

Star Insurance Company and Subsidiaries

Consolidated Statutory-Basis Financial Statements
as of and for the Periods Ended June 30, 2023, and
December 31, 2022

STAR INSURANCE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS - STATUTORY BASIS AS OF JUNE 30, 2023 AND DECEMBER 31, 2022 (Dollars in thousands)

	June 30, 2023	December 31, 2022
Admitted assets		
Cash and invested assets:		
Bonds, at amortized cost	\$1,590,346	\$1,599,144
Stocks	2,603	81,011
Properties occupied by the company	-	5,731
Cash, cash equivalents and short-term investments	327,593	213,435
Other invested assets	35,690	34,715
Receivable for securities	1,516	2,113
Total cash and invested assets	\$ 1,957,748	\$ 1,936,149
Investment income due and accrued	13,296	13,370
Premiums receivable	104,010	94,695
Reinsurance recoverables on ceded paid losses	15,514	16,605
Funds deposited with reinsured companies	402	412
Federal income tax recoverable	15,662	14,144
Net deferred tax asset	23,314	29,053
Other assets	25,942	27,051
Total admitted assets	\$ 2,155,888	\$ 2,131,479
Liabilities		
Losses and loss adjustment expenses	\$ 704,456	\$ 1,193,461
Commissions and other expenses payable	4,351	4,408
Taxes, licenses and fees	4,947	5,979
Borrowed money	-	40,000
Unearned premiums	316,190	283,987
Ceded reinsurance premiums payable	30,327	31,021
Funds held for reinsurance treaties	511,762	-
Amounts retained for account of others	2,355	2,508
Provision for reinsurance	1,505	871
Payable to parent and affiliates	1,746	2,658
Retroactive reinsurance recoverable	(38,407)	(42,268)
Other liabilities	2,354	4,090
Total liabilities	\$ 1,541,586	\$ 1,526,715
Capital and surplus		
Segregated surplus on retroactive reinsurance contract	20,000	20,000
Common stock	5,040	5,040
Gross paid in and contributed surplus	392,154	392,154
Unassigned funds (surplus)	197,108	187,570
Total capital and surplus	614,302	604,764
Total liabilities and capital and surplus	\$ 2,155,888	\$ 2,131,479

STAR INSURANCE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS - STATUTORY-BASIS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Dollars in thousands)

	Six Months Ended	
	June 30	
	2023	2022
Net premiums earned	\$ 326,984	\$ 304,523
Losses and loss adjustment expenses incurred	241,079	199,556
Other underwriting expenses incurred	116,148	103,932
Net underwriting gain (loss)	\$ (30,243)	\$ 1,035
Net investment income earned	21,662	21,686
Net realized capital gains (losses)	6,038	(3,737)
Net other income (expense)	(104)	(814)
Income before dividends to policyholders and federal income taxes	\$ (2,647)	\$ 18,170
Dividends to policyholders	105	44
Income before federal income taxes	\$ (2,752)	\$ 18,126
Federal income tax incurred	(12,890)	7,257
Net income	\$ 10,138	\$ 10,869

STAR INSURANCE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITAL AND SURPLUS - STATUTORY-BASIS FOR THE PERIODS ENDED JUNE 30, 2023 AND DECEMBER 31, 2022

(Dollars in thousands)

	June 30, 2023	December 31, 2022
Surplus, beginning of year	\$ 604,764	\$ 678,553
Net income	10,138	(47,696)
Change in net unrealized capital gains or (losses)	4,884	(16,062)
Change in net deferred income tax	(10,239)	3,547
Change in nonadmitted assets	5,389	(4,209)
Change in provision for reinsurance	(634)	631
Dividends to stockholders	-	(10,000)
Change in surplus	<u>\$ 9,538</u>	<u>\$ (73,789)</u>
Surplus, end of year	<u>\$ 614,302</u>	<u>\$ 604,764</u>