth Liab Occur	275,484	30.5	35,438	2.7	24,173	10.4
Allied Lines	273,893	30.3	58,032	4.4	72,809	31.2
Reins-Casualty	...	...	270,096	20.7	17,662	7.6
Fire	11,438	1.3	164,727	12.6	-956	-0.4
Oth Liab CM	94,670	10.5	14,762	1.1	26,702	11.5
Surety	52,502	5.8	24,364	1.9	1,909	0.8
Homeowners	...	...	61,766	4.7	-7,756	-3.3
Com'l MultiPeril	27,587	3.1	42,863	3.3	9,976	4.3
Comm'l Auto Liab	43,217	4.8	18,482	1.4	14,648	6.3
Ocean Marine	36,185	4.0	23,131	1.8	16,231	7.0
Auto Physical	40,390	4.5	6,303	0.5	5,308	2.3
Med Prof Liab CM	42,085	4.7	1,495	0.1	11,784	5.1
All Other	5,359	0.6	131,301	10.0	449	0.2
Total	902,810	100.0	1,306,497	100.0	233,129	100.0

Product Line	NPW		Business Retention (%)
	(\$000)	(%)	
Reins-Property	413,546	20.9	91.1
Oth Liab Occur	286,749	14.5	92.2
Allied Lines	259,116	13.1	78.1
Reins-Casualty	252,434	12.8	93.5
Fire	177,120	9.0	100.5
Oth Liab CM	82,731	4.2	75.6
Surety	74,956	3.8	97.5
Homeowners	69,522	3.5	112.6
Com'l MultiPeril	60,475	3.1	85.8
Comm'l Auto Liab	47,051	2.4	76.3
Ocean Marine	43,085	2.2	72.6
Auto Physical	41,386	2.1	88.6
Med Prof Liab CM	31,795	1.6	73.0
All Other	136,211	6.9	99.7
Total	1,976,177	100.0	89.4

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BY-LINE RESERVES (\$000)

Product Line	2015	2014	2013	2012	2011
Reins-Property	570,408	607,618	694,642	742,956	716,843
Oth Liab Occur	523,063	500,724	460,503	439,787	459,909
Allied Lines	124,005	160,045	116,297	100,086	50,769
Reins-Casualty	1,339,251	1,477,414	1,630,789	1,628,189	1,621,737
Fire	263,269	242,302	236,595	248,004	274,263
Oth Liab CM	244,750	243,530	240,938	239,585	264,828
Surety	88,135	89,117	85,417	56,156	53,710
Homeowners	71,610	100,844	81,914	81,428	28,992
Com'l MultiPeril	115,597	121,757	101,490	82,652	66,929
Comm'l Auto Liab	62,583	62,817	57,598	59,366	57,557
Ocean Marine	20,541	8,392	5,058	3,300	2,802
Auto Physical	10,348	9,148	12,004	12,086	9,218
Med Prof Liab CM	115,325	136,379	150,069	157,861	165,936
All Other	267,721	269,152	275,779	310,655	321,410
Total	3,816,604	4,029,239	4,149,092	4,162,110	4,094,901

GEOGRAPHIC BREAKDOWN BY DIRECT PREMIUM WRITINGS (\$000)

	2015	2014	2013	2012	2011
Aggregate Alien	393,348	423,089	384,279	319,750	274,677
California	93,448	104,213	82,924	76,602	70,799
Texas	46,636	52,336	43,814	34,118	17,442
New York	35,986	29,234	18,659	18,297	17,522
Tennessee	34,795	34,888	30,090	26,787	25,838
Florida	29,940	28,027	18,037	12,591	10,305
Washington	27,007	27,659	21,423	25,739	21,144
Illinois	17,690	18,831	16,096	12,827	19,193
New Jersey	13,800	21,127	14,867	11,292	9,481
Ohio	12,720	13,187	14,505	13,272	13,065
All Other	197,440	217,475	191,164	166,505	168,932
Total	902,810	970,066	835,857	717,782	648,399

RISK MANAGEMENT

Odyssey Re's enterprise risk management program incorporates the identification of major financial and operational risks, articulation of risk appetite through established upside aims and downside risk tolerances, formulation of risk governance at the Board level, a Chief Risk Officer, development of a stochastic risk management model and the development of an enterprise risk control framework. Core principles of Odyssey Re's enterprise risk management program include a long-term orientation, operating profitability valued over market share, value oriented investing and a compensation structure that supports a long term focus.

The group establishes acceptable exposures before risks are assumed. This is done through underwriting and investment guidelines, the establishment of limits and underwriting authority levels and an integrated planning process. Internal audit is responsible for regularly testing and validating key risk controls embedded in the business units. The risk management program includes a framework of several committees including an enterprise risk

management committee, reinsurance security committee, investment committee, underwriting risk committees, a Fairfax Financial Holdings Limited ("Fairfax") global risk committee and a Board audit committee. Four full ERM reviews and meetings are conducted annually, with Board briefings throughout the year.

OPERATING PERFORMANCE

Operating Results: Odyssey Re has generated positive operating performance, driven by favorable underwriting performance which compares well with its peer industry composite. The group generates a low investment yield relative to its peers due to the investment strategy. While the defensive investment approach does not impair the group's liquidity or risk adjusted capital position, investment returns are affected by the nature of the investments. The investment portfolio is managed by Hamblin Watsa Investment Counsel Ltd. ("Hamblin Watsa"), which is the investment management subsidiary of Fairfax, the group's ultimate parent.

Odyssey has benefited from its diversified book of business which includes a relatively large US insurance platform. Currently, the US reinsurance segment accounts for 23%, the non-US reinsurance accounts for 36%, the US Insurance is 38%, and the non-US Insurance is 8% of the gross written premium.

PROFITABILITY ANALYSIS (\$000)

Period	Company				
	Pre-tax Operating Income	After-tax Operating Income	Net Income	Total Return	
Ending					
2011	-201,399	-151,207	-27,916	-235,943	
2012	360,130	314,791	200,836	361,855	
2013	457,460	482,172	131,665	203,798	
2014	382,016	280,070	274,102	395,192	
2015	432,023	278,333	533,111	402,607	
5-Yr Total	1,430,229	1,204,159	1,111,799	1,127,509	

Period	Company			Industry Composite		
	Pre-tax ROR (%)	Return on PHS (%)	Operating Ratio (%)	Pre-tax ROR (%)	Return on PHS (%)	Operating Ratio (%)
Ending						
2011	-10.8	-7.4	106.9	31.2	5.3	69.3
2012	16.6	11.7	82.2	39.0	14.6	58.1
2013	20.4	6.5	80.4	51.0	24.3	45.7
2014	17.2	12.4	81.8	35.1	9.3	53.1
2015	20.7	12.3	80.5	29.2	5.4	68.3
5-Yr Avg	13.5	7.1	85.7	36.2	11.8	59.0

Underwriting Results: The group's underwriting performance outperforms its US and global peers by a modest margin on a five year average basis. The group's business mix has shifted over the past ten years from a predominantly long-tail portfolio of assumed liability reinsurance to a portfolio with a greater weighting of short-tail classes of business. Growth in the primary specialty insurance operations has led to an increasing share of premiums from the

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insurance platform compared to prior years. The company has the benefit of adjusting its business mix between primary and reinsurance platforms, which provides increased flexibility as the market changes.

The group's underwriting performance remained generally consistent with a slight uptick in expense measures, given the declines in written and earned premium. The decreases are primarily due to a termination of a large Florida property contract and softening market conditions. Catastrophe losses added about 5 points to the combined ratio in 2015. The provision for incurred losses and loss adjustment expenses related to prior years decreased in 2015 attributable to favorable loss activity on business written in the Other Liability Occurrence, Nonproportional Assumed Property, and Nonproportional Assumed Liability lines of business.

UNDERWRITING EXPERIENCE

Period Ending	Net Undrw Income (\$000)	—Loss Ratios—			—Expense Ratios—			Div. Pol.	Comb. Ratio	Comb. Ratio	Ind Ratio
		Pure Loss	Loss & LAE	Net LAE	Net Comm.	Other Exp.	Total Exp.				
2011	-340,351	85.7	5.4	91.1	17.7	8.5	26.2	...	117.3	109.2	
2012	254,010	54.5	4.8	59.3	20.0	7.7	27.7	...	87.0	94.0	
2013	362,011	49.4	5.3	54.7	20.8	8.3	29.1	...	83.8	83.8	
2014	336,877	49.1	5.6	54.7	20.5	9.3	29.8	...	84.5	90.2	
2015	346,204	49.3	5.1	54.4	19.9	10.6	30.6	...	85.0	92.6	
5-Yr Total/Avg	958,751	56.8	5.2	62.0	19.9	8.9	28.7	...	90.7	93.2	

BY-LINE LOSS RATIO

Product Line	2015	2014	2013	2012	2011	5-Yr Avg
Reins-Property	32.5	25.8	27.9	46.4	99.1	48.0
Oth Liab Occur	33.8	47.2	48.8	46.0	77.8	48.1
Allied Lines	76.7	85.4	97.1	88.3	87.6	86.5
Reins-Casualty	54.1	53.6	50.4	66.6	80.0	61.3
Fire	81.8	68.4	66.6	76.4	131.0	84.6
Oth Liab CM	47.4	29.4	51.9	14.2	54.8	39.0
Surety	49.5	63.8	76.3	37.8	41.0	54.4
Homeowners	35.3	47.3	34.8	47.5	89.6	43.4
Com'l MultiPeril	51.7	50.8	77.3	72.7	77.0	62.9
Comm'l Auto Liab	47.6	56.0	80.0	80.2	62.3	63.9
Ocean Marine	40.8	22.5	43.8	23.0	19.1	32.7
Auto Physical	53.0	53.5	65.2	70.9	69.1	61.4
Med Prof Liab CM	-0.8	26.7	51.2	20.4	34.2	27.0
All Other	60.5	45.3	38.0	50.1	67.7	52.2
Total	49.3	49.1	49.4	54.5	85.7	56.8

DIRECT LOSS RATIO BY STATE

	2015	2014	2013	2012	2011	5-Yr Avg
Aggregate Alien	66.6	54.6	100.7	88.4	94.7	79.8
California	33.0	59.1	61.5	46.5	22.2	45.3
Texas	43.9	68.2	69.9	76.2	60.9	63.0
New York	66.6	53.2	35.1	44.2	84.5	57.6
Tennessee	70.2	57.3	54.8	63.1	62.9	61.7
Florida	52.4	101.7	56.2	66.4	41.1	67.2
Washington	44.5	48.9	64.8	46.6	70.1	53.4
Illinois	18.8	64.0	60.2	42.3	28.0	42.6
New Jersey	88.8	-57.8	117.5	123.9	22.4	46.9
Ohio	38.6	42.0	19.8	67.4	22.3	38.5
All Other	43.5	57.5	39.1	50.6	47.0	47.8
Total	54.7	55.1	74.8	69.4	66.6	63.5

Investment Results: In general, the investment strategy has negatively impacted the group's statutory results with a five year operating ratio of 85.7 compared to the industry's 59. The comparative performance is driven in part by statutory accounting rules, which require bonds to be held at cost versus mark to market. Although the value of the bonds would have been somewhat volatile under mark to market valuations, returns would have been more favorable. Another reason is the increase in the financially distressed investments purchased by Fairfax and allocated in part to Odyssey.

INVESTMENT GAINS (\$000)

Year	Company			Unrealized Capital Gains
	Net Inv Income	Realized Capital Gains	Company Capital	
2011	193,629	123,292		-208,027
2012	105,440	-113,955		161,019
2013	75,145	-350,507		72,133
2014	60,540	-5,968		121,090
2015	92,969	254,778		-130,504
5-Yr Total	527,724	-92,360		15,710

Year	Company			Industry Composite	
	Inv Inc Growth	Inv Yield	Return on Inv Assets	Inv Inc Growth	Inv Yield
2011	-59.3	2.8	4.6	22.2	4.4
2012	-45.5	1.5	-0.1	-3.2	4.1
2013	-28.7	1.0	-3.7	5.7	4.0
2014	-19.4	0.8	0.8	64.1	6.0
2015	53.6	1.3	5.0	-39.3	3.6
5-Yr Avg	-42.0	1.5	1.2	3.7	4.4

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BALANCE SHEET STRENGTH

Capitalization: ORC's surplus has risen modestly over the past five year period, even after more than \$1 billion in dividend payments to its parent, ORH. The company's capital position remains solid and is supportive of the group's premium writings and natural catastrophe losses during the most recent five year period.

ORC maintains a strong overall risk-adjusted capital position, as measured by its Best's Capital Adequacy Ratio ("BCAR") analysis. The benefits of surplus generation and moderating premium growth, as well as the divestiture of significant affiliated investments, have led to improved and sustainable capitalization over the five-year period. Odyssey Re's total return operating philosophy has historically supported surplus growth. The fixed income portfolio consists of conservative holdings with solid credit quality and liquidity that further support the group's capitalization.

The group's credit risk from reinsurance recoverables is mitigated, due to collateral held in the form of letters of credit and funds held. However, not all recoverables are backed by collateral. A significant risk relating to the capitalization of the group is catastrophe exposure. Management addresses these risks by managing to a 1-in-250-year probable maximum loss and attempts to limit the net after-tax occurrence to any geographic zone to less than 25% of consolidated GAAP equity. The significant financial resources of its ultimate parent company, Fairfax, further enhance Odyssey Re's financial flexibility.

Current BCAR: 283.0

CAPITAL GENERATION ANALYSIS (\$000)

Year	Source of Surplus Growth				Unrealized Capital Gains
	Pre-tax Operating Income	Realized Capital Gains	Income Taxes		
2011	-201,399	123,292	-50,191		-208,027
2012	360,130	-113,955	45,339		161,019
2013	457,460	-350,507	-24,712		72,133
2014	382,016	-5,968	101,946		121,090
2015	432,023	254,778	153,690		-130,504
5-Yr Total	1,430,229	-92,360	226,070		15,710

Year	Source of Surplus Growth				Period Ending
	Net Contrib. Capital	Other Changes	Change in PHS	% Chg in PHS	
2011	-106,221	46,834	-295,331	-8.9	2011
2012	-200,000	-31,874	129,981	4.3	2012
2013	-200,000	-56,040	-52,242	-1.7	2013
2014	-325,000	75,923	146,116	4.7	2014
2015	-300,000	-62,761	39,846	1.2	2015
5-Yr Total	-1,131,221	-27,918	-31,630	-0.2	

QUALITY OF SURPLUS (\$000)

Year	Surplus Notes	Other Debt	Contributed Capital	Unassigned Surplus
	2011	1,014,867
2012	957,819	2,196,972
2013	957,819	2,144,729
2014	957,819	2,290,845
2015	957,819	2,330,691

Year	Year-End PHS	Conditional Reserves	Adjusted PHS
	2011	3,024,810	18,335	3,043,145
2012	3,154,791	24,956	3,179,746
2013	3,102,549	23,573	3,126,122
2014	3,248,664	18,257	3,266,921
2015	3,288,510	15,895	3,304,405

Underwriting Leverage: Odyssey Re's underwriting leverage measures are conservative and have remained consistent over the recent five-year period. The group's catastrophe writings had been increasing in recent years, although this trend has slowed, and its catastrophe loss exposure remains well below management's stated tolerance.

The group's net leverage is slightly elevated relative to its peer sample group, primarily due to the high percentage of longer-tail liability casualty reserves that account for the majority of carried loss reserves.

LEVERAGE ANALYSIS

Company	Company				Industry Composite			
	NPW to PHS	Res. to PHS	Net Lev.	Gross Lev.	NPW to PHS	Res. to PHS	Net Lev.	Gross Lev.
2011	0.6	1.4	2.4	2.7	0.2	0.5	1.1	1.5
2012	0.7	1.3	2.5	2.8	0.2	0.5	1.1	1.4
2013	0.7	1.3	2.5	2.8	0.2	0.4	1.0	1.2
2014	0.7	1.2	2.5	2.7	0.3	0.4	1.2	1.5
2015	0.6	1.2	2.3	2.5	0.3	0.5	1.3	1.5

CEDED REINSURANCE ANALYSIS (\$000)

Company	Company				Industry Composite			
	Ceded Reins. Total	Bus. Ret. (%)	Reins. Recov. to PHS (%)	Ceded Reins. to PHS (%)	Bus. Ret. (%)	Reins. Recov. to PHS (%)	Ceded Reins. to PHS (%)	
2011	866,838	89.1	19.5	28.7	87.1	25.9	34.3	
2012	949,859	89.0	20.2	30.1	87.2	22.8	30.8	
2013	860,164	90.1	18.6	27.7	85.8	16.7	23.1	
2014	842,197	90.5	16.7	25.9	94.1	16.0	22.6	
2015	794,778	89.4	15.3	24.2	93.2	19.2	29.5	

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2015 REINSURANCE RECOVERABLES (\$000)

	Paid & Unpaid Losses	IBNR	Unearned Premiums	Other Recov*	Total Reins Recov
Foreign Affiliates.....	10,681	38,295	9,282	-37,781	20,477
US Insurers	100,757	142,668	30,222	-2,360	271,287
Pools/Associations.....	18,709	14,382	4,289	...	37,380
Other Non-US.....	36,510	106,045	33,096	-881	174,770
Total (ex US Affils).....	166,657	301,390	76,889	-41,022	503,914

* Includes Commissions less Funds Withheld

Loss Reserves: The group has experienced favorable loss reserve development in each of the past five years. The reserve development continues to be positive with favorable reserve development through December 31, 2015 of approximately \$230 million on a group basis. Additionally, as a result of the transfer of Clearwater Insurance Company from ORH to TIG Insurance Group, Inc. on January 1, 2011, the Odyssey group no longer has any material exposure to A&E claims. Odyssey Re discounts reserves relating to the indemnity portion of workers' compensation reserves of ORC.

LOSS & ALAE RESERVE DEVELOP.: CALENDAR YEAR (\$000)

Calendar Year	Orig. Loss Reserves	Developed Reserves Thru Latest Year End	Develop. to Orig. (%)	Develop. to PHS (%)	Develop. to NPE (%)	Unpaid Reserves @Latest Year End	Unpaid Res. to Develop. (%)
2010	3,681,935	3,256,635	-11.6	-12.8	186.2	968,497	29.7
2011	4,105,202	3,538,011	-13.8	-18.8	189.3	1,252,156	35.4
2012	4,158,267	3,640,122	-12.5	-16.4	167.4	1,634,056	44.9
2013	4,143,250	3,785,501	-8.6	-11.5	168.5	2,104,167	55.6
2014	4,021,354	3,808,358	-5.3	-6.6	171.0	2,752,561	72.3
2015	3,806,459	3,806,459	...	...	182.7	3,806,459	100.0

LOSS & ALAE RESERVE DEVELOP.: ACCIDENT YEAR (\$000)

Accident Year	Orig. Loss Reserves	Developed Reserves Thru Latest Year End	Develop. to Orig. (%)	Unpaid Reserves @Latest Year End	Acc. Yr Loss Ratio	Acc. Yr Comb. Ratio
2010	1,032,809	882,177	-14.6	200,882	61.1	89.6
2011	1,316,787	1,116,795	-15.2	283,659	83.2	109.4
2012	1,229,160	1,090,332	-11.3	381,900	61.0	88.7
2013	1,145,089	1,095,881	-4.3	470,111	61.9	91.0
2014	1,099,081	1,078,320	-1.9	648,394	61.4	91.2
2015	1,053,898	1,053,898	...	1,053,898	64.4	95.0

Liquidity: The group's liquidity position is solid and comparable to its reinsurance peer group. As of year-end 2015, total invested assets were approximately \$7 billion, with a sizeable amount allocated in fixed income maturities of solid credit quality. Strong cash flows over the past several years are driven by favorable operating results. Maintaining sound liquidity is significant given the group's exposure to natural and man-made catastrophe losses. Odyssey Re also maintains significant cash and short-term investments.

LIQUIDITY ANALYSIS

Period Ending	Company				Industry Composite			
	Quick Liq. (%)	Current Liq. (%)	Overall Liq. (%)	Gross Agents Bal. to PHS (%)	Quick Liq. (%)	Current Liq. (%)	Overall Liq. (%)	Gross Agents Bal. to PHS (%)
2011	51.7	116.3	157.7	5.3	60.2	119.9	205.5	3.6
2012	46.9	112.9	157.4	3.8	63.7	122.3	210.1	4.0
2013	40.3	104.7	155.6	7.5	71.6	127.1	224.1	2.9
2014	29.4	90.6	155.8	9.6	71.9	122.2	207.3	4.2
2015	27.2	88.2	159.8	11.1	67.9	121.0	202.0	4.9

CASH FLOW ANALYSIS (\$000)

Year	Company				Industry Composite			
	Underw Cash Flow	Oper Cash Flow	Net Cash Flow	Underw Flow (%)	Oper Cash Flow (%)	Underw Flow (%)	Oper Cash Flow (%)	
2011	138,157	651,795	1,096,105	108.1	135.9	109.1	143.1	
2012	415,352	458,867	-602,310	120.3	121.5	115.6	136.0	
2013	251,940	333,291	-137,142	113.6	117.4	109.0	141.7	
2014	376,532	424,440	-413,277	121.9	123.7	146.6	147.7	
2015	135,125	22,154	-23,715	106.8	101.0	115.9	132.6	
5-Yr Total	1,317,107	1,890,547	-80,339	...	...	...	...

INVESTMENT LEVERAGE ANALYSIS (% OF PHS)

Period Ending	Company					Industry Composite		
	Class 3-6 Bonds	Real Estate/Mtg.	Other Invested Assets	Common Stocks	Non-Affil. Inv. Lev.	Affil. Inv.	Class 3-6 Bonds	Common Stocks
2011	9.4	...	13.3	26.5	49.3	13.4	2.0	45.9
2012	7.7	...	14.9	38.7	61.2	17.9	2.0	46.6
2013	6.4	...	23.0	31.2	60.6	17.2	1.2	50.4
2014	6.9	...	22.9	28.2	58.0	40.2	1.5	50.1
2015	7.6	...	26.5	16.5	50.6	38.1	1.5	52.5

INVESTMENTS - SECURITIES

	Current Year Distribution of Bonds By Maturity					Yrs-Avg Maturity
	0-1	1-5	5-10	10-20	20+	
Government	17.5	2.0	0.3	0.2	21.1	13
Gov't Agencies & Muni	1.9	27.1	0.9	9.2	15.8	11
Industrial & Misc	0.0	3.6	0.4	...	0.1	4
Total	19.4	32.6	1.6	9.4	37.0	12

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	2015	2014	2013	2012	2011
Bonds (000)	3,502,291	3,480,416	3,561,870	3,490,390	3,150,796
US Government	23.8	15.6	13.5	15.1	11.1
Foreign Government	7.2	6.1	7.3	8.8	11.4
Foreign - All Other	1.5	6.2	3.1	0.9	1.6
State/Special Revenue - US	64.3	72.1	74.5	69.9	71.1
Industrial & Misc - US	3.3	0.0	1.6	5.2	4.8
Private Issues	3.7	5.0	2.9	2.3	1.4
Public Issues	96.3	95.0	97.1	97.7	98.6

Bond Quality (%)	2015	2014	2013	2012	2011
Class 1	92.6	93.7	94.2	93.5	92.7
Class 2	1.3	0.8	1.3	1.2	1.4
Class 3	2.0	0.1	0.3	0.3	0.4
Class 4	0.2	...	1.5	2.2	0.2
Class 5	2.2	5.0	2.2	1.7	1.9
Class 6	1.8	0.5	0.5	1.2	3.4

INVESTMENTS - EQUITIES

	2015	2014	2013	2012	2011
Stocks (000)	1,585,334	2,051,815	1,645,672	1,976,832	1,418,100
Unaffiliated Common	34.2	44.6	58.9	61.7	56.6
Affiliated Common	66.1	52.1	32.5	28.8	29.8
Unaffiliated Preferred	1.6	3.9	8.7	9.6	14.9
Affiliated Preferred	-1.8	-0.7	-0.1	-0.1	-1.2

INVESTMENTS - OTHER INVESTED ASSETS

	2015	2014	2013	2012	2011
Other Inv Assets (000)	1,886,989	1,798,562	1,921,331	1,841,854	2,348,153
Cash	17.5	24.1	31.6	26.0	15.8
Short-Term	23.2	19.9	31.2	46.9	67.0
Schedule BA Assets	47.3	43.9	29.0	20.0	11.1
All Other	12.0	12.1	8.3	7.1	6.1

HISTORY

Insurance subsidiaries of Odyssey Re Holdings Corp. ("ORH") currently include Odyssey Reinsurance Company, Hudson Insurance Company, Hudson Specialty Insurance Company, Hudson Excess Insurance Company, Clearwater Select Insurance Company, Newline Insurance Company Limited and Lloyd's Syndicate 1218.

In February 2011, the name of Odyssey America Reinsurance Corporation ("Odyssey America") was changed to Odyssey Reinsurance Company. In the text that follows, information concerning the history of current and former subsidiaries of ORH will be presented. The name of Odyssey America will appear when applicable from a historical perspective.

ORH was incorporated on March 21, 2001, to serve as the holding company for the U.S.-based reinsurance subsidiaries of Fairfax. In connection with ORH's initial public offering in June 2001, two wholly-owned subsidiaries of Fairfax transferred 100% of the outstanding shares of Odyssey America to ORH in exchange for common stock of ORH, cash and term notes. Immediately following the initial public offering, approximately 26% of ORH was owned by public shareholders and 74% was owned by Fairfax subsidiaries.

In October 2009, then-majority shareholder Fairfax, which at the time owned 72.5% of ORH's common shares, completed a tender offer pursuant to which it acquired all of the outstanding shares of ORH common stock that it did not already own. Fairfax paid minority shareholders of ORH \$65 per share, for a total transaction value of approximately \$1.1 billion. Upon completion of the tender offer, ORH de-listed its common stock from the New York Stock Exchange, where it had previously traded under the ticker symbol: ORH.

Odyssey Reinsurance Corporation was renamed Clearwater Insurance Company effective December 4, 2003. The company is the former Skandia America Reinsurance Corporation, now a Delaware corporation, which was incorporated on May 15, 1974, under the laws of New York to serve as the United States Branch of Skandia Insurance Company Ltd., Stockholm, Sweden. On May 31, 1996, Skandia America Reinsurance Corporation and its subsidiaries, including Hudson Insurance Company, were sold to Fairfax for approximately \$230 million.

Effective January 1, 2011, Odyssey America distributed all of the issued and outstanding shares of common stock of Clearwater to ORH, which in turn exchanged the shares with TIG Insurance Group, Inc., a Fairfax subsidiary, in return for the redemption by TIG of ORH common shares of equal value. Prior to these transactions, Clearwater distributed (by means of a dividend) to Odyssey America all of the issued and outstanding shares of common stock of Hudson (which owned all of the issued and outstanding shares of Hudson Specialty) and Clearwater Select. Hudson and Clearwater Select are now direct subsidiaries of Odyssey Reinsurance Company, and Hudson Specialty remains a direct subsidiary of Hudson. Hudson continues to write business, principally primary property and casualty insurance.

On December 29, 2010, prior to the effectiveness of the transaction noted in the previous paragraph, Hudson issued 23,807 shares of newly created 5.5% Series A preferred stock (paying an annual dividend of 5.5% or \$55 per share annually) and distributed these shares to Clearwater as a dividend, and Clearwater Select issued 5,492 shares of newly created 5.5% Series A preferred stock (paying an annual dividend of 5.5% or \$55 per share annually) and distributed these shares to Clearwater as a dividend.

Also in connection with these transactions, effective January 1, 2011, (a) the existing reinsurance agreement between Clearwater (as a reinsurer) and Clearwater Select (as reinsured) was novated to Odyssey America (as reinsurer), (b) Clearwater entered into a Claims Administration Services Agreement with Odyssey America, (c) Clearwater entered into a Management Services Agreement with Riverstone Resources LLC, a Fairfax subsidiary and (d) Clearwater entered into a Financial Support Agreement with Fairfax Inc., a Fairfax subsidiary.

TIG Reinsurance Company ("TIG Re") was incorporated in Nebraska on September 10, 1986. Effective January 2, 1992, the company was re-domesticated to Connecticut. TIG Re was acquired by Fairfax in April of

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1999, and subsequently became the parent company of Clearwater, as of October 26, 1999, and adopted the name Odyssey America Reinsurance Corporation before being subsequently renamed Odyssey Reinsurance Company. As a result of this reorganization, Odyssey Reinsurance Company is now the flagship of the group and continues to actively write reinsurance business.

Odyssey Reinsurance Company, through its direct ownership of Newline UK Holdings Limited, operates its UK-based subsidiaries, including Newline Underwriting Management Limited, Lloyd's Syndicate 1218 and Newline Insurance Company Limited.

On October 28, 2003, Odyssey America purchased General Security Indemnity Company, a shell excess and surplus lines company, which was renamed Hudson Specialty Insurance Company. This company provides the group with the ability to write property and casualty insurance on an excess and surplus lines basis. In December 2003, Odyssey America contributed all of the shares of Hudson Specialty to Clearwater. In July 2010, Clearwater contributed all of the shares of common stock of Hudson Specialty to Hudson.

On November 15, 2004, ORH purchased Overseas Partners U.S. Reinsurance Company, a Delaware-domiciled reinsurance company that had been in run-off since 2002, from Overseas Partners Limited. The company was renamed Clearwater Select Insurance Company and was contributed to Clearwater on November 30, 2004. In December 2010, Clearwater contributed all of the shares of common stock of Clearwater Select to Odyssey America. On April 25, 2013, Clearwater Select redomesticated to Connecticut and became a Connecticut domiciled company. As of July 1, 2013, Clearwater Select's principal activity is to provide reinsurance to Odyssey Re group companies.

On May 11, 2012, Hudson Excess Insurance Company ("Hudson Excess") was incorporated in the State of Delaware. Hudson Excess is a wholly owned subsidiary of Hudson Specialty Insurance Company and was created to provide property, casualty and marine & transportation business on a non-admitted licensed excess and surplus lines basis in New York. On October 2, 2012, authority to write property and casualty insurance business was granted by the Delaware Insurance Department. Effective July 21, 2015, Hudson Excess converted from a domestic property and casualty to a domestic surplus lines insurer with the approval of the Delaware Insurance Department.

MANAGEMENT

Brian D. Young is the president and chief executive officer of ORH, effective April 1, 2011. Prior to joining the group in 1996, he was a vice president of Transatlantic Reinsurance. Jan Christiansen is executive vice president and chief financial officer of ORH. Prior to joining ORH in 2010, he served as group chief executive officer of Cunningham Lindsey Group Inc. Michael G. Wacek is executive vice president and chief risk officer of ORH. Prior to joining the Group in 1998, he was managing director of St. Paul Reinsurance Company Ltd. in London.

REINSURANCE

The group's retrocessional program includes specific reinsurances covering portions of its business, including facultative business, property business and selected liability lines.

CONSOLIDATED BALANCE SHEET

(at December 31, 2015)

ADMITTED ASSETS (\$000)

	YE 2015	YE 2014	'15%	'14%
Bonds	3,502,291	3,480,416	39.7	38.2
Preferred stock	25,279	80,330	0.3	0.9
Common stock	541,836	915,275	6.1	10.0
Cash and short-term invest	768,000	791,714	8.7	8.7
Derivatives	212,557	192,531	2.4	2.1
Other non-affil inv asset	671,001	565,372	7.6	6.2
Investments in affiliates	1,253,650	1,305,155	14.2	14.3
Total invested assets	6,974,614	7,330,793	79.0	80.4
Premium balances	708,882	691,714	8.0	7.6
Accrued interest	41,720	42,083	0.5	0.5
All other assets	1,106,282	1,052,640	12.5	11.5
Total assets	8,831,498	9,117,231	100.0	100.0

LIABILITIES & SURPLUS (\$000)

	YE 2015	YE 2014	'15%	'14%
Loss & LAE reserves	3,816,604	4,029,239	43.2	44.2
Unearned premiums	586,270	693,881	6.6	7.6
Conditional reserve funds	15,895	18,257	0.2	0.2
Derivatives	5,252	53,241	0.1	0.6
All other liabilities	1,118,967	1,073,948	12.7	11.8
Total liabilities	5,542,987	5,868,566	62.8	64.4
Capital & assigned surplus	957,819	957,819	10.8	10.5
Unassigned surplus	2,330,691	2,290,845	26.4	25.1
Total policyholders' surplus	3,288,510	3,248,664	37.2	35.6
Total liabilities & surplus	8,831,498	9,117,231	100.0	100.0

CONSOLIDATED SUMMARY OF 2015 OPERATIONS (\$000)

Statement of Income	2015	Funds Provided from Operations	2015
Premiums earned	2,083,789	Premiums collected	2,129,375
Losses incurred	1,026,989	Benefit & loss-related pmts	1,296,538
LAE incurred	105,986	LAE & undrw expenses paid	697,712
Undrw expenses incurred	604,610	Undrw cash flow	135,125
Net underwriting income	346,204	Investment income	130,685
Net investment income	92,969	Other income/expense ...	45,513
Other income/expense ...	-7,150	Pre-tax cash operations	311,324
Pre-tax oper income ...	432,023	Income taxes pd (recov) ...	289,170
Realized capital gains	254,778	Net oper cash flow	22,154
Income taxes incurred	153,690		
Net income	533,111		

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Ultimate Parent: Fairfax Financial Holdings Limited

HUDSON INSURANCE COMPANY

Wilmington, DE

100 William St., 5th Floor, New York, NY 10038

Web: www.hudsoninsgroup.com

Tel: 212-978-2800

AMB#: 003081

Ultimate Parent#: 058364

Fax: 212-344-2973

NAIC#: 25054

FEIN#: 13-5150451

BEST'S CREDIT RATING

Best's Financial Strength Rating: A

Best's Financial Size Category: XV

Outlook: Stable

RATING RATIONALE

Rating Rationale: The ratings of Odyssey Reinsurance Company have been extended to Hudson Insurance Company based on its role in the parent company's primary operations. This position is further supported by common ownership, common management, explicit support and internal reinsurance.

The following text is derived from A.M. Best's Credit Report on Odyssey Reinsurance Group (AMB# 018514).

The ratings of the members of the group are based on the consolidated operating performance and financial condition of Odyssey Reinsurance Company and its core subsidiaries, Hudson Insurance Company (Delaware), Hudson Specialty Insurance Company (New York), Hudson Excess Insurance Company (Delaware); and Newline Insurance Company Limited (UK) which together make up the Odyssey Reinsurance Group (Odyssey Re). The five companies are wholly owned subsidiaries of Odyssey Re Holdings Corp., which is a wholly owned indirect subsidiary of Fairfax Financial Holdings Ltd. (Fairfax), a Canadian property/casualty insurance holding company with global operation

The ratings reflect Odyssey Re's rank among the top 15 global reinsurers supported by a diversified geographic client base, which includes reinsurance and specialty primary insurance, large line capacity, and broad product offerings. These positive attributes are supported by Odyssey Re's excellent risk-adjusted capitalization and strong financial performance. The ratings also reflect the benefit Odyssey Re receives as part of the diverse and financially strong group of companies that make up Fairfax.

Somewhat offsetting these strengths is Odyssey Re's challenging operating environment, which limits growth and accordingly Odyssey Re's ability to continue to improve its position among the global reinsurers. The group's investment strategy takes a long-term value-oriented total return approach,

which has, on a five-year basis, been depressed by realized and unrealized losses and depressed net investment income, combining to produce volatile and lower than average total returns. However, strong underwriting performance has boosted the total return measures over the past few years.

Although A.M. Best believes the members of the group are well positioned at the current rating levels, factors that could lead to negative rating actions include a reduction in the current favorable financial and liquidity position at the group's parent, Fairfax Financial, a significant reduction in underwriting income due to increased competition in the group's reinsurance market segment which leads to a significant deterioration in underwriting performance or a significant reduction in the group's investment returns given losses associated with the group's investment strategy.

FIVE-YEAR RATING HISTORY

Date	Best's FSR	Date	Best's FSR
10/20/16	A	03/28/13	A
05/05/15	A	04/04/12	A
04/03/14	A		

KEY FINANCIAL INDICATORS (\$000)

Period Ending	Statutory Data					
	Direct Premiums Written	Net Premiums Written	Pre-tax Operating Income	Net Income	Total Admitted Assets	Policyholders' Surplus
2011	514,333	102,246	7,248	2,705	736,587	388,647
2012	548,325	108,414	12,702	14,017	821,136	398,901
2013	614,431	129,586	3,894	6,004	819,044	413,949
2014	703,634	166,582	4,352	9,647	1,042,652	440,175
2015	671,468	149,374	29,464	39,972	1,082,816	457,868

Period Ending	Profitability			Leverage			Liquidity	
	Comb. Ratio	Inv. Yield (%)	Pre-tax ROR (%)	NA Inv Lev	NPW to PHS	Net Lev.	Overall Liq. (%)	Oper. Cash flow (%)
2011	112.0	4.2	7.5	2.8	0.3	1.1	216.6	101.6
2012	108.2	4.1	10.7	2.5	0.3	1.3	197.5	103.8
2013	109.8	3.7	3.1	2.9	0.3	1.3	205.4	94.2
2014	105.1	4.0	2.8	6.1	0.4	1.7	175.0	152.9
2015	99.1	6.8	19.9	11.2	0.3	1.7	174.8	101.2
5-Yr	106.2	4.6	8.9	...	...	...	...	...

(*) Within several financial tables of this report, this company is compared against the Commercial Casualty Composite.

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

BUSINESS PROFILE

The following text is derived from A.M. Best's Credit Report on Odyssey Reinsurance Group (AMB# 018514).

Odyssey Re includes the U.S. reinsurance and insurance operations of ORH as well as a Lloyd's syndicate ("Newline Syndicate 1218") and Newline

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Insurance Company Limited ("Newline") which is a UK-based insurance company. Reinsurance operations are led by Odyssey Reinsurance Company ("ORC"), which provides treaty casualty and property reinsurance as well as facultative reinsurance for small to medium-sized regional companies and specialized departments of major insurance companies. Products are provided primarily through the broker market in the U.S. and through brokers and directly with insurers and reinsurers internationally. Specific lines of business include specialty casualty and general casualty; commercial and personal property; marine; aviation and space; accident and health; crop; and surety lines. Facultative casualty reinsurance is also provided for general liability; umbrella liability; directors' and officers' liability; professional liability and commercial automobile in the U.S. and facultative property reinsurance in Latin America.

The U.S. insurance operations of Odyssey Re are conducted through Hudson Insurance Company ("Hudson"), Hudson Specialty Insurance Company ("Hudson Specialty") and Hudson Excess Insurance Company ("Hudson Excess"). The insurance operations provide coverage on both an admitted and non-admitted basis through in-house underwriting facilities and program administrators. Lines of business include professional liability; multi-peril crop; directors' and officers' liability; marine and energy; personal umbrella; specialty property; personal liability; personal and commercial auto and surety. Where program administrator relationships are used, the group seeks organizations that have a long and successful track record in their particular areas of expertise. Odyssey Re's management has established strong control systems to monitor program administrators, including incentives to produce profitable business.

Specialty insurance is offered in London through Newline Syndicate 1218 and Newline. Business is written primarily in non-U.S. liability lines, including professional indemnity, directors' and officers' liability, medical professional liability, financial institutions, cargo and specie, space and liability.

TOTAL PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW		Reinsurance Prem Assumed		Reinsurance Prem Ceded	
	(\$000)	(% Chg)	(\$000)	(% Chg)	(\$000)	(% Chg)
2011	514,333	24.7	7,042	602.2	419,130	23.4
2012	548,325	6.6	7,843	11.4	447,754	6.8
2013	614,431	12.1	10,720	36.7	495,565	10.7
2014	703,634	14.5	9,366	-12.6	546,418	10.3
2015	671,468	-4.6	5,992	-36.0	528,086	-3.4
5-Yr CAGR	...	10.2	...	43.0	...	9.2

Period Ending	NPW		NPE	
	(\$000)	(% Chg)	(\$000)	(% Chg)
2011	102,246	38.3	96,766	26.7
2012	108,414	6.0	119,243	23.2
2013	129,586	19.5	127,138	6.6
2014	166,582	28.5	152,768	20.2
2015	149,374	-10.3	148,329	-2.9
5-Yr CAGR	...	15.1	...	14.2

Territory: The company is licensed in the District of Columbia, Puerto Rico, U.S. Virgin Islands and all states.

2015 BY-LINE BUSINESS (\$000)

Product Line	DPW		Reinsurance Prem Assumed		Reinsurance Prem Ceded	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
Allied Lines	273,893	40.8	...	...	220,833	41.8
Oth Liab Occur	176,825	26.3	...	...	131,319	24.9
Surety	52,502	7.8	112	1.9	37,485	7.1
Oth Liab CM	69,592	10.4	...	...	55,597	10.5
Auto Physical	40,390	6.0	...	...	29,866	5.7
Comm'l Auto Liab	42,944	6.4	...	...	34,435	6.5
All Other	15,321	2.3	5,880	98.1	18,551	3.5
Total	671,468	100.0	5,992	100.0	528,086	100.0

Product Line	NPW		Business Retention (%)
	(\$000)	(%)	
Allied Lines	53,060	35.5	19.4
Oth Liab Occur	45,507	30.5	25.7
Surety	15,128	10.1	28.8
Oth Liab CM	13,994	9.4	20.1
Auto Physical	10,525	7.0	26.1
Comm'l Auto Liab	8,509	5.7	19.8
All Other	2,651	1.8	17.3
Total	149,374	100.0	22.2

BY-LINE RESERVES (\$000)

Product Line	2015	2014	2013	2012	2011
Allied Lines	24,960	38,565	26,694	20,721	8,477
Oth Liab Occur	73,678	69,488	66,396	62,869	71,798
Surety	6,473	6,818	6,321	4,973	2,080
Oth Liab CM	38,973	34,441	34,077	33,927	30,324
Auto Physical	1,829	1,588	2,181	2,054	931
Comm'l Auto Liab	15,072	14,764	11,334	11,074	10,757
All Other	3,756	4,581	5,541	6,353	6,514
Total	164,741	170,244	152,545	141,972	130,881

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GEOGRAPHIC BREAKDOWN BY DIRECT PREMIUM WRITINGS (\$000)

	2015	2014	2013	2012	2011
Aggregate Alien	357,992	383,485	351,359	299,958	270,941
California	74,697	74,694	59,370	57,223	55,312
Tennessee	31,615	31,423	25,875	22,749	22,218
Washington	19,247	20,456	13,487	20,540	16,350
Texas	18,041	17,932	16,120	16,181	13,685
Florida	14,735	13,539	6,439	4,980	5,108
Illinois	12,813	11,924	9,827	7,461	9,267
New York	11,770	11,946	12,936	15,825	16,182
Indiana	9,956	8,913	8,338	4,883	2,830
New Jersey	7,950	14,695	9,918	7,512	7,447
All Other	112,653	114,625	100,762	91,011	94,994
Total	671,468	703,634	614,431	548,325	514,333

RISK MANAGEMENT

The following text is derived from A.M. Best's Credit Report on Odyssey Reinsurance Group (AMB# 018514).

Odyssey Re's enterprise risk management program incorporates the identification of major financial and operational risks, articulation of risk appetite through established upside aims and downside risk tolerances, formulation of risk governance at the Board level, a Chief Risk Officer, development of a stochastic risk management model and the development of an enterprise risk control framework. Core principles of Odyssey Re's enterprise risk management program include a long-term orientation, operating profitability valued over market share, value oriented investing and a compensation structure that supports a long term focus.

The group establishes acceptable exposures before risks are assumed. This is done through underwriting and investment guidelines, the establishment of limits and underwriting authority levels and an integrated planning process. Internal audit is responsible for regularly testing and validating key risk controls embedded in the business units. The risk management program includes a framework of several committees including an enterprise risk management committee, reinsurance security committee, investment committee, underwriting risk committees, a Fairfax Financial Holdings Limited ("Fairfax") global risk committee and a Board audit committee. Four full ERM reviews and meetings are conducted annually, with Board briefings throughout the year.

OPERATING PERFORMANCE

The following text is derived from A.M. Best's Credit Report on Odyssey Reinsurance Group (AMB# 018514).

Operating Results: Odyssey Re has generated positive operating performance, driven by favorable underwriting performance which compares well with its peer industry composite. The group generates a low investment yield relative to its peers due to the investment strategy. While the defensive

investment approach does not impair the group's liquidity or risk adjusted capital position, investment returns are affected by the nature of the investments. The investment portfolio is managed by Hamblin Watsa Investment Counsel Ltd. ("Hamblin Watsa"), which is the investment management subsidiary of Fairfax, the group's ultimate parent.

Odyssey has benefited from its diversified book of business which includes a relatively large US insurance platform. Currently, the US reinsurance segment accounts for 23%, the non-US reinsurance accounts for 36%, the US Insurance is 38%, and the non-US Insurance is 8% of the gross written premium.

PROFITABILITY ANALYSIS (\$000)

Period	Company				Total Return
	Pre-tax Operating Income	After-tax Operating Income	Net Income		
Ending					
2011	7,248	7,244	2,705		11,655
2012	12,702	12,584	14,017		18,835
2013	3,894	3,840	6,004		18,923
2014	4,352	3,228	9,647		37,288
2015	29,464	28,159	39,972		54,099
5-Yr Total	57,660	55,054	72,344		140,801

Period	Company			Industry Composite		
	Pre-tax Return ROR (%)	Return on PHS (%)	Operating Ratio (%)	Pre-tax Return ROR (%)	Return on PHS (%)	Operating Ratio (%)
Ending						
2011	7.5	3.1	89.9	8.1	5.9	91.7
2012	10.7	4.8	90.5	9.3	8.3	90.0
2013	3.1	4.7	94.6	17.7	13.4	82.5
2014	2.8	8.7	90.7	14.8	11.8	85.1
2015	19.9	12.0	72.5	15.5	7.1	84.4
5-Yr Avg	8.9	6.8	87.1	13.2	9.3	86.7

Underwriting Results: The group's underwriting performance outperforms its US and global peers by a modest margin on a five year average basis. The group's business mix has shifted over the past ten years from a predominantly long-tail portfolio of assumed liability reinsurance to a portfolio with a greater weighting of short-tail classes of business. Growth in the primary specialty insurance operations has led to an increasing share of premiums from the insurance platform compared to prior years. The company has the benefit of adjusting its business mix between primary and reinsurance platforms, which provides increased flexibility as the market changes.

The group's underwriting performance remained generally consistent with a slight uptick in expense measures, given the declines in written and earned premium. The decreases are primarily due to a termination of a large Florida property contract and softening market conditions. Catastrophe losses added about 5 points to the combined ratio in 2015. The provision for incurred losses and loss adjustment expenses related to prior years decreased in 2015 attributable to favorable loss activity on business written in the Other Liability Occurrence, Nonproportional Assumed Property, and Nonproportional Assumed Liability lines of business.

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UNDERWRITING EXPERIENCE

Period Ending	Net Undrw Income (\$000)	—Loss Ratios—			—Expense Ratios—			Div. Pol.	Comb. Ratio	Ind Comb. Ratio
		Pure Loss	LAE	Loss & LAE	Net Comm.	Other Exp.	Total Exp.			
2011	-12,731	73.3	17.5	90.9	-17.3	38.4	21.1	...	112.0	107.4
2012	-7,029	67.3	15.4	82.8	-16.0	41.4	25.4	...	108.2	104.8
2013	-13,011	71.7	14.3	86.0	-15.1	38.9	23.8	...	109.8	98.0
2014	-11,012	62.1	19.2	81.4	-20.5	44.2	23.7	...	105.1	98.7
2015	1,028	57.1	19.0	76.0	-23.3	46.4	23.1	...	99.1	98.1
5-Yr Total/Avg	-42,755	65.5	17.2	82.7	-18.8	42.3	23.5	...	106.2	101.3

INVESTMENT GAINS (\$000)

Year	Net Inv Income	Company		Unrealized Capital Gains
		Realized Capital Gains	Unrealized Capital Gains	
2011	21,309	-4,539	8,951	
2012	21,168	1,433	4,818	
2013	19,242	2,164	12,919	
2014	21,909	6,419	27,641	
2015	39,544	11,813	14,127	
5-Yr Total	123,172	17,290	68,457	

BY-LINE LOSS RATIO

Product Line	2015	2014	2013	2012	2011	5-Yr Avg
Allied Lines	83.6	94.9	104.7	103.6	90.7	95.3
Oth Liab Occur	34.6	45.2	42.1	53.3	79.0	49.3
Surety	44.7	49.9	34.9	74.9	7.2	46.3
Oth Liab CM	57.9	32.8	54.7	40.9	65.9	49.3
Auto Physical	51.3	54.4	60.9	64.4	61.1	58.1
Comm'l Auto Liab	47.4	67.8	64.6	74.2	55.1	61.4
All Other	10.4	88.5	52.6	27.1	54.4	18.4
Total	57.1	62.1	71.7	67.3	73.3	65.5

DIRECT LOSS RATIO BY STATE

	2015	2014	2013	2012	2011	5-Yr Avg
Aggregate Alien	69.7	57.9	106.3	90.9	95.2	83.4
California	42.4	62.4	59.8	60.6	25.2	51.2
Tennessee	77.0	59.6	63.8	70.9	68.5	67.9
Washington	9.6	38.0	74.9	56.0	47.4	43.5
Texas	19.8	93.5	101.5	84.3	81.5	75.0
Florida	45.3	156.3	46.5	62.5	81.8	81.9
Illinois	51.5	87.0	61.3	38.7	30.8	55.2
New York	96.8	68.7	1.4	27.6	82.6	53.8
Indiana	73.0	84.8	73.4	46.9	79.7	72.8
New Jersey	25.6	7.6	35.8	59.7	8.8	25.7
All Other	45.5	56.7	43.3	64.0	49.5	52.0
Total	58.9	60.2	84.5	76.7	74.4	70.4

Investment Results: In general, the investment strategy has negatively impacted the group's statutory results with a five year operating ratio of 85.7 compared to the industry's 59. The comparative performance is driven in part by statutory accounting rules, which require bonds to be held at cost versus mark to market. Although the value of the bonds would have been somewhat volatile under mark to market valuations, returns would have been more favorable. Another reason is the increase in the financially distressed investments purchased by Fairfax and allocated in part to Odyssey.

Year	Company			Industry Composite		
	Inv Inc Growth (%)	Inv Yield (%)	Return on Inv Assets (%)	Pre-tax Invest Total Return (%)	Inv Inc Growth (%)	Inv Yield (%)
2011	-1.7	4.2	3.3	4.9	-3.2	4.3
2012	-0.7	4.1	4.4	5.4	-2.5	4.1
2013	-9.1	3.7	4.1	6.5	6.4	4.3
2014	13.9	4.0	5.2	9.7	-10.4	3.7
2015	80.5	6.8	9.0	11.4	1.2	3.8
5-Yr Avg	17.0	4.6	5.3	7.7	-1.9	4.0

BALANCE SHEET STRENGTH

The following text is derived from A.M. Best's Credit Report on Odyssey Reinsurance Group (AMB# 018514).

Capitalization: ORC's surplus has risen modestly over the past five year period, even after more than \$1 billion in dividend payments to its parent, ORH. The company's capital position remains solid and is supportive of the group's premium writings and natural catastrophe losses during the most recent five year period.

ORC maintains a strong overall risk-adjusted capital position, as measured by its Best's Capital Adequacy Ratio ("BCAR") analysis. The benefits of surplus generation and moderating premium growth, as well as the divestiture of significant affiliated investments, have led to improved and sustainable capitalization over the five-year period. Odyssey Re's total return operating philosophy has historically supported surplus growth. The fixed income portfolio consists of conservative holdings with solid credit quality and liquidity that further support the group's capitalization.

The group's credit risk from reinsurance recoverables is mitigated, due to collateral held in the form of letters of credit and funds held. However, not all recoverables are backed by collateral. A significant risk relating to the capitalization of the group is catastrophe exposure. Management addresses these risks by managing to a 1-in-250-year probable maximum loss and attempts to limit the net after-tax occurrence to any geographic zone to less than 25% of consolidated GAAP equity. The significant financial resources of

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its ultimate parent company, Fairfax, further enhance Odyssey Re's financial flexibility.

The group's net leverage is slightly elevated relative to its peer sample group, primarily due to the high percentage of longer-tail liability casualty reserves that account for the majority of carried loss reserves.

Current BCAR: 283.0

CAPITAL GENERATION ANALYSIS (\$000)

Year	Source of Surplus Growth				Unrealized Capital Gains
	Pre-tax Operating Income	Realized Capital Gains	Income Taxes		
2011	7,248	-4,539	4		8,951
2012	12,702	1,433	118		4,818
2013	3,894	2,164	55		12,919
2014	4,352	6,419	1,124		27,641
2015	29,464	11,813	1,305		14,127
5-Yr Total	57,660	17,290	2,606		68,457

Year	Source of Surplus Growth				% Chg in PHS
	Net Contrib. Capital	Other Changes	Change in PHS		
2011	-982	7,070	17,743		4.8
2012	-1,309	-7,272	10,254		2.6
2013	-1,309	-2,566	15,047		3.8
2014	-5,363	-5,699	26,226		6.3
2015	-44,009	7,604	17,693		4.0
5-Yr Total	-52,973	-864	86,964		4.3

QUALITY OF SURPLUS (\$000)

Year	Surplus Notes	Other Debt	Contributed Capital	Unassigned Surplus
2011	...	0	303,256	85,391
2012	...	0	300,980	97,921
2013	...	0	300,980	112,968
2014	...	0	300,980	139,195
2015	...	0	300,980	156,888

Year	Year-End PHS	Conditional Reserves	Adjusted PHS
2011	388,647	7,800	396,447
2012	398,901	6,421	405,322
2013	413,949	6,421	420,370
2014	440,175	6,842	447,017
2015	457,868	5,485	463,353

Underwriting Leverage: Odyssey Re's underwriting leverage measures are conservative and have remained consistent over the recent five-year period. The group's catastrophe writings had been increasing in recent years, although this trend has slowed, and its catastrophe loss exposure remains well below management's stated tolerance.

LEVERAGE ANALYSIS

Period Ending	Company				Industry Composite			
	NPW to PHS	Res. to PHS	Net Lev.	Gross Lev.	NPW to PHS	Res. to PHS	Net Lev.	Gross Lev.
2011	0.3	0.3	1.1	2.5	0.7	1.5	2.8	3.7
2012	0.3	0.4	1.3	2.7	0.7	1.4	2.8	3.6
2013	0.3	0.4	1.3	2.5	0.7	1.4	2.8	3.5
2014	0.4	0.4	1.7	2.7	0.7	1.3	2.7	3.5
2015	0.3	0.4	1.7	2.6	0.7	1.4	2.8	3.6

CEDED REINSURANCE ANALYSIS (\$000)

Period Ending	Company				Industry Composite			
	Ceded Reins. Total	Bus. Ret. (%)	Reins. Recov. to PHS (%)	Ceded Reins. to PHS (%)	Bus. Ret. (%)	Reins. Recov. to PHS (%)	Ceded Reins. to PHS (%)	
2011	546,199	19.6	90.7	140.5	78.3	58.5	82.5	
2012	554,728	19.5	90.9	139.1	79.9	57.7	81.8	
2013	512,807	20.9	78.6	123.9	80.5	53.3	76.2	
2014	441,386	23.7	65.3	100.3	79.1	50.6	73.9	
2015	411,736	22.2	58.0	89.9	77.4	53.1	79.1	

2015 REINSURANCE RECOVERABLES (\$000)

	Paid & Unpaid Losses	IBNR	Unearned Premiums	Other Recov*	Total Reins Recov
US Affiliates.....	320,545	232,458	97,628	-809	649,822
Foreign Affiliates.....	1,006	6,110	341	6	7,463
US Insurers.....	52,386	92,589	21,371	-1,416	164,930
Pools/Associations.....	17,802	14,382	4,289	...	36,473
Other Non-US.....	10,082	42,015	4,802	-427	56,472
Total (ex US Affils).....	81,276	155,096	30,803	-1,837	265,338
Grand Total.....	401,821	387,554	128,431	-2,646	915,160

* Includes Commissions less Funds Withheld

Loss Reserves: The group has experienced favorable loss reserve development in each of the past five years. The reserve development continues to be positive with favorable reserve development through December 31, 2015 of approximately \$230 million on a group basis. Additionally, as a result of the transfer of Clearwater Insurance Company from ORH to TIG Insurance Group, Inc. on January 1, 2011, the Odyssey group no longer has any material exposure to A&E claims. Odyssey Re discounts reserves relating to the indemnity portion of workers' compensation reserves of ORC.

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LOSS & ALAE RESERVE DEVELOP.: CALENDAR YEAR (\$000)

Calendar Year	Orig. Loss Reserves	Developed	Develop. to Orig. (%)	Develop. to PHS (%)	Develop. to NPE (%)	Unpaid Reserves @Latest Year End	Unpaid Res. to Develop. (%)
		Reserves Thru Latest Year End					
2010	123,232	126,774	2.9	1.0	166.0	21,365	16.9
2011	124,146	115,921	-6.6	-2.1	119.8	28,723	24.8
2012	133,302	119,467	-10.4	-3.5	100.2	38,812	32.5
2013	143,721	129,855	-9.6	-3.3	102.1	48,602	37.4
2014	160,061	155,207	-3.0	-1.1	101.6	83,039	53.5
2015	151,168	151,168	...	...	101.9	151,168	100.0

LOSS & ALAE RESERVE DEVELOP.: ACCIDENT YEAR (\$000)

Accident Year	Orig. Loss Reserves	Developed	Develop. to Orig. (%)	Unpaid Reserves @Latest Year End	Acc. Yr Loss Ratio	Acc. Yr Comb. Ratio
		Reserves Thru Latest Year End				
2010	35,099	28,500	-18.8	6,693	62.7	105.5
2011	41,274	35,707	-13.5	7,358	78.9	100.0
2012	62,897	54,264	-13.7	10,089	78.4	103.8
2013	57,295	54,308	-5.2	9,790	86.7	110.5
2014	85,812	85,917	0.1	34,437	88.8	112.5
2015	68,129	68,129	...	68,129	77.1	100.2

The following text is derived from A.M. Best's Credit Report on Odyssey Reinsurance Group (AMB# 018514).

Liquidity: The group's liquidity position is solid and comparable to its reinsurance peer group. As of year-end 2015, total invested assets were approximately \$7 billion, with a sizeable amount allocated in fixed income maturities of solid credit quality. Strong cash flows over the past several years are driven by favorable operating results. Maintaining sound liquidity is significant given the group's exposure to natural and man-made catastrophe losses. Odyssey Re also maintains significant cash and short-term investments.

LIQUIDITY ANALYSIS

Period Ending	Company				Industry Composite			
	Quick Liq. (%)	Current Liq. (%)	Overall Liq. (%)	Gross Agents Bal. to PHS (%)	Quick Liq. (%)	Current Liq. (%)	Overall Liq. (%)	Gross Agents Bal. to PHS (%)
2011	6.3	108.8	216.6	0.4	21.0	106.0	146.5	9.9
2012	14.5	92.3	197.5	-0.1	22.6	104.5	146.9	10.7
2013	26.4	91.7	205.4	0.6	24.2	107.4	148.2	10.4
2014	19.6	63.9	175.0	0.5	24.5	107.7	149.0	10.1
2015	16.6	60.4	174.8	3.4	22.3	104.2	147.0	10.8

CASH FLOW ANALYSIS (\$000)

Year	Company					Industry Composite	
	Underw Cash Flow	Oper Cash Flow	Net Cash Flow	Underw Cash Flow (%)	Oper Cash Flow (%)	Underw Cash Flow (%)	Oper Cash Flow (%)
2011	-15,664	1,873	12,572	86.3	101.6	96.2	108.1
2012	-2,823	11,007	26,555	99.0	103.8	99.9	113.7
2013	-33,043	-4,931	18,032	61.3	94.2	102.1	114.6
2014	28,543	43,170	-8,524	138.2	152.9	103.9	115.2
2015	-40,476	3,899	-15,683	87.6	101.2	102.3	113.3
5-Yr Total	-63,462	55,018	32,950	...	...	...	...

INVESTMENT LEVERAGE ANALYSIS (% OF PHS)

Period Ending	Company					Industry Composite		
	Class 3-6 Bonds	Real Estate/Mtg.	Other Invested Assets	Common Stocks	Non-Affil. Inv. Lev.	Affil. Inv.	Class 3-6 Bonds	Common Stocks
2011	2.8	...	...	0.0	2.8	36.1	5.7	10.0
2012	2.5	...	...	0.0	2.5	36.3	6.2	10.8
2013	2.8	...	...	0.0	2.9	38.1	6.5	14.9
2014	4.4	...	...	1.7	6.1	47.8	7.0	16.3
2015	7.6	...	0.6	3.0	11.2	48.8	7.7	15.1

INVESTMENTS - SECURITIES

Current Year Distribution of Bonds By Maturity

	Years					Yrs-Avg Maturity
	0-1	1-5	5-10	10-20	20+	
Government	8.1	0.0	0.2	0.4	7.9	13
Gov't Agencies & Muni	2.2	26.9	...	22.2	26.8	14
Industrial & Misc	...	5.2	...	...	...	3
Total	10.3	32.1	0.2	22.6	34.8	13

	2015	2014	2013	2012	2011
Bonds (000)	313,924	308,168	284,086	318,532	332,512
US Government	9.3	1.0	1.1	10.6	10.3
Foreign - All Other	5.7	6.0	2.1	...	...
State/Special Revenue - US	85.0	93.0	94.8	86.3	86.5
Industrial & Misc - US	...	...	2.0	3.1	3.2

Private Issues	5.2	5.1	1.8	...	...
Public Issues	94.8	94.9	98.2	100.0	100.0

	2015	2014	2013	2012	2011
Bond Quality (%)	89.8	93.7	95.5	96.3	96.2
Class 1	...	0.9	0.9	0.9	0.8
Class 2	4.8	0.2	1.7	1.7	1.6
Class 3	5.2	5.1	1.8	...	0.3
Class 5	0.1	1.2	1.1

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INVESTMENTS - EQUITIES

	2015	2014	2013	2012	2011
Stocks (000)	245,608	229,424	178,508	166,365	162,212
Unaffiliated Common	5.6	3.3	0.1	0.1	0.1
Affiliated Common	91.0	91.7	88.3	87.0	86.4
Unaffiliated Preferred	3.4	5.0	11.6	12.9	13.5

INVESTMENTS - OTHER INVESTED ASSETS

	2015	2014	2013	2012	2011
Other Inv Assets (000)	38,315	51,256	59,829	42,159	15,194
Cash	20.1	1.4	17.7	44.0	-22.3
Short-Term	72.7	98.6	82.2	54.9	122.2
Schedule BA Assets	7.2	...	...	...	...
All Other	0.0	0.0	0.1	1.0	0.1

HISTORY

This company was incorporated with the temporary title Hudson Insurance Company of Delaware under the laws of Delaware on May 1, 1978 to act as the vehicle for the transfer of the corporate domicile of Hudson Insurance Company from New York, New York to Wilmington, Delaware, effective as of December 31, 1978. The predecessor company was originally incorporated on January 16, 1918, under the laws of New York and began business on December 14, 1918. The United States branch of Skandia Insurance Company Ltd., Stockholm, Sweden (the "US branch") acquired complete financial control of that predecessor company on August 25, 1939.

The US branch, concurrent with its domestication in New York on July 1, 1974, passed direct stock ownership to Skandia America Reinsurance Corporation (now known as Clearwater Insurance Company), New York, New York. From November 1977 until February 1996, Skandia America Reinsurance Corporation was a subsidiary of Skandia America Corporation, a wholly owned holding company of Skandia US Holding Corporation, which was a wholly owned holding company affiliate of Skandia Insurance Company Ltd. (named Skandia Insurance Company Ltd. from 1989 to 1993).

On February 21, 1996, Skandia America Corporation entered into an agreement to sell the former Skandia America Reinsurance Corporation (now known as Clearwater Insurance Company) and its subsidiaries, including Hudson Insurance Company (Hudson), to Fairfax Financial Holdings Limited, a Canadian financial services holding company. The acquisition became effective on May 31, 1996.

Effective January 1, 2011, Clearwater dividded the shares of Hudson to Odyssey America Reinsurance Corporation (a company that was subsequently renamed Odyssey Reinsurance Company in February 2011), and Hudson is now a direct, wholly owned subsidiary of Odyssey Reinsurance Company, which is wholly owned by Odyssey Re Holdings Corp. (ORH). Fairfax is the ultimate 100% shareholder of ORH.

Primary insurance business was conducted until 1932. In 1935, the company became a professional reinsurer. In 1981, the company began to underwrite excess and special risk business. From 1985 to 1989, the company

ceased writing new and renewal business. In 1990, the company began writing specialty insurance business.

Paid-up capital of \$7.5 million consists of 25,000 common shares at \$300 par value each. All authorized shares are outstanding.

MANAGEMENT

The Company's chairman is Brian D. Young, who is also the chairman of the board of Clearwater Select Insurance Company, Hudson Specialty Insurance Company, Hudson Excess Insurance Company and Odyssey Reinsurance Company. Management of the Company's affairs is directed by its president and chief operating officer, Christopher L. Gallagher.

Officers: Chairman of the Board and Chief Executive Officer, Brian D. Young; President and Chief Operating Officer, Christopher L. Gallagher; Executive Vice President and Chief Underwriting Officer, Christopher T. Suarez; Executive Vice President and Chief Actuary, Elizabeth A. Sander; Executive Vice Presidents, Alane R. Carey, Jan Christiansen, James J. Hooghuis; Senior Vice President and Chief Information Officer, Anthony Terracciano; Senior Vice President, Secretary and General Counsel, Dina G. Daskalakis; Senior Vice President and Controller, Anthony J. Slowski; Senior Vice Presidents, Francis D. Cerasoli, James J. Danbrowney, Matthew J. Deneen, James T. Donovan, Daniel J. Gasser, Michael P. Gleeson, Ronald O. Honken, Margaret M. C. Killeen, Peter H. Lovell, Jeffrey M. Rubin, James B. Salvesen, William F. Schmidt, Leslie D. Svoboda, Jean M. Willig.

Directors: Jan Christiansen, Christopher L. Gallagher, Michael G. Wacek, Brian D. Young (Chairman).

REGULATORY

An examination of the financial condition was made as of December 31, 2014, by the insurance department of Delaware. The 2015 annual independent audit of the company was conducted by PricewaterhouseCoopers, LLC. The annual statement of actuarial opinion is provided by Elizabeth A. Sander, FCAS, MAAA, Executive Vice President & Chief Actuary.

REINSURANCE

The company reinsures specific lines of its business using a combination of pro rata and excess of loss reinsurance arrangements with unaffiliated carriers. The company further cedes 70% of the resulting net account to Odyssey Reinsurance Company on a quota share basis.

The following text is derived from A.M. Best's Credit Report on Odyssey Reinsurance Group (AMB# 018514).

The group's retrocessional program includes specific reinsurances covering portions of its business, including facultative business, property business and selected liability lines.

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BALANCE SHEET

ADMITTED ASSETS (\$000)

	YE 2015	YE 2014	'15%	'14%
Bonds	313,924	308,168	29.0	29.6
Preferred stock	8,292	11,569	0.8	1.1
Common stock	13,819	7,503	1.3	0.7
Cash and short-term invest	35,557	51,241	3.3	4.9
Other non-affil inv asset	2,758	15	0.3	0.0
Investments in affiliates	223,496	210,352	20.6	20.2
Total invested assets.....	597,846	588,847	55.2	56.5
Premium balances	51,158	21,150	4.7	2.0
Accrued interest	5,085	5,264	0.5	0.5
All other assets.....	428,727	427,390	39.6	41.0
Total assets.....	1,082,816	1,042,652	100.0	100.0

LIABILITIES & SURPLUS (\$000)

	YE 2015	YE 2014	'15%	'14%
Loss & LAE reserves	164,741	170,244	15.2	16.3
Unearned premiums.....	40,803	39,757	3.8	3.8
Conditional reserve funds.....	5,485	6,842	0.5	0.7
All other liabilities	413,919	385,633	38.2	37.0
Total liabilities	624,948	602,476	57.7	57.8
Capital & assigned surplus.....	300,980	300,980	27.8	28.9
Unassigned surplus.....	156,888	139,195	14.5	13.4
Total policyholders' surplus.....	457,868	440,175	42.3	42.2
Total liabilities & surplus.....	1,082,816	1,042,652	100.0	100.0

SUMMARY OF 2015 OPERATIONS (\$000)

Statement of Income	2015	Funds Provided from Operations	2015
Premiums earned.....	148,329	Premiums collected.....	285,046
Losses incurred	84,640	Benefit & loss-related pmts	271,048
LAE incurred	28,139	LAE & undrw expenses paid	54,473
Undrw expenses incurred	34,522	Undrw cash flow	-40,476
Net underwriting income	1,028	Investment income.....	28,819
Net investment income....	39,544	Other income/expense ...	17,428
Other income/expense ...	-11,108	Pre-tax cash operations	5,772
Pre-tax oper income ...	29,464	Income taxes pd (recov)...	1,872
Realized capital gains.....	11,813	Net oper cash flow	3,899
Income taxes incurred	1,305		
Net income.....	39,972		

Best's Rating Report

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The company information appearing in this pamphlet is an extract from the complete AMB Credit Report. You may obtain the complete report by contacting Customer Service at +1(908)439-2200 or customer_service@ambest.com. Please reference the company's identification number (AMB#) listed on this rating report.

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