

# ANNUAL REPORT

---

2025

## ***Nuclear Electric Insurance Limited and Subsidiaries***

*Consolidated Financial Statements  
As of and for the Years Ended  
December 31, 2025 and 2024,  
and Independent Auditor's Report*

NUCLEAR ELECTRIC INSURANCE LIMITED AND SUBSIDIARIES

TABLE OF CONTENTS

---

	Page
INDEPENDENT AUDITOR'S REPORT	3
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Consolidated Balance Sheet	6
Consolidated Statements of Operations and Comprehensive Earnings (Losses)	7
Consolidated Statements of Cash Flows	8
Consolidated Statements of Changes in Policyholders' Surplus	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10-43

## INDEPENDENT AUDITOR'S REPORT

To the Policyholders of  
Nuclear Electric Insurance Limited  
Hamilton, Bermuda

### Opinion

We have audited the consolidated financial statements of Nuclear Electric Insurance Limited and Subsidiaries (the "Company"), which comprise of the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive earnings, cash flows, changes in policyholders' surplus for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the disclosure of short-duration contracts included in Note 9 to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Deloitte Touche LLP*

March 25, 2026

NUCLEAR ELECTRIC INSURANCE LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(In thousands of U.S. Dollars)

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Investments:		
Fixed maturities, at fair value	\$ 1,459,489	\$ 1,475,303
Equity securities, at fair value	2,872,443	2,243,259
Derivatives Options, at fair value	814	780
Short-term investments	502,010	591,708
Alternative investments	954,574	926,453
Total investments	<u>5,789,330</u>	<u>5,237,503</u>
Cash	21,975	23,756
Accrued interest and distribution receivable	15,983	15,967
Amounts due from policyholders	42,369	43,288
Reinsurance receivable	20,920	30,158
Income taxes receivable	102,505	102,318
Prepaid reinsurance premiums	10,214	10,518
Prepaid expenses and other assets	13,883	16,416
Total assets	<u>\$ 6,017,179</u>	<u>\$ 5,479,924</u>
<u>LIABILITIES AND POLICYHOLDERS' SURPLUS</u>		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 736,592	\$ 785,183
Unearned premiums	166,734	167,264
Amounts due to policyholders	83	83
Deferred income taxes, net	175,790	141,617
Distribution payable to policyholders	600,000	225,000
Accounts payable, accrued expenses and other liabilities	87,572	80,426
Total liabilities	<u>1,766,771</u>	<u>1,399,573</u>
Policyholders' surplus:		
Reserve fund	\$ 250	\$ 250
Accumulated other comprehensive earnings (loss)	8,505	(4,687)
Surplus	<u>4,241,653</u>	<u>4,084,788</u>
Total policyholders' surplus	<u>4,250,408</u>	<u>4,080,351</u>
Total liabilities and policyholders' surplus	<u>\$ 6,017,179</u>	<u>\$ 5,479,924</u>

*See notes to Consolidated Financial Statements.*

NUCLEAR ELECTRIC INSURANCE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE EARNINGS (LOSSES)

YEARS ENDED DECEMBER 31, 2025 AND 2024

(In thousands of U.S. Dollars)

	<u>2025</u>	<u>2024</u>
Direct premiums earned	\$ 352,536	\$ 325,245
Reinsurance premiums assumed	46,353	45,776
Reinsurance premiums ceded, net	(51,512)	(54,082)
<b>Net Premiums Earned</b>	<u>347,377</u>	<u>316,939</u>
Losses and loss adjustment expenses	220,702	435,727
Administrative expenses	45,588	42,060
Commissions expense	8,026	8,407
Total underwriting expenses	<u>274,316</u>	<u>486,194</u>
<b>Gains (Losses) From Underwriting Operations</b>	<u>73,061</u>	<u>(169,255)</u>
Investment income, net	130,087	125,819
Gains (losses) on derivative instruments, net	60,703	(30,006)
Gains on alternative investments, net	79,920	46,048
Net realized investment gains	461,046	305,309
Investment expenses	(11,560)	(12,504)
<b>Earnings From Investments</b>	<u>720,196</u>	<u>434,666</u>
<b>Earnings Before Distribution To Policyholders And Income Taxes</b>	<u>793,257</u>	<u>265,411</u>
Distribution to policyholders	<u>600,000</u>	<u>225,000</u>
<b>Earnings Before Income Taxes</b>	<u>193,257</u>	<u>40,411</u>
Income tax expense	<u>36,392</u>	<u>8,091</u>
<b>Net Earnings</b>	<u>156,865</u>	<u>32,320</u>
<b>Other Comprehensive (Losses) Earnings, Net Of Income Taxes</b>		
Foreign currency translation adjustment (net of income taxes of \$1,939 in 2025 and \$943 in 2024)	<u>7,294</u>	<u>3,548</u>
Total net unrealized gain arising during the period (net of income taxes of \$17,160 in 2025 and \$15,874 in 2024)	64,556	59,718
Less: Reclassification adjustments for net investment gains included in net earnings (net of income taxes of \$15,593 in 2025 and \$17,185 in 2024)	<u>58,658</u>	<u>64,649</u>
Total net unrealized gains (losses) arising during the period	<u>5,898</u>	<u>(4,932)</u>
<b>Other Comprehensive Earnings (Losses), Net Of Income Taxes</b>	<u>13,192</u>	<u>(1,384)</u>
<b>Comprehensive Earnings</b>	<u>\$ 170,057</u>	<u>\$ 30,937</u>

See notes to Consolidated Financial Statements.

NUCLEAR ELECTRIC INSURANCE LIMITED AND SUBSIDIARIES

YEARS ENDED DECEMBER 31, 2025 AND 2024  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of U.S. Dollars)

	<u>2025</u>	<u>2024</u>
<b>OPERATING ACTIVITIES:</b>		
Net earnings	\$ 156,865	\$ 32,320
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Net realized investment (gains)	(456,942)	(305,309)
Amortization/accretion of premiums and discounts on investments	(5,173)	(4,550)
Equity in earnings of alternative investments, net of expenses	(84,653)	(49,698)
Alternative investments return on capital distributions	60,404	25,021
Increase in deferred income taxes, net	30,617	6,988
Distribution to policyholders - declared	600,000	225,000
Payment of policyholders' distribution	(225,000)	(300,000)
Changes in assets and liabilities which provided (used) cash:		
Accrued Interest and distribution receivable	(16)	(2,942)
Amounts due from policyholders	919	5,025
Reinsurance receivable	9,036	(11,859)
Income taxes receivable	(187)	20,817
Foreign currency contract receivable	-	-
Prepaid reinsurance	304	460
Prepaid expenses and other assets	403	2,063
Unpaid losses and loss adjustment expenses	(48,591)	312,030
Unearned premiums	(530)	19,076
Ceded premiums payable	118	4,131
Amounts due to policyholders'	-	-
Accounts payable and accrued expenses	6,994	10,262
Net cash (provided) used by operating activities	<u>44,568</u>	<u>(11,165)</u>
<b>INVESTING ACTIVITIES:</b>		
Proceeds from sales and distributions of investments:		
Fixed maturities	1,300,860	1,212,424
Equity securities	1,434,110	1,003,572
Alternative investments	55,634	52,728
Short-term investments	3,267,005	1,930,445
Maturities of investment - fixed maturities	151,690	105,031
Maturities of investments - short-term	231	81,189
Purchases of investments:		
Fixed maturities	(1,403,181)	(1,390,400)
Equity securities	(1,613,878)	(586,707)
Alternative investments	(64,185)	(63,561)
Short-term investments	(3,174,635)	(2,326,898)
Net cash provided (used) in investing activities	<u>(46,349)</u>	<u>17,823</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>(1,781)</u>	<u>6,658</u>
<b>CASH:</b>		
Beginning of year	23,756	17,098
End of year	<u>\$ 21,975</u>	<u>\$ 23,756</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Net cash received (paid) during the year for income tax	<u>\$ (5,409)</u>	<u>\$ (20,463)</u>

See notes to Consolidated Financial Statements.

NUCLEAR ELECTRIC INSURANCE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN POLICYHOLDERS' SURPLUS  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(In thousands of U.S. Dollars)

	Accumulated Other Comprehensive Earnings (Loss)				
	Total	Surplus	Foreign Currency Translation	Unrealized Gains (Losses) and Benefit Obligations	Reserve Fund
Balance, January 1, 2024	\$ 4,049,414	\$ 4,052,468	\$ (9,457)	\$ 6,153	\$ 250
<b>Comprehensive Earnings (Loss):</b>					
Net Earnings	32,320	32,320	-	-	-
Other comprehensive earnings (loss), (net of income taxes )	(1,383)	-	3,548	(4,931)	-
<b>Comprehensive Earnings (Loss):</b>	<u>30,937</u>	<u>32,320</u>	<u>3,548</u>	<u>(4,931)</u>	<u>-</u>
Balance, December 31, 2024	<u>\$ 4,080,352</u>	<u>\$ 4,084,788</u>	<u>\$ (5,908)</u>	<u>\$ 1,222</u>	<u>\$ 250</u>
<b>Comprehensive Earnings (Loss):</b>					
Net Earnings	156,865	156,865	-	-	-
Other comprehensive earnings, (net of income taxes )	13,192	-	7,294	5,898	-
<b>Comprehensive Earnings (Loss):</b>	<u>170,057</u>	<u>156,865</u>	<u>7,294</u>	<u>5,898</u>	<u>-</u>
Balance, December 31, 2025	<u>\$ 4,250,408</u>	<u>\$ 4,241,653</u>	<u>\$ 1,385</u>	<u>\$ 7,120</u>	<u>\$ 250</u>

*See notes to Consolidated Financial Statements.*

## 1. NATURE OF BUSINESS

Nuclear Electric Insurance Limited (the "Company" or "NEIL") is incorporated under the laws of Bermuda, has its place of business in Delaware, and is a registered insurer under the Bermuda Insurance Act of 1978 and the Captive Insurance Companies Act of Delaware. The Company traces its roots to 1973 and the formation of Nuclear Mutual Limited ("NML") in Bermuda, as a mutual insurance company. NML and the Company, which was formed as a mutual insurance company in 1980, were formed by groups of U.S. electric utilities as alternatives to the commercial nuclear insurance market. NML was merged into the Company in 1997. Each utility and energy company that is a Member of the Company today has, or had at the time of becoming a Member, an insurable interest in a commercial nuclear power generation plant.

The Company insures Member's nuclear plants and their generating units, owned by electric utilities and independent power producers (the "Members"). The Company currently provides property insurance coverage to all the commercial nuclear power generating facilities in the United States, Belgium, and Spain. The European coverage is offered through NEIL's wholly owned subsidiary NEIL Overseas dac ("NEIL Overseas"). NEIL Overseas is an Irish designated activities company based in Dublin, Ireland. It is licensed in Ireland and thus able to conduct business in European Union countries. NEIL provides reinsurance to NEIL Overseas to support the insurance it provides.

The coverage for Member's plants in United States and Europe includes: 1) the costs associated with certain long-term interruptions of electric generation, due to accidental physical damage under the Accidental Outage programs, 2) decontamination expenses incurred at such sites arising from accidental nuclear contamination under the Property Insurance program, 3) other risks of direct physical loss at such sites, including certain premature decommissioning costs under the Property Insurance program, and 4) risks associated with the construction of new nuclear power plants through the Company's Builders' Risk program.

The Company also provides Accidental Outage coverage to Member's plants in United States and Europe. The Accidental Outage program pays a maximum weekly indemnity limit of \$4.5 million resulting from an accidental outage at any one unit. The Company's loss exposure on any single incident caused by nuclear perils at a unit is limited to 100% of the weekly indemnity for 52 weeks and 80% for the subsequent 110 weeks, up to a maximum of \$490 million. For a single incident caused by non-nuclear perils, the Company's loss exposure is limited to 100% of the weekly indemnity for 52 weeks and 60% for the subsequent 52 weeks, up to a maximum of \$291.2 million. Deductibles of 8, 12, 20, or 26 weeks are available as part of this program.

The Property Insurance program provides property insurance coverage of up to \$1.5 billion per occurrence for nuclear and non-nuclear perils, plus up to an additional \$1.25 billion per occurrence for the nuclear peril only. The program features an optional blanket limit structure that allows multiple nuclear sites to share limits at reduced rates above \$1.5 billion.

The Non-Nuclear excess property insurance program provides property insurance coverage of up to \$750 million in excess of \$1.5 billion per occurrence for non-nuclear perils.

The Member Nuclear Builders' Risk program provides property insurance coverage of up to \$2.75 billion with a sublimit for delay in start-up, natural hazards, and other perils. Policy periods vary as a result of the complexity and uniqueness of each project.

Since 2000, the Company has also provided certain non-nuclear property, cyber, and liability coverage to existing Members. This coverage is provided in conformity with specialty property and liability programs, following the terms and conditions underwritten by the program's lead underwriter(s). Up until 2021, NEIL provided this capacity on a reinsurance basis.

In 2020, NEIL formed a new subsidiary, Cedar Hamilton Limited ("CHL"), under the laws of Bermuda, to provide a direct source of industrial property and excess liability capacity for risks related to or arising out of Member's business operations (Non-Nuclear Property, Builders' Risk, Excess Liability, and Cyber insurance coverages). The programs NEIL participated in on a reinsurance basis, were transitioned to CHL throughout 2021 and 2022. CHL started writing specialty insurance business on an Excess & Surplus lines basis in 2021 after being listed on the National Association of Insurance Commissioners' Quarterly List of Alien Insurers. This coverage has been offered to European Members through NEIL's wholly owned subsidiary NEIL Overseas since 2019.

In 2021, NEIL formed Cedar Hamilton Insurance Services LLC (CH Insurance Services) to provide underwriting services to CHL and act as a Producer on behalf of CHL. CH Insurance Services is staffed by NEIL's Specialty Underwriting team under a service agreement between NEIL and CH Insurance Services. CH Insurance Services is licensed in the states where NEIL's Specialty Underwriters are based and most of the states where its U.S. Members are headquartered. States where CH Insurance Services is not licensed are handled through the insured's Surplus & Excess Lines Broker. NEIL's Specialty Underwriting team also performs underwriting services for NEIL Overseas' specialty business.

CHL has executed an underwriting agreement with CH Insurance Services to manage the underwriting of CHL's accounts and a service agreement with NSI for all other administrative services.

NEIL, NEIL Overseas, and CHL also provide insurance coverage for Non-Members on a direct basis. The coverage provided by these direct placements is similar in nature to that which is provided to its Members via the programs noted above. The capacity offered to Non-Members is significantly lower than what is offered to Members with the maximum percentage of non-Member business that may be written dictated by the Bermuda Monetary Authority for NEIL and CH and follows the risk profile of the Company. The number of direct Non-Member programs written are limited in comparison to the direct Member business written.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation & Basis of Presentation

The Consolidated Financial Statements include the Company, its wholly owned subsidiaries, NEIL Services Inc. ("NSI"), Delaware Risk Management, Inc., Nuclear Electric (Cayman) Limited, NEIL Overseas dac ("NEIL Overseas"), CHL, CHIS LLC, 19803 NEIL Canadian Investment, and variable interest entities ("VIE") for which the Company is the primary beneficiary. As of December 31, 2025 NSIC has been dissolved and any remaining balances were transferred to NEIL. The dissolution has no impact to the consolidated financial statements. All intercompany transactions have been eliminated in consolidation. The financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America ("US GAAP").

### Premiums Written/Unearned Premiums

Net premiums written reflect the premiums the Company retains after purchasing reinsurance protection. Net premiums earned reflect the portion of net premiums written that were recorded as revenues for the period as the exposure period expires, net of

discounts. Premiums written and reinsurance premiums assumed and ceded are reflected in earnings on a pro-rata basis over the term of each policy, or in the case of Builders' Risk, written premiums and reinsurance premiums ceded are recognized over the contract period in proportion to the amount of insurance protection provided. Unearned premiums represent the portion of premiums written which are applicable to the unexpired terms of policies in force. Unearned premiums are recorded at cost, which approximates fair value. The Company records advance payments of reinsurance premiums as Prepaid reinsurance premiums. Premiums ceded under reinsurance agreements are recorded as Ceded premiums payable.

### Policyholders' Distribution

The Company principally insures nuclear plants and their generating units owned by the Members, primarily in the United States. The Company provides catastrophic insurance covering low frequency, high severity events and as such requires significant resources to satisfy potential catastrophic claims. To the extent that the full amount of these resources is not required during a given year, distributions to Members may be utilized as a method of sharing favorable financial results. Distributions are determined on an annual basis at the discretion of the Board of Directors, based on the authority approved by the Membership, and allocated to the Members in accordance with NEIL's Bye-Laws. If, for any reason, a Member ceases to maintain an insurance relationship with NEIL, the Member will lose its Membership status. The Member would remain eligible, for the ensuing five-year period only, to participate in future distributions. The Member would not be eligible to participate in any liquidation distributions, even if such distributions occur within the eligibility period. The Board of Directors declared an annual Distribution of \$600 million on December 11, 2025 payable to the Members by March 20, 2026 and \$225 million on December 12, 2024 that was paid on March 21, 2025.

### Investments

The Company applies the Fair Value Option for Financial Assets and Liabilities (embodied in Accounting Standards Codification ("ASC") Topic 825, "*Financial Instruments*"), which allows companies to make an election on an individual instrument basis to report financial assets and liabilities at fair value. The election must be made at the inception of a

transaction and may not be reversed. The Company has made the election for fixed maturity purchased on or after January 1, 2010. These securities are included in Fixed maturities at fair value on the Consolidated Balance Sheet, and changes in the fair value of the securities are reported in Net realized investment gains on the Statements of Operations and Comprehensive Earnings (Losses). Dividends on equity securities are recorded when declared, and interest on fixed income securities is recorded on an accrual basis. The Company believes that making the election for its portfolio of investment securities is consistent with its operating principle to manage investments for total return.

Both dividends and interest are reported in Investment income, net on the Statements of Operations and Comprehensive Earnings (Losses). Amortization and accretion of premiums and discounts on marketable securities are included in Investment income, net. Realized investment gains and losses on sales of equity and fixed maturity securities are computed using the specific identification cost method and are reported in Net realized investment gains on the Statements of Operations and Comprehensive Earnings (Losses).

The Company has categorized its investments in marketable fixed maturity securities as available for sale. Excluding those securities accounted for under the Fair Value Option, the Company has reported the portfolio at fair value with unrealized gains and losses, which included unrealized gains and losses due to foreign currency translation, net of tax, as a component of Accumulated Other Comprehensive Earnings (Losses), which is a separate component of Policyholders' Surplus.

Excluding those securities accounted for under the Fair Value Option, declines in the fair value of fixed maturity securities are evaluated by management for impairment. Impairments are bifurcated into the amount attributed to the credit loss, which is recognized in net earnings, and all other causes, which are recognized in Other Comprehensive Earnings (Losses). The aggregate of unrealized on lots in a loss position was de minimis.

Short-term investments consist of income generating funds with maturities of less than one year in duration held within various externally managed portfolios. The income generated in these funds is included in Investment income, net. These investments are primarily recorded at cost, which approximates fair value.

The Company purchases a variety of derivative financial instruments for risk management and investment purposes. The Company recognizes all derivatives as either assets or liabilities at fair value as prescribed in ASC Topic 815, "*Derivatives and Hedging*." Gains and losses on derivatives are recorded in Investment income, net on the Statements of Operations and Comprehensive Earnings (Losses).

Alternative investments consist of investments in real estate, private equity, and hedge funds that are either carried on the equity method of accounting as prescribed in ASC Topic 323, *"Investments, Equity Method and Joint Ventures,"* or in limited instances are consolidated variable interest entities ("VIEs"), as prescribed in ASC Topic 810, *"Consolidation."* The Company follows ASC Topic 970, *"Real Estate, General,"* in accounting for its real estate investments. For investments in private equity and hedge funds, the Company follows accounting as prescribed in ASC Topic 323, *"Investments, Equity Method and Joint Ventures."* The Company records the activity of its private equity and real estate investments on a one-quarter lag or less and hedge fund investments on a one-month lag or less, based upon the availability of fund financial information. At December 31, the Company's alternative investments are generally reported at the Company's proportional interest per the reporting lag on a fair value basis, consistent with the underlying fund's method of accounting, and adjusted for contributions and distributions through December 31.

The Company also considers fund transactions during the last three months of the year that may indicate a significant change in fair value has occurred. Due to the inherent uncertainty of valuation, the values determined by management may differ significantly from values that would have been used had a ready market for these investments existed, and the differences could be material.

### Variable Interest Entities

In the normal course of investment activities, the Company enters into relationships with entities that could be considered VIEs. For most VIEs, the entity that has both the ability to direct the most significant activities of the VIE and the obligation to absorb losses or receive benefits that could be significant to the VIE, is considered the primary beneficiary. The Company's policy is to consolidate those VIEs for which it is deemed to be the primary beneficiary. The accounting guidance for the determination of when an entity is a VIE and when to consolidate a VIE is complex and requires significant management judgment. The determination of the VIEs primary beneficiary requires an evaluation of the contractual and implied rights and obligations associated with each party's relationship with, or involvement in, the entity, an estimate of the entity's expected losses, and expected residual returns and the allocation of such estimates to each party involved in the entity. The Company generally uses a qualitative approach to determine whether it is the primary beneficiary.

The Company's VIEs consist of certain interests in hedge funds, real estate funds and private equity limited partnerships. The Company enters into the VIEs purely to diversify its investment portfolio. The VIEs are primarily financed by capital contributions from equity holders. The Company's involvement in financing the VIE is limited to its equity interest. The Company performed an economic analysis of the rights and obligations of its assets, liabilities, equity, and other contracts to identify its variable interests. On a subsequent basis, and at least annually, the Company has also performed an assessment of reconsideration events. The Company is a limited partner in its partnership investments and, as such, does not participate in the management of the entities. The limited partner agreement and the partnership entity's most current financial statements were also reviewed, to determine if the investment entity required subordinate financial support to permit it to finance its activities, whether there is an obligation to absorb expected losses or receive expected residual returns, and whether there are guaranteed returns on its interest, or its returns are capped.

The following tables are the carrying amount, unfunded commitment, and maximum exposure to loss relating to VIEs for which the Company is not the primary beneficiary, and which have not been consolidated:

December 31, 2025

(In thousands of U.S. Dollars)

	<b>Carrying Value</b>	<b>Remaining Commitment</b>	<b>Maximum Exposure to Loss<sup>1</sup></b>
Hedge Funds	\$ 38,595	\$ -	\$ 38,595
Real Estate Partnerships	176,419	54,869	231,288
Private Equity Partnerships	225,257	57,957	283,214
	<b>\$ 440,271</b>	<b>\$ 112,826</b>	<b>\$ 553,097</b>

1) The maximum exposure to loss is equal to the carrying amount plus any unfunded commitments of the Company.

December 31, 2024

	<b>Carrying Value</b>	<b>Remaining Commitment</b>	<b>Maximum Exposure to Loss<sup>1</sup></b>
Hedge Funds	\$ 31,873	\$ -	\$ 31,873
Real Estate Partnerships	184,757	67,659	252,416
Private Equity Partnerships	175,858	80,564	256,422
	<b>\$ 392,488</b>	<b>\$ 148,223</b>	<b>\$ 540,711</b>

1) The maximum exposure to loss is equal to the carrying amount plus any unfunded commitments of the Company.

### Unpaid Losses and Loss Adjustment Expenses

As an insurance and reinsurance company, the Company is required, by applicable laws and regulations, and by US GAAP, contained in ASC Topic 944, "Financial Services-Insurance," to establish loss and loss expense reserves for the estimated unpaid portion of the ultimate liability for losses and loss expenses, under the terms of policies and agreements with its insured and reinsured Members. The estimate of liabilities includes provision for claims that have been reported but unpaid at the balance sheet date and for future obligations from claims that have been incurred but not reported ("IBNR") at the balance sheet date. The provision for unpaid losses and loss expenses is determined on the basis of management estimates based, where appropriate, on information from claims adjustors, independent consultants, and other evaluations, including estimates for IBNR. The process for establishing loss reserves can be complex and subject to considerable uncertainty and requires the use of informed estimates and judgments based on circumstances known at the date of the accrual. The methods of making such estimates

and establishing resulting liabilities are continually reviewed and updated, and any resultant adjustments are reflected in operations currently.

### Contingencies

ASC Topic 450, "*Contingencies*," defines a contingency as any material condition that involves a degree of uncertainty that will ultimately be resolved. Under US GAAP, the Company is required to establish reserves for contingencies when a loss is both probable and can be reasonably estimated. The Company determines the amount of reserves required for contingencies, if any, after carefully analyzing each issue using internal estimates, case level reviews by both inside and outside legal counsel, technical, and claims experts, and other relevant information. In cases where the loss is not both probable and estimable, the Company has not established an accrual at this time. Appropriate disclosures are made in accordance with the requirements of ASC Topic 450. The required reserves may change due to new developments in information, or changes in approach to claim or loss resolution. Any such revision could result in future changes in estimates of losses or reinsurance recoverable and would be reflected in the Company's financial statements in the period in which the estimates are changed.

### Income Taxes

The Company accounts for income taxes under the asset and liability method as prescribed by ASC Topic 740, "*Income Taxes*," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in earnings in the period that includes the enactment date.

The Company records net deferred tax assets, to the extent it believes these assets will more likely than not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and recent financial operations. In the event the Company was to determine that it would

be able to realize its deferred income tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the valuation allowance, which would reduce the provision for income taxes.

The Company accounts for its uncertain tax positions in accordance with ASC Topic 740. ASC Topic 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition threshold to be recognized. ASC Topic 740 also provides guidance on measurement, de-recognition, classification, interest and penalties, and disclosure. The Company would recognize interest and penalties (if any) related to unrecognized tax benefits within the income tax expense line in the accompanying Statements of Operations and Comprehensive Earnings (Loss). Accrued interest and penalties (if any) would be included within the related tax liability line in the Consolidated Balance Sheet. There are no material uncertain tax positions reflected in the Company's Consolidated Financial Statements as of December 31, 2025 and 2024.

## Cash

Cash includes short-term securities with maturities of three months or less at the time of purchase, primarily deposits with banks, which are generally considered part of the Company's cash management activities rather than the Company's investing activities.

## New Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax disclosures (Topic 740). The purpose of this update is to enhance the transparency and decision usefulness of income tax disclosures. The guidance is effective for fiscal years beginning after December 15, 2025. The Company is currently evaluating the potential impacts that this new standard could have on its Consolidated Financial Statements but believes that it will not be material.

### 3. INVESTMENTS

The amortized cost, gross unrealized gains and losses, and estimated fair value of available-for-sale fixed maturity securities, excluding those securities accounted for under the Fair Value Option, at December 31, 2025 and 2024 are as follows:

12/31/2025 (In thousands of U.S. Dollars)

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Fixed Maturities:</b>				
Foreign government obligations	\$ 102	28	-	\$ 130
Obligations of state and political subdivisions	270	17	-	287
Corporate debt securities	758	196	-	954
Mortgage-backed securities	1,603	67	(38)	1,632
Other debt securities	-	-	-	-
	<b>\$ 2,733</b>	<b>\$ 308</b>	<b>\$ (38)</b>	<b>\$ 3,003</b>

12/31/2024 (In thousands of U.S. Dollars)

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Fixed Maturities:</b>				
Foreign government obligations	\$ 233	\$ 26	\$ (0)	\$ 259
Obligations of state and political subdivisions	315	17	(8)	324
Corporate debt securities	834	227	-	1,061
Mortgage-backed securities	1,889	43	(39)	1,894
Other debt securities	-	-	-	-
	<b>\$ 3,271</b>	<b>\$ 313</b>	<b>\$ (47)</b>	<b>\$ 3,537</b>

The fixed maturity securities accounted for under the Fair Value Option had an amortized cost of \$1,463,708,000 and \$1,516,715,000 and an estimated fair value of \$1,456,486 and \$1,471,766,000, at December 31, 2025 and 2024, respectively.

The Company was required to hold \$26,000,000 and \$19,000,000 of equity securities in trust as collateral for a reinsurance agreement, at December 31, 2025 and 2024, respectively.

Gross realized gains and losses for available-for-sale securities, including fixed income securities accounted for under the Fair Value Option and equity securities accounted for at fair value in accordance with ASU 2016-01, were as follows:

*(In thousands of U.S. Dollars)*

		<b>2025</b>		<b>2024</b>
Realized gains	\$	341,371	\$	318,043
Realized loss		(91,108)		(147,500)
Net gain (loss) on fair value option securities		210,783		134,766
	\$	461,046	\$	305,309

Components of Investment income, net for the years ended December 31, 2025 and 2024 are as follows:

*(In thousands of U.S. Dollars)*

		<b>2025</b>		<b>2024</b>
Interest and dividends	\$	124,328	\$	119,217
Accretion and amortization		5,172		4,549
Other		587		2,227
	\$	130,087	\$	125,993

The amortized cost and estimated fair value of fixed maturity securities by maturity date, at December 31, 2025 are as follows:

*(In thousands of U.S. Dollars)*

		<b>Cost or Amortized Cost</b>		<b>Estimated Fair Value</b>
Due in one year or less	\$	70,503	\$	70,824
Due after one year through five years		605,755		611,718
Due after five years through ten years		257,681		259,712
Due after ten years		532,502		517,235
	\$	1,466,441	\$	1,459,489

The Net change in unrealized investment gains (losses) arising during the period, excluding the net change in benefit obligation of \$(1,246,000) and 905,000 for the years ended December 31, 2025 and 2024, respectively, is as follows:

(In thousands of U.S. Dollars)

		<b>2025</b>		<b>2024</b>
Fixed maturities	\$	4	\$	(310)
Foreign currency translation		18,271		(2,583)
Deferred income taxes		(3,837)		606
	\$	14,438	\$	(2,287)

The Company maintains specific restrictions on its investment portfolio based on policy guidelines as approved by the Board of Directors. These guidelines include restrictions with respect to diversification and credit quality. For equity and fixed maturity investments, exposure to a single issuer, with the exception of the U.S. Treasury and Government agencies, may not exceed the greater of 1.5% of the fair value of the aggregate NEIL portfolio or 1.5 times the weight of the entity in the Policy Benchmark. Asset-Backed Securities, where the credit quality/rating is primarily based on specified collateral and not the issuer, are not subject to these limits. The policy guidelines also require that no less than 90% of the fixed maturity portfolio must be rated investment grade by Fitch, Standard & Poor's, or Moody's bond rating services. As of December 31, 2025, the Company's fixed maturity securities included U.S. Government obligations, Foreign Government obligations, Corporate Debt Securities, Mortgage-backed Securities and Other Debt Securities. Mortgage-backed Securities included Residential Mortgage-backed Securities ("RMBS"), Commercial Mortgage-backed Securities ("CMBS"), and Collateralized Mortgage Obligations ("CMOs"). Other debt securities included Federal Agency debt issues from the Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") and Federal Home Loan Bank ("FHLB"). 95.2% and 97.1% of the Company's fixed maturity portfolio was rated as investment grade, at December 31, 2025 and 2024, respectively.

## **Impairment Evaluation for Fixed Maturity Securities**

### Government Obligations

Impaired government obligations include U.S. Treasury and agency obligations, Foreign Government obligations, and state and municipality subdivision obligations, which were in an unrealized loss position. These securities are evaluated for credit loss using a combination of quantitative and qualitative assessments of the likelihood of credit loss considering the credit ratings of the issuers and issuer specific information. The

quantitative methodology is similar in approach to that described below for Corporate Debt Securities. The Company's holdings in this category are generally investment grade securities.

### Corporate Debt Securities

The Company determines its best estimate of projected cash flows and develops these estimates on a security-by-security basis using information based on market observable data, issuer specific information, and available cash flow information. The Company develops its default assumption by using credit rating data and average historical spreads obtained from observable indices.

The Company uses credit ratings as an indicator of the credit quality of fixed maturity issuers, in addition to the relative likelihood that the issue may default, and issuer specific current news and other information available in the public domain. The Company identifies the securities that are investment grade, and generally expects to recover the entire amortized cost basis of all securities that are investment grade.

The Company generally considers any fixed maturity security with an Aaa to Baa3 rating for Moody's and with an AAA to BBB- rating for Standards & Poor's as investment grade.

### Mortgage-Backed and Asset-Backed Securities

For Mortgage-backed securities, credit impairment is assessed using a similar approach to corporate debt securities. The Company identifies the securities that are investment grade, and generally expects to recover the entire amortized cost basis of all securities that are investment grade, in the absence of any issuer specific negative information. The securities that are below investment grade are analyzed further to calculate the credit and non-credit loss components. The Company determines its best estimate of projected cash flows and develops these estimates on a security-by-security basis.

### Other Investments

Within the Company's fixed maturity portfolio, the exposure to subprime and Alt-A Mortgage-backed securities as of December 31, 2025 and 2024 was \$70,000 and \$69,000, respectively.

The Company participates in a securities lending program managed by Northern Trust. The Company receives a fee from Northern Trust for the lending of securities that is shown in the Investment income, net component of the Statements of Operations and Comprehensive Earnings (Loss). As a requirement of the lending program, the borrower of securities must pledge collateral in excess of 100% of the value of the loaned securities to Northern Trust. The loaned securities are reclassified to securities pledged to creditors. Cash received as collateral is invested in high-quality, short-term instruments and recorded in the Consolidated Balance Sheet as an investment at estimated fair value. Non-cash collateral is not recorded on the Consolidated Balance Sheet, since "effective control" criteria are not met. There were no securities on loan under the program. at December 31, 2025 and 2024, as the Company actively works to close the securities lending program at the end of each year. Income earned for securities lending was \$266,000 and \$266,000, at December 31, 2025 and 2024, respectively

#### 4. FAIR VALUE MEASUREMENTS AND DERIVATIVES

The Company follows ASC Topic 820, "*Fair Value Measurements*," for financial assets and financial liabilities measured at fair value. The Standard defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements about fair value. The Standard also established a hierarchy that prioritizes the input used to measure fair value into three levels.

Level 1 – inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – inputs utilize other than quoted prices included in Level 1 that are observable for similar assets, either directly or indirectly.

Level 3 – inputs are unobservable for the asset, and include situations where there is little, if any, market activity for the asset.

The following table summarizes the Company's financial assets and financial liabilities measured at fair value, at December 31, 2025:

	Fair Value Measurements at December 31, 2025				Changes in Fair Values for the Year Ended December 31, 2025, for Items Measured at Fair Value Pursuant to Election of the Fair Value Option			
	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Investments Valued at NAV <sup>2</sup>	Total Assets/Liabilities Measured at Fair Value	Other net realized investment gains (losses)	Investment Income (Loss)	
<b>Assets:</b>								
Fixed Maturities:								
U.S. Government Obligations	\$	358,069			\$ 358,069	\$ 7,140	\$ 2,386	
Foreign Governments Obligations		22,197			22,197	1,288	(23)	
Obligations of State and Political Subdivisions		4,191			4,191	103	1	
Corporate Debt Securities		644,766			644,766	15,603	1,419	
Mortgage-backed securities		322,591			322,591	12,200	885	
Other debt securities		107,676			107,676	1,388	-	
Total debt securities	\$	-	\$ 1,459,489	\$ -	\$ -	\$ 1,459,489	\$ 37,723	\$ 4,668
Equities	\$	2,785,325		\$ 184	\$ 86,933	\$ 2,872,443	\$ -	\$ -
Short-term securities <sup>1</sup>			355,266			355,266	23	492
Alternative investments								
Hedge Funds					289,059	289,059		
Real Estate					282,081	282,081		
Private Equity					383,434	383,434		
Warrants		814			-	814		
Foreign currency forward contracts								
Futures		408				408		
Total Assets	\$	2,786,547	\$ 1,814,755	\$ 184	\$ 1,041,507	\$ 5,642,994	\$ 37,746	\$ 5,159
<b>Liabilities:</b>								
Futures		170				170		
Foreign currency forward contracts								
Total Liabilities	\$	170	\$ -	\$ -	\$ -	\$ 170	\$ -	\$ -

1) Short-term securities presented in the table above exclude short-term investments (e.g., time deposits, certain money market funds) of \$146,745 which are not measured at fair value)

2) Investments valued using Net Asset Value (NAV) as a practical expedient are listed in a separate column

The following table summarizes the Company's financial assets and financial liabilities measured at fair value, at December 31, 2024:

Changes in Fair Values for the Year  
Ended December 31, 2024, for Items  
Measured at Fair Value Pursuant to  
Election of the Fair Value Option

(In thousands of U.S. Dollars) Fair Value Measurements at December 31, 2024

	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Investments Valued at NAV <sup>2</sup>	Total Assets/Liabilities Measured at Fair Value	Other net realized investment gains (losses)	Investment Income (Loss)
<b>Assets:</b>							
Fixed Maturities:							
U.S. Government Obligations		\$ 457,011			\$ 457,011	\$ (545)	\$ 2,361
Foreign Governments Obligations		14,998			14,998	(564)	(27)
Obligations of State and Political Subdivisions		3,391			3,391	(162)	11
Corporate Debt Securities		599,910			599,910	2,661	645
Mortgage-backed securities		294,878			294,878	(1,935)	353
Other debt securities		105,115			105,115	(275)	-
Total debt securities	\$ -	\$ 1,475,303	\$ -	\$ -	\$ 1,475,303	\$ (820)	\$ 3,343
Equities	\$ 2,162,055		\$ 176	\$ 81,027	\$ 2,243,258	\$ -	\$ -
Short-term securities <sup>1</sup>						15	1,193
Alternative investments							
Hedge Funds				300,184	300,184		
Real Estate				291,199	291,199		
Private Equity				335,070	335,070		
Warrants	780			-	780		
Foreign currency forward contracts							
Futures	203				203		
Total Assets	\$ 2,163,038	\$ 1,475,303	\$ 176	\$ 1,007,480	\$ 4,645,997	\$ (805)	\$ 4,536
<b>Liabilities:</b>							
Futures		560			560		
Foreign currency forward contracts							
Total Liabilities	\$ -	\$ 560	\$ -	\$ -	\$ 560	\$ -	\$ -

1) Short-term securities presented in the table above exclude short-term investments (e.g., time deposits, certain money market funds) of \$591,708 which are not measured at fair value

2) Investments valued using Net Asset Value (NAV) as a practical expedient are listed in a separate column

For marketable securities, the Company utilizes the services of its custodian to assist in the pricing of securities for the purpose of assessing fair value. The custodian collects various price types from its pricing providers. Price types include close of business, last traded, and mid-price. The prices are typically on a close of business basis, preferred price types are based on market convention. In most markets, this translates to a "last trade" price. In the event an asset does not receive its preferred price type, the custodian will consider the next highest price type received that exists in the price type hierarchy.

As is the case with all of the Company's held assets, the custodian strives to independently price as many assets as possible. For listed securities, their pricing providers deliver exchange closing prices each day. For those securities that trade over the counter, their pricing providers deliver evaluations (good faith opinion as to what a buyer in the marketplace would pay for a security – typically in an institutional round lot – in a current sale), based on broker quotes. Depending on the type of asset, those quotes or models may include inputs as supplied by the custodian for the individual issues.

Securities classified as Level 1 consist of actively traded, exchange listed U.S. and international equities, "Futures" and "Corporate Debt Securities." Valuation is based on unadjusted quoted prices for identical assets in active markets.

Securities classified as Level 2 consist of Fixed Maturity Securities, Short-Term Securities, Foreign Currency Forward Contracts, and Put Spread Collar Contracts. The market approach is used to price the Company's U.S. and foreign government obligations, and the primary inputs include bid and offer quotes from market makers or inter-dealer brokers. The Company's Obligation of State and Political Subdivision securities are priced using the matrix market approach where market information is used to derive a price based on similar securities. The primary inputs are spread benchmark curves, prepayment spreads, or spreads and quotes. The Company's Corporate Debt Securities are generally priced using the market approach and the primary inputs include U.S. Treasury curve, benchmark issues and spreads above benchmarks from market sources. Mortgage- and Asset-backed Securities and Other Debt Securities prices are derived using a combination of matrix market approach and discounted cash flow income approach. The primary inputs include discount rates obtained from benchmark yield curves and discount margins, dealer quotes, spreads and prepayment speeds from market participants and benchmark quotes from dealers. The Short-Term Securities consist of U.S. government and corporate debt securities. The Foreign Currency Forward Contracts are priced by the foreign exchange forward rate. Discounts and premiums are taken from various sources to calculate the foreign exchange forward rate, which are added directly to the spot rate.

The valuation of the hedge funds, real estate funds and private equity funds are based on the Company's proportionate interest in the underlying funds' net asset value, which approximates fair value. Private real estate funds are not subject to redemption, and it is estimated that the investments will be liquidated in approximately one to ten years, up to twelve years with extensions, unless specifically structured as an evergreen fund. The investments in hedge funds and open-end real estate funds are redeemable at quarter end or annually with notification periods between 30 days to 6 months, subject to redemption gates. The investment in the private equity funds is not subject to redemption and typically returned through distributions. It is estimated that the investments will be liquidated in approximately one to twelve years, up to 20 years with extensions.

If the inputs used to measure the financial instrument fall within different levels of the hierarchy, the categorization is based on the lowest level that is significant to the fair value measurement of the instrument. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset.

Certain short-term investments do not qualify as securities and are recognized at amortized cost in the Consolidated Balance Sheet. For these instruments, the Company

believes that there is minimal risk of material changes in interest rates or credit of the issuer such that estimated fair value approximates carrying value. The Company monitors its short-term investments to ensure sufficient demand and issuer credit quality has been maintained. Short-term investments that meet the definition of a security are recognized at estimated fair value in the Consolidated Balance Sheet in the same manner described above for similar instruments that are classified within captions of other major investment classes.

### Derivative Instruments

The Company uses derivatives in the normal course of business, primarily in an attempt to reduce its exposure to market risks (principally interest rate risk, equity stock price risk, and foreign currency risk) stemming from various assets and liabilities, or as a temporary balancing tool to gain target market exposure. The Company's principal objective under such risk strategies is to achieve the desired reduction in economic risk. The Company does not apply hedge accounting treatment for any of its derivative instruments.

Gains and losses on derivatives are recorded in Gains (losses) on derivative instruments, net or Investment income, net as follows:

*(In thousands of U.S. Dollars)*

		<b>2025</b>		<b>2024</b>
Futures	\$	64,806	\$	(30,006)
Options		(4,104)		-
	\$	60,703	\$	(30,006)

The Company uses foreign currency forward contracts to limit the impact of currency fluctuations and exchange rate exposure of future sales and purchases of foreign securities. Foreign currency forward contracts are not used to leverage portfolios or for any speculative purpose.

The Company uses futures contracts to manage equity and U.S. Treasury security exposures pursuant to the Company's Investment Policy. Futures contracts are not used to leverage portfolios or for any speculative purpose. Total notional exposure to U.S. Treasury securities and equity indices through futures contracts totaled \$52,361,000 and \$436,533,000, at December 31, 2025 and 2024, respectively. The Company recorded a

receivable of approximately \$238,182 and a Payable of (\$356,721) at December 31, 2025 and 2024, respectively, as accrued derivatives on the balance sheet.

In 2025 and 2024, the Company utilized derivative strategies to provide stability to the Company's surplus by hedging against significant equity market declines. The Company used this strategy to minimize its exposure to volatility in the equities markets. These options contracts all expired in 2025 and 2024. The contracts were not linked to specific assets that appear on the Consolidated Balance Sheet or to a forecasted transaction.

The Company uses deferred settlement mortgages as a cost-efficient way to invest in mortgage-backed securities. In this approach, the investor accepts delayed settlement on the purchase of mortgage-backed securities in return for a modest reduction in the price paid for those mortgage-backed securities. The price differential is directly related to the fact that the investor does not enjoy the higher yield typically offered by mortgage-backed securities relative to the interest rate earned on cash equivalents held for the period between normal settlement and the agreed upon deferred settlement. At December 31, 2025 and 2024, these securities had an amortized cost of (\$61,412) and (\$2,659,102), respectively. At December 31, 2025 and 2024, these securities had a fair value of (\$61,412) and (\$2,659,102), respectively. The net of these amounts is included in fixed maturities on the Company's Consolidated Balance Sheet. Gains (losses) on deferred settlement mortgages in the financial statements were (\$21,966) for the year ended 2025 and \$393,402 for 2024.

## 5. LINE OF CREDIT

The Company has an uncommitted line of credit with its investment custodian for 2025 and 2024. The Company can borrow up to \$125 million during the period March 1 through May 31 in any given year, while up to \$50 million is available for the remainder of the year. Under the arrangement, the investment custodian has agreed to review the Company's Consolidated Financial Statements on a regular basis, so that the Company may borrow funds for general corporate purposes or place letters of credit without the normal lengthy credit review process. The uncommitted nature of the line provides the investment custodian the flexibility to deny use of this line if it is so inclined. The company did not borrow against the line of credit in 2025 or 2024.

## 6. RESERVE FUND, ESCROW DEPOSIT, AND TRUST ASSETS

The Company is required to maintain assets on deposit with various regulatory authorities to support insurance and reinsurance operations. These requirements are generally promulgated in the statutory regulations of individual jurisdictions. The assets on deposit are available to settle insurance and reinsurance liabilities. Under the Incorporating Act of Bermuda, the Company must, at all times, maintain a reserve fund. At December 31, 2025 and 2024, the reserve fund was \$250,000. The Company established a trust held by its custodian, Northern Trust, with certain investments, in the event of default of its reinsurance obligation with Energy Insurance Mutual Limited (EIM). The Company is required to maintain sufficient funds to cover 102% of reserves for claims including reported claim loss and loss expense, and unearned premium under its reinsurance agreement with EIM. At December 31, 2025 and 2024, assets held in trust that are required to satisfy claim liabilities with EIM were approximately \$26 million and \$19 million, respectively, and are included in equity securities, at fair value on the Consolidated Balance Sheet.

The Company established a trust fund, on behalf of CHL, in order to provide additional assurance that U.S. policyholders are secure in accordance with the NAIC's requirements for Alien Insurers. The trust fund is held by its custodian, Northern Trust. The required funding is determined annually and is based on the U.S. gross surplus lines liabilities or the direct non-admitted U.S. liabilities, excluding liabilities arising from aviation, ocean marine and transportation insurance, and direct placements on a sliding scale basis. At December 31, 2025 the funded amount was \$110.1 million, and is included in fixed maturities, at fair value on the Consolidated Balance Sheet.

## 7. RETROSPECTIVE PREMIUM ADJUSTMENT

Upon the sole discretion of the Board of Directors, the Company can call upon the Members for payment of proportionate retrospective premium adjustments, in whole or in part, to cover losses and the related costs incurred by the Company with respect to a policy year to which they have subscribed.

Each Member insured is contingently liable to the Company for retrospective premium adjustments based on losses occurring in each year. Under the Property Insurance and Accidental Outage programs, and inclusive of Builders' Risk, the maximum adjustment is equal to ten times the annualized policy premiums.

The liability of the Members for the retrospective premium adjustment for any policy year ceases six years after the end of that policy year unless prior demand has been made. If a Member terminates its relationship with NEIL, it will still retain its obligation to respond to a retrospective premium call by the Company pursuant to the terms of any nuclear insurance policy that Member had with NEIL or NEIL Overseas prior to termination.

The maximum potential retrospective premiums, which could be demanded by the Company as of December 31, from the Members is \$2 billion in each of 2025 and 2024.

The Company requires its Members to maintain an investment grade credit rating or to take certain specified actions to ensure collectability of their retrospective premiums. All non-investment grade and unrated Members are required to provide security for their retrospective premium obligations in the form of one of the following mechanisms: Financial Guarantee, Letter of Credit, Deposit Premium, or Retrospective Premium Insurance. In 2025 and 2024, the retrospective premiums for investment grade Members represented 84.9% and 85.4% of the total, respectively. Management believes that it is unlikely that any retrospective premium adjustments will be required for policies whose terms have expired. No retrospective premium adjustments were required for the years ended December 31, 2025 and 2024.

## 8. REINSURANCE

In the normal course of business, the Company seeks to reduce its exposure to losses that may arise by reinsuring certain levels of risk with other insurance enterprises or reinsurers. Such reinsurance does not relieve the Company from its obligations to policyholders.

In 2025, reinsurance coverage for the Member Nuclear program consists of coverage for nuclear events applying to the Property Insurance programs of \$1.45 billion attaching excess of \$750 million. Reinsurance coverage for the same program for non-nuclear events consists of \$1.5 billion attaching excess of \$750 million. Additionally separate reinsurance coverage is procured for Specialty Property and Specialty Excess Liability programs, consisting of \$15.5 million part of \$50 million attaching excess of \$35 million for Specialty Property and \$25 million part of \$50 million attaching excess of \$25 million for Specialty Liability.

Coverage for Builders' Risk programs consists of both facultative and treaty reinsurance participation at various attachment points, with or without the Member Nuclear exposure.

In addition to writing Non-Member business on a direct basis, the Company assumed reinsurance from non-affiliated entities for predominantly Nuclear coverages at December 31, 2025 and December 31, 2024. The risks are primarily property damage and third-party liability for facilities involved in the nuclear industry as well as risks that are similar to the Company's direct business. Premiums written in connection with these assumed agreements in 2025 and 2024 were \$22,362,000 and \$22,131,000, respectively. Premiums earned in connection with these assumed agreements were \$22,518,000 in 2025 and \$22,071,000 in 2024.

A breakdown of premiums earned by method of acquisition and program as of December 31, 2025 and 2024 is as follows:

<i>(In thousands of U.S. Dollars)</i>	<b>2025</b>	<b>2024</b>
<b><u>Direct Earned Premiums</u></b>		
Member Nuclear	\$ 219,176	\$ 207,231
Member Specialty	124,178	105,548
Non-Member	9,182	12,466
	<u>\$ 352,535</u>	<u>\$ 325,245</u>
<b><u>Assumed Earned Premiums</u></b>		
Member Nuclear	\$ -	\$ -
Member Specialty	23,835	23,705
Non-Member	22,518	22,071
	<u>\$ 46,353</u>	<u>\$ 45,776</u>
<b><u>Ceded Earned Premiums</u></b>		
Member Nuclear	\$ (39,700)	\$ (42,807)
Member Specialty	(11,812)	(11,275)
Non-Member	-	-
	<u>\$ (51,512)</u>	<u>\$ (54,082)</u>
<b><u>Net Earned Premiums</u></b>	<u>\$ 347,376</u>	<u>\$ 316,939</u>

## 9. UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Activity in unpaid losses and loss adjustment expenses is summarized as follows:

*(In thousands of U.S. Dollars)*

	2025	2024
Gross Balance at January 1	\$ 785,183	\$ 473,153
Less: reinsurance recoverables	30,158	18,318
Net Balance at January 1	<u>755,025</u>	<u>454,835</u>
Incurred related to:		
Current year	206,772	444,374
Prior years	13,930	(8,646)
Total incurred	<u>220,702</u>	<u>435,728</u>
Paid related to:		
Current year	(4,837)	(3,853)
Prior years	(255,218)	(131,685)
Total paid	<u>(260,055)</u>	<u>(135,538)</u>
Effects of foreign exchange rates	-	-
Net Balance at December 31	\$ 715,672	\$ 755,025
Plus: ceded case and reinsurance recoverables	20,920	30,158
Gross Balance at December 31	<u>\$ 736,592</u>	<u>\$ 785,183</u>

The loss and loss adjustment expenses above include losses on both direct insured and assumed reinsurance business. Based on the Company's current loss reserve position, no material losses were ceded to reinsurers during the 2025 and 2024 calendar years, with respect to any claims for which coverage and reserve determinations have been made. Loss and loss adjustment expenses for the current year were \$206,772,000 as compared with \$444,374,000 in 2024 and was driven by Member Nuclear and Member Specialty product lines. For the years ended December 31, 2025 and 2024, claims and claim adjustment expenses incurred included unfavorable development of \$13,930,000 and favorable development of \$8,646,000, respectively. Loss payments were \$260,055,000 and \$135,538,000 for 2025 and 2024, respectively.

The following information is presented by significant product lines of business. The lines are aggregated by Member Nuclear, Member Specialty, and Non-Member.

When a Member Nuclear claim is reported, the claim is assigned to NEIL Services for investigation and adjustment. The Company may engage an outside adjuster to assist in the analysis of the claim. In certain instances, involving complex technical issues, outside experts may be retained to help evaluate the extent and value of the loss. Once a claim has been evaluated and believed to be a covered loss, a specific loss reserve based on the best information currently available is booked for the likely loss to be incurred. As new information becomes available or payments are made on a claim, the case reserve is adjusted to reflect the revised estimate of the ultimate amount to be paid out. Estimates and assumptions pertaining to individual claims are based on complex and subjective judgments and are subject to change at any time as new information becomes available.

For claims involving the Member Specialty and Non-Member insurance programs, NEIL establishes reserves based on Staff Adjusters & Management review of the loss amount determined by the Adjuster of Record and NEIL's participation percentage on the policy.

In addition to case reserves, IBNR reserves are established to provide for claims which have not been reported to the Company as of the reporting date as well as potential adverse developments on known case reserves. In general, IBNR reserve estimates are derived through a number of analytical techniques. Actuarial data is analyzed by line of business, coverage, and accident year. Qualitative factors are also considered in determining IBNR reserves and include such factors as changes in policy forms and underwriting changes. Reserves are reviewed biannually, and any indicated adjustments are made. While the Company has used its best judgment and the most current information available in recording the reserves, there is significant uncertainty in estimation of the ultimate claims.

Due to the inherent uncertainties in establishing both case and IBNR reserves, ultimate loss experience may prove better or worse than indicated by the combined claim reserves. Adjustments to claim reserves are reflected in the period recognized and could increase or decrease earnings for the period.

The following tables present incurred and paid claims development as of December 31, 2025, net of reinsurance, as well as cumulative claim frequency and the total IBNR liabilities, plus expected development on reported claims included within the net incurred claims amounts. The information about incurred and paid claims development for the years ended December 31, 2015 and prior to 2025, is presented as supplementary information and is unaudited. For all significant lines, the number of claims presented below equals the number of occurrences reported to the Company. The number of claims reported during a given year corresponds to the number of claims records opened during the year. Frequency information is maintained on a cumulative basis by line of business.

**Member Nuclear**

**Incurred Claims and Loss Adjustment Expenses, Net of Reinsurance**

As of December 31, 2025

(In thousands of U.S. Dollars)

Accident Year	2015 and Prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	IBNR Reserves	Cumulative Number of Reported Claims
2015 and Prior	3,293,510	(43,994)	(19,585)	9,844	(657)	(34)	(3,579)	(14)	59	-	-	-	-
2016	-	81,616	(31,194)	(6,855)	(2,012)	-	-	-	-	-	-	-	7
2017	-	-	138,953	(20,324)	(13,882)	(2,996)	(2,178)	-	-	-	-	-	7
2018	-	-	-	50,021	(37,644)	(3,232)	(9,111)	(16)	6	27	3	-	1
2019	-	-	-	-	44,835	(38,767)	(3,368)	(1,164)	(17)	-	-	-	1
2020	-	-	-	-	-	246,944	(30,678)	(40,633)	(1,053)	(3,123)	-	-	5
2021	-	-	-	-	-	-	105,864	(18,821)	(3,179)	(14,042)	(116)	46	8
2022	-	-	-	-	-	-	-	63,752	(48,796)	207	10,673	220	8
2023	-	-	-	-	-	-	-	-	67,458	(49,052)	(3,358)	662	5
2024	-	-	-	-	-	-	-	-	-	249,061	23,016	27,507	10
2025	-	-	-	-	-	-	-	-	-	-	82,392	40,966	7
Total											\$ 112,609		

**Member Nuclear**

**Cumulative Paid Claims and Loss Adjustment Expenses, Net of Reinsurance**

(In thousands of U.S. Dollars)

Accident Year	2015 and Prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015 and Prior	3,130,678	52,233	35,833	12,510	289	4	-	3,944	-	-	-
2016	-	1	16,051	25,456	47	-	-	-	-	-	-
2017	-	-	46	62,363	29,685	20	7,459	-	-	-	-
2018	-	-	-	-	30	28	15	4	6	27	3
2019	-	-	-	-	1,488	26	5	-	-	-	-
2020	-	-	-	-	-	20,849	91,195	47,166	8,684	3,563	-
2021	-	-	-	-	-	-	1,189	1,225	23,924	22,857	13
2022	-	-	-	-	-	-	-	5,610	3,134	1,947	3,495
2023	-	-	-	-	-	-	-	-	1,780	14,579	(9,034)
2024	-	-	-	-	-	-	-	-	-	1,503	110,069
2025	-	-	-	-	-	-	-	-	-	-	1,929
Total											\$ 106,475

All outstanding liabilities relating to prior years, net of reinsurance 274,705

Liabilities for claims and claim adjustment expenses, net of reinsurance 280,840

**Member Specialty**

**Incurred Claims and Loss Adjustment Expenses, Net of Reinsurance**

As of December 31, 2025

(In thousands of U.S. Dollars)

Accident Year	2015 and Prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	IBNR Reserves	Cumulative Number of Reported Claims
2015 and Prior	339,626	(20,633)	(8,656)	(1,464)	(33)	42	(85)	323	-	-	-	-	-
2016	-	15,115	(1,113)	(2,728)	(468)	(313)	(124)	(20)	(42)	-	-	-	40
2017	-	-	14,472	(2,857)	(2,036)	(1,403)	(342)	6,658	1,018	(1,775)	-	-	41
2018	-	-	-	30,465	(5,199)	(2,645)	6,681	8,789	256	(587)	(60)	-	35
2019	-	-	-	-	12,035	2,215	(2,716)	1,518	(520)	(155)	(142)	559	53
2020	-	-	-	-	-	40,935	7,941	(1,747)	18,685	(2,648)	(1,243)	2,581	84
2021	-	-	-	-	-	-	67,742	(10,325)	18,730	(11,251)	(3,600)	7,321	85
2022	-	-	-	-	-	-	-	95,792	2,378	52,710	(16,405)	12,295	71
2023	-	-	-	-	-	-	-	-	93,368	21,996	(13,632)	24,095	98
2024	-	-	-	-	-	-	-	-	-	178,452	8,063	55,658	118
2025	-	-	-	-	-	-	-	-	-	-	119,390	96,004	161
Total											\$ 92,371		

**Member Specialty**

**Cumulative Paid Claims and Loss Adjustment Expenses, Net of Reinsurance**

(In thousands of U.S. Dollars)

Accident Year	2015 and Prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015 and Prior	298,083	6,211	2,640	857	408	259	322	341	-	-	-
2016	-	17	3,748	5,039	1,375	129	0	2	(5)	-	-
2017	-	-	213	1,869	1,989	1,731	518	7,239	174	2	-
2018	-	-	-	2,665	1,735	11,182	2,252	18,750	(492)	1,348	259
2019	-	-	-	-	120	4,991	2,494	3,778	69	206	(1,145)
2020	-	-	-	-	-	4,629	3,938	8,987	3,936	32,130	2,726
2021	-	-	-	-	-	-	524	9,497	31,929	3,697	2,454
2022	-	-	-	-	-	-	-	3,146	27,070	16,199	21,515
2023	-	-	-	-	-	-	-	-	1,387	11,992	14,038
2024	-	-	-	-	-	-	-	-	-	2,344	100,055
2025	-	-	-	-	-	-	-	-	-	-	2,910
Total											\$ 142,812

All outstanding liabilities relating to prior years, net of reinsurance 412,392

Liabilities for claims and claim adjustment expenses, net of reinsurance 361,951

**Non-Member**

**Incurred Claims and Loss Adjustment Expenses, Net of Reinsurance**

As of December 31, 2025

(In thousands of U.S. Dollars)

Accident Year	2015 and Prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	IBNR Reserves	Cumulative Number of Reported Claims
2015 and Prior	244,866	(6,871)	(51,991)	(9,762)	10,968	(2,682)	1,138	780	(2,244)	509	1,388	1,889	
2016	-	31,440	(9,666)	190	941	31	(199)	1,589	173	(144)	(131)	550	57
2017	-	-	24,580	3,648	18,367	6,292	6,544	5,349	(4,253)	(592)	(51)	1,342	100
2018	-	-	-	17,218	4,743	644	1,831	(517)	1,436	(2,644)	307	904	110
2019	-	-	-	-	18,847	1,212	2,404	(49)	16,892	(120)	(541)	1,142	92
2020	-	-	-	-	-	30,364	(5,662)	11,181	(3,692)	(1,554)	3,042	2,501	127
2021	-	-	-	-	-	-	17,420	1,042	4,773	10,261	4,796	2,358	76
2022	-	-	-	-	-	-	-	12,513	(896)	(3,101)	6,651	4,024	17
2023	-	-	-	-	-	-	-	-	6,755	(3,565)	(1,347)	1,426	17
2024	-	-	-	-	-	-	-	-	-	16,858	(3,382)	2,035	14
2025	-	-	-	-	-	-	-	-	-	-	4,990	4,971	5
Total											\$ 15,722		

**Non-Member**

**Cumulative Paid Claims and Loss Adjustment Expenses, Net of Reinsurance**

(In thousands of U.S. Dollars)

Accident Year	2015 and Prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015 and Prior	114,670	15,316	11,921	5,901	1,358	20,397	1,570	2,171	256	726	104
2016	-	19	2,750	4,512	3,058	4,701	2,592	609	1,185	395	81
2017	-	-	5	5,477	4,683	31,459	153	8,378	2,670	2,066	909
2018	-	-	-	1,340	3,398	9,647	1,013	345	3,734	2,190	591
2019	-	-	-	-	196	3,963	4,492	9,598	16,176	(128)	3,134
2020	-	-	-	-	-	3,023	4,869	16,582	1,261	418	952
2021	-	-	-	-	-	-	2,434	2,312	2,095	16,697	3,461
2022	-	-	-	-	-	-	-	-	232	338	56
2023	-	-	-	-	-	-	-	-	3	435	204
2024	-	-	-	-	-	-	-	-	-	7	1,276
2025	-	-	-	-	-	-	-	-	-	-	1
Total											\$ 10,769

All outstanding liabilities relating to prior years, net of reinsurance 67,928

Liabilities for claims and claim adjustment expenses, net of reinsurance 72,881

The reconciliation of the net incurred and paid claims development tables to the liability for loss and loss adjustment expenses in the Consolidated Balance Sheet is as follows:

(In thousands of U.S. Dollars)

	December 31, 2025	December 31, 2024
<b>Net outstanding liabilities</b>		
Member Nuclear	\$ 280,840	\$ 274,705
Member Conventional	361,951	412,392
Non-Member	72,881	67,928
<hr/>		
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	715,672	755,025
<hr/>		
<b>Ceded Case and Reinsurance recoverable</b>		
Member Nuclear	8,420	17,658
Member Conventional	12,500	12,500
Non-Member	-	-
Total ceded case and reinsurance recoverable	20,920	30,158
<hr/>		
<b>Total gross liability for unpaid claims and claim adjustment expenses</b>	<b>\$ 736,592</b>	<b>\$ 785,183</b>

The following is supplementary information to the Consolidated Financial Statements about average historical claims duration as of December 31, 2025:

Years	1	2	3	4	5	6	7	8	9	10
Member Nuclear	14.8%	40.3%	19.1%	11.3%	2.8%	2.2%	12.5%	1.9%	0.0%	0.0%
Member Conventional	2.7%	22.5%	25.7%	13.0%	18.5%	11.5%	-1.1%	0.2%	0.0%	0.0%
Non-Member	2.2%	11.2%	18.5%	20.3%	12.2%	8.7%	6.1%	3.6%	1.6%	0.3%

## 10. INCOME TAXES

Bermuda presently imposes no income, withholding or capital gains taxes, and the Company is exempted until March 2035 from any such taxes pursuant to the Bermuda Exempted Undertakings Tax Protection Act 1966, Amendment Act 1973. The Company made an election pursuant to Internal Revenue Code Section 953(d) to be taxed as a U.S domestic corporation. CHL filed a 953(d) election for the 2021 tax year to treat the member company as a 1120-PC insurance company for US tax purposes, which was approved by the IRS in July, 2022. On December 27, 2023 the Bermuda Monetary Authority passed the Bermuda Corporate Income Tax Act 2023 (“Bermuda Act”). The Bermuda Act imposes a 15% minimum tax on the adjusted taxable income of the Bermuda Constituent Entity Group less applicable tax credits, against the income of Bermuda companies that are part of Multinational Enterprise Groups with annual revenue in excess of EUR 750M. The tax will be effective starting in 2025. Taxes accrued in foreign jurisdictions are creditable against this tax. Under the 953(d) election, the Company will be subject to the US

statutory tax rate of 21% which will be creditable against the Bermuda Minimum tax and result in no Bermuda tax expense. As the NEIL group does not exceed this threshold the Bermuda Act will is not anticipated to apply.

The expense (benefit) for U.S. federal income tax is comprised of the following:

(In thousands of U.S. Dollars)

	2025		2024	
Current	\$	5,290	\$	1,102
Deferred	\$	30,401	\$	6,988
	\$	35,691	\$	8,091

The components of the net deferred tax liability as of December 31, 2025 and 2024 are as follows:

(In thousands of U.S. Dollars)

	2025		2024	
Unearned premium reserve	\$	6,248	\$	6,266
Loss Reserve discount		9,698		7,876
Deferred expenses		10,163		9,039
Other investments		43,508		47,882
Foreign Tax Credit		26,350		23,850
NEIL & NEILO operating loss and Other, net		48,481		51,891
Other, net		9,077		2,423
Total Deferred Tax Assets		153,527		149,228
U/R Derivative Income		49		(138)
Deferred acquisition costs		(496)		(422)
Alternative investments		(54,655)		(39,904)
Bond Amortization		(4,202)		(3,366)
Gain/losses on fair value option securities		(269,946)		(246,949)
Total Deferred Tax Liabilities		(329,251)		(290,779)
Net Deferred Tax Liability	\$	(175,724)	\$	(141,551)

There was no valuation allowance recorded against the deferred tax assets, at December 31, 2025 and 2024, as the Company believes it is more likely than not that the deferred tax assets would be realized. The company has approximately \$214 million of NOL that will begin to expire in 2041.

A roll forward of the income tax receivable (payable) for the year ended December 31, 2025 and 2024 are as follows:

(In thousands of U.S. Dollars)

		<b>2025</b>		<b>2024</b>
Current tax receivable, January 1	\$	101,083	\$	123,135
Current federal tax benefit (expense)		(5,290)		(1,102)
Current state tax benefit (expense)		(512)		(487)
Estimated payments		5,410		3,240
Refunds received and other		(1)		(23,703)
<b>Current Tax Receivable</b>	<b>\$</b>	<b>100,690</b>	<b>\$</b>	<b>101,083</b>

The provision for income taxes was determined by applying the 21% U.S. statutory federal tax rate to pre-tax net income (loss) adjusted as follows:

(In thousands of U.S. Dollars)

	<b>2025</b>	<b>ETR</b>	<b>2024</b>	<b>ETR</b>
(Loss) Earnings before income taxes	\$ 193,069		\$ 40,963	
Statutory Tax Rate	21.00%		21.00%	
Statutory Tax/(Benefit)	40,544	21.00%	8,602	21.00%
Dividend received deduction	(2,323)	-1.20%	(2,677)	-6.53%
Foreign tax credits	(2,240)	-1.16%	1,722	4.20%
Other	(290)	-0.15%	443	1.08%
<b>Income tax expense (benefit)</b>	<b>\$ 35,691</b>	<b>18.49%</b>	<b>\$ 8,091</b>	<b>19.75%</b>

The Company determined that all tax positions have been accounted for within these Consolidated Financial Statements, and that all tax positions are more likely than not to be sustained in the event the Company was audited by the federal, state, and international tax authorities, and therefore, the Company does not have any unrecognized tax benefits as of December 31, 2025 and 2024.

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions.

## 11. COMMITMENTS AND CONTINGENCIES

As of December 31, 2025, the Company has committed to 37 private equity limited partnerships in the amount of \$530,154,000. The unfunded portion of these commitments as of December 31, 2025, is \$93,486,000 and is payable over the funds' life. The Company has committed to 15 real estate partnerships in the amount of \$438,995,000. The unfunded portion of these commitments as of December 31, 2025, is \$60,849,000 payable over the funds' life.

The Company leases office space under an operating lease. Future lease rental commitments under the current and new leases are as follows:

<b>Year</b>	<i>(In thousands of U.S. Dollars)</i>
2026	382
2027	382
2028	382
2029	382
2030	350
Years thereafter	587
<b>Total</b>	<b>\$2,465</b>

The Company is subject to certain legal proceedings and claims that arise in the normal course of business. In the opinion of management, the ultimate outcome of those actions will not have a material impact on the Company's Consolidated Financial Statements.

## 12. STATUTORY ACCOUNTING INFORMATION

Policyholders' Surplus and Earnings calculated in accordance with statutory accounting practices prescribed or permitted by the Insurance Department of the State of Delaware, differs from US GAAP in the reporting of investments, unsecured reinsurance recoverable amounts, fixed assets, deferred taxes, and certain other items. These differences include, but are not limited to, the investments in bonds, which the Company holds as available-for-sale and carries at amortized cost for statutory purposes, rather than at fair value, investments in common stocks, which are valued as prescribed by the Securities Valuation Office ("SVO") of the National Association of Insurance Commissioners ("the NAIC"), unsecured reinsurance amounts recoverable from unauthorized and certain authorized reinsurers, which are excluded from net assets by a direct charge to unassigned surplus, certain assets designated as non-admitted, which are excluded from the statutory statements of assets, liabilities, capital, and surplus by direct charge to unassigned surplus; and changes in deferred tax balances, which are recognized as a direct benefit or charge to unassigned surplus.

Differences in statutory Total Assets from that shown on the Consolidated Balance Sheet, at December 31, 2025 and 2024 are as follows:

	(In thousands of U.S. Dollars)			
	<b>2025</b>		<b>2024</b>	
Statutory assets	\$	5,860,211	\$	5,324,603
Investments		164,546		135,603
Non-admitted assets		23,190		23,707
Other receivable and assets		(30,768)		(3,988)
Total Assets	\$	6,017,179	\$	5,479,923

Differences in statutory Policyholders' Surplus from that shown on the Consolidated Balance Sheet, at December 31, 2025 and 2024 are as follows:

	<b>2025</b>		<b>2024</b>	
Statutory Policyholders' Surplus	\$	4,169,310	\$	4,002,209
Valuation of fixed maturities		23,662		10,775
Provision for Schedule F		17,094		18,856
Non-admitted assets		23,190		23,707
Miscellaneous		17,152		24,805
Total Policyholders' Surplus	\$	4,250,408	\$	4,080,352

Differences in statutory Net Earnings from that shown on the Consolidated Statements of Operations and Comprehensive Earnings (Loss) for the years ended December 31, 2025 and 2024 are as follows:

	<b>2025</b>		<b>2024</b>	
Statutory net earnings	\$	(51,749)	\$	(27,671)
Deferred income taxes		(27,666)		(10,292)
Underwriting income		9,119		(26,776)
Investment income		201,982		62,192
Miscellaneous		25,179		34,866
Net Earnings	\$	156,865	\$	32,319

### 13. SUBSEQUENT EVENTS

There were no subsequent events to note through March 25, 2026, which is the date the Consolidated Financial Statements were available to be issued.