



Fairfax Financial Holdings Limited

Annual Financial Supplement December 31, 2024

Readers of this Annual Financial Supplement are advised to read it in conjunction with Fairfax's Annual Report for the year ended December 31, 2024. This Annual Financial Supplement contains the supplementary financial information relating to the development of insurance liabilities, excluding the effects of discounting and risk adjustment, and illustrates the estimation uncertainty associated with these liabilities and provides a measure of the company's ability to estimate the ultimate value of claims. This measure does not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar financial measures presented by other issuers. Additional information about the company, including its annual information form, can be found on SEDAR+ at www.sedarplus.ca. Additional information can also be accessed from the company's website www.fairfax.ca.

Liability for Incurred Claims ("LIC") for Insurance Contracts

The liability for incurred claims for insurance contracts (often called "loss reserves" or "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 loss reserves, 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 liability for incurred claims for insurance contracts may consequently be 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 losses 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 adverse development (or deficiencies) means that the original reserve estimates were lower than subsequently indicated.

The company endeavours to establish an adequate liability for incurred claims for insurance contracts at the balance sheet date, with the objective of remaining prudently reserved during the expected claims settlement period. The reserves will always be subject to upward or downward experience adjustment in the future which could differ significantly from the past due to many unknown factors.

The tables that follow show calendar year claims reserve development, undiscounted and excluding the risk adjustment under *IFRS 17, Insurance Contracts*; in any year when there is a redundancy or reserve strengthening related to a prior year, the amount of the change in favourable (adverse) development reflected for that prior year is also reflected in the favourable (adverse) development for each year thereafter.

Loss reserve development in the *Calendar Year Claims Liabilities Development* tables that follow excludes the loss reserve development of a subsidiary in the year it is acquired. Throughout this document, the term "net" refers to net of asset for incurred claims for reinsurance contracts held. Development in the tables may differ from the net favourable (unfavourable) prior year reserve development, on an undiscounted basis, presented in the company's MD&A due to the effects of currency translation and IFRS 17 measurement differences.

North American Insurers

Northbridge

The following table shows for Northbridge the original insurance claims liabilities, undiscounted and excluding risk adjustment at each calendar year-end commencing in 2017, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves.

Northbridge Calendar Year Claims Liabilities Development

As at December 31	Calendar year							
	2017	2018	2019	2020	2021	2022	2023	2024
	<i>(In Cdn\$)</i>							
Insurance claims liabilities	1,956.8	1,996.6	2,095.6	2,308.5	2,682.3	3,075.9	3,378.4	3,648.2
Cumulative payments as of:								
One year later	414.4	444.8	446.1	429.1	496.9	664.0	745.3	
Two years later	655.7	681.7	688.4	688.4	836.6	1,060.5		
Three years later	833.1	860.1	889.3	935.9	1,126.3			
Four years later	965.4	1,005.9	1,073.8	1,157.4				
Five years later	1,061.9	1,122.6	1,227.4					
Six years later	1,135.7	1,222.1						
Seven years later	1,203.7							
Reserves re-estimated as of:								
One year later	1,828.1	1,901.9	2,042.8	2,270.9	2,645.2	2,970.4	3,307.5	
Two years later	1,733.3	1,849.4	2,027.6	2,225.6	2,532.9	2,926.6		
Three years later	1,693.3	1,842.6	1,989.2	2,157.6	2,493.6			
Four years later	1,693.2	1,801.1	1,950.6	2,126.1				
Five years later	1,654.5	1,786.9	1,938.1					
Six years later	1,641.7	1,779.3						
Seven years later	1,636.9							
Favourable development	319.9	217.3	157.5	182.4	188.7	149.3	70.9	
Reconciliation to the LIC								
Provision for outstanding losses and loss adjustment expenses as presented above								3,648.2
Effect of discounting								(361.3)
Risk adjustment for non-financial risk								224.5
Other ⁽¹⁾								(39.6)
Liability for incurred claims (PAA & GMM)								<u>3,471.8</u>
Less: Liability for incurred claims (GMM)								—
Liability for incurred claims (PAA)								<u><u>3,471.8</u></u>

(1) Includes settled losses payable, net of reinsurance, partially offset by funds withheld.

The net favourable prior year reserve development in 2024 of Cdn\$70.9 principally reflected net favourable emergence related to accident years 2021 to 2023 commercial property and auto lines as well as favourable development of accident years 2011 to 2014 marine lines.

Crum & Forster

The following table shows for Crum & Forster the original insurance claims liabilities, undiscounted and excluding risk adjustment at each calendar year-end commencing in 2017, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Crum & Forster Calendar Year Claims Liabilities Development

As at December 31	Calendar year							
	2017	2018	2019	2020	2021	2022	2023	2024
Insurance claims liabilities	2,588.8	2,564.0	2,621.2	2,834.6	2,880.1	3,403.2	4,075.1	4,764.9
Cumulative payments as of:								
One year later	905.0	901.7	885.9	921.1	1,051.6	1,290.5	1,467.7	
Two years later	1,473.3	1,451.0	1,445.1	1,619.7	1,781.6	2,054.4		
Three years later	1,849.6	1,841.0	1,927.9	2,226.4	2,304.0			
Four years later	2,119.7	2,174.2	2,366.6	2,638.1				
Five years later	2,327.1	2,468.2	2,652.4					
Six years later	2,556.9	2,674.4						
Seven years later	2,714.6							
Reserves re-estimated as of:	2,584.9	2,557.8	2,616.1	2,830.8	2,879.6	3,402.7	4,074.3	
One year later	2,567.0	2,579.8	2,740.6	2,952.9	3,019.2	3,585.0		
Two years later	2,617.0	2,734.0	2,854.1	3,171.9	3,201.4			
Three years later	2,769.7	2,811.6	3,033.2	3,384.3				
Four years later	2,812.4	2,950.3	3,202.5					
Five years later	2,929.0	3,105.4						
Six years later	3,064.0							
Seven years later								
Favourable (adverse) development	(475.2)	(541.4)	(581.3)	(549.7)	(321.3)	(181.8)	0.8	
Reconciliation to the LIC								
Provision for outstanding losses and loss adjustment expenses as presented above								4,764.9
Effect of discounting								(738.4)
Risk adjustment for non-financial risk								320.0
Other ⁽¹⁾								118.6
Liability for incurred claims (PAA & GMM)								4,465.1
Less: Liability for incurred claims (GMM)								—
Liability for incurred claims (PAA)								4,465.1

(1) Includes funds withheld partially offset by settled losses payable, net of reinsurance.

The net favourable prior year reserve development in 2024 of \$0.8 reflected net favourable loss emergence across e-risk, property and surety partially offset by net unfavourable development in excess casualty and liability package.

Zenith National

The following table shows for Zenith National the original insurance claims liabilities, undiscounted and excluding risk adjustment at each calendar year-end commencing in 2017, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Zenith National Calendar Year Claims Liabilities Development

As at December 31	Calendar year							
	2017	2018	2019	2020	2021	2022	2023	2024
Insurance claims liabilities	1,143.0	1,104.0	1,049.0	1,021.8	1,005.4	1,010.4	1,000.8	989.7
Cumulative payments as of:								
One year later	271.5	260.9	238.6	244.8	258.3	261.2	283.5	
Two years later	414.8	389.9	377.1	387.6	406.0	429.4		
Three years later	490.2	471.6	467.7	478.8	519.2			
Four years later	539.6	527.6	527.5	545.7				
Five years later	581.6	568.7	574.5					
Six years later	614.6	599.3						
Seven years later	638.8							
Reserves re-estimated as of:								
One year later	1,060.2	1,023.6	981.2	956.5	967.7	963.5	963.1	
Two years later	1,009.3	972.7	947.2	935.8	942.9	938.8		
Three years later	967.6	943.0	925.8	907.5	925.3			
Four years later	946.0	919.7	891.7	883.4				
Five years later	929.4	885.7	857.9					
Six years later	899.8	849.6						
Seven years later	865.5							
Favourable development	277.5	254.4	191.1	138.4	80.1	71.6	37.7	
Reconciliation to the LIC								
Provision for outstanding losses and loss adjustment expenses as presented above								989.7
Effect of discounting								(242.7)
Risk adjustment for non-financial risk								36.7
Other ⁽¹⁾								20.9
Liability for incurred claims (PAA & GMM)								<u>804.6</u>
Less: Liability for incurred claims (GMM)								—
Liability for incurred claims (PAA)								<u><u>804.6</u></u>

(1) Includes policyholder dividends and funds withheld partially offset by settled losses payable, net of reinsurance.

Zenith National experienced net favourable prior year reserve development of \$37.7 in 2024 primarily related to net favourable loss development trends in workers' compensation related to accident years 2023, 2022 and 2016 & prior partially offset by unfavorable development in agribusiness.

Global Insurers and Reinsurers

Allied World

The following table shows for Allied World the original insurance claims liabilities, undiscounted and excluding risk adjustment at each calendar year-end commencing in 2017, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Allied World Calendar Year Claims Liabilities Development

As at December 31	Calendar year							
	2017	2018	2019	2020	2021	2022	2023	2024
Insurance claims liabilities	5,563.5	5,276.8	5,035.5	5,244.3	6,010.1	7,002.9	7,685.2	8,457.6
Cumulative payments as of:								
One year later	1,640.4	1,614.9	1,442.8	1,368.5	1,562.9	2,107.1	2,117.7	
Two years later	2,727.1	2,613.7	2,313.0	2,496.5	3,033.9	3,715.0		
Three years later	3,480.4	3,250.0	3,159.6	3,586.7	4,266.9			
Four years later	3,940.1	3,868.7	3,978.0	4,474.0				
Five years later	4,372.3	4,450.7	4,627.0					
Six years later	4,770.1	4,932.5						
Seven years later	5,095.3							
Reserves re-estimated as of:								
One year later	5,449.4	5,284.5	5,072.6	5,229.7	5,958.6	7,012.2	7,565.8	
Two years later	5,433.1	5,277.3	5,030.5	5,364.2	6,208.5	7,141.2		
Three years later	5,417.6	5,262.9	5,149.7	5,624.0	6,507.6			
Four years later	5,437.5	5,348.0	5,431.2	5,987.4				
Five years later	5,503.9	5,611.5	5,729.5					
Six years later	5,672.7	5,852.7						
Seven years later	5,835.1							
Favourable (adverse) development	(271.6)	(575.9)	(694.0)	(743.1)	(497.5)	(138.3)	119.4	
Reconciliation to the LIC								
Provision for outstanding losses and loss adjustment expenses as presented above								8,457.6
Effect of discounting								(1,539.1)
Risk adjustment for non-financial risk								653.5
Other ⁽¹⁾								268.5
Liability for incurred claims (PAA & GMM)								<u>7,840.5</u>
Less: Liability for incurred claims (GMM)								—
Liability for incurred claims (PAA)								<u><u>7,840.5</u></u>

(1) Includes funds withheld and reinstatement premiums payable partially offset by settled losses payable, net of reinsurance.

The net favourable prior year reserve development in 2024 of \$119.4 principally reflected net favourable reserve development of \$21.3 and net favourable foreign currency movements of \$98.1 related to favourable foreign currency movements of non-U.S. dollar-denominated claims reserves. Excluding the effects of foreign currency movements, the net favourable prior year reserve development in 2024 of \$21.3 reflected net favourable emergence related to Global Markets Insurance professional lines, property and general casualty, Reinsurance professional lines and North America Insurance directors & officers and environmental partially offset by net unfavourable loss emergence related to North America Insurance excess casualty and programs business primarily in the 2019 & prior accident years.

Odyssey Group

The following table shows for Odyssey Group the original insurance claims liabilities, undiscounted and excluding risk adjustment at each calendar year-end commencing in 2017, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Odyssey Group Calendar Year Claims Liabilities Development

As at December 31	Calendar year							
	2017	2018	2019	2020	2021	2022	2023	2024
Insurance claims liabilities	4,478.7	4,706.9	5,104.5	5,686.5	6,525.4	7,680.9	8,830.7	9,090.0
Cumulative payments as of:								
One year later	1,021.1	1,247.8	1,371.7	1,378.1	1,749.7	2,071.5	2,428.8	
Two years later	1,591.4	1,913.1	2,077.9	2,270.0	2,840.2	3,420.0		
Three years later	1,980.6	2,315.8	2,668.4	2,960.9	3,669.2			
Four years later	2,242.8	2,692.2	3,106.5	3,481.5				
Five years later	2,477.0	2,964.8	3,412.7					
Six years later	2,641.0	3,156.0						
Seven years later	2,765.7							
Reserves re-estimated as of:								
One year later	4,153.7	4,506.0	4,912.5	5,537.8	6,494.1	7,645.5	8,557.6	
Two years later	4,012.4	4,362.7	4,800.2	5,521.1	6,520.7	7,470.3		
Three years later	3,860.4	4,286.2	4,872.4	5,581.2	6,467.2			
Four years later	3,781.8	4,339.3	4,930.0	5,557.8				
Five years later	3,809.0	4,376.2	4,908.1					
Six years later	3,813.8	4,336.4						
Seven years later	3,770.5							
Favourable development	708.2	370.5	196.4	128.7	58.2	210.6	273.1	
Reconciliation to the LIC								
Provision for outstanding losses and loss adjustment expenses as presented above								9,090.0
Effect of discounting								(1,391.6)
Risk adjustment for non-financial risk								748.3
Other ⁽¹⁾								(240.7)
Liability for incurred claims (PAA & GMM)								<u>8,206.0</u>
Less: Liability for incurred claims (GMM)								—
Liability for incurred claims (PAA)								<u><u>8,206.0</u></u>

(1) Primarily includes settled losses payable, net of reinsurance, investment component, reinstatement premiums payable partially offset by funds withheld.

Odyssey Group experienced net favourable prior year reserve development of \$273.1 in 2024, attributable to net favourable loss emergence related to insurance casualty, reinsurance property catastrophe and accident and health business, partially offset by net unfavourable development in U.S. insurance construction liability business.

Brit

The following table shows for Brit the original insurance claims liabilities, undiscounted and excluding risk adjustment at each calendar year-end commencing in 2017, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Brit Calendar Year Claims Liabilities Development

As at December 31	Calendar year							
	2017	2018	2019	2020	2021	2022	2023	2024
Insurance claims liabilities	3,019.9	2,910.6	2,983.4	3,308.0	3,255.3	4,018.7	4,611.0	5,023.1
Cumulative payments as of:								
One year later	780.1	752.1	723.1	774.2	876.9	1,004.8	964.9	
Two years later	1,156.9	1,258.6	1,200.1	1,373.2	1,440.7	1,723.8		
Three years later	1,473.9	1,583.7	1,599.4	1,723.3	1,919.1			
Four years later	1,663.5	1,847.4	1,806.2	2,054.7				
Five years later	1,830.0	1,929.2	2,042.5					
Six years later	1,847.3	2,082.1						
Seven years later	1,947.6							
Reserves re-estimated as of:								
One year later	2,721.0	2,874.0	2,963.3	3,236.8	3,287.6	4,007.8	4,583.2	
Two years later	2,676.7	2,940.0	2,946.2	3,198.0	3,284.5	3,995.8		
Three years later	2,657.7	2,934.3	2,898.1	3,110.0	3,294.5			
Four years later	2,615.1	2,866.3	2,811.9	3,130.0				
Five years later	2,622.2	2,755.7	2,841.9					
Six years later	2,529.8	2,765.7						
Seven years later	2,529.8							
Favourable (adverse) development	490.1	144.9	141.5	178.0	(39.2)	22.9	27.8	
Reconciliation to the LIC								
Provision for outstanding losses and loss adjustment expenses as presented above								5,023.1
Effect of discounting								(791.3)
Risk adjustment for non-financial risk								267.9
Other ⁽¹⁾								88.0
Liability for incurred claims (PAA & GMM)								<u>4,587.7</u>
Less: Liability for incurred claims (GMM)								872.1
Liability for incurred claims (PAA)								<u><u>3,715.6</u></u>

(1) Primarily includes reclassification of certain retrospective contracts to ARC partially offset by reinstatement premiums payable and settled losses payable, net of reinsurance.

The net favourable prior year reserve development of \$27.8 in 2024 was principally related to property (terrorism and property facilities) and specialty (hull and marine liability) lines of business partially offset by strengthening by unfavourable development in UK property, professional lines and casualty treaty.

International Insurers and Reinsurers

The following table shows for the International Insurers and Reinsurers the original insurance claims liabilities, undiscounted and excluding risk adjustment at each calendar year-end commencing in 2017, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

International Insurers and Reinsurers Calendar Year Claims Liabilities Development

As at December 31	Calendar Year							
	2017	2018	2019	2020	2021	2022	2023	2024
Insurance claims liabilities	931.3	939.2	1,030.7	1,121.4	1,400.2	1,639.1	2,228.9	2,728.4
Cumulative payments as of:								
One year later	230.4	219.3	252.8	441.8	319.5	408.3	602.8	
Two years later	307.3	308.7	504.0	569.4	479.4	721.3		
Three years later	339.2	496.5	574.4	629.8	651.8			
Four years later	500.8	544.1	602.5	694.8				
Five years later	530.8	554.8	639.7					
Six years later	537.3	577.3						
Seven years later	549.9							
Reserves re-estimated as of:								
One year later	786.8	803.8	899.7	1,153.0	1,218.8	1,533.3	2,080.6	
Two years later	688.7	721.6	960.5	1,111.6	1,189.1	1,553.2		
Three years later	645.6	811.1	937.1	1,081.9	1,210.2			
Four years later	740.4	802.8	928.1	1,060.6				
Five years later	741.0	801.9	901.0					
Six years later	747.5	790.8						
Seven years later	740.2							
Favourable development	191.1	148.4	129.7	60.8	190.0	85.9	148.3	
Reconciliation to the LIC								
Provision for outstanding losses and loss adjustment expenses as presented above								2,728.4
Effect of discounting								(203.5)
Risk adjustment for non-financial risk								182.4
Other ⁽¹⁾								(941.1)
Liability for incurred claims (PAA & GMM)								<u>1,766.2</u>
Less: Liability for incurred claims (GMM)								<u>4.7</u>
Liability for incurred claims (PAA)								<u><u>1,761.5</u></u>

(1) Primarily includes settled losses payable, net of reinsurance, funds withheld, and investment component.

The net favourable prior year reserve development in 2023 \$148.3 was comprised of net favourable prior year reserve development reflects favourable loss emergence across most segments, primarily at Fairfax Asia, Fairfax Latam, Group Re, Bryte, Gulf Insurance and Colonnade Insurance.