

**DISTRICTS MUTUAL INSURANCE
AND RISK MANAGEMENT SERVICES**

STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023



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DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES

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December 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Districts Mutual Insurance and Risk Management Services
Madison, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Districts Mutual Insurance and Risk Management Services (a Wisconsin corporation), which comprise the statutory balance sheets as of December 31, 2024 and 2023, and the related statutory statements of income, changes in surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Unmodified Opinion on Statutory Basis of Accounting Principles

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Districts Mutual Insurance and Risk Management Services as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by the Wisconsin Office of the Commissioner of Insurance as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Districts Mutual Insurance and Risk Management Services as of December 31, 2024 and 2023, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Districts Mutual Insurance and Risk Management Services 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 unmodified audit opinion on the statutory basis of accounting and our adverse opinion on U.S. generally accepted accounting principles.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Districts Mutual Insurance and Risk Management Services on the basis of the financial reporting provisions prescribed or permitted by the Wisconsin Office of the Commissioner of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Wisconsin Office of the Commissioner of Insurance. The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions prescribed or permitted by the Wisconsin Office of the Commissioner of Insurance, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Districts Mutual Insurance and Risk Management Services' 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 Districts Mutual Insurance and Risk Management Services' 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the statutory financial statements as a whole. The accompanying supplementary statutory basis information is presented for purposes of additional analysis and is not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. The information has been subjected to the auditing procedures applied in the audits of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the statutory financial statements as a whole.



CliftonLarsonAllen LLP

Middleton, Wisconsin
April 9, 2025

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
STATUTORY BALANCE SHEETS
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ADMITTED ASSETS		
Cash and invested assets:		
Bonds	\$ 15,637,941	\$ 17,352,692
Mutual funds	3,785,194	4,593,408
Cash and short-term investments	<u>4,200,685</u>	<u>2,512,812</u>
Cash and invested assets	23,623,820	24,458,912
Investment income due and accrued	102,560	130,793
Premiums receivable	146,152	13,145
Other receivables	<u>70</u>	<u>845</u>
Total admitted assets	<u>\$ 23,872,602</u>	<u>\$ 24,603,695</u>
LIABILITIES AND SURPLUS		
Liabilities:		
Unpaid losses, net of reinsurance	\$ 3,424,828	\$ 3,833,670
Unpaid loss adjustment expenses, net of reinsurance	1,641,584	1,700,123
Unearned premiums, net of reinsurance	2,044,594	1,976,123
Ceded reinsurance premiums payable	999,038	741,917
Other liabilities	<u>151,100</u>	<u>117,496</u>
Total liabilities	<u>8,261,144</u>	<u>8,369,329</u>
Surplus:		
Paid-in and contributed surplus	2,838,691	2,838,691
Unassigned surplus	<u>12,772,767</u>	<u>13,395,675</u>
Total surplus	<u>15,611,458</u>	<u>16,234,366</u>
Total liabilities and surplus	<u>\$ 23,872,602</u>	<u>\$ 24,603,695</u>

See Notes to the Statutory Financial Statements.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
STATUTORY STATEMENTS OF INCOME

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
UNDERWRITING OPERATIONS		
Net premiums earned:		
Direct premiums earned	\$ 8,828,978	\$ 8,513,539
Reinsurance ceded	<u>(4,698,211)</u>	<u>(4,453,333)</u>
	<u>4,130,767</u>	<u>4,060,206</u>
Net losses incurred:		
Direct losses incurred	2,763,878	2,480,885
Reinsurance changes	<u>102,986</u>	<u>(388,571)</u>
	<u>2,866,864</u>	<u>2,092,314</u>
Operating expenses incurred:		
Direct loss adjustment expenses (LAE)	783,100	788,311
Reinsurance changes on LAE	1,847	(11,428)
Underwriting expenses	<u>2,195,026</u>	<u>2,188,926</u>
	<u>2,979,973</u>	<u>2,965,809</u>
Net underwriting loss	<u>(1,716,070)</u>	<u>(997,917)</u>
INVESTMENT INCOME		
Investment income earned	615,011	721,912
Investment expenses	<u>(82,132)</u>	<u>(84,143)</u>
Net realized capital gains	775,489	-
Investment income	<u>1,308,368</u>	<u>637,769</u>
Net loss	<u>\$ (407,702)</u>	<u>\$ (360,148)</u>

See Notes to the Statutory Financial Statements.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
STATUTORY STATEMENTS OF CHANGES IN SURPLUS

Years Ended December 31, 2024 and 2023

	<u>Paid-in and Contributed Surplus</u>	<u>Unassigned Surplus</u>	<u>Total</u>
Balance, January 1, 2023	\$ 4,484,665	\$ 13,083,042	\$ 17,567,707
Net loss	-	(360,148)	(360,148)
Return of paid-in surplus	(1,645,974)	-	(1,645,974)
Change in net unrealized capital gains/losses	-	682,611	682,611
Change in nonadmitted assets	-	(9,830)	(9,830)
Balance, December 31, 2023	2,838,691	13,395,675	16,234,366
Net loss	-	(407,702)	(407,702)
Change in net unrealized capital gains/losses	-	(221,351)	(221,351)
Change in nonadmitted assets	-	6,145	6,145
Balance, December 31, 2024	<u>\$ 2,838,691</u>	<u>\$ 12,772,767</u>	<u>\$ 15,611,458</u>

See Notes to the Statutory Financial Statements.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
STATUTORY STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
Cash from operations:		
Net premiums collected	\$ 4,323,352	\$ 4,140,944
Net investment income received	624,602	686,650
Net losses paid	(3,275,706)	(1,702,943)
Net operating expenses paid	(3,004,908)	(3,046,581)
Net cash from operations	(1,332,660)	78,070
Cash from investments:		
Proceeds from bonds sold, matured, or repaid	1,648,918	1,498,657
Proceeds from mutual funds sold, matured, or repaid	1,364,696	-
Cost of bonds acquired	-	(1,361,146)
Net cash from investments	3,013,614	137,511
Cash from financing and miscellaneous sources:		
Return of paid-in surplus	-	(1,645,974)
Other cash provided (applied)	6,919	(3,417)
Net cash from financing and miscellaneous sources	6,919	(1,649,391)
Net change in cash and short-term investments	1,687,873	(1,433,810)
Cash and short-term investments:		
Beginning of year	2,512,812	3,946,622
End of year	\$ 4,200,685	\$ 2,512,812

See Notes to the Statutory Financial Statements.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies

Nature of Business. The Wisconsin Technical College System's sixteen member districts organized Districts Mutual Insurance and Risk Management Services (the Company) in 2004 under Wisconsin Insurance Laws as a municipal mutual insurance company. The Company writes property, workers' compensation, and liability insurance for members of the Wisconsin Technical College System in the State of Wisconsin on terms calling for recognition of premium upon the effective date of the policy.

The Milwaukee Area Technical College comprised 17 percent of the direct premiums written by the Company in both 2024 and 2023. The Madison Area Technical College comprised 12 percent and 13 percent of the direct premiums written by the Company in 2024 and 2023, respectively. The Fox Valley Technical College comprised 10 percent and 9 percent of the direct premiums written by the Company in 2024 and 2023, respectively.

A summary of the Company's significant accounting policies follows.

Basis of Presentation. The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). Prescribed statutory accounting practices include the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual*, which was adopted by the state of Wisconsin, as well as state insurance laws, regulations and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Company had no such specifically permitted practices.

Statutory accounting practices vary in some respects from U.S. generally accepted accounting principles (GAAP). Such significant differences include the following:

- Investments in bonds are generally carried at amortized cost. Under GAAP, the Company's debt securities would be classified as held-to-maturity, trading, or available-for-sale. For GAAP, debt securities classified as held-to-maturity would be carried at cost or amortized cost and securities classified as trading or available-for-sale would be carried at fair value with the unrealized holding gains and losses reported in income for those securities classified as trading and as a separate component of surplus for those securities classified as available-for-sale.
- Investments in equity securities are generally recorded at fair value with unrealized gains and losses reflected as a direct charge or credit to surplus. Under GAAP, the unrealized gains and losses are reflected as a component of investment income.
- Policy acquisition costs are charged to current operations as incurred; under GAAP, these acquisition costs would be deferred and recognized as an expense over the periods covered by the policies.
- Assets and liabilities related to reinsurance activities are netted in the financial statements; under GAAP, those assets and liabilities would be reported at their gross amounts.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

- Prepaid expenses and certain receivables are designated as “nonadmitted assets” and are charged directly to surplus; under GAAP, prepaid expenses would be recognized as assets and receivables would be recorded as assets less an allowance for uncollectible accounts.
- Comprehensive income is not reflected in accordance with the requirements of GAAP. GAAP would require that accumulated comprehensive income be considered a separate component of surplus.
- Statutory financial statements are presented in a form using language and groupings substantially the same as the annual statement of the Company filed with the National Association of Insurance Commissioners (NAIC) and the OCI which differ from the presentation and disclosure of financial statements presented under GAAP.
- The statements of cash flows do not include a reconciliation of net income to net cash from operations as would be included under GAAP.

The effects of these variances from GAAP on the accompanying statutory financial statements have not been determined.

Accounting Estimates. The preparation of statutory financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near-term are the liabilities for unpaid losses and unpaid loss adjustment expenses. In estimating these liabilities, management uses the methodology discussed in the unpaid losses and unpaid loss adjustment expenses paragraph of this note.

Risk and Uncertainties. The Company’s operating results and financial condition are affected by numerous factors and circumstances unique to the property/casualty insurance industry, some of which it can neither predict nor control. Among them are (1) statutorily imposed regulatory capital requirements can limit an insurer’s ability to underwrite new business or retain otherwise desirable risks; (2) an insurer’s ability to enter into suitable reinsurance agreements is subject to prevailing conditions in reinsurance markets; (3) competitive pressure on pricing, while generally cyclical, is often intense; (4) fluctuations in interest rates affect the value and income yield of an insurer’s investment portfolio in the short-term, and often affect default and prepayment rates over time; (5) inflationary pressures affect the magnitude of losses and loss adjustment expenses; (6) emerging legal precedents and trends may have a significant specific impact on settlement amounts and cost of defending claims; and (7) losses may not fully emerge for several years following the year in which an insured event occurred.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

Cash and Short-Term Investments. For purposes of reporting cash flows, the Company follows statutory accounting practices and considers cash in checking accounts, certificates of deposit with an original maturity less than one year, and highly liquid debt instruments with a remaining maturity of one year or less to be cash and short-term investments. The Company generally has on deposit in financial institutions balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Company does not believe it is exposed to any significant credit risk on the amounts not insured. Cash and short-term investments other than bonds are carried at cost, which approximates market value.

Investments. Investments are valued in accordance with the valuation methods prescribed by the NAIC. Investments in bonds not backed by loans are valued at amortized cost using the scientific interest method. Single class and multi-class loan-backed/asset-backed securities are valued at amortized cost using the scientific interest method, including anticipated prepayments. Prepayment assumptions are obtained from investment advisor information and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities. Investments in mutual funds are carried at fair value.

Realized gains and losses on sales of investments are recognized on the specific identification basis and are included in income. Unrealized gains and losses from changes in the fair value of mutual funds are credited or charged directly to surplus.

The fair value of bonds used in the Notes to Statutory Financial Statements was determined based on rates provided by the investment custodian.

Fair Value Measurements. Financial assets recorded on the balance sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Company has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable; or inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

Declines in fair value that are determined to be other than temporary are included in the statutory statement of income as realized losses. The Company determines a decline to be other than temporary by reviewing and evaluating relevant objective and subjective factors for each security, including the extent of the depressed value, the length of time the value has been depressed, the Company's intent and ability to hold the security, a security's current performance, the current and projected financial condition of the issuer, the issuer's projected ability to service and repay its debt obligations, the industry in which the issuer operates, the estimated future cash flows of loan-backed securities, and the status of the market as a whole.

Estimating the future cash flows of loan-backed securities also involves assumptions regarding the underlying collateral such as prepayment rates, default and recovery rates, existence of subordinated classes capable of absorbing losses, and third-party servicing abilities. There were no investments with declines deemed other than temporary for the years ended December 31, 2024 and 2023.

Unpaid Losses and Unpaid Loss Adjustment Expenses. The liabilities for unpaid losses and unpaid loss adjustment expenses include amounts determined from individual reported losses (case reserves) and an amount, based on past experience, for losses incurred but not reported (IBNR). Such liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liabilities will differ from the amounts provided. The methods for making such estimates and for establishing the resulting liabilities are annually reviewed, and any adjustments are reflected in current income. The liabilities for unpaid losses and unpaid loss adjustment expenses are reported net of reinsurance.

Recognition of Premium. Premiums from policies written are recognized as revenue on a pro rata basis over the respective terms of the policies. Unearned premiums represent the portion of premiums which relate to future periods. All premiums are written effective July 1 of each year and expire June 30 of the subsequent year.

Reinsurance. Reinsurance premiums, loss and loss adjustment expense recoveries, and receivables related to reinsured business are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Federal Income Taxes. The Company is exempt from federal income taxes under Section 115 of the Internal Revenue Code. The Company is also exempt from state income taxes.

Subsequent Events. Management has evaluated subsequent events for recognition and disclosure in the financial statements through April 9, 2025, which is the date the financial statements were available to be issued.

Unusual Item. In early 2023, the Company's Board of Directors approved the return of a portion of policyholder contributed surplus. The surplus return was 20 percent of the December 31, 2022, direct written premium figure, with each policyholder receiving a portion based on their premium participation for that year. The Company distributed the return of surplus checks totaling \$1,645,974 in October 2023.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 2 ~ Investments

The cost and fair value of investments at December 31, 2024 and 2023, were as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2024				
Bonds (at amortized cost):				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 250,000	\$ -	\$ (2,760)	\$ 247,240
Political subdivisions	1,038,780	-	(84,508)	954,272
Special revenue	4,915,403	-	(532,870)	4,382,533
Corporate securities	4,379,658	8,208	(153,883)	4,233,983
Loan-backed securities	5,054,100	1,171	(468,289)	4,586,982
Total bonds	15,637,941	9,379	(1,242,310)	14,405,010
Mutual funds	1,246,492	2,538,702	-	3,785,194
	\$ 16,884,433	\$ 2,548,081	\$ (1,242,310)	\$ 18,190,204
2023				
Bonds (at amortized cost):				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 250,000	\$ -	\$ (12,862)	\$ 237,138
Political subdivisions	1,052,517	-	(96,106)	956,411
Special revenue	5,312,234	63	(595,980)	4,716,317
Corporate securities	4,398,623	4,657	(257,351)	4,145,929
Loan-backed securities	6,339,318	3,464	(510,226)	5,832,556
Total bonds	17,352,692	8,184	(1,472,525)	15,888,351
Mutual funds	1,833,355	2,760,053	-	4,593,408
	\$ 19,186,047	\$ 2,768,237	\$ (1,472,525)	\$ 20,481,759

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 2 ~ Investments (Continued)

At December 31, 2024, the cumulative unrealized loss of \$1,242,310 on these securities consisted of \$62,211 of unrealized losses in a loss position for greater than 12 months and \$1,180,099 of unrealized losses in a loss position for less than 12 months.

At December 31, 2023, the cumulative unrealized loss of \$1,472,525 on these securities consisted of \$6,112 of unrealized losses in a loss position for greater than 12 months and \$1,466,413 of unrealized losses in a loss position for less than 12 months.

The amortized cost and fair value of bonds at December 31, 2024, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due within one year	\$ 1,900,341	\$ 1,856,944
Due after one year through five years	4,745,869	4,539,033
Due after five years through ten years	3,284,887	3,130,142
Due after ten years through twenty years	3,039,374	2,514,361
After twenty years	2,667,470	2,364,530
	\$ 15,637,941	\$ 14,405,010

Realized Gains and Losses on Investments Sold, Matured, or Repaid. Realized capital gains were \$775,489 in 2024 and \$0 in 2023. Realized capital losses were \$0 in both 2024 and 2023.

Summary of Significant Valuation Techniques for Financial Instruments. The following valuation techniques and inputs were used to estimate the fair value of each class of significant financial instruments:

Level 1 Measurements

Mutual Funds: Comprised of actively traded index and ETF equity funds that have daily quoted net asset values for identical assets that are accessible to the Company at the measurement date.

Level 2 Measurements

Bonds: Comprised of U.S. Government Agency, state and municipal, residential mortgage backed, and corporate securities. Valuation is based on inputs including quoted prices for similar assets in active and inactive markets. The Company uses a leading, nationally recognized provider to price the Company's bond holdings. However, because many fixed income securities do not trade on a daily basis, the provider's evaluated pricing applications apply available information through processes such as matrix pricing and market corroborated pricing inputs such as yield curve and indices to prepare evaluations.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 2 ~ Investments (Continued)

Financial Instruments Reported at Fair Value in the Statutory Balance Sheet

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2024				
Mutual Funds	\$ 3,785,194	\$ -	\$ -	\$ 3,785,194
Money Market Mutual Funds	<u>1,057,376</u>	<u>-</u>	<u>-</u>	<u>1,057,376</u>
	<u>\$ 4,842,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,842,570</u>
December 31, 2023				
Mutual Funds	\$ 4,593,408	\$ -	\$ -	\$ 4,593,408
Money Market Mutual Funds	<u>1,180,086</u>	<u>-</u>	<u>-</u>	<u>1,180,086</u>
	<u>\$ 5,773,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,773,494</u>

The Company does not have any liabilities measured at fair value at December 31, 2024 or 2023.

The Company also did not have any transfers between levels during 2024 or 2023.

All Financial Instruments

<u>Type of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2024					
Bonds	\$ 14,405,010	\$ 15,637,941	\$ -	\$ 14,405,010	\$ -
Mutual funds	3,785,194	3,785,194	3,785,194	-	-
Cash equivalents	1,057,376	1,057,376	1,057,376	-	-
December 31, 2023					
Bonds	\$ 15,888,351	\$ 17,352,692	\$ -	\$ 15,888,351	\$ -
Mutual funds	4,593,408	4,593,408	4,593,408	-	-
Cash equivalents	1,180,086	1,180,086	1,180,086	-	-

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 3 ~ Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

Activity in the liabilities for unpaid losses and unpaid loss adjustment expenses for the years ended December 31, 2024 and 2023, is summarized as shown below (000's omitted):

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 5,934	\$ 5,233
Less reinsurance recoverables	<u>400</u>	<u>-</u>
Net balance at January 1	<u>5,534</u>	<u>5,233</u>
Incurring related to:		
Current year	5,004	4,775
Prior years	<u>(1,352)</u>	<u>(1,906)</u>
Total incurred	<u>3,652</u>	<u>2,869</u>
Paid related to:		
Current year	2,421	1,566
Prior years	<u>1,699</u>	<u>1,002</u>
Total paid	<u>4,120</u>	<u>2,568</u>
Net balance at December 31	5,066	5,534
Plus reinsurance recoverables	<u>295</u>	<u>400</u>
Balance at December 31	<u>\$ 5,361</u>	<u>\$ 5,934</u>

As a result of changes in estimates of insured events in prior years, net loss and loss adjustment expenses incurred were decreased by \$1,352,000 in 2024 and \$1,906,000 in 2023 due to lower than anticipated losses and related expenses.

Note 4 ~ Reinsurance

The Company limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks with other insurers or reinsurers. Ceded reinsurance is treated as the risk and liability of the assuming companies. Such reinsurance includes essentially all workers compensation, property, and casualty lines of insurance as well as boiler and machinery.

The Company had the following reinsurance contracts in force for the policy periods July 1, 2023, through June 30, 2025:

Boiler and Machinery: Per occurrence retention of \$25,000, with one hundred percent (100%) coverage up to \$100,000,000 per insured location.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 4 ~ Reinsurance (Continued)

Property: Per occurrence retention of \$500,000, with coverage up to \$500,000,000 on general property for the policy period July 1, 2023, through June 30, 2024. The per occurrence retention increased to \$1,000,000 for the policy period July 1, 2024, through June 30, 2025.

Sabotage and Terrorism: Per occurrence retention of \$20,000, with coverage up to \$100,000,000.

Workers Compensation: Per occurrence retention of \$1,000,000 (\$500,000 aircraft) with unlimited coverage in excess of the retention.

Liability Business: Per occurrence retention of \$500,000, with coverage up to \$5,000,000 for general, auto, and employment liability; and per occurrence retention of \$25,000, with one hundred percent (100%) of coverage up to \$3,000,000 or \$5,000,000, per policyholder election, for cyber liability.

Deadly Weapon Protection: Per occurrence retention of \$10,000 with coverage up to \$1,000,000.

Amounts deducted as of December 31, 2024 and 2023, from certain liabilities for these reinsurance agreements are as follows:

	2024	2023
Unpaid losses	\$ 285,585	\$ 388,571
Unearned premiums	2,354,235	2,290,313
Unpaid loss adjusting expenses	9,581	11,429

In the event the reinsuring company might be unable to meet its obligations under the existing reinsurance agreement, the Company would be liable for such defaulted amounts. The Company has unsecured aggregate recoverables as shown above.

Note 5 ~ Retirement Plans

The Company adopted a retirement plan under Sec. 401(k) of the Internal Revenue Code in January, 2020. Employees are eligible to make elective deferrals of their compensation to the plan through payroll deductions and the Company may also make discretionary contributions. The Company made contributions to the plan of \$21,149 and \$20,813 during the years ending December 31, 2024 and 2023, respectively.

Note 6 ~ Significant Contract Services

The Company has entered into contracts with numerous service providers as follows:

General Administration. The Company has a contract with a vendor to provide various administrative services including, but not limited to, maintenance of books and records, coordination with other service providers, payment of general expenses, preparation of financial statements and regulatory filings, processing of property and liability applications, policies and endorsements for the property and liability business, storage of all files (for the property and liability business) and general business records, attending meetings of the Board of Directors, preparing necessary reports for reinsurers, and facilitating the external audit and regulatory examination process. The current contract continues until June 30, 2029, unless terminated by either party at any time for cause or for any reason with a 90-day written notice. The total expenses incurred under this contract were \$130,002 and \$125,066 for the years ending December 31, 2024 and 2023, respectively.

Workers' Compensation Administration. The Company has contracted with a third-party administrator to provide certain underwriting and financial services related to the workers compensation insurance issued by the Company. The services covered by this contract include processing applications, providing quotes, binding coverage, issuing policies, storing all policy files, adjudicating and paying claims, paying all unallocated claims handling expenses, seeking and collecting any salvage or subrogation, and providing various accounting and statistical reports. The contract continues until cancelled and may be terminated by either party at any time for cause, or for any reason with a 180-day written notice. The total expenses incurred under this contract were \$498,000 for both years ending December 31, 2024 and 2023.

Non-Workers' Compensation Claims Administration. The Company has contracted with a third-party claim administrator to provide certain claims handling services related to the property and liability insurance issued by the Company. The services covered by this contract include initial review and investigation of each loss report submitted, maintenance of claim files for all submitted claims, adjusting, settling or defending all claims, reporting the status of all claims to the Company on a weekly basis, establishing and updating claim reserves as needed, coordinating investigations on litigated claims with attorneys, investigating and pursuing subrogation possibilities, performing any necessary clerical or administration work related to each claim such as preparation of checks, releases, agreements or other documents needed to finalize a claim, and storing all claim files.

The current contract continues until June 30, 2026, and provides a fee per reported claim that varies depending on the claim type. The contract also has a minimum annual claims administration fee, as well as a fixed annual administration fee. The total expenses incurred under this contract were \$47,365 and \$39,742 for the years ending December 31, 2024 and 2023, respectively.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
NOTES TO THE STATUTORY FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 7 ~ Surplus

The Company is required to maintain minimum surplus levels established by the OCI. The Company is also subject to risk-based capital (RBC) requirements promulgated by the NAIC and adopted by the OCI. The RBC standards establish uniform minimum capital and surplus requirements for insurance companies. The RBC formula applies various weighting factors to financial balances or various levels of activities based on the perceived degree of risk. At December 31, 2024, the Company's surplus exceeded the minimum levels required by the OCI and RBC standards.

The Company's unassigned surplus was increased (reduced) by the following cumulative amounts at December 31:

	<u>2024</u>	<u>2023</u>
Net unrealized capital gains	\$ 2,538,704	\$ 2,760,053
Nonadmitted assets	(8,000)	(14,145)

This information is an integral part of the accompanying statutory financial statements.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
INVESTMENT RISKS INTERROGATORIES

December 31, 2024

1. Reporting entity's total admitted assets as reported on page two of the annual statement.

\$ 23,872,602

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

Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01 FNMA	Bonds	\$ 1,761,406	7.378%
2.02 FHLMC	Bonds	\$ 1,477,567	6.189%
2.03 VIRGINIA ST HSG DEV AUTH REV	Bond	\$ 402,849	1.687%
2.04 COLORADO HEALTH FACS AUTH REV	Bond	\$ 400,880	1.679%
2.05 UNIVERSITY CALIFORNIA REV	Bond	\$ 400,067	1.676%
2.06 CUYAHOGA CNTY OH SALES TAX REVENUE	Bond	\$ 400,000	1.676%
2.07 GOLDMAN SACHS GROUP INC	Bond	\$ 400,000	1.676%
2.08 MORGAN STANLEY	Bond	\$ 399,728	1.674%
2.09 CANADIAN IMP BK COMM	Bond	\$ 399,703	1.674%
2.10 TORONTO DOMINION BANK	Bond	\$ 399,632	1.674%

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

Bonds			Preferred Stocks		
3.01 NAIC – 1	\$ 13,955,550	58.458%	3.07 NAIC – 1	\$	%
3.02 NAIC – 2	\$ 1,682,391	7.047%	3.08 NAIC – 2	\$	%
3.03 NAIC – 3	\$	%	3.09 NAIC – 3	\$	%
3.04 NAIC – 4	\$	%	3.10 NAIC – 4	\$	%
3.05 NAIC – 5	\$	%	3.11 NAIC – 5	\$	%
3.06 NAIC – 6	\$	%	3.12 NAIC – 6	\$	%

4. Assets held in foreign investments:

- 4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?

Yes No

- 4.02 Total admitted assets held in foreign investments \$ _____ %
- 4.03 Foreign-currency-denominated investments \$ _____ %
- 4.04 Insurance liabilities denominated in that same foreign currency \$ _____ %

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

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
INVESTMENT RISKS INTERROGATORIES

December 31, 2024

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

5.01	Countries rated NAIC – 1	\$ _____	_____ %
5.02	Countries rated NAIC – 2	\$ _____	_____ %
5.03	Countries rated NAIC – 3 or below	\$ _____	_____ %

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

Countries rated NAIC – 1

6.01		\$ _____	_____ %
6.02		\$ _____	_____ %

Countries rated NAIC – 2

6.03		\$ _____	_____ %
6.04		\$ _____	_____ %

Countries rated NAIC – 3 or below

6.05		\$ _____	_____ %
6.06		\$ _____	_____ %

7. Aggregate unhedged foreign currency exposure \$ _____ %

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

8.01	Countries rated NAIC – 1	\$ _____	_____ %
8.02	Countries rated NAIC – 2	\$ _____	_____ %
8.03	Countries rated NAIC – 3 or below	\$ _____	_____ %

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

Countries rated NAIC – 1

9.01		\$ _____	_____ %
9.02		\$ _____	_____ %

Countries rated NAIC – 2

9.03		\$ _____	_____ %
9.04		\$ _____	_____ %

Countries rated NAIC – 3 or below

9.05		\$ _____	_____ %
9.06		\$ _____	_____ %

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
INVESTMENT RISKS INTERROGATORIES

December 31, 2024

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

Issuer	NAIC Rating	Amount	Percent
10.01		\$	%
10.02		\$	%
10.03		\$	%
10.04		\$	%
10.05		\$	%
10.06		\$	%
10.07		\$	%
10.08		\$	%
10.09		\$	%
10.10		\$	%

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

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes No
 (If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.)

11.02 Total admitted assets held in Canadian investments	\$ 1,198,836	5.022%
11.03 Canadian-currency-denominated investments	\$	%
11.04 Canadian-denominated insurance liabilities	\$	%
11.05 Unhedged Canadian currency exposure	\$	%

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

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes No
 (If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.)

12.02 Aggregate statement value of investments with contractual sales restrictions	\$	%
Largest 3 investments with contractual sales restrictions:		
12.03	\$	%
12.04	\$	%
12.05	\$	%

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
INVESTMENT RISKS INTERROGATORIES

December 31, 2024

13. Amounts and percentages of admitted assets held in the largest 10 equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes No
 (If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.)

Name of Issuer:

13.02	SPDR S&P 500 ETF TRUST	\$	1,612,306	6.754%
13.03	ISHARES CORE S P SMALL CAP ETF	\$	1,091,249	4.571%
13.04	ISHARES CORE S&P MID-CAP ETF	\$	1,081,639	4.531%
13.05		\$		%
13.06		\$		%
13.07		\$		%
13.08		\$		%
13.09		\$		%
13.10		\$		%
13.11		\$		%

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

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes No
 (If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.)

14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities \$ _____ %

Largest 3 investments held in nonaffiliated, privately placed equities:

14.03	_____	\$	_____	%
14.04	_____	\$	_____	%
14.05	_____	\$	_____	%

Ten Largest Fund Managers:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	Fund Manager	Total Invested	Diversified	Non-Diversified
14.06	ISHARES	\$ 2,172,888	\$ 2,172,888	\$ _____
14.07	SPDR S&P 500 ETF TRUST	\$ 1,612,306	\$ 1,612,306	\$ _____
14.08	FIRST AMERICAN TREASURY OBLIG CL Y	\$ 1,057,376	\$ 1,057,376	\$ _____
14.09	_____	\$ _____	\$ _____	\$ _____

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
INVESTMENT RISKS INTERROGATORIES

December 31, 2024

14.10	_____	\$	_____	\$	_____	\$	_____
14.11	_____	\$	_____	\$	_____	\$	_____
14.12	_____	\$	_____	\$	_____	\$	_____
14.13	_____	\$	_____	\$	_____	\$	_____
14.14	_____	\$	_____	\$	_____	\$	_____
14.15	_____	\$	_____	\$	_____	\$	_____

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

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes No
 (If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.)

15.02 Aggregate statement value of investments held in general partnership interests \$ _____ %

Largest 3 investments held in general partnership interests:

15.03	_____	\$	_____	%
15.04	_____	\$	_____	%
15.05	_____	\$	_____	%

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

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes No
 (If response to 16.01 above is yes, responses are not required for the remainder of Interrogatories 16 and 17.)

Type (Residential, Commercial, Agricultural):

16.02	_____	\$	_____	%
16.03	_____	\$	_____	%
16.04	_____	\$	_____	%
16.05	_____	\$	_____	%
16.06	_____	\$	_____	%
16.07	_____	\$	_____	%
16.08	_____	\$	_____	%
16.09	_____	\$	_____	%
16.10	_____	\$	_____	%
16.11	_____	\$	_____	%

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
INVESTMENT RISKS INTERROGATORIES

December 31, 2024

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

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

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

	Loan-to-Value	Residential	Commercial	Agricultural
17.01 Above 95%	\$ _____	_____ %	\$ _____	_____ %
17.02 91% to 95%	\$ _____	_____ %	\$ _____	_____ %
17.03 81% to 90%	\$ _____	_____ %	\$ _____	_____ %
17.04 71% to 80%	\$ _____	_____ %	\$ _____	_____ %
17.05 below 70%	\$ _____	_____ %	\$ _____	_____ %

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

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets?

Yes No

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

Description:

18.02 _____	\$ _____	_____ %
18.03 _____	\$ _____	_____ %
18.04 _____	\$ _____	_____ %
18.05 _____	\$ _____	_____ %
18.06 _____	\$ _____	_____ %

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

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets?

Yes No

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

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
INVESTMENT RISKS INTERROGATORIES

December 31, 2024

19.02 Aggregate statement value of investments held in mezzanine loans \$ _____ %

Largest three investments held in mezzanine real estate loans:

19.03 _____ \$ _____ %

19.04 _____ \$ _____ %

19.05 _____ \$ _____ %

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

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

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

	Owned		Written	
	\$ _____	% _____	\$ _____	% _____
21.01 Hedging	\$ _____	% _____	\$ _____	% _____
21.02 Income generation	\$ _____	% _____	\$ _____	% _____
21.03 Other	\$ _____	% _____	\$ _____	% _____

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

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

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
INVESTMENT RISKS INTERROGATORIES

December 31, 2024

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

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

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
SUMMARY INVESTMENT SCHEDULE

December 31, 2024

	Gross Investment Holdings		Admitted Assets as Reported In the Annual Statement*	
	Amount	Percentage	Amount	Percentage
1. Long-Term Bonds (Schedule D, Part 1):				
1.01 U.S. Governments	\$ 489,282	2.1%	\$ 489,282	2.1%
1.02 All Other Governments	\$	%	\$	%
1.03 U.S. States, Territories, and Possessions, etc. Guaranteed	\$	%	\$	%
1.04 U.S. Political Subdivisions of States, Territories, and Possessions, Guaranteed	\$ 1,303,925	5.5%	\$ 1,303,925	5.5%
1.05 U.S. Special Revenue and Special Assessment Obligations, etc. Non-Guaranteed	\$ 8,404,376	35.6%	\$ 8,404,376	35.6%
1.06 Industrial and Miscellaneous	\$ 5,440,358	23.0%	\$ 5,440,358	23.0%
1.07 Hybrid Securities	\$	%	\$	%
1.08 Parent, Subsidiaries, and Affiliates	\$	%	\$	%
1.09 SVO Identified Funds	\$	%	\$	%
1.10 Bank Loans	\$	%	\$	%
1.11 Unaffiliated Certificates of Deposit	\$	%	\$	%
1.12 Total Long-Term Bonds	<u>\$ 15,637,941</u>	<u>66.2%</u>	<u>\$ 15,637,941</u>	<u>66.2%</u>
2. Preferred Stocks (Schedule D, Part 2, Section 1):				
2.01 Industrial and Miscellaneous (Unaffiliated)	\$	%	\$	%
2.02 Parent, Subsidiaries, and Affiliates	\$	%	\$	%
2.03 Total Preferred Stocks	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
3. Common Stocks (Schedule D, Part 2, Section 2):				
3.01 Industrial and Miscellaneous Publicly Traded (Unaffiliated)	\$	%	\$	%
3.02 Industrial and Miscellaneous Other (Unaffiliated)	\$	%	\$	%
3.03 Parent, Subsidiaries, and Affiliates Publicly Traded	\$	%	\$	%
3.04 Parent, Subsidiaries, and Affiliates Other	\$	%	\$	%
3.05 Mutual Funds	\$	%	\$	%
3.06 Unit Investment Trusts	\$ 1,612,306	6.8%	\$ 1,612,306	6.8%
3.07 Closed-end Funds	\$	%	\$	%
3.08 Exchange-Traded Funds	\$ 2,172,888	9.2%	\$ 2,172,888	9.2%
3.09 Total Common Stocks	<u>\$ 3,785,194</u>	<u>16.0%</u>	<u>\$ 3,785,194</u>	<u>16.0%</u>
4. Mortgage Loans (Schedule B):				
4.01 Farm Mortgages	\$	%	\$	%
4.02 Residential Mortgages	\$	%	\$	%
4.03 Commercial Mortgages	\$	%	\$	%
4.04 Mezzanine Real Estate Loans	\$	%	\$	%
4.05 Total Valuation Allowance	\$	%	\$	%
4.06 Total Mortgage Loans	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
SUMMARY INVESTMENT SCHEDULE

December 31, 2024

	<u>Gross Investment Holdings</u>		<u>Admitted Assets as Reported In the Annual Statement*</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
5. Real Estate (Schedule A):				
5.01 Properties Occupied by Company	\$	%	\$	%
5.02 Properties Held for Production of Income	\$	%	\$	%
5.03 Properties Held for Sale	\$	%	\$	%
5.04 Total Real Estate	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
6. Cash, Cash Equivalents, and Short-Term Investments:				
6.01 Cash (Schedule E, Part 1)	\$ 3,143,309	13.3%	\$ 3,143,309	13.3%
6.02 Cash Equivalents (Schedule E, Part 2)	\$ 1,057,376	4.5%	\$ 1,057,376	4.5%
6.03 Short-Term Investments (Schedule DA)	\$	%	\$	%
6.04 Total Cash, Cash Equivalents, and Short-Term Investments	<u>\$ 4,200,685</u>	<u>17.8%</u>	<u>\$ 4,200,685</u>	<u>17.8%</u>
7. Contract Loans	\$	%	\$	%
8. Derivatives (Schedule DB)	\$	%	\$	%
9. Other Invested Assets (Schedule BA)	\$	%	\$	%
10. Receivables for Securities	\$	%	\$	%
11. Securities Lending (Schedule DL, Part 1)	\$	%	\$	%
12. Other Invested Assets	\$	%	\$	%
13. Total Invested Assets	<u>\$ 23,623,820</u>	<u>100.0%</u>	<u>\$ 23,623,820</u>	<u>100.0%</u>

*The Company has no admitted assets in securities lending reinvested collateral.

DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
REQUIRED REINSURANCE INTERROGATORIES

December 31, 2024

7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g. a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)?

Yes No

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

- a. A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- b. A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- c. Aggregate stop loss reinsurance coverage;
- d. A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- e. A provision permitting reporting losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- f. Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes No

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

- a. The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- b. Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

Yes No

**DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES
REQUIRED REINSURANCE INTERROGATORIES**

December 31, 2024

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R – Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

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

b. Accounted for that contract as reinsurance under GAAP and as a deposit under SAP.

Yes No



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