JohnsonLambert LLP
cpas + consultants

Curi Holdings, Inc.

Consolidated Audited Financial Statements

Years ended December 31, 2024 and 2023
with Report of Independent Auditors

Curi Holdings, Inc.

Consolidated Audited Financial Statements

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Contents

Report of Independent Auditors

Board of Directors
Curi Holdings, Inc.

Opinion
We have audited the consolidated financial statements of Curi Holdings, Inc. (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive (loss) income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with 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.

Acquisition of RMB Capital Management, LLC
As discussed in Note I to the consolidated financial statements, on January 1, 2024, the Company entered into an agreement to acquire a controlling financial interest in RMB Capital Management, LLC (RMB). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 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 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 disclosures about short-duration insurance contracts, including incurred and cumulative paid losses and allocated loss adjustment expenses, net of reinsurance, and average annual percentage payout of incurred losses by age, net of reinsurance, on pages 37 - 38 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated 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 consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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.

Johnson Lambert LLP

Vienna, Virginia
June 23, 2025

Curi Holdings, Inc.

Consolidated Balance Sheets

As of December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 213,665,391	$ 260,101,261
Fixed-income securities (amortized cost $1,009,892,682 and $986,272,048)	1,010,021,515	999,214,693
Equity securities	287,945,914	305,806,374
Other investments	229,826,535	245,774,667
Real estate LLCs	60,859,183	60,299,264
Accrued investment income	10,126,908	10,472,059
Receivable for securities	300,555	2,303,338
Premiums receivable	97,179,429	89,179,829
Reinsurance recoverables	200,998,206	214,246,244
Deferred policy acquisition costs	8,478,109	5,166,604
Property and equipment, net	6,045,514	4,449,252
Goodwill and intangible assets, net	277,116,189	103,670,725
Income taxes recoverable	14,694,762	11,308,054
Deferred tax asset	40,014,071	37,912,119
Notes receivable	2,750,000	3,250,000
Other assets	69,741,409	56,934,675
Total assets	$ 2,529,763,690	$ 2,410,089,158
Liabilities and shareholders' equity		
Liabilities:		
Loss and loss adjustment expense reserve	$ 1,036,766,089	$ 1,004,066,647
Unearned premium reserve	194,964,052	178,721,698
Reinsurance balances payable	17,114,269	24,102,216
Member savings liability	34,700,000	35,300,000
Accounts payable and accrued expenses	75,644,286	64,461,201
Payable for securities	21,152	293,995
Contingent consideration payable	6,350,000	6,350,000
Premium deficiency reserve	7,107,051	-
Long-term debt	129,804,452	79,315,135
Other liabilities	36,422,805	62,751,425
Total Liabilities	1,538,894,156	1,455,362,317
Shareholders' equity:		
Paid in capital	683,507,149	679,243,695
Retained earnings	250,248,114	262,895,047
Accumulated other comprehensive (loss) income	(101,778)	8,954,971
Total shareholders' equity	933,653,485	951,093,713
Non-controlling interest	57,216,049	3,633,128
Total shareholders' equity	990,869,534	954,726,841
Total liabilities and shareholders' equity	$ 2,529,763,690	$ 2,410,089,158

See accompanying notes to the consolidated financial statements

Curi Holdings, Inc.

Consolidated Statements of Comprehensive (Loss) Income

Years ended December 31, 2024 and 2023

	2024	2023
Revenues		
Premiums earned	$ 347,619,326	$ 189,495,898
Sales and service revenue	79,957,859	10,069,238
Total revenues	427,577,185	199,565,136
Expenses		
Losses and loss adjustment expenses incurred	349,515,934	165,059,223
General and administrative expenses	189,819,973	76,881,431
Total expenses	539,335,907	241,940,654
Net operating loss	(111,758,722)	(42,375,518)
Net investment income	50,929,636	29,223,984
Net realized gains on investments	33,917,426	17,705,562
Net unrealized gains on investments	18,639,105	32,718,544
Total investment income	103,486,167	79,648,090
Other (loss) income	(148,408)	3,422,936
(Loss) income before depreciation, amortization, federal income taxes and policy holder dividends	(8,420,963)	40,695,508
Depreciation and amortization	31,813,675	9,738,569
Dividends to policyholders and other distributions	3,984,399	9,161,683
Federal income tax (benefit) expense	(2,317,323)	6,596,185
Consolidated net (loss) income	(41,901,714)	15,199,071
Net loss attributable to non-controlling interest	(26,376,926)	(2,966,136)
Net (loss) income attributable to controlling interest	(15,524,788)	18,165,207
Other comprehensive (loss) income		
Change in unrealized (losses) gains, net of tax	(9,922,440)	31,751,200
Retirement obligations, net of deferred taxes	1,060,146	(1,690,735)
Comprehensive (loss) income	(50,764,008)	45,259,536
Comprehensive loss attributable to non-controlling interest	(26,182,471)	(2,663,549)
Comprehensive (loss) income attributable to controlling interest	$ (24,581,537)	$ 47,923,085

See accompanying notes to the consolidated financial statements

Curi Holdings, Inc.

Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2024 and 2023

	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance as of January 1, 2023	$ 351,907,695	$ 244,729,840	$ (20,772,906)	$ 575,864,629	$ 1,266,676	$ 577,131,305
Capital contribution	-	-	-	-	5,000,000	5,000,000
Net income (loss)	-	18,165,207	-	18,165,207	(2,966,136)	15,199,071
Other comprehensive income	-	-	29,727,877	29,727,877	332,588	30,060,465
Net assets provided by merger	327,336,000	-	-	327,336,000	-	327,336,000
Balance as of December 31, 2023	679,243,695	262,895,047	8,954,971	951,093,713	3,633,128	954,726,841
Capital contribution	4,263,454	-	-	4,263,454	81,697,336	85,960,790
Net loss	-	(15,524,788)	-	(15,524,788)	(26,376,926)	(41,901,714)
Other comprehensive (loss) income	-	-	(9,056,749)	(9,056,749)	194,455	(8,862,294)
Distributions	-	-	-	-	(1,931,944)	(1,931,944)
Deconsolidation of Medplace, Inc.	-	2,877,855	-	2,877,855	-	2,877,855
Balance as of December 31, 2024	$ 683,507,149	$ 250,248,114	$ (101,778)	$ 933,653,485	$ 57,216,049	$ 990,869,534

See accompanying notes to the consolidated financial statements

Curi Holdings, Inc.

Consolidated Statements of Cash Flows

Years ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Consolidated net (loss) income	$ (41,901,714)	$ 15,199,071
Adjustments to reconcile net (loss) income to net cash from operating activities:		
Depreciation and amortization	31,813,675	9,738,569
Amortization of bonds	(2,762,465)	1,634,717
Realized investment gains	(33,917,426)	(17,705,563)
Unrealized investment gains	(18,639,105)	(32,718,544)
Deferred taxes	(120,146)	5,216,600
Change in operating assets and liabilities:		
Accrued investment income	345,152	21,204
Premiums receivable	(7,999,599)	8,604,243
Reinsurance balances recoverable	6,260,090	(1,859,641)
Deferred policy acquisition costs	3,795,546	(3,425,833)
Income taxes payable	(3,432,925)	900,691
Other assets	(5,906,937)	3,128,275
Loss and LAE reserves	32,699,443	17,871,646
Unearned premium reserve	16,242,354	(9,969,367)
Member savings liability	(600,000)	(1,300,000)
Accounts payable and accrued expenses	8,140,170	10,579,075
Other liabilities	4,041,742	(5,544,584)
Net cash from operating activities	(11,942,145)	370,559
Cash flows used in investing activities		
Investment purchases and contributions	(471,949,779)	(175,028,208)
Investment sales, maturities and distributions	535,194,090	227,405,994
Change in receivables/payables for securities	2,062,790	(1,924,449)
Business acquisitions	(119,327,481)	-
Settlement of notes receivable	500,000	5,921,576
Disposals of property and equipment	5,781,148	(401,762)
Additions of property and equipment	(3,471,307)	-
Net cash from investing activities	(51,210,539)	55,973,151
Cash flows from financing activities		
Issuance of long-term debt	90,000,000	-
Repayment of long-term debt	(40,164,778)	(377,281)
Cash provided by merger	-	64,688,941
Deconsolidation of Medplace, Inc.	(2,493,381)	-
Distribution to Michigan Professional Insurance Exchange subscribers	(29,021,498)	-
Capital transactions among non-controlling members	(1,603,529)	5,000,000
Net cash from financing activities	16,716,814	69,311,660
Net change in cash and cash equivalents	(46,435,870)	125,655,370
Cash and cash equivalents, beginning of year	260,101,261	134,445,891
End of year	$ 213,665,391	$ 260,101,261
Supplemental disclosure of cash paid for:		
Income taxes	$ (3,010,569)	$ 248,032
Interest	5,003,690	779,701
Supplemental disclosure of non-cash investing and financing activities:		
Other consideration for business acquisitions	$ 4,263,454	$ -
Net assets provided by merger	-	262,647,059

See accompanying notes to the consolidated financial statements

Note A - Organization and Significant Accounting Policies

Curi Holdings, Inc. (the Company) is a mutual insurance holding company domiciled in North Carolina. The Company's subsidiaries are engaged in a number of diverse business activities, including insurance (Curi Insurance), advisory (Curi Advisory), capital (Curi Capital), and investment operations. All members of the Company are the policyholders of Curi Insurance, with the rights typically associated with mutual company membership. The Board of Directors of the Company is elected by the members pursuant to the Company's bylaws.

Information concerning business acquisitions completed during 2024 and 2023 appear in Note I.

Basis of Consolidation and Presentation
The accompanying consolidated financial statements include the accounts of the Company consolidated with the accounts of all subsidiaries and affiliates in which the Company holds a controlling financial interest as of the consolidated financial statement date. Generally, a controlling financial interest reflects ownership of a majority of the voting interests. However, an affiliate may also be consolidated as a variable interest entity (VIE) when the Company possesses both (a) the power to direct the activities of the VIE that most significantly impact its economic performance and (b) the obligation or right to absorb losses or receive benefits that could potentially be significant to the VIE. All intercompany accounts and transactions have been eliminated.

The ownership interests of entities not wholly-owned by the Company are presented as non-controlling interests in the accompanying consolidated financial statements. Non-controlling interests represent the share of the consolidated net assets owned by third parties.

The Company holds an indirect interest in ValorMD Insurance, SPC (Valor), a captive segregated portfolio company that provides reinsurance to its wholly owned subsidiary, Medical Mutual Insurance Company of North Carolina (MMICNC). Valor has established five segregated portfolios: ValorMD Segregated Portfolio Company 1 (SP1), ValorMD Segregated Portfolio Company 2 (SP2), ValorMD Segregated Portfolio Company 3 (SP3), ValorMD Segregated Portfolio Company 4 (SP4) and ValorMD Segregated Portfolio Company 5 (SP5). The Company indirectly owns 55% of the segregated portfolio shares of SP1. Valor SP2, SP3, SP4 and SP5 are VIEs. The Company concludes it is not the primary beneficiary of SP2, SP3, SP4 or SP5 and does not consolidate the assets, liabilities, and non-controlling interests of these entities.

As of December 31, 2024 and 2023, the Company concluded that it was the primary beneficiary of the following VIEs: MMIC Risk Retention Group, Inc. (MMIC RRG) and Michigan Professional Insurance Exchange (MPIE).

Note A - Organization and Significant Accounting Policies (Continued)

Use of Estimates and Assumptions
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) 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 consolidated financial statements and the reported amounts of income and expenses during the period. Actual results could differ from these estimates.

Market Risk
Market risk is the risk that changes in interest rates and foreign exchange rates will affect the positions held by the Company. The Company is exposed to market risk on investments that are valued at market prices. Specifically, a risk exists that the Company may not be able to readily dispose of its investments when it chooses, and also that the price obtained on disposal may be below that at which the investment is reported in the Company's consolidated financial statements.

Credit Risk
Credit risk is the risk of counterparty default. Credit risk is generally higher when a non-exchange traded financial instrument is not backed by an exchange clearing house. Financial assets which potentially expose the Company to credit risk mainly consist of fixed-income securities, cash and cash equivalents, and insurance balances receivable. However, since all cash balances are held at reputable financial institutions and all fixed-income securities are highly rated by one or more of the major credit rating agencies, management does not anticipate any material losses from this exposure. The Company manages its exposure to credit risk with respect to reinsurance balances by actively reviewing the financial strength of assuming reinsurers.

Premiums
Insurance premium written, net of reinsurance ceded, is earned ratably over the terms of the related policies and reinsurance contracts. Net premium written relating to the unexpired portion of policies in force at the consolidated balance sheets date are recorded as unearned premium reserve.

The Company pools its premiums receivable by line of business and premium type. Premiums receivable are reported net of an allowance for credit losses. The Company measures expected credit losses on premiums receivable on a collective basis through review of aging schedules, or on an individual basis when more relevant. The Company assesses the collectibility of accounts with balances past due 90 days or more. Accounts specifically identified as uncollectible are charged to operations in the period the determination is made. An expected credit loss is calculated based on the expected loss rate on the portion of the premiums receivable balance that has been earned (net of unearned premium reserve) and the premium that would be due from the policyholder for the period. This amount is then adjusted for current conditions. Credit risk is partially mitigated by the Company's ability to cancel the policy if the policyholder does not pay the premium.

Note A - Organization and Significant Accounting Policies (Continued)

The Company records an extended reporting endorsement policy reserve using a level premium method for claims-made extended reporting coverage options relating to death, disability, or retirement that are provided free of charge to the policyholders. This reserve, which is classified as part of the unearned premium reserve, represents the estimate of future claims arising from these coverages. As death, disability or retirement occurs, the unearned premium reserve for free coverage is reduced and loss reserves are increased. As of December 31, 2024 and 2023, this unearned premium reserve amounted to $28,435,755 and $26,350,000, respectively.

Revenue Recognition
The Company generates management fee income through investment management and advisory services provided to medical professionals and the general public. The Company's performance obligation is satisfied over time based on the quarterly assets under management. Investment management fees earned per these arrangements were $77,134,749 and $7,149,633 for the years ended December 31, 2024 and 2023, respectively.

Deferred Policy Acquisition Costs
Deferred acquisition costs included costs that are directly related to the successful acquisition of new or renewal insurance contracts. These expenses are expensed on a pro-rata basis over the period of the related policies. Any portion of these expenses relating to periods after the consolidated balance sheet date is deferred and included in deferred acquisition costs on the consolidated balance sheets.

In cases where expected future losses and expenses exceed related unearned premium reserve, the premium deficiency is first offset against deferred acquisition costs. Any remaining deficiency not absorbed by the deferred acquisition costs is accrued for as a separate premium deficiency reserve liability on the balance sheet. Prior to the Company's merger with Constellation, Inc. (Constellation), as further described in Note I, the Company did not anticipate investment income in its premium deficiency calculations. Upon the merger with Constellation in 2023, anticipated investment income is factored in the Company's premium deficiency calculations.

Cash and Cash Equivalents
The Company considers all highly liquid balances with an original maturity of three months or less to be cash equivalents.

Note A - Organization and Significant Accounting Policies (Continued)

Credit Losses

The Company measures expected credit losses on financial assets held at amortized cost and available-for-sale fixed-income securities, and records an allowance for credit loss when management determines a credit loss exists. Allowances for credit losses are recorded as contra-assets that reduce the corresponding financial assets on the consolidated balance sheets, with the offset recorded as credit loss income (expense) in the consolidated statements of comprehensive (loss) income. As the estimate of expected credit losses changes with subsequent evaluations, those increases and decreases are recognized in current operations. The Company writes off uncollectible amounts against the allowance for credit losses when it determines that a financial asset is partially or fully uncollectible.

For securities in an unrealized loss position, management evaluates whether the decline in fair value is due to credit factors or non-credit factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, individual security ratings and changes made to those ratings by rating agencies, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, management calculates and records the expected credit loss using a discounted cash flow analysis.

After recording the expected credit loss, any remaining difference between the fair value and amortized cost of the security is recorded as a non-credit loss through other comprehensive (loss) income. Changes in the allowance for credit losses are recognized in earnings. There was no allowance for credit loss on fixed income securities as of December 31, 2024 and 2023.

The Company elected to measure the credit loss allowance for accrued investment income separately from other components of amortized cost. The Company assesses the collectibility of accrued interest that is past 90 days or more. Accrued interest specifically identified as uncollectible is written off against net investment income in the period the determination is made. All accrued interest was deemed to be collectible as of December 31, 2024 and 2023.

Investments

Fixed-income securities are classified as “available-for-sale” and are carried at fair value. Unrealized gains and losses on available-for-sale securities are reported as a separate component of accumulated other comprehensive (loss) income.

The Company has ownership interest in various unaffiliated limited liability companies and general and limited partnerships, which are reported as other investments on the consolidated balance sheets. These investments are reported based on the Company's proportionate share of the investees' net asset value (NAV) as a practical expedient to fair value. Changes in fair value are reported in net unrealized gains on investments in the consolidated statements of comprehensive (loss) income.

Note A - Organization and Significant Accounting Policies (Continued)

These interests consist of global asset and credit investments in real estate, structured finance, digital assets, and corporate securities using an investment process consisting of business diligence, situation analysis, capital structure, and valuation.

In order to redeem these investments, the Company must transfer its interests and any unfunded commitment to another party with the approval of the general partner. Under these circumstances, it is likely the investment would sell below NAV. The Company's unfunded commitments were $66,937,670 and $67,182,862 as of December 31, 2024 and 2023, respectively.

The Company has ownership interests in certain operating companies, which are reported as other investments on the consolidated balance sheets. These investments are measured at fair value with changes in fair value recognized in net (loss) income.

Equity securities include investments in publicly-traded common and preferred stocks. These investments are measured at fair value with changes in fair value recognized in net (loss) income.

The Company has ownership interests in various real estate limited liability companies (collectively the real estate LLCs). These investments are measured at fair value with changes in fair value recognized in net (loss) income.

Realized gains and losses are determined on a specific identification basis and are recorded in the consolidated statements of comprehensive (loss) income.

Fair Value Measurement
As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in estimating fair value. Alternative valuation techniques may be appropriate under the circumstances to determine the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Market participants are assumed to be independent, knowledgeable, and able and willing to transact an exchange and not acting under duress. Our nonperformance or credit risk is considered in determining the fair value of liabilities. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

Note A - Organization and Significant Accounting Policies (Continued)

Financial Accounting Standards Board (FASB) ASC 820 - Fair Value Measurements and Disclosures establishes a three-level hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1), the next priority to quoted prices for identical assets in inactive markets or similar assets in active markets (Level 2) and the lowest priority to unobservable inputs (Level 3).

Losses and Loss Adjustment Expense (LAE) Reserves
Losses and LAE reserves represent management's best estimate of the ultimate net cost of all reported and unreported losses outstanding as of the consolidated balance sheet date, net of amounts recoverable pursuant to reinsurance agreements utilizing actuarial studies of the Company's own historical loss data, supplemented with industry data. In establishing its liability for losses and LAE, the Company utilizes the findings of an independent consulting actuary. The Company does not discount loss and LAE reserves. Reserves are estimated using individual case-basis valuations and actuarial techniques. Those estimates are subject to the effects of trends in loss severity and frequency, among many other factors. Although considerable variability is inherent in such estimates, management believes that the reserve for losses and LAE are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current earnings and could be material and pervasive.

Provisions for losses and LAE are charged to earnings after deducting amounts recovered and estimates of recoverable amounts under reinsurance contracts. Reinsurance contracts do not relieve the ceding company of its obligations to indemnify policyholders with respect to the underlying insurance and reinsurance contracts.

Retrospectively Rated Contracts
Net premium written subject to a retrospective rating feature was $31,766,112, or 8.7% of total net premium written in 2024 compared to $3,014,484, or 1.6% in 2023.

The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case basis loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium. The Company records the retrospective premium accruals as earned by adjusting unearned premium reserve. These amounts are not recorded as premium written until they are billed to the policyholders. Return premium is recorded as a liability and additional premium is recorded as an asset.

Note A - Organization and Significant Accounting Policies (Continued)

Reinsurance
The Company utilizes reinsurance to limit its insurance risk. Reinsurance premiums and benefits paid or provided are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Reinsurance balances are reported on a gross basis on the consolidated balance sheets as an asset for amounts recoverable from reinsurers or as a liability for amounts, such as premiums, owed to the reinsurers. Reinsurance recoverable is estimated using assumptions consistent with those used to estimate the reserves for unpaid losses and LAE.

Reinsurance recoverables on paid and unpaid losses and LAE are reported net of an allowance for credit losses. The Company measures expected credit losses on reinsurance recoverables on a collective basis based on A.M. Best credit ratings, or on an individual basis when more relevant. An expected credit loss is calculated by applying a historical default rate to the receivable, adjusted for current conditions, and reasonable and supportable forecasts. For non-rated reinsurers or reinsurers in default or liquidation, the credit loss evaluation is a case-by-case analysis that includes the credit quality of the reinsurer, credit and collateral analysis, and other considerations. Changes in the allowance for credit loss on reinsurance recoverables are recorded as credit loss income (expense) on the consolidated statements of comprehensive (loss) income. There was no allowance for credit loss on reinsurance recoverables as of December 31, 2024 or 2023.

Policyholder Dividends
Policyholder dividends are discretionary and are recorded as a reduction of net (loss) income in the period declared by the Company's Board of Directors. The Company declared policyholder dividends of $163,992 in 2024 compared to $6,400,000 in 2023.

Member Savings Liability
The Company maintains a member savings account program for the benefit of eligible members. The Company has a constructive obligation regarding the funds allocated to the member savings account. Until and unless paid to the eligible member, allocated funds remain available to the Company for the payment of policyholder obligations and general creditors. The member savings liability is reported at fair value pursuant to the election of the fair value option.

Income Taxes
The Company files a consolidated federal income tax return with MMICNC, MMIC Investment Holdings, Inc., Medical Security Insurance Company, MMIC RPG, Inc., MMIC Insurance, Inc. (MMICMN), UMIA Insurance, Inc., Arkansas Mutual Insurance Company, Aspect Re, SP and Constellation Solutions, Inc.

Note A - Organization and Significant Accounting Policies (Continued)

The method of tax allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is determined on a separate-return basis, with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled within thirty days of filing or receipt of refund from the Internal Revenue Service. The provision for current income taxes is reported in the consolidated statements of comprehensive (loss) income and is credited or charged directly to earnings in the current period. Deferred tax assets and liabilities are determined based on differences between the financial reporting and the tax bases of assets and liabilities. Changes in deferred income tax assets and liabilities that are associated with components of other comprehensive (loss) income are charged or credited directly to other comprehensive (loss) income. Otherwise, changes in deferred income tax assets and liabilities are included as a component of income tax expense.

ASC 740 - Income Taxes prescribes detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise’s consolidated financial statements. Tax positions must meet a more-likely-than-not recognition threshold to be recognized. As of December 31, 2024 and 2023, the Company has not identified any significant uncertain tax positions.

Goodwill and Intangible Assets
Goodwill represents the excess of the acquisition price of a business over the fair value of identified net assets of that business. The Company has elected the Private Company Council (PCC) accounting alternative for the recognition of certain intangible assets acquired in a business combination and amortizing goodwill. The Company elected to not recognize customer-related intangible assets separately from goodwill in accordance with the FASB's ASU 2014-03 - Business Combinations: Accounting for Identifiable Intangible Assets in a Business Combination. Goodwill is amortized on a straight-line basis over 10 years. The Company also elected the FASB's ASU 2021-03 - Intangibles - Goodwill - and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events (ASU 2021-03). Following the adoption of ASU 2021-03, management evaluates the occurrence of goodwill impairment triggering events as of the end of each reporting period. If a triggering event has occurred, management performs a qualitative assessment of the relevant events and circumstances. If management determines it is more-likely-than-not that the fair value of goodwill is less than its carrying amount, the Company calculates the fair value of the goodwill. When the carrying amount of goodwill exceeds the estimated fair value, the excess is charged to earnings as an impairment loss. Significant judgment is required in estimating fair values and performing quantitative goodwill impairment tests.

Intangible assets with finite useful lives are amortized on a straight-line basis over the estimated economic useful lives. Intangible assets with finite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Note A - Organization and Significant Accounting Policies (Continued)

Subsequent Events
The Company has evaluated events and transactions subsequent to the consolidated balance sheet date and through June 23, 2025, the date which the consolidated financial statements were available to be issued, and noted that no events have occurred, such that adjustment to the amounts presented or disclosure in the notes of the consolidated financial statements is warranted.

Reclassifications
Certain amounts on the face of the 2023 consolidated financial statements and in the notes have been reclassified to conform to the 2024 presentations. The reclassifications had no impact on reported comprehensive (loss) income or shareholders' equity.

Note B - Investments

The amortized cost, gross unrealized gains, gross unrealized losses, and fair value for fixed-income securities as of December 31, 2024 are as follows:

December 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed-income securities:				
U.S. government	$ 89,775,911	$ 39,271	$ (1,737,178)	$ 88,078,004
States, territories and possessions	15,147,909	71,628	(843,120)	14,376,417
Political subdivision	64,923,408	975,560	(1,591,048)	64,307,920
Special revenue	479,363,718	13,473,100	(10,657,972)	482,178,846
Industrial and miscellaneous	355,560,460	8,752,113	(8,545,847)	355,766,726
Surplus debentures	2,208,576	191,981	-	2,400,557
Hybrid securities	2,912,700	70,659	(70,314)	2,913,045
Total fixed-income securities	$ 1,009,892,682	$ 23,574,312	$ (23,445,479)	$ 1,010,021,515

At December 31, 2024, the Company held fixed-income securities in an unrealized loss position for which declines in value were deemed to be temporary in nature with aggregate unrealized losses of $23,445,479 and an aggregate fair value of $446,028,685. Of this total, the aggregate unrealized losses and aggregate fair value of bonds in an unrealized loss position for less than 12 months were $5,351,876 and $224,804,268, respectively.

Note B - Investments (Continued)

The amortized cost, gross unrealized gains, gross unrealized losses, and fair value for fixed-income securities as of December 31, 2023 are as follows:

December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed-income securities:				
U.S. government	$ 20,390,061	$ 141,007	$ (93,177)	$ 20,437,891
All other governments	363,587	27,883	-	391,470
States, territories and possessions	10,735,921	133,221	(783,265)	10,085,877
Political subdivision	70,691,571	1,863,118	(1,347,857)	71,206,832
Special revenue	517,248,499	21,921,200	(9,217,513)	529,952,186
Industrial and miscellaneous	353,675,722	9,437,201	(9,165,091)	353,947,832
Surplus debentures	3,560,358	221,662	(183)	3,781,837
Hybrid securities	2,586,687	2,620	(185,249)	2,404,058
SVO-identified investments	7,019,642	1,437	(14,369)	7,006,710
Total fixed-income securities	$ 986,272,048	$ 33,749,349	$ (20,806,704)	$ 999,214,693

At December 31, 2023, the Company held fixed-income securities in an unrealized loss position for which declines in value were deemed to be temporary in nature with aggregate unrealized loss of $20,806,704 and an aggregate fair value of $332,030,448. Of this total, the aggregate unrealized losses and aggregate fair value of fixed-income securities in an unrealized loss position for less than 12 months were $1,149,467 and $81,032,331, respectively.

The Company monitors its fixed-income securities portfolio closely to ensure that all credit losses are identified and recognized in earnings as they occur. Based on the factors disclosed in Note A, the Company believes at this point in time that all unrealized losses in the fixed-income securities portfolio are temporary in nature.

The amortized cost and fair value of the Company's investments in fixed-income securities at December 31, 2024 by contractual maturity is as follows:

	Amortized Cost	Fair Value
Maturity:		
Within one year	$ 109,270,995	$ 109,761,961
Between one and five years	335,667,207	332,382,777
Between five and ten years	186,152,087	181,409,961
After ten years	178,551,685	184,714,368
Loan backed and structured securities	200,250,708	201,752,448
	$1,009,892,682	$1,010,021,515

Note B - Investments (Continued)

The effective maturities may differ from the contractual maturities in the foregoing table because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

In 2024, proceeds from disposal of available-for-sale securities amounted to $226,015,440. Gross realized gains and losses on these disposals were $6,501,240 and $1,367,139, respectively.

In 2023, proceeds from disposal of available-for-sale securities amounted to $95,425,725. Gross realized gains and losses on these disposals were $945,313 and $387,453, respectively.

The components of net gains on investments, other than those designated as available-for-sale, for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Net gains recognized during the year	$ 45,240,077	$ 50,420,770
Net gains recognized during the year on investments sold	25,820,449	17,147,703
Unrealized gains recognized during the year	$ 19,419,628	$ 33,273,067

Note C - Insurance Activity

Certain premiums are ceded to other insurance companies under various reinsurance agreements. The ceded reinsurance agreements provide the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. The Company remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

The components of written and earned premium for the years ended December 31, 2024 and 2023, are as follows:

	2024		2023	
	Written	Earned	Written	Earned
Direct	$ 418,148,118	$ 404,434,853	$ 219,590,904	$ 233,142,049
Ceded	(55,105,800)	(56,815,527)	(47,461,503)	(43,646,151)
Net	$ 363,042,318	$ 347,619,326	$ 172,129,401	$ 189,495,898

Net ceding commissions earned are included in the consolidated statements of comprehensive (loss) income as an offset to general and administrative expenses incurred.

Note C - Insurance Activity (Continued)

Estimating losses and LAE reserves requires the Company to make and revise judgments and assessments regarding multiple uncertainties over an extended period of time. As a result, reserve estimates may vary significantly from the eventual outcome. The assumptions used in establishing the Company’s reserves are regularly reviewed and updated by management as new data becomes available. Changes to estimates of the previously established reserves are included in earnings in the period in which the estimate is changed. The Company believes that the methods it uses to establish the reserves are reasonable and appropriate. Each year, the Company engages a consulting actuary to review the reserve for losses of each insurance subsidiary, evaluating claims data and provide estimates of cost trends, rate adequacy and ultimate loss costs. The Company considers the views of the actuary as well as other factors, such as known, anticipated or estimated changes in frequency and severity of claims and loss retention levels and premium rates, in establishing the amount of its reserve for losses. The statutory filings of each insurance company with the insurance regulators must be accompanied by an external actuary’s certification as to their respective reserves in accordance with the requirements of the NAIC.

Note C - Insurance Activity (Continued)

The following table provides a reconciliation of the beginning and ending loss and LAE reserve balances, net of reinsurance, for the years ended December 31:

	2024	2023
Reserve for losses and LAE at beginning of year	$1,004,066,647	$ 414,600,000
Less reinsurance recoverables on unpaid losses and LAE	(178,128,865)	(110,457,000)
Fair value of recoverables acquired	-	(67,498,000)
Fair value of reserves acquired	-	571,595,000
Reserve for losses and LAE at beginning of year, net of reinsurance	825,937,782	808,240,000
Losses and LAE incurred related to:		
Current year	264,164,063	284,911,000
Prior years	96,324,000	49,223,704
2023 pre acquisition losses incurred	-	(166,186,154)
Amortization of fair value of reserves acquired	(10,972,129)	(2,889,327)
Incurred losses during current year, net of reinsurance	349,515,934	165,059,223
Losses and LAE payments related to:		
Current year	(9,056,000)	(32,585,000)
Prior years	(303,975,620)	(278,053,364)
2023 pre acquisition losses paid	-	163,276,923
Losses and LAE payments, net of reinsurance	(313,031,620)	(147,361,441)
Reserve for losses and LAE, net of reinsurance, at end of year	862,422,096	825,937,782
Plus reinsurance recoverables on unpaid losses and LAE	174,343,993	178,128,865
Reserve for losses and LAE at end of year	$1,036,766,089	$1,004,066,647

The foregoing reconciliation shows that $96,324,000 of unfavorable reserve development emerged in 2024 and $49,223,704 of unfavorable reserve development emerged in 2023. The unfavorable development on prior years for the year ended December 31, 2024, is mainly due to worse than expected development on the 2020 through 2022 accident years with largest unfavorable development occurring on the 2021 accident year due to COVID related delays in claim settlements. The unfavorable development on prior years for the year ended December 31, 2023, is mainly due to worse than expected development on the 2019 through 2021 accident years which was partially offset by better than expected development on the 2017, and 2022 accident years. Those differences resulted principally from changes in estimates of the ultimate unpaid liability due to higher reported losses, the incorporation of assumptions to respond to the COVID-19 development lag, and actual loss experience in certain regions that was higher than initially estimated.

Note C - Insurance Activity (Continued)

The Company recovered $108,203,635 and $59,312,223 in losses and LAE under its reinsurance contracts in 2024 and 2023, respectively. At December 31, 2024, reinsurance recoverable totaling approximately $28,368,000 was collateralized by letters of credit, compared to $24,367,000 at December 31, 2023. The Company did not have any reinsurance recoverable in dispute at December 31, 2024 and 2023.

Management monitors the credit quality of its reinsurance recoverables on an annual basis through review of A.M. Best credit ratings and credit rating changes. As of December 31, 2024 and 2023, a majority of the Company’s reinsurance recoverables were due from reinsurers rated B- or better by A.M. Best. As of December 31, 2024 and 2023, the Company's reinsurance recoverables due from non-rated reinsurers have sufficient collateral.

Reinsurance contracts do not relieve the Company from its obligations to policyholders and the Company remains liable to its policyholders whether or not reinsurers honor their contractual obligations. The Company continually monitors its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

The merger and acquisition of Constellation in 2023, as further discussed in Note I, increased the Company's gross reserves by $571,595,000 which represents the fair value of Constellation's reserves at the time of acquisition. The reserve fair value adjustment will be amortized using the loss payment patterns. Amortization is recorded as a reduction to loss and LAE.

The reconciliation of the net incurred and paid loss development tables to the liability for losses and LAE on the consolidated balance sheet as of December 31, 2024 is as follows (in thousands):

Net outstanding liabilities:	
Medical Professional Liability	$ 801,261
Other short-duration insurance lines	10,656
Liabilities for unpaid losses and LAE, net of reinsurance	811,917
Reinsurance recoverable:	
Medical Professional Liability	170,153
Other short-duration insurance lines	4,190
Total reinsurance recoverable on unpaid losses and LAE	174,343
Unallocated loss adjustment expenses	24,748
Fair value adjustment	25,758
Total other amounts	50,506
Total gross liability for unpaid losses and loss adjustment expenses	$ 1,036,766

Note C - Insurance Activity (Continued)

The following is information about incurred and cumulative paid losses and LAE, net of reinsurance, and total incurred-but-not-reported (IBNR) liabilities plus expected development on reported claims, net of reinsurance and the cumulative number of reported claims as of December 31, 2024, by category:

Medical Professional Liability

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2015	$ 137,853	$ 136,535	$ 360	2,288
2016	197,572	188,077	1,268	2,051
2017	161,243	151,283	3,546	2,648
2018	227,665	202,524	6,081	2,927
2019	232,463	196,486	8,087	3,403
2020	245,001	177,995	16,179	3,795
2021	252,163	161,902	30,611	4,360
2022	217,962	83,323	61,665	4,338
2023	224,932	53,755	102,952	4,116
2024	219,756	9,056	178,849	3,340
Total	$ 2,116,610	$ 1,360,936	$ 409,598	

Methodology for Determining Losses and LAE
Loss and LAE reserves are management's best estimate of ultimate losses and are based on the analysis performed by a consulting actuary. They analyze each portion of the Company's business in a variety of ways and use multiple actuarial methodologies in performing these analyses, including; the Bornhuetter-Ferguson (paid and incurred) method, reported and paid development method, frequency-severity, pure premium, and Berquist-Sherman method. The selected ultimate losses are within the consulting actuary's range of reasonable levels.

Methodology for Determining Incurred But Not Reported Reserves
Using generally accepted actuarial reserving techniques, management projects an estimate of ultimate losses and LAE at each reporting date. The IBNR reserve is the difference between the projected ultimate losses and LAE incurred and the sum of case loss and LAE reserves and inception-to-date paid losses and LAE.

Significant Changes in Methodologies and Assumptions
Two of the Company's subsidiaries changed actuaries for the year ended December 31, 2024, and as a result, several methodologies and assumptions changed in the establishment of the reserves for unpaid losses and LAE for those entities.

Note C - Insurance Activity (Continued)

Methodology for Determining Cumulative Number of Reported Claims
The amounts reported for the cumulative number of reported claims include open and closed claims by accident year at the claimant level.

Note D - Income Taxes

The components of tax (benefit) expense for the Company, for the years ended December 31, are as follows:

	2024	2023
Current income tax expense	$ 1,248,870	$ 3,876,794
Prior year tax return adjustment for expense	(3,411,126)	(2,497,209)
Deferred tax (benefit) expense	(155,067)	5,216,600
Total income tax (benefit) expense	$ (2,317,323)	$ 6,596,185

Deferred income taxes reflect the net tax effects of temporary differences between the amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of deferred tax assets and liabilities as of December 31, were as follows:

	2024	2023
Deferred tax assets:		
Discounting of unpaid losses and LAE	$ 18,772,222	$ 20,783,788
Unearned premium reserve	6,685,792	6,306,955
Accrued expenses	22,189,179	11,704,325
Net unrealized losses	16,790,052	4,472,388
Goodwill	815,474	782,461
Net operating loss	29,864,306	15,897,988
Other	5,020,466	19,785,461
Total deferred tax assets	100,137,491	79,733,366
Valuation allowance	(14,387,443)	(4,347,861)
Gross deferred tax assets	85,750,048	75,385,505
Deferred tax liabilities:		
Net unrealized capital gains	37,510,685	35,670,400
Bond discount deferral	329,086	144,442
Depreciation differences	-	103,195
Deferred acquisition costs	2,049,852	1,555,349
Other	5,846,354	-
Gross deferred tax liabilities	45,735,977	37,473,386
Net deferred tax asset (liability)	$ 40,014,071	$ 37,912,119

Note D - Income Taxes (Continued)

Current federal income taxes incurred by the Company are determined by applying the statutory tax rate of 21% to taxable income as determined according to the provisions of the Internal Revenue Code. Federal income tax expense differs from the provision computed using the statutory rate, primarily due to interest on tax exempt bonds, dividends received deductions, non-deductible goodwill and net operating loss carryovers.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense. No interest or penalties were recognized in the consolidated statements of comprehensive income during the years ended December 31, 2024 and 2023.

Note E - Retirement Plan and Deferred Compensation

The Company sponsors a number of postretirement and deferred compensation benefit plans. The principal plans are discussed below; other such plans are not significant individually or in the aggregate.

The Company’s employees are covered under one of two noncontributory, defined contribution employee retirement plans. Contributions to these plans are based upon each covered employee’s salary. The Company’s employees are also covered by one of three 401(k) plans, which provide a match on employee contributions subject to certain limitations.

The Company provides a deferred compensation plan for its officers and directors. Officers may defer portions of their compensation and amounts that are in excess of the retirement savings options. Directors may defer up to 100% of their compensation.

The Company incurred expense relating to these plans of $13,344,344 and $5,080,179 for the year ended December 31, 2024 and 2023, respectively. These amounts are included in general and administrative expenses on the consolidated statements of comprehensive (loss) income.

Note F - Supplemental Executive Retirement Plan

Upon execution of the merger and acquisition of Constellation in 2023, the Company began providing an unfunded supplemental executive retirement plan (SERP), which is a nonqualified, defined benefit pension plan covering certain officers. The Company has frozen the participation in this plan. At least annually, an outside actuary is engaged to assist management in evaluating plan assumptions and to calculate the plan's pension cost and benefit obligation.

Note F - Supplemental Executive Retirement Plan (Continued)

The Company recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its SERP and postretirement health plan in the consolidated balance sheets, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax. The adjustment to accumulated other comprehensive income (loss) represents the net unrecognized actuarial losses, unrecognized prior service costs and unrecognized transition obligation remaining. These amounts will be subsequently recognized as net periodic pension cost pursuant to the Company's historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and that are not recognized as net periodic pension cost in the same periods will be recognized as a component of other comprehensive (loss) income. These amounts are subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in accumulated other comprehensive income (loss).

The Company uses a December 31 measurement date for the SERP. The following table summarizes the benefit obligation and plan asset activity for the SERP for the years ended December 31, 2024 and 2023:

	2024	2023
Change in projected benefit obligation		
Benefit obligation at beginning of year	$ 29,036,713	$ 26,986,073
Service cost	80,731	17,233
Interest cost	1,390,316	377,016
Actuarial (gain) loss	(1,139,854)	2,218,369
Benefits paid	(2,247,912)	(561,978)
Benefit obligation end of year	$ 27,119,994	$ 29,036,713
Change in plan assets		
Employer contributions	$ 2,247,912	$ 561,978
Benefits paid	(2,247,912)	(561,978)
Fair value of plan assets at end of year	$ -	$ -
Funded status		
Funded status of the plans	$ (27,119,994)	$ (29,036,713)

Note F - Supplemental Executive Retirement Plan (Continued)

	2024	2023
Components of the consolidated balance sheets		
Accrued benefit liability	$ (27,119,994)	$ (29,036,713)
Recognized amount	$ (27,119,994)	$ (29,036,713)
Accumulated other comprehensive loss		
Actuarial (gain) loss	$ (527,553)	$ 612,301
Deferred tax (liability) asset	110,786	(128,583)
Recognized amount	$ (416,767)	$ 483,718

The following table provides information for the SERP with benefit obligations exceeding plan assets as of December 31, 2024 and 2023:

	2024	2023
Projected benefit obligation	$ 27,119,994	$ 29,036,713
Accumulated benefit obligation	26,810,681	28,718,893

The following discloses the components of net periodic benefit costs for the SERP for the years ended December 31, 2024 and 2023:

	2024	2023
Components of net periodic benefit costs		
Service cost	$ 80,731	$ 17,233
Interest cost	1,390,316	377,016

The following discloses the assumptions used in the measurement of the SERP pension costs and benefit obligations as of December 31, 2024 and 2023:

	2024	2023
Discount rate in determining benefit obligations	5.54 %	4.98 %
Discount rate in determining net periodic benefit cost	4.98 %	5.83 %
Rate of increase in future compensation	3.75 %	3.75 %

The estimated prior service cost and net loss that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost in 2025 will be $0.

Note F - Supplemental Executive Retirement Plan (Continued)

The nonqualified SERP is an unfunded plan, and the benefits are an obligation of the Company. While the Company sets aside funds in a trust account to meet this projected obligation, these funds continue to be general assets of the Company. The funds set aside are primarily held in life insurance and annuity contracts, which may require a surrender charge upon withdrawal. The Company expects to contribute cash of $2,234,803 to the SERP to fund anticipated withdrawals in 2025.

The following benefit payments are expected to be paid from the SERP:

Year	Amount
2025	$ 2,234,803
2026	2,206,251
2027	2,176,497
2028	2,172,562
2029	2,174,376
Thereafter	10,764,409
	$ 21,728,898

Note G - Debt

The Company, through MMICNC, MMICMN and MPIE, is a member of the Federal Home Loan Bank (FHLB) of Atlanta, Des Moines and Indianapolis. Through their memberships, the Company may elect to borrow funds from the FHLB for operating needs and strategic initiatives. MMICNC and MMICMN had outstanding borrowings in the form of credit advances from the FHLB in the amount of $70,000,000 and $77,000,000 as of December 31, 2024 and 2023, respectively. These advances require collateral in excess of the value of the advances received. Reductions or "haircuts" specified by the FHLB are applied to the fair value of the securities pledged as collateral to determine the lendable collateral value. At December 31, 2024 and 2023, the aggregate collateral pledged for the credit advances was $91,095,855 and $91,157,274, respectively. As of December 31, 2024, the contractual maturities of the FHLB credit advances for each of the next five years are as follows:

Years ending December 31:	
2025	$ 5,000,000
2026	5,000,000
2027	5,000,000
2028	5,000,000
2029 and thereafter	50,000,000
	$ 70,000,000

Note G - Debt (Continued)

The Company has established a revolving line of credit providing a total borrowing capacity of $10,000,000 to support working capital requirements. The line of credit agreement is scheduled to terminate in January 2025 but can be extended with written notice. The interest rate for borrowings is determined by the average secured overnight financing rate plus 1.3% for 2024 and 2023. The outstanding balance on the line of credit was $0 at December 31, 2024 and 2023.

In January 2024, the Company entered into a loan agreement with an unaffiliated lender to partially finance the acquisition of RMB Capital Management, LLC, as further discussed in Note I. The original loan principal was $90,000,000 and matures January 1, 2027. The loan bears interest at a rate of 6.35% with equal principal payments of $30,000,000 due annually and interest payments due monthly. As of December 31, 2024, the outstanding principal was $60,000,000. The assets of MMIC Investment Holdings, Inc. are pledged as collateral for the loan.

Note H - Commitments and Contingencies

The Company and its subsidiaries are involved in various legal actions related to insurance policies and claims handling including, but not limited to, claims asserted by policyholders. These types of legal actions arise in the Company's ordinary course of business and, in accordance with GAAP for insurance entities, are considered as a part of the Company's loss reserving process.

Note I - Business Acquisitions

The Company's acquisition strategy is to acquire businesses that will further its ability to deliver diverse, value-add services to policyholders. Financial results attributable to business acquisitions are included in the consolidated financial statements beginning on their respective acquisition dates.

RMB Capital Management, LLC

On January 1, 2024, the Company entered into an agreement to acquire a 63.55% controlling financial interest in RMB Capital Management, LLC (RMB), a registered investment advisory firm, which was subsequently renamed Curi RMB Capital, LLC (Curi RMB) following the transaction. The purpose of the acquisition was to expand the Company's wealth advisory and asset management footprint in new and existing geographic markets. The acquisition agreement contains a put option that could require the Company to acquire additional units of Curi RMB from the seller at their discretion, up to a prescribed maximum limit.

The acquisition date fair value of the consideration transferred was $139,751,450, which consisted of $120,251,450 in cash, as well as a subsidiary, Curi Wealth Management, LLC, valued at $19,500,000. The fair value of Curi Wealth Management was agreed upon between buyer and seller at arms-length. The fair value of the non-controlling interest in Curi RMB was estimated to be $80,144,203, which was estimated by grossing up the fair value of the consideration transferred. The total business enterprise value was estimated to be $219,895,652.

Note I - Business Acquisitions (Continued)

The acquisition was accounted for as a business combination using the acquisition method of accounting in accordance with ASC 805 – Business Combinations. As a result, the business enterprise value has been allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based upon their estimated fair values as of the January 1, 2024 closing date.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the acquisition date:

Assets acquired:	
Cash and cash equivalents	$ 8,649,663
Other invested assets	253,330
Accounts receivable	3,502,624
Property and equipment, net	983,525
Prepaid and other assets	5,565,010
Total	18,954,152
Liabilities assumed:	
Accounts payable and accrued expenses	3,780,375
Long term liabilities	8,461,816
Other liabilities	4,253,555
Total	16,495,746
Net identifiable assets acquired	2,458,405
Goodwill	217,437,247
Net assets acquired	$ 219,895,652

The excess of the purchase price over the estimated fair value of the identifiable assets acquired and liabilities assumed has been recorded as goodwill. The acquisition resulted in recorded goodwill of $217,437,247 as a result of expected synergies from combining the operations of Curi and RMB. Of the total goodwill recognized, $118,989,060 is expected to be deductible for income tax purposes over time.

The Company recognized $2,392,535 of transaction-related costs that were expensed in the current period. These costs are included in general and administrative expenses on the Company's consolidated statement of comprehensive (loss) income.

Note I - Business Acquisitions (Continued)

Constellation, Inc.
On October 1, 2023, the Company completed its previously announced merger with Constellation, Inc. (Constellation), a mutual insurance holding company domiciled in Minnesota that provides professional liability insurance for physicians, pursuant to an Agreement and Plan of Merger (Merger Agreement) dated January 29, 2023. As stipulated by the Merger Agreement, Constellation merged with and into the Company, with Curi being the surviving entity. The purpose of the acquisition was to expand the Company’s footprint in new and existing geographic markets.

In connection with the transaction, all Constellation policyholders exchanged their membership interests in Constellation for membership interests in the Company (the consideration). The acquisition date fair value of the consideration transferred was $327,336,000, which was determined based on the Company's valuation performed as of October 1, 2023.

The acquisition was accounted for as a business combination using the acquisition method of accounting in accordance with ASC 805 - Business Combinations. As a result, the purchase price has been allocated to the tangible assets and identifiable intangible assets acquired, excluding customer-relationship intangibles, and liabilities assumed based upon their estimated fair values as of the October 1, 2023 closing date. The deferred income tax impact of the purchase price allocation adjustments was recognized and measured in accordance with ASC 740.

Note I - Business Acquisitions (Continued)

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the acquisition date:

Assets acquired:	
Cash and cash equivalents	$ 64,688,941
Fixed-income securities	553,852,015
Equity securities	162,301,374
Accrued investment income	6,580,515
Receivable for securities	117,194
Premiums receivable	44,407,376
Reinsurance recoverables	76,572,990
Property and equipment, net	3,247,840
Intangibles – insurance licenses	9,600,000
Income taxes recoverable	12,745,384
Deferred tax asset	42,222,487
Other assets	51,996,703
Total	1,028,332,819
Liabilities assumed:	
Loss and LAE reserves	571,595,000
Unearned premium reserves	99,361,112
Reinsurance balances payable	2,100,055
Accounts payable and accrued expenses	20,895,491
Long-term debt	25,456,000
Other liabilities	63,843,636
Total	783,251,294
Net identifiable assets acquired	245,081,525
Goodwill	82,254,475
Net assets acquired	$ 327,336,000

The Company developed the fair value estimate of Constellation’s unpaid losses and LAE and related reinsurance recoverables, FHLB advances, and intangible assets acquired as of the acquisition date in accordance with ASC 820.

Note I - Business Acquisitions (Continued)

The fair value of the reserve for unpaid losses and LAE and related reinsurance recoverables was based on three components: (i) an actuarial estimate of the expected future net cash flows, (ii) a reduction to those cash flows for the time value of money determined utilizing the U.S. Treasury Yield Curve, and (iii) a risk margin adjustment to reflect the net present value of profit that an investor would demand in return for the assumption of the development risk associated with the reserve.

FHLB advances include fixed-rate term credit arrangements in which the fair value was estimated by discounting the contractual future cash flows using interest rates offered for similar arrangements.

The intangible asset for acquired insurance licenses are considered indefinite lived assets and will be tested for impairment annually, or more frequently upon the occurrence of any indicator of impairment.

The excess of the purchase price over the estimated fair value of the identifiable assets acquired and liabilities assumed has been recorded as goodwill. The merger resulted in recorded goodwill of $82,254,475 as a result of the maturity and quality of the operations acquired, including the workforce, and how the Company expects to leverage this business to create additional value for its members. None of the goodwill is expected to be deductible for income tax purposes.

The Company recognized $6,566,479 of transaction-related costs that were expensed in the current period. These costs are included in general and administrative expenses on the Company’s consolidated statement of comprehensive (loss) income.

Note J - Goodwill and Intangible Assets

Additions to goodwill in 2024 and 2023 from business acquisitions, as further discussed in Note I, were $217,437,247 and $82,254,475, respectively. Additions to intangible assets resulting from 2024 and 2023 business acquisitions were $0 and $9,600,000, respectively. Curi RMB's goodwill and intangible assets from prior business acquisitions were eliminated in accordance with ASC 820 upon the acquisition of RMB by the Company.

Note J - Goodwill and Intangible Assets (Continued)

The gross carrying amounts and related accumulated amortization of goodwill and other intangible assets are summarized as follows:

	2024			2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Goodwill:						
RMB	$217,437,247	$ (21,743,724)	$195,693,523	$ -	$ -	$ -
KDI	-	-	-	12,814,823	(2,562,965)	10,251,858
PRAM	-	-	-	3,189,000	(425,200)	2,763,800
Constellation	82,254,475	(10,281,809)	71,972,666	82,254,475	(2,056,362)	80,198,113
	299,691,722	(32,025,533)	267,666,189	98,258,298	(5,044,527)	93,213,771
Intangible assets:						
Customer relationships	-	-	-	1,109,725	(252,771)	856,954
	-	-	-	1,109,725	(252,771)	856,954
Total	$299,691,722	$ (32,025,533)	$267,666,189	$ 99,368,023	$ (5,297,298)	$ 94,070,725

The total carrying amount of intangible assets not subject to amortization was $9,450,000 and $9,600,000 as of December 31, 2024 and 2023, which include acquired state insurance licenses.

Goodwill amortization expense was $29,969,171 and $4,027,440 in 2024 and 2023, respectively. The Company recognized goodwill impairment losses of $0 and $2,687,542 in 2024 and 2023, respectively. Cumulative goodwill impairment losses were $0 and $9,661,180 at December 31, 2024 and 2023, respectively, as all impairment losses related to goodwill eliminated in 2024. Estimated annual goodwill amortization expense for the next five years is expected to be $29,969,171 in each year.

Intangible asset amortization expense was $150,000 and $908,052 in 2024 and 2023, respectively. The Company recognized intangible asset impairment losses of $0 and $764,563 in 2024 and 2023, respectively. Cumulative intangible asset impairment losses were $0 and $764,563 at December 31, 2024 and 2023, respectively, as all impairment losses related to intangible assets eliminated in 2024. Estimated annual intangible asset amortization expense for the next five years is expected to be $0 in each year.

Note K - Fair Value Measurements

Assets and liabilities reported at fair value in the consolidated balance sheets are categorized within the ASC 820 fair value hierarchy using the lowest level input deemed significant to the valuation as follows:

2024	Level 1	Level 2	Level 3	Total
Assets:				
Fixed-income securities	$ 84,511,911	$ 923,194,463	$ 215,000	$1,007,921,374
Equity securities	271,133,831	6,859,582	-	277,993,413
Real estate LLCs	-	-	60,859,183	60,859,183
Other investments	-	-	33,364,000	33,364,000
Total	$ 355,645,742	$ 930,054,045	$ 94,438,183	$1,380,137,970
Liabilities:				
Member saving liability	$ -	$ -	$ (34,700,000)	$ (34,700,000)
Contingent consideration payable	-	-	(6,350,000)	(6,350,000)
Total	$ -	$ -	$ (41,050,000)	$ (41,050,000)

2023	Level 1	Level 2	Level 3	Total
Assets:				
Fixed-income securities	$ 20,036,839	$ 957,675,328	$ -	$ 977,712,167
Equity securities	300,839,876	4,966,500	-	305,806,376
Real estate LLCs	-	-	60,299,264	60,299,264
Other investments	-	-	30,105,000	30,105,000
Total	$ 320,876,715	$ 962,641,828	$ 90,404,264	$1,373,922,807
Liabilities:				
Member saving liability	$ -	$ -	$ (35,300,000)	$ (35,300,000)
Contingent consideration payable	-	-	(6,350,000)	(6,350,000)
Total	$ -	$ -	$ (41,650,000)	$ (41,650,000)

Certain of the Company's investments in equities, fixed-income securities, and limited partnerships are reported at the Company’s proportionate share of the entities NAV as a practical expedient to fair value. The carrying value of these investments was $208,515,177 and $237,172,192 at December 31, 2024 and 2023, respectively.

Note K - Fair Value Measurement (Continued)

Valuation techniques and inputs used for fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are summarized as follows:

Category	Principal Valuation Techniques	Inputs
Fixed-income securities	Quoted prices in inactive markets for identical securities or quoted prices in active markets for securities of issuers with similar credit ratings	Bond coupon yield rates, issuer credit ratings
Real estate LLCs	Direct capitalization and third-party appraisal	Reversion capitalization rates, market interest rates for mortgage loans of comparable quality and maturity, and comparable transactions
Other investments	Market comparable companies	EBITDA multiples
Member savings liability	Discounted cash flow	DDR rate, expected forfeiture rate, discount rate
Contingent consideration payable	Probability-weighted discounted cash flow	Probability-weighted income projections, discount rate
Equity securities	Cost or quoted prices in inactive markets for identical securities or quoted prices in active markets for similar securities	Purchase price or preferred stock yields, issuer credit ratings

Note K - Fair Value Measurement (Continued)

Reconciliations of assets and liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) for the years ending December 31 are as follows:

	Balance, January 1	Acquisitions, Dispositions, Issuances and Settlements	Gains (Losses) in Net Income	Transfers In (Out) of Level 3	Balance, December 31
Fixed income securities:					
2024	-	-	-	215,000	215,000
Real estate LLC's					
2024	$ 60,299,264	$ 842,957	$ (283,038)	$ -	$ 60,859,183
2023	74,438,057	(1,683,815)	(12,454,978)	-	60,299,264
Other investments:					
2024	$ 30,105,000	$ 4,464,000	$ (1,205,000)	$ -	$ 33,364,000
2023	-	-	20,198,775	9,906,225	30,105,000
Member savings liability:					
2024	$ (35,300,000)	$ -	$ 600,000	$ -	$ (34,700,000)
2023	(36,600,000)	1,214,198	85,802	-	(35,300,000)
Contingent consideration payable:					
2024	$ (6,350,000)	$ -	$ -	$ -	$ (6,350,000)
2023	(7,072,000)	1,071,000	(349,000)	-	(6,350,000)

Required Supplementary Information (Unaudited)

Curi Holdings, Inc.

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance (Unaudited)

The Company has elected to present reserve history for Constellation in all periods shown in the Medical Professional Liability tables below, including periods prior to acquisition. The following is information about incurred and paid claims development, net of reinsurance and by category for years ended December 31.

Medical Professional Liability
(in thousands)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 174,085	$ 141,639	$ 143,374	$ 135,151	$ 133,133	$ 137,652	$ 141,638	$ 138,338	$ 137,712	$ 137,853
2016		191,977	169,427	170,600	168,952	179,504	179,980	183,943	192,486	197,572
2017			167,311	164,516	158,354	162,439	166,492	167,191	161,761	161,243
2018				183,328	184,312	188,543	202,268	219,509	218,620	227,665
2019					180,353	171,912	195,626	203,285	230,765	232,463
2020						197,792	185,275	204,857	220,000	245,001
2021							184,922	172,724	192,025	252,163
2022								194,592	183,380	217,962
2023									263,781	224,932
2024										219,756
Total										$ 2,116,610

Medical Professional Liability
(in thousands)

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	$ 8,919	$ 30,943	$ 67,088	$ 91,698	$ 109,643	$ 117,930	$ 127,847	$ 132,092	$ 134,678	$ 136,535
2016		10,072	40,908	91,735	118,549	136,729	149,775	163,111	176,728	188,077
2017			8,945	42,318	76,114	94,557	112,408	128,641	139,519	151,283
2018				12,343	49,211	88,251	119,100	152,220	180,031	202,524
2019					11,312	43,275	76,620	115,910	167,061	196,486
2020						11,546	39,511	82,815	133,263	177,995
2021							11,592	39,908	95,831	161,902
2022								8,468	31,840	83,323
2023									14,939	53,755
2024										9,056
Total										1,360,936
All outstanding liabilities before 2015, net of reinsurance										45,587
Liabilities for losses and loss adjustment expenses, net of reinsurance										$ 801,261

Curi Holdings, Inc.

Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance (Unaudited)

The following is the average historical claims duration as of December 31, 2024 by category:

	Average Annual Percentage Payout of Incurred Claims by Age									
Years	1	2	3	4	5	6	7	8	9	10
Medical Professional Liability	5.1 %	14.8 %	21.0 %	17.2 %	14.7 %	9.5 %	7.6 %	5.8 %	3.8 %	1.3 %