

The insurance policy document provides a comprehensive overview of Fairfax Financial Holdings Limited's financial performance, strategic investments, and operational structure as of 2024. Fairfax reported a 14.5% growth in book value, with stock prices exceeding Cdn\$2,000, reflecting a 64% increase in share value for the year. The company achieved record underwriting profits of \$1.8 billion on gross premiums of \$33 billion, alongside record interest and dividend income of \$2.5 billion, resulting in net earnings of \$3.9 billion or \$161 per share. Since its inception in 1985, Fairfax has compounded its book value per share at 18.7% annually, with a decentralized management structure that promotes ownership, accountability, and flexibility among its CEOs. This approach has led to exceptional management retention and adaptability to market changes, particularly in the evolving cyber insurance landscape. The company emphasizes disciplined underwriting practices, achieving a consolidated combined ratio of 93% despite incurring \$1.1 billion in catastrophe losses. The acquisition of Gulf Insurance Group contributed to a 13% increase in gross premiums, while Northbridge and Allied World reported the lowest combined ratios at 89%.

In 2024, Fairfax issued its first 30-year bonds in 27 years to refinance maturing bonds and redeem preferred shares, while also increasing its ownership in Brit to 100%. The company received positive ratings upgrades from Standard & Poor's and maintained a favorable outlook from other agencies. The document highlights the impact of IFRS 17 on financial reporting, showcasing a pre-tax benefit from discounting and risk adjustments. Fairfax's global insurance operations reported gross premiums written of \$33.9 billion, with an investment portfolio valued at \$70.2 billion, positioning the company among the top 20 property and casualty insurers worldwide. The decentralized model, with over 250 profit centers, allows for a focus on specific customer needs and markets, promoting long-term performance.

The document also details significant investments, including the acquisition of 100% of Sleep Country for Cdn\$881 million and an increase in stake in Peak Achievement to 100% for \$326 million. Fairfax's investment strategy remains focused on long-term growth, with a diverse portfolio

that includes both consolidated and equity-accounted investments. The company reported a 32% increase in interest and dividend income, attributed to higher interest rates, with a yield on the fixed-income portfolio rising to 5.2%. The document emphasizes the importance of the "float" generated by insurance operations, which has significantly increased since 1985, reflecting a compound growth rate in gross premiums and float per share.

In terms of non-insurance operations, the document highlights various companies under Fairfax, including Grivalia Hospitality, which is committed to success under new leadership, and the Sporting Life Group, which achieved record revenues. The document also notes leadership transitions and the company's commitment to employee ownership through stock options and a share purchase plan. Fairfax Digital is advancing in developing digital solutions, including a Gen AI platform for travel insurance, while the company remains committed to ESG initiatives.

Overall, the document reflects Fairfax's strong financial health, operational success, and strategic management decisions, positioning the company favorably for future growth while maintaining its core decentralized philosophy. The emphasis on charitable giving, with 1% of insurance companies' revenue allocated to the Fairfax foundations, and the publication of the 2024 Charitable Giving Report, further underscores the company's commitment to social responsibility.