COMMONWEALTH OF MASSACHUSETTS

OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

DIVISION OF INSURANCE

REPORT OF EXAMINATION OF THE

NORFOLK & DEDHAM MUTUAL FIRE INSURANCE COMPANY

Dedham, Massachusetts

As of December 31, 2024

NAIC GROUP CODE 0144

NAIC COMPANY CODE 23965

EMPLOYER ID NUMBER 04-1675920

NORFOLK AND DEDHAM MUTUAL FIRE INSURANCE COMPANY

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COMMONWEALTH OF MASSACHUSETTS
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MAURA T. HEALEY
GOVERNOR

KIM DRISCOLL
LIEUTENANT GOVERNOR

MICHAEL T. CALJOUW
COMMISSIONER OF INSURANCE

April 8, 2026

The Honorable Michael T. Caljouw
Commissioner of Insurance
Commonwealth of Massachusetts
Division of Insurance
One Federal Street, Suite 700
Boston, MA 02110

Honorable Commissioner:

Pursuant to your instructions and in accordance with Massachusetts General Laws, Chapter 175, Section 4, an examination has been made of the financial condition and affairs of

NORFOLK & DEDHAM MUTUAL FIRE INSURANCE COMPANY

at its home office located at 222 Ames Street, Dedham, MA 02026-1850. The following report thereon is respectfully submitted.

SCOPE OF EXAMINATION

The Norfolk & Dedham Mutual Fire Insurance Company ("Company" or "ND") was last examined as of December 31, 2019, by the Massachusetts Division of Insurance ("Division"). The current examination was also conducted by the Division and covers the five-year period from January 1, 2020, through December 31, 2024, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

Concurrent with this examination, the following insurance affiliates in the Norfolk & Dedham Group ("Group") were also examined and separate Reports of Examination have been issued:

Dorchester Mutual Insurance Company ("DM")
Fitchburg Mutual Insurance Company ("FM")

Collectively, ND, DM and FM are the "Mutuals". The examination was conducted in accordance with standards and procedures established by the National Association of Insurance Commissioners ("NAIC") Financial Condition (E) Committee and prescribed by the current NAIC *Financial Condition Examiners Handbook,* the examination standards of the Division and with Massachusetts General Laws. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying, and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the Massachusetts General Laws, Chapter 175, Section 4, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

The Company is audited annually by Marcum, LLP, an independent certified public accounting firm. The firm expressed unqualified opinions on the Company's financial statements for the calendar years 2020 through 2023. In 2024, Marcum, LLP was acquired by CBIZ CPA P.C. ("CBIZ"), an independent certified public accounting firm. CBIZ expressed an unqualified opinion on the Company's financial statement for 2024. A review and use of the Certified Public Accountants' work papers were made to the extent deemed appropriate and effective.

The INS Companies ("INS") was engaged by the Division to assist in the examination by performing certain examination procedures at the direction of and under the overall management of the Division's examination staff. The assistance included a review of accounting records, information systems, investments and actuarially determined loss and loss adjustment expense reserves, as well as other significant actuarial estimates.

SUMMARY OF SIGNIFICANT FINDINGS OF FACT

There were no significant findings during the previous examination and there are no significant findings related to the current examination.

COMPANY HISTORY

The Company was incorporated on February 12, 1825, under the laws of the Commonwealth of Massachusetts, as Norfolk Mutual Fire Insurance Company and commenced business on July 1, 1825. Norfolk Mutual Fire Insurance Company merged with Dedham Mutual Fire Insurance Company on April 15, 1937, and consolidated into one corporation by the Name of Norfolk & Dedham Mutual Fire Insurance Company.

Effective August 6, 1953, the Company assumed the management of the affairs and business of the West Newbury Mutual Fire Insurance Company ("West Newbury"). In 1982, the Company capitalized the Newbury Corporation ("NC"), which was incorporated under Massachusetts's laws on July 14, 1967. Effective January 1, 1995, DM and the Groveland Mutual Insurance Company became affiliated with the Company. On October 20, 1999, the Company sold 100 shares of NC to West Newbury and 100 shares to DM.

Effective June 14, 2001, FM became affiliated with the Company. On August 1, 2001, the Company sold 100 shares of NC to FM, leaving it with a 97% interest.

Charles River Insurance Company, ("CR") a Vermont domiciled captive insurance company, was incorporated on July 15, 2002. The Group owns 100% of the captive. ND owns 4,500 shares of the common stock of CR, representing 45% interest, DM owns 2,500 shares, or 25%, and FM owns 3,000 shares, or 30%.

Effective December 23, 2003, West Newbury merged into DM and on November 29, 2004, the Groveland Mutual Insurance Company was dissolved.

In March of 2009, DM acquired an additional 1,406 shares of NC and FM acquired 2,247 shares, as authorized by their respective Board of Directors ("Board").

As of January 1, 2010, the Group formed an alliance with Rockingham Mutual Insurance Company ("Rockingham") and Rockingham Casualty Company ("Rockingham Casualty"), both Virginia domiciled companies. As part of the alliance, Rockingham entered into an inter-company pooling agreement, management services agreement and a Class "A" shareholder's agreement. Effective December 31, 2010, the alliance was terminated, and all agreements were cancelled. Subsequently, the ownership of NC changed to 68% to ND, 19% to FM and 13% to DM.

On October 17, 2017, NDG I, LLC ("NDG I"), was formed as a limited liability corporation. The Group contributed cash in exchange for membership interest in the Corporation. Units held by the mutual insurance companies and their respective ownership interests were as follows: ND 650 Units, or 65%, DM 140 Units, or 14% and FM 210 Units, or 21%.

Effective November 5, 2024, the Mutuals became affiliated with Union Mutual Fire Insurance Company ("UM"), a property and casualty insurer based in Vermont.

Dividends to Policyholders

The Company did not pay any dividends to policyholders during the examination period.

Shareholder Dividends

ND owns 4,500 shares of CR. The Company received shareholder dividends from CR, its subsidiary, during the examination period. CR declared dividends per common share of $40, $50, $200, $240, and $0 in 2024, 2023, 2022, 2021, and 2020, respectively, which were pre-approved by the Vermont Department of Banking, Insurance, Securities and Health Care Administration. Dividends received from CR during the examination period were declared in the prior year and paid to ND in January of each year as follows:

Shareholder Dividends Received from CR				
2024	2023	2022	2021	2020
$225,000	$900,000	$1,080,000	$0	$540,000

MANAGEMENT AND CONTROL

Board of Directors Minutes

The minutes of meetings of the Board and its Committees for the period under examination were reviewed, and they indicated that all meetings were held in accordance with the Company's bylaws and the laws of the Commonwealth of Massachusetts. Activities of the Committees were ratified by the Board.

Articles of Organization and Bylaws

The bylaws and articles of organization and amendments thereto were reviewed. The Company's bylaws were amended on March 9, 2016, which "delineated the authority and responsibilities of the Chief Financial Officer position". On March 14, 2018, the bylaws were amended again to read that "the President shall be the Chief Executive Officer of the Company. The President, or in his absence the Chairman, shall preside at all meetings of the members. The Chairman or in his absence, the Lead Director or if both are unavailable, the President shall preside at all meetings of the Board of Directors. The President, Treasurer or Chief Financial Officer, with the approval of the Board of Directors, shall be authorized to obtain a loan or loans in the name of the Company." Additionally, "the directors shall be divided into no more than four classes. The term of office of the directors of one class only shall expire in each year and their successors shall be chosen by ballot at the annual meeting of the members for a term of one year or a term of three years or until their successors are elected and qualified." The bylaws were further amended on March 11, 2020, which set the Annual Meeting of the Board of Directors to be held following the Annual Meeting of the members and allowed the Board to elect a Chair who shall preside at the meetings of the Board. In addition, Article V, Section 5 was amended to state "The Secretary, or in his/her absence, the Assistant Secretary, or in the absence of both, a Recording Secretary designated by the person presiding at the meeting shall record the proceedings at all meetings of the members and of the Board of Directors and their committees." The section was further amended to state the Secretary shall "perform all other duties pertaining to the office required by the laws of the Commonwealth of Massachusetts. He / She shall keep such records, books, papers and other documents, as are required by law to be kept in the office of the Secretary open to the inspection of the Directors". Article V, Section 6 was amended to include the Treasurer having the ability to report on the financial affairs of the Company if the Chief Financial Officer is not available. Article VI, Section 1 was amended to include the Chief Investment Officer, Chief Financial Officer, and/or Treasurer ability to act on behalf of the Company regarding the purchase and sale of securities.

The Company complied with Massachusetts General Laws ("M.G.L."), Chapter 175, Section 46B by filing these bylaws with the Division. The articles of organization were not amended during the examination period.

<u>Board of Directors</u>

The bylaws of the Company provide that the directors may exercise all powers of the Company except as otherwise provided by law or the bylaws of the Company. The Board shall consist of not less than seven directors and shall be fixed at the Annual Meeting or a special meeting called for that purpose. The Board is divided into no more than four classes of directors. The term of office for one class will expire each year. Directors shall be elected at the Annual Meeting of the members and shall serve for one or three years or until their successors are elected and qualified.

As of December 31, 2024, the Company's Board consisted of the following directors:

Name of Director	Title
Joel Patrick Murray	Board Chair, President & CEO Norfolk & Dedham Mutual Fire Insurance Company
Scott F. Boardman	Independent Director
Charles C. Chamness	Independent Director
Maryellen J. Coggins	Independent Director
Kathleen H. Davis	Independent Director
Barbara Finigan Fitzgerald	Independent Director
Lisa L. Keysar	Independent Director President Union Mutual Fire Insurance Company

Name of Director	Title
Robert D. Miller	Independent Director
Glenn E. Niinimaki	Independent Director Insurance Agent Choice Insurance Group
John J. O'Neil, III	Independent Director Managing Partner National Development
Gregory L. Petrini	Independent Director Chief Executive Officer Petrini Corporation
Lori J. Shaver	Independent Director Self-employed Management Consultant
John J. Zona	Independent Director Chief Investment Officer Boston College

* Mr. James F. Gerrity retired from all Boards and Committees effective March 10, 2020.
* Mr. Joseph A. Giovino retired from all Boards and Committees effective March 10, 2021.
* Mr. Stephen A. Fine retired from all Boards and Committees effective March 8, 2023.
* Mr. F. Timothy Hegarty, Jr., retired from all Boards and Committees effective March 8, 2023.
* Mr. Michael J. Shea retired from all Boards and Committees effective March 13, 2024.

Officers

Officers of the Company as of December 31, 2024, were as follows:

Name of Officer	Title
Joel Patrick Murray	President, Chief Executive Officer
Alex P. Butensky	Senior Vice President, Chief Financial Officer, and Treasurer
Michele C. Sears	General Counsel and Corporate Secretary
Erin M. Cummings	Senior Vice President, Chief Information Officer, Chief Operations Officer, and Assistant Corporate Secretary

Affiliated Companies

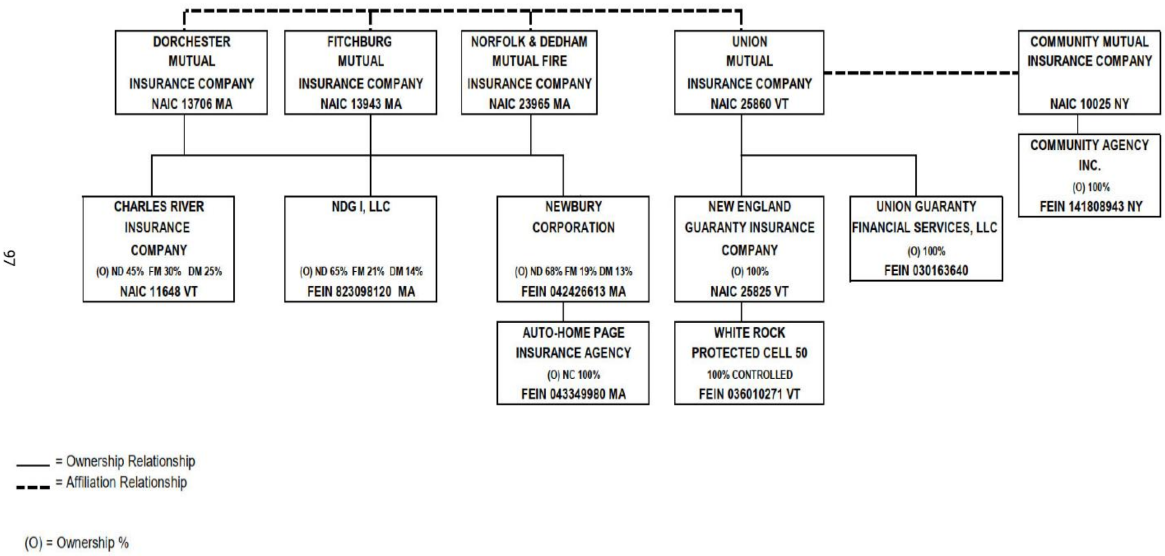
As stated in the Insurance Holding Company System Form B as filed with the Division, the Company is a member of a holding company system and is subject to the registration requirements of M.G.L. 175, Section 206C and 211 CMR 7.00.

Effective November 5, 2024, The N&D Group affiliated with UM. The affiliation was approved by the Division and the Vermont Department of Financial Regulation on October 30, 2024, and September 25, 2024, respectively. All insurance companies in the affiliated group, known as N&D

Union Mutual Insurance Group, have the same set of Board members and will begin pooling underwriting transactions effective January 1, 2025.

Organization Chart

A summary of ownership and relationship of the Company and its affiliated companies as of December 31, 2024, is illustrated below:



Transactions and Agreements with Subsidiaries and Affiliates

First Amended Management and Servicing Agreement

The Company is under common management of NC, a Massachusetts management company, with DM and FM, known collectively as The N&D Group. The N&D Group have an expense sharing agreement with NC, whereby the insurance operation expenses are allocated from NC to The N&D Group based on the Pooling Agreement allocation percentages.

NC provides managerial, technical, and clerical services to the Company, including the administration and management of all contracts and policies of insurance written by each of The N&D Group's companies, as well as management of The N&D Group's invested assets. The First Amended Management and Servicing Agreement with NC also provides for an annual service fee, paid in quarterly installments, based on the net written premiums of the Group. The Company has no direct employees, and NC sponsors all employee benefit and retirement plans.

On December 28, 2023, the Division did not disapprove of the first amendment to the Management and Servicing Agreement effective January 1, 2022 [fee change] and May 18, 2022 [other changes], conditional on there being no subsequent material changes to the proposed transaction. NC receives an annual fee of $100,000 with an annual increase of $3,000 per year, of which each mutual assumes responsibility for the same proportion as each mutuals' surplus bears as to the policyholders' surplus of the Group companies. Each of the N&D Group companies pay their pooling percentage of the Management Fee, (ND 66%, DM 14% and FM 20%). Each of the companies also assume their pooling percentage of the Newbury expenses.

Master Affiliation Agreement

Under the Master Affiliation Agreement, starting January 1, 2025, UM began combining its business and underwriting results with the Mutuals. This pooled business also includes NEG and another affiliated company, Community Mutual Insurance Company, based in New York. Starting on January 1, 2026, UM employees will become employees of NC, which will take over daily operations of UM and NEG under a management agreement.

Pooling Agreement

The three Mutuals participate in an intercompany reinsurance pool, which covers all insurance activity – premiums, losses, loss adjustment expenses, commissions, and underwriting expenses. ND is the lead company in the intercompany reinsurance pool. DM and FM cede 100% of their business to ND, and ND retains 66% of the combined underwriting results and cedes 20% to FM and 14% to DM.

Charles River Insurance Company

The three Mutuals share ownership of CR, a captive insurer domiciled in Vermont. ND owns 45% of CR, FM owns 30% of CR, and DM owns 25% of CR; and all three Mutuals cede business to CR.

Effective January 1, 2024 – December 31, 2024, The N&D Group maintained a $1.5 million excess $0.5 million contract with CR for personal and commercial property. Additionally, the N&D Group maintained a $0.5 million excess $2.0 million contract with CR for personal and commercial property, covering 75% of the layer.

Effective January 1, 2023 – December 31, 2023, The N&D Group maintained an excess of loss contract with CR of $10 million excess of a 71.5% incurred-to-earned loss ratio. This contract was discontinued January 1, 2024.

Effective July 1, 2023 – June 30, 2024 and July 1, 2024 – June 30, 2025, The N&D Group maintained a $5 million excess $695 million property catastrophe contract with CR.

Newbury Corporation

The three Mutuals share ownership of NC. As of December 31, 2024, ND owns 8,400 shares of NC's common stock, representing a 68% interest; DM owns 1,606 shares of NC's common stock, representing a 13% interest; and FM owns 2,347 shares of NC's common stock, representing a 19% interest.

NDG I, LLC

The three Mutuals share ownership of NDG I, a Massachusetts limited liability company, which was formed in 2017 with a primary focus to invest in investment grade fixed income securities. ND owns 65% of NDG I; FM owns 21% of NDG I, and DM owns 14% of NDG I.

Schedule BA – Part 1 as of December 31, 2024
Non-Registered Private Funds with Underlying Assets Having Characteristics of Bonds, NAIC Designation Not Assigned by the Securities Valuation Office (SVO), Affiliated

Owner	Name of Vendor or General Partner	Book / Adjusted Carrying Value Less Encumbrances	Percentage of Ownership
Norfolk & Dedham Mutual Fire Ins Co	NDG I, LLC	$66,032,169	65%
Fitchburg Mutual Ins Co	NDG I, LLC	$21,333,470	21%
Dorchester Mutual Ins Co	NDG I, LLC	$14,222,313	14%

TERRITORY AND PLAN OF OPERATION

The Company is currently licensed to write various property and casualty lines of business in Arkansas, Connecticut, Massachusetts, Missouri, New Hampshire, New Jersey, New York, Pennsylvania, and Rhode Island. The Company's principal lines of business are homeowners' multiple peril, commercial multiple peril, farm owners' multiple peril, private passenger and commercial auto and workers' compensation insurance. Additionally, the Company is surplus lines eligible in 35 states, but as of year-end 2024, the Group had not yet written any excess and surplus lines business. The Company reported $313,578,048 of direct premium written in 2024, with $296,435,019 or 94.5% was written in Massachusetts, as disclosed in the 2024 Schedule T. All direct premiums, net of third-party reinsurance, are ceded to the inter-company reinsurance pool, and a percentage of the total post-pooled business is assumed by the Company.

Treatment of Policyholders – Market Conduct

Within the past five years, the Commonwealth of Massachusetts called one statutorily required comprehensive market conduct examination for calendar year 2024. The market conduct examination is currently in progress.

REINSURANCE

Pooling Agreement

The Company participates in an inter-company reinsurance pooling agreement with DM and FM. Under the terms of the agreement, each participating company cedes 100% of its business to ND and assumed the agreed upon percentage of the entire pool. As of December 31, 2024, the pooling percentages were ND 66%, FM 20%, and DM 14%.

Ceded Reinsurance

The Company may reinsure risks prior to pooling, and as a member of the Group, the Company participates as a named insured in the reinsurance program managed and administered by the Group. Each treaty/contract reviewed contained an insolvency clause in accordance with M.G.L. Chapter 175, Section 20A.

The N&D Group continues to increase the purchase of its CAT reinsurance limits to reflect exposure changes associated with the growth of its writings. Currently, the CAT reinsurance program consists of eight layers totaling $810 million above a $30 million retention, with co-participations and over-placements throughout the program. Coverage is placed to preserve its all-perils 1-in-200-year event exhaustion point per the Verisk catastrophe model. To avoid unexpectedly high credit risk, placements among reinsurers are made with due consideration of their creditworthiness, which is regularly monitored.

The N&D Group continues to apply CAT mitigation techniques, such as its MA named storm deductibles, limits on business interruption coverage where appropriate, and internal and external risk concentration management tools. In response to the large rate increase at July 1, 2023, The N&D Group researched actions to reduce its coastal property footprint and mitigate catastrophe risk. In Q4 2023, The N&D Group implemented new business restrictions in MA that limit the number of new coastal properties that it writes. Additionally, they re-underwrote approximately 1,000 policies that have outsized risk-to-premium ratios.

The N&D Group's CAT Reinsurance program effective July 1, 2023 – June 30, 2024, provided coverage of $740 million excess $30 million retention in various layers. The N&D Group ceded 30.4% of the $15 million excess $15 million layer as it shifted from a $15 million retention to the $30 million retention. Additionally, the N&D Group had a 2.5% over placement on the fourth layer, $200 million excess $395 million. All other layers were fully ceded. The N&D Group's CAT reinsurance program effective July 1, 2024 – June 30, 2025 provided coverage of $810 million excess $30 million retention in various layers. The N&D Group ceded 1.0% of the $15 million excess $15 million layer from multiyear contracts still in effect. Additionally, the N&D Group had a 1.2% over placement on the third layer, $250 million excess $120 million, and a 0.4% co-participation on the fourth layer, $225 million excess $370 million. All other layers were fully ceded. The majority of the coverage provided in both the July 1, 2023 contract and the July 1, 2024 contract is provided by a variety of external domestic and international carriers. Both contracts included 1 automatic reinstatement.

Effective January 1, 2024 – December 31, 2024, for property and casualty risks (including workers' compensation), a multi-line contract with coverage of $7.5 million excess $2.5 million was established. An underlying multi-line contract provided coverage of $0.5 million excess $2.5 million, with only 25% placed. For personal and commercial property risks, a treaty contract provided coverage for $10 million excess $10 million. An automatic facultative contract provided additional coverage of $30 million excess $20 million. The N&D Group also maintained casualty clash and workers' compensation coverage of $20 million excess $10 million, split into two $10 million layers. The N&D Group maintained coverage of $5 million excess $20 million for workers' compensation per-person coverage with no maximum any one loss, with 92.5% of the layer placed. Additionally, a separate contract provided coverage of $10 million excess $10 million for workers' compensation for Nuclear, Biological, Chemical, or Radiological Weapons ("NBCR") exposure.

Effective August 21, 2023 – August 20, 2024, a facultative treaty with coverage of $60 million excess $30 million was maintained for workers' compensation terrorism exposure including NBCR. Coverage was also purchased for the period August 21, 2024 – August 20, 2025.

Personal and commercial umbrella are protected by a variable quota share agreement with Gen Re. The quota share percentage varies by policy limit and is designed so that The N&D Group's maximum retention for any policy is $0.85 million.

Assumed Reinsurance

The Company is also required to participate in certain underwriting pools and is assessed by insurance insolvency guaranty funds of various states to cover obligations of insolvent insurers. The Company participates in pools and associations such as the Commonwealth Automobile Reinsurers, National Workers' Compensation Reinsurance Pool and Associated Inland Marine.

The N&D Group had an Assumed Reinsurance Program ("ARP") during the examination period, to diversify its net writings, which started in 2010. Effective January 1, 2022, The N&D Group exited ARP, and it is currently in run off.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements prepared by management and filed by the Company with the Division and present the financial condition of the Company for the period ending December 31, 2024. The financial statements are the responsibility of Company management.

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2024

Statement of Income as of December 31, 2024

Reconciliation of Capital and Surplus for Each Year in the Five-Year Period Ended December 31, 2024

Statement of Assets, Liabilities, Surplus and Other Funds
As of December 31, 2024

Assets	Per Annual Statement
Bonds	$ 245,893,368
Common stocks	151,086,908
Properties occupied by the Company	23,424,975
Cash and short-term investments	31,718,175
Other Invested assets	96,641,941
Receivable for securities	221,305
Subtotals, cash and invested assets	548,986,672
Investment income due and accrued	2,124,550
Premiums and considerations:	
Uncollected premiums and agents' balances	10,766,218
Deferred premiums, agents' balances and installments	72,019,575
Reinsurance:	
Amounts recoverable from reinsurers	5,636,736
Funds held by or deposited with reinsured companies	1,072,404
Other amounts receivable under reinsurance contracts	1,463,418
Current federal and foreign income tax recoverable and interest thereon	588,902
Receivables from parent, subsidiaries and affiliates	1,190,412
Aggregate write-ins for other than invested assets	604,107
Total Assets	$ 644,452,994

Statement of Assets, Liabilities, Surplus and Other Funds (continued)
As of December 31, 2024

Liabilties	Per Annual Statement
Losses	$ 105,362,601
Reinsurance payable on paid losses and loss adjustment expenses	2,662,153
Loss adjustment expenses	26,161,097
Commissions payable, contingent commissions and other similar charges	14,190,593
Other expenses	1,099,157
Taxes, licenses and fees	537,000
Current federal and foreign income taxes	-
Net deferred tax liability	4,846,020
Borrowed money	10,527,211
Unearned premiums	147,087,331
Advance premium	5,057,214
Ceded reinsurance premiums payable	2,482,336
Funds held by company under reinsurance treaties	54,000
Provision for reinsurance	16,583
Aggregate write-ins for liabilities	2,508,115
Total Liabilities	322,591,411
Unassigned funds (surplus)	321,861,583
Surplus as regards policyholders	321,861,583
Total Liabilities, Surplus and Other Funds	$ 644,452,994

Statement of Income
As of December 31, 2024

		Per Annual Statement
Underwriting Income		
Premiums earned	$	219,222,873
Deductions:		
Losses incurred		109,380,076
Loss adjustment expenses incurred		19,281,194
Other underwriting expenses incurred		91,856,288
Total underwriting deductions		220,517,558
Net underwriting loss		(1,294,685)
Investment Income		
Net investment income earned		12,650,648
Net realized capital gains		427,498
Net investment gain		13,078,146
Other Income		
Net loss from agents' premium balances charged off		(271,836)
Finance and service charges not included in premiums		221,202
Aggregate write-ins for miscellaneous income		748,052
Total other income		697,418
Net income before dividends to policyholders		12,480,879
Federal and foreign taxes incurred		3,993,455
Net income	$	8,487,424

Reconciliation of Capital and Surplus
For Each Year in the Five-Year Period Ended December 31, 2024

	2024	2023	2022	2021	2020
Capital and surplus December 31 prior year	$ 297,728,686	$ 282,512,818	$ 291,141,295	$ 265,049,146	$ 236,793,949
Net income	8,487,424	10,561,170	13,999,962	23,881,046	14,424,978
Change in net unrealized capital gains or (losses)	14,613,590	3,763,676	(26,145,299)	2,269,270	14,159,425
Change in net deferred income tax	1,248,831	983,309	3,378,745	(205,445)	(25,687)
Change in nonadmitted assets	(202,146)	(96,306)	143,915	147,278	(315,482)
Change in provision for reinsurance	(14,802)	4,019	(5,800)	-	11,963
Net change in captal and surplus for the year	24,132,897	15,215,868	(8,628,477)	26,092,149	28,255,197
Capital and surplus, December 31, current year	$ 321,861,583	$ 297,728,686	$ 282,512,818	$ 291,141,295	$ 265,049,146

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no adjustments made to the financial statements as a result of the examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

As a result of the examination, no adverse findings or changes to the financial statements were identified.

Note 1 - Summary of Loss and Loss Adjustment Expense Reserves ("loss and LAE reserves")

Losses	**$105,362,601**
Loss Adjustment Expenses	**$ 26,161,097**

The Division engaged INS to review the reasonableness of the loss and LAE reserves of the Company as of December 31, 2024. The review was conducted in a manner consistent with the Code of Professional Conduct and the Qualification Standards of the American Academy of Actuaries and the Standard of Practice adopted by the Actuarial Standards Board.

INS performed an analysis of the loss and LAE reserves evaluated as of December 31, 2024, on a net and ceded basis using data included in the Appointed Actuary's Actuarial Report. With regard to comparisons to the estimates derived by the Company's Appointed Actuary, PricewaterhouseCoopers, LLP, INS noted that as of December 31, 2024 the Company carried net loss and LAE reserves within the Appointed Actuary's range of reasonable reserve estimates. The Company carried net loss and LAE reserves of approximately $131.5 million as of December 31, 2024 are above the Appointed Actuary's Actuarial Central Estimate ("ACE") by approximately 4.4%.

INS found that the methodologies and assumptions employed by the Appointed Actuary in the Actuarial Report are reasonable. INS found the Company's carried loss and LAE reserves as of December 31, 2024 were reasonable.

The table below shows that the net carried reserves of $131.524 million is within the INS range of reasonable estimates from $105.301 million to $141.465 million. The INS ACE of the net loss and LAE reserves of $123.294 million was lower than the ND carried reserve of $131.524 million by $8.230 million, or 6.3% of reserves. The ND gross carried loss and LAE reserves of $149.755 million falls within the INS range of estimates of gross loss and LAE reserves of $119.942 million to $160.750 million. The INS ACE of $140.284 million was lower than the ND gross carried reserves of $149.755 by $9.471 million, or 6.3%.

The table below summarizes a comparison of the INS range of reasonable estimates for loss and LAE reserves to the Company's carried loss and LAE reserves as of December 31, 2024.

Summary of Indicated Reserves ($000s)							
	INS Estimate				Difference		
	Low	Central	High	Company Carried	Low	Central	High
Net	105,301	123,294	141,465	131,524	(26,223)	(8,230)	9,941
Gross	119,942	140,284	160,750	149,755	(29,813)	(9,471)	10,995

SUBSEQUENT EVENTS

Subsequent to the examination period, the Inter-Company Reinsurance Pooling Agreement was amended:

1) Effective January 1, 2025, pursuant to the Second Amended and Restated Inter-Company Reinsurance Pooling Agreement, UM was included in pooling for 2025 accident year 2025 experience only. In 2025, the pooling percentages were: ND 51%, FM 16%, DM 12%, and UM 21%. ND continued to be the lead.
2) Effective, January 1, 2026, pursuant to the Third Amended and Restated Inter-Company Reinsurance Pooling Agreement, all UM accident year experience is included and pooled at the following percentages: ND 51%; FM 16%; DM 12%; and UM 21%. ND continues to be lead.

Subsequent to the examination period, the $5 million excess $695 million property catastrophe contract with CR was discontinued on July 1, 2025. Also subsequent to the examination period, the personal and commercial umbrella that were protected by a variable quota share agreement with Gen Re was terminated effective January 1, 2026, with umbrella coverage now provided in the multi-line contract.

SUMMARY OF RECOMMENDATIONS

There were no recommendations for the Company.

SIGNATURE PAGE

Acknowledgement is made of the cooperation and courtesies extended by the officers and employees of the Company during the examination.

The assistance rendered by INS in this examination is hereby acknowledged:

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