

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**(STATUTORY BASIS)**

**DECEMBER 31, 2023 AND 2022**

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**(STATUTORY BASIS)**

**DECEMBER 31, 2023 AND 2022**

## CONTENTS

	<u>Page</u>
<b><u>INDEPENDENT AUDITORS' REPORT</u></b>	1 - 3
<b><u>FINANCIAL STATEMENTS</u></b>	
Consolidated Statements of Admitted Assets, Liabilities, Capital and Surplus – Statutory Basis	4 - 5
Consolidated Statements of Operations and Changes in Capital and Surplus – Statutory Basis	6
Consolidated Statements of Cash Flows – Statutory Basis	7
Consolidated Notes to Statutory Basis Financial Statements	8 - 28
<b><u>SUPPLEMENTARY INFORMATION</u></b>	
Independent Auditors' Report on Supplemental Information	29
Consolidating Statements of Admitted Assets, Liabilities, and Capital and Surplus – Statutory Basis	30
Consolidating Statements of Operations and Changes in Capital and Surplus – Statutory Basis	31
Consolidating Statements of Cash Flows – Statutory Basis	32
Supplemental Investment Risks Interrogatories	
Summary Investment Schedule	
Supplementary Reinsurance Interrogatories	

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Stonetrust Commercial Insurance Company and Subsidiary

### **Report on the Consolidated Statutory Basis Statements**

#### ***Opinion***

We have audited the consolidated statutory basis financial statements of Stonetrust Commercial Insurance Company and its wholly-owned subsidiary, Stonetrust Premier Casualty Insurance Company (collectively, the Company), which comprise the consolidated statements of admitted assets, liabilities, and capital and surplus – statutory basis as of December 31, 2023, the related consolidated statements of operations, changes in capital and surplus – statutory basis and cash flows – statutory basis for the year then ended, and the related notes to the consolidated statutory basis financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the consolidated statutory basis financial statements present fairly, in all material respects, the consolidated admitted assets, liabilities and capital and surplus – statutory basis of Stonetrust Commercial Insurance Company and Subsidiary as of December 31, 2023, and the results of their consolidated operations – statutory basis and their consolidated cash flows – statutory basis for the year then ended on the basis of accounting described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. General Accepted Accounting Principles section of our report, the consolidated statutory basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the consolidated financial position of Stonetrust Commercial Insurance Company and Subsidiary as of December 31, 2023, or the results of their consolidated operations or their consolidated cash flows for the year then ended.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Adverse Opinion on U.S. General Accepted Accounting Principles***

As described in Note 1 of the consolidated statutory basis financial statements, the consolidated statutory basis financial statements are prepared by the Company on the basis of accounting practices prescribed or permitted by the State of Nebraska 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 State of Nebraska Department of Insurance. The effects on the consolidated statutory basis financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, are also described in Note 1.

### ***Prior Period Financial Statements***

The consolidated statutory basis financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on the statutory basis of accounting on those financial statements on March 17, 2023.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated statutory basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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, including omissions, 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 consolidated statutory-basis financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

*EisnerAmper LLP*

EISNERAMPER LLP  
Baton Rouge, Louisiana  
March 14, 2024



**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ADMITTED ASSETS, LIABILITIES, CAPITAL AND SURPLUS**

**(Statutory Basis)**

**DECEMBER 31, 2023 AND 2022**

**ADMITTED ASSETS**

	<u>2023</u>	<u>2022</u>
Cash and invested assets:		
Investments in bonds	\$ 59,372,022	\$ 65,468,439
Investments in common stocks	78,577,087	64,299,088
Cash, cash equivalents and short-term investments	60,263,813	48,165,724
Collateral loan with related party	30,000,000	30,000,000
Receivable for securities	1,717,923	3,104,795
Total cash and invested assets	<u>229,930,845</u>	<u>211,038,046</u>
Investment income due and accrued	576,756	561,366
Premiums due and uncollected	1,359,121	929,236
Deferred premiums	17,266,825	16,198,376
Federal income tax recoverable	1,611,568	302,771
Guaranty funds receivable or on deposit	847,312	658,987
Other assets	<u>1,823,307</u>	<u>1,130,184</u>
<b>Total Admitted Assets</b>	<b><u><u>\$ 253,415,734</u></u></b>	<b><u><u>\$ 230,818,966</u></u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ADMITTED ASSETS, LIABILITIES, CAPITAL AND SURPLUS**

**(Statutory Basis)**

**DECEMBER 31, 2023 AND 2022**

**LIABILITIES, CAPITAL AND SURPLUS**

	<u>2023</u>	<u>2022</u>
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 64,605,469	\$ 64,249,933
Commissions payable	1,495,792	1,375,316
Other expenses, excluding taxes, licenses and fees	2,658,998	2,845,177
Taxes, licenses and fees, excluding federal income taxes	4,163,397	3,771,593
Deferred tax liability	6,409,637	2,081,191
Unearned premiums	21,630,123	20,957,604
Advance premiums	915,919	1,051,614
Ceded reinsurance premiums	203,258	231,969
Remittances and items not allocated	51,446	88,873
Payable to parent, subsidiaries and affiliates	353,894	271,969
Derivatives	355,910	26,399
Amounts withheld or retained for account of others	-	10,056
Policyholder security deposits	1,021,064	990,297
Amounts payable under loss portfolio transfer	27,290	26,458
Total liabilities	<u>103,892,197</u>	<u>97,978,449</u>
Capital and surplus:		
Common stock, \$0.625 par value with 40,000,000 shares authorized and 4,000,000 issued and outstanding	2,500,000	2,500,000
Paid-in	32,500,000	32,500,000
Unassigned surplus	114,523,537	97,840,517
Total capital and surplus	<u>149,523,537</u>	<u>132,840,517</u>
<b>Total Liabilities, Capital and Surplus</b>	<u><u>\$ 253,415,734</u></u>	<u><u>\$ 230,818,966</u></u>

The accompanying notes are an integral part of these consolidated financial statements.



**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN CAPITAL AND SURPLUS**

**(Statutory Basis)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Underwriting income:		
Premiums earned - net	\$ 51,756,323	\$ 48,074,432
Losses incurred	(15,803,931)	(6,141,132)
Loss adjustment expenses incurred	(4,304,604)	(4,585,546)
Other underwriting expenses incurred	(20,541,808)	(19,305,960)
Net underwriting gain	<u>11,105,980</u>	<u>18,041,794</u>
Investment income:		
Net investment income	6,990,577	2,944,270
Net realized capital gains (losses) (net of capital gains tax (\$1,238,162) and \$0 for 2023 and 2022, respectively)	(4,448,023)	(1,198,335)
Net investment gain	<u>2,542,554</u>	<u>1,745,935</u>
Other income (expense):		
Bad debt expense, net of recoveries	(556,365)	(184,211)
Miscellaneous income	238,707	222,079
Total other income (expense), net	<u>(317,658)</u>	<u>37,868</u>
Income before federal income taxes	13,330,876	19,825,597
Federal income tax expense	<u>3,929,365</u>	<u>4,487,701</u>
Net income	<u>\$ 9,401,511</u>	<u>\$ 15,337,896</u>
Changes in capital and surplus:		
Balance, beginning of year	\$ 132,840,517	\$ 140,802,393
Net income	9,401,511	15,337,896
Other changes:		
Dividends paid	(10,044,447)	-
Change in net deferred income tax	158,232	374,899
Change in non-admitted assets	289,274	446,883
Repayment of surplus note	-	(4,000,000)
Change in net unrealized capital gains, net of tax	<u>16,878,450</u>	<u>(20,121,554)</u>
Balance, end of year	<u>\$ 149,523,537</u>	<u>\$ 132,840,517</u>

The accompanying notes are an integral part of these consolidated financial statements.

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Statutory Basis)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash from operations:		
Premiums collected, net of reinsurance premiums paid	\$ 50,162,321	\$ 48,137,918
Net investment income	6,308,202	2,810,079
Miscellaneous income	238,707	222,078
Benefit and loss related payments	(15,968,174)	(13,402,328)
Commissions and other underwriting expenses paid	(24,545,290)	(23,313,745)
Federal income taxes paid	(4,000,000)	(4,000,000)
Net cash provided by operating activities	<u>12,195,766</u>	<u>10,454,002</u>
Cash from investments:		
Proceeds from sales, maturities, and prepayments of bonds	15,261,722	23,590,288
Proceeds from sales of equity securities	8,533,928	12,397,089
Proceeds received from (purchases of) derivatives, net	1,372,123	2,346,574
Cost of bonds acquired	(11,185,746)	(41,152,294)
Cost of equity securities acquired	(4,019,373)	(8,225,998)
Cost of other invested assets	-	(30,000,000)
Net cash provided by (used in) investing activities	<u>9,962,654</u>	<u>(41,044,341)</u>
Cash from financing and miscellaneous sources:		
Surplus note principal payments	-	(4,000,000)
Dividends paid	(10,044,447)	-
Other cash applied	(15,884)	89,741
Net cash used in financing activities	<u>(10,060,331)</u>	<u>(3,910,259)</u>
Change in cash, cash equivalents and short-term investments	12,098,089	(34,500,598)
Cash, cash equivalents and short-term investments, beginning of year	<u>48,165,724</u>	<u>82,666,322</u>
Cash, cash equivalents and short-term investments, end of year	<u>\$ 60,263,813</u>	<u>\$ 48,165,724</u>

The accompanying notes are an integral part of these consolidated financial statements.

# **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

### **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying consolidated statutory-basis financial statements of Stonetrust Commercial Insurance Company and Subsidiary include the accounts of Stonetrust Commercial Insurance Company (Commercial) and its wholly owned subsidiary Stonetrust Premier Casualty Insurance Company (Premier), collectively, referred to hereafter as the Company. Both Commercial and Premier are Nebraska domiciled property and casualty insurance companies.

Commercial provides workers' compensation coverage primarily to employers within the states of Alabama, Arkansas, Georgia, Kansas, Louisiana, Mississippi, Missouri, Nebraska, Oklahoma, Tennessee and Texas and began writing business in Iowa in 2023. Additionally, the Company is licensed to write workers' compensation coverage in a total of 18 states.

During 2018, Commercial formed Premier as a wholly owned subsidiary. During 2019 Premier was capitalized with a \$5.5 million capital contribution made by Commercial. Premier holds certificates of authority to write workers' compensation coverage in Arkansas, Louisiana, Mississippi, Missouri, Nebraska, Oklahoma, Tennessee and Texas but did not begin to write policies until January 1, 2022.

On January 1, 2018, all issued and outstanding shares of the Company were purchased by Wintaai Holdings, Ltd., an Ontario, Canada corporation. Effective December 31, 2022, the outstanding shares of the Company owned by Wintaai Holdings, Ltd, were contributed to its wholly owned subsidiary, Wintaai America Inc., a Delaware corporation. Wintaai America Inc. became the Company's direct parent and currently owns 99.3% of the outstanding stock.

#### **Loss Portfolio Transfer**

Under the terms of a Loss Portfolio Transfer (LPT) agreement, the Company acquired the outstanding amounts due under the claim reserves of LACE-SIF for all loss years as valued by LACE-SIF's independent actuary as of December 31, 2000. In addition, the transfer agreement moved all loss-related liabilities (such as the liability for assessments by the Second Injury Fund and the Office of Workers' Compensation) and placed the Company into the place of LACE-SIF to settle all claims and estimated excess policy recoveries. Estimated amounts remaining to be paid under the LPT as of December 31, 2023 and 2022, totaled \$27,290 and \$26,458, respectively.

#### **Basis of Presentation**

The accompanying consolidated statutory-basis financial statements have been prepared on the basis of accounting principles prescribed or permitted by the State of Nebraska Department of Insurance (the Department), which adopted the practices as set forth in the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (the Manual), subject to any deviations prescribed or permitted by the Department. Pursuant to a letter of approval, the Department granted permission to the Company to file these audited statutory-basis financial statements on a consolidated basis, along with supplemental consolidating schedules. Intercompany accounts and transactions have been eliminated in consolidation.

The statutory accounting principles used to prepare these financial statements differ in some respects from accounting principles generally accepted in the United States of America (US GAAP), the more significant differences being:

- (1) Costs associated with acquiring business (policy acquisition costs) are charged to operations as incurred instead of being deferred and amortized over the premium paying period or term of the policies;

## **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

### **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

- (2) Certain assets designated as “non-admitted” assets are excluded from the statement of admitted assets and liabilities and charged to surplus;
- (3) Deferred income taxes are computed based on a prescribed formula and limitations instead of expected future taxes and do not include state income taxes. Changes in deferred income taxes are reported as adjustments to surplus;
- (4) Insurance operations are reported net of reinsurance transactions and balances. Reserves for losses and loss adjustment expenses ceded to reinsurers have been reported as reductions of the related reserves rather than as assets, as would be required under US GAAP;
- (5) Investments in bonds are reported at amortized cost or fair value based on their NAIC rating; for US GAAP, such fixed-maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity investments would be reported at amortized cost, and the remaining fixed-maturity investments would be reported at fair value, with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of stockholder’s equity for those designated as available-for-sale;
- (6) Investments in common stocks are reported at fair value, as determined by the NAIC’s Securities Valuation Office or other independent pricing sources and the related net unrealized gains and losses are reported in unassigned surplus. Under US GAAP, common stocks are reported at fair value with the change in unrealized gains and losses reported directly through earnings;
- (7) Under NAIC SAP, an impairment of securities which is deemed to be other-than-temporary is recorded through earnings for the difference between amortized cost and fair value. Under US GAAP beginning in 2023, the Company provides a reserve for expected credit losses on debt securities. Other declines in fair value related to factors other than credit are recorded as other comprehensive income, which is a separate component of stockholders’ equity.
- (8) Guaranty fund assessments recoverable through expected future premium tax credits are reported as admitted assets instead of expensed when an obligation is probable as required by US GAAP;
- (9) Surplus notes are reported as surplus instead of reported as a liability as required by US GAAP;
- (10) Operating leases are recognized as rent expense when due instead of reported as lease liabilities and right-of-use assets.
- (11) Cash, cash equivalents and short-term investments represent cash balances and investments with initial maturities of one year or less. Under US GAAP, the corresponding caption of cash, cash equivalents and short-term investments includes cash balances and investments with remaining maturities of three months or less when purchased;
- (12) Comprehensive income (loss) and its components are not presented in the statutory financial statements as is required by US GAAP;
- (13) The statutory statements of cash flows do not conform to the presentation required by US GAAP, including the presentation of the changes in cash, cash equivalents and short-term investments instead of cash and cash equivalents.

# **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

A comparison of US GAAP and statutory net income and total equity of the Company as of and for the years ended December 31, 2023 and 2022 is as follows:

	<u>US GAAP</u>	<u>Statutory</u>
Net income (loss):		
Year ended December 31, 2023	<u>\$ 26,385,682</u>	<u>\$ 9,401,511</u>
Year ended December 31, 2022	<u>\$ (3,362,650)</u>	<u>\$ 15,337,896</u>
Total equity/capital and surplus:		
December 31, 2023	<u>\$ 151,118,474</u>	<u>\$ 149,523,537</u>
December 31, 2022	<u>\$ 133,664,660</u>	<u>\$ 132,840,517</u>

### **Investments**

Bonds that are designated as highest quality or high quality (NAIC designations 1 and 2) are generally stated at amortized cost and any premium or discount is amortized or accreted to income using the effective interest method. All other debt securities (NAIC designations 3 through 6) are reported at the lower of amortized cost or fair value.

Common stocks, including exchange-traded funds and mutual funds, are reported at fair value under NAIC guidelines. The change in the fair value along with any adjustment for income taxes is recorded as a change in net unrealized capital gains and losses, a component of unassigned surplus. Preferred stocks are stated at cost, at the lower of cost or amortized cost, or at fair values under NAIC guidelines, depending on the assigned NAIC rating and the underlying characteristics of the security.

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

Investment income consists primarily of interest and dividend income. Interest income is recognized on the accrual basis and dividends are recorded as earned at the ex-dividend date. Accrual of income is suspended for bonds that are in default or when the receipt of interest payments is in doubt. Realized capital gains and losses are determined under the specific identification basis and are recorded in earnings.

Management evaluates securities for other-than temporary impairment on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to 1) the length and the extent to which the estimated fair value has been less than amortized cost, 2) the financial condition and near-term prospects of the issuer, and 3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery of the estimated fair value.

### **Premiums**

Premiums are recognized as earned over the premium paying period of the related workers' compensation policies. Unearned premiums are established to cover the unexpired portion of premiums written. Premiums are billed and collected according to policy terms predominantly in the form of installments during the policy period. Workers' compensation premiums are determined based upon the payroll of the insured, the applicable premium rates and, where applicable, an experience-based modification factor, debits, credits, and discounts applied by the Company's underwriters based upon individual risk characteristics. Audits of policyholders' records are conducted after policy expiration to make a final determination of applicable premiums. Included in deferred premiums receivable was \$2,276,730 and \$1,748,879 at December 31, 2023 and 2022, respectively, for estimated additional amounts of premiums to be billed to the Company's policyholders.

## **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

### **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

Premiums collected in advance of the next succeeding policy year are deferred from premium recognition and are recorded as a liability on the Company's statement of admitted assets, liabilities, capital, and surplus under the caption "advance premiums".

Premium receivables consist of amounts due in the normal course of collection from policyholders located within the states the company serves. Receivables for premiums are not secured, other than by security deposits received by the Company. The Company treats all premium receivables that are more than ninety (90) days past due as a non-admitted asset and charges this amount directly against surplus. The portion of premium that is unbilled and will be earned in the future are reported as deferred premiums.

The Company routinely assesses the collectability of its receivables. At December 31, 2023 and 2022, the Company recorded an allowance for doubtful accounts of \$257,435 and \$333,883, respectively. The potential for additional loss is not believed to be material to the Company's consolidated financial position.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles prescribed or permitted by the State of Nebraska Department of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

The most significant estimates susceptible to change are those used in determining the reserves for losses and loss adjustment expenses. Although considerable variability is inherent in these estimates, management believes that the reserves are adequate. The estimates are continually reviewed and adjusted as necessary. Such adjustments are reflected in current operations.

#### **Losses and Loss Adjustment Expenses Incurred and Payable**

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported (IBNR). Such liabilities are necessarily based on assumptions and estimates, and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed, and any adjustments are reflected in the period determined. The Company does not discount its liabilities for unpaid losses and loss adjustment expenses.

#### **Electronic Data Processing Equipment and Software**

Electronic data processing equipment and software is stated at cost less accumulated depreciation adjusted for non-admitted limitations. Major additions and betterments are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. When property is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference, after taking into account salvage, if any, is charged or credited to income.

Depreciation is computed using the straight-line method over the appropriate recovery periods (three to five years for software and three years for hardware).

# **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

### **Furniture and Fixtures and Leasehold Improvements**

Furniture, fixtures and leasehold improvements are stated at cost less accumulated depreciation adjusted for non-admitted limitations. Depreciation is computed using the straight-line method over seven years for furniture and fixtures and five years for leasehold improvements which is the original life of the related lease.

### **Income Taxes**

The Company files a consolidated federal income tax return which includes Commercial and its' wholly owned subsidiary, Premier. Current federal income tax expense (benefit) is computed on a separate return basis and provides that members shall make payments or receive reimbursements to the extent their income (loss) contributes to or reduces consolidated federal income tax expense.

Deferred taxes are recognized to the extent there are differences between the statutory and tax bases of assets and liabilities. Deferred taxes are also recognized for carry-forward items including net operating loss carryovers, capital loss carryovers, charitable contribution carryovers and certain other credits. NAIC SAP requires that temporary differences and carry-forward items be identified and measured. Deductible temporary differences and carry-forward amounts that generate tax benefits when they reverse or are utilized are tax affected in determining the deferred tax asset (DTA). Taxable temporary differences include items that will generate tax expense when they reverse and are tax affected in determining the deferred tax liability (DTL).

In the determination of the amount of the DTA that can be recognized and admitted, the amount of the income tax benefit from current year losses and credits that can be carried back to prior years is first determined. NAIC SAP then requires that DTAs be limited to an amount that is expected to be realized in the future based on a qualitative analysis of the Company's temporary differences, past financial history and future earnings projections. The amount of the admitted DTA is further limited to the amount of deductible temporary differences and carry-forward amounts that are expected to be realized within three years from the reporting date. The admitted DTA is also offset by the amount of the DTL. The resulting net DTA or DTL is then reflected on the statement of admitted assets, liabilities and capital and surplus.

The Company follows the provisions of Statement on Statutory Accounting Principles (SSAP) No. 101, "*Income Taxes—A Replacement of SSAP No. 10R and SSAP No. 10*" that reduces the recognition threshold used in determining a tax contingency related to uncertain tax positions from "probable" to "more likely than not." The amount of the contingency reserve shall be management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve shall equal the entire tax benefit. Additionally, the standard revised the criteria and limitations under which the Company recognizes and admits net deferred tax assets for temporary differences which arise between statutory accounting principles and income tax law.

A loss contingency for an uncertain tax position is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. The Company has not recognized any uncertain tax positions for federal income tax purposes.

### **Postemployment Benefits and Compensated Absences**

The Company does not offer postemployment benefits other than the payment of earned and unused accrued paid time off upon employment termination. At December 31, 2023 and 2022, the Company has an accrued liability

# **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

recorded for unpaid compensated absences of \$107,748 and \$150,091, respectively.

### **Derivative Instruments**

The Company accounts for its derivatives in accordance with SSAP No. 86 “*Derivatives*”. Instruments that meet the criteria to be considered an effective hedge are valued and reported in a manner consistent with the hedged asset or liability. Those derivatives which do not meet the requirements for hedge accounting are carried at estimated fair value.

### **Concentration of Credit Risk**

The Company provides workers’ compensation insurance primarily to employers and individuals within the states it serves. The Company extends credit to policyholders using practices common to the insurance industry.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits, investment securities, reinsurance recoverables and receivables, and balances due from agents and insureds. The Company invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investment securities will change in the near term and those changes could be significant. Management continually evaluates its investment portfolio to manage concentrations in individual securities, issuers of securities, and types of securities, industries, and geographic regions. The Company generally limits its exposure to credit risk from balances on deposit in financial institutions in excess of the federally insured limits. Management believes the credit risk associated with these deposits is minimal.

### **Cash, Cash Equivalents and Short-Term Investments**

For purposes of the statutory-basis statements of cash flows, the Company considers cash balances and short-term investments with original maturities of less than one year to be cash equivalents.

### **Reinsurance**

The Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with reinsurers. All reinsurance contracts in place transfer underwriting risks to the reinsurers. The Company reports activities and balances net of the effects of reinsurance.

## **2. INVESTMENTS**

The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair value of investment securities as of December 31, 2023 and 2022, were as follows:



**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

	<b>December 31, 2023</b>				
	Admitted	Amortized	Gross	Gross	Estimated
	Assets	Cost	Unrealized	Unrealized	Fair
			Gains	Losses	Value
U.S. Treasury securities and obligations of U.S. Government					
Corporations and Agencies	\$ 28,450,319	\$ 28,450,318	\$ -	\$ (142,146)	\$ 28,308,172
State and political subdivisions	885,700	885,700	-	(4,074)	881,626
Industrial and miscellaneous	30,036,003	31,139,485	224,974	(1,451,156)	29,913,303
Total bonds	59,372,022	60,475,503	224,974	(1,597,376)	59,103,101
Common stocks	78,577,087	33,235,964	45,352,465	(11,342)	78,577,087
Collateral loan	30,000,000	30,000,000	-	-	30,000,000
Total	<u>\$ 167,949,109</u>	<u>\$ 123,711,467</u>	<u>\$ 45,577,439</u>	<u>\$ (1,608,718)</u>	<u>\$ 167,680,188</u>

	<b>December 31, 2022</b>				
	Admitted	Amortized	Gross	Gross	Estimated
	Assets	Cost	Unrealized	Unrealized	Fair
			Gains	Losses	Value
U.S. Treasury securities and obligations of U.S. Government					
Corporations and Agencies	\$ 34,391,757	\$ 34,391,759	\$ 55,841	\$ (183,885)	\$ 34,263,715
State and political subdivisions	920,169	920,170	-	(26,871)	893,299
Industrial and miscellaneous	30,156,513	31,243,116	367,528	(2,991,460)	28,619,184
Total bonds	65,468,439	66,555,045	423,369	(3,202,216)	63,776,198
Common stocks	64,299,088	42,089,512	26,463,649	(4,254,073)	64,299,088
Collateral loan	30,000,000	30,000,000	-	-	30,000,000
Total	<u>\$ 159,767,527</u>	<u>\$ 138,644,557</u>	<u>\$ 26,887,018</u>	<u>\$ (7,456,289)</u>	<u>\$ 158,075,286</u>

During 2022, the Company invested in a note receivable in the amount of \$30,000,000 from a related party which is secured by the pledge of a surplus note issued by an insurance company (See Note 10). The note bears interest at 9.0% and matures on October 14, 2032. The payment of interest and principal is subject to regulatory approval. The Company reports its note receivable as a collateral loan in other invested assets and is carried at cost. See Note 3 regarding limitations on the fair value of the note receivable.

Information pertaining to investment securities with gross unrealized losses at December 31, 2023 and 2022, aggregated by investment category and length of time that individual securities have been in a continuous loss is as follows:

	<b>December 31, 2023</b>			
	Less Than 12 Months		Over 12 Months	
	Gross Unrealized	Estimated Fair	Gross Unrealized	Estimated Fair
	Losses	Value	Losses	Value
U.S. Treasury securities and obligations of U.S. Government				
corporations and Agencies	\$ (60,318)	\$ 24,892,456	\$ (81,828)	\$ 3,415,716
State and political subdivisions	-	-	(4,074)	881,626
Industrial and miscellaneous	(577,644)	8,460,627	(873,512)	16,465,160
Total bonds	(637,962)	33,353,083	(959,414)	20,762,502
Common stocks	(11,342)	990,584	-	-
Total	<u>\$ (649,304)</u>	<u>\$ 34,343,667</u>	<u>\$ (959,414)</u>	<u>\$ 20,762,502</u>

## STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

### NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS

	December 31, 2022			
	Less Than 12 Months		Over 12 Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and Agencies	\$ (16,764)	\$ 1,388,753	\$ (167,121)	\$ 2,921,061
State and political subdivisions	-	-	(26,871)	893,299
Industrial and miscellaneous	(2,644,884)	20,930,505	(346,576)	1,653,460
Total bonds	(2,661,648)	22,319,258	(540,568)	5,467,820
Common stocks	(1,772,898)	5,704,372	(2,481,175)	1,487,700
Total	\$ (4,434,546)	\$ 28,023,630	\$ (3,021,743)	\$ 6,955,520

The amortized cost of long and short-term bonds and notes has been increased by net accretion income of \$749,510 and \$293,277 during the years ended December 31, 2023 and 2022, respectively.

The assessment of other-than-temporary impairment is performed periodically. Factors considered in determining whether a loss is temporary include the following:

- The length of time and the extent to which fair value has been below cost;
- The severity of the impairment;
- The cause of the impairment and the financial condition and near-term prospects of the issuer;
- Activity in the market of the issuer which may indicate adverse credit conditions; and
- The Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

The Company's review for impairment generally entails the following:

- Identification and evaluation of investments that have indications of possible impairment;
- Analysis of individual investments that have fair values less than amortized cost, including consideration of the length of time the investment has been in an unrealized loss position and the expected recovery period;
- Discussion of evidential matter, including an evaluation of factors or triggers that could cause individual investments to qualify as having other-than-temporary impairment and those that would not support other-than-temporary impairment; and
- Documentation of the results of these analyses.

For equity securities, management considers the various factors described above, including its intent and ability to hold the equity security for a period of time sufficient for recovery to amortized cost. Where management lacks the intent or ability, the security's decline in fair value is deemed to be other-than-temporary and is recorded in earnings. No other-than-temporary impairment adjustments in equity securities were recorded during the years ended December 31, 2023, or 2022.

For debt securities that are not deemed to be credit impaired, management performs additional analysis to assess whether it intends to sell or more likely than not would be required to sell the investment before the expected recovery of the amortized cost basis. In most cases, management has asserted that it has no intent to sell and that it believes it is more likely than not that it will not be required to sell the investments before recovery of its amortized cost basis.

## STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

### NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS

For debt securities, a critical component of the evaluation for other-than-temporary impairments is the identification of credit impaired securities where management does not expect to receive cash flows sufficient to recover the entire amortized cost basis of the security. The Company included impairment charges in realized losses related to debt securities of \$693,917 and \$173,436 during the years ended December 31, 2023 and 2022, respectively.

The amortized cost and estimated fair values of bonds as of December 31, 2023, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year or less	\$ 24,788,379	\$ 24,657,780
Due after 1 year through 5 years	23,896,373	23,029,066
Due after 5 years through 10 years	11,790,751	11,416,255
Due after 10 years through 20 years	-	-
Due after 20 years	-	-
	<u>\$ 60,475,503</u>	<u>\$ 59,103,101</u>

In accordance with regulatory provisions, the Company has pledged bonds with a statement value of \$3,023,939 and \$3,269,365 to various regulatory agencies at December 31, 2023 and 2022, respectively.

Components of net investment income were as follows for each of the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest on bonds	\$ 3,658,089	\$ 2,243,643
Interest on collateral loan	2,700,000	-
Dividends on equity securities	988,832	1,617,739
Interest on short-term investments, cash, and other	1,244,662	578,677
	<u>8,591,583</u>	<u>4,440,059</u>
Less: investment expenses	(1,601,006)	(1,344,845)
Less: interest on surplus note and interest rate swap	-	(150,944)
Net investment income	<u>\$ 6,990,577</u>	<u>\$ 2,944,270</u>

Proceeds received from sales, maturities and prepayments of bonds, derivatives, common and preferred stocks were \$25,167,773 and \$38,333,951 for the years ended December 31, 2023 and 2022, respectively. The Company had realized capital (losses) of (\$5,686,185) in 2023 and (\$1,198,335) in 2022, in relation to these transactions.

The table below presents an analysis of realized gains (losses) recognized during the years ended December 31, 2023 and 2022:

## STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

### NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS

	<u>2023</u>	<u>2022</u>
Realized gains:		
Bonds	\$ 148,558	\$ 791,539
Common stocks	552,879	3,968,493
Derivatives	2,792,156	2,920,095
	<u>3,493,593</u>	<u>7,680,127</u>
Realized losses:		
Bonds	(2,343,179)	(2,291,645)
Preferred stocks	-	(339,238)
Common stocks	(6,836,599)	(5,157,205)
Derivatives	-	(1,090,374)
	<u>(9,179,778)</u>	<u>(8,878,462)</u>
Net realized capital gains (losses) before income taxes	(5,686,185)	(1,198,335)
Income tax benefit	1,238,162	-
Net realized capital gains (losses)	<u>\$ (4,448,023)</u>	<u>\$ (1,198,335)</u>

### **3. FAIR VALUE MEASUREMENTS**

Included in the statutory-basis financial statements are certain financial instruments carried at estimated fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stock when carried at the lower of cost or estimated fair value.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties; that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Certain of the Company's investment securities are carried at estimated fair value and have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Classification is based on the lowest level input that is significant to its measurement. The levels of the fair value hierarchy are as follows:

- Level 1 – inputs are based upon adjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

## STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

### NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS

The following tables provide information as of December 31, 2023 and 2022, about the Company's financial assets and liabilities measured and carried at fair value at the reporting date:

#### Financial Assets (Liabilities) Measured at Fair Value at the Reporting Date

	<b>December 31, 2023</b>				
	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
<b><u>Assets at Fair Value:</u></b>					
Bonds	\$ -	\$ 17,714,037	\$ -	\$ -	\$ 17,714,037
Common stocks	71,167,560	-	2,248,069	5,161,458	78,577,087
	\$ 71,167,560	\$ 17,714,037	\$ 2,248,069	\$ 5,161,458	\$ 96,291,124
<b><u>Liabilities at Fair Value:</u></b>					
Derivatives	\$ (355,910)	\$ -	\$ -	\$ -	\$ (355,910)
	\$ (355,910)	\$ -	\$ -	\$ -	\$ (355,910)
	<b>December 31, 2022</b>				
	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
<b><u>Assets at Fair Value:</u></b>					
Bonds	\$ -	\$ 9,027,040	\$ -	\$ -	\$ 9,027,040
Common stocks	57,718,795	-	2,811,587	3,768,706	64,299,088
	\$ 57,718,795	\$ 9,027,040	\$ 2,811,587	\$ 3,768,706	\$ 73,326,128
<b><u>Liabilities at Fair Value:</u></b>					
Derivatives	\$ (26,399)	\$ -	\$ -	\$ -	\$ (26,399)
	\$ (26,399)	\$ -	\$ -	\$ -	\$ (26,399)

With the exception of two investments, ownership in a private foreign mutual fund and ownership in a privately traded common stock, at December 31, 2023 and 2022, all of the Company's investments in common and preferred stocks are exchange-listed and are actively traded. Unadjusted quoted prices for these securities are provided to the Company principally by independent pricing services that meet Level 1 and 2 criteria. The Company's investment in the private foreign mutual fund, which is classified as a common stock, is valued using net asset value of the Fund as there is no readily determinable fair value, there is no actively traded market and purchases and redemptions are made using the net asset value. At December 31, 2023 and 2022, the Company has no unfunded commitments related to this investment and there are no significant restrictions on the Company's ability to redeem its equity interest. The Company's investment in the privately traded common stock is valued by an independent third-party valuation using inputs that meet Level 3 criteria.

#### Fair Value of Financial Instruments

The following tables present estimate fair values of the Company's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022. During 2023 and 2022, the Company made no transfers of financial instruments into or out of level 3.

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

<b>December 31, 2023</b>						
	Admitted Assets	Aggregate Fair Value	Level 1	Level 2	Level 3	N.A.V. & Not Practical to Estimate
<b>Assets:</b>						
Cash and cash equivalents	\$ 60,263,813	\$ 60,263,813	\$ 60,263,813	\$ -	\$ -	\$ -
Bonds	\$ 59,372,022	\$ 59,103,101	\$ -	\$ 59,103,101	\$ -	\$ -
Common stocks	\$ 78,577,087	\$ 78,577,087	\$ 71,167,560	\$ -	\$ 2,248,069	\$ 5,161,458
Collateral loan	\$ 30,000,000	\$ 30,000,000	\$ -	\$ -	\$ -	\$ 30,000,000
<b>Liabilities:</b>						
Derivatives	\$ -	\$ (355,910)	\$ (355,910)	\$ -	\$ -	\$ -
<b>December 31, 2022</b>						
	Admitted Assets	Aggregate Fair Value	Level 1	Level 2	Level 3	N.A.V. & Not Practical to Estimate
<b>Assets:</b>						
Cash and cash equivalents	\$ 47,166,323	\$ 47,166,323	\$ 47,166,323	\$ -	\$ -	\$ -
Short-term investments	\$ 999,401	\$ 997,517	\$ -	\$ 997,517	\$ -	\$ -
Bonds	\$ 65,468,439	\$ 63,776,198	\$ -	\$ 63,776,198	\$ -	\$ -
Common stocks	\$ 64,299,088	\$ 64,299,088	\$ 57,718,795	\$ -	\$ 2,811,587	\$ 3,768,706
Collateral loan	\$ 30,000,000	\$ 30,000,000	\$ -	\$ -	\$ -	\$ 30,000,000
<b>Liabilities:</b>						
Derivatives	\$ -	\$ (26,399)	\$ (26,399)	\$ -	\$ -	\$ -

The following methods were used to estimate the fair value of financial instruments:

*Cash, Cash Equivalents and Short-Term Investments* - the carrying amount approximates fair value.

*Bonds* - the fair values are obtained from independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows.

*Common and Preferred Stocks* - the fair values generally represent quoted market prices for the securities with the exception of an investment in a private foreign mutual fund which is valued using net asset value and an investment in a privately traded common stock which is valued using an independent third-party valuation.

*Derivative Instruments* – The Company’s investment in written (liability) and purchased (asset) call options are valued using quoted market prices.

*Collateral Loan* – The cost basis of the Company’s investment in a collateral loan with a related party has been used as a proxy for its fair value disclosure due to the recency of the investment and activities of the investee which is not practical to estimate. Due to the nature of this investment, the actual fair value could vary significantly. Management intends to maintain this investment over its term.

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

**4. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS**

At December 31, 2023 and 2022, cash, cash equivalents and short-term investments consisted of the following:

	<u>2023</u>	<u>2022</u>
Deposits in financial institutions	\$ 60,263,813	\$ 47,166,323
Short-term investments	-	999,401
Total	<u>\$ 60,263,813</u>	<u>\$ 48,165,724</u>

All demand deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000.

**5. ELECTRONIC DATA PROCESSING SYSTEMS, FURNITURE AND EQUIPMENT AND OTHER ASSETS**

Other assets consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Information systems	\$ 799,583	\$ 799,583
Computer hardware	72,089	72,089
Less: accumulated depreciation	<u>(507,431)</u>	<u>(382,549)</u>
	364,241	489,123
Less: non-admitted amount	<u>(364,241)</u>	<u>(489,123)</u>
Admitted EDP equipment and software	-	-
Amounts due from the Louisiana Second Injury Fund	1,823,307	1,130,184
Other miscellaneous assets	-	-
Total - Other Assets	<u>\$ 1,823,307</u>	<u>\$ 1,130,184</u>

Furniture, equipment, and leasehold improvements consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 23,858	\$ 23,858
Furniture and fixtures	227,790	227,790
Leasehold improvements	760,436	760,436
Less: accumulated depreciation	<u>(639,287)</u>	<u>(454,658)</u>
Total	372,797	557,426
Less: non-admitted amount	<u>(372,797)</u>	<u>(557,426)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was \$309,511 and \$335,705 for 2023 and 2022, respectively.

**6. LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Unpaid losses and loss adjustment expenses at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Unpaid losses	\$ 54,856,486	\$ 54,327,606
Unpaid loss adjustment expenses	<u>9,748,983</u>	<u>9,922,327</u>
Total	<u>\$ 64,605,469</u>	<u>\$ 64,249,933</u>

## **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

### **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

Activity in the liability for unpaid losses and loss adjustment expenses (LAE) is summarized as follows at December 31:

	<u>2023</u>	<u>2022</u>
Reserves for loss and LAE - gross - at January 1	\$ 67,382,990	\$ 74,875,388
Amounts recoverable from reinsurers on unpaid losses	3,133,057	3,541,570
Reserve for loss and LAE - net at January 1	<u>64,249,933</u>	<u>71,333,818</u>
Net incurred related to:		
Current year	30,527,570	27,768,307
Prior years	<u>(10,419,035)</u>	<u>(17,041,629)</u>
Total incurred	<u>20,108,535</u>	<u>10,726,678</u>
Net paid related to:		
Current year	8,907,229	7,021,413
Prior years	<u>10,845,770</u>	<u>10,789,150</u>
Total paid	<u>19,752,999</u>	<u>17,810,563</u>
Reserves for loss and LAE - net - at December 31	64,605,469	64,249,933
Amounts recoverable from reinsurers on unpaid losses	3,149,293	3,133,057
Reserve for loss and LAE - gross at December 31	<u>\$ 67,754,762</u>	<u>\$ 67,382,990</u>

The estimated cost of loss and loss adjustment expenses (LAE) attributable to insured events of prior years' decreased by \$10,419,035 and \$17,041,629 during 2023 and 2022, respectively. Increases or decreases of this nature occur as the result of claim settlements during the current year and as additional information is received regarding individual claims, causing changes from the original estimates of the cost of these claims. Recent loss development trends are also considered in evaluating the overall adequacy of unpaid losses and LAE.

The Company has purchased annuities from life insurers under which claimants are payees under structured settlement agreements. These annuities have been used to reduce unpaid losses by approximately \$4,800,000 and \$4,910,000 at December 31, 2023 and 2022, respectively. The Company is contingently liable to pay should the issuers of these annuities fail to perform under the terms of the annuities.

#### **7. REINSURANCE ACTIVITY**

In the normal course of business, the Company cedes insurance business to unrelated third parties in order to limit its maximum loss, to provide greater diversification of risk and to minimize exposures on larger risks. A summary of the Company's reinsurance programs for the last ten years is as follows:



**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

Period Covered	Company Retention	Annual Aggregate Deductible	Excess Per Loss Occurrence Coverage
1/01/14 - 12/31/14	\$750,000	-	\$39,250,000 xs. \$750,000
1/01/15 - 12/31/15	\$750,000	\$500,000	\$39,250,000 xs. \$750,000
1/01/16 - 12/31/16	\$2,000,000	-	\$38,000,000 xs. \$2,000,000
1/01/17 - 12/31/17	\$2,000,000	-	\$38,000,000 xs. \$2,000,000
1/01/18 - 12/31/18	\$750,000	\$500,000	\$39,250,000 xs. \$750,000
1/01/19 - 12/31/19	\$750,000	\$750,000	\$39,250,000 xs. \$750,000
1/01/20 - 12/31/20	\$750,000	\$1,000,000	\$39,250,000 xs. \$750,000
1/01/21 - 12/31/21	\$750,000	\$1,000,000	\$39,250,000 xs. \$750,000
1/01/22 - 12/31/22	\$750,000	\$1,000,000	\$39,250,000 xs. \$750,000
1/01/23 - 12/31/23	\$750,000	\$1,000,000	\$39,250,000 xs. \$750,000

The reinsurance contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to the extent a reinsurer is unable to meet its obligations. The Company evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. Amounts recoverable from reinsurers are based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured policies and are continuously reviewed. At December 31, 2023 and 2022, the Company has \$3,149,293 and \$3,133,057, respectively, of reinsurance recoverables based on its actuarially determined ultimate loss and loss adjustment expenses payable. At December 31, 2023 and 2022, the Company had no amounts due from reinsurers for claims actually paid.

The effects of reinsurance on premiums written and earned for 2023 and 2022 are as follows:

	2023		2022	
	Written	Earned	Written	Earned
Direct	\$ 54,500,054	\$ 53,826,206	\$ 51,744,062	\$ 49,946,728
Assumed - assigned risk pools	920,341	921,670	797,646	782,374
Ceded	(2,991,553)	(2,991,553)	(2,654,670)	(2,654,670)
Net	\$ 52,428,842	\$ 51,756,323	\$ 49,887,038	\$ 48,074,432

At December 31, 2023 and 2022, the Company has no unsecured aggregate reinsurance recoverables for unpaid losses and loss adjustment expenses from authorized reinsurers that exceed 3% of policyholders' surplus.

**8. COMMITMENTS AND CONTINGENCIES**

Losses and loss adjustment expenses payable consist of case-based estimates of the likely loss exposure to the Company from all known and open claims, including incurred but not reported (IBNR) attributable to open years. Such estimates are made by the Company and an actuarial study prepared for the Company by its internal actuary. These estimates are continually revised as additional information becomes available.

Management believes the provision for losses and loss adjustment expenses payable at December 31, 2023 is adequate to cover the ultimate liabilities. However, it is more than reasonably possible that a change in these estimates will occur in the near term and that the amount ultimately paid may prove to be more or less than the current estimates of liability and that difference may be significant.

## **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

### **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company.

The Company is subject to guaranty fund and other assessments in the states in which it writes business. In the case of premium based assessments, accrual of the assessment is made at the time the related premiums are written. In the case of loss-based assessments, accrual of the assessment is made at the time the related loss is incurred. During the years 2023 and 2022, the Company paid \$229,028 and \$415,442, respectively, for guaranty fund assessments. The Company also accrued \$280,803 and \$229,028 at December 31, 2023 and 2022, respectively for future guaranty fund assessments.

The Company has an asset of \$847,312 recorded at December 31, 2023 for guaranty fund assessments paid and accrued which are available as premium tax offsets over the next ten years. If the Company ceases to write new business in these states, these assets may become impaired.

The Company has an accrued liability for loss-based assessments of \$2,621,262 and \$2,590,669 at December 31, 2023 and 2022, respectively. The amounts recorded represent management's best estimates based on past and present assessment rate information and an estimate of the applicable assessable base. This liability is included in taxes, licenses, and fees payable.

#### **9. POLICYHOLDER SECURITY DEPOSITS**

Policyholder security deposits are \$1,021,064 and \$990,297 as of December 31, 2023 and 2022, respectively. Policyholder security deposits are additional funds available to satisfy policyholder obligations to the Company, if necessary, and are non-interest bearing and refundable upon termination from the Company after all expenses are settled for the policyholder.

#### **10. RELATED PARTY TRANSACTIONS**

The Company, through investment management agreements, contracted with its ultimate parent, Chou Associates Management Inc., to receive investment management services. For the years ended December 31, 2023 and 2022, the Company incurred \$1,319,556 and \$1,045,127, respectively, in fees under these agreements.

The Company entered into a services agreement with its ultimate parent, Chou Associates Management Inc., whereby the Company pays a fixed amount per month for certain services provided to the Company. The Company recognized expense of \$215,004 in 2023 and 2022 in relation to this agreement.

At December 31, 2023 and 2022, the Company owed Chou Associates Management Inc. \$353,894 and \$271,969 respectively, in relation to these agreements.

As further described in Note 2, on October 14, 2022, the Company entered into a \$30 million secured non-recourse collateral loan from an entity related by common ownership. The Company has recognized interest income of \$2,700,000 and \$0 for the years ended December 31, 2023 and 2022, respectively related to this loan receivable.

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

**11. INCOME TAXES**

The components of deferred tax assets and liabilities as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>Total Change</u>	<u>Change in Net Deferred Income Taxes</u>
Deferred tax assets:				
Discounting of unpaid losses and LAE	\$ 1,753,514	\$ 1,780,607	\$ (27,093)	\$ (27,093)
Cost basis differences for invested assets	294,452	127,713	166,739	166,739
Capital loss carryforward	-	210,667	(210,667)	(210,667)
State income tax	230,628	158,635	71,993	71,993
Allowance for doubtful accounts	54,061	70,115	(16,054)	(16,054)
Non-admitted assets	22,404	28,112	(5,708)	(5,708)
Fixed assets	15,741	16,181	(440)	(440)
Accrued interest receivable	132,300	124,425	7,875	7,875
Unearned and advance premium	946,934	924,387	22,547	22,547
Accrued compensated absences	22,627	31,519	(8,892)	(8,892)
Gross deferred tax assets	<u>3,472,661</u>	<u>3,472,361</u>	<u>300</u>	<u>300</u>
Less: valuation allowance	-	-	-	-
Less: non-admitted deferred tax assets	-	-	-	-
Gross admitted deferred tax assets	<u>3,472,661</u>	<u>3,472,361</u>	<u>300</u>	<u>300</u>
Deferred tax liabilities:				
Accrued dividends	2	1,378	(1,376)	(1,376)
Guaranty fund receivable	118,967	90,291	28,675	28,675
Unrealized capital gains	9,392,868	4,906,191	4,486,677	-
Loss reserves transition adjustment	370,461	555,692	(185,231)	(185,231)
Gross deferred tax liabilities	<u>9,882,298</u>	<u>5,553,552</u>	<u>4,328,745</u>	<u>(157,932)</u>
Net deferred tax (liabilities) assets	<u><u>\$(6,409,637)</u></u>	<u><u>\$(2,081,191)</u></u>	<u><u>\$(4,328,445)</u></u>	<u><u>\$ 158,232</u></u>

Of the deferred tax assets above, \$0 and \$210,667 are capital in nature, with the remaining being ordinary as of December 31, 2023 and 2022, respectively. Of the deferred tax liabilities above \$9,392,868 and \$4,906,191 are capital in nature, with the remaining being ordinary as of December 31, 2023 and 2022, respectively.

The admission calculation components, with paragraph references to SSAP No. 101 are as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
11.a. Federal income taxes recoverable through loss carryback	\$ 2,061,795	\$ 2,033,700
11.b.i. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	327,370	460,632
11.b.ii. Adjusted gross deferred tax assets allowed per limitation threshold	N/A	N/A
Admitted pursuant to 11.b.	<u>327,370</u>	<u>460,632</u>
11.c. Remaining adjusted gross deferred tax assets offsetting existing deferred tax liabilities	1,083,496	978,029
Total admitted pursuant to paragraphs 11.a, 11.b, and 11.c above	<u><u>\$ 3,472,661</u></u>	<u><u>\$ 3,472,361</u></u>

## STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

### NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS

At December 31, 2023 and 2022, the ratio used to determine the applicable period used in paragraph 11.b.i above and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in paragraph 11.b.ii above are as follows:

	<b>2023</b>	<b>2022</b>
Ratio percentage used to determine recovery period and threshold limit amount	987.5%	1094.0%
Amount of adjusted capital and surplus used to determine recovery period and threshold limit in paragraph 11.b.ii. above	\$ 149,523,537	\$ 132,840,517

Federal income tax expense differs from the amount computed by applying the statutory federal income tax rate to earnings for the following reasons:

	<b>2023</b>		<b>2022</b>	
Income before income taxes and capital gains tax	\$ 12,092,714	100%	\$ 19,825,597	100%
Federal income taxes:				
Computed at statutory rate	2,539,470	21.0%	4,163,375	21.0%
Non-admitted assets	70,705	0.6%	74,650	0.4%
Tax-exempt interest - net of proration	(557)	0.0%	(565)	0.0%
Dividends received deduction - net of proration	(33,343)	-0.3%	(91,630)	-0.5%
Non-deductible expenses	30,654	0.3%	20,159	0.1%
Effect of foreign tax credit	(73,949)	-0.6%	(56,889)	-0.3%
Other	(9)	0.0%	3,702	0.0%
Total statutory income taxes	\$ 2,532,971	20.9%	\$ 4,112,802	20.7%
Federal income tax expense	\$ 3,929,365	32.5%	\$ 4,487,701	22.6%
Realized capital gains tax	(1,238,162)	-10.2%	-	0.0%
Change in net deferred income taxes	(158,232)	-1.3%	(374,899)	-1.9%
Total statutory income taxes	\$ 2,532,971	20.9%	\$ 4,112,802	20.7%

At December 31, 2023, the Company has approximately \$3,895,000 and \$4,419,000 of taxes paid in for tax years 2023 and 2022 that is available for recoupment in the event of future net losses.

The Company has no protective tax deposits on deposit with the Internal Revenue Service under Section 6603 of the Internal Revenue Code.

#### **12. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND DIVIDENDS PAYABLE**

The Nebraska Department of Insurance imposes minimum risk-based capital requirements which were developed by the NAIC. The formulas for determining the amount of risk-based capital specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of the enterprise's regulatory total adjusted capital, also defined by the NAIC. Enterprises below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. At December 31, 2023 and 2022, the Company's calculation indicated that it exceeded the minimum risk-based capital requirements.

Under the insurance regulations of Nebraska, the maximum amount of ordinary dividends the Company may pay

## **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

### **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

to shareholders in a twelve month period is limited to the greater of 10% of the most recent year end policyholders surplus or the net income for that same year excluding realized capital gains. Therefore, the maximum amount of dividends which could be paid in 2024 is approximately \$14.9 million.

Under statutory accounting practices, certain assets are designated as non-admitted assets and are not included in the accompanying statements of admitted assets and liabilities and capital and surplus. Changes in non-admitted assets are charged directly to surplus. Non-admitted assets at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Premium receivables	\$ 222,304	\$ 174,888
Furniture, equipment & leasehold improvements	372,797	557,426
EDP equipment and software	364,241	489,123
Prepaid expenses	106,685	133,864
Total	<u>\$ 1,066,027</u>	<u>\$ 1,355,301</u>

The portion of unassigned surplus represented by cumulative unrealized gains at December 31, 2023 was \$44,727,941 less applicable deferred taxes of \$9,392,868, for a net balance of \$35,335,073.

#### **13. SURPLUS NOTE**

On December 14, 2006, the Company issued a surplus note in the amount of \$4,000,000 in exchange for cash. The surplus note and all outstanding accrued interest were paid in full on September 15, 2022. The note was underwritten by FTN Financial Capital Markets and administered by Wilmington Trust Company as registrar/paying agent. Each payment of principal and interest may be made only with the prior approval of the Nebraska Insurance Department and only to the extent the Company has sufficient policyholders' surplus to make such payment. In the event of a liquidation proceeding, holders of indebtedness, policy claims and prior claims would have greater priority under both the Liquidation Act and terms of the note and, accordingly, would have the right to be paid in full before any payments of interest and principal are made to note holders.

The terms of the surplus note were as follows:

Date Issued:	December 14, 2006
Interest Rate:	3-month LIBOR + 4.0%
Par Value of Note:	\$4,000,000
Carrying Value of Note:	-
Principal/Interest Paid During	
Current Year:	-
Total Principal/Interest Paid:	\$7,907,932
Unapproved Principal/Interest:	-
Date of Maturity:	December 15, 2036

#### **14. DERIVATIVE INSTRUMENTS**

The Company takes positions from time to time in derivatives which are used by the Company for those purposes which are all accounted for in accordance with SSAP No. 86, *Accounting for Derivative Instruments and Hedging Activities*.

## **STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

### **NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

#### **Option contracts:**

The call options discussed below do not qualify for “hedge” accounting. Therefore, the option contracts (assets and liabilities) which remain open at the end of the reporting period are reported at estimated fair value. Additionally, the Company does not have any derivative contracts for which the premium cost is paid at the end or throughout the life of the contract, otherwise known as “financing premiums”.

The Company is exposed to credit-related losses in the event of non-performance by counterparties when purchasing call options. However, the exposure is limited to the original premium paid by the Company to enter into the contract.

#### **Written covered call options:**

During the years ended December 31, 2023 and 2022, the Company wrote (sold) covered call options on several equity positions held in its common stock portfolio in order to generate additional investment income. These written covered call options give the option holder (purchaser) the right, in return for a premium, to purchase the underlying security at a specified exercise price at any time during the term of the option contract from the writer of the option. When the Company writes a covered call option, the premium received from the purchaser is initially recorded as a derivative liability. The liability is subsequently carried at fair value with any adjustments being recorded directly through surplus. Premiums received from writing options that expire unexercised are treated by the Company, on the expiration date, as realized capital gains. If the call option is exercised, the premium is added to the proceeds received from the sale of the underlying security in determining if the Company has a realized capital gain or loss. If the Company repurchases a written call option prior to its exercise or expiration, the difference between the premium received and the amount paid to repurchase the option is treated as a realized capital gain or loss. The Company only writes call options on equity securities which it holds in its investment portfolio (covered calls).

#### **Purchased call options:**

During the years ended December 31, 2023 and 2022, the Company purchased call options on several equity securities giving it the right to purchase the underlying securities at a specified price at any time during the term of the option contract. The Company purchases these call options in order to obtain the right to participate in increases in the underlying securities value without leveraging its balance sheet by actually owning the security. The premium paid for these options is initially recorded as a derivative asset. The asset is subsequently carried at fair value with any adjustments being recorded directly through surplus. If the call option expires unexercised, the Company records, on the expiration date, a realized capital loss in the amount of the original premium paid for the option. If the Company exercises the option and buys the underlying securities, the original premium paid for the option is added to the cost basis of the acquired securities.

The table below displays details of the open option contracts as of December 31, 2023 and 2022.

	<b>December 31, 2023</b>				
	<b># of</b>	<b>Premium</b>	<b>Carrying</b>	<b>Estimated Fair</b>	<b>Unrealized</b>
	<b>Contracts</b>	<b>Received</b>	<b>Value</b>	<b>Value</b>	<b>Gain (Loss)</b>
		<b>(Paid)</b>			
<b>(Liabilities):</b>					
Written call options	4,703	\$ 846,209	\$ (355,910)	\$ (355,910)	\$ 490,299

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS**

December 31, 2022					
	# of Contracts	Premium Received (Paid)	Carrying Value	Estimated Fair Value	Unrealized Gain (Loss)
(Liabilities):					
Written call options	10,909	\$ 2,266,242	\$ (26,399)	\$ (26,399)	\$ 2,239,843

During the years ended December 31, 2023 and 2022, the Company recorded \$2,792,156 and \$1,829,721, respectively, of realized capital gains relating to its investments in option contracts.

**15. LEASES**

The Company leases office equipment under various non-cancelable operating agreements that expire through 2026 and incurred expense of \$45,269 and \$44,644 in 2023 and 2022, respectively, related to these leases.

Additionally, the Company leases office space under a non-cancelable operating lease. The Company incurred \$149,765 of rental expense in 2023 and 2022 in relation to this lease. The lease is for a five-year period with an option to renew for an additional five years and expires on August 31, 2025.

At December 31, 2023, the minimum aggregate lease commitments are as follows:

Years ending December 31,	Amount
2024	\$ 182,616
2025	126,810
2026	18,499
2027	14,883
2028	10,723
Thereafter	-
Total	\$ 353,531

**16. EMPLOYEES' SAVINGS PLAN**

The Company sponsors a defined contribution 401(k) plan, which covers all employees who are at least 21 years of age and has six months of service with the Company. The Company contributes 3% of eligible employee's compensation into the plan and has the option to contribute additional amounts if so decided. For the plan years ended December 31, 2023 and 2022, the Company contributed \$430,134 and \$402,983, respectively, to the plan.

**17. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 14, 2024, and determined that no items required additional disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
Stonetrust Commercial Insurance Company and Subsidiary

We have audited the consolidated statutory basis financial statements of Stonetrust Commercial Insurance Company and Subsidiary (the Company) as of and for the year ended December 31, 2023, and have issued our report thereon dated March 14, 2024, which expressed an unmodified opinion on those consolidated statutory basis financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated statutory basis financial statements taken as a whole. The consolidating information on pages 30 through 32 is presented for additional analysis of the consolidated statutory basis financial statements rather than to present the statutory basis financial position, results of operations, and cash flows for the individual companies. The accompanying supplemental investment risk interrogatories for Stonetrust Commercial Insurance Company and Stonetrust Premier Insurance Company, summary investment schedules for Stonetrust Commercial Insurance Company and Stonetrust Premier Insurance Company, and supplementary reinsurance interrogatories for Stonetrust Commercial Insurance Company and Stonetrust Premier Insurance Company are presented for purposes of additional analysis and are not a required part of the consolidated statutory basis financial statements, but is information required to be presented to comply with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual and the NAIC Annual Statement Instructions. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated statutory-basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated statutory basis financial statements or to the consolidated statutory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated statutory basis financial statements as a whole.

This report is intended solely for the information and use of the Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.



EISNERAMPER LLP  
Baton Rouge, Louisiana  
March 14, 2024

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**CONSOLIDATING STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS**

**(Statutory Basis)**

**DECEMBER 31, 2023**

**ADMITTED ASSETS**

	<b>Stonetrust Commerical</b>	<b>Stonetrust Premier</b>	<b>Reclasses &amp; Eliminations</b>	<b>Consolidated Total</b>
Investments in bonds	\$ 57,373,754	\$ 1,998,268	\$ -	\$ 59,372,022
Investments in common stocks	84,131,896	-	(5,554,809)	78,577,087
Cash, cash equivalents and short-term investments	56,407,465	3,856,348	-	60,263,813
Collateral loan	30,000,000	-	-	30,000,000
Receivables for securities	1,717,923	-	-	1,717,923
Cash and invested assets	<u>229,631,038</u>	<u>5,854,616</u>	<u>(5,554,809)</u>	<u>229,930,845</u>
Investment income due and accrued	547,409	29,347	-	576,756
Premiums due and uncollected	1,345,557	13,564	-	1,359,121
Deferred premiums	17,621,621	601,165	(955,961)	17,266,825
Federal income taxes receivable	1,652,411	-	(40,843)	1,611,568
Receivable from reinsurer on paid losses	-	89,613	(89,613)	-
Guaranty funds receivable or on deposit	841,213	6,099	-	847,312
Receivables from parent, subsidiaries and affiliates	91,683	-	(91,683)	-
Other assets	<u>1,823,307</u>	<u>-</u>	<u>-</u>	<u>1,823,307</u>
<b>Total Admitted Assets</b>	<u><u>\$ 253,554,239</u></u>	<u><u>\$ 6,594,404</u></u>	<u><u>\$ (6,732,909)</u></u>	<u><u>\$ 253,415,734</u></u>

**LIABILITIES AND CAPITAL AND SURPLUS**

<b>Liabilities</b>				
Unpaid losses and loss adjustment expenses	\$ 64,605,469	\$ -	\$ -	\$ 64,605,469
Reinsurance payable on paid losses and LAE	89,613	-	(89,613)	-
Commissions payable	1,641,101	26,732	(172,041)	1,495,792
Other expenses, excluding taxes, licenses and fees	2,658,338	660	-	2,658,998
Taxes, licenses and fees, excluding federal income taxes	4,125,065	38,332	-	4,163,397
Federal income taxes payable	-	40,843	(40,843)	-
Deferred tax liability	6,408,851	786	-	6,409,637
Unearned premiums	21,630,123	-	-	21,630,123
Advance premiums	915,919	-	-	915,919
Ceded reinsurance premiums	203,258	783,920	(783,920)	203,258
Amounts withheld or retained for account of others	-	-	-	-
Remittances and items not allocated	46,915	4,531	-	51,446
Payable to parent, subsidiaries and affiliates	351,900	93,677	(91,683)	353,894
Derivatives	355,910	-	-	355,910
Policyholder security deposits	970,950	50,114	-	1,021,064
Amounts payable under loss portfolio transfer	27,290	-	-	27,290
Total liabilities	<u>104,030,702</u>	<u>1,039,595</u>	<u>(1,178,100)</u>	<u>103,892,197</u>
<b>Capital and Surplus</b>				
Common stock, \$0.625 par value; 40,000,000 shares authorized and 4,000,000 outstanding	2,500,000	2,500,000	(2,500,000)	2,500,000
Paid-in	32,500,000	3,000,000	(3,000,000)	32,500,000
Unassigned surplus	114,523,537	54,809	(54,809)	114,523,537
Total capital and surplus	<u>149,523,537</u>	<u>5,554,809</u>	<u>(5,554,809)</u>	<u>149,523,537</u>
<b>Total Liabilities and Capital and Surplus</b>	<u><u>\$ 253,554,239</u></u>	<u><u>\$ 6,594,404</u></u>	<u><u>\$ (6,732,909)</u></u>	<u><u>\$ 253,415,734</u></u>

See independent auditors' report on supplementary information

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN CAPITAL AND SURPLUS**

**(Statutory Basis)**

**YEAR ENDED DECEMBER 31, 2023**

	<u>Stonetrust Commercial</u>	<u>Stonetrust Premier</u>	<u>Reclasses &amp; Eliminations</u>	<u>Consolidated Total</u>
<b><u>UNDERWRITING INCOME</u></b>				
Premiums earned, net	\$ 51,756,323	\$ -	\$ -	\$ 51,756,323
Losses incurred	(15,803,931)	-	-	(15,803,931)
Loss adjustment expenses incurred	(4,304,604)	-	-	(4,304,604)
Other underwriting expenses incurred	(20,542,461)	653	-	(20,541,808)
Net underwriting gain	<u>11,105,327</u>	<u>653</u>	<u>-</u>	<u>11,105,980</u>
<b><u>INVESTMENT INCOME</u></b>				
Net investment income	6,791,057	199,520	-	6,990,577
Net realized capital loss (net of capital gains tax of (\$1,238,162))	(4,448,023)	-	-	(4,448,023)
Net investment gain	<u>2,343,034</u>	<u>199,520</u>	<u>-</u>	<u>2,542,554</u>
<b><u>OTHER INCOME (EXPENSE)</u></b>				
Bad debt expense, net of recoveries	(556,365)	-	-	(556,365)
Miscellaneous income	238,707	-	-	238,707
<b><u>INCOME BEFORE FEDERAL INCOME TAXES</u></b>				
	13,130,703	200,173	-	13,330,876
Federal income tax expense	<u>3,888,114</u>	<u>41,251</u>	<u>-</u>	<u>3,929,365</u>
<b><u>NET INCOME</u></b>				
	<u>\$ 9,242,589</u>	<u>\$ 158,922</u>	<u>\$ -</u>	<u>\$ 9,401,511</u>
<b><u>CHANGES IN CAPITAL AND SURPLUS</u></b>				
Balance, beginning of year	\$ 132,840,517	\$ 5,396,673	\$ (5,396,673)	\$ 132,840,517
Net income	9,242,589	158,922	-	9,401,511
Other changes:				
Dividends paid	(10,044,447)	-	-	(10,044,447)
Change in net deferred income tax	159,018	(786)	-	158,232
Change in non-admitted assets	289,274	-	-	289,274
Change in net unrealized capital gains	17,036,586	-	(158,136)	16,878,450
Balance, end of year	<u>\$ 149,523,537</u>	<u>\$ 5,554,809</u>	<u>\$ (5,554,809)</u>	<u>\$ 149,523,537</u>

See independent auditors' report on supplementary information

**STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY**

**CONSOLIDATING STATEMENTS OF CASH FLOWS**

**(Statutory Basis)**

**YEAR ENDED MARCH 31, 2023**

	<u>Stonetrust Commerical</u>	<u>Stonetrust Premier</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b><u>OPERATING ACTIVITIES</u></b>				
Premiums collected (net of reinsurance premiums paid)	\$ 49,947,829	\$ 214,492	\$ -	\$ 50,162,321
Net investment income	6,129,416	178,786	-	6,308,202
Miscellaneous income	238,707	-	-	238,707
Benefit and loss related payments	(15,878,561)	(89,613)	-	(15,968,174)
Commissions and other underwriting expenses paid	(24,522,116)	(23,174)	-	(24,545,290)
Federal income taxes paid	(3,989,512)	(10,488)	-	(4,000,000)
<b>Net cash provided by operating activities</b>	<u>11,925,763</u>	<u>270,003</u>	<u>-</u>	<u>12,195,766</u>
<b><u>INVESTING ACTIVITIES</u></b>				
Proceeds from sales, maturities, and prepayments of bonds	15,261,722	-	-	15,261,722
Proceeds from sales of equity securities	8,533,928	-	-	8,533,928
Proceeds from derivatives, net	1,372,123	-	-	1,372,123
Cost of bonds acquired	(10,185,741)	(1,000,005)	-	(11,185,746)
Cost of equity securities acquired	(4,019,373)	-	-	(4,019,373)
<b>Net cash provided by (used in) investing activities</b>	<u>10,962,659</u>	<u>(1,000,005)</u>	<u>-</u>	<u>9,962,654</u>
<b><u>FINANCING ACTIVITIES</u></b>				
Dividends paid	(10,044,447)	-	-	(10,044,447)
Other cash provided (applied)	(41,651)	25,767	-	(15,884)
<b>Net cash (used in) provided by financing activities</b>	<u>(10,086,098)</u>	<u>25,767</u>	<u>-</u>	<u>(10,060,331)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	12,802,324	(704,235)	-	12,098,089
<b>CASH AND CASH EQUIVALENTS BEGINNING</b>	<u>43,605,141</u>	<u>4,560,583</u>	<u>-</u>	<u>48,165,724</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 56,407,465</u>	<u>\$ 3,856,348</u>	<u>\$ -</u>	<u>\$ 60,263,813</u>

See independent auditors' report on supplementary information.



# SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2023  
(To Be Filed by April 1)

Of The Stonetrust Commercial Insurance Company.....  
ADDRESS (City, State and Zip Code) Baton Rouge , LA 70808 .....  
NAIC Group Code 4949 ..... NAIC Company Code 11042 ..... Federal Employer's Identification Number (FEIN) 72-1478054 .....

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. ....\$ .....253,554,239

2. Ten largest exposures to a single issuer/borrower/investment.

	1	2	3	4
	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	Loggerhead Holding Company	Collateral Loan	\$ 30,000,000	11.8 %
2.02	Berkshire Hathaway Inc.	Equity	\$ 13,565,626	5.4 %
2.03	Alphabet Inc.	Equity	\$ 10,800,875	4.3 %
2.04	Stellantis N.V.	Equity	\$ 9,943,368	3.9 %
2.05	Exor N.V.	Equity	\$ 9,028,206	3.6 %
2.06	Apple Inc.	Equity	\$ 8,471,320	3.3 %
2.07	MBIA Global Funding LLC	Bonds	\$ 8,155,076	3.2 %
2.08	Lamar Media Corp.	Bonds	\$ 6,405,860	2.5 %
2.09	Cleco Corporate Holdings LLC	Bonds	\$ 4,905,854	1.9 %
2.10	Pool Corporation	Equity	\$ 4,240,680	1.7 %

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

	Bonds	1	2	Preferred Stocks	3	4
3.01	NAIC 1	\$ 27,337,751	10.8 %	3.07	NAIC 1	\$ ..... %
3.02	NAIC 2	\$ 11,171,677	4.4 %	3.08	NAIC 2	\$ ..... %
3.03	NAIC 3	\$ 6,405,860	2.5 %	3.09	NAIC 3	\$ ..... %
3.04	NAIC 4	\$ 10,334,012	4.1 %	3.10	NAIC 4	\$ ..... %
3.05	NAIC 5	\$ 2,124,454	0.8 %	3.11	NAIC 5	\$ ..... %
3.06	NAIC 6	\$ .....	%	3.12	NAIC 6	\$ ..... %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ ] No [ X ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02 Total admitted assets held in foreign investments..... \$ ..... 19,345,724 ..... 7.6 %

4.03 Foreign-currency-denominated investments ..... \$ ..... %

4.04 Insurance liabilities denominated in that same foreign currency ..... \$ ..... %

**SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST COMMERCIAL INSURANCE COMPANY**

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>
5.01 Countries designated NAIC-1 .....	\$ 19,345,724	7.6 %
5.02 Countries designated NAIC-2 .....	\$ .....	% .....
5.03 Countries designated NAIC-3 or below .....	\$ .....	% .....

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>
Countries designated NAIC - 1:		
6.01 Country 1: Nether lands .....	\$ 18,971,574	7.5 %
6.02 Country 2: Bermuda .....	\$ 374,150	0.1 %
Countries designated NAIC - 2:		
6.03 Country 1: .....	\$ .....	% .....
6.04 Country 2: .....	\$ .....	% .....
Countries designated NAIC - 3 or below:		
6.05 Country 1: .....	\$ .....	% .....
6.06 Country 2: .....	\$ .....	% .....

	<u>1</u>	<u>2</u>
7. Aggregate unhedged foreign currency exposure .....	\$ .....	% .....

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>
8.01 Countries designated NAIC-1 .....	\$ .....	% .....
8.02 Countries designated NAIC-2 .....	\$ .....	% .....
8.03 Countries designated NAIC-3 or below .....	\$ .....	% .....

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>
Countries designated NAIC - 1:		
9.01 Country 1: .....	\$ .....	% .....
9.02 Country 2: .....	\$ .....	% .....
Countries designated NAIC - 2:		
9.03 Country 1: .....	\$ .....	% .....
9.04 Country 2: .....	\$ .....	% .....
Countries designated NAIC - 3 or below:		
9.05 Country 1: .....	\$ .....	% .....
9.06 Country 2: .....	\$ .....	% .....

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	Issuer	NAIC Designation		
10.01	Stellantis N.V. ....	.....	\$ 9,943,368	3.9 %
10.02	Exor N.V. ....	.....	\$ 9,028,206	3.6 %
10.03	Assured Guaranty Ltd .....	.....	\$ 374,150	0.1 %
10.04	.....	.....	\$ .....	% .....
10.05	.....	.....	\$ .....	% .....
10.06	.....	.....	\$ .....	% .....
10.07	.....	.....	\$ .....	% .....
10.08	.....	.....	\$ .....	% .....
10.09	.....	.....	\$ .....	% .....
10.10	.....	.....	\$ .....	% .....

**SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST COMMERCIAL INSURANCE COMPANY**

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		<u>1</u>	<u>2</u>	
11.02 Total admitted assets held in Canadian investments .....	\$	.....	.....	%
11.03 Canadian-currency-denominated investments .....	\$	.....	.....	%
11.04 Canadian-denominated insurance liabilities .....	\$	.....	.....	%
11.05 Unhedged Canadian currency exposure .....	\$	.....	.....	%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

		<u>1</u>	<u>2</u>	<u>3</u>	
12.02 Aggregate statement value of investments with contractual sales restrictions .....	\$	.....	.....	.....	%
Largest three investments with contractual sales restrictions:					
12.03 .....	\$	.....	.....	.....	%
12.04 .....	\$	.....	.....	.....	%
12.05 .....	\$	.....	.....	.....	%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ ] No [ X ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

		<u>1</u>	<u>2</u>	<u>3</u>	
		Issuer			
13.02 Berkshire Hathaway Inc. ....	\$	.....	13,565,626	.....	5.4 %
13.03 Alphabet Inc. ....	\$	.....	10,800,875	.....	4.3 %
13.04 Stellantis N.V. ....	\$	.....	9,943,368	.....	3.9 %
13.05 Exor N.V. ....	\$	.....	9,028,206	.....	3.6 %
13.06 Apple Inc. ....	\$	.....	8,471,320	.....	3.3 %
13.07 Pool Corporation .....	\$	.....	4,240,680	.....	1.7 %
13.08 Synchrony Financial .....	\$	.....	2,367,780	.....	0.9 %
13.09 Moody's Corporation .....	\$	.....	2,303,913	.....	0.9 %
13.10 EXCO Resources Inc. ....	\$	.....	2,248,069	.....	0.9 %
13.11 Navient Corporation .....	\$	.....	2,010,029	.....	0.8 %

**SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST COMMERCIAL INSURANCE COMPANY**

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

	<u>1</u>		<u>2</u>		<u>3</u>	
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities .....	\$	.....		.....	%
	Largest three investments held in nonaffiliated, privately placed equities:					
14.03	.....	\$	.....		.....	%
14.04	.....	\$	.....		.....	%
14.05	.....	\$	.....		.....	%

Ten largest fund managers:

	<u>1</u>		<u>2</u>		<u>3</u>		<u>4</u>
	Fund Manager		Total Invested		Diversified		Nondiversified
14.06	.....	\$	.....	\$	.....	\$	.....
14.07	.....	\$	.....	\$	.....	\$	.....
14.08	.....	\$	.....	\$	.....	\$	.....
14.09	.....	\$	.....	\$	.....	\$	.....
14.10	.....	\$	.....	\$	.....	\$	.....
14.11	.....	\$	.....	\$	.....	\$	.....
14.12	.....	\$	.....	\$	.....	\$	.....
14.13	.....	\$	.....	\$	.....	\$	.....
14.14	.....	\$	.....	\$	.....	\$	.....
14.15	.....	\$	.....	\$	.....	\$	.....

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	<u>1</u>		<u>2</u>		<u>3</u>	
15.02	Aggregate statement value of investments held in general partnership interests .....	\$	.....		.....	%
	Largest three investments in general partnership interests:					
15.03	.....	\$	.....		.....	%
15.04	.....	\$	.....		.....	%
15.05	.....	\$	.....		.....	%



**SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST COMMERCIAL INSURANCE COMPANY**

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1	2	3
	Type (Residential, Commercial, Agricultural)		
16.02	.....	\$ .....	..... %
16.03	.....	\$ .....	..... %
16.04	.....	\$ .....	..... %
16.05	.....	\$ .....	..... %
16.06	.....	\$ .....	..... %
16.07	.....	\$ .....	..... %
16.08	.....	\$ .....	..... %
16.09	.....	\$ .....	..... %
16.10	.....	\$ .....	..... %
16.11	.....	\$ .....	..... %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans .....	\$ .....	..... %
16.13	Mortgage loans over 90 days past due .....	\$ .....	..... %
16.14	Mortgage loans in the process of foreclosure .....	\$ .....	..... %
16.15	Mortgage loans foreclosed .....	\$ .....	..... %
16.16	Restructured mortgage loans .....	\$ .....	..... %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan to Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.02 91 to 95%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.03 81 to 90%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.04 71 to 80%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.05 below 70%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description	2	3
	1		
18.02	.....	\$ .....	..... %
18.03	.....	\$ .....	..... %
18.04	.....	\$ .....	..... %
18.05	.....	\$ .....	..... %
18.06	.....	\$ .....	..... %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans: .....	\$ .....	..... %
	Largest three investments held in mezzanine real estate loans:		
19.03	.....	\$ .....	..... %
19.04	.....	\$ .....	..... %
19.05	.....	\$ .....	..... %

**SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST COMMERCIAL INSURANCE COMPANY**

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year End		1st Quarter 3	At End of Each Quarter		3rd Quarter 5
	1	2		2nd Quarter 4		
20.01 Securities lending agreements (do not include assets held as collateral for such transactions) \$ .....		%	\$ .....	\$ .....	\$ .....	
20.02 Repurchase agreements .....		%	\$ .....	\$ .....	\$ .....	
20.03 Reverse repurchase agreements .....		%	\$ .....	\$ .....	\$ .....	
20.04 Dollar repurchase agreements .....		%	\$ .....	\$ .....	\$ .....	
20.05 Dollar reverse repurchase agreements .....		%	\$ .....	\$ .....	\$ .....	

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned		3	Written	
	1	2		4	
21.01 Hedging .....	\$ .....	%	\$ .....		%
21.02 Income generation .....	\$ .....	%	\$ .....		%
21.03 Other .....	\$ .....	%	\$ .....		%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year End		1st Quarter 3	At End of Each Quarter		3rd Quarter 5
	1	2		2nd Quarter 4		
22.01 Hedging .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
22.02 Income generation .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
22.03 Replications .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
22.04 Other .....	\$ .....	%	\$ .....	\$ .....	\$ .....	

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year End		1st Quarter 3	At End of Each Quarter		3rd Quarter 5
	1	2		2nd Quarter 4		
23.01 Hedging .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
23.02 Income generation .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
23.03 Replications .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
23.04 Other .....	\$ .....	%	\$ .....	\$ .....	\$ .....	



# SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2023  
(To Be Filed by April 1)

Of The Stonetrust Premier Casualty Insurance Company.....  
ADDRESS (City, State and Zip Code) Baton Rouge , LA 70808 .....  
NAIC Group Code 4949 ..... NAIC Company Code 16577 ..... Federal Employer's Identification Number (FEIN) 83-3066112 .....

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. ....\$ ..... 6,594,404

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	Federal Home Loan Mortgage Corp	Bond	\$ 1,000,000	15.2 %
2.02			\$	%
2.03			\$	%
2.04			\$	%
2.05			\$	%
2.06			\$	%
2.07			\$	%
2.08			\$	%
2.09			\$	%
2.10			\$	%

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

	Bonds	1	2	Preferred Stocks	3	4
3.01	NAIC 1	\$ 1,998,268	30.3 %	3.07	NAIC 1	\$ %
3.02	NAIC 2	\$	%	3.08	NAIC 2	\$ %
3.03	NAIC 3	\$	%	3.09	NAIC 3	\$ %
3.04	NAIC 4	\$	%	3.10	NAIC 4	\$ %
3.05	NAIC 5	\$	%	3.11	NAIC 5	\$ %
3.06	NAIC 6	\$	%	3.12	NAIC 6	\$ %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02 Total admitted assets held in foreign investments..... \$ ..... %

4.03 Foreign-currency-denominated investments ..... \$ ..... %

4.04 Insurance liabilities denominated in that same foreign currency ..... \$ ..... %

**SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST PREMIER CASUALTY INSURANCE COMPANY**

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
5.01 Countries designated NAIC-1 .....	\$ .....	.....	%
5.02 Countries designated NAIC-2 .....	\$ .....	.....	%
5.03 Countries designated NAIC-3 or below .....	\$ .....	.....	%

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
Countries designated NAIC - 1:			
6.01 Country 1: .....	\$ .....	.....	%
6.02 Country 2: .....	\$ .....	.....	%
Countries designated NAIC - 2:			
6.03 Country 1: .....	\$ .....	.....	%
6.04 Country 2: .....	\$ .....	.....	%
Countries designated NAIC - 3 or below:			
6.05 Country 1: .....	\$ .....	.....	%
6.06 Country 2: .....	\$ .....	.....	%

	<u>1</u>	<u>2</u>	
7. Aggregate unhedged foreign currency exposure .....	\$ .....	.....	%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
8.01 Countries designated NAIC-1 .....	\$ .....	.....	%
8.02 Countries designated NAIC-2 .....	\$ .....	.....	%
8.03 Countries designated NAIC-3 or below .....	\$ .....	.....	%

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
Countries designated NAIC - 1:			
9.01 Country 1: .....	\$ .....	.....	%
9.02 Country 2: .....	\$ .....	.....	%
Countries designated NAIC - 2:			
9.03 Country 1: .....	\$ .....	.....	%
9.04 Country 2: .....	\$ .....	.....	%
Countries designated NAIC - 3 or below:			
9.05 Country 1: .....	\$ .....	.....	%
9.06 Country 2: .....	\$ .....	.....	%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
	Issuer	NAIC Designation			
10.01 .....	.....	.....	\$ .....	.....	%
10.02 .....	.....	.....	\$ .....	.....	%
10.03 .....	.....	.....	\$ .....	.....	%
10.04 .....	.....	.....	\$ .....	.....	%
10.05 .....	.....	.....	\$ .....	.....	%
10.06 .....	.....	.....	\$ .....	.....	%
10.07 .....	.....	.....	\$ .....	.....	%
10.08 .....	.....	.....	\$ .....	.....	%
10.09 .....	.....	.....	\$ .....	.....	%
10.10 .....	.....	.....	\$ .....	.....	%

**SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST PREMIER CASUALTY INSURANCE COMPANY**

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01	Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? .....	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.					
		<u>1</u>		<u>2</u>	
11.02	Total admitted assets held in Canadian investments .....	\$	.....	.....	%
11.03	Canadian-currency-denominated investments .....	\$	.....	.....	%
11.04	Canadian-denominated insurance liabilities .....	\$	.....	.....	%
11.05	Unhedged Canadian currency exposure .....	\$	.....	.....	%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01	Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? .....	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.					
		<u>1</u>		<u>2</u>	
12.02	Aggregate statement value of investments with contractual sales restrictions .....	\$	.....	.....	%
Largest three investments with contractual sales restrictions:					
12.03	.....	\$	.....	.....	%
12.04	.....	\$	.....	.....	%
12.05	.....	\$	.....	.....	%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01	Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? .....	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.					
		<u>1</u>		<u>2</u>	
	<u>Issuer</u>			<u>3</u>	
13.02	.....	\$	.....	.....	%
13.03	.....	\$	.....	.....	%
13.04	.....	\$	.....	.....	%
13.05	.....	\$	.....	.....	%
13.06	.....	\$	.....	.....	%
13.07	.....	\$	.....	.....	%
13.08	.....	\$	.....	.....	%
13.09	.....	\$	.....	.....	%
13.10	.....	\$	.....	.....	%
13.11	.....	\$	.....	.....	%

**SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST PREMIER CASUALTY INSURANCE COMPANY**

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

	<u>1</u>		<u>2</u>		<u>3</u>	
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities .....	\$	.....		.....	%
	Largest three investments held in nonaffiliated, privately placed equities:					
14.03	.....	\$	.....		.....	%
14.04	.....	\$	.....		.....	%
14.05	.....	\$	.....		.....	%

Ten largest fund managers:

	<u>1</u>		<u>2</u>		<u>3</u>		<u>4</u>
	Fund Manager		Total Invested		Diversified		Nondiversified
14.06	.....	\$	.....	\$	.....	\$	.....
14.07	.....	\$	.....	\$	.....	\$	.....
14.08	.....	\$	.....	\$	.....	\$	.....
14.09	.....	\$	.....	\$	.....	\$	.....
14.10	.....	\$	.....	\$	.....	\$	.....
14.11	.....	\$	.....	\$	.....	\$	.....
14.12	.....	\$	.....	\$	.....	\$	.....
14.13	.....	\$	.....	\$	.....	\$	.....
14.14	.....	\$	.....	\$	.....	\$	.....
14.15	.....	\$	.....	\$	.....	\$	.....

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	<u>1</u>		<u>2</u>		<u>3</u>	
15.02	Aggregate statement value of investments held in general partnership interests .....	\$	.....		.....	%
	Largest three investments in general partnership interests:					
15.03	.....	\$	.....		.....	%
15.04	.....	\$	.....		.....	%
15.05	.....	\$	.....		.....	%

**SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST PREMIER CASUALTY INSURANCE COMPANY**

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1	2	3
	Type (Residential, Commercial, Agricultural)		
16.02	.....	\$ .....	..... %
16.03	.....	\$ .....	..... %
16.04	.....	\$ .....	..... %
16.05	.....	\$ .....	..... %
16.06	.....	\$ .....	..... %
16.07	.....	\$ .....	..... %
16.08	.....	\$ .....	..... %
16.09	.....	\$ .....	..... %
16.10	.....	\$ .....	..... %
16.11	.....	\$ .....	..... %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans
16.12	Construction loans .....	\$ ..... %
16.13	Mortgage loans over 90 days past due .....	\$ ..... %
16.14	Mortgage loans in the process of foreclosure .....	\$ ..... %
16.15	Mortgage loans foreclosed .....	\$ ..... %
16.16	Restructured mortgage loans .....	\$ ..... %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan to Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.02 91 to 95%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.03 81 to 90%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.04 71 to 80%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.05 below 70%.....	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description	2	3
	1		
18.02	.....	\$ .....	..... %
18.03	.....	\$ .....	..... %
18.04	.....	\$ .....	..... %
18.05	.....	\$ .....	..... %
18.06	.....	\$ .....	..... %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ X ] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans: .....	\$ .....	..... %
	Largest three investments held in mezzanine real estate loans:		
19.03	.....	\$ .....	..... %
19.04	.....	\$ .....	..... %
19.05	.....	\$ .....	..... %

SUPPLEMENT FOR THE YEAR 2023 OF THE STONETRUST PREMIER CASUALTY INSURANCE COMPANY

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year End		1st Quarter 3	At End of Each Quarter		3rd Quarter 5
	1	2		2nd Quarter 4		
20.01 Securities lending agreements (do not include assets held as collateral for such transactions) \$ .....		%	\$ .....	\$ .....	\$ .....	
20.02 Repurchase agreements .....		%	\$ .....	\$ .....	\$ .....	
20.03 Reverse repurchase agreements .....		%	\$ .....	\$ .....	\$ .....	
20.04 Dollar repurchase agreements .....		%	\$ .....	\$ .....	\$ .....	
20.05 Dollar reverse repurchase agreements .....		%	\$ .....	\$ .....	\$ .....	

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned		3	Written	
	1	2		4	
21.01 Hedging .....	\$ .....	%	\$ .....		%
21.02 Income generation .....	\$ .....	%	\$ .....		%
21.03 Other .....	\$ .....	%	\$ .....		%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year End		1st Quarter 3	At End of Each Quarter		3rd Quarter 5
	1	2		2nd Quarter 4		
22.01 Hedging .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
22.02 Income generation .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
22.03 Replications .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
22.04 Other .....	\$ .....	%	\$ .....	\$ .....	\$ .....	

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year End		1st Quarter 3	At End of Each Quarter		3rd Quarter 5
	1	2		2nd Quarter 4		
23.01 Hedging .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
23.02 Income generation .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
23.03 Replications .....	\$ .....	%	\$ .....	\$ .....	\$ .....	
23.04 Other .....	\$ .....	%	\$ .....	\$ .....	\$ .....	



ANNUAL STATEMENT FOR THE YEAR 2023 OF THE STONETRUST COMMERCIAL INSURANCE COMPANY

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments .....	22,452,051	9.777	22,452,051		22,452,051	9.777
1.02 All other governments .....		0.000				0.000
1.03 U.S. states, territories and possessions, etc. guaranteed .....		0.000				0.000
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed .....	885,700	0.386	885,700		885,700	0.386
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed .....	4,000,000	1.742	4,000,000		4,000,000	1.742
1.06 Industrial and miscellaneous .....	30,036,003	13.080	30,036,003		30,036,003	13.080
1.07 Hybrid securities .....		0.000				0.000
1.08 Parent, subsidiaries and affiliates .....		0.000				0.000
1.09 SVO identified funds .....		0.000				0.000
1.10 Unaffiliated bank loans .....		0.000				0.000
1.11 Unaffiliated certificates of deposit .....		0.000				0.000
1.12 Total long-term bonds .....	57,373,754	24.985	57,373,754		57,373,754	24.985
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated) .....		0.000				0.000
2.02 Parent, subsidiaries and affiliates .....		0.000				0.000
2.03 Total preferred stocks .....		0.000				0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated) .....	71,167,560	30.992	71,817,676		71,817,676	31.275
3.02 Industrial and miscellaneous Other (Unaffiliated) .....	2,248,069	0.979	1,597,953		1,597,953	0.696
3.03 Parent, subsidiaries and affiliates Publicly traded .....		0.000				0.000
3.04 Parent, subsidiaries and affiliates Other .....	5,554,809	2.419	5,554,809		5,554,809	2.419
3.05 Mutual funds .....	5,161,458	2.248	5,161,458		5,161,458	2.248
3.06 Unit investment trusts .....		0.000				0.000
3.07 Closed-end funds .....		0.000				0.000
3.08 Exchange traded funds .....		0.000				0.000
3.09 Total common stocks .....	84,131,896	36.638	84,131,896		84,131,896	36.638
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages .....		0.000				0.000
4.02 Residential mortgages .....		0.000				0.000
4.03 Commercial mortgages .....		0.000				0.000
4.04 Mezzanine real estate loans .....		0.000				0.000
4.05 Total valuation allowance .....		0.000				0.000
4.06 Total mortgage loans .....		0.000				0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company .....		0.000				0.000
5.02 Properties held for production of income .....		0.000				0.000
5.03 Properties held for sale .....		0.000				0.000
5.04 Total real estate .....		0.000				0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1) .....	56,407,465	24.564	56,407,465		56,407,465	24.564
6.02 Cash equivalents (Schedule E, Part 2) .....		0.000				0.000
6.03 Short-term investments (Schedule DA) .....		0.000				0.000
6.04 Total cash, cash equivalents and short-term investments .....	56,407,465	24.564	56,407,465		56,407,465	24.564
7. Contract loans .....		0.000				0.000
8. Derivatives (Schedule DB) .....		0.000				0.000
9. Other invested assets (Schedule BA) .....	30,000,000	13.064	30,000,000		30,000,000	13.064
10. Receivables for securities .....	1,717,923	0.748	1,717,923		1,717,923	0.748
11. Securities Lending (Schedule DL, Part 1).....		0.000		XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11) .....		0.000				0.000
13. Total invested assets	229,631,038	100.000	229,631,038		229,631,038	100.000

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments .....	998,268	17.051	998,268		998,268	17.051
1.02 All other governments .....		0.000				0.000
1.03 U.S. states, territories and possessions, etc. guaranteed .....		0.000				0.000
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed .....		0.000				0.000
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed .....	1,000,000	17.081	1,000,000		1,000,000	17.081
1.06 Industrial and miscellaneous .....		0.000				0.000
1.07 Hybrid securities .....		0.000				0.000
1.08 Parent, subsidiaries and affiliates .....		0.000				0.000
1.09 SVO identified funds .....		0.000				0.000
1.10 Unaffiliated bank loans .....		0.000				0.000
1.11 Unaffiliated certificates of deposit .....		0.000				0.000
1.12 Total long-term bonds .....	1,998,268	34.131	1,998,268		1,998,268	34.131
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated) .....		0.000				0.000
2.02 Parent, subsidiaries and affiliates .....		0.000				0.000
2.03 Total preferred stocks .....		0.000				0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated) .....		0.000				0.000
3.02 Industrial and miscellaneous Other (Unaffiliated) .....		0.000				0.000
3.03 Parent, subsidiaries and affiliates Publicly traded .....		0.000				0.000
3.04 Parent, subsidiaries and affiliates Other .....		0.000				0.000
3.05 Mutual funds .....		0.000				0.000
3.06 Unit investment trusts .....		0.000				0.000
3.07 Closed-end funds .....		0.000				0.000
3.08 Exchange traded funds .....		0.000				0.000
3.09 Total common stocks .....		0.000				0.000
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages .....		0.000				0.000
4.02 Residential mortgages .....		0.000				0.000
4.03 Commercial mortgages .....		0.000				0.000
4.04 Mezzanine real estate loans .....		0.000				0.000
4.05 Total valuation allowance .....		0.000				0.000
4.06 Total mortgage loans .....		0.000				0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company .....		0.000				0.000
5.02 Properties held for production of income .....		0.000				0.000
5.03 Properties held for sale .....		0.000				0.000
5.04 Total real estate .....		0.000				0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1) .....	3,856,348	65.869	3,856,348		3,856,348	65.869
6.02 Cash equivalents (Schedule E, Part 2) .....		0.000				0.000
6.03 Short-term investments (Schedule DA) .....		0.000				0.000
6.04 Total cash, cash equivalents and short-term investments .....	3,856,348	65.869	3,856,348		3,856,348	65.869
7. Contract loans .....		0.000				0.000
8. Derivatives (Schedule DB) .....		0.000				0.000
9. Other invested assets (Schedule BA) .....		0.000				0.000
10. Receivables for securities .....		0.000				0.000
11. Securities Lending (Schedule DL, Part 1).....		0.000		XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11) .....		0.000				0.000
13. Total invested assets	5,854,616	100.000	5,854,616		5,854,616	100.000

**Supplementary Reinsurance Interrogatories**  
**Stonetrust Commercial Insurance Company**  
**December 31, 2023**

Pursuant to SSAP No. 62R- Property and Casualty Reinsurance, disclosures for paragraphs 93 – 98 represent annual statement interrogatories, which require disclosure to these audited statutory-basis financial statements.

- 7.1 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]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. Not applicable
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provisions? Yes [ ] No [X]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entire form liability in whole or in part from any loss that may occur on this risk, or pointing thereof, reinsured? Yes [ ] No [X]
- 8.2 If yes, give full information. Not Applicable
- 9.1 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 3% 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 3% 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 non-cancelable 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. An unconditional or unilateral right by either party to commute the reinsurance contract, 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]

**Supplementary Reinsurance Interrogatories (continued)**  
**Stonetrust Commercial Insurance Company**  
**December 31, 2023**

- 9.2 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), 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 retro ceded back to the reporting entity or its affiliates.
- Yes [ ] No [X]
- 9.3 If yes to 9.1 or 9.2 please provide the following information in the reinsurance summary supplemental filing for general interrogatory 9:
- 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 9.1 or 9.2; and
- c. A brief discussion of management's principal objectives in entering into the reinsurance contract including the economic purposes to be achieved.
- Not applicable
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62R- 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]
- 9.5 If yes to 9.4, explain in a supplemental filing why the contract(s) is treated differently for GAAP and SAP.
- Not applicable

**Supplementary Reinsurance Interrogatories**  
**Stonetrust Premier Casualty Insurance Company**  
**December 31, 2023**

Pursuant to SSAP No. 62R- Property and Casualty Reinsurance, disclosures for paragraphs 93 – 98 represent annual statement interrogatories, which require disclosure to these audited statutory-basis financial statements.

- 7.1 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]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. Not applicable
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provisions? Yes [ ] No [X]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entire form liability in whole or in part from any loss that may occur on this risk, or pointing thereof, reinsured? Yes [ ] No [X]
- 8.2 If yes, give full information. Not Applicable
- 9.1 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 3% 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 3% 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:
- g. A contract term longer than two years and the contract is non-cancelable by the reporting entity during the contract term; Yes [ ] No [X]
  - h. 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;
  - i. Aggregate stop loss reinsurance coverage;
  - j. An unconditional or unilateral right by either party to commute the reinsurance contract, except for such provisions which are only triggered by a decline in the credit status of the other party;
  - k. 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
  - l. Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

**Supplementary Reinsurance Interrogatories (continued)**  
**Stonetrust Premier Casualty Insurance Company**  
**December 31, 2023**

- 9.2 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), 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:
- c. 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
- d. Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retro ceded back to the reporting entity or its affiliates.
- Yes [ ] No [X]
- 9.3 If yes to 9.1 or 9.2 please provide the following information in the reinsurance summary supplemental filing for general interrogatory 9:
- d. The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- e. A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- f. A brief discussion of management's principal objectives in entering into the reinsurance contract including the economic purposes to be achieved.
- Not applicable
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62R- 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:
- c. 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
- d. Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?
- Yes [ ] No [X]
- 9.5 If yes to 9.4, explain in a supplemental filing why the contract(s) is treated differently for GAAP and SAP.
- Not applicable