

REPORT OF EXAMINATION  
OF THE  
INSURANCE COMPANY OF THE WEST  
EXPLORER INSURANCE COMPANY  
ICW NATIONAL INSURANCE COMPANY  
AS OF  
DECEMBER 31, 2024

*Insurance Commissioner*

A handwritten signature in blue ink, appearing to read "D. DeLa", is positioned to the right of the text "Insurance Commissioner".

Filed on February 18, 2026

## TABLE OF CONTENTS

	<u>PAGE</u>
SCOPE OF EXAMINATION .....	1
COMPANY HISTORY: .....	2
Dividends .....	3
Capital Contributions.....	3
MANAGEMENT AND CONTROL:.....	4
Management Agreements.....	7
Tax Allocation Agreement.....	9
Investment Management Agreements .....	9
TERRITORY AND PLAN OF OPERATION.....	10
REINSURANCE: .....	12
Intercompany Pooling Agreement.....	12
Assumed.....	13
Ceded .....	13
FINANCIAL STATEMENTS: .....	19
Insurance Company of the West.....	20
Statement of Financial Condition as of December 31, 2024.....	21
Underwriting and Investment Exhibit for the Year Ended December 31, 2024.....	23
Reconciliation of Surplus as Regards to Policyholders from December 31, 2020 through December 31, 2024 .....	24
Summary of Reclassifications as of December 31, 2024.....	25
COMMENTS ON FINANCIAL STATEMENT ITEMS:.....	26
Electronic Data Processing and Software and Furniture and equipment .....	26
Losses and Loss Adjustment Expenses .....	26
SUBSEQUENT EVENTS .....	26
SUMMARY OF COMMENTS AND RECOMMENDATIONS: .....	27
Current Report of Examination .....	27
Previous Report of Examination .....	27
ACKNOWLEDGMENT .....	29
EXHIBIT A:.....	30
Explorer Insurance Company .....	31
Statement of Financial Condition as of December 31, 2024.....	32
Underwriting and Investment Exhibit for the Year Ended December 31, 2024.....	33
Reconciliation of Surplus as Regards to Policyholders from	

December 31, 2020 through December 31, 2024 .....	34
ICW National Insurance Company.....	35
Statement of Financial Condition as of December 31, 2024.....	36
Underwriting and Investment Exhibit for the Year Ended December 31, 2024.....	37
Reconciliation of Surplus as Regards to Policyholders from December 31, 2020 through December 31, 2024 .....	38

Los Angeles, California  
January 26, 2026

Honorable Ricardo Lara  
Insurance Commissioner  
California Department of Insurance  
Sacramento, California

Dear Commissioner:

Pursuant to your instructions, an examination was made of the

INSURANCE COMPANY OF THE WEST  
EXPLORER INSURANCE COMPANY  
ICW NATIONAL INSURANCE COMPANY

hereinafter also referred to as the “Companies”. The Companies’ home office is located at 15025 Innovation Drive, San Diego, California 92128.

#### SCOPE OF EXAMINATION

We have performed our multi-state examination of the Companies. The previous examination of the Companies was as of December 31, 2020. This examination covers the period from January 1, 2021 through December 31, 2024.

The examination was conducted in accordance with the National Association of Insurance Commissioners *Financial Condition Examiners Handbook (Handbook)*. The Handbook requires the planning and performance of the examination to evaluate the Companies’ financial condition, assess corporate governance, identify current and prospective risks, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Companies were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by

management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination, an adjustment is identified, the impact of such adjustment will be documented separately following the Companies' financial statements.

This examination report includes findings of fact and general information about the Companies and their financial condition. There might be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), were not included within the examination report but separately communicated to other regulators and/or the Company.

This examination was a coordinated examination with California as the lead state of the Insurance Company of the West Group. It was conducted concurrently with examinations of the following insurance entities in the holding company group: Insurance Company of the West, Explorer Insurance Company, ICW National Insurance Company, ICW Casualty Insurance Company, ICW Premier Insurance Company, and VerTerra Insurance Company. The following states participated on the examination: Nevada and Texas.

### COMPANIES HISTORY

Insurance Company of the West (ICW) was incorporated on March 1, 1972, under the laws of the state of California and commenced transacting property and casualty business on May 17, 1972. All outstanding shares of the ICW are owned by the ICW Group Holdings, Inc. (IGH), a California insurance holding company.

Explorer Insurance Company (Explorer) was incorporated on October 17, 1962, under the laws of the state of California and commenced transacting property and casualty business on March 8, 1963. All outstanding shares of Explorer are owned by ICW.

ICW National Insurance Company (National) was incorporated on October 17, 1962, under the laws of the state of California, and commenced transacting property and casualty business on March 8, 1963. Effective January 1, 2017, National became a wholly-owned subsidiary of ICW. All outstanding shares of National are owned by ICW.

ICW is the immediate parent of five insurance subsidiaries: Explorer, National, ICW Casualty Insurance Company (Casualty), ICW Premier Insurance Company (Premier), and VerTerra Insurance Company (VerTerra).

In addition to the direct-owned insurance subsidiaries, ICW is the immediate parent of a Nevada holding company, ICW Holdings, Inc., which in turn wholly owns ICW Ltd., a Class 3 captive insurance company domiciled in Bermuda.

On February 27, 2025, ICW Reinsurance Company (ICW Re) was incorporated in the state of Nevada. ICW Re is a wholly-owned subsidiary of ICW. ICW Re applied for a license as an insurer in Nevada on June 13, 2025, which is currently under review by the Nevada Division of Insurance.

### Dividends

ICW paid ordinary cash dividends to its parent, IGH, in the amounts of \$20 million, \$15 million, \$10 million, \$10 million, and \$5 million for the years 2021, 2022, 2023, 2024, and 2025, respectively.

### Capital Contributions

ICW received cash capital contributions from its parent, IGH, in the amounts of \$9.5 million and \$9 million on November 14, 2024, and November 15, 2024, respectively.

ICW made a cash capital contribution to National in the amount of \$17 million on April 21, 2022.

ICW made cash capital contributions to Casualty in the amounts of \$18.5 million, \$2 million, \$2.2 million, and \$3 million on December 1, 2021, March 25, 2022, August 31, 2022, and September 30, 2022, respectively.

ICW made cash capital contributions to Premier in the amounts of \$18.5 million, \$2 million, \$2.2 million, and \$3 million on December 1, 2021, March 25, 2022, August 31, 2022, and September 30, 2022.

Subsequent to the examination, ICW made a cash capital contribution to VerTerra in the amount of \$3 million on June 26, 2025.

## MANAGEMENT AND CONTROL

The Companies are members of an insurance holding company system of which ultimate control is held by The Ernest Rady Trust. The Companies' ultimate parent is American Assets, Inc. (dba ICW Group Assets, Inc.). The following abridged organizational chart depicts only the entities with which the Companies had interrelationships as of December 31, 2024 (all ownership is 100% unless otherwise indicated).

### The Ernest Rady Trust

American Assets, Inc. (California)\*

American Assets Investment Management, LLC (Delaware)

American Assets Capital Advisers, LLC (Delaware)

ICW Group Holdings, Inc. (California)\*\*

**Insurance Company of the West (California)**

**Explorer Insurance Company (California)**

**ICW National Insurance Company (California)**

ICW Casualty Insurance Company (Nevada)

ICW Premier Insurance Company (Nevada)

VerTerra Insurance Company (Texas)

ICW Holdings, Inc. (Nevada)

ICW, Ltd. (Bermuda)

ICW Carmel Point, LLC (California)

ICW MAT Trust (Delaware)

Risk Insurance Brokers of the West (California)

On Point Risk Solutions, Inc. (California)

\* The Ernest Rady Trust owns 75.9% of American Assets, Inc.; 13.0% is owned by the Donald Rady Trust; 11.1% is owned by other individuals, with less than 10% controlled by one individual.

\*\* American Assets, Inc. owns 81.9% of ICW Group Holdings, Inc. (IGH); 16.4% is owned by The Ernest Rady Trust; 1.7% is owned by other individuals, with less than 10% controlled by one individual.

Management of Insurance Company of the West (ICW) is vested in a Board of Directors elected annually, composed of not less than six and no more than eleven members. A listing of the members of the board serving ICW on December 31, 2024 are as follows:

Directors

<u>Name and Location</u>	<u>Principal Business Affiliation</u>
Bernard M. Feldman Del Mar, California	Vice Chairman Insurance Company of the West
Kevin M. Prior <sup>(a)</sup> San Diego, California	President and Chief Executive Officer Insurance Company of the West
Ernest S. Rady La Jolla, California	Trustee The Ernest Rady Trust
Nicole M. Rathsam San Diego, California	Senior Vice President, Treasurer, and Chief Financial Officer Insurance Company of the West
Michael P. Warnick San Diego, California	Vice President, Secretary, and General Counsel Insurance Company of the West
Paul F. Zamora San Marcos, California	Senior Vice President, Chief Underwriting Officer Insurance Company of the West

The following changes to the Board occurred subsequent to the examination date:

<sup>(a)</sup> Effective February 1, 2025, Mark J. Moitoso was elected as a Director, replacing Kevin M. Prior.

Management of Explorer Insurance Company (Explorer) and ICW National Insurance Company (National) is vested in a Board of Directors elected annually, composed of not less than three and no more than five members. A listing of the members of the Board serving Explorer and National on December 31, 2024 are as follows:

## Directors

<u>Name and Location</u>	<u>Principal Business Affiliation</u>
Bernard M. Feldman <sup>(a)</sup> Del Mar, California	Vice Chairman Insurance Company of the West
Kevin M. Prior <sup>(b)</sup> San Diego, California	President and Chief Executive Officer Insurance Company of the West
Ernest S. Rady <sup>(c)</sup> La Jolla, California	Trustee The Ernest Rady Trust
Nicole M. Rathsam San Diego, California	Senior Vice President, Treasurer, and Chief Financial Officer Insurance Company of the West
Michael P. Warnick San Diego, California	Vice President, Secretary, and General Counsel Insurance Company of the West

The following changes to the Board occurred subsequent to the examination date:

- (a) Effective May 13, 2025, Bernard M. Feldman no longer serves as a Director on the Explorer and National Boards but continues to serve on the ICW Board.
- (b) Effective January 27, 2025, Mark J. Moitoso was elected as a Director on the Explorer and National Board, replacing Kevin M. Prior.
- (c) Effective May 13, 2025, Ernest S. Rady no longer serves on the Explorer and National Boards but continues to serve on the ICW Board.
- (d) The following were elected to serve as Directors on the Explorer and National Boards:
  - a. Effective May 13, 2025, Robert K. Deviere, Vice President
  - b. Effective May 13, 2025, Paul F. Zamora, Senior Vice President

The following principal officers serve ICW, Explorer, and National as of December 31, 2024:

### Principal Officers

<u>Name</u>	<u>Title</u>
Kevin M. Prior <sup>(a)</sup>	President and Chief Executive Officer
Amanda J. Granger <sup>(b)(c)</sup>	Senior Vice President
Nicole M. Rathsam	Senior Vice President, Treasurer, and Chief Financial Officer
Miroslaw Wieczorek	Senior Vice President, Chief Reinsurance Officer
Paul F. Zamora	Senior Vice President, Chief Underwriting Officer
Robert K. DeViere	Vice President
Travis Noland	Vice President
Sandra Smith	Vice President
Michael P. Warnick	Vice President, Secretary, and General Counsel

The following changes in management occurred subsequent to the examination date:

- (a) Effective January 27, 2025, Mark J. Moitoso was elected as President, replacing Kevin M. Prior.
- (b) Effective May 15, 2025, Amanda J. Granger retired from the Companies.
- (c) Effective October 6, 2025, Lynn Moretti was elected as Senior Vice President, Chief Claims Officer

### Management Agreements

Effective October 25, 2011, ICW entered into an Intercompany Affiliated Service Agreement with its affiliate, On Point Risk Solutions, Inc. (OPRS). Under the terms of the agreement, ICW provides OPRS with certain administrative support functions, and OPRS utilizes certain ICW facilities. As compensation, OPRS pays ICW a fee based on the allocation of direct costs, approximately 8.4% per year, plus 5.2% of OPRS's overall overhead. This agreement was approved by the CDI on May 5, 2011. The amounts received by ICW for these services for 2021, 2022, 2023, and 2024 were \$162,903, \$181,037, \$200,122, and \$185,224, respectively.

Effective January 1, 2016, ICW entered into an Intercompany Affiliated Management Agreement with its affiliate, Risk Insurance Brokers of the West (RIBW). Under the terms of the agreement, RIBW will provide underwriting, premium billing, and collection services

to ICW relating to its Difference in Conditions (DIC) insurance coverage. The DIC insurance coverage includes various lines of business such as earthquakes, floods, and other catastrophes. In return and as compensation, RIBW charges ICW for the actual cost of services. This agreement was approved by CDI on December 29, 2015. The amounts paid by ICW for these services for 2021, 2022, 2023, and 2024 were \$7,988,578, \$22,984,594, \$27,626,239, and \$24,096,349, respectively.

Effective January 1, 2018, ICW and its subsidiaries (collectively known as the Companies) entered into an Amended and Restated Intercompany Affiliated Management Agreement with its parent, ICW Group Holdings, Inc. (IGH). Under the terms of the agreement, IGH will provide administrative and special services, and ICW will provide certain underwriting and claims services to the Companies and share in the use of the day-to-day operations of certain property, equipment, and facilities. Each service recipient agrees to reimburse the performing entity for the actual cost of services provided. The CDI approved the Amended and Restated Intercompany Affiliated Management Agreement on July 18, 2018. The following are the fees paid to / (received) from IGH under the agreement:

	2021	2022	2023	2024
Insurance Company of the West	\$ 85,115,009	\$ 117,954,758	\$126,012,895	\$ 143,573,769
Explorer Insurance Company	3,428,846	1,299,229	2,161,668	3,270,841
ICW National Insurance Company	52,469	93,553	220,004	334,786

The following are the fees (paid)/ received by ICW and each insurer under the agreement:

	2021	2022	2023	2024
Insurance Company of the West	\$ 2,577,068	\$ 1,564,615	\$ 2,239,405	\$ 2,880,550
Explorer Insurance Company	(1,936,787)	(1,124,250)	(1,511,906)	(2,106,182)
ICW National Insurance Company	(139,333)	(133,473)	(240,336)	(262,985)

## Tax Allocation Agreement

Effective January 1, 2018, ICW, its subsidiaries and affiliates, and its ultimate parent, American Assets, Inc., entered into a Second Amended and Restated Federal Tax Allocation Agreement. Pursuant to the terms of the agreement, the consolidated federal tax liability is allocated among the participants in the ratio that each subsidiary's separate tax return liability bears to the total consolidated federal tax liabilities of all subsidiaries that are members of the consolidated group. The agreement supersedes the Amended and Restated Federal Tax Allocation Agreement, effective January 1, 2015, and approved by the CDI on April 2, 2015. The changes to the agreement include name changes for the three insurance entities domiciled in Nevada and Texas, and the removal of the non-insurance entity that was dissolved in 2014. The CDI approved the agreement on December 8, 2017.

The following are the taxes paid/ (recovered) under the agreement:

	2021	2022	2023	2024
Insurance Company of the West	\$ 35,870,147	\$ 19,998,372	(\$ 6,646,047)	\$ 53,179,618
Explorer Insurance Company	4,182,689	6,005,880	4,199,847	5,025,972
ICW National Insurance Company	461,705	465,792	610,805	634,278

## Investment Management Agreements

Effective January 1, 2018, IGH, ICW, and its subsidiaries, collectively known as ICW Group Entities, entered into a Second Amended and Restated Investment Management Agreement with American Assets Investment Management, LLC (AAIM), a Delaware limited liability company, and an affiliated entity. AAIM provides investment advisory services to the ICW Group Entities, specifically including, without limitation, publicly-traded securities, publicly-traded debt, and private investments. The current management fees for the agreement are based on each company in the ICW Group Entities' portfolios, and are as follows: a) fixed income is 13.5 basis points per year; b) active equities is 38.5 basis points per year; and c) private equity is 1.5 basis points per year. This agreement supersedes and updates the Amended and Restated Investment Management Agreement that was effective and approved by CDI on March 20, 2015. The CDI approved the Second

Amended and Restated Investment Management Agreement on August 3, 2018.

The following are the fees paid to AAIM under the agreement:

	2021	2022	2023	2024
Insurance Company of the West	\$ 4,540,524	\$ 4,939,820	\$ 5,150,892	\$ 6,811,196
Explorer Insurance Company	832,021	709,130	1,221,535	1,592,067
ICW National Insurance Company	106,352	112,448	177,398	205,775

Effective December 11, 2020, ICW entered into an Investment Management Agreement with American Assets Capital Advisers, LLC (AACA), a Delaware limited liability company and affiliated entity. Under the terms of the agreement, AACA provides certain investment advisory services to ICW. As compensation, ICW pays AACA a management fee of thirty basis points of the fair market value of the assets at the last day of the quarter. In addition, ICW pays AACA an annual incentive fee equal to 20% of net outperformance, as defined in the agreement. The CDI approved this Agreement on December 11, 2020. The amounts paid by ICW for these services in 2021, 2022, 2023, and 2024 were \$35,218, \$41,125, \$32,058, and \$38,466, respectively.

#### TERRITORY AND PLAN OF OPERATION

As of December 31, 2024, Insurance Company of the West (ICW) was licensed and authorized to write various property and casualty lines of insurance in all 50 states and the District of Columbia. ICW is the lead company in an intercompany reinsurance pooling agreement with five of its subsidiaries.

As of December 31, 2024, Explorer Insurance Company (Explorer) was licensed and authorized to write various property and casualty lines of insurance in 46 states and the District of Columbia. Explorer is not licensed in New Hampshire, North Dakota, Ohio, Wyoming.

As of December 31, 2024, ICW National Insurance Company (National) was licensed and authorized to write various property and casualty lines of insurance in California and New York.

The Companies operations are conducted jointly with its subsidiaries at its home office in San Diego, California. Branch offices are maintained in Sacramento, Pleasanton, and Woodland Hills, California; Las Vegas, Nevada; Lisle, Illinois; King of Prussia (Philadelphia), Pennsylvania; and Orlando, Florida. Business is generated through a combination of independent agents, wholesale brokers, and Company-owned branch offices.

During 2024, ICW wrote \$1.278 billion in direct premiums; 92.9% pertained to its workers' compensation business, and the remainder consisted primarily of earthquake coverage, inland marine, and private flood. Of the total direct premiums written, 75% was written in the following three states: \$857 million (67%) in California, \$55.5 million (4.3%) in Florida, and \$48 million (3.8%) in Illinois.

During 2024, Explorer wrote \$35.3 million in direct premiums; \$35.3 million (100%) pertained to its workers' compensation business. The total direct premiums were predominantly written in the following states: \$13 million (37.0%) in New Jersey; \$7.2 million (20.3%) in Pennsylvania; \$6.2 million (17.6%) in Minnesota; and \$2.9 million (8.2%) in Missouri.

In 2024, National wrote \$978,242 in direct premiums, all of which were in the workers' compensation business and written in New York.

The Companies plan to expand their business and new product lines by the year 2027, whereby they plan to offer Commercial Package lines in California.

## REINSURANCE

### Intercompany Pooling Agreement

Effective January 1, 2019, Insurance Company of the West (ICW) is the lead insurer in the Second Amended and Restated Standard Intercompany Quota Share Reinsurance Pooling Agreement (Second Amended Pooling Agreement) with its subsidiaries, Explorer Insurance Company (Explorer), ICW National Insurance Company (National), ICW Casualty Insurance Company (Casualty), ICW Premier (Premier), and VerTerra Insurance Company (VerTerra), hereinafter also referred to as the Participants. Under the terms of the Second Amended Pooling Agreement, the Participants cede, and the ICW assumes 100% of the Participants' business generated from underwriting operations. The cessions from the Participants are combined with the ICW's business, resulting in a pooled balance that is allocated to each company in the pool. The Second Amended Pooling Agreement was approved by the CDI on September 24, 2018. The Second Amended Pooling Agreement supersedes the Amended and Restated Pooling Agreement that was effective January 1, 2015.

On June 13, 2023, the CDI approved a Third Amended and Restated Standard Intercompany Quota Share Reinsurance Pooling Agreement with an effective date of March 31, 2023. The purpose of the amendment was to specify that the ICW acts as a pooling manager for its owned insurance pooled entities. There were no other changes made. The following table illustrates each participant's pooled share as of December 31, 2024.

<u>Company Name</u>	<u>NAIC #</u>	<u>State of Domicile</u>	<u>Pool Participation</u>
Insurance Company of the West	27847	CA	77.8%
Explorer Insurance Company	40029	CA	14.5%
VerTerra Insurance Company	10024	TX	5.6%
ICW National Insurance Company	24635	CA	1.6%
ICW Casualty Insurance Company	16386	NV	0.25%
ICW Premier Insurance Company	16387	NV	<u>0.25%</u>
Pool Total			100.0%

### Assumed

As of December 31, 2024, ICW assumed a significant book of business on both a proportional and non-proportional basis, in addition to the intercompany pooling discussed above. The assumed book of business from non-affiliates has grown from approximately 150 agreements with \$260 million in assumed premium as of December 31, 2020, to approximately 550 agreements with \$1.8 billion in assumed premium as of December 31, 2024. The assumed reinsurance exposures cover a variety of perils, generally working layers across mainstream casualty, property, and workers' compensation. No single reinsurance agreement in itself exceeds materiality, but collectively the agreements make up the \$1.8 billion in assumed premium as of December 31, 2024.

Business was previously assumed through a brokerage agreement with Waypoint Underwriting Management, LLC (Waypoint), which comprised a larger share of the assumed writings in prior years. The Managing General Underwriter (MGU) agreement with Waypoint was terminated in 2023, and the book is currently in runoff. The Companies have grown their team and portfolio internally since 2023, with a reduced need for assuming MGU business underwritten by Waypoint. The lines of business previously assumed through Waypoint included property lines, inland marine, equipment breakdown, section II homeowners, and private passenger automobile. The Company anticipates that its assumed book of business will level off in 2025.

### Ceded

The Companies' reinsurance program limits the retention to \$1 million for workers' compensation business, \$7 million for Difference in Condition that covers various lines of business such as earthquakes, floods, and other catastrophes, and \$100 million for catastrophe-related losses. The Companies have the following ceded reinsurance programs in effect as of December 31, 2024, and are summarized in the table below:

Line of Business and Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Limit
<b><u>Workers' Compensation</u></b>			
1 <sup>st</sup> Excess of Loss	<u>Unauthorized and affiliated:</u> ICW, Ltd. (100%)	\$1 million	\$9 million with an aggregate limit of \$36 million
2 <sup>nd</sup> Excess of Loss	<u>Unauthorized and affiliated:</u> ICW, Ltd. (100%)	\$10 million	\$5 million with an aggregate limit of \$10 million
1 <sup>st</sup> Excess of Loss (Section A – Earthquake)	<u>Authorized:</u> Lloyd's UWs (37.5%) Arch Re Co (11%) Axis Re Co (1.5%) IOA Re/The Cincinnati Ins. Co. (11%) Munich Re America (7%) Markel Bermuda Ltd (5%)  <u>Unauthorized:</u> Allied World Assurance Co. Ltd (4%) and QBE Europe SA/NV (3%)  <u>Certified:</u> Hannover Rueck SE (15%) Endurance Specialty Ins. Ltd (5%)	\$15 million	\$25 million with an aggregate limit of \$50 million. \$25 million limit for Acts of Terrorism.
1 <sup>st</sup> Excess of Loss (Section B – All other Perils)	<u>Authorized:</u> Lloyd's UWs (37.5%) Arch Re Co (11%) Axis Re Co (1.5%) IOA Re/The Cincinnati Ins. Co. (11%) Munich Re America (7%) Markel Bermuda Ltd (5%)  <u>Unauthorized:</u> Allied World Assurance Co. Ltd (4%) QBE Europe SA/NV (3%)  <u>Certified:</u> Hannover Rueck SE (15%) Endurance Specialty Ins. Ltd (5%)	\$15 million plus 20% of the \$25 million	80% of \$25 million with an aggregate limit of \$50 million. \$25 million limit for Acts of Terrorism.
2 <sup>nd</sup> Excess of Loss	<u>Authorized:</u> Various Lloyd's UWs (42.25%) Arch Re Co (5.25%) Axis Re Co (1.5%) IOA Re/The Cincinnati Ins. Co. (11%) Munich Re America (7%) XL Re America (1%) Markel Bermuda Ltd (8%)  <u>Unauthorized:</u> Allied World Assurance Co. Ltd (7.25%) Group Ark Ins Ltd (4%) QBE Europe SA/NV (3.75%)  <u>Certified:</u> Hannover Rueck SE (5%) Endurance Specialty Ins. Ltd (4%)	\$40 million	\$40 million with an aggregate limit of \$80 million. \$40 million limit for Acts of Terrorism. \$15 million NBCR Terrorism annual sublimit.

Line of Business and Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Limit
3 <sup>rd</sup> Excess of Loss	<u>Authorized:</u> Lloyd's UWs (38.25%) Arch Re Co (10%) Axis Re Co (1.5%) IOA Re/The Cincinnati Ins. Co. (11%) Munich Re America (7%) XL Re America (3%) Markel Bermuda Ltd (8%)  <u>Unauthorized:</u> Allied World Assurance Co. Ltd (5.5%) Hannover Re (Bermuda) Ltd (5%) QBE Europe SA/NV (3.75%)  <u>Certified:</u> Endurance Specialty Ins. Ltd (7%)	\$80 million	\$85 million with an aggregate limit of \$170 million. \$85 million limit for Acts of Terrorism.
4 <sup>th</sup> Excess of Loss	<u>Authorized:</u> Lloyd's UWs (34.25%) Arch Re Co (10%) Axis Re Co (1.5%) IOA Re/The Cincinnati Ins. Co. (10.5%) Munich Re America (15%) XL Re America (5.75%) Markel Bermuda Ltd (5%)  <u>Unauthorized:</u> Allied World Assurance Co. Ltd (8.5%) and QBE Europe SA/NV (4%)  <u>Certified:</u> Endurance Specialty Ins. Ltd (5.5%)	\$165 million	\$20 million with an aggregate limit of \$40 million. \$20 million limit for Acts of Terrorism.
<b><u>Alternative Difference in Conditions – (Property Catastrophe Excess of Loss)</u></b>			
First Layer	<u>Authorized:</u> Lloyd's UWs (69%) SCOR Re (5%) Lancashire Ins Co (5%) DEVK Ruck (2%)  <u>Unauthorized:</u> American Ag (4%)  <u>Certified:</u> Convex Re (5%) Fidelis Ins Bermuda (10%)	\$7 million	\$5 million with an aggregate limit of \$10 million
Second Layer	<u>Authorized:</u> Lloyd's UWs (68.5%) SCOR Re (5%) Lancashire Ins Co (5%) DEVK Ruck (2%)  <u>Unauthorized:</u> American Ag (4%)  <u>Certified:</u> Convex Re (5%) Fidelis Ins Bermuda (10%)	\$12 million plus .5% of the \$22.5 million	99.5% of \$22.5 million with an aggregate limit of \$45 million
<b><u>Property Catastrophe Excess of Loss</u></b>			
First Layer	<u>Authorized:</u> Lloyd's UWs (35.2%) Houston Casualty Co UK (1.5%) Partner Re Ltd (5%)	\$100 million plus 1.02% of \$200 million	98.98% of \$200 million with an aggregate limit of \$400 million

Line of Business and Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Limit
	<p>Mapfre Re (3.75%)  DEVK Ruck (2%)  IOA Re/The Cincinnati Ins Co (2.5%)  Harco Natl Ins Co (3.75%)  Odyssey Re (0.625%)  QBE Re (2.5%)  SCOR Re (4.375%)  Lancashire Ins Co (2.8%)</p> <p><u>Unauthorized:</u>  American Ag (2.25%)  Lansforsakringar (1.75%)  Allied World Assurance Co (1.875%)  Group Ark Ins (5%)  S.A.C. Re (8%)  Hannover Re Bermuda (2.5%)  Lumen Re (1.5%)  R&amp;V Versicherung AG (3%)  Chaucer Ins Co Bermuda (2.5%)</p> <p><u>Certified</u>  Convex Re (2.1%)  Fidelis Ins Bermuda (2%)  Arch Re (2.5%)</p>		
Second Layer	<p><u>Authorized:</u>  Lloyd's UWs (32.5%)  IOA Re/The Cincinnati Ins. Co.(5.25%)  Mapfre Re (3%)  QBE Re (2.5%)  SCOR Re (4.95%)  Swiss Re (13.5%)  Lancashire Ins Co (4.15%)  Partner Re (4%)  DEVK Ruck (2%)  Houston Casualty Co UK (2.5%)</p> <p><u>Unauthorized:</u>  American Ag (4%); Antares Global Mgmt (Bermuda) (3%); S.A.C. Re (4.5%);  Hannover Re (Bermuda)(5%); Korean Re (2.75%); Lansforsakringar(1.25%);  R+V Versicherung AG (4%)</p> <p><u>Certified:</u>  Hiscox Ins Co (1.15%)</p>	\$300 million	\$120 million with an aggregate limit of \$240 million
Third Layer	<p><u>Authorized:</u>  Lloyds UWs (25.5%);  American Family Connect P&amp;C Ins Co.(7.5%);  Mapfre Re (3%);  Lancashire Ins Co (8%);  Partner Re (5%); DEVK Ruck (2%);  Houston Casualty Co UK (18%)</p> <p><u>Unauthorized:</u>  American Ag (1.25%)  Hannover Re (Bermuda) (10%)  Korean Re (2%)  Lansforsakringar(1%);  R+V Versicherung AG (3%)</p> <p><u>Certified:</u>  Convex Re (2.5%)  Fidelis Ins Bermuda (9%)</p>	\$420 million plus 2.25% of the \$95 million	97.75% of \$95 million with an aggregate limit of \$190 million

Line of Business and Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Limit
Fourth Layer	<u>Authorized:</u> Lloyds UWs (77%) Mapfre Re (3%) Lancashire Ins Co (3%) Partner Re (3.5%) DEVK Ruck (2%)  <u>Unauthorized:</u> Lansforsakringar(1%) R+V Versicherung AG (3%) Chaucer Ins Co (5%)  <u>Certified:</u> Convex Re (2.5%)	\$515 million	\$35 million with an aggregate limit of \$70 million
Fifth Layer	<u>Authorized:</u> Houston Casualty Co UK (100%)	\$550 million	\$30 million with an aggregate limit of \$60 million
Sixth Layer	<u>Authorized:</u> Lloyds UWs (33.5%) IOA Re/The Cincinnati Ins. Co.(3.75%) Mapfre Re (2.75%) Lancashire Ins Co (7%) Houston Casualty Co UK (26%)  <u>Unauthorized:</u> American Ag (6.75%) Hannover Re (Bermuda) (8%) Korean Re (6%) Lansforsakringar(1.25%) R+V Versicherung AG (4%)  <u>Certified:</u> Hiscox Ins Co (1%)	\$580 million	\$40 million with an aggregate limit of \$80 million
<b>All Other Perils</b> Excess Per Risk	<u>Authorized:</u> Lloyd's UWs (30%) Odyssey Re (5%) Lancashire Ins Co (20%) DEVK Ruck (5%)  <u>Certified:</u> Hannover Ruck (20%)	\$3 million plus 20% of the \$7 million	80% of \$7 million with an aggregate limit of \$7 million
<b>Flood Quota Share</b>	<u>Authorized:</u> Lloyd's UWs (7.5%) Munich Re (28%) Swiss Re (12.5%) DEVK Ruck (2%)  <u>Certified:</u> Convex Re (5%)	45% of all business covered in the agreement	55% of all business covered in the agreement with an aggregate limit of \$70 million
<b>Industry Loss Warranties</b>			
5/3/2024 – 12/31/2024 Named Windstorm USA* Trigger \$100 Billion	<u>Authorized:</u> Odyssey Reinsurance Company (100%)	\$10,000	\$20,000,000 Ultimate Net Loss each and every Loss Occurrence \$20,000,000 Aggregate Contract Limit
5/17/2024 – 5/16/2025 Named Windstorm or Earthquake USA* Trigger \$30 Billion	<u>Authorized:</u> Markel Bermuda Limited (100%)	\$10,000	\$5,000,000 Ultimate Net Loss each and every Loss Occurrence \$5,000,000 Aggregate Contract Limit

Line of Business and Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Limit
6/7/2024 – 12/31/2024 Named Windstorm Florida Trigger \$5 Billion	<u>Authorized:</u> Markel Bermuda Limited (100%)	\$10,000	\$5,000,000 Ultimate Net Loss each and every Loss Occurrence \$5,000,000 Aggregate Contract Limit
6/14/2024 – 12/31/2024 Named Windstorm USA* Trigger \$20 Billion	<u>Authorized:</u> Markel Bermuda Limited (100%)	\$10,000	\$5,000,000 Ultimate Net Loss each and every Loss Occurrence \$5,000,000 Aggregate Contract Limit
6/14/2024 – 6/13/2025 Earthquake USA* Trigger \$30 Billion	<u>Authorized:</u> Markel Bermuda Limited (100%)	\$10,000	\$5,000,000 Ultimate Net Loss each and every Loss Occurrence \$5,000,000 Aggregate Contract Limit
6/14/2024 – 6/13/2025 Earthquake USA* Trigger \$40 Billion	<u>Authorized:</u> Markel Bermuda Limited (100%)	\$10,000	\$5,000,000 Ultimate Net Loss each and every Loss Occurrence \$5,000,000 Aggregate Contract Limit

\*USA = United States of America, being defined as the 50 States of the Union and the District of Columbia

## FINANCIAL STATEMENTS

The following financial statements of Insurance Company of the West and the financial statements (attached as Exhibit A) of the Explorer Insurance Company and ICW National Insurance Company are based on the statutory financial statements filed by the Companies with the California Department of Insurance and present the financial condition of the Company for the period ending December 31, 2024.

- Insurance Company of the West (Page 21)
- Explorer Insurance Company (Page 31)
- ICW National Insurance Company (Page 35)

Insurance Company of the West

The accompanying comments to the amounts in the financial statements should be considered an integral part of the financial statements. No adjustments were made to the statutory financial statements reported by the Company.

Statement of Financial Condition as of December 31, 2024

Underwriting and Investment Exhibit for the Year Ended December 31, 2024

Reconciliation of Surplus as Regards Policyholders from December 31, 2020  
through December 31, 2024

Statement of Financial Condition  
as of December 31, 2024

<u>Assets</u>	<u>Ledger and Nonledger Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>	<u>Notes</u>
Bonds	\$ 2,957,279,452	\$	\$ 2,957,279,452	
Preferred stocks	12,122,119	2,000,000	10,122,119	
Common stocks	1,619,583,860		1,619,583,860	
Real Estate: Properties held for the production of income	32,995,937		32,995,937	
Cash, cash equivalents, and short-term investments	68,177,819		68,177,819	
Other invested assets	193,174,379		193,174,379	
Receivables for securities	3,078,084		3,078,084	
Investment income due and accrued	23,098,799	1,149,914	21,948,885	
Uncollected premiums and agents' balances in the course of collection	154,479,819	39,568,911	114,910,908	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,288,063,818		1,288,063,818	
Amounts recoverable from reinsurers	37,810,091		37,810,091	
Funds held by or deposited with reinsured companies	73,253,624		73,253,624	
Other amounts receivable under reinsurance contracts	16,870,919		16,870,919	
Current federal and foreign income tax recoverable and interest thereon	9,226,784		9,226,784	
Net deferred tax asset	27,709,203		27,709,203	
Guaranty funds receivable or on deposit	10,410,206		10,410,206	
Electronic data processing equipment and software	23,304,133	19,566,969	3,737,164	(1)
Furniture and equipment	2,531,503	2,667,239	(135,736)	(1)
Receivables from parent, subsidiaries and affiliates	8,862,360		8,862,360	
Aggregate write-ins for other than invested assets	<u>15,628,885</u>	<u>3,762,983</u>	<u>11,865,902</u>	
Total assets	<u>\$ 6,577,661,794</u>	<u>\$ 68,716,016</u>	<u>\$ 6,508,945,778</u>	
 <u>Liabilities, Surplus and Other Funds</u>				<u>Notes</u>
Losses			\$ 2,193,295,543	(2)
Reinsurance payable on paid loss and loss adjustment expenses			51,261,631	
Loss adjustment expenses			328,486,997	(2)
Commissions payable, contingent commissions and other similar charges			74,617,777	
Other expenses			34,314,274	
Taxes, licenses and fees			3,121,423	
Borrowed money			846,468	
Unearned premiums			1,325,562,857	
Advance premium			356,681	
Dividends declared and unpaid: Policyholders			8,756,588	
Ceded reinsurance premiums payable			118,350,332	
Funds held by company under reinsurance treaties			477,545,032	
Amounts withheld or retained by company for account of others			1,350,115	
Remittances and items not allocated			1,772,916	
Provision for reinsurance			1,155,800	
Drafts outstanding			1,096,826	
Payable to parent, subsidiaries and affiliates			12,318,919	
Derivatives			18,619	
Payable for securities			7,700,000	
Aggregate write-ins for liabilities			<u>3,117,183</u>	

Liabilities, Surplus and Other Funds

Notes

Total liabilities		4,645,045,979
Common capital stock	\$	4,200,000
Gross paid-in and contributed surplus		158,981,658
Unassigned funds (surplus)		<u>1,700,718,140</u>
Surplus as regards policyholders		<u>1,863,899,798</u>
Total liabilities, surplus, and other funds		<u>\$ 6,508,945,778</u>

Underwriting and Investment Exhibit  
for the Year Ended December 31, 2024

Statement of Income

Underwriting Income

Premium earned	\$ 2,087,427,175
Deductions:	
Losses incurred	\$ 1,182,447,199
Loss adjustment expenses incurred	162,657,289
Other underwriting expenses incurred	<u>764,725,836</u>
Total underwriting deductions	<u>2,109,830,324</u>
Net underwriting loss	(22,403,149)

Investment Income

Net investment income earned	\$ 114,503,605
Net realized capital losses	<u>(4,687,606)</u>
Net investment gain	109,815,999

Other Income

Net loss from agents' or premium balances charged off	\$ (5,792,945)
Finance and service charges not included in premiums	188,826
Aggregate write-ins for miscellaneous income	<u>369,579</u>
Total other income	<u>(5,234,540)</u>
Net income before dividends to policyholders, after capital gains tax, and before all other federal and foreign income taxes	82,178,310
Dividends to policyholders	<u>7,021,259</u>
Net income after dividends to policyholders, after capital gains tax, and before all other federal and foreign income taxes	75,157,051
Federal and foreign income taxes incurred	<u>42,222,568</u>
Net income	<u>\$ 32,934,483</u>

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2023	\$ 1,570,015,819
Net income	\$ 32,934,483
Change in net unrealized capital gains	230,146,064
Change in net deferred income tax	29,580,646
Change in nonadmitted assets	(9,777,786)
Change in provision for reinsurance	2,508,001
Surplus adjustments: Paid-in	18,500,000
Dividends to stockholders	(10,000,000)
Aggregate write-ins for gains and losses in surplus	<u>(7,429)</u>
Change in surplus as regards policyholders for the year	<u>293,883,979</u>
Surplus as regards policyholders, December 31, 2024	<u>\$ 1,863,899,798</u>



Summary of Reclassifications as of December 31, 2024

As a result of the examination, the following reclassifications were made that have no impact on surplus. The Company misclassified certain non-admitted assets between Electronic data processing equipment and software (EDP) and Furniture and equipment as follows:

<u>Annual Statement Line Item</u>	<u>Balance per</u> <u>Annual Statement</u>	<u>Increase</u>	<u>Decrease</u>	<u>Adjusted Balance</u>
EDP	\$ 3,737,164	\$	\$ 135,736	\$ 3,601,428
Furniture and equipment	\$ (135,736)	\$ 135,736	\$	\$ 0

## COMMENTS ON FINANCIAL STATEMENT ITEMS

### (1) Electronic data processing equipment and software (EDP) and Furniture and equipment

EDP and Furniture and equipment non-admitted amounts were incorrectly stated at December 31, 2024. The Company reported an additional non-admitted amount of \$135,736 in Furniture and equipment. A reclassification, a decrease of non-admitted to Furniture and equipment and an increase to EDP is required. There is no impact to the total Net Admitted Assets or Surplus at December 31, 2024. This has been corrected as of March 31, 2025.

### (2) Losses and Loss Adjustment Expenses

As the Companies' business was pooled and retroceded to the participants, the analysis of the loss and loss adjustment expense reserves was performed on a group-wide basis. Based on the analysis performed by a Senior Casualty Actuary from the California Department of Insurance, the Group's reserves for losses and loss adjustment expenses were found to be reasonably stated and have been accepted for purposes of this examination.

## SUBSEQUENT EVENTS

On February 27, 2025, ICW Reinsurance Company (ICW Re) was created as a wholly-owned subsidiary of Insurance Company of the West. ICW Re has an application pending for a certificate of authority in the state of Nevada as of the date of the report.

## SUMMARY OF COMMENTS AND RECOMMENDATIONS

### Current Report of Examination

None.

### Previous Report of Examination

#### Insurance Company of the West (ICW):

Intercompany Agreements - Intercompany Affiliated Management Agreement (Page 6): It was recommended that ICW comply with the provisions of California Insurance Code (CIC) Section 1734(b). During the course of the prior examination, ICW opened and transferred all fiduciary funds to a Premium Trust Account to correct the noted deficiency. ICW has complied with this recommendation.

Accounts and Records – Annual Statement Instructions (Page 21): It was recommended that the ICW implement procedures to ensure compliance with the National Association of Insurance Commissioners (NAIC) Annual Statement Instructions, Notes to Financial Statements Numbers 14 and 33, and to the Underwriting and Investment Exhibit, Part 3 – Expenses. ICW has complied with this recommendation.

#### Explorer Insurance Company (Explorer):

Reinsurance – Other Intercompany Reinsurance (Page 9): It was recommended that the Explorer implement procedures to ensure compliance with the NAIC Annual Statement Instructions, Schedule F, Part 3 in reporting all related ceded reinsurance account balances from ICW, Ltd. Explorer has complied with this recommendation.

Accounts and Records – Annual Statement Instructions (Page 11): It was recommended that the Explorer implement procedures to ensure compliance with the NAIC Annual Statement Instructions, Notes to Financial Statements Numbers 14 and 33, and to the

Underwriting and Investment Exhibit, Part 3 – Expenses. Explorer has complied with this recommendation.

Accounts and Records – Vehicle Fraud Assessment Filing (Page 12): It was recommended that the Explorer implement procedures to ensure compliance with the CIC Section 1872. Explorer agreed with the examination finding and filed an amended Vehicle Fraud Assessment Filing in 2021 to correct the deficiency. Explorer has complied with this recommendation.

Premium Tax Filing (Page 12): It was recommended that the Explorer implement procedures to ensure compliance with California Department of Insurance Bulletin 80.6 and report their premium tax correctly. Explorer agreed with the examination finding and filed an amended premium tax return in 2021 to correct the deficiency. Explorer has complied with this recommendation.

ICW National Insurance Company (National):

Accounts and Records– Annual Statement Instructions (Page 9): It was recommended that the National implement procedures to ensure compliance with the NAIC Annual Statement Instructions, Notes to Financial Statements Numbers 14 and 33, and to the Underwriting and Investment Exhibit, Part 3 – Expenses. National has complied with this recommendation.

## ACKNOWLEDGMENT

Acknowledgment is made of the cooperation and assistance extended by the Companies' officers and employees during the course of this examination.

Respectfully submitted,

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Julie K. Smith, CFE  
Examiner-In-Charge  
Noble Consulting Services, Inc.  
Representing the Department of  
Insurance  
State of California

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Ralph Oseguera, CFE  
Senior Insurance Examiner, Supervisor  
Department of Insurance  
State of California

EXHIBIT A

Explorer Insurance Company

The accompanying comments to the amounts in the financial statements should be considered an integral part of the financial statements. No adjustments were made to the statutory financial statements reported by the Company.

Statement of Financial Condition as of December 31, 2024

Underwriting and Investment Exhibit for the Year Ended December 31, 2024

Reconciliation of Surplus as Regards Policyholders from December 31, 2020  
through December 31, 2024

Statement of Financial Condition  
as of December 31, 2024

<u>Assets</u>	<u>Ledger and Nonledger Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>	<u>Notes</u>
Bonds	\$ 794,564,357	\$	\$ 794,564,357	
Preferred stocks	3,710,639		3,710,639	
Common stocks	97,658,649		97,658,649	
Cash, cash equivalents, and short-term investments	7,803,852		7,803,852	
Receivables for securities	10,782		10,782	
Investment income due and accrued	5,590,931		5,590,931	
Uncollected premiums and agents' balances in the course of collection	22,615,947	738,759	21,877,188	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	71,529,342		71,529,342	
Net deferred tax asset	17,893,607	207,253	17,686,354	
Guaranty funds receivable or on deposit	333,487		333,487	
Receivables from parent, subsidiaries and affiliates	1,395,586		1,395,586	
Aggregate write-ins for other than invested assets	<u>91,698</u>		<u>91,698</u>	
Total assets	<u>\$ 1,023,198,877</u>	<u>\$ 946,012</u>	<u>\$ 1,022,252,864</u>	
 <u>Liabilities, Surplus and Other Funds</u>				<u>Notes</u>
Losses			\$ 408,851,610	(2)
Reinsurance payable on paid loss and loss adjustment expenses			14,646,627	
Loss adjustment expenses			61,222,283	(2)
Commissions payable, contingent commissions and other similar charges			12,786,911	
Other expenses			407,304	
Taxes, licenses and fees			241,601	
Current federal and foreign income taxes			8,726,718	
Unearned premiums			247,528,024	
Dividends declared and unpaid: Policyholders			1,547,933	
Ceded reinsurance premiums payable			12,459,605	
Drafts outstanding			62,153	
Payable for parent, subsidiaries and affiliates			1,404,152	
Aggregate write-ins for liabilities			<u>797,948</u>	
Total liabilities			770,682,869	
Common capital stock		\$ 4,500,000		
Gross paid-in and contributed surplus		8,070,835		
Unassigned funds (surplus)		<u>238,999,160</u>		
Surplus as regards policyholders			<u>251,569,995</u>	
Total liabilities, surplus, and other funds			<u>\$ 1,022,252,864</u>	

Underwriting and Investment Exhibit  
for the Year Ended December 31, 2024

Statement of Income

Underwriting Income

Premium earned	\$ 389,044,911
Deductions:	
Losses incurred	\$ 220,378,977
Loss adjustment expenses incurred	30,315,305
Other underwriting expenses incurred	<u>142,529,967</u>
Total underwriting deductions	<u>393,224,248</u>
Net underwriting loss	(4,179,337)

Investment Income

Net investment income earned	\$ 30,229,230
Net realized capital losses	<u>(5,266,927)</u>
Net investment gain	24,962,303

Other Income

Net loss from agents' or premium balances charged off	\$ (1,079,662)
Finance and service charges not included in premiums	35,193
Aggregate write-ins for miscellaneous income	<u>606</u>
Total other income	<u>(1,043,863)</u>
Net income before dividends to policyholders, after capital gains tax, and before all other federal and foreign income taxes	19,739,102
Dividends to policyholders	<u>1,665,973</u>
Net income after dividends to policyholders, after capital gains tax, and before all other federal and foreign income taxes	18,073,129
Federal and foreign income taxes incurred	<u>9,210,418</u>
Net income	<u>\$ 8,862,711</u>

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2023	\$ 232,125,428
Net income	\$ 8,862,711
Change in net unrealized capital gains	5,475,472
Change in net deferred income tax	6,052,396
Change in nonadmitted assets	<u>(946,012)</u>
Change in surplus as regards policyholders for the year	<u>19,444,567</u>
Surplus as regards policyholders, December 31, 2024	<u>\$ 251,569,995</u>

Reconciliation of Surplus as Regards to Policyholders  
from December 31, 2020 through December 31, 2024

Surplus as regards policyholders, December 31, 2020			\$ 188,850,578
	Gain in Surplus	Loss in Surplus	
Net income	\$ 30,931,923	\$	
Change in net unrealized capital gains	17,332,096		
Change in net deferred income tax	13,515,584		
Change in nonadmitted assets	<u>939,814</u>		
Total gains and losses	\$ <u>62,719,417</u>	\$ <u>0</u>	
Net increase in surplus as regards policyholders			<u>62,719,417</u>
Surplus as regards policyholders, December 31, 2024			<u>\$ 251,569,995</u>

ICW National Insurance Company

The accompanying comments to the amounts in the financial statements should be considered an integral part of the financial statements. No adjustments were made to the statutory financial statements reported by the Company.

Statement of Financial Condition as of December 31, 2024

Underwriting and Investment Exhibit for the Year Ended December 31, 2024

Reconciliation of Surplus as Regards Policyholders from December 31, 2020  
through December 31, 2024

Statement of Financial Condition  
as of December 31, 2024

<u>Assets</u>	<u>Ledger and Nonledger Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>	<u>Notes</u>
Bonds	\$ 108,243,675	\$	\$ 108,243,675	
Cash, cash equivalents, and short-term investments	5,142,953		5,142,953	
Investment income due and accrued	802,312		802,312	
Uncollected premiums and agents' balances in the course of collection	2,113,798		2,113,798	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,676,636		7,676,636	
Net deferred tax asset	2,334,121	559,157	1,774,964	
Receivables from parent, subsidiaries and affiliates	<u>111,826</u>		<u>111,826</u>	
Total assets	<u>\$ 126,425,321</u>	<u>\$ 559,157</u>	<u>\$ 125,866,165</u>	
 <u>Liabilities, Surplus and Other Funds</u>				<u>Notes</u>
Losses			\$ 45,114,662	(2)
Reinsurance payable on paid loss and loss adjustment expenses			1,784,086	
Loss adjustment expenses			6,755,577	(2)
Commissions payable, contingent commissions and other similar charges			1,293,066	
Other expenses			51,734	
Taxes, licenses and fees			18,115	
Current federal and foreign income taxes			967,606	
Unearned premiums			27,313,437	
Dividends declared and unpaid: Policyholders			104,868	
Ceded reinsurance premiums payable			880,403	
Payable for parent, subsidiaries and affiliates			164,731	
Aggregate write-ins for liabilities			<u>84,333</u>	
Total liabilities			84,532,618	
Common capital stock		\$ 1,000,000		
Gross paid-in and contributed surplus		31,200,000		
Unassigned funds (surplus)		<u>9,133,547</u>		
Surplus as regards policyholders			<u>41,333,547</u>	
Total liabilities, surplus, and other funds			<u>\$ 125,866,165</u>	

Underwriting and Investment Exhibit  
for the Year Ended December 31, 2024

State of Income

Underwriting Income

Premium earned		\$ 42,929,094
Deductions:		
Losses incurred	\$ 24,317,681	
Loss adjustment expenses incurred	3,345,137	
Other underwriting expenses incurred	<u>15,727,445</u>	
Total underwriting deductions		<u>43,390,263</u>
Net underwriting loss		(461,169)

Investment Income

Net investment income earned	\$ 3,312,744	
Net realized capital losses	<u>(91,233)</u>	
Net investment gain		3,221,511

Other Income

Net loss from agents' or premium balances charged off	\$ (119,135)	
Finance and service charges not included in premiums	3,883	
Aggregate write-ins for miscellaneous income	<u>(2,526)</u>	
Total other income		<u>(117,778)</u>
Net income before dividends to policyholders, after capital gains tax, and before all other federal and foreign income taxes		2,642,563
Dividends to policyholders		<u>183,831</u>
Net income after dividends to policyholders, after capital gains tax, and before all other federal and foreign income taxes		2,458,732
Federal and foreign income taxes incurred		<u>969,021</u>
Net income		<u>\$ 1,489,711</u>

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2023		\$ 39,553,104
Net income	\$ 1,489,711	
Change in net unrealized capital gains	93,900	
Change in net deferred income tax	452,157	
Change in nonadmitted assets	<u>(255,326)</u>	
Change in surplus as regards policyholders for the year		<u>1,780,443</u>
Surplus as regards policyholders, December 31, 2024		<u>\$ 41,333,547</u>

Reconciliation of Surplus as Regards to Policyholders  
from December 31, 2020 through December 31, 2024

Surplus as regards policyholders, December 31, 2020				\$ 18,656,333
	<u>Gain in Surplus</u>	<u>Loss in Surplus</u>		
Net income	\$ 4,808,149	\$		
Change in net unrealized capital losses		7,900		
Change in net deferred income tax	1,128,282			
Change in nonadmitted assets		251,317		
Surplus adjustments: Paid-in	<u>17,000,000</u>			
Total gains and losses	<u>\$ 22,936,431</u>	<u>\$</u>	<u>259,217</u>	
Net increase in surplus as regards policyholders				<u>22,677,214</u>
Surplus as regards policyholders, December 31, 2024				<u>\$ 41,333,547</u>