# COMBINED FINANCIAL STATEMENTS – STATUTORY-BASIS

Star Insurance Company and Subsidiaries
(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

As of and for the Years Ended December 31, 2024 and 2023
and Independent Auditor's Report

# Star Insurance Company and Subsidiaries
(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

## Combined Financial Statements – Statutory-Basis
## Years Ended December 31, 2024 and 2023

**Contents**


Independent Auditor's Report .......... 1

Combined Statutory-Basis Financial Statements

Statements of Admitted Assets, Liabilities, and Capital and Surplus .......... 4
Statements of Operations .......... 5
Statements of Capital and Surplus .......... 6
Statements of Cash Flows .......... 7
Notes to Combined Financial Statements .......... 8

Statutory-Basis Supplementary Information

Combined Summary of Investments .......... 33
Combined Investment Risks Interrogatories .......... 34
Reinsurance Risk Interrogatories .......... 37
Combining Statement of Admitted Assets, Liabilities, and Capital and Surplus .......... 39
Combining Statement of Operations .......... 40
Combining Statement of Capital and Surplus .......... 41
Combining Statement of Cash Flows .......... 42

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of
Star Insurance Company
Lansing, Michigan

**Opinions**

We have audited the combined statutory-basis financial statements of Star Insurance Company and subsidiaries (the "Company"), which comprise the combined statutory-basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2024 and 2023, and the related combined statutory-basis statements of operations, capital and surplus, and cash flows for the years then ended, and the related notes to the combined statutory-basis financial statements (collectively referred to as the "statutory-basis financial statements").

***Unmodified Opinion on Statutory-Basis of Accounting***

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services ("DIFS") and the Ohio Department of Insurance described in Note 2.

***Adverse Opinion on Accounting Principles Generally Accepted in the United States of America***

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the statutory-basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2024 and 2023, or the results of its operations or its cash flows for the years then ended.

**Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory-Basis Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America***

As described in Note 2 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company using the accounting practices prescribed or permitted by the DIFS and the Ohio Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the DIFS and the Ohio Department of Insurance. The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

**Emphasis of Matter**

As disclosed in Note 2 to the statutory-basis financial statements, certain expenses represent allocations made from the shareholder of the Company. The accompanying financial statements have been prepared from separate records maintained by the Company and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Company had been operated as an unaffiliated company. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Statutory-Basis Financial Statements**

Management is responsible for the preparation and fair presentation of the statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the DIFS and the Ohio Department of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory-basis financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the statutory-basis financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Statutory-Basis Financial Statements**

Our objectives are to obtain reasonable assurance about whether the statutory-basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the statutory-basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory-basis financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the statutory-basis financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the statutory-basis financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

**Report on Supplemental Schedules**

Our 2024 audit was conducted for the purpose of forming an opinion on the 2024 statutory-basis financial statements as a whole. The combined supplemental schedule of investment risk interrogatories-statutory-basis, the combined supplemental summary investment schedule-statutory-basis, and the combined supplemental schedule of reinsurance risk interrogatories (the “statutory-basis supplemental schedules”) as of and for the year ended December 31, 2024, are presented for purposes of additional analysis and are not a required part of the 2024 statutory-basis financial statements. In addition, the combining statutory-basis schedules are presented for the purpose of additional analysis of the statutory-basis financial statements rather than to present the statutory-basis financial position, results of operations, changes in capital and surplus, and cash flows of the individual companies, and are not a required part of the 2024 statutory-basis financial statements. These statutory-basis supplemental schedules and combining statutory-basis schedules are the responsibility of the Company's management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such statutory-basis supplemental schedules and combining statutory-basis schedules have been subjected to the auditing procedures applied in our audit of the 2024 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such statutory-basis supplemental schedules and combining statutory-basis schedules are fairly stated in all material respects in relation to the 2024 statutory-basis financial statements as a whole.

Deloitte & Touche LLP

March 26, 2025

# Star Insurance Company and Subsidiaries
(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

## Combined Statements of Admitted Assets, Liabilities, and Capital and Surplus – Statutory-Basis

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Admitted assets** | | |
| Cash and invested assets: | | |
| Bonds | $1,980,848,444 | $1,536,500,080 |
| Stocks | 2,714,799 | 2,603,400 |
| Cash, cash equivalents and short-term investments | 286,937,763 | 490,409,894 |
| Other invested assets | 2,844,567 | 30,781,918 |
| Receivable for securities | 2,323,643 | 1,354,185 |
| Total cash and invested assets | 2,275,669,216 | 2,061,649,477 |
| | | |
| Investment income due and accrued | 16,554,450 | 14,542,254 |
| Premiums receivable | 123,971,403 | 89,743,589 |
| Reinsurance recoverables on ceded paid losses | 31,408,508 | 18,838,163 |
| Funds deposited with reinsured companies | 411,178 | 388,654 |
| Federal income tax recoverable | - | 6,717,178 |
| Net deferred tax asset | 26,021,148 | 24,869,021 |
| Receivables from parent and affiliates | 8,590,934 | 8,468,681 |
| Other assets | 14,319,631 | 27,047,920 |
| Total admitted assets | $ 2,496,946,468 | $ 2,252,264,937 |
| | | |
| **Liabilities** | | |
| Losses and loss adjustment expenses | $827,612,106 | $740,211,935 |
| Commissions and other expenses payable | 18,120,187 | 7,942,898 |
| Taxes, licenses and fees | 6,422,234 | 5,408,419 |
| Unearned premiums | 336,301,885 | 319,023,660 |
| Ceded reinsurance premiums payable | 24,302,067 | 26,926,999 |
| Funds held by company under reinsurance treaties | 548,732,880 | 523,800,000 |
| Reinsurance payable on paid losses and loss adjustment expenses | (329,937) | 636,934 |
| Provision for reinsurance | 3,582,257 | 2,810,825 |
| Amounts retained for account of others | 2,680,136 | 2,520,476 |
| Payable to parent and affiliates | 52,379,554 | 10,321,499 |
| Retroactive reinsurance recoverable | (11,215,315) | (28,480,199) |
| Other liabilities | 14,350,043 | 3,621,912 |
| Total liabilities | 1,822,938,097 | 1,614,745,358 |
| | | |
| **Capital and surplus** | | |
| Segregated surplus on retroactive reinsurance contract | 20,000,000 | 20,000,000 |
| Common stock | 5,040,000 | 5,040,000 |
| Gross paid in and contributed surplus | 392,153,691 | 392,153,691 |
| Unassigned funds (surplus) | 256,814,680 | 220,325,888 |
| Total capital and surplus | 674,008,371 | 637,519,579 |
| Total liabilities and capital and surplus | $ 2,496,946,468 | $ 2,252,264,937 |

*See accompanying notes to the combined financial statements.*

## Star Insurance Company and Subsidiaries
(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

## Combined Statements of Operations – Statutory-Basis

| | Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Net premiums earned | $ 772,078,601 | $ 704,872,601 |
| Losses and loss adjustment expenses incurred | 541,533,039 | 482,572,807 |
| Other underwriting expenses incurred | 252,255,034 | 255,572,749 |
| Net underwriting loss | (21,709,472) | (33,272,955) |
| Net investment income earned | 56,698,200 | 51,608,114 |
| Net realized capital gain | 6,515,085 | 6,044,078 |
| Net other (expense) income | (426,676) | 67,643 |
| Income before dividends to policyholders and federal income taxes | 41,077,137 | 24,446,880 |
| Dividends to policyholders | - | 177,754 |
| Income before federal income taxes | 41,077,137 | 24,269,126 |
| Federal and foreign income tax incurred | 10,301,498 | (8,469,804) |
| Net income | $ 30,775,639 | $ 32,738,930 |

*See accompanying notes to the combined financial statements.*

Star Insurance Company and Subsidiaries
(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

# Combined Statements of Capital and Surplus – Statutory-Basis

| | Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Surplus, beginning of year | $ 637,519,579 | $ 604,763,656 |
| Net income | 30,775,639 | 32,738,930 |
| Change in net unrealized capital gains or (losses) | 3,006,522 | 5,179,116 |
| Change in net deferred income tax | 3,101,914 | (11,440,261) |
| Change in nonadmitted assets | 376,149 | 8,218,163 |
| Change in provision for reinsurance | (771,432) | (1,940,025) |
| Change in surplus | 36,488,792 | 32,755,923 |
| Surplus, end of year | $ 674,008,371 | $ 637,519,579 |

*See accompanying notes to the combined financial statements.*

Star Insurance Company and Subsidiaries
(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

## Combined Statements of Cash Flow – Statutory-Basis

| | Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Cash from operations** | | |
| Premiums collected net of reinsurance | $ 754,606,195 | $ 740,889,192 |
| Net investment income | 59,786,297 | 56,588,540 |
| Miscellaneous (expense) income | (426,676) | 67,643 |
| Total | 813,965,816 | 797,545,375 |
| | | |
| Benefit and loss related payments | 371,189,711 | 732,804,902 |
| Commissions and expenses paid | 337,106,995 | 457,199,366 |
| Dividends paid to policyholders | - | 177,754 |
| Federal income taxes recovered | (4,420,366) | (16,125,108) |
| Total | 703,876,340 | 1,174,056,914 |
| Net cash from operations | 110,089,476 | (376,511,539) |
| | | |
| **Cash from investments** | | |
| Proceeds from investments sold, matured or repaid: | | |
| Bonds | 847,789,150 | 188,799,864 |
| Stocks | - | 86,243,700 |
| Real Estate | - | 10,298,090 |
| Other invested assets | 117,338,312 | 1,612,907 |
| Net gains on cash, cash equivalents and short-term investments | 34,934 | 35,910 |
| Miscellaneous proceeds | 934,936 | 758,995 |
| Total investment proceeds | 966,097,332 | 287,749,466 |
| | | |
| Cost of investments acquired (long-term only): | | |
| Bonds | 1,283,349,999 | 128,152,038 |
| Stocks | 111,400 | 53,400 |
| Other invested assets | 90,000,000 | - |
| Miscellaneous applications | 2,853,844 | 1,913,161 |
| Total investments acquired | 1,376,315,243 | 130,118,599 |
| Net cash from investments | (410,217,911) | 157,630,867 |
| | | |
| **Cash from financing and miscellaneous sources** | | |
| Borrowed funds | - | (40,000,000) |
| Other cash provided | 96,656,304 | 535,856,121 |
| Net cash from financing and miscellaneous sources | 96,656,304 | 495,856,121 |
| | | |
| Net change in cash, cash equivalents and short-term investments | (203,472,131) | 276,975,449 |
| | | |
| **Cash, cash equivalents and short-term investments** | | |
| Beginning of year | 490,409,894 | 213,434,445 |
| End of year | $ 286,937,763 | $ 490,409,894 |

*See accompanying notes to the combined financial statements.*

# Notes to Combined Financial Statements – Statutory-Basis

## 1. Nature of Business Operations

Star Insurance Company ("Star"), a wholly owned subsidiary of AmeriTrust Group, Inc. ("ATG"), is domiciled in the state of Michigan. Star has three wholly owned insurance subsidiaries, Ameritrust Insurance Corporation ("Ameritrust") and Williamsburg National Insurance Company ("Williamsburg"), both domiciled in the state of Michigan, and Century Surety Company ("Century"), domiciled in the state of Ohio. ProCentury Insurance Company ("PIC") is a wholly owned insurance subsidiary of Century domiciled in the state of Michigan.

ATG is indirectly owned by Accident Fund Insurance Company of America ("AFICA"), whose ultimate parent is Blue Cross Blue Shield of Michigan Mutual Insurance Company ("BCBSM"). Star and its subsidiaries (collectively referred to as the Company) maintain their home office in Southfield, Michigan.

The Company provides several types of property and liability insurance coverage, including workers' compensation, multiple peril, auto physical damage, ocean/inland marine, professional liability, garage liability, limited bonding, and other liability coverages.

The Company markets and underwrites specialty property and casualty insurance programs and products on both an admitted and non-admitted basis through network of independent retail agents, wholesalers, program administrators and general agents. Program business refers to an aggregation of individually underwritten homogeneous risks that have similar characteristics and are distributed through a select group of agents. The insurance companies are licensed either on an admitted or a non-admitted basis in all 50 states and the District of Columbia.

## 2. Summary of Significant Accounting Practices

The preparation of financial statements of insurance companies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses for the period. Actual results could differ from those estimates.

### Principles of Combination

The accompanying combined financial statements include the accounts of Star and its wholly owned insurance subsidiaries (Ameritrust, Williamsburg, and Century) and Century's wholly owned insurance subsidiary (PIC) that participate in an intercompany pooling arrangement. In combination, all intercompany transactions have been eliminated.

### Basis of Presentation

The Company's financial statements have been prepared principally for filing with regulatory agencies and, as such, are prepared in conformity with accounting practices prescribed or permitted by the insurance department of each subsidiary's respective state of domicile. Prescribed statutory accounting practices include a variety of publications, including the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual (NAIC SAP)*, regulations and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

The State of Michigan Department of Insurance and Financial Services (DIFS) recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Michigan Insurance Law. NAIC SAP has been adopted as a component of prescribed practices by the State of Michigan. The State of Michigan has adopted certain prescribed accounting practices that differ from those found in NAIC SAP.

The Company has been granted a permitted practice by the State of Michigan DIFS which allows the Company to report bail bond premiums, including unearned premium, net of agent commissions. This is a deviation from standard practices for reporting premiums as described in statutory accounting principle No. 53 (*SSAP 53 P/C Contracts-Premiums*). The permitted practice was granted for reporting periods beginning December 31, 2012. The following table reconciles Gross Premiums to Premiums net of Agent Commissions, shown gross of reinsurance, for the years ended December 31, 2024 and 2023, respectively.

| Premiums Written: | 2024 | 2023 |
|---|---|---|
| Gross Bail Bond Premiums Written | $ - | $ 96,300 |
| Less: Agent Commissions | - | 86,863 |
| Net Bail Bond Premiums Written | $ - | 9,437 |
| | | |
| Premiums Earned: | | |
| Gross Bail Bond Premiums Earned | $ - | $ 96,300 |
| Less: Agent Commissions | - | 86,863 |
| Net Bail Bond Premiums Earned | $ - | 9,437 |

A reconciliation of the Company's surplus between NAIC SAP practices prescribed or permitted by the State of Michigan is shown below.

| | 2024 | 2023 |
|---|---|---|
| Net income, State of Michigan basis | $ 30,775,639 | $ 32,738,930 |
| Effect of Bail Bond Permitted Practice | - | - |
| Net Income, NAIC SAP basis | $ 30,775,639 | $ 32,738,930 |
| | | |
| Statutory surplus, State of Michigan basis | $ 674,008,371 | $ 637,519,579 |
| Effect of Bail Bond Permitted Practice | - | - |
| Statutory surplus, NAIC SAP basis | $ 674,008,371 | $ 637,519,579 |

**Differences Between Statutory and Generally Accepted Accounting Principles**

Statutory principles differ in some respects from generally accepted accounting principles (GAAP). The more significant differences are as follows: (a) certain assets designated as "nonadmitted assets" (principally deferred tax assets and overdue receivable balances) are excluded from the statement of admitted assets, liabilities, and capital and surplus by direct charges to unassigned surplus; (b) the costs of acquiring and renewing business are charged to operations as incurred rather than being deferred and amortized; (c) a liability is established, by a direct charge to unassigned surplus, for amounts due from unauthorized reinsurers that are not fully collateralized; (d) deferred income taxes are admitted only to the extent that they are expected to be realized for a period not to exceed three years of the statement of admitted assets, liabilities, and capital and surplus date; in accordance with GAAP, this admissibility test is not required, but is subject to a valuation allowance; (e) the unpaid loss and loss adjustment expense reserves and unearned premium reserves are presented net of reinsurance; (f) bonds and redeemable preferred stocks are reported principally at amortized cost rather than reporting bonds and redeemable preferred stocks at fair value; (g) unaffiliated common stocks are valued at fair value with related unrealized capital gains or losses reflected through policyholder surplus instead of through income; (h) goodwill is calculated as the difference between the cost of acquiring an entity and the reporting entity's share of the historical book value of the acquired entity and results in either positive or negative goodwill. Pushdown accounting is not permitted. Under GAAP, goodwill is calculated as the difference between the cost of acquiring an entity and the fair value of the assets received and liabilities assumed and is pushed down to the acquiring entity. Under NAIC SAP, the amount of goodwill recorded as an admitted asset is subject to limitations and amortized over a period not to exceed 10 years. Under GAAP, positive goodwill is amortized on a straight-line basis over a 10-year period and goodwill is evaluated for impairment if a triggering event occurs. Under GAAP, negative goodwill is recognized as an immediate gain in the statement of operations; and (i) comprehensive income is not presented in the accompanying financial statements in accordance with the Accounting Standards Codification (ASC) 220, *Comprehensive Income*.

**Investments**

Investment-grade bonds (NAIC 1 and 2) are stated at amortized cost. Bonds rated below investment grade (NAIC 3 through 6) are stated at the lower of amortized cost or fair value.

Common stock of affiliates is recorded at the equity in the underlying statutory-basis net assets of the affiliates. Common stock of non-affiliates is recorded at fair value.

Short-term investments are stated at cost, which approximates fair value, and include investments whose maturities, at the time of acquisition, are one year or less.

Prepayment assumptions for loan-backed and structured securities are periodically obtained from third parties and evaluated as to the impact based on the current interest rate and economic environment. Loan-backed securities are stated at amortized cost. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method. Loan-backed securities with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value.

The fair values for bonds, unaffiliated common stocks, and short-term investments are stated at values obtained either by using an accepted securities pricing provider, broker/dealer quotes, or matrix pricing if quoted prices are not available.

Investments are regularly reviewed for other-than-temporary impairment ("OTTI") with any credit-related impairment recognized as a realized loss in the combined statement of operations.

The Company does not engage in direct subprime residential mortgage lending. The Company's exposure to subprime lending is limited to investments within the fixed maturity investment portfolio, which contains securities collateralized by mortgages that have characteristics of subprime lending such as adjustable-rate mortgages and alternative documentation mortgages. At December 31, 2024 and 2023, the total carrying value of these investments comprised approximately less than 0.7% of the overall portfolio.

Investment income is recorded when earned. Due and accrued investment income that is determined to be in default is written-off and future accruals cease to be reported (admitted).

**Policy Acquisition Costs**

Costs of acquiring business are charged to expense when incurred while the related premiums are earned over the periods covered by the policies.

**Nonadmitted Assets**

Nonadmitted assets, which consist primarily of certain deferred tax assets, prepaid expenses, and receivable balances over 90 days, were $13,957,785 and $14,333,934 at December 31, 2024 and 2023, respectively.

**Losses and Loss Adjustment Expenses**

The liability for losses and loss adjustment expenses represents (1) case-basis estimates of reported losses on direct business, (2) estimates received from ceding reinsurers on assumed business, and (3) estimates based on past experience of incurred but unreported losses, the total of which is reduced for amounts ceded to other insurers. Such liabilities are necessarily based upon estimates. While management believes the amount is adequate, the ultimate liability may be greater or less than the amount provided. The methods for making such estimates and for establishing the resulting reserves are continually reviewed, and any adjustments are reflected in current operations.

Amounts for anticipated salvage and subrogation deducted from the liability for losses and loss adjustment expense were $15,880,000 and $15,394,000 at December 31, 2024 and 2023, respectively.

**Assessments**

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time the assessments are levied or in the case of premium-based assessments, at the time the premiums are written, or in the case of loss-based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments of $2,814,227 and $3,249,011 and a related premium tax benefit asset of $4,507,718 and $437,308 as of December 31, 2024 and 2023, respectively. The liability is included in other liabilities and is typically paid within 1 to 3 years. The asset is included in other admitted assets. The amounts represent management's best estimates based on information received from the states in which the Company writes business and may change due to many factors, including the Company's share of the ultimate cost of current insolvencies.

**Unauthorized Reinsurance**

The liability for unauthorized reinsurance represents unearned premiums and unpaid losses and loss adjustment expenses in excess of funds held on business reinsured with insurance companies not authorized to do business in Michigan. The change in the liability is charged or credited directly to unassigned surplus.

**Premiums**

Premiums written are recognized on a pro rata basis over the life of the policy term. Certain premiums are subject to retrospective premium adjustments. Bail bond premium is reported net of agent commissions due to a permitted practice granted by the State of Michigan DIFS. The estimated ultimate premium is recognized over the term of the insurance contract. Unearned premiums represent the portion of premiums written applicable to the unexpired terms of policies in force, after deduction for reinsurance ceded to others. Provisions for unearned premiums on reinsurance assumed from others are made on the basis of ceding reports received from those entities.

### Deferred Income Taxes

NAIC SAP requires an amount to be recorded for deferred taxes on temporary differences between the tax basis and the financial reporting basis of assets and liabilities; however, there are limitations as to the amount of deferred tax assets (DTA) that may be reported as admitted assets. NAIC SAP allows companies upon meeting risk-based capital requirements to recognize gross DTA in excess of gross deferred tax liabilities (DTL) expected to be realized within three years of the balance sheet date, not to exceed 15% of the Company's adjusted surplus and capital. This is not a requirement for GAAP.

For statutory purposes, the Company records changes in DTAs and DTLs directly to surplus whereas for GAAP the changes are generally reported through income.

### Premium Deficiency Reserves

Premium deficiency reserves are required for the amount of the anticipated losses, loss adjustment expenses, commissions and other acquisition costs and maintenance costs that have not previously been expensed and are in excess of the recorded unearned premium reserve on existing policies and anticipated investment income. No premium deficiency reserve was recorded at December 31, 2024 or 2023.

### High Deductibles

The Company has no high deductibles on amounts billed as of December 31, 2024 or 2023.

### Expense Allocations

Certain expenses are allocated between related entities based on time studies conducted when budgets and forecasts are prepared. The time studies are updated no less than three times per year. These allocated expenses are reported in other underwriting expenses in the consolidated statutory-basis statements of operations.

### Forthcoming Accounting Pronouncement

In August 2023, revisions were adopted to SSAP No. 26R, SSAP No. 43R and other SSAPs (e.g., SSAP No. 21R and SSAP No. 86) to incorporate the principles-based bond definition for use in determining whether an investment (i.e., security) qualifies as a bond and address the accounting treatment for securities that do qualify as bonds. SSAP No. 2R was also revised to exclude asset-backed securities from being reported as a cash equivalent or short-term investment. The revisions are effective January 1, 2025, and the Company does not expect the adoption to have a material effect on the Company's financial statements and related disclosures.

### 3. Investments

The book/adjusted carrying value, gross unrealized gains, gross unrealized losses, and estimated fair values of long-term bonds and unaffiliated common stock, at December 31, 2024 and 2023, were as follows:

| | **Book/Adjusted Carrying Value** | **Unrealized Gains** | **Unrealized Losses** | **Estimated Fair Value** |
|---|---|---|---|---|
| **December 31, 2024** | | | | |
| **Debt securities:** | | | | |
| U.S. governments | $ 238,573,831 | $ 205,037 | $ (7,602,516) | $ 231,176,352 |
| States, territories, and possessions | 22,613,839 | 19,471 | (656,239) | 21,977,071 |
| Political subdivisions of states, territories, and possessions | 21,996,866 | 11,609 | (1,410,299) | 20,598,176 |
| Special revenue and mortgage-backed securities | 479,705,785 | 124,189 | (18,240,924) | 461,589,050 |
| Industrial and miscellaneous | 1,217,804,355 | 1,734,502 | (84,487,066) | 1,135,051,791 |
| Bank loans | 153,768 | - | - | 153,768 |
| **Total debt securities** | $ 1,980,848,444 | $ 2,094,808 | $ (112,397,044) | $ 1,870,546,208 |
| Common stock – unaffiliated | 2,714,799 | - | - | 2,714,799 |
| **Total securities** | $ 1,983,563,243 | $ 2,094,808 | $ (112,397,044) | $ 1,873,261,007 |

| | **Book/Adjusted Carrying Value** | **Unrealized Gains** | **Unrealized Losses** | **Estimated Fair Value** |
|---|---|---|---|---|
| **December 31, 2023** | | | | |
| **Debt securities:** | | | | |
| U.S. governments | $ 118,514,774 | $ 29,027 | $ (477,170) | $ 118,066,631 |
| States, territories, and possessions | 23,095,190 | 101,302 | (742,838) | 22,453,654 |
| Political subdivisions of states, territories, and possessions | 25,180,679 | 98,177 | (1,538,485) | 23,740,371 |
| Special revenue and mortgage-backed securities | 168,162,440 | 467,331 | (13,071,362) | 155,558,409 |
| Industrial and miscellaneous | 1,166,207,927 | 360,137 | (104,101,246) | 1,062,466,818 |
| Bank loans | 35,339,070 | 338,122 | (152,208) | 35,524,984 |
| **Total debt securities** | $1,536,500,080 | $1,394,096 | $(120,083,309) | $1,417,810,867 |
| Common stock – unaffiliated | 2,603,400 | - | - | 2,603,400 |
| **Total securities** | $1,539,103,480 | $ 1,394,096 | $(120,083,309) | $1,420,414,267 |

At December 31, 2024 and 2023 there were no preferred stock securities held by the Company.

The book/adjusted carrying value and estimated fair value of net admitted long-term bonds at December 31, 2024, by contractual maturity, except for mortgage-backed and asset-backed securities, are shown below. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

| | **Book Adjusted Carrying Value** | **Estimated Fair Value** |
|---|---|---|
| Due in one year or less | $ 108,769,399 | $108,079,686 |
| Due after one year through five years | 588,318,667 | 572,656,632 |
| Due after five years through ten years | 386,035,860 | 347,510,743 |
| Due after ten years through fifteen years | 108,730,225 | 93,065,688 |
| Due after fifteen years through twenty years | 73,098,383 | 68,732,578 |
| Due after twenty years | 11,315,187 | 10,177,356 |
| | $1,276,267,721 | $1,200,222,683 |

Proceeds from the sales of bonds during 2024 were $694,405,434. Gross gains of $12,906,898 and gross losses of $2,428,514 were realized on these sales. Proceeds from the sales of bonds during 2023 were $110,861,257. Gross gains of $266,631 and gross losses of $1,206,068 were realized on these sales.

The Company has pledged long-term bonds with an aggregate carrying value of $863,158,340 and $899,909,135 in connection with various statutory deposit requirements and reinsurance agreements at December 31, 2024 and 2023, respectively.

Other-than-temporary impairment (OTTI) losses result in a permanent reduction to the cost basis of the investment and are included in the net realized loss on investments in the accompanying combined statements of income. For the years ended December 31, 2024 and 2023, the Company did not record an aggregate impairment.

Positive evidence considered in reaching the Company's conclusion that the bond investments in an unrealized loss position are not other than temporarily impaired consisted of the following: 1) absence of a significant rating downgrade or other credit event; 2) all interest payments are current; 3) there were no significant changes in the financial condition and near-term prospects of the issuer; and 4) the Company's intent and ability to retain the investment for a period of time sufficient to allow for a recovery in value.

The following is the fair value and amount of unrealized losses segregated by the time period the investment has been in an unrealized loss position:

| | Less Than 12 Months | | Greater Than 12 Months | |
|---|---|---|---|---|
| | **Fair Value of Investments With Unrealized Losses** | **Gross Unrealized Losses and Non-Credit OTTI** | **Fair Value of Investments With Unrealized Losses** | **Gross Unrealized Losses and Non-Credit OTTI** |
| **December 31, 2024** | | | | |
| Debt securities: | | | | |
| U.S. government | $ 198,731,658 | $ (7,408,492) | $ 5,482,476 | $ (194,024) |
| States, territories, and possessions | 3,204,390 | (37,238) | 11,687,029 | (619,001) |
| Political subdivisions of states, territories, and possessions | 3,722,878 | (59,179) | 15,165,369 | (1,351,120) |
| Special revenue and mortgage-backed securities | 334,383,820 | (6,180,927) | 117,772,381 | (12,059,997) |
| Industrial and miscellaneous | 88,195,794 | (1,617,020) | 753,476,128 | (82,870,046) |
| Bank loans | - | - | - | - |
| Total debt securities | **628,238,540** | **(15,302,856)** | **903,583,383** | **(97,094,188)** |
| Common stock – unaffiliated | - | - | - | - |
| Total securities | **$ 628,238,540** | **$ (15,302,856)** | **$903,583,383** | **$ (97,094,188)** |
| **December 31, 2023** | | | | |
| Debt securities: | | | | |
| U.S. government | $ 59,741,176 | $ (144,894) | $ 6,056,413 | $ (332,276) |
| States, territories, and possessions | 1,855,283 | (9,739) | 11,452,057 | (733,099) |
| Political subdivisions of states, territories, and possessions | 873,710 | (6,154) | 16,874,113 | (1,532,331) |
| Special revenue and mortgage-backed securities | 1,411,028 | (6,459) | 134,449,760 | (13,064,903) |
| Industrial and miscellaneous | 55,500,379 | (541,654) | 879,072,613 | (103,559,592) |
| Bank loans | 17,605 | (1,753) | 296,284 | (150,455) |
| Total debt securities | **119,399,181** | **(710,653)** | **1,048,201,240** | **(119,372,656)** |
| Common stock – unaffiliated | - | - | - | - |
| Total securities | **$ 119,399,181** | **$ (710,653)** | **$1,048,201,240** | **$ (119,372,656)** |

For loan-backed and structured securities, the Company's accounting vendor uses a proprietary model for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-backed and asset-backed securities. Inputs come from major third-party data providers. Credit loss analysis, resulting effective analytics (spreads, duration, convexity) and cash-flows are reported to clients on a monthly basis. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.

For loan-backed and structural securities, a credit OTTI is determined to exist when the Company does not have the intent to sell and has the ability to hold to recovery, but the anticipated future cash flows are less than the amortized cost.

At December 31, 2024 and 2023, the Company had 218 and 208 loan-backed and structured securities, respectively, that were in an unrealized loss position. Of the securities held at December 31, 2024, 62 were in an unrealized loss position for less than 12 months and 156 were in an unrealized loss position for greater than 12 months. Of the securities held at December 31, 2023, 12 were in an unrealized loss position for less than 12 months and 196 were in an unrealized loss position for greater than 12 months.

| | Less Than 12 Months | | Greater Than 12 Months | |
|---|---|---|---|---|
| | **Fair Value of Investments With Unrealized Losses** | **Gross Unrealized Losses and Non-Credit OTTI** | **Fair Value of Investments With Unrealized Losses** | **Gross Unrealized Losses and Non-Credit OTTI** |
| **December 31, 2024** | | | | |
| Loan-backed and structured securities: | | | | |
| Residential mortgage-backed | $325,988,214 | $(5,912,818) | $63,122,982 | $(9,791,492) |
| Commercial mortgage-backed | 1,985,112 | (2,362) | 60,753,084 | (6,298,324) |
| Asset-backed securities | 10,233,232 | (250,065) | 147,592,123 | (12,202,274) |
| Total loan-backed and structured securities | $338,206,558 | $(6,165,245) | $271,468,189 | $(28,292,090) |
| **December 31, 2023** | | | | |
| Loan-backed and structured securities: | | | | |
| Residential mortgage-backed | $ 3,642,473 | $(20,161) | $65,907,602 | $(9,885,892) |
| Commercial mortgage-backed | 1,992,679 | (8,764) | 54,415,443 | (12,708,364) |
| Asset-backed | 8,090,842 | (160,376) | 250,387,573 | (23,103,294) |
| Total loan-backed and structured securities | $13,725,994 | $(189,301) | $370,710,618 | $(45,697,550) |

The Company did not recognize an OTTI on loan-backed and structured securities for the years ending December 31, 2024 and December 31, 2023 respectively.

There are several factors that are considered in determining an OTTI, including, but not limited to, effect of interest rates, volatility, prepayment speeds, credit ratings, defaults rates, sector analytics, liquidity, expected earnings, and the present value of projected future cash flows associated with these investments.

## 4. Fair Value of Financial Instruments

Fair value measurement accounting guidance establishes a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs) and the reporting entity's own assumptions about market participants' assumptions (unobservable inputs). The hierarchy level assigned to each security in the Company's portfolio is based upon its assessment of the transparency and reliability of the inputs used in the valuation as of the measurement date. The levels of the fair value hierarchy for assets measured at fair value on a recurring basis are as follows:

Level 1 – Valuations that are based on unadjusted quoted prices in active markets for identical securities. The fair values of the money market mutual funds included in the Level 1 category were based on quoted prices that are readily and regularly available in an active market and are thus classified as Level 1.

- Level 2 – Valuations that are based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly. The fair values of securities included in the Level 2 category were based on market values obtained from a third-party pricing service. They were evaluated using pricing models that vary by asset class and incorporate available trade, bid, and other observable market information. The third-party service monitors market indicators as well as industry and economic events. The Level 2 category includes corporate bonds, government and agency bonds, asset-backed, residential mortgage-backed, and commercial mortgage-backed securities, and municipal bonds.
- Level 3 – Valuations that are derived from techniques in which one or more of the significant inputs are unobservable and/or involve management judgment and/or are based on non-binding broker quotes.

The tables below provide information as of December 31, 2024 and 2023, about the Company's financial assets measured at fair value.

| | Fair Value Measurements Using: | | | |
|---|---|---|---|---|
| | **Total** | **Level 1** | **Level 2** | **Level 3** |
| **December 31, 2024** | | | | |
| Assets at fair value: | | | | |
| Debt securities: | | | | |
| Industrial and miscellaneous | $ 113,569,532 | $ - | $112,249,559 | $ 1,319,973 |
| Bank Loans - unaffiliated | 153,768 | - | 153,768 | - |
| Equity securities: | | | | |
| Common stock – unaffiliated | 2,714,799 | - | - | 2,714,799 |
| Cash equivalents & short-term investments | 57,972,112 | 57,972,112 | - | - |
| Total | $174,410,211 | $ 57,972,112 | $112,403,327 | $ 4,034,772 |
| **December 31, 2023** | | | | |
| Assets at fair value: | | | | |
| Debt securities: | | | | |
| Industrial and miscellaneous | $ 56,486,163 | $ - | $ 55,125,130 | $ 1,361,033 |
| Bank Loans - unaffiliated | 19,622,072 | - | 19,622,072 | - |
| Equity securities: | | | | |
| Common stock – unaffiliated | 2,603,400 | - | - | 2,603,400 |
| Cash equivalents & short-term investments | 455,098,429 | 455,098,429 | - | - |
| Total | $533,810,064 | $455,098,429 | $ 74,747,202 | $ 3,964,433 |

At the end of each reporting period, the Company evaluates whether any event has occurred, or circumstances have changed that would cause an instrument to be transferred between levels or disclosed at fair value. During the years ended December 31, 2024, and December 31, 2023, no transfers between levels occurred.

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method. The fair values are also categorized into the three-level fair value hierarchy as described above.

| | **December 31, 2024** | | | | |
|---|---|---|---|---|---|
| | **Total Admitted Value** | **Total Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| Debt Securities: | | | | | |
| U.S. Governments | $ 238,573,831 | $ 231,176,352 | $ - | $ 231,176,352 | $ - |
| States, territories, and possessions | 22,613,839 | 21,977,071 | - | 21,977,071 | - |
| Political subdivisions of states, territories, and possessions | 21,996,866 | 20,598,176 | - | 20,598,176 | - |
| Special revenue and mortgage-backed securities | 479,705,785 | 461,589,050 | - | 461,589,050 | - |
| Industrial and miscellaneous | 1,284,404,895 | 1,201,686,233 | - | 1,199,944,905 | 1,741,329 |
| Bank loans | 153,768 | 153,768 | - | 153,768 | - |
| Total debt securities | $2,047,448,984 | $1,937,180,649 | $ - | $1,935,439,320 | $1,741,329 |
| Common stock | 2,714,799 | 2,714,799 | - | - | 2,714,799 |
| Total securities | $2,050,163,783 | $1,939,895,448 | $ - | $1,935,439,320 | $4,456,128 |

| | **December 31, 2023** | | | | |
|---|---|---|---|---|---|
| | Total Admitted Value | Total Fair Value | Level 1 | Level 2 | Level 3 |
| Debt Securities: | | | | | |
| U.S. Governments | $ 118,514,774 | $ 118,066,631 | $ - | $ 118,066,631 | $ - |
| States, territories, and possessions | 23,095,190 | 22,453,654 | - | 22,453,654 | - |
| Political subdivisions of states, territories, and possessions | 25,180,679 | 23,740,371 | - | 23,740,371 | - |
| Special revenue and mortgage-backed securities | 168,162,440 | 155,558,409 | - | 155,558,409 | - |
| Industrial and miscellaneous | 1,166,207,927 | 1,062,466,818 | - | 1,060,688,642 | 1,778,176 |
| Bank loans | 35,339,070 | 35,524,984 | - | 35,524,984 | - |
| Total debt securities | $1,536,500,080 | $1,417,810,867 | | $1,416,032,691 | $1,778,176 |
| Common stock | 2,603,400 | 2,603,400 | - | - | 2,603,400 |
| Total securities | $1,539,103,480 | $1,420,414,267 | - | $1,416,032,691 | $4,381,576 |

The table below provides information as of December 31, 2024, about the Company's roll forward of fair value measurements in Level 3.

| | **Significant Unobservable Inputs – Level 3** |
|---|---|
| Balance as of January 1, 2023 | $ 3,980,356 |
| Total gains or (losses): | |
| Included in surplus | 69,851 |
| Purchases, issuances, sales, and settlements: | |
| Purchases | (85,774) |
| Transfers between fair value and cost, net | - |
| Balance as of January 1, 2024 | $ 3,964,433 |
| Total gains or (losses): | |
| Included in surplus | 59,096 |
| Purchases, issuances, sales, and settlements: | |
| Purchases | 11,243 |
| Transfers between fair value and cost, net | - |
| Balance as of December 31, 2024 | $ 4,034,772 |

The estimated fair values of the Company's investments are based on prices provided by third-party pricing services. The prices provided by these services are based on quoted market prices (when available), non-binding broker quotes, or matrix pricing. The Company has not historically adjusted security prices.

For corporate, government, and municipal bonds, the third-party pricing service utilizes a pricing model with standard inputs that include benchmark yields, reported trades, issuer spreads, two-sided markets, benchmark securities, market bids/offers, and other reference data observable in the marketplace. The model uses the option-adjusted spread methodology and is a multi-dimensional relational model. All bonds valued under these techniques are classified as Level 2.

For asset-backed, residential mortgage-backed, and commercial mortgage-backed securities, the third-party pricing service valuation methodology includes consideration of interest rates, new issue data, monthly remittance reports, and other pertinent data that is observable in the marketplace. This information is used to determine the cash flows for each tranche and identifies the inputs to be used, such as benchmark yields, prepayment assumptions, and collateral performance. All asset-backed, residential mortgage-backed, and commercial mortgage-backed securities valued under these methods are classified as Level 2.

For all assets where readily observable pricing methods are not available, the third-party investment manager will price the asset using a combination of non-binding broker-dealer quotes, benchmarking techniques, and sector specific knowledge. All assets priced using this methodology are classified as Level 3.

## 5. Debt

In 2011, the Company became a member of the Federal Home Loan Bank of Indianapolis ("FHLBI") primarily for the purpose of participation in its mortgage-collateralized loan advance program. Membership requires the Company to purchase and hold a minimum amount of FHLBI capital stock. The Company is also required to purchase additional capital stock based on advances taken by the Company. Advances are in the form of interest payment only funding agreements issued by FHLBI. As of the year ended December 31, 2024 the Company did not have any outstanding advances with FHLBI.

The Company has the ability to increase its borrowing capacity through purchasing additional FHLBI capital stock and pledging additional collateralized residential mortgage-backed securities. Collateral and capital stock requirements are periodically reviewed by FHLBI and adjusted by the Company per the requirements of the advance agreement. The Company retains all the rights and privileges regarding the pledged collateralized residential mortgage-backed securities. The Company remained in compliance with all debt terms and covenants during 2024 and 2023.

The table below indicates the total amount of assets and liabilities related to the agreement with FHLBI as of December 31.

| | 2024 | 2023 |
|---|---|---|
| FHLBI Capital Stock | | |
| Membership Stock | | |
| Class B Stock purchased / owned | $ 2,714,800 | $ 2,603,400 |
| Amount eligible for redemption | - | - |
| Fair Value of Collateral Pledged | - | - |
| Carrying Value of Collateral Pledged | - | - |
| Authorized borrowing capacity | 80,000,000 | 80,000,000 |
| Available borrowing capacity | 80,000,000 | 80,000,000 |

## 6. Liability for Losses and Loss Adjustment Expenses

| | 2024 | 2023 |
|---|---|---|
| Unpaid losses and LAE at beginning of year | $740,211,935 | $1,193,461,252 |
| Losses and LAE incurred in current year: | | |
| Current year losses and LAE | 537,073,850 | 473,484,897 |
| Prior year losses and LAE | 4,459,189 | 9,087,910 |
| Total incurred | 541,533,039 | 482,572,807 |
| Losses and LAE paid in current year: | | |
| Current year losses and LAE | 120,564,409 | 118,918,441 |
| Prior year losses and LAE | 333,568,459 | 816,903,683 |
| Total paid | 454,132,868 | 935,822,124 |
| Unpaid losses and LAE at end of year | $827,612,106 | $740,211,935 |

Prior accident year ultimate loss estimates during 2024 increased $6.0 million. Ultimate loss estimates on Auto Liability increased by $13.4 million, General Liability increased by $7.0 million, and Short Tail Lines decreased by $14.4 million.

Effective March 31, 2023, Star entered into an Adverse Development Cover Excess of Loss (ADC) reinsurance contract with Woodward Straits Insurance Company (WSIC), a wholly-owned subsidiary of BCBSM and an affiliated party. The ADC agreement is further described below (in Note 7). The contract resulted in a large increase in the prior year paid losses and LAE and a large decrease in the unpaid losses and LAE at end of the 2023. The accounting of the ADC contract resulted in $523.5 million of premium recorded as net paid Loss and LAE. $500.0 million of the premium was withheld by the Company and credited to the Funds Withheld Account. The current estimated ultimate Loss and LAE that will cede to WSIC is $500.0 million.

**7. Reinsurance**

Star has historically maintained an allowance for the potential uncollectibility of certain reinsurance balances due from some risk-sharing partners, some of which may be in dispute. At the end of each quarter, an analysis of these exposures is conducted to determine the potential exposure to uncollectibility. At December 31, 2024 and 2023, the allowance was $0.5 million. To date, the Company has not, in the aggregate, experienced material difficulties in collecting balances from its risk-sharing partners. No assurance can be given, however, regarding the future ability of reinsurers to meet their obligations.

Star maintains a reinsurance structure designed to protect against large or unusual loss and loss adjustment expense activity. Star determines the appropriate amount of reinsurance based primarily on Star’s evaluation of the risks accepted, but also considers analysis prepared by consultants and reinsurers, along with market conditions including the availability and pricing of reinsurance. However, no assurance can be given regarding the future ability of any of Star’s reinsurers to meet their obligations.

Star also assumes insurance from other domestic insurers and reinsurers under pro rata contracts.

A reconciliation of direct to net premiums, on both a written and earned basis, for 2024 and 2023 follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Written | Earned | Written | Earned |
| Direct | $873,445,178 | $856,211,235 | $820,305,835 | $785,094,101 |
| Assumed | 7,966,800 | 7,896,218 | 6,393,552 | 6,778,105 |
| Ceded | (91,780,080) | (92,028,852) | (86,789,902) | (86,999,605) |
| Net premiums | $789,631,898 | $772,078,601 | $739,909,485 | $704,872,601 |

The following amounts have been deducted in the accompanying financial statements as a result of reinsurance ceded:

| | 2024 | 2023 |
|---|---|---|
| Unpaid losses and loss adjustment expenses | $1,035,167,010 | $1,052,038,717 |
| Losses and loss adjustment expenses incurred | 34,680,533 | 39,304,875 |
| Unearned premiums | 3,827,830 | 4,140,039 |
| Ceding commissions | 18,003,673 | 14,171,382 |

At December 31, 2024, the aggregate total of unsecured, unaffiliated reinsurance recoverables in excess of 3% of policyholder surplus with any one individual reinsurer was $259,519,227. The unsecured reinsurance balances in excess of 3% of policyholder surplus with any one reinsurer included:

**Individual Reinsurers Who Are Not Members of a Group**

| Reinsurer Name | Unsecured Amount |
|---|---|
| Hannover Ruck SE | $ 119,910,994 |
| Lloyds #2003 - CATLIN | $ 42,970,338 |
| Lloyds #4472 - LIBERTY | $ 42,418,141 |
| Lloyds #2987 - BRIT | $ 24,733,281 |

**Individual Reinsurers Who Are Members of a Group**

| Group Code | Reinsurer Name | Unsecured Amount |
|---|---|---|
| 0181 | Swiss Reinsurance Corporation | $ 29,486,473 |

**All Members of the Groups Shown Above with Unsecured Reinsurance Recoverables**

| Group Code | Reinsurer Name | Unsecured Amount |
|---|---|---|
| 0181 | Swiss Reinsurance Corporation | $ 29,486,473 |

The above-mentioned reinsurer unsecured amounts are all due to Star. These reinsurers are authorized in the state of Michigan.

The net amount of return commissions recoverable at December 31, 2024, if all external, unaffiliated assumed and ceded reinsurance was cancelled is as follows:

| | Assumed Reinsurance | | Ceded Reinsurance | | Net | |
|---|---|---|---|---|---|---|
| | Unearned Premium Reserves | Commission Equity | Unearned Premium Reserves | Commission Equity | Unearned Reserves | Commission Equity |
| Subsidiaries | $ 254,744,876 | $ - | $ 254,744,876 | $ - | $ - | $ - |
| Non-subsidiaries | 1,258,699 | 3,266 | 3,827,830 | 929,732 | (2,569,131) | (926,466) |
| Total | $ 256,003,575 | $ 3,266 | $ 258,572,706 | $ 929,732 | $ (2,569,131) | $ (926,466) |

Direct unearned premium reserve $ 338,871,016

The net amount of return commissions recoverable at December 31, 2023, if all external, unaffiliated assumed and ceded reinsurance was cancelled is as follows:

| | Assumed Reinsurance | | Ceded Reinsurance | | Net | |
|---|---|---|---|---|---|---|
| | Unearned Premium Reserves | Commission Equity | Unearned Premium Reserves | Commission Equity | Unearned Reserves | Commission Equity |
| Subsidiaries | $ 238,736,872 | $ - | $ 238,736,872 | $ - | $ - | $ - |
| Non-subsidiaries | 1,188,117 | 5,030 | 4,140,039 | 938,119 | (2,951,922) | (933,089) |
| Total | $ 239,924,989 | $ 5,030 | $ 242,876,911 | $ 938,119 | $ (2,951,922) | $ (933,089) |

Direct unearned premium reserve $ 321,975,582

In 2024 and 2023, there were no reinsurance commutations transacted.

**Adverse Development Cover**

Effective March 31, 2023, Star entered into an ADC reinsurance contract with WSIC, a wholly owned subsidiary of BCBSM and an affiliated party. Under the terms of the contract, WSIC is liable for 100% of ultimate net loss of $500.0 million in excess of the Company's retention of $571.3 million of ultimate net loss. The Company retains a loss corridor equal to the next $57.3 million of ultimate net loss; this loss corridor does not erode WSIC's limit of liability. WSIC is then liable to the Company for up to $200.0 million of ultimate net loss in excess of the loss corridor. WSIC retrocedes the ADC losses to Premia Reinsurance Ltd. using mirror terms.

As consideration for this contract, WSIC was due a premium of $523.5 million. $500.0 million of the premium was withheld by the Company and credited to the Funds Withheld Account. This $500.0 million had an impact on the Statements of Cash Flows – Statutory-Basis by increasing the Benefit and loss related payments line in the Cash from operations section as well as increasing the Other cash provided (applied) line in the Cash from financing and miscellaneous sources section for 2023. The remaining balance of the premium, $23.5 million, was paid in full to WSIC on April 3, 2023. This contract is a retroactive reinsurance contract. Star is accounting for this contract using prospective accounting based on the requirements of SSAP 62R, paragraph 36(d), which requires prospective accounting treatment for intercompany reinsurance agreements among companies 100% owned by a common parent or ultimate controlling person provided there is no gain in surplus as a result of the transaction. In accordance with SSAP 62R, this contract is reported on Schedule F and Schedule P for annual statement purposes.

**Retroactive Reinsurance**

On October 1, 2015, Star entered into two ADC reinsurance contracts: one supported by Peak Reinsurance Company Limited ("Peak Re") and one supported by Hannover Re Limited-Ireland ("Hannover Re"). Collectively, the contracts provide up to $100 million of indemnity for losses incurred, including Incurred but Not Reported (IBNR) on accident years 2014 and prior in excess of 2% of stated booked reserves (the Company's retention). Star may not recoup any amount due from reinsurers until such ceded reserve recoverable loss is actually paid by Star. Total consideration of $64 million was paid under the contracts.

The contracts are retroactive reinsurance contracts and are accounted and reported for as such in the corresponding December 31, 2024 and 2023 financial statements in accordance with the requirements of SSAP 62R, *Property and Casualty Reinsurance*.

As of December 31, 2024 and 2023, an ADC reserve recoverable from Hannover Re has been established under the contract totaling $11.2 million and $24.8 million, respectively, all of which is related to IBNR estimates.

| | Ceded |
|---|---|
| Retroactive Reinsurance Agreements | |
| a. Reserves Transferred | |
| 1. Initial Reserves | $ 65,526,889 |
| 2. Adjustments – Prior Years | (40,729,774) |
| 3. Adjustments – Current Year | (13,581,799) |
| 4. Current Total | 11,215,316 |
| b. Consideration Paid or Received | |
| 1. Initial Consideration | $ (64,000,000) |
| 2. Adjustments – Prior Years | 34,000,000 |
| 3. Adjustments – Current Year | - |
| 4. Current Total | (30,000,000) |

| | |
|---|---|
| c. Paid Losses Reimbursed or Recovered | |
| 1. Prior Years | 21,519,800 |
| 2. Current Year | 6,573,826 |
| 3. Current Total | 28,093,626 |
| d. Special Surplus from Retroactive Reinsurance | |
| 1. Initial Surplus Gain or Loss | $ 1,526,889 |
| 2. Adjustments – Prior Years | 18,473,111 |
| 3. Adjustments – Current Year | - |
| 4. Current Year Restricted Surplus | (20,000,000) |
| 5. Cumulative Total Transferred to Unassigned Funds | - |

**8. Retrospectively Rated Contracts**

Accrued retrospective premiums, included in receivable balances due and deferred on the accompanying combined statements of admitted assets, liabilities, and capital and surplus, have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts. Business written with retrospective rating features includes workers' compensation and general liabilities coverages. Any current year retrospective premium recorded related to workers' compensation coverage is for periodic premium adjustments related to loss experience per the contract terms. Retrospective premium related to general liability coverage is the estimated ultimate premium anticipated related to the ultimate exposure as determined by the retrospective experience factors for the policy term. The Company records accrued retrospective premiums through written premium.

The amount of 2024 net premiums written subject to retrospective rating features, as well as the corresponding percentage to total net premiums written, were as follows:

| | |
|---|---|
| Total premium subject to retrospective rating | $ - |
| Total net premiums written | 789,631,898 |
| Percent of retro premium to total premium | 0.00% |

| | December 31 2024 | December 31 2023 |
|---|---|---|
| Total accrued retrospective premium receivable | $ 168,608 | $ 168,608 |
| Less nonadmitted amount - 10% of receivable | 16,861 | 16,861 |
| | $ 151,747 | $ 151,747 |

**9. Intercompany Pooling Arrangements**

Star and its subsidiaries are parties to an Intercompany Pooling Agreement (IPA), effective January 1, 2009. The IPA was amended (novated) effective October 1, 2016, to novate all insurance risks of the affiliated carriers, requiring Star to assume all premiums, claims, underwriting expenses and outstanding reserves with no retroceding back to the other carriers. This change was not disapproved by any of the carrier's domestic or commercially domiciled regulators.

With the October 1, 2016 amendment, beginning with December 31, 2016 and subsequent periods, Ameritrust, Williamsburg, Century and PIC are reporting zero Net Premiums Earned, Losses and LAE incurred, Underwriting Expenses, Unpaid Losses and LAE, and Unearned Premiums. As a result, the Schedule P for these companies will reflect "None". All direct and non-affiliated assumed business written on Ameritrust, Williamsburg, Century, and

PIC is ceded to Star. Star continues to cede to external reinsurers, with Star then retaining the net underwriting exposure.

In the event that the reinsuring company would be unable to meet its obligations under existing reinsurance agreements, Star would be liable for such defaulted amounts. Therefore, Star is subject to credit risk with respect to the obligations of its reinsurers.

Each affiliate continues to hold its own invested assets to the extent necessary and required.

Amounts due to/from lead entity and pool participants are as follows as of December 31, 2024:

| Name of Insurer | Amounts Receivable | Amounts Payable | Net Receivable (Payable) |
|---|---|---|---|
| Star (lead insurer) | $ 10,779,907 | $ - | $ 10,779,907 |
| Ameritrust | - | (2,733,232) | (2,733,232) |
| Williamsburg | - | (1,835,931) | (1,835,931) |
| Century | - | (5,479,879) | (5,479,879) |
| PIC | - | (730,865) | (730,865) |

## 10. Federal Income Taxes

The components of the Company's net deferred tax asset (liability) at December 31 are as follows:

| | 2024 Ordinary | 2024 Capital | 2024 Total |
|---|---|---|---|
| Gross deferred tax assets | $ 29,637,867 | $ 2,853,388 | $ 32,491,255 |
| Statutory valuation allowance adjustment | – | – | – |
| Adjusted gross deferred tax assets | 29,637,867 | 2,853,388 | 32,491,255 |
| Deferred tax assets nonadmitted | (307,614) | (2,187,127) | (2,494,741) |
| Subtotal net deferred tax assets | 29,330,253 | 666,261 | 29,996,514 |
| Deferred tax liabilities | (3,280,640) | (694,726) | (3,975,366) |
| Net admitted deferred tax assets | $ 26,049,613 | $ (28,465) | $ 26,021,148 |
| Increase in nonadmitted deferred tax assets | | | $ 1,151,120 |

| | 2023 Ordinary | 2023 Capital | 2023 Total |
|---|---|---|---|
| Gross deferred tax assets | $ 28,892,154 | $ 2,989,874 | $ 31,882,028 |
| Statutory valuation allowance adjustment | – | – | – |
| Adjusted gross deferred tax assets | 28,892,154 | 2,989,874 | 31,882,028 |
| Deferred tax assets nonadmitted | – | (1,343,621) | (1,343,621) |
| Subtotal net deferred tax assets | 28,892,154 | 1,646,253 | 30,538,407 |
| Deferred tax liabilities | (3,980,205) | (1,689,181) | (5,669,386) |
| Net admitted deferred tax assets | $ 24,911,949 | $ (42,928) | $ 24,869,021 |
| Decrease in nonadmitted deferred tax assets | | | $ 8,632,680 |

The following tables provide information as of December 31, 2024 and 2023, related to the admission calculation components under SSAP 101:

| | 2024 | | |
|---|---|---|---|
| | Ordinary | Capital | Total |
| Federal income taxes paid in prior years recoverable through loss carrybacks | $10,326,770 | $ – | $ 10,326,770 |
| Adjusted gross DTAs expected to be realized (excluding the amount above) after application of the threshold limitation, the lesser of: | 15,816,150 | – | 15,816,150 |
| Adjusted gross DTAs expected to be realized following the balance sheet date | 15,816,150 | – | 15,816,150 |
| Adjusted gross DTAs allowed per limitation threshold | XXX | XXX | 97,195,890 |
| Adjusted gross DTAs (excluding the amounts above) offset by gross DTLs | 3,187,333 | 666,261 | 3,853,594 |
| DTAs admitted as the result of application of SSAP 101 | $ 29,330,253 | $ 666,261 | $ 29,996,514 |

| | 2023 | | |
|---|---|---|---|
| | Ordinary | Capital | Total |
| Federal income taxes paid in prior years recoverable through loss carrybacks | $ – | $ – | $ – |
| Adjusted gross DTAs expected to be realized (excluding the amount above) after application of the threshold limitation, the lesser of: | 25,461,062 | – | 25,461,062 |
| Adjusted gross DTAs expected to be realized following the balance sheet date | 25,461,062 | – | 25,461,062 |
| Adjusted gross DTAs allowed per limitation threshold | XXX | XXX | 91,887,723 |
| Adjusted gross DTAs (excluding the amounts above) offset by gross DTLs | 3,431,092 | 1,646,253 | 5,077,345 |
| DTAs admitted as the result of application of SSAP 101 | $ 28,892,154 | $ 1,646,253 | $ 30,538,407 |

The following table provides additional information as of December 31, 2024 and 2023, related to the admission calculation:

| | 2024 | 2023 |
|---|---|---|
| Ratio percentage used to determine recovery period and threshold limitation amount | 671% | 634% |
| Amount of adjusted capital and surplus used to determine recovery period and threshold limitation amount | $ 647,972,602 | $ 612,584,819 |

Impact of tax planning strategies:

| | 2024 | | |
|---|---|---|---|
| | Ordinary | Capital | Total |
| (a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs) | – | 22% | 2% |
| (b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs) | – | – | – |

| | 2023 | | |
| --- | --- | --- | --- |
| | Ordinary | Capital | Total |
| (a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs) | – | 21% | 2% |
| (b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs) | – | – | – |

The Company's tax-planning strategies did not include the use of reinsurance-related tax-planning strategies.

The Company has no unrecognized deferred income tax liabilities.

Current income taxes incurred for the years ended December 31 consist of the following:

| | 2024 | 2023 |
| --- | --- | --- |
| Federal income tax expense – ordinary | $ 10,301,498 | $ (8,482,870) |
| Foreign tax | – | 13,066 |
| Federal income tax expense – capital | 1,731,858 | 1,606,654 |
| Current income taxes incurred | $ 12,033,356 | $ (6,863,150) |

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows at December 31:

| | 2024 | 2023 |
| --- | --- | --- |
| **Deferred tax assets** | | |
| **Ordinary:** | | |
| Discount of unpaid losses and LAE | $ 13,759,634 | $ 12,697,293 |
| 20% of unearned premiums | 13,452,343 | 13,398,994 |
| Nonadmitted assets | 2,407,239 | 2,727,966 |
| Other | 18,651 | 67,901 |
| Total ordinary deferred tax assets | 29,637,867 | 28,892,154 |
| **Capital:** | | |
| Net unrealized capital losses | 1,313,996 | 2,112,663 |
| Investment items | 934,078 | 877,211 |
| Partnership interest | 605,314 | – |
| Total capital deferred tax assets | 2,853,388 | 2,989,874 |
| Total deferred tax assets | 32,491,255 | 31,882,028 |
| Statutory valuation allowance adjustment | – | – |
| Adjusted gross deferred tax assets | 32,491,255 | 31,882,028 |
| Nonadmitted deferred tax assets | (2,494,741) | (1,343,621) |
| Admitted deferred tax assets | $ 29,996,514 | $ 30,538,407 |

| | | |
|---|---|---|
| **Deferred tax liabilities** | | |
| Ordinary: | | |
| Investment items | $ 2,313,259 | $ 1,791,420 |
| Discount of unpaid losses and LAE | 967,381 | 1,934,763 |
| Discount of accrued salvage and subrogation | – | 254,022 |
| Total ordinary deferred tax liabilities | 3,280,640 | 3,980,205 |
| Capital: | | |
| Partnership interest | 313,180 | 1,290,289 |
| Other | 381,546 | 398,892 |
| Total capital deferred tax liabilities | 694,726 | 1,689,181 |
| Total deferred tax liabilities | 3,975,366 | 5,669,386 |
| Net admitted deferred tax assets | $ 26,021,148 | $ 24,869,021 |

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of the change in nonadmitted deferred tax assets, which are reported separately from the change in net deferred income tax in the accompanying combined statements of changes in capital and surplus) at December 31:

| | 2024 | 2023 | Change |
|---|---|---|---|
| Gross deferred tax assets | $ 32,491,255 | $ 31,882,028 | $ 609,277 |
| Statutory valuation allowance | – | – | – |
| Adjusted gross deferred tax assets | 32,491,255 | 31,882,028 | 609,277 |
| Gross deferred tax liabilities | (3,975,366) | (5,669,386) | (1,694,020) |
| Net deferred tax assets | $ 28,515,889 | $ 26,212,642 | $ 2,303,247 |
| Deferred tax on change in net unrealized capital gains and foreign currency translation adjustment | | | 798,667 |
| Change in net deferred income tax | | | $ 3,101,914 |

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

| | 2024 Tax Effect | Effective Tax Rate | 2023 Tax Effect | Effective Tax Rate |
|---|---|---|---|---|
| Provision computed at statutory rate | $ 8,989,889 | 21.00% | $ 5,433,913 | 21.00% |
| Change in nonadmitted assets | 320,727 | 0.75 | (87,049) | (0.34) |
| Tax-exempt interest income deduction, net of proration | (231,364) | (0.54) | (245,923) | (0.95) |
| Other | (190,465) | (0.45) | (535,961) | (2.07) |
| Non-deductible expenses | 41,133 | 0.10 | 2,463 | 0.01 |
| Accrual adjustment – prior year | 1,522 | 0.00 | 56,679 | 0.22 |
| Dividends received deduction, net of proration | – | – | (47,011) | (0.18) |
| Taxable expense before the impact of changes in net deferred income taxes | $ 8,931,442 | 20.86% | $ 4,577,111 | 17.69% |

| | | | | |
|---|---|---|---|---|
| Federal and foreign income taxes incurred - ordinary | $ 10,301,498 | 24.06% | $ (8,469,804) | (32.73%) |
| Realized capital gains tax | 1,731,858 | 4.05 | 1,606,654 | 6.21 |
| Change in net deferred income taxes | (3,101,914) | (7.25) | 11,440,261 | 44.21 |
| Total statutory income taxes | $ 8,931,442 | 20.86% | $ 4,577,111 | 17.69% |

At December 31, 2024, the Company has $10,892,001 of federal income tax expense incurred during 2024 that can be recouped in the event of future net operating losses.

At December 31, 2024 and 2023, the Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

Interest costs and penalties related to income taxes are classified as other underwriting expense incurred in the accompanying combined statements of income. As of December 31, 2024 and 2023, the Company had no amounts of accrued interest or penalties related to uncertain tax positions.

The Company and its subsidiaries are subject to U.S. federal income tax as well as to income tax of multiple state jurisdictions. Tax returns for all years subsequent to 2020 are subject to future examination by tax authorities.

At December 31, 2024 and 2023, the Company had $10,964,182 and $1,840,573 of net federal income tax payable to its Parent. At December 31, 2023, the Company also had $6,717,178 of federal income tax receivable from the IRS.

At December 31, 2024 and 2023, the Company did not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

On August 16, 2022, the Inflation Reduction Act was signed into law, which included a new corporate alternative minimum tax (the "CAMT") of 15% of the adjusted financial statement of income ("AFSI") of corporations with average AFSI exceeding $1.0 billion over a three-year period. The CAMT is effective beginning after December 31, 2022. The Company, as a qualifying taxable subsidiary, files as part of a consolidated federal income tax return with Blue Cross Blue Shield of Michigan ("BCBSM"), therefore, the applicability of CAMT to the consolidated tax return is determined at the BCBSM's level.

## 11. Capital and Surplus

At December 31, 2024 and 2023, the Company had common stock with a stated value of $5,040,000 on a consolidated basis. The details of the stock are as follows:

| **Entity** | **Stated Value Per Share** | **Shares Authorized** | **Shares Issued and Outstanding** | **Value** |
|---|---|---|---|---|
| Star and subsidiaries | $ 21 | 500,000 | 240,000 | $ 5,040,000 |

Star, Ameritrust, Williamsburg and PIC are domiciled in Michigan and Century is domiciled in Ohio. Michigan and Ohio law regulating dividends state that the maximum discretionary ("ordinary") dividend payable is limited to the greater of the following:

(1) 10% of the prior-year surplus, or
(2) Prior-year net income (excluding realized capital gains).

These dividends are further limited by a clause in the laws, which prohibit an insurer from declaring dividends, except out of the surplus earnings of the company as allowed under the Insurance Codes of the states of Michigan and Ohio.

As the parent insurance company for all subsidiaries, Star's dividend calculation is based on the combined surplus of all entities. The maximum ordinary dividend payment allowed from Star to ATG during 2025, without prior regulatory approval, is $67,400,837. The maximum ordinary dividend payment allowed from Star to ATG during 2024 and 2023, without prior regulatory approval, was $63,751,958 and $60,476,366, respectively. During 2024 and 2023, there were no dividend payments made by the Company.

The Company, as part of its statutory filings, is required to disclose its risk-based capital (RBC) requirements. The NAIC developed a RBC program to enable regulators to take appropriate and timely regulatory actions relating to insurers that show signs of weak or deteriorating financial conditions. RBC is a series of dynamic formulas, which measure required capital and surplus based on a Company's product and investment portfolio. The level of regulatory oversight ranges from requiring the insurance company to inform and obtain approval from the domiciliary insurance commissioner of a comprehensive financial plan for increasing its RBC to mandatory regulatory intervention to requiring an insurance company to be placed under regulatory control in a rehabilitation or liquidating proceeding. At December 31, 2024 and 2023, the Company met the minimum RBC levels to which it is subject.

## 12. Related-Party Transactions

The Company is party to AFICA's Intercompany Service Agreements and a Management Service Agreement with Meadowbrook, Inc., a subsidiary of ATG, and subsidiaries and affiliates, whereby the Company and other affiliated entities may provide services to one another. The agreements provide for monthly payments and a year-end settlement based on actual cost of services performed. In 2023, the Company also had an Agency Agreement with Meadowbrook, Inc. and its affiliates or subsidiaries (the Agent) whereby the Company paid the Agent a commission for the production of premium.

During 2024 and 2023, the Company incurred $302.1 million and $108.3 million, respectively, for affiliated management agreements and service contracts.

As a result of these transactions, the Company had a net payable to affiliates of $52.4 million and $10.3 million as of December 31, 2024 and 2023, respectively.

In December 2024, upon non-disapproval of DIFS, the Company entered into a securities purchase and sale agreement with BCBSM. As a result, the Company purchased high-yield bonds at fair value in an economic transaction at a cost of $48,452,336.

## 13. Managing General Agents

The Company uses managing general agents (MGA) to adjust claims, underwrite and bind polices, collect premiums, and pay claims for workers compensation products in specified areas. The MGAs with direct written premium greater than 5% of surplus for the years ended December 31, 2024 and 2023 are summarized as follows:

| Managing General Agent | 2024 | 2023 |
|---|---|---|
| Midwest General Insurance Agency, LLC | $92,454,756 | $51,364,550 |

## 14. Commitments and Contingencies

### Litigation

The Company is involved in litigation arising in the normal course of administering the property and casualty business. In management's opinion, adequate provision for the costs of resolving those matters is included in the loss and loss adjustment expense liabilities, or based on the advice of legal counsel, management believes the matters will be resolved without material adverse effect on the Company's financial position, results of operations, or cash flows.

### Investment Commitment

Star is a limited partner in several private equity funds. As of December 31, 2024, the remaining unfunded commitment related to these investments was $4,168,282.

## 15. Subsequent Events

The Company has evaluated all events subsequent to the combined statutory statements of admitted assets, liabilities, and capital and surplus date of December 31, 2024, through March 26, 2025, which is the date these combined statutory-basis financial statements were available to be issued and has determined that there are no subsequent events that require adjustment to, or disclosure in, the combined statutory-basis financial statements, except for the following:

As of January 31, 2025, AFICA received regulatory approval of its proposed Intercompany Reinsurance and Pooling Agreement ("Pooling Agreement"). Under AFICA's existing pooling agreement, current members ceded 100% of its underwriting liabilities to AFICA, the leading entity, and AFICA retains all underwriting activity of the pool. The proposed Pooling Agreement was being amended to add Star, Ameritrust, Century, PIC, and Williamsburg as new members to the existing Pool. The new members will cede 100% of its historic and future underwriting liabilities to AFICA. AFICA will in return retrocede 26% of the total pooled underwriting liabilities to Star Insurance Company. The agreement is effective January 1, 2025. Additionally, the Intercompany Pooling Agreement in effect as of December 31, 2024, disclosed in Note 26, will be terminated effective January 1, 2025.

# Supplementary Information

# Star Insurance Company and Subsidiaries
(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

## Combined Summary of Investments – Statutory-Basis
December 31, 2024

| | | Gross Investment Holdings* Amount | % | Admitted Assets as Reported in the Annual Statement Amount | % |
|---|---|---|---|---|---|
| 1. | Long-Term Bonds (Schedule D, Part 1): | | | | |
| | 1.01 U.S. Governments | $ 238,573,831 | 10.5% | $ 238,573,831 | 10.5% |
| | 1.03 U.S. States, Territories and Possessions, etc., Guaranteed | 22,613,839 | 1.0% | 22,613,839 | 1.0% |
| | 1.04 U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed | 21,996,866 | 1.0% | 21,996,866 | 1.0% |
| | 1.05 U.S. Special Revenue and Special Assessment Obligations, etc., Non-Guaranteed | 479,705,785 | 21.1% | 479,705,785 | 21.1% |
| | 1.06 Industrial and Miscellaneous | 1,216,996,618 | 53.5% | 1,216,996,618 | 53.5% |
| | 1.07 Hybrid Securities | 807,737 | 0.0% | 807,737 | 0.0% |
| | 1.10 Unaffiliated Bank Loans | 153,768 | 0.0% | 153,768 | 0.0% |
| 3. | Common Stocks (Schedule D, Part 2, Section 2): | | | | |
| | 3.02 Industrial and Miscellaneous Other (Unaffiliated) | 2,714,799 | 0.1% | 2,714,799 | 0.1% |
| 5. | Cash, Cash Equivalents, and Short-Term Investments: | | | | |
| 6. | 6.01 Cash (Schedule E, Part 1) | 160,554,701 | 7.1% | 160,554,701 | 7.1% |
| | 6.02 Cash Equivalents (Schedule E, Part 2) | 59,782,522 | 2.6% | 59,782,522 | 2.6% |
| | 6.03 Short-Term Investments (Schedule DA) | 66,600,540 | 2.9% | 66,600,540 | 2.9% |
| 9. | Other Invested Assets (Schedule BA) | 2,844,567 | 0.1% | 2,844,567 | 0.1% |
| 10. | Receivables for Securities | 2,323,643 | 0.1% | 2,323,643 | 0.1% |
| 13. | Total Invested Assets | **$2,275,699,216** | 100.0% | **$2,275,699,216** | 100.0% |

*Gross investment holdings as valued in compliance with the NAIC *Accounting Practices and Procedures Manual.*

**Investment Risks Interrogatories**

1. The reporting entities' total admitted assets as reported on page 2 of the NAIC Annual Statement as of December 31, 2024 were $2,496,946,468.

2. The ten largest exposures to a single issuer/borrower/investment, excluding: (i) U.S. government, U.S. government agency securities, and those U.S. government money market funds listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as exempt, (ii) property occupied by the company, and (iii) policy loans, are as follows:

| Issuer | Description of Exposure | Amount | Percentage of Total Admitted Assets |
|---|---|---|---|
| Federal Home Loan Mortgage Corp. | Long-Term Bonds | 232,260,875 | 9.301% |
| Federal National Mortgage Association | Long-Term Bonds | 150,081,130 | 6.010% |
| Bank of America Corporation | Long-Term Bonds | 43,728,057 | 1.751% |
| JPMorgan Chase & Co. | Long-Term Bonds | 42,972,837 | 1.721% |
| The Goldman Sachs Group, Inc. | Long-Term Bonds | 37,746,354 | 1.512% |
| Simon Property Group, L.P. | Long-Term Bonds | 34,712,828 | 1.390% |
| Citigroup, Inc. | Long-Term Bonds | 34,121,187 | 1.366% |
| Comcast Corporation | Long-Term Bonds | 29,916,511 | 1.198% |
| Qualcomm Incorporated | Long-Term Bonds | 25,659,093 | 1.028% |
| Apollo Management Holdings, L.P. | Long-Term Bonds | 22,658,883 | 0.907% |

3. Amounts and percentages of the reporting entities' total admitted assets held in bonds and preferred stocks by NAIC designation.

| Bonds | Amount | Percentage of | Preferred Stock | Amount | Percentage of |
|---|---|---|---|---|---|
| NAIC – 1 | $ 1,399,912,498 | 67.12% | P/PSF – 1 | $ - | -% |
| NAIC – 2 | 460,725,283 | 26.97% | P/PSF – 2 | - | - |
| NAIC – 3 | 73,319,157 | 3.87% | P/PSF – 3 | - | - |
| NAIC – 4 | 41,119,785 | 1.82% | P/PSF – 4 | - | - |
| NAIC – 5 | 4,715,090 | 0.15% | P/PSF – 5 | - | - |
| NAIC – 6 | 1,056,631 | 0.07% | P/PSF – 6 | - | - |
| Total | **$ 1,980,848,444** | | | $ - | |

4. Assets held in foreign investments:

   4.01 Assets held in foreign investments are greater than 2.5% of the reporting entities' total admitted assets - Yes.

   4.02 Excluding Canadian investments, the amounts and percentages of the reporting entities' total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure) and unhedged foreign currency exposure were $70,998,188 and 2.84%.

   4.03. Foreign-currency-denominated investments – None

   4.04. Insurance liabilities denominated in that same foreign currency – None.

5. Aggregate foreign investment exposure by NAIC sovereign designation.

| | | | |
|---|---|---|---|
| 5.01 | Countries designated NAIC-1: | $63,373,927 | 2.54% |
| 5.02 | Countries designated NAIC-2: | 1,188,815 | 0.05% |
| 5.03 | Countries designated NAIC-3 or below | 6,435,446 | 0.25% |

6. Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating.

| | | | | |
|---|---|---|---|---|
| | Countries rated NAIC-1: | | | |
| 6.01 | Country 1: | Cayman Islands | $ 31,042,596 | 1.24% |
| 6.02 | Country 2: | Ireland | 13,248,849 | 0.53% |
| | Countries rated NAIC-2: | | | |
| 6.03 | Country 1: | Italy | 1,188,815 | 0.05% |
| 6.04 | Country 2: | | | |
| | Countries rated NAIC-3 or below: | | | |
| 6.05 | Country 1: | Virgin Islands, British | 5,256,197 | 0.21% |
| 6.06 | Country 2: | Barbados | 1,179,249 | 0.04% |

7. Aggregate unhedged foreign currency exposure – None.

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation - None.

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation - None.

10. Ten largest nonsovereign (i.e., nongovernmental) foreign issues:

| Issuer | NAIC Rating | Amount | Percentage of Total Admitted Assets |
|---|---|---|---|
| Golub Capital Partners Clo 51M | 1FE | $13,500,000 | 0.54% |
| Blackbird Capital II Aircraft | 1FE | 6,972,026 | 0.28% |
| VR Funding LLC | 1FE | 5,256,197 | 0.21% |
| Tailwind 2019-1 Aviation Ltd. | 2FE, 3FE | 4,944,457 | 0.20% |
| Voya CLO 2021-2 Ltd. | 1FE | 3,015,490 | 0.12% |
| Textainer Containers VII Ltd. | 1FE | 2,887,260 | 0.12% |
| Mc 2021-1 Ltd. | 1FE | 2,092,264 | 0.08% |
| Churchill Cfo 2022-1 Ltd | 1FE | 2,000,000 | 0.08% |
| Vcp Rrl Abs I Ltd. | 1FE | 1,957,450 | 0.08% |
| Rolls-Royce plc | 2FE | 1,771,117 | 0.07% |

11. Assets held in Canadian investments are less than 2.5% of the reporting entities' total admitted assets. - No

12. Assets held in investments with contractual sales restrictions are less than 2.5% of the reporting entities' total admitted assets. – Yes

13. Assets held in equity interests are less than 2.5% of the reporting entity's total admitted assets. - Yes

14. Assets held in nonaffiliated, privately placed equities are less than 2.5% of the reporting entities' total admitted assets. - Yes

15. Assets held in general partnership interests are less than 2.5% of the reporting entities' total admitted assets. - Yes

16. Assets held in mortgage loans are less than 2.5% of the reporting entities' total admitted assets. - Yes

17. Assets held in mortgage loans are less than 2.5% of the reporting entities' total admitted assets. - Yes

18. Assets held in real estate are less than 2.5% of the reporting entities' total admitted assets. - Yes

19. Assets held in mezzanine real estate loans are less than 2.5% of the reporting entities' total admitted assets. - Yes

20. The reporting entities have no assets subject to the following types of agreements – securities lending, repurchase, reverse repurchase, dollar repurchase, or dollar reverse repurchase.

21. The reporting entities have no investments in warrants not attached to other financial instruments, options, caps, and floors.

22. The reporting entities have no assets of potential exposure for collars, swaps, and forwards.

23. The reporting entities have no assets of potential exposure for futures contracts.

**Reinsurance Risk Interrogatories**

1. Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

2. If yes, indicate the number of reinsurance contracts containing such provisions.

3. If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

4. Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

   (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

   (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

   (c) Aggregate stop loss reinsurance coverage;

   (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

   (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

   (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [X]

5. Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards to policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves greater than 5% of prior year-end surplus as regards to policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
   (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

   (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

6. If yes to 4 or 5, please provide the following information:

   (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

   (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 4 or 5; and

   (c) A brief discussion of management's principal objectives in entering into the reinsurance contract including the economic purpose to be achieved.

7. Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, *Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

   (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles (SAP) and as a deposit under generally accepted accounting principles (GAAP); or

   (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

8. If yes to 7, explain why the contract(s) is treated differently for GAAP and SAP.

# Star Insurance Company and Subsidiaries

(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

## Combining Statement of Admitted Assets, Liabilities, and Capital and Surplus – Statutory-Basis

December 31, 2024

| | Star | Ameritrust | Williamsburg | Century | ProCentury | Elimination | Combined |
|---|---|---|---|---|---|---|---|
| **Admitted assets** | | | | | | | |
| Cash and invested assets: | | | | | | | |
| Bonds, at amortized cost | $1,885,831,276 | $11,816,756 | $14,209,649 | $38,481,666 | $30,509,097 | - | $1,980,848,444 |
| Stocks | 138,995,510 | 392,700 | 76,000 | 41,357,126 | - | (178,106,537) a | 2,714,799 |
| Cash, cash equivalents and short-term investments | 203,929,747 | 9,771,529 | 3,280,115 | 65,332,423 | 4,623,949 | - | 286,937,763 |
| Other invested assets | 2,844,567 | - | - | - | - | - | 2,844,567 |
| Receivable for securities | 2,279,319 | 2,025 | 9,831 | 32,468 | - | - | 2,323,643 |
| Total cash and invested assets | 2,233,880,419 | 21,983,010 | 17,575,595 | 145,203,683 | 35,133,046 | (178,106,537) | 2,275,669,216 |
| Investment income due and accrued | 15,906,811 | 108,741 | 88,657 | 253,843 | 196,398 | - | 16,554,450 |
| Premiums receivable | 134,751,310 | - | - | - | - | (10,779,907) b | 123,971,403 |
| Reinsurance recoverables on ceded paid losses | 31,408,508 | - | - | - | - | - | 31,408,508 |
| Funds deposited with reinsured companies | 411,178 | - | - | - | - | - | 411,178 |
| Federal income tax recoverable | - | 6,104 | - | 20,600 | 15,826 | (42,530) c | - |
| Net deferred tax asset | 26,035,769 | 69,392 | - | - | - | (84,013) d | 26,021,148 |
| Receivables from parent and affiliates | 5,040,661 | 3,750,551 | 6,623,425 | 5,483,514 | 3,873,948 | (16,181,165) e | 8,590,934 |
| Other assets | 7,910,443 | 27,294 | 1,424,535 | 1,175,415 | 3,781,944 | - | 14,319,631 |
| Total admitted assets | $2,455,345,099 | $25,945,092 | $25,712,212 | $152,137,055 | $43,001,162 | ($205,194,152) | $2,496,946,468 |
| **Liabilities** | | | | | | | |
| Losses and loss adjustment expenses | $827,612,106 | - | - | - | - | - | $827,612,106 |
| Commissions and other expenses payable | 1,006,802 | 109,643 | 105,952 | 16,800,183 | 97,607 | - | 18,120,187 |
| Taxes, licenses and fees | 5,714,641 | 508,167 | 84,454 | 32,100 | 82,872 | - | 6,422,234 |
| Unearned premiums | 336,301,885 | - | - | - | - | - | 336,301,885 |
| Ceded reinsurance premiums payable | 24,302,067 | 2,733,232 | 1,835,931 | 5,479,879 | 730,865 | (10,779,907) b | 24,302,067 |
| Funds held by company under reinsurance treaties | 548,732,880 | - | - | - | - | - | 548,732,880 |
| Reinsurance payable on paid losses and loss adjustment expenses | (329,937) | - | - | - | - | - | (329,937) |
| Provision for reinsurance | 3,582,257 | - | - | - | - | - | 3,582,257 |
| Amounts retained for account of others | 2,618,133 | - | 27,446 | - | 34,557 | - | 2,680,136 |
| Payable to parent and affiliates | 28,944,022 | 2,562,709 | 3,916,132 | 32,514,323 | 623,533 | (16,181,165) e | 52,379,554 |
| Retroactive reinsurance recoverable | (11,215,315) | - | - | - | - | - | (11,215,315) |
| Other liabilities | 14,067,187 | 106,582 | 84,701 | 143,515 | 74,601 | (126,543) c, d | 14,350,043 |
| Total liabilities | 1,781,336,728 | 6,020,333 | 6,054,616 | 54,970,000 | 1,644,035 | (27,087,615) | 1,822,938,097 |
| **Capital and Surplus** | | | | | | | |
| Segregated surplus on retroactive reinsurance contract | 20,000,000 | - | - | - | - | - | 20,000,000 |
| Common stock | 5,040,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,601,000 | (12,601,000) a | 5,040,000 |
| Gross paid in and contributed surplus | 392,153,691 | 14,467,036 | 14,989,655 | 86,467,199 | 31,172,620 | (147,096,510) a | 392,153,691 |
| Unassigned funds (surplus) | 256,814,680 | 2,457,723 | 1,667,941 | 7,699,856 | 6,583,507 | (18,409,027) a | 256,814,680 |
| Total capital and surplus | 674,008,371 | 19,924,759 | 19,657,596 | 97,167,055 | 41,357,127 | (178,106,537) | 674,008,371 |
| Total liabilities and capital and surplus | $2,455,345,099 | $25,945,092 | $25,712,212 | $152,137,055 | $43,001,162 | ($205,194,152) | $2,496,946,468 |

Footnotes:

a. Elimination of Star's 100% investment in Ameritrust and Williamsburg and Century's 100% investment in ProCentury.
b. Elimination of Intercompany Reinsurance per Inter-Company Pooling Agreement.
c. Reclass to net Ameritrust, Century, and ProCentury federal income taxes payable against combined federal income tax recoverable.
d. Reclass to net Williamsburg, Century, and ProCentury net deferred tax liability against combined net deferred tax asset.
e. Elimination of Intercompany subsidiary balances between insurance operations.

*See accompanying notes.*

# Star Insurance Company and Subsidiaries
(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

## Combining Statement of Operations – Statutory-Basis

Year Ended December 31, 2024

| | Star | Ameritrust | Williamsburg | Century | ProCentury | Elimination | Combined |
|---|---|---|---|---|---|---|---|
| Net premiums earned | $ 772,078,601 | $ - | $ - | $ - | $ - | $ - | $ 772,078,601 |
| Losses and loss adjustment expenses incurred | 541,533,039 | - | - | - | - | - | 541,533,039 |
| Other underwriting expenses incurred | 252,255,034 | - | - | - | - | - | 252,255,034 |
| Net underwriting (loss) | (21,709,472) | - | - | - | - | - | (21,709,472) |
| | | | | | | | |
| Net investment income earned | 52,641,936 | 801,594 | 570,423 | 1,766,679 | 917,568 | - | 56,698,200 |
| Net realized capital gains (losses) | 6,485,951 | (3,389) | (2,447) | (15,659) | 50,629 | - | 6,515,085 |
| Net other (expense) income | (196,492) | (23,687) | (26,685) | 1,203 | (181,015) | - | (426,676) |
| Income before dividends to policyholders and federal income taxes | 37,221,923 | 774,518 | 541,291 | 1,752,223 | 787,182 | - | 41,077,137 |
| Federal income tax incurred | 9,636,861 | 144,942 | 111,710 | 174,075 | 233,910 | - | 10,301,498 |
| Net income | $ 27,585,062 | $ 629,576 | $ 429,581 | $ 1,578,148 | $ 553,272 | $ - | $ 30,775,639 |

*See accompanying notes.*

# Star Insurance Company and Subsidiaries

(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

## Combining Statement Capital and Surplus – Statutory-Basis

December 31, 2024

| | Star | Ameritrust | Williamsburg | Century | ProCentury | Elimination | | Combined |
|---|---|---|---|---|---|---|---|---|
| Surplus, beginning of year | $ 637,519,579 | $ 19,627,049 | $ 19,224,670 | $ 95,155,113 | $ 40,833,448 | $ (174,840,280) | a | $ 637,519,579 |
| Net income | 27,585,062 | 629,576 | 429,581 | 1,578,148 | 553,272 | - | | 30,775,639 |
| Change in net unrealized capital gains or (losses) | 5,740,311 | - | - | 532,468 | - | (3,266,257) | b | 3,006,522 |
| Change in net deferred income tax | 3,023,356 | 63,079 | 3,345 | (21,381) | 33,515 | - | | 3,101,914 |
| Change in nonadmitted assets | 911,495 | (394,945) | - | (77,293) | (63,108) | - | | 376,149 |
| Change in provision for reinsurance | (771,432) | - | - | - | - | - | | (771,432) |
| Change in surplus | 36,488,792 | 297,710 | 432,926 | 2,011,942 | 523,679 | (3,266,257) | | 36,488,792 |
| Surplus, end of year | $ 674,008,371 | $ 19,924,759 | $ 19,657,596 | $ 97,167,055 | $ 41,357,127 | $ (178,106,537) | | $ 674,008,371 |

Footnotes:

a. Elimination of the value of subsidiaries 100% owned by Star and subsidiary 100% owned by Century.

b. Elimination of the unrealized gain/(loss) of subsidiaries 100% owned by Star and subsidiary 100% owned by Century.

*See accompanying notes.*

# Star Insurance Company and Subsidiaries

(Wholly Owned Subsidiaries of AmeriTrust Group, Inc.)

## Combining Statement of Cash Flows – Statutory-Basis

Year Ended December 31, 2024

| | Star | Ameritrust | Williamsburg | Century | ProCentury | Elimination | Combined |
|---|---|---|---|---|---|---|---|
| **Cash from operations** | | | | | | | |
| Premiums collected net of reinsurance | $ 744,918,513 | $ 2,657,121 | $ 798,390 | $ 752,292 | $ 5,479,879 | $ - | $ 754,606,195 |
| Net investment income | 55,297,199 | 856,560 | 602,438 | 1,023,687 | 2,006,413 | - | 59,786,297 |
| Miscellaneous (expense) income | (196,492) | (23,687) | (26,685) | (181,016) | 1,204 | - | (426,676) |
| Total | 800,019,220 | 3,489,994 | 1,374,143 | 1,594,963 | 7,487,496 | - | 813,965,816 |
| Benefit and loss related payments | 372,949,905 | - | - | (179,135) | (1,581,059) | - | 371,189,711 |
| Commissions and expenses paid | 349,005,760 | (55,692) | (36,052) | (89,333) | (11,717,688) | - | 337,106,995 |
| Federal income taxes paid (recovered) | (5,299,280) | 185,722 | 128,781 | 327,764 | 236,647 | - | (4,420,366) |
| Total | 716,656,385 | 130,030 | 92,729 | 59,296 | (13,062,100) | - | 703,876,340 |
| Net cash from operations | **83,362,835** | **3,359,964** | **1,281,414** | **1,535,667** | **20,549,596** | **-** | **110,089,476** |
| **Cash from investments** | | | | | | | |
| Proceeds from investments sold, matured or repaid: | | | | | | | |
| Bonds | 827,568,056 | 1,853,825 | 3,052,104 | 8,255,966 | 7,059,199 | - | 847,789,150 |
| Other invested assets | 117,338,312 | - | - | - | - | - | 117,338,312 |
| Net gains on cash, cash equivalents and short-term investments | 34,934 | - | - | - | - | - | 34,934 |
| Miscellaneous proceeds | 934,936 | - | - | - | - | - | 934,936 |
| Total investment proceeds | 945,876,238 | 1,853,825 | 3,052,104 | 8,255,966 | 7,059,199 | - | 966,097,332 |
| Cost of investments acquired (long-term only): | | | | | | | |
| Bonds | 1,254,036,262 | 2,339,843 | 4,767,497 | 17,008,096 | 5,198,301 | - | 1,283,349,999 |
| Stocks | 111,400 | - | - | - | - | - | 111,400 |
| Other invested assets | 90,000,000 | - | - | - | - | - | 90,000,000 |
| Miscellaneous applications | 2,809,520 | 2,025 | 9,831 | - | 32,468 | - | 2,853,844 |
| Total investments acquired | 1,346,957,182 | 2,341,868 | 4,777,328 | 17,008,096 | 5,230,769 | - | 1,376,315,243 |
| Net cash from investments | **(401,080,944)** | **(488,043)** | **(1,725,224)** | **(8,752,130)** | **1,828,430** | **-** | **(410,217,911)** |
| **Financing and miscellaneous sources** | | | | | | | |
| Other cash provided (applied) | 77,151,070 | (1,221,976) | (2,536,724) | (2,925,479) | 26,189,413 | - | 96,656,304 |
| Net cash from financing and miscellaneous sources | **77,151,070** | **(1,221,976)** | **(2,536,724)** | **(2,925,479)** | **26,189,413** | **-** | **96,656,304** |
| Net change in cash, cash equivalents and short-term investments | (240,567,039) | 1,649,945 | (2,980,534) | (10,141,942) | 48,567,439 | - | (203,472,131) |
| Cash, cash equivalents and short-term investments: | | | | | | | |
| Beginning of year | 444,496,786 | 8,121,584 | 6,260,650 | 14,765,891 | 16,764,983 | - | 490,409,894 |
| End of year | **$ 203,929,747** | **$ 9,771,529** | **$ 3,280,116** | **$ 4,623,949** | **$ 65,332,422** | **$ -** | **$ 286,937,763** |

*See accompanying notes.*

# Note to Supplementary Information – Statutory-Basis

**Basis of Presentation**

The accompanying supplemental schedules present selected statutory-basis financial data as of December 31, 2024, and for the year then ended for purposes of complying with the National Association of Insurance Commissioners' *Accounting Practices and* Procedures Manual and agree to or are included in the amounts reported in Star's 2024 Combined Statutory Annual Statement as filed with the Michigan Department of Insurance.