



Fairfax Financial Holdings Limited

**Annual Financial Supplement
December 31, 2020**

Readers of this Annual Financial Supplement are advised to read it in conjunction with the Annual Report for the year ended December 31, 2020. Additional information relating to the company, including its Annual Information Form and Annual Report, can be found on SEDAR at www.sedar.com. Additional information can also be accessed from the company's website www.fairfax.ca.

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

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

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

The development of the provision for claims is often measured as the difference between estimates of reserves as of the initial year-end and the re-estimated reserves at each subsequent year-end. This is based on actual payments in full or partial settlement of claims, plus re-estimates of the reserves required for claims still open or claims still unreported. Favourable development (or redundancies) means that subsequent reserve estimates are lower than originally indicated, while unfavourable development (or deficiencies) means that the original reserve estimates were lower than subsequently indicated. The net favourable reserve development in the two tables that follow excludes the loss reserve development of a subsidiary in the year it is acquired. In the second table below, a subsidiary's provision for claims balance at December 31 in the year of acquisition is included in the line "Provision for losses and LAE of companies acquired and reinsurance transactions during the year at December 31", whereas the net favourable reserve development as set out in the Sources of Net Earnings section in Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2020 and the Consolidated Financial Statements for the year ended December 31, 2020 includes the claims reserve development of a subsidiary from its acquisition date.

	Favourable/(Unfavourable)	
	2020	2019
Insurance and Reinsurance		
Northbridge	39.2	67.1
Odyssey Group	219.5	229.6
Crum & Forster	5.2	6.2
Zenith National	74.1	82.1
Brit	62.8	46.5
Allied World	5.1	(32.0)
Fairfax Asia	18.5	28.3
Other ⁽¹⁾	30.5	51.8
Operating companies	454.9	479.6
Run-off	(132.6)	(150.5)
Net favourable development	<u>322.3</u>	<u>329.1</u>

(1) Excludes net favourable development of companies acquired in 2019 - Fairfax Ukraine (\$0.2).

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

Reconciliation of Provision for Losses and LAE - Consolidated

	2020	2019	2018	2017	2016
Provision for losses and LAE at January 1 - net	21,558.4	22,614.6	22,412.4	16,289.4	16,596.3
Foreign exchange effect of change in provision for claims	190.5	69.7	(444.6)	463.3	(103.7)
Losses on claims for claims occurring:					
In the current year	9,520.0	8,982.3	8,505.4	6,192.9	5,286.9
In the prior years - net favourable development	(322.3)	(329.1)	(580.4)	(454.6)	(573.7)
Paid on claims during the year related to:					
The current year	(2,540.4)	(2,293.8)	(2,034.8)	(1,691.3)	(1,304.5)
The prior years	(5,521.9)	(5,927.8)	(5,777.2)	(3,876.8)	(3,695.2)
Provision for losses and LAE of companies acquired and reinsurance transactions during the year, at December 31	—	32.7	533.8	5,725.0	83.3
Divestitures during the year	(27.8)	—	—	(235.5)	—
Liabilities associated with assets held for sale ⁽¹⁾	—	(1,590.2)	—	—	—
Provision for losses and LAE at December 31 before the undernoted CTR Life ⁽²⁾	22,856.5	21,558.4	22,614.6	22,412.4	16,289.4
	5.5	7.0	8.0	8.7	12.8
Provision for losses and LAE at December 31 - net	22,862.0	21,565.4	22,622.6	22,421.1	16,302.2
Reinsurers' share of provision for losses and LAE at December 31	7,947.3	6,934.8	6,459.1	6,189.7	3,179.6
Provision for losses and LAE at December 31 - gross	30,809.3	28,500.2	29,081.7	28,610.8	19,481.8

(1) *European Run-off's reinsurance recoverable and provision for losses and loss adjustment expenses are included in assets held for sale and liabilities associated with assets held for sale respectively on the consolidated balance sheet at December 31, 2019. See note 23 (Acquisitions and Divestitures) to the consolidated financial statements for the year ended December 31, 2020.*

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

The foreign exchange effect of change in provision for claims principally related to the impact in 2020 of the strengthening of the Canadian dollar, euro and the British pound relative to the U.S. dollar (principally at Odyssey Group, Northbridge, Allied World and Brit). The company generally manages foreign currency risk on claims liabilities by investing in financial instruments and other assets denominated in the same currency as the liabilities to which they relate.

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

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

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

The accident year claims reserve development tables that follow for Northbridge, Odyssey Group, Crum & Forster and Zenith National show the development of the provision for losses and loss adjustment expenses by accident year commencing in 2010, with the re-estimated amount of each accident year's reserve development shown in subsequent years up to December 31, 2020. All claims are attributed back to the year of loss, regardless of when they were reported or adjusted. For example, accident year 2014 represents all claims with a date of loss between January 1, 2014 and December 31, 2014. The initial reserves set up at the end of the accident year are re-evaluated over time to determine their redundancy or deficiency based on actual payments in full or partial settlements of claims, plus current estimates of the reserves for claims still open or claims still unreported.

Northbridge

The following table shows for Northbridge the provision for losses and LAE as originally and as currently estimated for the years 2016 through 2020. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Losses and LAE - Northbridge

	2020	2019	2018	2017	2016
	<i>(In Cdn\$ except as indicated)</i>				
Provision for losses and LAE at January 1	2,095.5	1,996.5	1,956.8	1,936.1	1,950.8
Losses on claims and LAE					
For current accident year's claims	1,178.2	1,130.2	1,039.9	985.8	861.3
Decrease for prior accident years' claims	(52.6)	(89.1)	(138.2)	(121.3)	(149.2)
Foreign exchange effect on claims	(1.8)	(6.3)	11.0	(7.9)	(4.4)
Total losses on claims and LAE	<u>1,123.8</u>	<u>1,034.8</u>	<u>912.7</u>	<u>856.6</u>	<u>707.7</u>
Payments for losses on claims and LAE					
Payments on current accident year's claims	(464.6)	(491.0)	(458.6)	(433.0)	(360.4)
Payments on prior accident years' claims	(446.1)	(444.8)	(414.4)	(402.9)	(362.0)
Total payments for losses on claims and LAE	<u>(910.7)</u>	<u>(935.8)</u>	<u>(873.0)</u>	<u>(835.9)</u>	<u>(722.4)</u>
Provision for losses and LAE at December 31	2,308.6	2,095.5	1,996.5	1,956.8	1,936.1
<i>Exchange rate</i>	0.7849	0.7712	0.7322	0.7981	0.7457
Provision for losses and LAE at December 31 converted to U.S. dollars	<u>1,812.0</u>	<u>1,616.0</u>	<u>1,461.8</u>	<u>1,561.8</u>	<u>1,443.7</u>

The following table shows for Northbridge the original provision for losses and LAE at each calendar year-end commencing in 2010, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves.

Northbridge Calendar Year Claims Reserve Development

As at December 31	Calendar year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	(In Cdn\$)										
Provision for claims including LAE	1,994.3	2,030.7	2,077.2	2,016.9	1,982.4	1,950.8	1,936.1	1,956.8	1,996.5	2,095.5	2,308.6
Cumulative payments as of:											
One year later	413.5	383.2	397.7	368.4	371.7	362.0	402.9	414.4	444.8	446.1	
Two years later	670.7	655.1	633.8	600.8	600.4	581.4	618.2	655.7	681.7		
Three years later	894.4	844.1	821.4	773.9	770.4	741.2	793.1	833.1			
Four years later	1,040.9	990.8	946.9	901.5	885.9	869.7	920.2				
Five years later	1,147.6	1,083.3	1,035.6	977.1	982.4	964.6					
Six years later	1,210.3	1,146.8	1,090.1	1,047.9	1,048.7						
Seven years later	1,252.6	1,185.3	1,136.4	1,086.7							
Eight years later	1,279.2	1,218.7	1,162.5								
Nine years later	1,305.2	1,237.5									
Ten years later	1,318.8										
Reserves re-estimated as of:											
One year later	1,957.1	1,967.1	1,925.1	1,903.0	1,881.2	1,796.8	1,807.8	1,828.1	1,901.9	2,042.8	
Two years later	1,914.4	1,861.7	1,822.3	1,794.6	1,724.8	1,669.9	1,674.1	1,733.3	1,849.4		
Three years later	1,810.2	1,776.7	1,728.2	1,651.3	1,604.2	1,552.0	1,581.6	1,693.3			
Four years later	1,742.8	1,701.1	1,619.0	1,543.7	1,490.5	1,459.8	1,544.0				
Five years later	1,692.0	1,627.7	1,529.8	1,447.5	1,416.3	1,426.1					
Six years later	1,639.9	1,556.0	1,453.6	1,375.7	1,392.4						
Seven years later	1,584.2	1,487.8	1,398.5	1,361.4							
Eight years later	1,531.5	1,439.7	1,389.6								
Nine years later	1,490.2	1,432.3									
Ten years later	1,488.1										
Favourable (unfavourable) development	506.2	598.4	687.6	655.5	590.0	524.7	392.1	263.5	147.1	52.7	

The net favourable prior year reserve development in 2020 of Cdn\$52.7 reflected in the table preceding this paragraph was comprised of net favourable reserve development of Cdn\$52.6 and net favourable foreign currency movements of Cdn\$0.1 related to the translation of U.S. dollar-denominated claims reserves (principally in the technical risks and transportation segments). The net favourable prior year reserve development in 2020 of Cdn\$52.6 reflected net favourable emergence across all major lines of business primarily related to accident years 2013 through 2018. The strengthening of the Canadian dollar relative to the U.S. dollar decreased Northbridge's claims reserves in 2020 (expressed in Canadian dollars) by Cdn\$0.1 related to prior years' reserves and Cdn\$1.7 related to the current year's reserves, representing a total decrease of Cdn\$1.8.

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

Northbridge Accident Year Claims Reserve Development

As at December 31	Accident year										
	2010 & Prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	(In Cdn\$)										
End of first year	1,994.3	487.1	493.3	489.6	447.8	441.4	501.3	551.9	582.8	638.4	711.8
One year later	1,957.1	466.2	446.5	478.4	454.9	443.7	499.9	556.9	583.0	638.2	
Two years later	1,914.4	465.0	428.8	464.1	441.9	437.4	484.1	554.7	570.4		
Three years later	1,810.2	447.4	410.3	429.9	428.8	433.3	483.8	552.3			
Four years later	1,742.8	422.6	374.5	411.6	411.3	415.3	479.9				
Five years later	1,692.0	401.3	357.0	391.6	408.9	405.4					
Six years later	1,639.9	385.3	349.0	374.9	399.4						
Seven years later	1,584.2	369.8	342.0	369.5							
Eight years later	1,531.5	363.0	340.5								
Nine years later	1,490.2	357.7									
Ten years later	1,488.1										
Favourable (unfavourable) development	25.4 %	26.6 %	31.0 %	24.5 %	10.8 %	8.2 %	4.3 %	(0.1)%	2.1 %	— %	

Accident year 2018 experienced net favourable emergence principally related to commercial automobile and personal automobile claims reserves. Accident year 2017 experienced net unfavourable emergence principally related to the strengthening of the U.S. dollar relative to the Canadian dollar from 2017 to 2020, as well as higher than expected property losses. Accident years 2013 and 2015 experienced net favourable emergence in each of the general liability and commercial automobile segments. Accident years 2010 and prior experienced net favourable emergence principally related to class action and environmental pollution claims reserves.

Odyssey Group

The following table shows for Odyssey Group the provision for losses and LAE as originally and as currently estimated for the years 2016 through 2020. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Losses and LAE - Odyssey Group

	2020	2019	2018	2017	2016
Provision for losses and LAE at January 1	5,264.3	4,872.1	4,654.9	4,238.3	4,319.6
Losses on claims and LAE					
For current accident year's claims	2,650.4	2,385.8	2,062.2	1,826.6	1,443.3
Decrease for prior accident years' claims	(219.5)	(229.6)	(345.7)	(288.1)	(266.5)
Foreign exchange effect on claims	126.4	7.4	(77.5)	168.2	(27.6)
Total losses on claims and LAE	<u>2,557.3</u>	<u>2,163.6</u>	<u>1,639.0</u>	<u>1,706.7</u>	<u>1,149.2</u>
Payments for losses on claims and LAE					
Payments on current accident year's claims	(580.7)	(523.6)	(400.7)	(375.3)	(269.6)
Payments on prior accident years' claims	<u>(1,371.7)</u>	<u>(1,247.8)</u>	<u>(1,021.1)</u>	<u>(914.8)</u>	<u>(960.9)</u>
Total payments for losses on claims and LAE	<u>(1,952.4)</u>	<u>(1,771.4)</u>	<u>(1,421.8)</u>	<u>(1,290.1)</u>	<u>(1,230.5)</u>
Provision for losses and LAE at December 31	<u>5,869.2</u>	<u>5,264.3</u>	<u>4,872.1</u>	<u>4,654.9</u>	<u>4,238.3</u>

The following table shows for Odyssey Group the original provision for losses and LAE at each calendar year-end commencing in 2010, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves.

Odyssey Group Calendar Year Claims Reserve Development

As at December 31	Calendar year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Provision for claims including LAE	4,857.2	4,789.5	4,842.7	4,812.8	4,589.1	4,319.6	4,238.3	4,654.9	4,872.1	5,264.3	5,869.2
Cumulative payments as of:											
One year later	1,403.0	1,132.4	1,066.1	1,010.1	1,038.1	960.9	914.8	1,021.1	1,247.8	1,371.7	
Two years later	2,053.7	1,760.2	1,642.9	1,601.7	1,625.2	1,454.8	1,431.1	1,591.4	1,913.1		
Three years later	2,482.0	2,152.9	2,040.8	2,004.8	1,960.1	1,791.5	1,801.4	1,980.6			
Four years later	2,766.9	2,437.9	2,330.3	2,237.2	2,186.9	2,029.1	2,057.6				
Five years later	2,971.7	2,649.5	2,488.9	2,399.8	2,358.5	2,196.0					
Six years later	3,136.1	2,758.5	2,608.9	2,527.7	2,477.7						
Seven years later	3,209.2	2,844.8	2,705.6	2,646.1							
Eight years later	3,276.4	2,917.1	2,801.1								
Nine years later	3,331.1	2,997.4									
Ten years later	3,402.1										
Reserves re-estimated as of:											
One year later	4,805.8	4,637.5	4,628.0	4,623.7	4,355.8	4,053.1	3,950.2	4,309.2	4,642.5	5,044.8	
Two years later	4,726.6	4,500.3	4,439.1	4,399.4	4,118.9	3,783.6	3,719.2	4,098.3	4,448.9		
Three years later	4,674.1	4,357.3	4,262.3	4,212.2	3,905.2	3,574.6	3,543.6	3,911.1			
Four years later	4,566.5	4,207.7	4,138.7	4,025.7	3,739.9	3,420.1	3,379.0				
Five years later	4,437.3	4,127.3	4,002.1	3,886.1	3,620.2	3,282.5					
Six years later	4,377.0	4,030.7	3,882.5	3,786.8	3,511.0						
Seven years later	4,312.9	3,929.6	3,821.2	3,678.3							
Eight years later	4,233.6	3,883.0	3,729.1								
Nine years later	4,195.3	3,807.5									
Ten years later	4,136.4										
Favourable (unfavourable) development	720.8	982.0	1,113.6	1,134.5	1,078.1	1,037.1	859.3	743.8	423.2	219.5	

Odyssey Group experienced net favourable prior year reserve development of \$219.5 in 2020, attributable to net favourable emergence on its non-U.S. reinsurance (\$131.1), U.S. insurance (\$48.3), U.S. reinsurance (\$24.4) and non-U.S. insurance (\$15.7) segments primarily related to both property and casualty claims reserves. The net favourable prior year development of \$219.5 principally related to non-property catastrophe claims reserves (\$133.2 across many segments) and property catastrophe claims reserves (\$86.3).

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

Odyssey Group Accident Year Claims Reserve Development

As at December 31	Accident Year										
	2010 & Prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
End of first year	4,857.2	1,386.7	1,337.6	1,251.0	975.5	1,001.9	1,146.1	1,619.5	1,584.0	1,869.6	2,196.2
One year later	4,805.8	1,313.9	1,260.1	1,250.7	966.4	972.3	1,127.5	1,504.9	1,565.4	1,843.7	
Two years later	4,726.6	1,229.2	1,214.2	1,203.2	916.8	916.5	1,105.5	1,469.5	1,559.0		
Three years later	4,674.1	1,193.8	1,187.0	1,139.5	889.6	872.8	1,084.4	1,446.9			
Four years later	4,566.5	1,173.4	1,143.9	1,089.6	863.9	838.1	1,057.4				
Five years later	4,437.3	1,153.3	1,103.9	1,069.8	843.5	809.6					
Six years later	4,377.0	1,120.8	1,085.2	1,031.7	842.8						
Seven years later	4,312.9	1,099.0	1,070.6	1,015.3							
Eight years later	4,233.6	1,090.7	1,054.0								
Nine years later	4,195.3	1,074.1									
Ten years later	4,136.4										
Favourable (unfavourable) development	14.8 %	22.5 %	21.2 %	18.8 %	13.6 %	19.2 %	7.7 %	10.7 %	1.6 %	1.4 %	

Improvements in competitive conditions, reduced claim trends, and an improved economic environment beginning in the early 2000s resulted in a continued downward trend on re-estimated reserves for accident years 2010 through 2011. Initial loss estimates for those accident years did not fully anticipate the impact of improvements in market conditions and the impact of decreasing frequency and severity trends would have on claims costs. In addition, accident years 2011 through 2019 benefited from net favourable emergence on catastrophe and other short tail lines claims reserves.

Crum & Forster

The following table shows for the Crum & Forster operations the provision for losses and LAE as originally and as currently estimated for the years 2016 through 2020. First Mercury was included in Crum & Forster beginning in 2011. For the years prior to 2006, Crum & Forster included Fairmont (the business of which was assumed by Crum & Forster effective January 1, 2006 subsequent to the transfer of the Fairmont entities to U.S. Run-off). The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Losses and LAE - Crum & Forster

	2020	2019	2018	2017	2016
Provision for losses and LAE at January 1	2,621.2	2,564.0	2,588.8	2,539.5	2,438.2
Losses on claims and LAE					
For current accident year's claims	1,521.6	1,387.4	1,244.7	1,209.7	1,136.1
Decrease for prior accident years' claims	(5.2)	(6.2)	(3.9)	(10.2)	(8.3)
Total losses on claims and LAE	1,516.4	1,381.2	1,240.8	1,199.5	1,127.8
Payments for losses on claims and LAE					
Payments on current accident year's claims	(417.1)	(422.3)	(360.6)	(344.1)	(294.7)
Payments on prior accident years' claims	(885.9)	(901.7)	(905.0)	(806.1)	(731.8)
Total payments for losses on claims and LAE	(1,303.0)	(1,324.0)	(1,265.6)	(1,150.2)	(1,026.5)
Provision for losses and LAE at December 31	2,834.6	2,621.2	2,564.0	2,588.8	2,539.5

The following table shows for Crum & Forster the original provision for losses and LAE at each calendar year-end commencing in 2010, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Crum & Forster Calendar Year Claims Reserve Development

As at December 31	Calendar year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Provision for claims including LAE	1,624.2	1,742.1	1,933.1	1,941.8	2,005.1	2,438.2	2,539.5	2,588.8	2,564.0	2,621.2	2,834.6
Cumulative payments as of:											
One year later	838.2	570.1	681.5	592.0	311.3	731.8	806.1	905.0	901.7	885.9	
Two years later	1,129.6	1,037.9	1,108.2	713.8	807.8	1,247.8	1,385.2	1,473.3	1,451.0		
Three years later	1,323.7	1,336.8	1,109.2	1,073.0	1,190.3	1,644.1	1,768.1	1,849.6			
Four years later	1,447.0	1,228.6	1,365.2	1,347.2	1,445.1	1,882.3	2,015.1				
Five years later	1,221.0	1,400.4	1,560.2	1,522.2	1,607.9	2,044.1					
Six years later	1,308.2	1,541.5	1,689.2	1,633.5	1,725.8						
Seven years later	1,383.8	1,636.5	1,778.0	1,726.7							
Eight years later	1,438.2	1,711.8	1,855.3								
Nine years later	1,486.3	1,773.4									
Ten years later	1,524.2										
Reserves re-estimated as of:											
One year later	1,661.5	1,796.0	1,941.4	1,941.8	2,005.1	2,430.0	2,529.3	2,584.9	2,557.8	2,616.0	
Two years later	1,662.8	1,830.5	1,990.5	1,930.7	1,998.4	2,415.2	2,522.0	2,567.0	2,579.8		
Three years later	1,639.1	1,876.4	1,996.6	1,950.5	1,996.1	2,420.5	2,519.6	2,617.0			
Four years later	1,630.0	1,884.4	2,027.7	1,946.6	2,016.5	2,429.9	2,560.6				
Five years later	1,637.4	1,916.6	2,036.6	1,972.3	2,049.2	2,475.4					
Six years later	1,645.0	1,923.3	2,068.7	2,003.4	2,085.3						
Seven years later	1,653.8	1,952.9	2,097.2	2,031.4							
Eight years later	1,667.4	1,981.6	2,125.6								
Nine years later	1,685.6	2,002.9									
Ten years later	1,697.9										
Favourable (unfavourable) development	(73.7)	(260.8)	(192.5)	(89.6)	(80.2)	(37.2)	(21.1)	(28.2)	(15.8)	5.2	

Crum & Forster experienced net favourable prior year development of \$5.2 in 2020 principally related to non-construction liability and workers' compensation claims reserves, partially offset by net adverse development on construction liability and commercial auto liability claims reserves.

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

Crum & Forster Accident Year Claims Reserve Development

As at December 31	Accident year										
	2010 & Prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
End of first year	1,996.9	546.1	707.1	682.0	655.3	744.3	841.4	865.6	884.2	965.2	1,104.4
One year later	2,034.2	577.7	681.0	632.9	666.4	742.9	845.9	869.0	895.8	938.0	
Two years later	2,056.5	602.0	684.2	615.6	639.8	730.4	833.3	853.5	867.9		
Three years later	2,066.7	634.7	682.2	604.3	641.4	715.2	821.4	862.5			
Four years later	2,079.8	623.5	681.2	591.5	636.2	692.0	817.0				
Five years later	2,099.1	623.7	683.4	585.0	637.7	701.4					
Six years later	2,131.1	618.0	685.9	587.8	645.9						
Seven years later	2,143.4	626.9	685.7	587.3							
Eight years later	2,164.2	633.8	692.9								
Nine years later	2,186.0	640.9									
Ten years later	2,200.1										
Favourable (unfavourable) development	(10.2)%	(17.4)%	2.0 %	13.9 %	1.4 %	5.8 %	2.9 %	0.4 %	1.8 %	2.8 %	

Accident year 2019 experienced net favourable emergence principally related to general liability and workers’ compensation claims reserves. Accident year 2018 experienced net favourable emergence principally related to workers’ compensation and general liability claims reserves. Accident years 2017 and 2016 experienced net favourable emergence principally related to excess and surplus general liability and workers’ compensation claims reserves, partially offset by commercial automobile liability claims reserves. Accident years 2012 through 2015 experienced net favourable emergence on general liability, workers’ compensation and group accident and health claims reserves. Accident year 2011 experienced net unfavourable emergence principally related to construction liability claims reserves. Accident years 2010 and prior experienced net unfavourable emergence principally related to the strengthening of asbestos and other mass tort claims reserves through December 2011 and the strengthening of construction liability claims reserves post December 2011.

Zenith National

The following table shows for Zenith National the provision for losses and LAE as originally and as currently estimated for the years 2016 through 2020. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Losses and LAE - Zenith National

	2020	2019	2018	2017	2016
Provision for losses and LAE at January 1	1,053.2	1,108.4	1,147.1	1,153.1	1,181.6
Losses on claims and LAE					
For current accident year's claims	401.8	423.5	453.4	478.0	459.3
Decrease for prior accident years' claims	(74.1)	(82.1)	(85.3)	(76.4)	(101.0)
Total losses on claims and LAE	327.7	341.4	368.1	401.6	358.3
Payments for losses on claims and LAE					
Payments on current accident year's claims	(114.1)	(135.7)	(135.3)	(138.1)	(125.8)
Payments on prior accident years' claims	(238.6)	(260.9)	(271.5)	(269.5)	(261.0)
Total payments for losses on claims and LAE	(352.7)	(396.6)	(406.8)	(407.6)	(386.8)
Provision for losses and LAE at December 31	1,028.2	1,053.2	1,108.4	1,147.1	1,153.1

The following table shows for Zenith National the original provision for losses and LAE at each calendar year-end commencing in 2010, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Zenith National Calendar Year Claims Reserve Development

As at December 31	Calendar year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Provision for claims including LAE	964.3	1,034.4	1,125.2	1,166.2	1,160.7	1,181.6	1,153.1	1,147.1	1,108.4	1,053.2	1,028.2
Cumulative payments as of:											
One year later	246.3	261.1	272.8	269.6	224.7	261.0	269.5	271.5	260.9	238.6	
Two years later	407.3	426.7	431.3	389.6	372.6	413.4	410.2	441.8	389.9		
Three years later	516.9	527.9	492.8	483.7	466.5	497.6	495.5	490.2			
Four years later	588.1	560.3	554.4	544.4	521.5	552.4	545.9				
Five years later	604.6	602.9	595.9	583.6	561.0	585.9					
Six years later	637.3	632.8	625.3	613.9	588.0						
Seven years later	659.4	654.8	650.6	634.8							
Eight years later	677.7	675.0	669.0								
Nine years later	694.9	689.8									
Ten years later	707.8										
Reserves re-estimated as of:											
One year later	988.8	1,032.9	1,089.2	1,093.6	1,071.1	1,080.6	1,076.7	1,061.8	1,026.3	979.1	
Two years later	1,001.8	1,037.4	1,051.9	1,039.2	1,001.7	1,030.4	1,020.3	1,010.4	971.8		
Three years later	1,006.1	1,018.0	1,013.9	992.1	966.2	989.6	983.8	967.5			
Four years later	996.4	990.2	978.2	967.6	939.9	963.3	952.6				
Five years later	975.3	964.2	960.8	947.9	922.2	938.8					
Six years later	954.8	949.1	945.6	933.4	903.1						
Seven years later	940.9	936.4	935.2	917.9							
Eight years later	930.2	927.2	923.1								
Nine years later	922.4	917.8									
Ten years later	914.8										
Favourable (unfavourable) development	49.5	116.6	202.1	248.3	257.6	242.8	200.5	179.6	136.6	74.1	

Zenith National experienced net favourable prior year development of \$74.1 in 2020 primarily related to workers' compensation claims reserves for accident years 2015 to 2019.

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

Zenith National Accident Year Claims Reserve Development

As at December 31	Accident year										
	2010 & Prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
End of first year	964.3	291.9	353.4	349.7	336.8	335.2	333.5	339.7	318.1	287.8	287.7
One year later	988.8	277.4	312.9	314.4	301.6	303.5	307.4	310.9	287.4	268.2	
Two years later	1,001.8	277.6	295.0	298.0	279.2	288.8	291.7	296.1	275.8		
Three years later	1,006.1	267.8	284.8	286.7	268.2	274.4	281.4	284.4			
Four years later	996.4	261.2	275.0	279.6	261.6	265.8	274.7				
Five years later	975.3	255.7	272.9	275.0	258.4	260.4					
Six years later	954.8	254.4	270.4	271.0	254.8						
Seven years later	940.9	252.4	269.0	267.5							
Eight years later	930.3	251.1	266.4								
Nine years later	922.4	249.2									
Ten years later	914.8										
Favourable (unfavourable) development	5.1 %	14.6 %	24.6 %	23.5 %	24.3 %	22.3 %	17.6 %	16.3 %	13.3 %	6.8 %	

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

Brit

The following table shows for Brit the provision for losses and LAE as originally and as currently estimated for the years 2016 through 2020. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Losses and LAE - Brit

	2020	2019	2018	2017	2016
Provision for losses and LAE at January 1	2,983.4	2,910.6	3,019.9	2,695.5	2,645.6
Losses on claims and LAE					
For current accident year's claims	1,302.0	961.0	982.7	1,117.9	909.6
Decrease for prior accident years' claims	(62.8)	(46.5)	(99.3)	(9.5)	(53.5)
Foreign exchange effect on claims	20.9	15.8	(54.5)	77.8	(72.0)
Total losses on claims and LAE	1,260.1	930.3	828.9	1,186.2	784.1
Payments for losses on claims and LAE					
Payments on current accident year's claims	(212.4)	(105.4)	(158.1)	(188.5)	(189.9)
Payments on prior accident years' claims	(723.1)	(752.1)	(780.1)	(673.3)	(544.3)
Total payments for losses on claims and LAE	(935.5)	(857.5)	(938.2)	(861.8)	(734.2)
Provision for losses and LAE at December 31	3,308.0	2,983.4	2,910.6	3,019.9	2,695.5

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

Brit Calendar Year Claims Reserve Development

As at December 31	Calendar year					
	2015	2016	2017	2018	2019	2020
Provision for claims including LAE	2,645.6	2,695.5	3,019.9	2,910.6	2,983.4	3,308.0
Cumulative payments as of:						
One year later	544.3	673.3	780.1	752.1	723.1	
Two years later	953.6	1,123.8	1,156.9	1,258.6		
Three years later	1,243.8	1,352.6	1,473.9			
Four years later	1,377.8	1,591.1				
Five years later	1,552.9					
Reserves re-estimated as of:						
One year later	2,520.1	2,802.1	2,721.0	2,874.0	2,963.3	
Two years later	2,575.1	2,529.9	2,676.7	2,940.0		
Three years later	2,296.6	2,469.6	2,657.7			
Four years later	2,229.4	2,463.2				
Five years later	2,217.8					
Favourable (unfavourable) development	427.8	232.3	362.2	(29.4)	20.1	

The net favourable prior year reserve development in 2020 of \$20.1 reflected in the table preceding this paragraph was comprised of \$62.8 of net favourable reserve development and \$42.7 of net unfavourable foreign currency movements related to the translation of non-U.S. dollar-denominated claims reserves. The net favourable prior year reserve development in 2020 of \$62.8 principally reflected net favourable emergence across most lines of business (primarily the 2017-2019 catastrophe events and the London Direct division's property and specialty claims reserves), partially offset by net unfavourable emergence on the Overseas Distribution division's U.S. casualty claims reserves. The claims reserves of Brit (expressed in U.S. dollars) increased by \$42.7 in respect of prior years' reserves and decreased by \$21.8 in respect of the current year's reserves (principally as a result of the movements in the British pound, euro, Canadian dollar and Australian dollar relative to the U.S. dollar during 2020), representing a total increase of \$20.9.

Allied World

The following table shows for Allied World the provision for losses and LAE as originally and as currently estimated for the years 2017 through 2020. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Losses and LAE - Allied World

	2020	2019	2018	2017
Provision for losses and LAE at January 1	5,055.1	5,300.7	5,581.1	—
Losses on claims and LAE				
For current accident year's claims	1,931.3	1,585.8	1,739.9	1,293.2
Increase (decrease) for prior accident years' claims	(5.1)	32.0	(96.6)	71.9
Foreign exchange effect on claims	32.0	2.2	(18.5)	6.6
Total losses on claims and LAE	1,958.2	1,620.0	1,624.8	1,371.7
Payments for losses on claims and LAE				
Payments on current accident year's claims	(373.1)	(261.0)	(263.5)	(220.6)
Payments on prior accident years' claims	(1,413.3)	(1,604.6)	(1,641.7)	(634.5)
Total payments for losses on claims and LAE	(1,786.4)	(1,865.6)	(1,905.2)	(855.1)
Insurance subsidiaries acquired during the year ⁽¹⁾	—	—	—	5,064.5
Provision for losses and LAE at December 31	5,226.9	5,055.1	5,300.7	5,581.1

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

Fairfax Asia

The following table shows for Fairfax Asia the provision for losses and LAE as originally and as currently estimated for the years 2016 through 2020. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Losses and LAE - Fairfax Asia

	2020	2019	2018	2017	2016
Provision for losses and LAE at January 1	182.4	169.6	175.8	395.0	396.3
Losses on claims and LAE					
For current accident year's claims	148.3	151.3	138.0	263.5	241.0
Decrease for prior accident years' claims	(18.5)	(28.3)	(24.4)	(53.1)	(50.7)
Foreign exchange effect on claims	1.3	1.9	(4.4)	23.7	(6.4)
Total losses on claims and LAE	131.1	124.9	109.2	234.1	183.9
Payments for losses on claims and LAE					
Payments on current accident year's claims	(56.6)	(61.1)	(62.8)	(115.7)	(93.2)
Payments on prior accident years' claims	(56.6)	(51.0)	(52.6)	(103.6)	(107.9)
Total payments for losses on claims and LAE	(113.2)	(112.1)	(115.4)	(219.3)	(201.1)
Insurance subsidiaries acquired during the year ⁽¹⁾	—	—	—	1.5	15.9
Divestitures during the year ⁽²⁾	—	—	—	(235.5)	—
Provision for losses and LAE at December 31	200.3	182.4	169.6	175.8	395.0

(1) Prudential Assurance Malaysia in 2017 and, AMAG Insurance and Fairfirst in 2016.

(2) First Capital in 2017.

The following table shows for Fairfax Asia the original provision for losses and LAE at each calendar year-end commencing in 2010, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves. The following Asian Insurance subsidiaries' reserves are included from the respective years in which such subsidiaries were acquired:

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

Fairfax Asia Calendar Year Claims Reserve Development

As at December 31	Calendar year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Provision for claims including LAE	203.0	266.0	318.8	360.0	372.6	396.3	395.0	175.8	169.6	182.4	200.3
Cumulative payments as of:											
One year later	62.2	82.1	88.3	110.3	96.1	107.9	103.6	52.6	51.0	56.6	
Two years later	92.4	120.0	135.3	157.7	132.0	141.4	122.8	75.4	77.4		
Three years later	106.3	142.9	164.7	178.6	147.6	149.5	134.3	86.1			
Four years later	115.7	160.7	176.8	184.3	151.8	155.1	138.1				
Five years later	123.0	166.4	176.7	186.3	153.9	155.4					
Six years later	124.9	162.8	177.2	187.6	153.1						
Seven years later	119.2	163.1	178.2	187.0							
Eight years later	119.3	163.2	177.3								
Nine years later	119.4	162.8									
Ten years later	119.2										
Reserves re-estimated as of:											
One year later	185.0	260.2	293.8	330.3	318.4	345.5	361.5	148.7	142.3	163.0	
Two years later	177.9	240.6	275.5	287.9	274.9	300.8	339.6	130.1	132.4		
Three years later	165.8	226.8	248.5	258.5	241.2	284.7	325.4	123.4			
Four years later	161.7	212.2	230.6	235.3	231.5	275.2	320.2				
Five years later	153.8	200.4	216.9	230.7	226.8	272.4					
Six years later	146.8	192.7	215.0	227.9	225.3						
Seven years later	141.2	192.2	214.2	227.4							
Eight years later	140.9	191.4	213.5								
Nine years later	140.4	191.2									
Ten years later	140.2										
Favourable (unfavourable) development	62.8	74.8	105.3	132.6	147.3	123.9	74.8	52.4	37.2	19.4	

The net favourable prior year reserve development in 2020 of \$19.4 reflected in the table preceding this paragraph was comprised of \$18.5 of net favourable reserve development and \$0.9 of net favourable foreign currency movements related to the translation of non-U.S. dollar-denominated claims reserves. The net favourable prior year reserve development in 2020 of \$18.5 principally reflected net favourable emergence on automobile, property and health claims reserves. The claims reserves of Fairfax Asia (expressed in U.S. dollars) decreased by \$0.9 in respect of prior years' reserves (principally as a result of the strengthening of the U.S. dollar relative to the Indonesian rupiah and Sri Lankan rupee) and increased by \$2.2 in respect of the current year's reserves (principally as a result of the strengthening of the Malaysian ringgit and Singapore dollar relative to the U.S. dollar), representing a total increase of \$1.3.

Insurance and Reinsurance - Other

The following table shows for Insurance and Reinsurance - Other the provision for losses and LAE as originally and as currently estimated for the years 2016 through 2020. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

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

	2020	2019	2018	2017	2016
Provision for losses and LAE at January 1	905.9	1,032.2	1,060.8	828.4	796.9
Transfer to Run-off ⁽¹⁾		(211.5)			
Losses on claims and LAE					
For current accident year's claims	687.9	641.8	684.3	524.4	289.7
Decrease for prior accident years' claims	(30.5)	(51.8)	(26.9)	(36.3)	(60.4)
Foreign exchange effect on claims	(27.2)	(31.5)	(120.9)	49.5	(0.5)
Total losses on claims and LAE	630.2	558.5	536.5	537.6	228.8
Payments for losses on claims and LAE					
Payments on current accident year's claims	(309.4)	(282.1)	(254.7)	(217.1)	(77.0)
Payments on prior accident years' claims	(215.6)	(211.1)	(314.9)	(230.6)	(187.7)
Total payments for losses on claims and LAE	(525.0)	(493.2)	(569.6)	(447.7)	(264.7)
Insurance subsidiaries acquired during the year ⁽²⁾	—	19.9	4.5	142.5	67.4
Divestitures during the year ⁽³⁾	(27.8)	—	—	—	—
Provision for losses and LAE at December 31 excluding CTR Life	983.3	905.9	1,032.2	1,060.8	828.4
CTR Life ⁽⁴⁾	5.5	7.0	8.0	8.7	12.8
Provision for losses and LAE at December 31	988.8	912.9	1,040.2	1,069.5	841.2

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

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

(3) Discontinuation of Fairfax Brasil's participation in a Motor pool in 2020.

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

The following table shows for the Insurance and Reinsurance - Other reporting segment the original provision for losses and LAE at each calendar year-end commencing in 2010, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves.

Insurance and Reinsurance - Other Calendar Year Claims Reserve Development

As at December 31	Calendar Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Provisions for claims including LAE	1,024.4	995.5	1,046.5	966.6	877.1	796.9	828.4	1,060.8	1,032.2	905.9	983.3
Cumulative payments as of:											
One year later	278.8	261.7	262.3	204.5	174.8	187.7	230.6	314.9	211.1	215.6	
Two years later	395.6	437.9	403.6	322.6	274.5	293.8	383.9	412.2	293.6		
Three years later	507.4	535.8	481.3	388.4	344.6	394.5	437.6	452.5			
Four years later	570.1	595.0	529.5	444.2	412.3	432.6	459.0				
Five years later	609.7	630.7	572.5	495.5	438.8	448.1					
Six years later	634.4	665.1	616.2	518.1	451.0						
Seven years later	665.6	691.2	635.5	528.5							
Eight years later	674.1	707.8	644.9								
Nine years later	689.4	716.0									
Ten years later	696.2										
Reserves re-estimated as of:											
One year later	966.2	1,016.9	996.6	866.8	745.8	737.7	828.5	934.3	956.5	836.0	
Two years later	993.1	986.9	915.5	772.8	701.2	734.0	781.3	896.2	920.8		
Three years later	966.9	941.9	848.4	736.9	706.2	718.4	770.1	885.7			
Four years later	929.8	886.0	820.5	748.9	686.4	712.0	766.6				
Five years later	891.1	860.4	837.1	727.3	684.4	710.8					
Six years later	876.9	873.4	817.6	730.3	683.2						
Seven years later	879.4	848.7	820.7	731.4							
Eight years later	865.1	852.1	824.3								
Nine years later	869.1	857.1									
Ten years later	873.6										
Favourable (unfavourable) development	150.8	138.4	222.2	235.2	193.9	86.1	61.8	175.1	111.4	69.9	

The net favourable prior year reserve development in 2020 of \$69.9 reflected in the table preceding this paragraph was comprised of net favourable reserve development of \$30.5 and net favourable foreign currency movements of \$39.4 related to the translation of non-U.S. dollar-denominated claims reserves (principally the translation of the Argentine peso-denominated claims reserves at Fairfax Latam and Brazilian real-denominated claims reserves at Fairfax Brasil). The net favourable prior year reserve development in 2020 of \$30.5 reflects favourable emergence across most segments. The claims reserves of Insurance and Reinsurance - Other (expressed in U.S. dollars) decreased by \$39.4 in respect of prior years' reserves (principally as a result of the strengthening of the U.S. dollar relative to the Argentine peso and Brazilian real) and increased by \$12.2 in respect of the current year's reserves (principally as a result of the strengthening of the euro and the South African rand relative to the U.S. dollar), representing a total decrease of \$27.2.

Run-off

The following table shows for the Run-off operations the provision for losses and LAE as originally and as currently estimated for the years 2016 through 2020. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Losses and LAE - Run-off

	2020	2019	2018	2017	2016
Provision for losses and LAE at January 1	1,771.4	3,244.3	2,635.5	3,026.3	3,474.1
Transfer to Run-off ⁽¹⁾		211.5			
Losses on claims and LAE					
For current accident year's claims ⁽²⁾	(2.3)	594.1	397.6	12.9	156.7
Increase for prior accident years' claims	132.6	150.5	208.4	112.5	79.5
Foreign exchange effect on claims	0.4	(1.4)	(39.8)	52.0	(45.1)
Total losses on claims and LAE	130.7	743.2	566.2	177.4	191.1
Payments for losses on claims and LAE					
Payments on current accident year's claims	2.2	(150.2)	(16.3)	—	(10.8)
Payments on prior accident years' claims	(284.2)	(563.3)	(470.4)	(568.2)	(628.1)
Total payments for losses on claims and LAE	(282.0)	(713.5)	(486.7)	(568.2)	(638.9)
Provision for losses and LAE at December 31 before the undernoted	1,620.1	3,485.5	2,715.0	2,635.5	3,026.3
Run-off subsidiaries acquired and reinsurance transactions during the year ⁽³⁾	—	12.8	529.3	—	—
Liabilities associated with assets held for sale ⁽⁴⁾	—	(1,726.9)	—	—	—
Provision for losses and LAE at December 31	1,620.1	1,771.4	3,244.3	2,635.5	3,026.3

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

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

(3) GMPCI Insurance Co. Ltd. (GMPCI) and Seaside Indemnity Alliance Company Ltd in 2019. Reinsurance transactions in 2018 comprised of the RiverStone (UK) acquisition transactions, the Advent reinsurance transaction, the Brit reinsurance transaction and the Other 2018 reinsurance transactions (collectively the "fourth quarter 2018 reinsurance transactions"). Refer to Runoff section of the MD&A in the 2019 Annual Report for details related to these transactions.

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

Run-off experienced net unfavourable development of prior years' reserves in 2020 of \$132.6, principally related to the continued deterioration of asbestos exposures (\$120.9).