FINANCIAL **STATEMENTS**

(Statutory Basis)

December 31, 2023 and 2022

MEMIC

MAINE EMPLOYERS' MUTUAL INSURANCE COMPANY

PAGE 2

MEMIC INDEMNITY COMPANY

PAGE 43

MEMIC CASUALTY COMPANY

PAGE 82

Maine Employers' Mutual Insurance Company

Financial Statements (Statutory Basis)

December 31, 2023 and 2022

Maine Employers' Mutual Insurance Company
Index
December 31, 2023 and 2022

Report of Independent Auditors

Board of Directors
Maine Employers' Mutual Insurance Company

Opinions

We have audited the statutory financial statements of Maine Employers' Mutual Insurance Company (the Company), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2023 and 2022, and the related statutory statements of income, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 2.

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 do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, 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 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 opinions.

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

As described in Note 2 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the Maine Bureau of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices described in Note 2 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 these financial statements in accordance with the accounting practices prescribed or permitted by the Maine Bureau of Insurance. Management is also responsible 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.

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

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Summary Investment Schedule and Supplemental Investment Risks Interrogatories of the Company as of December 31, 2023, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Maine Bureau of Insurance. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Lambert LLP

Atlanta, Georgia
March 25, 2024

MEMIC

Maine Employers' Mutual Insurance Company
Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Admitted Assets		
Invested assets		
Bonds, at carrying value (NAIC fair value: $571,360,877 and $535,794,123 at December 31, 2023 and 2022, respectively)	$ 623,839,355	$ 607,351,361
Common stocks, at NAIC fair value (cost: $91,057,738 and $88,597,596 at December 31, 2023 and 2022, respectively)	129,239,670	117,203,692
Common stocks of affiliates	231,820,227	211,531,455
Other invested assets	28,794,739	31,296,740
Cash, cash equivalents and short-term investments	42,516,135	19,911,515
Total cash and invested assets	1,056,210,126	987,294,763
Premium balances receivable	67,310,426	63,123,795
Investment income due and accrued	4,624,444	4,206,234
EDP equipment (net of accumulated depreciation of $10,709,067 and $8,687,801 in 2023 and 2022, respectively)	4,503,256	3,139,644
Reinsurance recoverable on paid loss and loss adjustment expenses	263,665	182,359
Federal income tax recoverable	658,503	-
Net deferred tax asset	15,726,140	14,706,300
Due from affiliates	9,367,866	6,998,691
Total admitted assets	$ 1,158,664,426	$ 1,079,651,786
Liabilities		
Loss reserves	$ 383,143,640	$ 376,900,089
Loss adjustment expense reserves	51,905,764	43,388,771
Unearned premium reserves	87,820,302	85,784,892
Reinsurance premiums payable	1,116,451	636,724
Commissions payable	10,736,534	10,490,585
Advance premium	1,792,149	1,523,053
Premium taxes and assessments payable	1,265,042	1,580,049
Amounts withheld for others	1,228,200	1,370,301
Federal income taxes payable	-	3,650,147
Other liabilities	34,064,462	30,471,529
Total liabilities	573,072,544	555,796,140
Commitments and contingencies (Note 13)		
Capital and Surplus		
Surplus notes	30,000,000	-
Deferred (loss) gain	(4,339)	3,717
Unassigned surplus	555,596,221	523,851,929
Total capital and surplus	585,591,882	523,855,646
Total liabilities and capital and surplus	$ 1,158,664,426	$ 1,079,651,786

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

Maine Employers' Mutual Insurance Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Underwriting income		
Premiums earned, net	$ 192,640,736	$ 187,962,320
Loss and underwriting expenses		
Losses incurred, net	96,396,986	85,604,249
Loss adjustment expenses incurred, net	30,654,194	21,569,645
Underwriting expenses		
Commissions	19,072,280	18,443,166
Premium taxes	3,672,064	3,549,815
Guarantee fund, rating bureau and other assessments	794,531	1,033,807
Supervision, acquisition and collection expense	20,243,338	12,733,692
Loss control expenses	5,405,731	5,142,938
General expenses	3,568,838	5,599,319
Total underwriting expenses	52,756,782	46,502,737
Total loss and underwriting expenses	179,807,962	153,676,631
Net underwriting income	12,832,774	34,285,689
Investment income		
Net investment income	20,822,662	18,575,661
Net realized capital gains (less capital gains tax of $146,174 and $479,996, during December 31, 2023 and 2022, respectively)	536,380	1,805,699
Total investment income	21,359,042	20,381,360
Other (expense) income		
Bad debt expense	(192,837)	(80,732)
Service fee income	143,274	149,049
Other expense	-	(1,438,736)
Net other expense	(49,563)	(1,370,419)
Income before dividends and federal income taxes	34,142,253	53,296,630
Dividends to policyholders	18,000,000	17,009,345
Income after dividends, before federal income taxes	16,142,253	36,287,285
Provision for federal income taxes	5,843,144	9,108,913
Net income	$ 10,299,109	$ 27,178,372

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

Maine Employers' Mutual Insurance Company
Statements of Changes in Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Capital and surplus at beginning of year	$ 523,855,646	$ 526,908,190
Capital contributions returned	-	(28,827)
Net income	10,299,109	27,178,372
Issuance of surplus notes	30,000,000	-
Change in net deferred income taxes	3,019,587	2,095,692
Change in nonadmitted assets	914,054	1,445,830
Change in deferred gain on capital contributions	(8,056)	(31,576)
Change in net unrealized appreciation of invested assets (net of deferred taxes of $(1,838,733) and $(2,736,997) as of December 31, 2023 and 2022, respectively)	17,511,542	(33,712,035)
	61,736,236	(3,052,544)
Capital and surplus at end of year	$ 585,591,882	$ 523,855,646

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

Maine Employers' Mutual Insurance Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Cash from operations		
Premiums collected, net	$ 190,780,365	$ 186,043,885
Investment income received, net	21,663,160	20,119,972
Other expense	(49,563)	(1,370,419)
Cash provided from operations	212,393,962	204,793,438
Benefit and loss related payments	(90,234,741)	(86,194,519)
Commissions and expenses paid	(69,049,725)	(64,234,821)
Dividends paid to policyholders	(18,000,000)	(17,009,345)
Federal income taxes paid	(10,297,969)	(17,556,980)
Cash used in operations	(187,582,435)	(184,995,665)
Net cash provided from operations	24,811,527	19,797,773
Cash from investing activities		
Proceeds from investments sold, matured or repaid		
Bonds	76,859,874	50,625,133
Common stocks	17,091,831	20,723,794
Other invested assets	3,000,000	354,297
Total investment proceeds	96,951,705	71,703,224
Costs of investments acquired		
Bonds	(95,388,329)	(85,420,107)
Common stocks	(30,414,531)	(23,784,082)
Other invested assets	(1,019,609)	(2,787,120)
Total cost of investments acquired	(126,822,469)	(111,991,309)
Net cash used in investments	(29,870,764)	(40,288,085)
Cash from financing and miscellaneous sources		
Proceeds from surplus notes	30,000,000	-
Other cash (applied) provided	(2,336,143)	3,449,322
Net cash provided from financing and miscellaneous sources	27,663,857	3,449,322
Net increase (decrease) in cash	22,604,620	(17,040,990)
Cash, cash equivalents and short-term investments		
Beginning of year	19,911,515	36,952,505
End of year	$ 42,516,135	$ 19,911,515

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

1. Organization

Maine Employers' Mutual Insurance Company (the "Company") was established through a legislative action by the State of Maine on November 13,1992, and commenced business effective January 1, 1993. The Company was established to replace the State of Maine Workers' Compensation Residual Market Pool. The Company is a mutual insurance company and is not a state agency or instrument of the State of Maine for any purpose. The Company is the parent of the MEMIC Group which comprises the following legal entities: MEMIC Indemnity Company ("MEMIC Indemnity"), a 100% owned property and casualty insurance subsidiary domiciled in New Hampshire, MEMIC Casualty Company ("MEMIC Casualty"), a 100% owned property and casualty insurance company domiciled in New Hampshire, MEMIC Services, Inc. ("MEMIC Services"), a 100% owned non-insurance subsidiary which provides a self-insured take-out financing mechanism and agency services to the MEMIC Group, and Casco View Holdings, LLC ("CVH"), a 100% owned non-insurance limited liability company formed for the management and ownership of current and future investments in real estate for the Company, who is the single member.

The Company is licensed in 25 states to write workers' compensation insurance and employers' liability insurance incidental to and written in connection with workers' compensation coverage. The Company writes its business primarily through independent agents and brokers. Approximately 94% of premium written during both 2023 and 2022 was for Maine workers' compensation and employment practices liability insurance policies.

In 1999, the Company obtained approval from the New Hampshire Insurance Department to form a subsidiary, MEMIC Indemnity, to write workers' compensation insurance in New Hampshire. The Company is the sole shareholder of MEMIC Indemnity. MEMIC Indemnity commenced writing business September 1, 2000 and is licensed to write workers' compensation and or employers' liability insurance in 50 states and the District of Columbia. Since 2000, the Company has contributed $129,000,000 of bonds and cash to MEMIC Indemnity. As a result of the contribution of fixed income securities in prior years, the Company recognized a deferred gain in surplus since the realized component of the difference between the fair value and book/adjusted carrying value as of the date of transfer cannot be recognized in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 25, *"Affiliates and Related Parties",* until the transferred securities mature or are sold by MEMIC Indemnity. A deferred loss of $14,264 remains in capital and surplus as of December 31, 2023. There were no contributions to MEMIC Indemnity during 2023 or 2022.

During 2007, the Company obtained approval from the Maine Bureau of Insurance ("MBOI") to write employment practices liability insurance ("EPLI") for State of Maine policies only. The Company commenced writing policies for this line of business in 2008.

On October 19, 2009, the Company formed CVH, a Maine limited liability company for the management and ownership of current and future investments in real estate. Initially, on January 4, 2010, the Company transferred its entire interest in the property located at 245-253 Commercial Street, Portland, Maine, which included certain income producing property along with a capital contribution of $500,000 and related tenant security deposits of $86,485 to CVH. As consideration for the said transfer of the real estate, the Company received all the membership interests in CVH. CVH is the sole member of Casco View Holdings II LLC ("CVHII") and Casco View Holdings III LLC ("CVHIII"). During 2023, CVH issued the Company a $3,000,000 dividend. To date, the Company has invested $12,106,503 in CVH, CVHII and CVHIII. The Company records its membership interests in CVH in other invested assets in the accompanying Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company owns 100% of the common stock of MEMIC Casualty, a property and casualty insurance company domiciled in New Hampshire. MEMIC Casualty is licensed to write workers' compensation insurance in 46 states. The Company made capital contributions of $10,000,000 and $0 to MEMIC Casualty during 2023 and 2022, respectively. Since 2011, the Company has contributed $49,183,951 of bonds and cash to MEMIC Casualty. As a result of the contribution of fixed income securities in prior years, the Company recognized a deferred gain in surplus since the realized component of the difference between the fair value and book/adjusted carrying value as of the date of transfer cannot be recognized in accordance with SSAP No. 25 until the transferred securities mature or are sold by MEMIC Casualty. A deferred gain of $9,925 remains in capital and surplus as of December 31, 2023.

2. Summary of Significant Accounting Policies

Basis of Presentation
The financial statements of the Company are prepared in conformity with statutory accounting practices of the National Association of Insurance Commissioners ("NAIC") as prescribed or permitted by the MBOI ("statutory accounting").

The MBOI recognizes only statutory accounting practices prescribed or permitted by the State of Maine for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Maine Insurance Laws. The NAIC Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of Maine. Prescribed Maine Laws can and do deviate from NAIC SAP and, further, the Superintendent of Insurance has the right to permit other specific practices which deviate from prescribed practices.

During the last examination period, the MBOI determined that according to Maine law 24-A MRS §1106, the admitted value of MEMIC's investment in MEMIC Indemnity is limited to 10% of total admitted assets. On July 27, 2022, the MBOI approved a permitted practice allowing MEMIC to admit the full investment in MEMIC Indemnity for 2022. On October 25, 2023, legislation became effective allowing MEMIC to recognize its full investment in MEMIC Indemnity as an admitted asset. There are no differences between the Company's net income, capital and surplus as recognized under NAIC SAP and the practices prescribed and permitted by the State of Maine.

Statutory accounting practices differ in certain respects from accounting principles generally accepted in the United States of America ("GAAP"). The effects of such differences on the accompanying financial statements, which could be significant, have not been determined. The most significant differences generally include the following:

a. Statutory accounting requires that policy acquisition costs such as commissions, premium taxes and other items directly related to pricing or renewing business would be charged to current operations as incurred. Under GAAP, policy acquisition costs would be deferred and then amortized ratably over the periods covered by the policies;

b. The statutory provision for federal income taxes represents estimated amounts currently payable based on taxable income or loss reported in the current accounting period. Deferred income taxes are provided in accordance with SSAP No. 101, "*Income Taxes",* and changes in deferred income taxes are recorded through surplus. The realization of any resulting deferred tax asset ("DTA") is limited based on certain criteria in accordance with SSAP No. 101. The GAAP provision would include a provision for taxes currently payable, as well as deferred taxes, both of which would be recorded in the Statements of Income;

c. Under statutory accounting, certain assets designated as "nonadmitted assets" (principally premiums receivable over 90 days past due, a portion of DTAs, intercompany receivables, prepaid assets, miscellaneous receivables, non-operating system software and office furniture and equipment) are charged directly to unassigned surplus. GAAP would require the Company to maintain a reserve for doubtful accounts based on amounts deemed to be uncollectible or to expense prepaid assets over the term of the related benefit. Non-operating system software and office furniture and equipment, ("fixed assets"), are capitalized and amortized or depreciated, respectively, over their estimated useful lives;

d. Statutory results of MEMIC Indemnity and MEMIC Casualty are reflected on the statutory equity method. The investment in MEMIC Services is accounted for under GAAP equity adjusted to a statutory basis which results in a net liability on the Company's Statements of Admitted Assets, Liabilities and Capital and Surplus. Adjustments include nonadmitted DTAs, receivables over 90 days past due and furniture and equipment. The results of operations of these subsidiaries are recorded directly in unassigned surplus. Under GAAP, the subsidiaries would be reported in the financial statements on a consolidated basis;

e. For statutory purposes, unrealized gains and losses on investments in equity securities are generally recorded as a direct credit or charge to surplus, net of the adjustment for deferred federal income taxes. Under GAAP, unrealized gains and losses on equity securities are reported directly in net income;

f. Under statutory accounting, investments in debt securities are generally carried at amortized cost. Under GAAP, debt securities classified as trading or available-for-sale are valued at fair value, and debt securities classified as held-to-maturity are valued at amortized cost. Effective in 2023, the impairment/credit loss model is different for statutory and GAAP purposes;

g. Reinsurance balances relating to unpaid loss and loss adjustment expenses and unearned premium are presented as offsets to reserves; under GAAP, such amounts would be presented as reinsurance recoverable; moreover, under statutory accounting, a liability is established for recoverable balances from reinsurers which are not authorized and for overdue paid loss recoverables. Effective in 2023, the impairment/credit loss model is different for statutory and GAAP purposes;

h. For statutory purposes, costs related to operating leases are expensed as incurred. Under GAAP, the Company would record a right-of-use asset for the right to use an underlying asset for the lease term and a lease liability, on a discounted basis for the obligation to make lease payments. Lease costs are expensed on a straight-line basis for the term of the lease;

i. Approved surplus notes are considered part of capital and surplus instead of being accounted for as debt, as would be required under GAAP. In addition, interest on surplus notes is only accrued upon the receipt of regulatory approval to pay the interest.

j. Under GAAP, the inclusion of a Statement of Comprehensive Income, detailing the income effects of unrealized gains and losses for fixed income securities classified as available for sale is required;

k. For statutory cash flow purposes, short-term investments, investments with remaining maturities greater than three months but under one year from purchase, are added to GAAP cash and cash equivalents; and

l. A reconciliation of cash flows to the GAAP indirect method is not allowed under statutory accounting.

Management Estimates

The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Invested Assets

Invested assets are valued in accordance with the statutory basis of valuation prescribed by the NAIC. Cash includes cash, cash equivalents and short-term investments, which are fixed income securities that mature within one year of purchase; the carrying value of cash and cash equivalents approximates fair value while short-term investments are carried at amortized value. The Company's cash is held at major commercial banks. At times, cash balances at financial institutions may exceed federally insurable amounts. The Company believes it mitigates this risk by depositing cash in or investing through major financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition.

Investment grade non-loan-backed bonds with NAIC designation 1 or 2 are stated at amortized value using the interest method. Non-investment grade non-loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including the type of underlying collateral, whether modeled by an NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office) and relationship of amortized value to par value and amortized value to fair value. The Company utilizes the prospective adjustment methodology to value mortgage-backed bonds. Credit related declines in the fair value of loan-backed or structured securities are to be reflected as a realized loss in the income statement. Refer to Note 15 for the Company's evaluation of SSAP No. 43R on these financial statements.

Unaffiliated common stocks and actively traded mutual funds are generally stated at fair value. The fair values of common stocks and actively traded mutual funds are based on quoted market prices in active markets, with the exception of the Federal Home Loan Bank ("FHLB") stock which is not exchange traded and is restricted. See Note 9. Where declines in the value of marketable securities are deemed other-than-temporary, the loss is reported as a component of net realized capital gains (losses). The net unrealized gains and losses on these marketable securities, after deductions of applicable deferred income taxes, are credited or charged directly to policyholders' surplus.

Other invested assets consists of the investment in CVH, non-marketable equity investments in two Insurtech companies and surplus debentures. The investment in CVH is measured on the equity basis under GAAP. The non-marketable equity investment is carried at fair value based on the Company's proportionate interest in the fund's net asset value. The remaining unfunded commitment on the non-marketable equity investments in two Insurtech companies was $2,147,261 as of December 31, 2023. The investment grade surplus debenture included in other invested assets with an NAIC designation of 1 is stated at amortized cost using the interest method.

The investments in the affiliates MEMIC Indemnity and MEMIC Casualty are stated at audited statutory surplus. Changes in net asset value of these affiliates are charged or credited directly to unassigned surplus.

Investment income is recorded on an accrual basis. Realized capital gains and losses are reported, net of tax, in operating results based on the specific identification of investments sold. Unrealized capital gains and losses from the valuation of investments at fair value are credited or charged directly to unassigned surplus, net of federal income taxes, unless determined to be other-than-temporary and included as a component of net realized capital gains and losses. Specific impairments are determined based on a continual review of investment portfolio valuations. Bi-annually, the Company performs a by-cusip, by lot review of common stocks, bonds and other invested assets with a fair value to carrying value less than 75%, to determine if other-than-temporary impairment ("OTTI") has occurred and whether an OTTI should be recognized.

Premiums and Unearned Premium Reserves
Direct and assumed premiums are earned on a monthly pro rata basis over the inforce period and ceded premiums are written and earned concurrently for the workers' compensation line of business. Ceded premiums for employment practices liability insurance are earned on a monthly pro rata basis over the inforce period. Accordingly, unearned premium reserves are established for the pro rata portion of direct and assumed premiums written for workers' compensation and employment practices liability insurance direct and ceded premium which are applicable to the unexpired terms of the policies inforce, net of reinsurance. Premium adjustments resulting from retrospective rating plans and/or audits are immediately recorded as written and earned premiums once such amounts can be reasonably estimated. When the anticipated losses, loss adjustment expenses, commissions and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company anticipates investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2023 or 2022.

Involuntary Pooling Arrangements

The Company is required to participate in involuntary pools in several states where it writes workers' compensation business. The Company participates in underwriting results, including premiums, losses, expenses and other operations of involuntary pools, based on the Company's proportionate share of similar business written in the state. The National Council on Compensation Insurance, ("NCCI"), services the majority of the states where the Company participates in involuntary pools. The loss reserves that are reported to NCCI by the servicing carriers are gross of loss discounting. By application of incurred loss development and tail development factors, any discount included in the case reserves reported by servicing carriers is factored out (or unwound). NCCI also provides each participating company with an estimate of its share of discounted liabilities. The discounting assumptions include a 3.5% discount rate for incurred but not reported loss and loss adjustment expense reserves utilizing the 2007 U.S. Life mortality table. Underwriting results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the pool are recorded separately in the financial statements rather than netted against each other. Premiums receivable on involuntary pool business are recorded in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

Loss and Loss Adjustment Expense Reserves

Loss and loss adjustment expenses are recorded as initially incurred to match such costs with premiums over the contract periods. Loss reserves are established for losses and loss adjustment expenses based upon claim evaluations and include an estimated provision for both reported and unreported claims incurred and related expenses. The assumptions used in determining loss and loss adjustment expense reserves have been developed after considering the experience of the Company, industry experience and projections by independent actuaries. The ultimate loss and loss adjustment expense reserves may vary from the amounts reflected in the accompanying financial statements. The methods utilized in estimating and establishing the reserves are continually reviewed and updated and any adjustments are reflected in current operating results. Allowances for subrogation recoveries are included in the Company's estimate of loss reserves. See the summary of reserve development in Note 6.

High Deductibles

The Company writes a single, high deductible policy secured with a letter of credit, in the State of Maine. The Company requires this high deductible policyholder to provide an evergreen, irrevocable, clean letter of credit to secure obligations up to the estimated policyholder liabilities. This letter of credit requirement is reviewed periodically, as necessary, or annually in conjunction with the policy renewal to determine appropriate increases or decreases. The Company does not record a reserve credit for high deductible reserves outstanding or an admitted deductible recovery accrual since the amounts are immaterial to the financial statements as a whole. There are no unsecured amounts of high deductibles, no amounts overdue or in dispute. Accordingly, there are no counterparty high deductible policyholders with unsecured liabilities or no unsecured high deductible recoverables for individual obligors or that of a group under the same management or control which are greater than 1% of capital and surplus.

Nonadmitted Assets
The following nonadmitted assets were excluded from the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2023 and 2022:

	2023	2022
Premiums receivable over 90 days past due	$ 3,166,789	$ 2,706,964
Deferred tax asset	161,014	-
Intercompany receivable	214,584	210,934
Fixed assets, net of accumulated amortization or depreciation	5,652,446	8,121,850
Prepaid assets and other miscellaneous receivables	5,048,250	4,117,389
Total nonadmitted assets	$ 14,243,083	$ 15,157,137

Depreciation and amortization expense on nonadmitted fixed assets was $2,261,480 and $2,239,111 in 2023 and 2022, respectively.

Federal Income Taxes
The Company files a consolidated income tax return with MEMIC Indemnity, MEMIC Casualty, MEMIC Services and CVH. In accordance with a tax sharing agreement, the provision for federal income taxes is recorded based upon amounts expected to be reported as if each Company filed a separate federal income tax return. Additionally, under this agreement, each Company will be reimbursed for the utilization of tax operating losses, tax credits and capital loss carryforwards to the extent the Companies would have utilized these tax attributes on a separate return basis.

The provision for federal income taxes includes amounts currently payable or recoverable and deferred income taxes, computed under the asset/liability method, which result from temporary differences between the tax basis and book basis of assets and liabilities. SSAP No. 101 outlines the statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. SSAP No. 101, (1) restricts the ability to use the 3 years/15 percent of surplus admission rule to those entities that meet a modified risk based capital ratio threshold; (2) outlines the recognition threshold for recording tax contingency reserves from a probable liability standard to a more-likely-than-not liability standard; (3) requires the disclosure of tax planning strategies that relate to reinsurance; and, (4) requires consideration of reversal patterns of DTAs and deferred tax liabilities ("DTLs") in determining the extent to which DTLs could offset DTAs on the federal income tax return. Uncertain tax positions, as applicable, are considered in these statutory financial statements.

In the event of uncertain tax positions, amounts would need to be evaluated and disclosed or accrued. Liabilities would be reflected on the Statements of Admitted Assets, Liabilities and Capital and Surplus and the related interest and penalties would be included on the Statements of Income as underwriting expenses.

EDP Equipment
EDP equipment is stated at cost, net of accumulated depreciation. Depreciation is computed principally using the straight-line method based on the estimated useful lives of assets, which is generally three years. Depreciation expense for the years ended December 31, 2023 and 2022, was $1,102,836 and $1,601,199, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Statement of Admitted Assets, Liabilities and Capital and Surplus and any gain or loss on the transaction is reflected in current operating results on the Statements of Income.

3. Capital and Surplus

As authorized by specific provisions of Maine state law, the Company was established as a special purpose workers' compensation insurer without any initial capital or surplus. To provide capital, the Company's policyholders were required to make capital contributions based upon a percentage of their final audited premiums for policies with effective dates prior to January 1, 1996. Capital contributions were based on the estimated annual premium and were subsequently adjusted, as necessary, based upon cancellations and premium audits. In 1998, the Company received approval from the MBOI to return capital contributions to the extent authorized by the Board of Directors and the MBOI. The Company returned $28,827 in capital contributions in 2022.

Effective December 31, 2022, the MBOI authorized the Company to conclude the return of capital contributions program. At December 31, 2022, the Company reclassified the remaining capital contribution balance of $3,006,929 from paid in capital to unassigned surplus according to the MBOI authorization. There are no advances to surplus not repaid or other surplus restrictions other than the dividend restrictions discussed in Note 4 and statutory deposits in Note 9.

On October 15, 2023, the Company issued surplus notes of $20,000,000 and $10,000,000, respectively, to Federated Mutual Insurance Company and Federated Life Insurance Company (the "Notes"). The Company received the proceeds in cash. The Notes bear an annual interest rate of 8.875% and mature on October 16, 2043. Each payment of interest and principal to the holders of the Notes must be pre-approved by the Superintendent of the MBOI. During 2023, the Company recognized approved interest of $436,354 related to the Notes. In the event of liquidation, holders of policy claims, prior claims and indebtedness would be afforded greater priority than interest and principal due to holders of the Notes.

4. Dividend Restrictions

The Company is subject to regulatory limitations with respect to statutory surplus levels and dividends. Under these regulations, annual dividends cannot exceed greater than 10% of the insurer's surplus as of the prior year-end or the net gain from operations for the 12- month period ended in the prior year. The maximum amount of dividends which can be paid by the Company to policyholders without prior approval of the Superintendent of Insurance during 2023 and 2022 was $52,385,565 and $52,690,819, respectively. For the years ended 2023 and 2022, dividends to policyholders were $18,000,000 and $17,009,345, respectively. The 100% participating mutual dividend declared during 2023 of $18,000,000, was based on policy year 2020 for eligible policyholders.

5. Income Taxes

The components of the net deferred tax asset / (liability) as of December 31 are as follows:

	December 31, 2023		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Gross deferred tax assets	$ 27,676,663	$ 249,452	$ 27,926,115
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	27,676,663	249,452	27,926,115
d. Deferred tax assets nonadmitted	161,014	-	161,014
e. Subtotal net admitted deferred tax asset (1c-1d)	27,515,649	249,452	27,765,101
f. Deferred tax liabilities	2,340,571	9,698,390	12,038,961
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 25,175,078	$ (9,448,938)	$ 15,726,140

	December 31, 2022		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Gross deferred tax assets	$ 25,114,779	$ 246,615	$ 25,361,394
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	25,114,779	246,615	25,361,394
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c-1d)	25,114,779	246,615	25,361,394
f. Deferred tax liabilities	2,795,437	7,859,657	10,655,094
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 22,319,342	$ (7,613,042)	$ 14,706,300

	Change		
	7	8	9
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	$ 2,561,884	$ 2,837	$ 2,564,721
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	2,561,884	2,837	2,564,721
d. Deferred tax assets nonadmitted	161,014	-	161,014
e. Subtotal net admitted deferred tax asset (1c-1d)	2,400,870	2,837	2,403,707
f. Deferred tax liabilities	(454,866)	1,838,733	1,383,867
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 2,855,736	$ (1,835,896)	$ 1,019,840

Admission Calculation Components:

	December 31, 2023		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 12,054,119	$ 109,281	$ 12,163,400
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	3,530,731	32,009	3,562,740
2. Adjusted gross deferred tax assets allowed per limitation threshold			84,804,373
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	11,930,799	108,162	12,038,961
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 27,515,649	$ 249,452	$ 27,765,101

	December 31, 2022		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 11,405,889	$ 112,000	$ 11,517,889
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	3,427,979	33,661	3,461,640
2. Adjusted gross deferred tax assets allowed per limitation threshold			75,901,455
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	10,280,911	100,954	10,381,865
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 25,114,779	$ 246,615	$ 25,361,394

	Change		
	7	8	9
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 648,230	$ (2,719)	$ 645,511
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	102,752	(1,652)	101,100
2. Adjusted gross deferred tax assets allowed per limitation threshold			8,902,918
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	1,649,888	7,208	1,657,096
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 2,400,870	$ 2,837	$ 2,403,707

Other admissibility criteria:

		2023		2022
a. Ratio percentage used to determine recovery period and threshold limitation amount		713%		688%
b. Amount of adjusted capital and surplus used to determine recovery period and threshhold limitation in 2(b)2 above	$	565,362,486	$	506,009,702

Tax planning strategies were not employed by the Company during 2023 or 2022, and therefore, had no impact upon the determination of adjusted gross and net admitted deferred tax assets.

As of December 31, 2023 and 2022, the Company does not have any investment tax credits, net operating loss or capital loss carry forwards available to offset against future taxable income. The amount of federal income taxes incurred in the current year and each proceeding year available for recoupment in the event of future net losses is $6,414,624 and $9,427,390 for 2023 and 2022, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2023 and 2022, the Company has no uncertain tax positions requiring disclosure in these financial statements or any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date. Had the Company identified such positions, these amounts would be evaluated and disclosed or accrued.

The Inflation Reduction Act was enacted on August 16, 2022, and includes a corporate alternative minimum tax (the "CAMT"). The Company has determined that it does not expect to be liable for the CAMT in 2023.

Current and deferred income taxes

Current income taxes:		2023		2022		Change
Federal	$	6,268,450	$	9,372,699	$	(3,104,249)
Provision to return		(425,306)		(263,786)		(161,520)
Subtotal		5,843,144		9,108,913		(3,265,769)
Federal income tax on net capital gains		146,174		479,996		(333,822)
Federal income taxes incurred	$	5,989,318	$	9,588,909	$	(3,599,591)

Deferred Tax Assets	2023	2022	Change
a. Ordinary:			
Discounting of unpaid losses	$ 11,920,569	$ 11,562,310	$ 358,259
Unearned premium reserves	3,763,723	3,666,934	96,789
Compensation and benefits accrual	4,489,964	4,309,088	180,876
Nonadmitted assets	2,957,229	3,182,999	(225,770)
Sec174 R&D Capitalization, net of amorization	4,545,178	2,393,448	2,151,730
Subtotal	27,676,663	25,114,779	2,561,884
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	161,014	-	161,014
d. Admitted ordinary deferred tax assets	27,515,649	25,114,779	2,400,870
e. Capital:			
Investments	249,452	246,615	2,837
Subtotal	249,452	246,615	2,837
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	249,452	246,615	2,837
i. Admitted deferred tax assets	$ 27,765,101	$ 25,361,394	$ 2,403,707
Deferred Tax Liabilities			
a. Ordinary:			
Investments	$ 303,393	$ 239,013	$ 64,380
Fixed assets	1,321,597	1,499,661	(178,064)
Legislative change in loss discounting	690,065	1,035,078	(345,013)
Additional acquisition costs	25,516	21,685	3,831
Subtotal	2,340,571	2,795,437	(454,866)
b. Capital:			
Investments	9,698,390	7,859,657	1,838,733
Subtotal	9,698,390	7,859,657	1,838,733
c. Deferred tax liabilities	12,038,961	10,655,094	1,383,867
Net Deferred Tax Assets/Liabilities	$ 15,726,140	$ 14,706,300	$ 1,019,840

Change in net deferred income taxes	2023	2022	Change
a. Adjusted gross deferred tax assets	$ 27,926,115	$ 25,361,394	$ 2,564,721
b. Total deferred tax liabilities	12,038,961	10,655,094	(1,383,867)
c. Net deferred tax assets	$ 15,887,154	$ 14,706,300	$ 1,180,854
d. Tax effect of change in unrealized gains			$ (1,838,733)
e. Total change in net deferred income tax			3,019,587
			$ 1,180,854

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2023 and 2022 were the following:

	2023	2022
Provision computed at statutory rate	$ 3,633,385	$ 7,964,872
Change in nonadmitted assets	225,770	303,624
Prior year true-up (to current)	(425,306)	(263,786)
Prior year true-up (to deferred)	51,098	(6,267)
Permanent differences	(515,216)	(505,226)
Totals	2,969,731	7,493,217
Federal income taxes incurred	5,843,144	9,108,913
Realized capital gains tax	146,174	479,996
Change in net deferred income taxes	(3,019,587)	(2,095,692)
Total statutory income taxes	$ 2,969,731	$ 7,493,217

6. Liabilities for Loss Reserves and Loss Adjustment Expense Reserves

Activity in the liabilities for loss reserves and loss adjustment expense reserves for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Net balances at January 1,	$ 420,288,860	$ 421,360,709
Incurred related to		
Current year	139,694,966	149,832,212
Prior years	(12,643,786)	(42,658,318)
Total incurred	127,051,180	107,173,894
Paid related to		
Current year	40,163,396	39,150,349
Prior years	72,127,240	69,095,394
Total paid	112,290,636	108,245,743
Net balances at December 31,	$ 435,049,404	$ 420,288,860

The liabilities for loss reserves and loss adjustment expense reserves are based upon assumptions which consider the experience of the Company, industry experience and projections by independent actuaries. The reserve process is inherently subjective, and the ultimate loss and loss adjustment expense reserves may vary from the amounts recorded in the financial statements. As of December 31, 2023 and 2022, the amount of reserve credit recorded for high deductibles on unpaid losses was $0 and the amounts billed and recoverable for collateralized high deductible policies were also $0. Original estimates are increased or decreased as additional information becomes known regarding individual claims. There was no impact on reserves or surplus from the development of retrospectively rated policies.

During 2023, the Company's incurred losses related to prior years decreased by $12,643,786 from favorable loss development across several primarily the 2012, 2015 and 2019-2020. This favorable development is the result of ongoing analysis of recent loss development trends.

During 2022, the Company's incurred losses related to prior years decreased by $42,658,318 from favorable loss development across several accident years primarily 2013-2021. This favorable development is the result of ongoing analysis of recent loss development trends.

7. Reinsurance

As a condition of writing policies in several states, the Company is required to participate in the National Workers' Compensation Reinsurance Pool and the Massachusetts Reinsurance Pool ("the Pools"). Participation requires that the Company share in the losses and expenses of the Pools. Pool results are accounted for on a gross basis whereby the Company's portion of premium, losses, expenses and other operations of the Pools are recorded separately in the financial statements. The difference between discounted and undiscounted incurred but not reported loss and loss adjustment expense liabilities for NCCI are $109,825 and $59,526 for 2023 and 2022, respectively. All amounts are recorded as assumed business. Amounts recorded to premiums, reserves and expense for reinsurance assumed from pools are as follows:

	2023	2022
Premiums earned	$ 710,222	$ 779,605
Loss and loss adjustment expenses incurred	582,009	268,148
Unearned premiums	230,683	157,276
Loss and loss adjustment expense reserves	1,505,687	1,381,345
Underwriting expenses incurred	191,931	178,387

The Company reinsures portions of risks with other insurance companies through excess of loss reinsurance agreements. Such agreements serve to limit the Company's maximum loss on catastrophes and large losses. To the extent that any reinsurer might be unable to meet its obligations, the Company would be liable for such defaulted amounts. Under the Company's excess of loss agreements, the Company's net retention for losses on a per occurrence basis is $5,000,000 for both 2023 and 2022. In addition, for 2023 and 2022, the Company maintains additional coverage up to $100,000,000 on a per occurrence basis.

In February 2023, the Company commuted an excess of loss reinsurance contract for treaty year 2015 with General Reinsurance Corporation. Proceeds recorded by the Company on this commutation were $230,361 and resulted in no recorded gain or loss.

In February 2022, the Company commuted an excess of loss reinsurance contract for treaty year 2014 with General Reinsurance Corporation. Proceeds recorded by the Company on this commutation were $507,443 and resulted in no recorded gain or loss.

Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for excess of loss workers compensation are as follows:

	2023	2022
Premiums earned	$ 4,075,807	$ 3,610,692
Loss and loss adjustment expenses incurred	1,250,626	(4,522)
Loss and loss adjustment expense reserves	1,669,612	1,078,406

The Company cedes risk to a reinsurance company through an 85% quota share reinsurance agreement for policy years starting in 2011 for its EPLI line of business. In the event this quota share reinsurance treaty is cancelled, an immaterial amount of ceding commissions would be returned. Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for EPLI are as follows:

	2023	2022
Premiums earned	$ 2,862,525	$ 2,808,355
Loss and loss adjustment expenses incurred	1,464,338	640,640
Unearned premiums	1,283,424	1,280,710
Loss and loss adjustment expense reserves	3,269,903	2,202,720
Ceding commissions	375,346	370,692

Of the 2023 and 2022 ceded loss and loss adjustment expense case and incurred but not reported reserves above for all lines of business, 100% of the balances are comprised of amounts with three reinsurance carriers. The Company had no unsecured reinsurance recoverables for paid and unpaid loss and loss adjustment expenses, including incurred but not reported reserves, from a reinsurer that exceeded 3% of capital and surplus as of December 31, 2023 or 2022.

The Company has no reinsurance contracts that contain the following features (a) a contract term longer than two years and that is noncancellable by the Company 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 of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. The Company has neither 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 to policyholders or the 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 to policyholders nor has the Company ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statements and accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles. Additionally, the Company has not ceded any risk under any reinsurance contract where (a) the written premiums ceded to the reinsurer represents 50% or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statements or (b) 25% or more of the written premium ceded to the reinsurer has been retroceded back to the Company in a separate reinsurance contract. Accordingly, the Company has not included the Supplemental Schedule of Reinsurance Disclosures.

8. Premiums Written and Earned

During the years ended December 31, 2023 and 2022, direct, assumed and ceded premiums were as follows:

	2023		2022	
	Written	Earned	Written	Earned
Direct	$ 200,833,564	$ 198,868,846	$ 194,817,896	$ 193,601,762
Assumed	783,628	710,222	726,000	779,605
Ceded	(6,941,046)	(6,938,332)	(6,440,399)	(6,419,047)
Net premiums	$ 194,676,146	$ 192,640,736	$ 189,103,497	$ 187,962,320

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. As of December 31, 2023 and 2022, the Company had fixed income securities on deposit with a carrying value of $4,609,084 and $4,587,456, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company is a member of the FHLB. The Company has Membership Class B stock, which is not eligible for redemption. The FHLB's April 2023 recalculation of membership stock decreased the value of required membership stock to $539,900. The Company now holds $539,900 in Class B membership stock and $5,300 in excess stock. This common stock, all of which is admitted, is included on the Statements of Admitted Assets, Liabilities and Capital and Surplus. The agreement between the FHLB and the Company specifies Advances and Other Credit Products will be available subject to specified collateral arrangements. The Company has no activity stock, prepayment obligations or borrowings outstanding as of the reporting date. The maximum amount the Company can borrow, absent prior approval of the Company's Board of Directors, is 5% of net admitted assets from the most recent statutory financial statements which is $57,933,221, as of December 31, 2023.

The following table discloses quantitative information about the Company's restricted assets by category of restricted asset as of December 31, 2023:

Restricted Asset Category	Total Current Year Admitted Restricted	Total Prior Year	Increase/ (Decrease)	Admitted Restricted to Total Admitted Assets	Gross Restricted to Total Assets
On deposit with states	$ 4,609,084	$ 4,587,456	$ 21,628	0.40%	0.39%
Pledged as collateral to FHLB	10,088,030	-	10,088,030	0.87%	0.86%
FHLB capital stock	545,200	545,200	-	0.05%	0.05%
Total restricted assets	$ 15,242,314	$ 5,132,656	$ 10,109,658	1.32%	1.30%

10. Investments

The cost and fair value of investments in equity securities including unaffiliated common stocks and actively traded mutual funds, excluding investments in affiliates, are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
At December 31, 2023				
Common stocks	$ 91,057,738	$ 42,104,725	$ (3,922,793)	$ 129,239,670
At December 31, 2022				
Common stocks	$ 88,597,596	$ 34,566,946	$ (5,960,850)	$ 117,203,692

The cost and equity value of the investments in common stocks of affiliates, are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
At December 31, 2023				
Common stocks of affiliates	$ 178,657,480	$ 54,747,203	$ (1,584,456)	$ 231,820,227
At December 31, 2022				
Common stocks of affiliates	$ 168,657,480	$ 48,338,846	$ (5,464,871)	$ 211,531,455

The Company owns 100% of the common stock of MEMIC Indemnity at a cost of $129,000,000 as of December 31, 2023 and 2022, and the Company owns 100% of the common stock of MEMIC Casualty at a cost of $49,183,951 and $39,183,951 as of December 31, 2023 and 2022, respectively.

Summary financial data for common stock of insurance affiliates, which includes MEMIC Indemnity and MEMIC Casualty, is as follows:

	2023	2022
Admitted assets	$ 814,335,389	$ 783,474,130
Liabilities	582,515,162	571,942,675
Capital and surplus	231,820,227	211,531,455
Statutory net income (loss)	15,458,060	(17,834,003)

The Company owns 100% of the common stock of MEMIC Services, an unaudited subsidiary, at a cost of $473,259. The Company contributed $0 during both 2023 and 2022 to MEMIC Services and recorded a liability of $154,527 and $148,955 as of December 31, 2023 and 2022, respectively, for the statutory equity of remaining liabilities the Company would honor, per a parental guaranty, should MEMIC Services cease operations. Such amounts have been recorded to unassigned surplus and are included in other liabilities on the Statement of Admitted Assets, Liabilities and Capital and Surplus.

The carrying value and fair value of the Company's industrial surplus debenture, which is included in other invested assets and matures in 2047, has a carrying value of $499,071 and a fair value of $401,476 as of 2023 and a carrying value of $499,047 and a fair value of $386,173 as of 2022.

The carrying value and fair value of bonds as of December 31, 2023 and 2022, are as follows:

	2023			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government & government agencies & authorities	$ 19,230,188	$ 95,765	$ (1,238,437)	$ 18,087,516
States, territories & possessions	15,866,073	36,789	(1,079,188)	14,823,674
Political subdivisions of states	31,653,505	281,719	(3,032,290)	28,902,934
U.S special revenue & assessment obligations	116,489,842	620,879	(10,650,331)	106,460,390
Industrial & miscellaneous	185,057,364	1,558,765	(18,442,639)	168,173,490
Asset backed securities	255,542,383	752,094	(21,381,604)	234,912,873
Total bonds	$623,839,355	$ 3,346,011	$ (55,824,489)	$571,360,877

	2022			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government & government agencies & authorities	$ 23,908,746	$ 35,561	$ (1,728,432)	$ 22,215,875
States, territories & possessions	15,057,186	4,009	(1,182,761)	13,878,434
Political subdivisions of states	32,627,608	62,168	(4,182,944)	28,506,832
U.S special revenue & assessment obligations	115,276,698	244,116	(14,759,051)	100,761,763
Industrial & miscellaneous	190,628,303	161,880	(24,380,399)	166,409,784
Asset backed securities	229,852,820	132,200	(25,963,585)	204,021,435
Total bonds	$607,351,361	$ 639,934	$ (72,197,172)	$535,794,123

Bonds with a NAIC SVO rating of three to six have been recorded at the lower of cost or fair value in accordance with statutory accounting unless they are a residential mortgage-backed security/commercial mortgage-backed security ("RMBS/CMBS") with a Securities Valuation Office rating and independently modeled. The model determines the intrinsic price of the security and the price at which the percentage difference between the carrying price and the intrinsic price equals the midpoint between the risk-based capital charges for each NAIC designation. This is the maximum price point at which a security can be carried for each NAIC designation. These prices are referred to as break points. The Company utilizes the prospective adjustment methodology to value mortgage-backed securities.

The carrying value and fair value of bonds, including those held as short-term investments with an amortized cost of $1,973,345 and fair value of $1,975,936, by contractual maturity as of December 31, 2023, are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 13,491,453	$ 13,362,798
Over one year through five years	88,871,664	85,108,432
Over five years through ten years	107,608,766	97,829,986
Over ten years	415,840,817	377,035,597
	$ 625,812,700	$ 573,336,813

Bonds subject to early or unscheduled prepayments have been included above based upon their contractual maturity dates. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Asset backed securities have been categorized based on the date when the issue is expected to be paid off and the principal is projected to be paid to investors.

Proceeds from the sales of investments in debt and equity securities, excluding proceeds from equity security spinoffs, calls and mergers, and the gross realized gains and losses on those sales for the years ended December 31, 2023 and 2022, are summarized as follows:

	2023		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds	$ 43,194,018	$ 17,176	$ (786,951)
Common stocks	16,978,690	3,310,048	(1,833,930)
	$ 60,172,708	$ 3,327,224	$ (2,620,881)

	2022		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds	$ 13,215,994	$ 350	$ (125,885)
Common stocks	20,489,771	4,429,393	(2,018,163)
	$ 33,705,765	$ 4,429,743	$ (2,144,048)

As of December 31, 2023 and 2022, the Company owned no securities that were in an unrealized loss position that management determined were other-than-temporary and given current market conditions would not recover. The Company recorded no OTTI during 2023 or 2022.

The fair value and gross unrealized loss of investment securities and the amount of time the security has been in an unrealized loss position as of December 31, 2023 and 2022, are as follows:

2023	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1-2)						
U.S. government & government agencies & authorities	$ -	$ -	$ 14,961,047	$ (1,238,437)	$ 14,961,047	$ (1,238,437)
States, territories & possessions	983,430	(32,620)	10,680,325	(1,046,568)	11,663,755	(1,079,188)
Political subdivisions of states	858,326	(32,568)	18,169,055	(2,999,722)	19,027,381	(3,032,290)
U.S special revenue & assessment obligations	11,863,322	(380,500)	62,209,259	(10,269,831)	74,072,581	(10,650,331)
Industrial & miscellaneous	494,449	(3,996)	137,156,495	(18,438,643)	137,650,944	(18,442,639)
Asset backed securities	10,087,630	(73,335)	165,180,189	(21,302,924)	175,267,819	(21,376,259)
Bonds (NAIC 3-6)	-	-	4,642	(5,345)	4,642	(5,345)
Common stocks - unaffiliated	9,956,215	(1,010,038)	13,397,385	(2,912,755)	23,353,600	(3,922,793)
	$ 34,243,372	$ (1,533,057)	$ 421,758,397	$ (58,214,225)	$ 456,001,769	$ (59,747,282)

2022	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1-2)						
U.S. government & government agencies & authorities	$ 9,397,047	$ (464,207)	$ 10,509,516	$ (1,264,225)	$ 19,906,563	$ (1,728,432)
States, territories & possessions	9,094,809	(441,265)	2,222,620	(741,496)	11,317,429	(1,182,761)
Political subdivisions of states	11,963,867	(448,905)	11,465,734	(3,734,039)	23,429,601	(4,182,944)
U.S special revenue & assessment obligations	50,347,344	(5,502,183)	28,260,431	(9,256,868)	78,607,775	(14,759,051)
Industrial & miscellaneous	86,731,520	(6,722,374)	74,955,077	(17,658,025)	161,686,597	(24,380,399)
Asset backed securities	99,750,693	(7,619,437)	94,734,421	(18,344,148)	194,485,114	(25,963,585)
Bonds (NAIC 3-6)	-	-	8,880	(5,298)	8,880	(5,298)
Common stocks - unaffiliated	29,198,302	(4,027,751)	5,720,472	(1,933,099)	34,918,774	(5,960,850)
	$ 296,483,582	$ (25,226,122)	$ 227,877,151	$ (52,937,198)	$ 524,360,733	$ (78,163,320)

Unrealized losses on investment grade securities (NAIC 1-2) principally relate to changes in interest rates.

The major categories of net investment income for the years ended December 31, 2023 and 2022 are summarized as follows:

	2023	2022
Bonds	$ 19,942,948	$ 16,789,814
Common stocks	3,128,479	2,942,504
Cash, cash equivalents and short-term investments	539,156	170,579
Other investment expenses	-	(1)
Total investment income	23,610,583	19,902,896
Less: Investment expenses	(2,787,921)	(1,327,235)
Net investment income	$ 20,822,662	$ 18,575,661

Interest income due and accrued was $4,624,444 and $4,206,234 as of December 31, 2023 and 2022, respectively, and is included in investment income due and accrued on the Statements of Admitted Assets, Liabilities, Capital and Surplus. No amounts were nonadmitted.

11. Fair Value of Financial Instruments

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Valuation techniques used to derive the fair value of investment securities are based on observable or unobservable inputs. Observable inputs reflect market data obtained from independent resources such as active markets or nationally recognized pricing services. Unobservable inputs reflect comparable securities or valuations received from various broker or dealer quotes.

Items Measured and Reported at Fair Value by Levels 1, 2 and 3.

The Company has categorized its assets and liabilities that are reported on the Statements of Admitted Assets, Liabilities and Capital and Surplus at fair value into the three-level fair value hierarchy as reflected in the following table. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded preferred and common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 - Significant Other Observable Inputs: This category is for items measured at fair value on a recurring basis including bonds, which are not exchange-traded and FHLB common stock, which is not exchange traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

Level 3 - Significant Other Unobservable Inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Company has no assets or liabilities measured at fair value in this category. Transfers to and from Level 3 would be recognized when a purchase, sale or settlement increases or decreases an asset previously valued as a Level 3 or when an investment is purchased which is carried at fair market value and does not have an observable input for valuation.

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value				
Bonds				
Asset backed	$ -	$ 4,642	$ -	$ 4,642
Total bonds	-	4,642	-	4,642
Common stocks				
Industrial & miscellaneous	115,779,164	-	-	115,779,164
Federal Home Loan Bank	-	545,200	-	545,200
Mutual funds	12,915,306	-	-	12,915,306
Total common stocks	128,694,470	545,200	-	129,239,670
Total assets, measured at fair value	$ 128,694,470	$ 549,842	$ -	$ 129,244,312

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value				
Bonds				
Asset backed	$ -	$ 8,880	$ -	$ 8,880
Total bonds	-	8,880	-	8,880
Common stocks				
Industrial & miscellaneous	104,332,675	-	-	104,332,675
Federal Home Loan Bank	-	545,200	-	545,200
Mutual funds	12,325,817	-	-	12,325,817
Total common stocks	116,658,492	545,200	-	117,203,692
Total assets, measured at fair value	$ 116,658,492	$ 554,080	$ -	$ 117,212,572

The table below reflects the fair values and admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures) as of December 31, 2023 and 2022. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2023					
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds						
U.S. government & government agencies & authorities	$ 18,087,516	$ 19,230,188	$ -	$ 18,087,516	$ -	$ -
States, territories & possessions	14,823,674	15,866,073	-	14,823,674	-	-
Political subdivisions of states	28,902,934	31,653,505	-	28,902,934	-	-
U.S special revenue & assessment obligations	106,460,390	116,489,842		106,460,390		
Industrial & miscellaneous	168,173,490	185,057,364	-	168,173,490	-	-
Asset backed securities	234,912,873	255,542,383	-	234,912,873	-	-
Common stocks	129,239,670	129,239,670	128,694,470	545,200	-	-
Cash, cash equivalents & short-term investments	42,518,726	42,516,135	40,542,790	1,975,936	-	-
Other invested assets	401,476	499,071	-	401,476	-	-
Total assets	$ 743,520,749	$ 796,094,231	$ 169,237,260	$ 574,283,489	$ -	$ -

	2022					
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds						
U.S. government & government agencies & authorities	$ 22,215,875	$ 23,908,746	$ -	$ 22,215,875	$ -	$ -
States, territories & possessions	13,878,434	15,057,186	-	13,878,434	-	-
Political subdivisions of states	28,506,832	32,627,608	-	28,506,832	-	-
U.S special revenue & assessment obligations	100,761,763	115,276,698	-	100,761,763	-	-
Industrial & miscellaneous	166,409,784	190,628,303	-	166,409,784	-	-
Asset backed securities	204,021,435	229,852,820	-	204,021,435	-	-
Common stocks	117,203,692	117,203,692	116,658,492	545,200	-	-
Cash, cash equivalents & short-term investments	19,892,420	19,911,515	16,960,857	2,931,563	-	-
Other invested assets	386,173	499,047	-	386,173	-	-
Total assets	$ 673,276,408	$ 744,965,615	$ 133,619,349	$ 539,657,059	$ -	$ -

The Company held no structured notes as of December 31, 2023 or 2022.

12. Employee Benefit Plans

The Company has adopted a qualified defined contribution discretionary, 401(k) and profit sharing plan (the "Plan") covering substantially all full-time employees who meet the Plans' eligibility requirements. This Plan includes a discretionary component, an employer profit sharing component and an employer matching component.

If approved by the Board of Directors, this discretionary component of the Plan is determined to be 3-6% of the covered employees' annual eligible compensation. Employees become eligible to participate upon completion of three months of service and are fully vested in the Plan after three years of service. The amount expensed in the Statements of Income for the discretionary portion for the Plan was $2,360,501 and $2,284,536 in 2023 and 2022, respectively.

With respect to the tax deferred employer profit-sharing component of the Plan, each eligible participant may receive a profit-sharing contribution in an amount to be determined by the Board of Directors not to exceed 6% plus an additional allocation for employees earning more than the taxable wage base. The Company incurred $2,873,084 and $2,745,906 of expense, included in its Statements of Income, related to the tax deferred employer profit-sharing component of the Plan in 2023 and 2022, respectively.

In 2023 and 2022, with respect to the employer matching component of the Plan, the Company will contribute an amount up to 100% of the employees' 401(k) contributions to a maximum of 5% of an employee's annual compensation. An employee's contribution may not exceed 60% of their annual salary or the maximum amount allowed as determined by the Internal Revenue Code. These Company contributions become fully vested after five years. The Company incurred $2,231,562 and $2,071,570 of expense, included in its Statements of Income, related to the employer matching component of the Plan in 2023 and 2022, respectively.

The Company sponsors a non-qualified, deferred compensation plan (the "Compensation Plan") and trust for certain key executives providing for payments upon retirement, death or disability. The Compensation Plan permits eligible officers to defer a portion of their compensation. The Compensation Plan provides that, in the event of liquidation of the Company, all assets of the Compensation Plan will be available to meet the obligations of the Company. Included in both common stocks and other liabilities are equal amounts of $12,915,306 and $12,325,817 at December 31, 2023 and 2022, respectively, related to the Compensation Plan on the Statements of Admitted Assets, Liabilities and Capital and Surplus. In accordance with NAIC SAP, the increase or decrease in fair value of the assets of the Plan are recorded into income or expense to the Company. Related to this Compensation Plan, the Company incurred expense of $2,570,909 during 2023 and reversed previously recognized expense of $2,382,055 during 2022, included in the Statements of Income.

A Long Term Incentive Plan ("LTIP") was established by the Compensation Committee of the Board of Directors (the "Committee") effective January 1, 2018, for certain members of management and highly compensated individuals ("Participants"). Participants are granted a fixed-dollar base award (the "Award") contingent upon a three year rolling calculation of the direct combined ratio on the workers' compensation line of business as determined by the external actuary for ultimate loss and loss adjustment expense, and internally prepared management reports, as agreed upon by the Committee, for general expenses and unallocated loss adjustment expenses. The 2021, 2022 and 2023 Awards may range from 0% to 200% of the base award. Participants vest in each plan over three years, or a shorter period, under certain established conditions. The Company incurred LTIP expense of $2,006,576 and $2,063,394 during 2023 and 2022, respectively, included in the Statements of Income.

13. Commitments and Contingent Liabilities

The Company leases office space, various office equipment and vehicles under lease arrangements through 2025. Future minimum lease payments under operating leases at December 31, 2023, are as follows:

2024	$	1,346,351
2025		1,048,002
2026		3,064
2027		-
Total future minimum lease payments	$	2,397,417

Total rent and lease expense to all related and unrelated parties was $2,211,963 and $2,526,965 for the years ended December 31, 2023 and 2022, respectively. Included in future minimum lease payments are the future rents due through 2025 from the Company to CVH and CVHII.

From time to time, the Company may purchase annuities to settle claims. Certain types of annuities provide annuitants with recourse against the Company if the insurer fails to pay under the annuities as agreed. Under these arrangements, the Company remains contingently liable to the annuitant.

The Company is involved in litigation with respect to claims arising in the ordinary course of business, which is considered in establishing loss and loss adjustment expense reserves. The Company periodically reviews its overall loss and loss adjustment expense reserve position as well as its provision for reinsurance. The Company's management believes the resolution of such litigation is not expected to have a material adverse effect on the financial position or the operating results of the Company. The Company also considers any other insurance or noninsurance related litigation which may have a material adverse effect on the financial position or operating results of the Company; there were no matters during 2023 or 2022 requiring an accrual or disclosure.

The Company is subject to guaranty funds and other assessments by states in which it has direct written premium. Guaranty fund assessments should be accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. In the case of premium based assessments, the expense is accrued at the time the premiums are written, or, in the case of loss-based assessments, at the time the losses are incurred.

The Company has recorded (benefit) expense, included in its Statements of Income, for guaranty fund and other assessments of $(2,351,347) and $1,254,832 as of December 31, 2023 and 2022, respectively. Of these amounts, the Company has accrued a net liability as of December 31, 2023 and 2022, of $484,578 and $485,965, respectively. The guaranty fund and other assessment amounts represent management's best estimate of its liability for assessments based on information received from the states in which the Company writes business and may change due to many factors, including the Company's share of the ultimate cost of current insolvencies and other factors related to the funding requirements of the various assessments. There is no related premium tax benefit asset recorded from guaranty funds on the Statements of Admitted Assets, Liabilities and Capital and Surplus or Statements of Income.

The State of Maine Workers' Compensation Board (the "Board") assesses insurance companies, associations and self-insured employers' amounts based upon their written premium levels. As of December 31, 2023 and 2022, the assessment was 2.34% and 2.48%, respectively, of subject premium. To fund this amount, the Company is required to assess its policyholders these amounts and submit amounts collected to the Board on a quarterly basis. The balance of $1,012,906 and $1,183,289 represents amounts due to the Board as of December 31, 2023 and 2022, respectively, and is included in amounts withheld for others on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

14. Related Party Transactions

The Company charged management fees and other services to MEMIC Indemnity in the normal course of business and in accordance with the terms of certain cost sharing agreements. The Company charged MEMIC Indemnity $42,171,585 and $41,269,617 for underwriting, claims, loss control, managed care and investment management fees during 2023 and 2022, respectively. Certain other direct costs are paid by the Company and charged back to MEMIC Indemnity.

The Company is the sole member of CVH. CVH is the sole member of CVH II and CVH III. The Company records all member contributions to CVH in other invested assets. CVH paid the Company $45,000 for management services during both 2023 and 2022. In addition, the Company leased office space from CVH and paid $838,616 and $816,514 for rent and parking during 2023 and 2022, respectively. The Company leased office space from CVHII and paid $1,213,066 and $1,183,606 for rent and parking during 2023 and 2022, respectively. The Company was also charged $64,800 for parking from CVHIII during both 2023 and 2022. During 2023, CVH issued the Company a $3,000,000 dividend.

The Company charged management fees and other services to MEMIC Casualty in the normal course of business and in accordance with the terms of certain cost sharing agreements. The Company charged MEMIC Casualty $12,825,642 and $11,902,712 for underwriting, claims, loss control, managed care and investment management fees during 2023 and 2022, respectively. Certain other direct costs are paid by the Company and charged back to MEMIC Casualty. During 2023, the Company made a capital contribution of $10,000,000 to MEMIC Casualty.

The Company charged $6,000 to MEMIC Services for accounting and management services during both 2023 and 2022. MEMIC Services charged the Company $6,168 and $7,471 during 2023 and 2022, respectively, for agency services. Amounts due from MEMIC Services of $214,584 and $210,934 as of December 31, 2023 and 2022, respectively, are nonadmitted.

The net admitted amounts due from affiliates as of December 31, 2023 and 2022 are as follows:

	2023	2022
MEMIC Indemnity Company	$ 7,263,339	$ 5,396,916
MEMIC Casualty Company	2,094,769	1,594,235
Casco View Holdings, LLC	9,758	7,540
Total due from affiliates	$ 9,367,866	$ 6,998,691

These amounts are settled periodically in accordance with the terms of certain cost sharing agreements.

15. Loan-Backed Securities

The Company has elected to use the prospective method of determining prepayment assumptions. Prepayment assumptions are derived primarily from projected cash flow information obtained from recognized external sources. Where projected cash flow information is not publicly available the information is obtained from external asset managers or by internal estimates. The Company uses IDC Corporation in determining the fair value of its loan-backed securities. There have been no changes from the retrospective to the prospective adjustment methodology due to negative yield on specific securities.

The Company has no loan-backed securities that have a recognized OTTI where the Company either has the intent to sell or does not have the ability or intent to retain the investment for a period of time to recover any unadjusted amortized cost basis.

The following table summarizes unrealized losses on loan-backed securities by the length of time that the securities have continuously been in unrealized loss positions.

	2023	2022
Aggregate amount of unrealized loss		
Less than twelve months	$ 73,335	$ 7,619,437
Twelve months or longer	21,308,269	18,349,446
Total	$ 21,381,604	$ 25,968,883
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 10,087,630	$ 99,750,693
Twelve months or longer	165,184,831	94,743,301
Total	$ 175,272,461	$ 194,493,994

There is no additional information necessary to describe the general categories of information that the Company considered in reaching the conclusion that the impairments are not other-than-temporary. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered.

The Company has no repurchase agreements and/or securities lending transactions or low-income housing tax credits in the current year or prior year. The Company has investments in real estate through its wholly-owned subsidiary CVH in the current year. The cumulative amount of credit losses on loan-backed and structured securities still held as of December 31, 2023 and 2022, are immaterial to the Company.

16. Subsequent Events

Subsequent events have been considered through March 25, 2024, for these statutory financial statements which are available to be issued on March 25, 2024.

SUMMARY INVESTMENT SCHEDULE

	Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
		1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1.	Long-Term Bonds (Schedule D, Part 1):						
	1.01 U.S. governments	22,266,807	2.108	22,266,806	0	22,266,806	2.108
	1.02 All other governments	2,066,402	0.196	2,066,402	0	2,066,402	0.196
	1.03 U.S. states, territories and possessions, etc. guaranteed	15,866,075	1.502	15,866,073	0	15,866,073	1.502
	1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	31,653,504	2.997	31,653,505	0	31,653,505	2.997
	1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	236,067,969	22.350	236,067,960	0	236,067,960	22.350
	1.06 Industrial and miscellaneous	314,918,598	29.816	314,918,609	0	314,918,609	29.816
	1.07 Hybrid securities	1,000,000	0.095	1,000,000	0	1,000,000	0.095
	1.08 Parent, subsidiaries and affiliates	0	0.000	0	0	0	0.000
	1.09 SVO identified funds	0	0.000	0	0	0	0.000
	1.10 Unaffiliated bank loans	0	0.000	0	0	0	0.000
	1.11 Unaffiliated certificates of deposit	0	0.000	0	0	0	0.000
	1.12 Total long-term bonds	623,839,355	59.064	623,839,355	0	623,839,355	59.064
2.	Preferred stocks (Schedule D, Part 2, Section 1):						
	2.01 Industrial and miscellaneous (Unaffiliated)		0.000	0	0	0	0.000
	2.02 Parent, subsidiaries and affiliates		0.000	0	0	0	0.000
	2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3.	Common stocks (Schedule D, Part 2, Section 2):						
	3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	115,732,096	10.957	115,732,096	0	115,732,096	10.957
	3.02 Industrial and miscellaneous Other (Unaffiliated)	592,268	0.056	592,268	0	592,268	0.056
	3.03 Parent, subsidiaries and affiliates Publicly traded	0	0.000	0	0	0	0.000
	3.04 Parent, subsidiaries and affiliates Other	231,820,227	21.948	231,820,227	0	231,820,227	21.948
	3.05 Mutual funds	12,915,306	1.223	12,915,306	0	12,915,306	1.223
	3.06 Unit investment trusts		0.000	0	0	0	0.000
	3.07 Closed-end funds		0.000	0	0	0	0.000
	3.08 Exchange traded funds	0	0.000	0	0	0	0.000
	3.09 Total common stocks	361,059,897	34.184	361,059,897	0	361,059,897	34.184
4.	Mortgage loans (Schedule B):						
	4.01 Farm mortgages	0	0.000	0	0	0	0.000
	4.02 Residential mortgages	0	0.000	0	0	0	0.000
	4.03 Commercial mortgages	0	0.000	0	0	0	0.000
	4.04 Mezzanine real estate loans	0	0.000	0	0	0	0.000
	4.05 Total valuation allowance		0.000	0	0	0	0.000
	4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5.	Real estate (Schedule A):						
	5.01 Properties occupied by company		0.000	0	0	0	0.000
	5.02 Properties held for production of income		0.000	0	0	0	0.000
	5.03 Properties held for sale		0.000	0	0	0	0.000
	5.04 Total real estate	0	0.000	0	0	0	0.000
6.	Cash, cash equivalents and short-term investments:						
	6.01 Cash (Schedule E, Part 1)	36,399,358	3.446	36,399,358	0	36,399,358	3.446
	6.02 Cash equivalents (Schedule E, Part 2)	4,143,432	0.392	4,143,432	0	4,143,432	0.392
	6.03 Short-term investments (Schedule DA)	1,973,345	0.187	1,973,345	0	1,973,345	0.187
	6.04 Total cash, cash equivalents and short-term investments	42,516,135	4.025	42,516,135	0	42,516,135	4.025
7.	Contract loans	0	0.000	0	0	0	0.000
8.	Derivatives (Schedule DB)	0	0.000	0	0	0	0.000
9.	Other invested assets (Schedule BA)	28,794,739	2.726	28,794,739	0	28,794,739	2.726
10.	Receivables for securities	0	0.000	0	0	0	0.000
11.	Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12.	Other invested assets (Page 2, Line 11)	0	0.000	0	0	0	0.000
13.	Total invested assets	1,056,210,126	100.000	1,056,210,126	0	1,056,210,126	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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

Of The Maine Employers' Mutual Insurance Company

ADDRESS (City, State and Zip Code) Portland , ME 04101

NAIC Group Code 1332 NAIC Company Code 11149 Federal Employer's Identification Number (FEIN) 01-0476508

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 1,158,664,426

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	MEMIC INDEMNITY COMPANY	Common Stock Subsidiary	$ 183,747,203	15.9 %
2.02	MEMIC CASUALTY COMPANY	Common Stock Subsidiary	$ 48,073,024	4.1 %
2.03	AOMT	Long-Term Bonds	$ 8,917,789	0.8 %
2.04	BMARK	Long-Term Bonds	$ 8,265,592	0.7 %
2.05	THE COMMONWEALTH OF MASSACHUSETTS	Long-Term Bonds	$ 6,705,639	0.6 %
2.06	BANK OF AMERICA CORPORATION	Long-Term Bonds/Common Stocks	$ 6,578,570	0.6 %
2.07	THE PENNSYLVANIA TURNPIKE COMMISSION	Long-Term Bonds	$ 6,571,558	0.6 %
2.08	GALXY	Long-Term Bonds	$ 6,569,095	0.6 %
2.09	JPMORGAN CHASE & CO.	Long-Term Bonds/Common Stocks	$ 6,534,888	0.6 %
2.10	DUKE ENERGY CORPORATION	Long-Term Bonds/Common Stocks	$ 6,237,419	0.5 %

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

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 545,255,332	47.1 %	3.07	NAIC 1	$	0.0 %
3.02	NAIC 2	$ 80,552,725	7.0 %	3.08	NAIC 2	$	0.0 %
3.03	NAIC 3	$ 0	0.0 %	3.09	NAIC 3	$	0.0 %
3.04	NAIC 4	$ 0	0.0 %	3.10	NAIC 4	$	0.0 %
3.05	NAIC 5	$ 4,642	0.0 %	3.11	NAIC 5	$	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	NAIC 6	$	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 31,506,641	2.7 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

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

			1	2
5.01	Countries designated NAIC-1	$	30,317,068	2.6 %
5.02	Countries designated NAIC-2	$	1,189,573	0.1 %
5.03	Countries designated NAIC-3 or below	$		0.0 %

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

			1	2
	Countries designated NAIC - 1:			
6.01	Country 1: Cayman Islands	$	18,368,002	1.6 %
6.02	Country 2: France	$	4,490,095	0.4 %
	Countries designated NAIC - 2:			
6.03	Country 1: Peru	$	779,821	0.1 %
6.04	Country 2: Panama	$	409,752	0.0 %
	Countries designated NAIC - 3 or below:			
6.05	Country 1:	$		0.0 %
6.06	Country 2:	$		0.0 %

			1	2
7.	Aggregate unhedged foreign currency exposure	$		0.0 %

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

			1	2
8.01	Countries designated NAIC-1	$		0.0 %
8.02	Countries designated NAIC-2	$		0.0 %
8.03	Countries designated NAIC-3 or below	$		0.0 %

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

			1	2
	Countries designated NAIC - 1:			
9.01	Country 1:	$		0.0 %
9.02	Country 2:	$		0.0 %
	Countries designated NAIC - 2:			
9.03	Country 1:	$		0.0 %
9.04	Country 2:	$		0.0 %
	Countries designated NAIC - 3 or below:			
9.05	Country 1:	$		0.0 %
9.06	Country 2:	$		0.0 %

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

	1 Issuer	2 NAIC Designation		3	4
10.01	GALXY	1	$	6,569,095	0.6 %
10.02	WINDR	1	$	3,620,204	0.3 %
10.03	INTNED	1	$	2,000,000	0.2 %
10.04	BNP	1	$	1,965,920	0.2 %
10.05	AIFP	1	$	1,948,173	0.2 %
10.06	MF1	1	$	1,500,000	0.1 %
10.07	DRSLF	1	$	1,452,559	0.1 %
10.08	AASET	1	$	1,237,849	0.1 %
10.09	BCC	1	$	1,181,667	0.1 %
10.10	BALFOUR	1	$	1,000,000	0.1 %

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

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

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

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

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

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

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

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

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

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

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

	1 Issuer	2	3
13.02	MEMIC INDEMNITY COMPANY	$ 183,747,203	15.9 %
13.03	MEMIC CASUALTY COMPANY	$ 48,073,024	4.1 %
13.04	APPLE INC.	$ 2,796,691	0.2 %
13.05	MICROSOFT CORPORATION	$ 2,609,718	0.2 %
13.06	BROADCOM INC.	$ 2,181,153	0.2 %
13.07	JPMORGAN CHASE & CO.	$ 2,074,199	0.2 %
13.08	THE HOME DEPOT INC.	$ 1,942,759	0.2 %
13.09	CATERPILLAR INC.	$ 1,853,260	0.2 %
13.10	ABBVIE INC.	$ 1,850,497	0.2 %
13.11	JOHNSON & JOHNSON	$ 1,849,532	0.2 %

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

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

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

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06		$ 0	$	$
14.07		$ 0	$	$
14.08		$ 0	$	$
14.09		$ 0	$	$
14.10		$ 0	$	$
14.11		$ 0	$	$
14.12		$ 0	$	$
14.13		$ 0	$	$
14.14		$ 0	$	$
14.15		$ 0	$	$

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

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

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

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

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

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

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

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

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

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

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

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02	91 to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03	81 to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04	71 to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05	below 70%	$	0.0 %	$	0.0 %	$	0.0 %

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

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

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

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

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

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

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

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

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

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

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02 Repurchase agreements	$	0.0 %	$	$	$
20.03 Reverse repurchase agreements	$	0.0 %	$	$	$
20.04 Dollar repurchase agreements	$	0.0 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.0 %	$	$	$

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 1	Owned 2	Written 3	Written 4
21.01 Hedging	$	0.0 %	$	0.0 %
21.02 Income generation	$	0.0 %	$	0.0 %
21.03 Other	$	0.0 %	$	0.0 %

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

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02 Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03 Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04 Other	$ 0	0.0 %	$ 0	$ 0	$ 0

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

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02 Income generation	$	0.0 %	$	$	$
23.03 Replications	$	0.0 %	$	$	$
23.04 Other	$	0.0 %	$	$	$

MEMIC Indemnity Company

Financial Statements
(Statutory Basis)
December 31, 2023 and 2022

MEMIC Indemnity Company
Index
December 31, 2023 and 2022

Report of Independent Auditors

Board of Directors
MEMIC Indemnity Company

Opinions

We have audited the statutory financial statements of MEMIC Indemnity Company (the Company), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2023 and 2022, and the related statutory statements of income, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 2.

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 do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, 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 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 opinions.

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

As described in Note 2 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the New Hampshire Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices described in Note 2 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 these financial statements in accordance with the accounting practices prescribed or permitted by the New Hampshire Insurance Department. Management is also responsible 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.

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

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Summary Investment Schedule and Supplemental Investment Risks Interrogatories of the Company as of December 31, 2023, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the New Hampshire Insurance Department. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Lambert LLP

Atlanta, Georgia
March 25, 2024

MEMIC Indemnity Company
Statements of Admitted Assets, Liabilities and Capital and Surplus
(Statutory Basis)
December 31, 2023 and 2022

	2023	2022
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $438,235,224 and $399,205,453 at December 31, 2023 and 2022, respectively)	$ 473,976,972	$ 446,809,867
Common stocks, at fair value (cost: $48,104,625 and $79,770,603 at December 31, 2023 and 2022, respectively)	53,990,037	91,574,845
Other invested assets, at carrying value (fair value: $4,253,324 and $3,264,673 at December 31, 2023 and 2022, respectively)	4,643,705	3,716,172
Receivable for securities sold	11	30
Cash, cash equivalents and short-term investments	23,864,184	2,483,660
Total cash and invested assets	556,474,909	544,584,574
Premium balances receivable	55,149,538	49,217,161
Investment income due and accrued	4,061,266	3,772,157
EDP equipment (net of accumulated depreciation of $1,115,543 and $848,375 at December 31, 2023 and 2022, respectively)	113,668	380,837
Reinsurance recoverable on paid loss and loss adjustment expenses	974,858	2,750,818
Federal income taxes receivable	-	1,728,348
Net deferred tax asset	8,961,433	8,234,642
Total admitted assets	$ 625,735,672	$ 610,668,537
Liabilities		
Loss reserves	$ 273,408,569	$ 273,831,388
Loss adjustment expense reserves	52,135,415	51,778,961
Unearned premium reserves	68,814,971	64,451,474
Advance premium	497,586	402,841
Reinsurance premiums payable	271,746	195,223
Funds held by company under reinsurance treaties	6,376,838	11,802,166
Other liabilities	964,435	1,636,223
Deposits held for large deductible policyholders	14,598,125	10,922,665
Premium taxes and assessments payable	4,092,824	5,409,625
Amounts withheld for others	2,339,996	2,150,096
Federal income tax payable	3,078,832	-
Commissions payable	8,145,793	5,352,113
Due to parent	7,263,339	5,396,916
Total liabilities	441,988,469	433,329,691
Commitments and contingencies (Note 13)		
Capital and surplus		
Common stock, 1,000,000 shares authorized, 100,000 shares issued and outstanding, $30 par value	3,000,000	3,000,000
Gross paid-in and contributed surplus	126,000,000	126,000,000
Unassigned surplus	54,747,203	48,338,846
Total capital and surplus	183,747,203	177,338,846
Total liabilities and capital and surplus	$ 625,735,672	$ 610,668,537

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

MEMIC

MEMIC Indemnity Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Underwriting income		
Premiums earned, net	$ 163,439,211	$ 145,843,282
Loss and underwriting expenses		
Losses incurred, net	84,562,018	84,383,107
Loss adjustment expenses incurred, net	30,632,720	38,615,062
Underwriting expense		
Commissions	17,567,189	14,274,682
Premium taxes	5,081,250	5,155,311
Guarantee fund, rating bureau and other assessments	493,417	388,173
Supervision, acquisition and collection expenses	22,535,637	21,421,359
Loss control	4,348,479	3,515,242
General expenses	2,174,901	1,564,349
Total underwriting expenses	52,200,873	46,319,116
Total loss and underwriting expenses	167,395,611	169,317,285
Net underwriting loss	(3,956,400)	(23,474,003)
Investment income		
Net investment income	17,218,545	15,338,110
Net realized capital gains (less capital gains tax of $1,363,156 and $685,398, during 2023 and 2022, respectively)	5,128,064	2,578,401
Total investment income	22,346,609	17,916,511
Other (expense) income		
Bad debt expense	(160,834)	(71,997)
Other expense	(341,831)	(2,165,163)
Service fee income	44,169	37,181
Net other expense	(458,496)	(2,199,979)
Income (loss) before dividends and federal income taxes	17,931,713	(7,757,471)
Dividends to policyholders	4,965,510	6,623,163
Income (loss) after dividends, before federal income taxes	12,966,203	(14,380,634)
Provision for (benefit from) federal income taxes	1,715,676	(2,413,746)
Net income (loss)	$ 11,250,527	$ (11,966,888)

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

MEMIC Indemnity Company
Statements of Changes in Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Capital and surplus at beginning year	$ 177,338,846	$ 193,681,493
Net income (loss)	11,250,527	(11,966,888)
Change in net deferred income taxes	367,889	872,871
Change in nonadmitted assets	(722,850)	1,686,146
Change in net unrealized appreciation of invested assets (net of deferred taxes of $(1,207,692) and $(1,795,215) as of December 31, 2023 and 2022, respectively)	(4,487,209)	(6,934,776)
Change in capital and surplus	6,408,357	(16,342,647)
Capital and surplus at end of year	$ 183,747,203	$ 177,338,846

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

MEMIC Indemnity Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Cash from operations		
Premiums collected, net	$ 162,022,775	$ 155,537,843
Investment income received, net	18,217,046	16,679,609
Other expense	(458,495)	(2,199,981)
Cash provided from operations	179,781,326	170,017,471
Benefit and loss related payments	83,208,877	84,882,503
Commissions and expenses paid	81,672,115	75,938,905
Dividends paid to policyholders	4,965,510	6,623,163
Federal income taxes recovered	(1,728,348)	(2,230,811)
Cash used in operations	168,118,154	165,213,760
Net cash provided from operations	11,663,172	4,803,711
Cash from investing activities		
Proceeds from bonds sold, matured or repaid	29,072,572	44,421,101
Proceeds from common stocks sold	57,329,405	23,747,466
Proceeds from other invested assets	-	354,297
Cost of bonds acquired	(57,497,324)	(48,771,755)
Cost of stocks acquired	(19,034,268)	(26,924,936)
Cost of other invested assests	(871,422)	(2,255,623)
Net cash provided from (used in) investing activities	8,998,963	(9,429,450)
Cash from financing and miscellaneous sources		
Other cash		
Other sources (uses)	718,389	(4,678,518)
Net cash provided from (used in) financing and miscellaneous sources	718,389	(4,678,518)
Net increase (decrease) in cash	21,380,524	(9,304,257)
Cash, cash equivalents and short-term investments		
Beginning of year	2,483,660	11,787,917
End of year	$ 23,864,184	$ 2,483,660

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

1. Organization

MEMIC Indemnity Company (the "Company"), a wholly-owned subsidiary of Maine Employers' Mutual Insurance Company ("MEMIC"), was incorporated on February 24, 2000. The Company, domiciled in New Hampshire, is licensed to write workers' compensation and/or employers' liability insurance in 50 states and the District of Columbia. The Company writes its business primarily through independent agents and brokers. MEMIC also owns 100% of the common stock of MEMIC Casualty Company ("MEMIC Casualty"), a property and casualty insurance company also licensed to write workers' compensation insurance and domiciled in New Hampshire.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company are prepared in conformity with statutory accounting practices of the National Association of Insurance Commissioners ("NAIC") as prescribed or permitted by the New Hampshire Insurance Department ("statutory accounting").

The New Hampshire Insurance Department ("Insurance Department") recognizes only statutory accounting practices prescribed or permitted by the State of New Hampshire for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New Hampshire Insurance Law. The NAIC Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of New Hampshire. There are no differences between the Company's net income, capital and surplus as recognized under NAIC SAP and the practices prescribed and permitted by the State of New Hampshire.

Statutory accounting practices differ in certain respects from accounting principles generally accepted in the United States of America ("GAAP"). The effects of such differences on the accompanying financial statements, which could be significant, have not been determined. The most significant differences generally include the following:

a. Statutory accounting requires that policy acquisition costs such as commissions, premium taxes and other items directly related to placing or renewing business would be charged to current operations as incurred. Under GAAP, policy acquisition costs would be deferred and then amortized ratably over the periods covered by the policies;

b. The statutory provision for federal income taxes represents estimated amounts currently payable based on taxable income or loss reported in the current accounting period. Deferred income taxes are provided in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 101, *Income Taxes.* SSAP No. 101 provides requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets ("DTAs"). The realization of any resulting DTA is limited based on certain criteria in accordance with SSAP No. 101. The GAAP provision would include a provision for taxes currently payable, as well as deferred taxes, both of which would be recorded in the Statements of Income;

c. Under statutory accounting, certain assets designated as "nonadmitted assets" (principally premium balances over 90 days past due, a portion of DTAs, other assets, non-operating system software and office furniture and equipment) are charged directly to unassigned surplus. GAAP would require the Company to maintain a reserve for doubtful accounts based on amounts deemed to be uncollectible or to expense prepaid assets over the term of the related benefit. Office furniture and equipment and non-operating system software are capitalized and depreciated over their estimated useful lives;

d. Under statutory accounting, investments in debt securities are generally carried at amortized cost. Under GAAP, debt securities classified as trading or available-for-sale are carried at fair value, and debt securities classified as held-to-maturity are carried at amortized cost. Effective in 2023, the impairment/credit loss model is different for statutory and GAAP purposes;

e. For statutory purposes, unrealized gains and losses on investments in equity securities are generally recorded directly to surplus, net of the adjustment for deferred federal income taxes. Under GAAP, unrealized gains and losses on equity securities are reported directly in net income;

f. Reinsurance balances relating to unpaid loss and loss adjustment expenses and unearned premium are presented as offsets to reserves; under GAAP, such amounts would be presented as reinsurance recoverable; moreover, under statutory accounting, a liability is established for recoverable balances from reinsurers which are not authorized and for overdue paid loss recoverables. Effective in 2023, the impairment/credit loss model is different for statutory and GAAP purposes;

g. For statutory purposes, costs related to operating leases are expensed as incurred. Under GAAP, the Company would record a right-of-use asset for the right to use an underlying asset for the lease term and a lease liability, on a discounted basis for the obligation to make lease payments. Lease costs are expensed on a straight-line basis for the term of the lease;

h. Under GAAP, the inclusion of a Statement of Comprehensive Income, detailing the income effects of unrealized gains and losses for fixed income securities classified as available-for-sale is required;

i. For statutory cash flow purposes, short-term investments, investments with remaining maturities greater than three months but under one year from the purchase date, are added to GAAP cash and cash equivalents; and

j. A reconciliation of cash flows to the GAAP indirect method is not allowed under statutory accounting.

Management Estimates
The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Invested Assets
Invested assets are valued in accordance with the statutory basis of valuation prescribed by the NAIC. Cash includes cash, cash equivalents, money market mutual funds and short-term investments, which are short-term investments and mature within one year of purchase; the carrying value of these investments approximates fair value. The Company’s cash is held at major commercial banks. At times, cash balances at financial institutions may exceed federally insurable amounts. The Company believes it mitigates its risks by depositing cash in or investing through major financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition. Included in cash and cash equivalents are policyholder deposits for high deductible policies that have opted to provide cash in lieu of a letter of credit. See further discussion of high deductible policies in Note 16.

Investment grade non-loan-backed bonds, which are included in other invested assets, with NAIC designation 1 or 2 are stated at amortized value using the interest method. Non-investment grade, non-loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by an NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.

Common stocks, which include exchange-traded and Federal Home Loan Bank ("FHLB") common stock, which is restricted and not exchange-traded, are generally stated at fair value. See Note 9 for further information on the Company's FHLB investment. The net unrealized gains and losses on these marketable securities, after deductions of applicable deferred income taxes, are recorded directly to unassigned surplus. Where declines in the value of marketable securities are deemed other-than-temporary, the loss is reported as a component of net realized capital gains and losses. Specific impairments are determined based on a continual review of investment portfolio valuations. Bi-annually, the Company performs a by-cusip, by-lot, review of bonds, common stocks and other invested assets, with a fair value to carrying value less than 75%, to determine if other-than-temporary impairment ("OTTI") has occurred and whether an OTTI should be recognized.

Other invested assets consist of the Company's investment in an Insurtech limited partnership and surplus debentures. The Company's Insurtech investment is carried at fair value based on the Company's proportionate interest in the partnership's net asset value. The remaining unfunded commitment to the Insurtech fund was $1,872,955 as of December 31, 2023. The investment grade surplus debenture included in other invested assets with the NAIC designation of 1 is stated at cost using the interest method.

Investment income is recorded on an accrual basis. Realized capital gains and losses are reported, net of tax, in operating results based on the specific identification of investments sold.

Premiums and Unearned Premium Reserves

Direct and assumed premiums are earned on a monthly pro rata basis over the inforce period, and ceded premiums for excess of loss treaties are written and earned concurrently. Premium adjustments resulting from retrospective rating plans and/or audits are immediately recorded as written and earned premiums once such amounts can be reasonably estimated. When the anticipated losses, loss adjustment expenses, commissions and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company anticipates investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2023 or 2022.

Involuntary Pooling Arrangements

The Company is required to participate in involuntary pools in several states where it writes business. The Company participates in underwriting results, including premiums, losses, expenses and other operations of involuntary pools, based on the Company's proportionate share of similar business written in those states. The National Council on Compensation Insurance ("NCCI") services most of the states where the Company participates in involuntary pools. The loss reserves that are reported to NCCI by the servicing carriers are gross of loss discounting. By application of incurred loss development and tail development factors, any discount included in the case reserves reported by servicing carriers is factored out (or unwound). NCCI also provides each participating company with an estimate of its share of discounted liabilities. The discounting assumptions include a 3.5% discount rate for incurred but not reported loss and loss adjustment expense reserves utilizing the 2007 U.S. Life mortality table. Underwriting results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the pool are recorded separately in the financial statements rather than netted against each other. Premiums receivable on involuntary pool business are recorded in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

Loss and Loss Adjustment Expense Reserves

Loss and loss adjustment expenses are recorded as incurred to initially match such costs and premiums over the contract periods. Loss reserves are established for losses and loss adjustment expenses based upon claim evaluations and include an estimated provision for both reported and unreported claims incurred and related expenses. The assumptions used in determining loss and loss adjustment expense reserves have been developed after considering the experience of the Company, industry experience and projections by independent actuaries. The ultimate loss and loss adjustment expense reserves may vary from the amounts reflected in the accompanying financial statements. The method utilized in estimating and establishing the reserves is continually reviewed and updated and any adjustments are reflected in current operating results. Allowances for subrogation recoveries are included in the Company's estimate of loss reserves. See the summary of reserve development in Note 6.

Nonadmitted Assets
The following nonadmitted assets were excluded from the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2023 and 2022:

	2023	2022
Premium balances receivable over 90 days past due	$ 579,804	$ 560,982
Deferred income taxes	1,627,048	778,258
Fixed assets, net of accumulated depreciation	708,319	807,799
Prepaid assets	59,835	105,117
Total nonadmitted assets	$ 2,975,006	$ 2,252,156

For the years ended December 31, 2023 and 2022, depreciation expense on nonadmitted fixed assets was $352,638 and $710,887 respectively.

Federal Income Taxes
The Company files a consolidated income tax return with MEMIC and three affiliates, MEMIC Casualty, MEMIC Services, Inc. and Casco View Holdings, LLC. In accordance with a tax sharing agreement, the provision for federal income taxes is recorded based upon amounts expected to be reported as if the Company filed a separate federal income tax return. Additionally, under this agreement, the Company will be reimbursed for the utilization of tax operating losses, tax credits and capital loss carryforwards to the extent the Company would have utilized these tax attributes on a separate return basis.

The provision for federal income taxes includes amounts currently payable or recoverable and deferred income taxes, computed under the asset/liability method, which results from temporary differences between the tax basis and book basis of assets and liabilities. SSAP No. 101 outlines the statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. SSAP No. 101, (1) restricts the ability to use the 3 years/15 percent of surplus admission rule to those entities that meet a new modified risk based capital ratio threshold; (2) outlines the recognition threshold for recording tax contingency reserves from a probable liability standard to a more-likely-than-not liability standard; (3) requires the disclosure of tax planning strategies that relate to reinsurance; and (4) requires consideration of reversal patterns of DTAs and deferred tax liabilities ("DTLs") in determining the extent to which DTLs could offset DTAs on the federal income tax return. Uncertain tax positions, as applicable, are considered in these statutory financial statements.

In the event of uncertain tax positions, amounts would need to be evaluated and disclosed or accrued. Liabilities would be reflected on the Statements of Admitted Assets, Liabilities and Capital and Surplus and the related interest and penalties would be included on the Statements of Income as underwriting expenses.

EDP Equipment
EDP equipment is stated at cost, net of accumulated depreciation. Depreciation is computed principally by use of the straight-line method based on the estimated useful lives of assets, which is generally three years. Depreciation expense for the years ended December 31, 2023 and 2022, was $14,011 and $32,654, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Statements of Admitted Assets, Liabilities and Capital and Surplus and any gain or loss on the transaction is reflected on the Statements of Income.

3. Capital and Surplus

Total contributions from MEMIC were $129,000,000 as of December 31, 2023 and 2022. There were no contributions from MEMIC during 2023 or 2022.

4. Dividend Restrictions

The Company may declare a stockholder dividend without Insurance Department approval so long as such dividend is not considered extraordinary. In the case of extraordinary dividends, prior approval is required. An extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair value together with that of other dividends or distributions made within the preceding twelve months, exceeds 10% of such insurer's capital and surplus as of December 31, limited to the prior year-end's unassigned surplus. The maximum amount of dividends which could be paid by the Company to stockholders without prior approval of the Commissioner of Insurance was $17,733,885 and $19,368,149 during 2023 and 2022, respectively. There were no stockholder dividends declared during 2023 or 2022.

5. Income Taxes

The components of the net deferred tax asset (liability) at December 31 are as follows:

	December 31, 2023		
	1	2	3
			(Col 1+2)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 13,018,834	$ -	$ 13,018,834
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	13,018,834	-	13,018,834
d. Deferred tax assets nonadmitted	1,627,048	-	1,627,048
e. Subtotal net admitted deferred tax asset (1c - 1d)	11,391,786	-	11,391,786
f. Deferred tax liabilities	1,196,211	1,234,142	2,430,353
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 10,195,575	$ (1,234,142)	$ 8,961,433

	December 31, 2022		
	4	5	6
			(Col 4+5)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 13,123,228	$ -	$ 13,123,228
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	13,123,228	-	13,123,228
d. Deferred tax assets nonadmitted	778,258	-	778,258
e. Subtotal net admitted deferred tax asset (1c - 1d)	12,344,970	-	12,344,970
f. Deferred tax liabilities	1,668,494	2,441,834	4,110,328
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 10,676,476	$ (2,441,834)	$ 8,234,642

	Change		
	7	8	9
	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ (104,394)	$ -	$ (104,394)
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	(104,394)	-	(104,394)
d. Deferred tax assets nonadmitted	848,790	-	848,790
e. Subtotal net admitted deferred tax asset (1c - 1d)	(953,184)	-	(953,184)
f. Deferred tax liabilities	(472,283)	(1,207,692)	(1,679,975)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ (480,901)	$ 1,207,692	$ 726,791

Admission calculation components:

	December 31, 2023		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 5,601,210	$ -	$ 5,601,210
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	3,360,223	-	3,360,223
2. Adjusted gross deferred tax assets allowed per limitation threshold			26,200,815
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	2,430,353	-	2,430,353
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 11,391,786	$ -	$ 11,391,786

	December 31, 2022		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,598,019	$ -	$ 1,598,019
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	6,636,623	-	6,636,623
2. Adjusted gross deferred tax assets allowed per limitation threshold		-	25,308,505
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	4,110,328	-	4,110,328
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 12,344,970	$ -	$ 12,344,970

	Change		
	7	8	9
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 4,003,191	$ -	$ 4,003,191
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(3,276,400)	-	(3,276,400)
2. Adjusted gross deferred tax assets allowed per limitation threshold			892,310
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	(1,679,975)	-	(1,679,975)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ (953,184)	$ -	$ (953,184)

Other admissibility criteria:

		2023	2022
a.	Ratio percentage used to determine recovery period and threshold limitation amount	533%	559%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 174,672,102	$ 168,723,367

Tax planning strategies were not employed by the Company during 2023 or 2022, and therefore, had no impact upon the determination of adjusted gross and net admitted DTAs.

As of December 31, 2023 and 2022, the Company does not have any investment tax credits, net operating loss or capital loss carryforwards available to offset against future taxable income. The amount of federal income taxes incurred in the current year and each proceeding year available for recoupment in the event of future net losses is $3,104,905 and $0 for both 2023 and 2022, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2023 and 2022, the Company has no uncertain tax positions requiring disclosure in these financial statements or any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

The Company has a written tax sharing agreement which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has a right to recoup federal income taxes paid in prior years in the event of future net losses, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

The Inflation Reduction Act was enacted on August 16, 2022, and includes a corporate alternative minimum tax (the “CAMT”). The Company has determined that it does not expect to be liable for the CAMT in 2023.

Current and deferred income taxes:

Current income taxes:	2023	2022	Change
Federal	$ 1,741,749	$ (3,155,630)	$ 4,897,379
Provision to return	(26,073)	741,884	(767,957)
Subtotal	1,715,676	(2,413,746)	4,129,422
Federal income tax on net capital gains	1,363,156	685,398	677,758
Federal income taxes incurred	$ 3,078,832	$ (1,728,348)	$ 4,807,180

Deferred Tax Assets	2023	2022	Change
a. Ordinary:			
Discounting of unpaid losses	$ 9,255,118	$ 9,403,217	$ (148,099)
Unearned premium reserves	2,911,127	2,723,881	187,246
Accrued expenses	569,518	686,610	(117,092)
Other (including items < 5% of total ordinary tax assets)	283,071	309,520	(26,449)
Subtotal	13,018,834	13,123,228	(104,394)
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	1,627,048	778,258	848,790
d. Admitted ordinary deferred tax assets	11,391,786	12,344,970	(953,184)
e. Capital:			
Investments	-	-	-
Subtotal	-	-	-
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	-	-	-
i. Admitted deferred tax assets	$ 11,391,786	$ 12,344,970	$ (953,184)
Deferred Tax Liabilities			
a. Ordinary:			
Investments	$ 159,136	$ 116,705	$ 42,431
Legislative change in loss discounting	850,672	1,276,008	(425,336)
Fixed assets	155,272	228,238	(72,966)
Other	31,131	47,543	(16,412)
Subtotal	1,196,211	1,668,494	(472,283)
b. Capital:			
Investments	1,234,142	2,441,834	(1,207,692)
Subtotal	1,234,142	2,441,834	(1,207,692)
c. Deferred tax liabilities	2,430,353	4,110,328	(1,679,975)
Net Deferred Tax Assets/Liabilities	$ 8,961,433	$ 8,234,642	$ 726,791

Change in net deferred income taxes

	2023	2022	Change
a. Adjusted gross deferred tax assets	$ 13,018,834	$ 13,123,228	$ (104,394)
b. Total deferred tax liabilities	2,430,353	4,110,328	(1,679,975)
c. Net deferred tax assets	$ 10,588,481	$ 9,012,900	$ 1,575,581
d. Tax effect of change in unrealized gains (losses)			$ 1,207,692
e. Total change in net deferred income tax			367,889
			$ 1,575,581

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2023 and 2023 were the following:

	2023	2022
Provision computed at statutory rate	$ 3,009,165	$ (2,876,000)
Permanent differences	(313,865)	(269,097)
Prior year true up (to deferred)	15,268	(715,529)
Prior year true up (to current)	(26,073)	741,884
Change in nonadmitted assets	26,448	517,523
Totals	2,710,943	(2,601,219)
Federal income taxes incurred	1,715,676	(2,413,746)
Realized capital gains tax	1,363,156	685,398
Change in net deferred income taxes	(367,889)	(872,871)
Total statutory income taxes	$ 2,710,943	$ (2,601,219)

6. Liabilities for Loss Reserves and Loss Adjustment Expense Reserves

Activity in the liabilities for loss reserves and loss adjustment expense reserves for the years ended December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Net balances at January 1,	$ 325,610,349	$ 317,943,640
Incurred related to		
Current year	130,299,316	129,857,203
Prior year	(15,104,578)	(6,859,034)
Total incurred	115,194,738	122,998,169
Paid related to		
Current year	34,135,372	35,768,932
Prior year	81,125,731	79,562,528
Total paid	115,261,103	115,331,460
Net balances at December 31,	$ 325,543,984	$ 325,610,349

The liabilities for loss and loss adjustment expense reserves are based upon assumptions which consider the experience of the Company, industry experience and projections by independent actuaries. The reserving process is inherently subjective, and the ultimate loss and loss adjustment expense reserves may vary from the amounts recorded in the financial statements. The amounts billed and recoverable for admitted collateralized high deductible policies was $1,126,635 and $1,257,279 as of December 31, 2023 and 2022, respectively. These amounts are included as a net recovery to paid losses in the applicable accident years and included in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus. In addition, the Company recorded a reserve credit for high deductible reserves outstanding of $10,379,963 and $10,383,965 as of December 31, 2023 and 2022, respectively. These 2023 and 2022 reserve credits are a reduction to outstanding loss and loss adjustment expenses incurred on the Statements of Income and a reduction in case loss and case loss adjustment expense reserves on the Statements of Admitted Assets, Liabilities and Capital and Surplus. See Note 16 for more information on high deductible policies. Original estimates are increased or decreased as additional information becomes known regarding individual claims. There was no impact on reserves or surplus as a result of development of retrospectively rated policies.

During 2023, the Company's incurred losses related to prior years decreased by $15,104,578 as a result of favorable loss development principally in the 2014-2019 accident years. This favorable development is the result of ongoing analysis of recent loss development trends.

During 2022, the Company's incurred losses related to prior years decreased by $6,859,034 as a result of favorable loss development principally in the 2021 and 2018 accident years. This favorable development is the result of ongoing analysis of recent loss development trends, including favorable development related to COVID-19 claims.

7. Reinsurance

The Company ceded risk to another insurance company through a 15% quota share reinsurance agreement for treaty year 2021 and a 20% quota share reinsurance agreement for treaty years 2020 and 2019. The 2021 and 2020 quota share treaties included a funds withheld provision in lieu of a traditional remittance of premium and recovery of associated subject losses and loss adjustment expenses. As such, the net amount payable to the reinsurer is included in funds held by company under reinsurance treaties on the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2023 and 2022. Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for these quota share treaties are as follows:

	2023	2022
Premiums earned	$ 221,617	$ 6,622,515
Loss and loss adjustment expenses incurred	160,793	2,018,559
Loss and loss adjustment expense reserves	18,146,281	25,060,907
Ceding commissions	(66,485)	(961,114)
Funds held by company under reinsurance treaties	6,376,838	11,802,166

As a condition of writing policies in several states, the Company is required to participate in the National Workers' Compensation Reinsurance Pool, the Massachusetts Reinsurance Pool, the Michigan Compensation Replacement Facility, the New Mexico Workers' Compensation Reinsurance Pool and the Tennessee Reinsurance Mechanism (the "Pools"). Participation requires that the Company share in the losses and expenses of the Pools. Pool results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the Pools are recorded separately in the financial statements. The difference between discounted and undiscounted incurred but not reported loss and loss adjustment expense liabilities from NCCI are $1,304,968 and $1,018,928 for 2023 and 2022, respectively. All amounts are recorded as assumed business.

Amounts added to premiums, reserves and expenses for reinsurance assumed from pools are as follows:

	2023	2022
Premiums earned	$ 3,800,825	$ 5,393,208
Loss and loss adjustment expenses incurred	2,777,125	3,249,235
Unearned premiums	1,496,905	1,673,383
Loss and loss adjustment expense reserves	14,500,165	15,508,665
Premiums receivable	646,555	745,407
Underwriting expenses incurred	998,751	1,335,507

The Company reinsures portions of risks with other insurance companies through excess of loss reinsurance agreements. Such agreements serve to limit the Company's maximum loss on catastrophes and large losses. To the extent that the reinsurer might be unable to meet its obligations, the Company would be liable for such defaulted amounts. Under the Company's excess of loss agreements, the Company's net retention for losses on a per occurrence basis is $2,000,000 for both 2023 and 2022. For both 2023 and 2022, the Company also maintains additional coverage up to $100,000,000 on a per occurrence basis.

Amounts deducted from premiums, reserves and expenses for excess of loss reinsurance ceded and the balances payable are as follows:

	2023	2022
Premiums earned	$ 4,090,468	$ 3,652,088
Loss and loss adjustment expenses incurred	5,777,893	-
Loss and loss adjustment expense reserves	13,943,123	9,533,582
Premiums payable	271,746	195,223

The 2023 and 2022 ceded loss and loss adjustment expense case incurred and incurred but not reported reserves above are comprised of amounts with three reinsurance carriers, although the Company has contracts with other carriers.

As of December 31, 2023 and 2022, individual reinsurers with unsecured reinsurance recoverables exceeding 3% of policyholder surplus were as follows:

	2023	2022
Swiss Reinsurance America Corporation	$ 12,109,000	$ 15,290,000
Maiden Reinsurance North American Incorporated	10,522,000	*

*Maiden Reinsurance North American Incorporated did not have an amount exceeding 3% of policyholder surplus as of December 31, 2022.

The Company has no reinsurance contracts that contain the following features (a) a contract term longer than two years and that is noncancelable by the Company 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 of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. The Company has neither 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 to 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 to policyholders nor has the Company ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statements and accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles. Additionally, the Company has not ceded any risk under any reinsurance contract where (a) the written premiums ceded to the reinsurer represent 50% or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statements or (b) 25% or more of the written premium ceded to the reinsurer has been retroceded back to the Company in a separate reinsurance contract. Accordingly, the Company has not included the Supplemental Schedule of Reinsurance Disclosures.

During 2023, the Company had one commutation for the 2015 treaty year. The commutation had no financial impact. The Company had no commutations during 2022.

8. Premiums Written and Earned

For the years ended December 31, 2023 and 2022, direct, assumed and ceded premiums are as follows:

	2023		2022	
	Written	Earned	Written	Earned
Direct	$ 168,560,447	$ 163,950,471	$ 152,527,002	$ 150,724,677
Assumed	3,554,346	3,800,825	5,040,290	5,393,208
Ceded	(4,312,085)	(4,312,085)	(1,377,408)	(10,274,603)
Net premiums	$ 167,802,708	$ 163,439,211	$ 156,189,884	$ 145,843,282

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. As of December 31, 2023 and 2022, the Company had fixed income securities on deposit with a carrying value of $11,530,937 and $11,313,540, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company is a member of the FHLB. The Company has Membership Class B stock, which is not eligible for redemption, and excess stock. An annual recalculation of the Company's bank stock requirement is performed each April. The April 2023 recalculation decreased the required value of membership stock to $305,400. The Company now holds $305,400 in Class B membership stock and $10,800 in excess stock. This common stock, all of which is admitted, is included on the Statements of Admitted Assets, Liabilities and Capital and Surplus. The agreement between the FHLB and the Company specifies Advances and Other Credit Products will be available subject to specified collateral arrangements. The Company has no activity stock, prepayment obligations or borrowings outstanding as of the reporting date. The maximum amount the Company can borrow, absent prior approval of the Company's Board of Directors, is 5% of net admitted assets from the most recent statutory financial statements which is $31,286,784, as of December 31, 2023.

Certain high deductible policyholders have opted to provide cash in lieu of a letter of credit as collateral for future deductible obligations up to their stated policy limits on a per claim aggregate basis. Included in both cash, cash equivalents and short-term investments and deposits held for large deductible policyholders on the Statements of Admitted Assets, Liabilities and Capital and Surplus is $14,598,125 and $10,922,665 as of December 31, 2023 and 2022, respectively, for this collateral on deposit. See Note 16.

The following table discloses quantitative information about the Company's restricted assets by category of restricted asset as of December 31, 2023:

Restricted Asset Category	Total Current Year Admitted Restricted	Total Prior Year	Increase/ (Decrease)	Admitted Restricted to Total Admitted Assets	Gross Restricted to Total Assets
On deposit with states	$ 11,530,937	$ 11,313,540	$ 217,397	1.84%	1.83%
Pledged as collateral to FHLB	5,933,421	6,497,378	(563,957)	0.95%	0.94%
FHLB capital stock	316,200	309,900	6,300	0.05%	0.05%
Deposits held for large deductible policyholders	14,598,125	10,922,665	3,675,460	2.33%	2.32%
Total restricted assets	$ 32,378,683	$ 29,043,483	$ 3,335,200	5.17%	5.15%

10. Investments

The carrying value and fair value of bonds as of December 31, 2023 and 2022, are as follows:

	2023			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government & government agencies & authorities	$ 14,251,598	$ 44,567	$ (1,363,260)	$ 12,932,905
States, territories & possessions	10,381,470	27,942	(431,755)	9,977,657
Political subdivisions of states	37,675,659	166,280	(1,699,270)	36,142,669
U.S special revenue & assessment obligations	59,966,745	396,891	(4,694,265)	55,669,371
Industrial & miscellaneous	184,835,547	463,322	(14,155,007)	171,143,862
Asset backed securities	166,865,953	1,125,767	(15,622,960)	152,368,760
Total bonds	$ 473,976,972	$ 2,224,769	$ (37,966,517)	$ 438,235,224

	2022			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government & government agencies & authorities	$ 14,722,393	$ 47,961	$ (1,584,291)	$ 13,186,063
States, territories & possessions	10,002,097	5,032	(613,059)	9,394,070
Political subdivisions of states	36,341,467	885	(2,215,109)	34,127,243
U.S special revenue & assessment obligations	57,293,822	50,867	(5,830,488)	51,514,201
Industrial & miscellaneous	188,987,956	29,814	(19,080,480)	169,937,290
Asset backed securities	139,462,132	67,835	(18,483,381)	121,046,586
Total bonds	$ 446,809,867	$ 202,394	$ (47,806,808)	$ 399,205,453

The carrying value and fair value of the Company's industrial surplus debenture, which is included in other invested assets and matures in 2047, has a carrying value of $1,996,283 and a fair value of $1,605,902 as of December 31, 2023, and a carrying value of $1,996,189 and a fair value of $1,544,690 as of December 31, 2022.

The cost and fair value of equity securities are as follows:

2023	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 48,104,625	$ 7,427,338	$ (1,541,926)	$ 53,990,037
2022				
Common stocks	$ 79,770,603	$ 16,575,149	$ (4,770,907)	$ 91,574,845

Bonds with a NAIC Securities Valuation Office ("SVO") rating of three to six have been recorded at the lower of cost or fair value in accordance with statutory accounting unless they are a residential mortgage-backed security or commercial mortgage-backed security with a SVO rating and independently modeled. The model determines the intrinsic price of the security and the price at which the percentage difference between the carrying price and the intrinsic price equals the midpoint between the risk-based capital charges for each NAIC designation. This is the maximum price point at which a security can be carried for each NAIC designation. These prices are referred to as break points. The Company utilizes the prospective adjustment methodology to value mortgage-backed bonds.

The carrying value and fair value of bonds by contractual maturity as of December 31, 2023, are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 23,793,023	$ 23,534,302
Over one year through five years	110,481,026	108,003,076
Over five years through ten years	92,670,608	88,587,936
Over ten years	247,032,315	218,109,910
	$ 473,976,972	$ 438,235,224

Bonds subject to early or unscheduled prepayments have been included above based upon their contractual maturity dates. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Asset backed securities have been categorized based on the date when the issue is expected to be paid off and the principal is projected to be paid to investors.

Proceeds from sales of investments on debt and equity securities, excluding equity proceeds from spinoffs, calls and mergers, and the gross realized gains and losses on those sales for the years ended December 31, 2023 and 2022, are summarized as follows:

	2023		
	Proceeds From Sales	Gross Realized Gains	Losses
Bonds	$ 2,912,294	$ -	$ (142,149)
Common stocks	57,329,405	10,961,537	(4,332,378)
	$ 60,241,699	$ 10,961,537	$ (4,474,527)

	2022		
	Proceeds From Sales	Gross Realized Gains	Losses
Bonds	$ 16,277,702	$ 101,645	$ (309,089)
Common stocks	23,747,466	5,144,792	(1,673,549)
	$ 40,025,168	$ 5,246,437	$ (1,982,638)

As of December 31, 2023 and 2022, the Company owned no securities that were in an unrealized loss position that management determined were other-than-temporary and given current market conditions would not recover. The Company did not record any OTTI during 2023 or 2022.

Unrealized losses on investment grade securities (NAIC 1-2) principally relate to changes in interest rates. The fair value and gross unrealized loss of investment securities and the amount of time the security has been in an unrealized loss position as of December 31, 2023 and 2022, are as follows:

	2023					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1–2):						
U.S. government & government agencies & authorities	$ -	$ -	$ 11,922,045	$ (1,363,260)	$ 11,922,045	$ (1,363,260)
States, territories & possessions	1,561,950	(4,759)	5,744,998	(426,996)	7,306,948	(431,755)
Political subdivisions of states	12,621,406	(133,560)	19,335,923	(1,565,710)	31,957,329	(1,699,270)
U.S special revenue & assessment obligations	9,119,078	(61,564)	29,382,566	(4,632,701)	38,501,644	(4,694,265)
Industrial & miscellaneous	2,346,192	(26,039)	150,275,297	(14,120,416)	152,621,489	(14,146,455)
Asset backed securities	9,118,952	(59,243)	95,956,118	(15,563,717)	105,075,070	(15,622,960)
Bonds (NAIC 3-6)	-	-	482,803	(8,552)	482,803	(8,552)
Common stocks - unaffiliated	9,017,314	(842,526)	3,774,436	(699,400)	12,791,750	(1,541,926)
	$ 43,784,892	$ (1,127,691)	$ 316,874,186	$ (38,380,752)	$ 360,659,078	$ (39,508,443)

	2022					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1–2):						
U.S. government & government agencies & authorities	$ 9,531,813	$ (677,461)	$ 2,665,516	$ (906,830)	$ 12,197,329	$ (1,584,291)
States, territories & possessions	5,599,530	(222,772)	1,112,790	(390,287)	6,712,320	(613,059)
Political subdivisions of states	30,177,561	(920,153)	2,910,361	(1,294,956)	33,087,922	(2,215,109)
U.S special revenue & assessment obligations	42,783,489	(3,120,363)	5,931,122	(2,710,125)	48,714,611	(5,830,488)
Industrial & miscellaneous	140,463,060	(11,259,790)	25,266,199	(7,644,226)	165,729,259	(18,904,016)
Asset backed securities	60,757,241	(4,607,126)	55,207,562	(13,876,255)	115,964,803	(18,483,381)
Bonds (NAIC 3–6)	2,524,860	(176,464)	-	-	2,524,860	(176,464)
Common stocks - unaffiliated	18,975,518	(3,045,047)	5,802,172	(1,725,860)	24,777,690	(4,770,907)
	$ 310,813,072	$ (24,205,640)	$ 98,895,722	$ (28,548,539)	$ 409,708,794	$ (52,754,179)

The major categories of net investment income for the years ended December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Bonds	$ 15,321,795	$ 14,233,694
Common stocks	2,599,666	2,541,697
Cash, cash equivalents and short-term investments	291,450	52,534
Other investment expense	1,795	(2)
Total investment income	18,214,706	16,827,923
Less: Investment expenses	(996,161)	(1,489,813)
Net investment income	$ 17,218,545	$ 15,338,110

Interest income due and accrued was $4,061,266 and $3,772,157 as of December 31, 2023 and 2022, respectively, and is included in investment income due and accrued on the Statements of Admitted Assets, Liabilities, Capital and Surplus. No amounts were nonadmitted.

11. Fair Value of Financial Instruments

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

Valuation techniques used to derive fair value of investment securities are based on observable or unobservable inputs. Observable inputs reflect market data obtained from independent resources such as active markets or nationally recognized pricing services. Unobservable inputs reflect comparable securities or valuations received from various broker or dealer quotes.

Items Measured and Reported at Fair Value by Levels 1, 2 and 3.

The Company has categorized its assets and liabilities that are reported on the Statements of Admitted Assets, Liabilities and Capital and Surplus at fair value into a three-level fair value hierarchy as reflected in the following table. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 - Significant Other Observable Inputs: This category, for items measured at fair value on a recurring basis, includes bonds and FHLB common stock, which are not exchange-traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

Level 3 - Significant Other Unobservable Inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Transfers to and from Level 3 would be recognized when a purchase, sale or settlement increases or decreases an asset previously valued as a Level 3 or when an investment is purchased which is carried at fair market value and does not have an observable input for valuation. The Company's Level 3 assets consist of one privately held stock valued by a broker.

	2023			
	Level 1	Level 2	Level 3	Total
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value:				
Bonds				
Industrial & miscellaneous	$ -	$ 482,803	$ -	$ 482,803
Total bonds	-	482,803	-	482,803
Common stocks				
Industrial & miscellaneous	53,088,076	$ -	585,761	53,673,837
Federal Home Loan Bank	-	316,200	-	316,200
Total common stocks	53,088,076	316,200	585,761	53,990,037
Total assets, measured at fair value	$ 53,088,076	$ 799,003	$ 585,761	$ 54,472,840

	2022			
	Level 1	Level 2	Level 3	Total
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value:				
Bonds				
Industrial & miscellaneous	$ -	$ 2,524,860	$ -	$ 2,524,860
Total bonds	-	2,524,860	-	2,524,860
Common stocks				
Industrial & miscellaneous	90,655,000	-	609,945	91,264,945
Federal Home Loan Bank	-	309,900	-	309,900
Total common stocks	90,655,000	309,900	609,945	91,574,845
Total assets, measured at fair value	$ 90,655,000	$ 2,834,760	$ 609,945	$ 94,099,705

The table below summarizes the Company's fair value Level 3 activity for the years ended December 31, 2023 and 2022:

	2023	2022
Balance at January 1,	$ 609,945	$ -
Purchases	-	587,316
Unrealized (loss) gain	(24,184)	22,629
Balance at December 31,	$ 585,761	$ 609,945

The Company has no derivative assets or liabilities or assets carried at fair value on a nonrecurring basis.

The table below reflects the fair values and admitted assets and liabilities that are financial instruments as of December 31, 2023 and 2022. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2023					
Type of Financial Instrument	Aggregate Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds						
U.S. government & government agencies & authorities	$ 12,932,905	$ 14,251,598	$ -	$ 12,932,905	$ -	$ -
States, territories & possessions	9,977,657	10,381,470	-	9,977,657	-	-
Political subdivisions of states	36,142,669	37,675,659	-	36,142,669	-	-
U.S special revenue & assessment obligations	55,669,371	59,966,745	-	55,669,372	-	-
Industrial & miscellaneous	171,143,862	184,835,547	-	174,181,755	-	-
Asset backed securities	152,368,760	166,865,953	-	149,330,866	-	-
Common stocks	53,990,037	53,990,037	53,088,076	316,200	585,761	-
Cash, cash equivalents & short-term investments	23,864,184	23,864,184	23,864,184	-	-	-
Other invested assets	1,605,902	1,996,283	-	1,605,902	-	-
Total assets	$ 517,695,347	$ 553,827,476	$ 76,952,260	$ 440,157,326	$ 585,761	$ -

	2022					
Type of Financial Instrument	Aggregate Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds						
U.S. government & government agencies & authorities	$ 13,186,063	$ 14,722,393	$ -	$ 13,186,063	$ -	$ -
States, territories & possessions	9,394,070	10,002,097	-	9,394,070	-	-
Political subdivisions of states	34,127,243	36,341,467	-	34,127,243	-	-
U.S special revenue & assessment obligations	51,514,201	57,293,822	-	51,514,201	-	-
Industrial & miscellaneous	169,937,290	188,987,956	-	169,937,290	-	-
Asset backed securities	121,046,586	139,462,132	-	121,046,586	-	-
Common stocks	91,574,845	91,574,845	90,655,000	309,900	609,945	-
Cash, cash equivalents & short-term investments	2,483,660	2,483,660	2,483,660	-	-	-
Other invested assets	1,544,690	1,996,098	-	1,544,690	-	-
Total assets	$ 494,808,648	$ 542,864,470	$ 93,138,660	$ 401,060,043	$ 609,945	$ -

12. Employee Benefit Plans

The Company's parent, MEMIC, has adopted a qualified defined contribution discretionary, 401(k) and profit sharing plan covering substantially all full-time employees who meet the plans' eligibility requirements. MEMIC has also adopted a non-qualified, deferred compensation plan for certain key executives and an Incentive Compensation Plan for certain members of senior management. The Company does not currently have any of its own employees. The salaries and employee benefit expenses that reside in the Company are a result of intercompany contracts for claims, underwriting, loss control, administration and management and not direct costs, therefore, the Company did not incur any direct expense for any employee benefit plans during 2023 or 2022.

The Company has no obligations to former employees for benefits after their employment but before their retirement.

13. Commitment and Contingent Liabilities

The Company leases office space and various office equipment under lease arrangements through 2030. Future minimum lease payments under operating leases as of December 31, 2023 are as follows:

2024	$ 575,107
2025	291,054
2026	217,493
2027	223,007
2028	229,827
Thereafter	473,427
Total future minimum lease payments	$ 2,009,915

Total rent and lease expense was $358,069 and $401,365 for the years ended December 31, 2023 and 2022, respectively.

The Company is involved in litigation with respect to claims arising in the ordinary course of business, which is considered in establishing loss and loss adjustment expense reserves. The Company periodically reviews its overall loss and loss adjustment expense reserve position as well as its provision for reinsurance. The Company's management believes the resolution of such litigation is not expected to have a material adverse effect on the financial position or the operating results of the Company. The Company also considers any other insurance or noninsurance related litigation which may have a material adverse effect on the financial position or operating results of the Company; there were no matters during 2023 or 2022 that required an accrual or disclosure.

The Company is subject to guaranty funds and other assessments by states in which it has written business. Guaranty fund assessments are accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. Premium based assessments are accrued at the time the premiums are written and loss-based assessments are accrued at the time the losses are incurred. The Company has recorded an expense (benefit) for guaranty fund and other assessments of $460,897 and $(98,640) at December 31, 2023 and 2022, respectively, in guarantee fund, rating bureau and other assessments in its Statements of Income. The Company has recorded a liability for guaranty fund and other assessments of $1,814,548 and $2,408,221 and no related premium tax benefit asset as of December 31, 2023 and 2022, respectively, on the Statements of Admitted Assets, Liabilities and Capital and Surplus or Statements of Income. This amount represents management's best estimate of its liability for guaranty fund and other rating and various state insurance related assessments based on information received from the state in which the Company writes business and may change due to many factors, including the Company's share of the ultimate cost of current insolvencies or market share.

14. Related Party Transactions

MEMIC charges management and other fees to the Company in the normal course of business and in accordance with the terms of certain cost sharing agreements. In 2023 and 2022, the Company was charged $42,171,585 and $41,269,617, respectively, for administrative and management services, underwriting, claims, managed care and investment management fees. Certain other direct costs are paid by MEMIC, charged back to the Company and settled within the terms of the written cost sharing agreements.

15. Loan-Backed Securities

The Company has elected to use the prospective method of determining prepayment assumptions. Prepayment assumptions are derived primarily from projected cash flow information obtained from recognized external sources. Where projected cash flow information is not publicly available the information is obtained from external asset managers or by internal estimates. There have been no changes from the retrospective to the prospective adjustment methodology due to negative yield on specific securities.

The Company has no loan-backed securities that have a recognized OTTI where the Company either has the intent to sell or does not have the ability or intent to retain the investment for a period of time to recover any unadjusted amortized cost basis. Credit related declines in the fair value of loan-backed or structured securities would be reflected as a realized loss in the Statements of Income.

The fair value and gross unrealized losses of non-agency residential mortgage-backed securities investment securities and the amount of time the securities have been in an unrealized loss position as of December 31, 2023 and 2022 are as follows:

	2023	2022
Aggregate amount of unrealized loss		
Less than twelve months	$ 59,243	$ 4,607,126
Twelve months or longer	15,563,717	13,876,255
Total	$ 15,622,960	$ 18,483,381
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 9,118,952	$ 60,757,241
Twelve months or longer	95,956,118	55,207,562
Total	$ 105,075,070	$ 115,964,803

The Company has no repurchase agreements and/or securities lending transactions, no investments in real estate or low-income housing tax credits in the current year or prior year.

16. High Deductible Policies

The Company writes high deductible policies in several states. The Company defines high deductible policies based on the large deductible definitions by state for aggregate financial reporting purposes as outlined in the following table:

Coverage State	High Deductible Limit Per Claim/Occurrence	or	High Deductible Aggregate per policy
Massachusetts, Oregon	$ 75,000		$ 75,000
New York	25,000		25,000
Texas	25,000		100,000
All Other States & District of Columbia	100,000		100,000

In most cases, the Company requires high deductible policyholders to provide an evergreen, irrevocable, clean letter of credit to secure obligations up to the deductible limits. In other cases, the Company will accept a cash deposit in lieu of a letter of credit which remains in the custody of the Company and is included in cash, cash equivalents and short-term investments and deposits held for large deductible policyholders on the Statements of Admitted Assets, Liabilities and Capital and Surplus. These letter of credit and cash in lieu of letter of credit requirements are reviewed periodically, as necessary, or annually in conjunction with the policy renewal to determine appropriate increases or decreases.

Premiums receivable includes amounts billed to policyholders under high deductible policies. Deductible amounts billed to policyholders reduce paid losses and loss adjustment expenses recognized by the Company. Management believes all high deductible amounts outstanding are recoverable based on the policyholders' payment practices and collateral held in the form of cash or irrevocable letters of credit. As of December 31, 2023 and 2022, the Company recorded a net admitted deductible recovery accrual of $1,126,635 and $1,257,279, respectively, for amounts billed in January 2023 and 2022, respectively, under secured high deductible policies included in premium balances receivable in the accompanying Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company recorded a reserve credit for high deductible reserves outstanding of $10,379,963 and $10,383,965 as of December 31, 2023 and 2022, respectively. This 2023 reserve credit does not include the component of unsecured reserve credit liabilities that are in excess of collateral included on or off balance sheet, therefore there is no nonadmitted component of the reserve credit. The reserve credit is a reduction to outstanding loss and loss adjustment expenses on the Statements of Income and a reduction in case loss and case loss adjustment expense reserves on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims as of December 31, 2023:

Annual Statement Line of Business	Gross (of High Deductible) Loss Reserves	Reserve Credit for High Deductibles	Billed Recoverables on Paid Claims	Total High Deductibles and Billed Recoverables
Workers' Compensation	$ 17,987,232	$ 10,379,963	$ 1,126,635	$ 11,506,598

Unsecured amounts on high deductible policies:

Total high deductibles and billed recoverables on paid claims	$ 11,506,598
Collateral on balance sheet	14,598,125
Collateral off balance sheet	13,879,920
Total unsecured deductibles and billed recoverables on paid claims	$ -
Percentage unsecured	0.00%
Amount of overdue nonadmitted (either due to aging or collateral)	$ -
Total over 90 days overdue admitted	-
Total overdue	$ -

Below are the top ten high deductible policyholders with unsecured reserves as of December 31, 2023, by counterparty:

Counterparty Ranking	Top Unsecured High Deductible Amounts
Counterparty 1	$ 1,119,719
Counterparty 2	744,736
Counterparty 3	663,718
Counterparty 4	600,872
Counterparty 5	571,184
Counterparty 6	364,096
Counterparty 7	354,864
Counterparty 8	342,836
Counterparty 9	315,710
Counterparty 10	212,453

These unsecured reserves were not included in the reserve credit for high deductibles above, therefore there is no nonadmitted component or percentage noted as unsecured. Collateral on and off balance sheet, in the aggregate, remains in excess of the established reserve credit and billed recoverables on paid claims. There are no unsecured high deductible recoverables for individual obligors or that of a group under the same management or control which are greater than 1% of Capital and Surplus.

17. Subsequent Events

Subsequent events have been considered through March 25, 2024, for these statutory financial statements which are available to be issued on March 25, 2024.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	17,749,944	3.190	17,749,944	0	17,749,944	3.190
1.02 All other governments	3,198,711	0.575	3,198,711	0	3,198,711	0.575
1.03 U.S. states, territories and possessions, etc. guaranteed	10,381,469	1.866	10,381,470	0	10,381,470	1.866
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	37,675,660	6.770	37,675,659	0	37,675,659	6.770
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	145,915,661	26.221	145,915,664	0	145,915,664	26.221
1.06 Industrial and miscellaneous	256,058,348	46.014	256,058,345	0	256,058,345	46.014
1.07 Hybrid securities	2,997,179	0.539	2,997,179	0	2,997,179	0.539
1.08 Parent, subsidiaries and affiliates		0.000	0	0	0	0.000
1.09 SVO identified funds	0	0.000	0	0	0	0.000
1.10 Unaffiliated bank loans		0.000	0	0	0	0.000
1.11 Unaffiliated certificates of deposit	0	0.000	0	0	0	0.000
1.12 Total long-term bonds	473,976,972	85.175	473,976,972	0	473,976,972	85.175
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)		0.000	0	0	0	0.000
2.02 Parent, subsidiaries and affiliates		0.000	0	0	0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	53,088,076	9.540	53,088,076	0	53,088,076	9.540
3.02 Industrial and miscellaneous Other (Unaffiliated)	901,961	0.162	901,961	0	901,961	0.162
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000	0	0	0	0.000
3.04 Parent, subsidiaries and affiliates Other		0.000	0	0	0	0.000
3.05 Mutual funds		0.000	0	0	0	0.000
3.06 Unit investment trusts		0.000	0	0	0	0.000
3.07 Closed-end funds		0.000	0	0	0	0.000
3.08 Exchange traded funds		0.000	0	0	0	0.000
3.09 Total common stocks	53,990,037	9.702	53,990,037	0	53,990,037	9.702
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000	0	0	0	0.000
4.02 Residential mortgages	0	0.000	0	0	0	0.000
4.03 Commercial mortgages	0	0.000	0	0	0	0.000
4.04 Mezzanine real estate loans	0	0.000	0	0	0	0.000
4.05 Total valuation allowance		0.000	0	0	0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000	0	0	0	0.000
5.02 Properties held for production of income		0.000	0	0	0	0.000
5.03 Properties held for sale		0.000	0	0	0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	7,236,907	1.300	7,236,907	0	7,236,907	1.300
6.02 Cash equivalents (Schedule E, Part 2)	16,627,277	2.988	16,627,277	0	16,627,277	2.988
6.03 Short-term investments (Schedule DA)		0.000	0	0	0	0.000
6.04 Total cash, cash equivalents and short-term investments	23,864,184	4.288	23,864,184	0	23,864,184	4.288
7. Contract loans	0	0.000	0	0	0	0.000
8. Derivatives (Schedule DB)	0	0.000	0	0	0	0.000
9. Other invested assets (Schedule BA)	4,643,705	0.834	4,643,705	0	4,643,705	0.834
10. Receivables for securities	11	0.000	11	0	11	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0	0	0	0.000
13. Total invested assets	556,474,909	100.000	556,474,909	0	556,474,909	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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

Of The MEMIC Indemnity Company

ADDRESS (City, State and Zip Code) Portland , ME 04101

NAIC Group Code 1332 NAIC Company Code 11030 Federal Employer's Identification Number (FEIN) 02-0515329

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 625,735,672

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	JPMT	Long-Term Bonds	$ 10,065,484	1.6 %
2.02	GSMBS	Long-Term Bonds	$ 4,693,585	0.8 %
2.03	BMARK	Long-Term Bonds	$ 4,346,704	0.7 %
2.04	CLARK COUNTY SCHOOL DISTRICT	Long-Term Bonds	$ 4,311,118	0.7 %
2.05	BANK OF AMERICA CORPORATION	Long-Term Bonds/Common Stock	$ 4,070,716	0.7 %
2.06	CMLT	Long-Term Bonds	$ 3,934,528	0.6 %
2.07	HAMILTON COUNTY OHIO	Long-Term Bonds	$ 3,768,540	0.6 %
2.08	STATE OF CALIFORNIA	Long-Term Bonds	$ 3,641,611	0.6 %
2.09	RTX CORPORATION	Long-Term Bonds/Common Stock	$ 3,541,411	0.6 %
2.10	STORE MASTER FUNDING	Long-Term Bonds	$ 3,285,106	0.5 %

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

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 392,182,281	62.7 %	3.07	NAIC 1	$	0.0 %
3.02	NAIC 2	$ 80,452,602	12.9 %	3.08	NAIC 2	$	0.0 %
3.03	NAIC 3	$ 482,803	0.1 %	3.09	NAIC 3	$	0.0 %
3.04	NAIC 4	$ 859,286	0.1 %	3.10	NAIC 4	$	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	NAIC 5	$	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	NAIC 6	$	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 41,202,738	6.6 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

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

		1	2
5.01	Countries designated NAIC-1	$ 38,345,354	6.1 %
5.02	Countries designated NAIC-2	$ 2,857,384	0.5 %
5.03	Countries designated NAIC-3 or below	$	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: Cayman Islands	$ 11,119,204	1.8 %
6.02	Country 2: United Kingdom	$ 7,591,660	1.2 %
	Countries designated NAIC - 2:		
6.03	Country 1: Peru	$ 1,274,824	0.2 %
6.04	Country 2: Mexico	$ 1,172,808	0.2 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$	0.0 %

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

		1	2
8.01	Countries designated NAIC-1	$	0.0 %
8.02	Countries designated NAIC-2	$	0.0 %
8.03	Countries designated NAIC-3 or below	$	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1:	$	0.0 %
9.02	Country 2:	$	0.0 %
	Countries designated NAIC - 2:		
9.03	Country 1:	$	0.0 %
9.04	Country 2:	$	0.0 %
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$	0.0 %
9.06	Country 2:	$	0.0 %

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

	1 Issuer	2 NAIC Designation	3	4
10.01	TEL	1	$ 2,107,860	0.3 %
10.02	BNP	1	$ 2,000,000	0.3 %
10.03	OCTLF	1	$ 2,000,000	0.3 %
10.04	AIA	1	$ 1,997,179	0.3 %
10.05	APID	1	$ 1,986,284	0.3 %
10.06	RNR	1	$ 1,984,031	0.3 %
10.07	AUSTRALI	1	$ 1,871,500	0.3 %
10.08	IVZ	1	$ 1,619,213	0.3 %
10.09	AZN	1	$ 1,502,137	0.2 %
10.10	MUFG	1	$ 1,494,588	0.2 %

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

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

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

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

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

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

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

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

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

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

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

	1 Issuer	2	3
13.02	BROADCOM INC.	$ 1,198,853	0.2 %
13.03	CVS HEALTH CORPORATION	$ 1,151,868	0.2 %
13.04	MORGAN STANLEY	$ 1,151,638	0.2 %
13.05	CATERPILLAR INC.	$ 1,150,156	0.2 %
13.06	QUALCOMM INCORPORATED	$ 1,114,230	0.2 %
13.07	THE PNC FINANCIAL SERVICES GROUP INC.	$ 1,112,752	0.2 %
13.08	TEXAS INSTRUMENTS INCORPORATED	$ 1,097,081	0.2 %
13.09	BANK OF AMERICA CORPORATION	$ 1,086,430	0.2 %
13.10	JPMORGAN CHASE & CO.	$ 1,083,367	0.2 %
13.11	ANALOG DEVICES INC.	$ 1,083,343	0.2 %

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

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

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

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06		$ 0	$	$
14.07		$ 0	$	$
14.08		$ 0	$	$
14.09		$ 0	$	$
14.10		$ 0	$	$
14.11		$ 0	$	$
14.12		$ 0	$	$
14.13		$ 0	$	$
14.14		$ 0	$	$
14.15		$ 0	$	$

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

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

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

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

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

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

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

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

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

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

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 1	Residential 2	Commercial 3	Commercial 4	Agricultural 5	Agricultural 6
17.01 above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02 91 to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03 81 to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04 71 to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05 below 70%	$	0.0 %	$	0.0 %	$	0.0 %

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

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

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

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

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

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

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

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

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

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

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02 Repurchase agreements	$	0.0 %	$	$	$
20.03 Reverse repurchase agreements	$	0.0 %	$	$	$
20.04 Dollar repurchase agreements	$	0.0 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.0 %	$	$	$

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 1	Owned 2	Written 3	Written 4
21.01 Hedging	$	0.0 %	$	0.0 %
21.02 Income generation	$	0.0 %	$	0.0 %
21.03 Other	$	0.0 %	$	0.0 %

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

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02 Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03 Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04 Other	$ 0	0.0 %	$ 0	$ 0	$ 0

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

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02 Income generation	$	0.0 %	$	$	$
23.03 Replications	$	0.0 %	$	$	$
23.04 Other	$	0.0 %	$	$	$

MEMIC Casualty Company

Financial Statements
(Statutory Basis)
December 31, 2023 and 2022

MEMIC Casualty Company
Index
(Statutory Basis)
December 31, 2023 and 2022

Report of Independent Auditors

Board of Directors
MEMIC Casualty Company

Opinions

We have audited the statutory financial statements of MEMIC Casualty Company (the Company), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2023 and 2022, and the related statutory statements of income, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 2.

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 do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, 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 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 opinions.

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

As described in Note 2 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the New Hampshire Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices described in Note 2 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 these financial statements in accordance with the accounting practices prescribed or permitted by the New Hampshire Insurance Department. Management is also responsible 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.

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

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Summary Investment Schedule and Supplemental Investment Risks Interrogatories of the Company as of December 31, 2023, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the New Hampshire Insurance Department. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Lambert LLP

Atlanta, Georgia
March 25, 2024

MEMIC Casualty Company
Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)
December 31, 2023 and 2022

	2023	2022
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $150,161,921 and $123,661,019 at December 31, 2023 and 2022, respectively)	$ 160,619,939	$ 139,650,391
Common stocks, at fair value (cost: $166,500 and $79,900 at December 31, 2023 and 2022, respectively)	166,500	79,900
Cash, cash equivalents and short-term investments	4,148,524	6,365,388
Total cash and invested assets	164,934,963	146,095,679
Premium balances receivable	19,550,160	21,526,041
Reinsurance recoverable on paid loss and loss adjustment expenses	52,226	345,174
Investment income due and accrued	1,273,933	893,503
Federal income tax receivable	-	934,607
Net deferred tax asset	2,757,982	2,926,466
EDP equipment (net of accumulated depreciation of $156,036 and $102,636 at December 31, 2023 and 2022, respectively)	30,453	84,123
Total admitted assets	$ 188,599,717	$ 172,805,593
Liabilities		
Loss reserves	$ 87,897,619	$ 86,530,168
Loss adjustment expense reserves	13,788,257	12,623,785
Unearned premium reserves	23,386,781	25,338,778
Advance premium	205,534	17,799
Reinsurance premiums payable	63,871	66,282
Funds held by company under reinsurance treaties	4,432,108	6,195,503
Borrowed money	2,000,000	-
Other liabilities	326,590	277,281
Deposits held for large deductible policyholders	1,715,661	1,429,962
Premium taxes and assessments payable	610,453	1,038,291
Amounts withheld for others	1,002,666	1,259,854
Due to parent	2,094,769	1,594,235
Commissions payable	2,055,810	2,241,046
Federal income tax payable	946,574	-
Total liabilities	140,526,693	138,612,984
Commitments and contingencies (Note 12)		
Capital and Surplus		
Common stock, 1,000,000 shares authorized,100,000 shares issued and outstanding, par value $30	3,000,000	3,000,000
Gross paid-in and contributed surplus	46,183,951	36,183,951
Unassigned deficit	(1,110,927)	(4,991,342)
Total capital and surplus	48,073,024	34,192,609
Total liabilities and capital and surplus	$ 188,599,717	$ 172,805,593

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

MEMIC Casualty Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Underwriting income		
Premiums earned, net	$ 53,803,472	$ 55,268,039
Loss and underwriting expenses		
Losses incurred, net	27,392,905	39,533,624
Loss adjustment expenses incurred, net	9,798,132	8,466,872
Underwriting expenses		
Commissions	4,690,123	4,704,664
Premium taxes	1,409,014	987,205
Guarantee fund, rating bureau and other assessments	81,689	492,138
Supervision, acquisition and collection expenses	7,466,255	7,479,440
Loss control	1,255,006	1,497,626
General expenses	308,953	537,584
Total underwriting expenses	15,211,040	15,698,657
Total loss and underwriting expenses	52,402,077	63,699,153
Net underwriting gain (loss)	1,401,395	(8,431,114)
Investment income		
Net investment income	4,779,504	3,170,692
Net realized capital losses (less capital gains tax of $(93,255) and $(8,436), December 31, 2023 and 2022, respectively)	(350,817)	(31,734)
Total investment income	4,428,687	3,138,958
Other (expense) income		
Bad debt expense	(1,087)	(33,877)
Finance charges	9,806	9,716
Other expense	(146,351)	(828,928)
Net other expense	(137,632)	(853,089)
Income (loss) before dividends and federal income taxes	5,692,450	(6,145,245)
Dividends to policyholders	445,088	648,041
Income (loss) after dividends, before federal income taxes	5,247,362	(6,793,286)
Provision for (benefit from) federal income taxes	1,039,829	(926,171)
Net income (loss)	$ 4,207,533	$ (5,867,115)

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

MEMIC Casualty Company
Statements of Changes in Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Capital and surplus at beginning year	$ 34,192,609	$ 39,606,821
Net income (loss)	4,207,533	(5,867,115)
Change in net deferred income taxes	(14,157)	554,171
Change in nonadmitted assets	(312,961)	(101,268)
Capital contributions	10,000,000	-
Change in capital and surplus	13,880,415	(5,414,212)
Capital and surplus at end of year	$ 48,073,024	$ 34,192,609

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

MEMIC

MEMIC Casualty Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2023 and 2022

	2023	2022
Cash from operations		
Premiums collected, net	$ 53,843,447	$ 57,561,422
Investment income received, net	4,564,505	3,398,428
Other expense	(137,632)	(853,089)
Cash provided from operations	58,270,320	60,106,761
Benefit and loss related payments	25,732,507	21,221,992
Commissions and expenses paid	24,408,085	23,777,367
Dividends paid to policyholders	445,088	648,041
Federal income taxes recovered	(934,607)	(697,619)
Cash used in operations	49,651,073	44,949,781
Net cash provided from operations	8,619,247	15,156,980
Cash from investing activities		
Proceeds from bonds sold, matured or repaid	20,798,314	14,863,635
Proceeds from stocks sold	379	-
Cost of bonds acquired	(42,377,745)	(33,346,502)
Cost of stocks acquired	(86,600)	(29,300)
Net cash used in investing activities	(21,665,652)	(18,512,167)
Cash from financing and miscellaneous sources		
Capital and paid in surplus	10,000,000	-
Borrowed money	2,000,000	-
Other cash applied	(1,170,459)	(2,313,470)
Net cash provided from (used in) financing and miscellaneous sources	10,829,541	(2,313,470)
Net decrease in cash	(2,216,864)	(5,668,657)
Cash, cash equivalents and short-term investments		
Beginning of year	6,365,388	12,034,045
End of year	$ 4,148,524	$ 6,365,388

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

1. Organization

MEMIC Casualty Company (the “Company”) is a property and casualty insurance company, domiciled in the State of New Hampshire, licensed to write workers’ compensation insurance in 46 states and territories. All outstanding shares of the Company are owned by Maine Employers’ Mutual Insurance Company (“MEMIC”), a property and casualty insurance company domiciled in the State of Maine. MEMIC also owns 100% of the common stock of MEMIC Indemnity Company (“MEMIC Indemnity”), a property and casualty insurance company licensed to write workers’ compensation insurance, which is also domiciled in New Hampshire.

The Company was created when the Vermont Department of Financial Regulation, acting as rehabilitator, converted the former Granite Manufacturers’ Mutual Indemnity Company (“GMMIC”), a property and casualty insurance carrier domiciled in the State of Vermont to write workers’ compensation, to a stock company, and on December 12, 2011, MEMIC purchased the Company. In conjunction with the transaction, GMMIC was renamed to MEMIC Casualty Company.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company are prepared in conformity with statutory accounting practices of the National Association of Insurance Commissioners (“NAIC”) as prescribed or permitted by the New Hampshire Insurance Department (“statutory accounting”).

The New Hampshire Insurance Department (“Insurance Department”) recognizes only statutory accounting practices prescribed or permitted by the State of New Hampshire for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under New Hampshire Insurance Law. The NAIC Accounting Practices and Procedures Manual (“NAIC SAP“) has been adopted as a component of prescribed or permitted practices by the State of New Hampshire. There are no differences between the Company’s net income, capital and surplus as recognized under NAIC SAP and the practices prescribed or permitted by the State of New Hampshire.

Statutory accounting practices differ in certain respects from accounting principles generally accepted in the United States of America (“GAAP”). The effects of such differences on the accompanying financial statements, which could be significant, have not been determined. The most significant differences generally include the following:

a. Statutory accounting requires that policy acquisition costs such as commissions, premium taxes and other items directly related to placing or renewing business would be charged to current operations as incurred. Under GAAP, policy acquisition costs would be deferred and then amortized ratably over the periods covered by the policies;

b. The statutory provision for federal income taxes represents estimated amounts currently payable based on taxable income or loss reported in the current accounting period. Deferred income taxes are provided in accordance with Statement of Statutory Accounting Principles (“SSAP”) No. 101, *Income Taxes.* SSAP No. 101 provides requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets (“DTAs”). The realization of any resulting DTA is limited based on certain criteria in accordance with SSAP No. 101. The GAAP provision would include a provision for taxes currently payable, as well as deferred taxes, both of which would be recorded in the Statements of Income;

c. Under statutory accounting, certain assets designated as “nonadmitted assets” (principally premium receivable balances over 90 days past due, a portion of DTAs, prepaid assets, non-operating system software and office furniture and equipment) are charged directly to unassigned surplus. GAAP would require the Company to maintain a reserve for doubtful accounts based on amounts deemed to be uncollectible or to expense prepaid assets over the term of the related benefit. Office furniture and equipment and non-operating system software are capitalized and depreciated over their estimated useful lives;

d. Under statutory accounting, investments in debt securities are generally carried at amortized cost. Under GAAP, debt securities classified as trading or available-for-sale are valued at fair value, and debt securities classified as held-to-maturity are valued at amortized cost. Effective in 2023, the impairment/credit loss model is different for statutory and GAAP purposes;

e. For statutory purposes, unrealized gains and losses on investments in equity securities are generally recorded as a direct credit or charge to surplus, net of the adjustment for deferred federal income taxes. Under GAAP, unrealized gains and losses on equity securities are reported directly in net income;

f. Reinsurance balances relating to unpaid loss and loss adjustment expenses and unearned premium are presented as offsets to reserves; under GAAP, such amounts would be presented as reinsurance recoverable; moreover, under statutory accounting, a liability is established for recoverable balances from reinsurers which are not authorized and for overdue paid loss recoverables. Effective in 2023, the impairment/credit loss model is different for statutory and GAAP purposes;

g. Under GAAP, the inclusion of a Statement of Comprehensive Income, detailing the income effects of unrealized gains and losses on fixed income securities classified as available-for-sale is required;

h. For statutory cash flow purposes, short-term investments, investments with remaining maturities greater than three months but under one year from the purchase date, are added to GAAP cash and cash equivalents; and

i. A reconciliation of cash flows to the indirect method is not provided under statutory accounting.

Management Estimates

The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Invested Assets

Invested assets are valued in accordance with the statutory basis of valuation prescribed by the NAIC. Cash includes cash, cash equivalents, money market mutual funds and short-term investments, which are short-term investments and mature within one year of purchase; the carrying value of these investments approximates fair value. The Company’s cash is held at major commercial banks. At times, cash balances at financial institutions may exceed federally insurable amounts. The Company believes it mitigates its risks by depositing cash in or investing through major financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition. Included in cash and cash equivalents are policyholder deposits for high deductible policies that have opted to provide cash in lieu of a letter of credit. See discussion of high deductibles in Note 16.

Investment grade non-loan-backed bonds with NAIC designation 1 or 2 are stated at amortized value using the interest method. Non-investment grade non-loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by an NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.

Common stocks, which are not exchange-traded, are stated at fair value. Where declines in the value of marketable securities are deemed other-than-temporary, the loss is reported as a component of net realized capital gains and losses. The net unrealized gains and losses on these marketable securities, after deductions of applicable deferred income taxes, are credited or charged directly to unassigned surplus.

Investment income is recorded on an accrual basis. Realized capital gains and losses are reported, net of tax, in operating results based on the specific identification of investments sold. Unrealized capital gains and losses from the valuation of investments at fair value are credited or charged directly to unassigned surplus, net of federal income taxes, unless determined to be other-than-temporary and included as a component of net realized capital (losses) gains. Specific impairments are determined based on a continual review of investment portfolio valuations. Bi-annually, the Company performs a by-cusip, by lot, review of bonds with a fair value to carrying value less than 75% to determine if other-than-temporary impairment ("OTTI") has occurred and whether an OTTI should be recognized.

Premiums and Unearned Premium Reserves

Direct and assumed premiums are earned on a monthly pro rata basis over the inforce period and ceded premiums are written and earned concurrently for the workers' compensation line of business. Premium adjustments resulting from retrospective rating plans and/or audits are recorded as written and earned premiums once such amounts can be reasonably estimated. When the anticipated losses, loss adjustment expenses, commissions and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company anticipates investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2023 or 2022.

Involuntary Pooling Arrangements

The Company is required to participate in involuntary pools in the states where it writes workers' compensation business. The Company participates in underwriting results, including premiums, losses, expenses and other operations of these involuntary pools, based on the Company's proportionate share of similar business written in those states. The National Council on Compensation Insurance ("NCCI") services the involuntary pools in several states where the Company writes business. The loss reserves that are reported to NCCI by the servicing carriers are gross of loss discounting. By application of incurred loss development and tail development factors, any discount included in the case reserves reported by servicing carriers is factored out (or unwound). NCCI also provides each participating company with an estimate of its share of discounted liabilities. The discounting assumptions include a 3.5% discount rate on incurred but not reported loss and loss adjustment expense reserves based on the 2007 U.S. Life mortality table. Underwriting results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the pool are recorded separately in the financial statements rather than netted against each other. Premiums receivable on involuntary pool business are recorded in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

Loss and Loss Adjustment Expense Reserves

Loss and loss adjustment expenses are recorded as incurred to initially match such costs and premiums over the contract periods. Loss reserves are established for losses and loss adjustment expenses based upon claim evaluations and include an estimated provision for both reported and unreported claims incurred and related expenses. The assumptions used in determining loss and loss adjustment expense reserves have been developed after considering the experience of the Company, industry experience and projections by independent actuaries. The ultimate loss and loss adjustment expense reserves may vary from the amounts reflected in the accompanying financial statements. The methods utilized in estimating and establishing the reserves are continually reviewed and updated and any adjustments are reflected in current operating results. Allowances for subrogation recoveries are included in the Company's estimate of loss reserves. See the summary of reserves in Note 6.

Nonadmitted Assets

The following nonadmitted assets were excluded from the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2023 and 2022:

	2023	2022
Premium balances receivable over 90 days past due	$ 254,367	$ 85,132
Net deferred tax asset	1,016,039	861,712
Fixed assets, net of accumulated depreciation	96,633	107,234
Total nonadmitted assets	$ 1,367,039	$ 1,054,078

Depreciation expense on nonadmitted fixed assets was $61,972 and $99,085 for the years ended December 31, 2023 and 2022, respectively.

Federal Income Taxes

The Company files a consolidated tax return with MEMIC and three affiliates, MEMIC Indemnity, MEMIC Services, Inc. and Casco View Holdings, LLC. In accordance with a tax sharing agreement, the provision for federal income taxes is recorded based upon amounts expected to be reported as if the Company filed a separate federal income tax return. Additionally, under this agreement, the Company will be reimbursed for the utilization of tax operating losses, tax credits and capital loss carryforwards, to the extent the Company would have utilized these tax attributes on a separate return basis.

The provision for federal income taxes includes amounts currently payable or recoverable and deferred income taxes, computed under the asset/liability method, which results from temporary differences between the tax basis and book basis of assets and liabilities. SSAP No. 101 outlines the statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. SSAP No. 101, (1) restricts the ability to use the 3 years/15 percent of surplus admission rule to those entities that meet a modified risk based capital ratio threshold; (2) outlines the recognition threshold for recording tax contingency reserves from a probable liability standard to a more-likely-than-not liability standard; (3) requires the disclosure of tax planning strategies that relate to reinsurance; and, (4) requires consideration of reversal patterns of DTAs and deferred tax liabilities ("DTLs") in determining the extent to which DTLs could offset DTAs on the federal income tax return. Uncertain tax positions, as applicable, are considered in these statutory financial statements.

In the event of uncertain tax positions, amounts would need to be evaluated and disclosed or accrued. Liabilities would be reflected on the Statements of Admitted Assets, Liabilities and Capital and Surplus and the related interest and penalties would be included on the Statements of Income as underwriting expenses.

EDP Equipment

EDP equipment is stated at cost, net of accumulated depreciation. Depreciation is computed principally by use of the straight-line method based on the estimated useful lives of assets, which is generally three years. For the years ended December 31, 2023 and 2022, depreciation expense was $2,298 and 2,864, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Statements of Admitted Assets, Liabilities and Capital and Surplus and any gain or loss on the transaction is reflected on the Statements of Income.

Borrowed Money

Borrowed Money consists of amounts the Company received as a cash advance pursuant to its agreement with the Federal Home Loan Bank ("FHLB"). The advance is considered a borrowing agreement and accounted for in accordance with SSAP No. 15, *Debt and Holding Company Obligations*. See Notes 9 and 17 for more information.

3. Capital and Surplus

On August 30, 2023, MEMIC contributed additional capital of $10,000,000 in cash. To date, contributions from MEMIC total $49,183,951. There were no contributions from MEMIC during 2022.

4. Dividend Restrictions

The Company may declare a stockholder dividend without the Insurance Department's approval so long as such dividend is not considered extraordinary. In the case of extraordinary dividends, prior approval is required. An extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair value together with that of other dividends or distributions made within the preceding 12 months, exceeds 10% of such insurer's capital and surplus as of December 31, limited to the prior year-end's unassigned surplus. The maximum value of dividends which could be paid by the Company to stockholders without prior approval of the Commissioner of Insurance was $3,419,261 and $3,960,682 during 2023 and 2022, respectively. There were no stockholder dividends declared during 2023 or 2022.

5. Income Taxes

The components of the net deferred tax asset (liability) as of December 31 were as follows:

	December 31, 2023		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Gross deferred tax assets	$ 3,945,692	$ -	$ 3,945,692
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	3,945,692	-	3,945,692
d. Deferred tax assets nonadmitted	1,016,039	-	1,016,039
e. Subtotal net admitted deferred tax asset (1c - 1d)	2,929,653	-	2,929,653
f. Deferred tax liabilities	171,671	-	171,671
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 2,757,982	$ -	$ 2,757,982

	December 31, 2022		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Gross deferred tax assets	$ 3,970,456	$ -	$ 3,970,456
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	3,970,456	-	3,970,456
d. Deferred tax assets nonadmitted	861,712	-	861,712
e. Subtotal net admitted deferred tax asset (1c - 1d)	3,108,744	-	3,108,744
f. Deferred tax liabilities	182,278	-	182,278
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 2,926,466	$ -	$ 2,926,466

	Change		
	7	8	9
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	$ (24,764)	$ -	$ (24,764)
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	(24,764)	-	(24,764)
d. Deferred tax assets nonadmitted	154,327	-	154,327
e. Subtotal net admitted deferred tax asset (1c - 1d)	(179,091)	-	(179,091)
f. Deferred tax liabilities	(10,607)	-	(10,607)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ (168,484)	$ -	$ (168,484)

Admission Calculation Components:

	December 31, 2023		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,874,193	$ -	$ 1,874,193
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	883,789	-	883,789
2. Adjusted gross deferred tax assets allowed per limitation threshold			6,792,688
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	171,671	-	171,671
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 2,929,653	$ -	$ 2,929,653

	December 31, 2022		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 753,838	$ -	$ 753,838
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	2,172,627	-	2,172,627
2. Adjusted gross deferred tax assets allowed per limitation threshold			4,677,303
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	182,279	-	182,279
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 3,108,744	$ -	$ 3,108,744

	Change		
	7	8	9
	Ordinary (Col 1-4)	Capital (Col 2-5)	Total (Col 7+8)
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,120,355	$ -	$ 1,120,355
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(1,288,838)	-	(1,288,838)
2. Adjusted gross deferred tax assets allowed per limitation threshold			2,115,385
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	(10,608)	-	(10,608)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ (179,091)	$ -	$ (179,091)

Other Admissibility Criteria	2023	2022
a. Ratio percentage used to determine recovery period and threshold limitation amount	525%	360%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 45,284,589	$ 31,182,020

Tax planning strategies were not employed by the Company during 2023 or 2022, and therefore, had no impact upon the determination of adjusted gross and net admitted deferred tax assets.

As of December 31, 2023 and 2022, the Company does not have any investment tax credits, net operating loss or capital loss carryforwards available to offset against future taxable income. The amount of federal income taxes incurred in the current year and each proceeding year available for recoupment in the event of future net losses is $946,679 and $0 for 2023 and 2022, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2023 and 2022, the Company does not have any uncertain tax positions requiring disclosure in these financial statements or any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date. The Company has a tax sharing agreement which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has a right to recoup federal income taxes paid in prior years in the event of future net losses, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

The Inflation Reduction Act was enacted on August 16, 2022, and includes a corporate alternative minimum tax (the “CAMT”). The Company has determined that it does not expect to be liable for the CAMT in 2023.

Current and deferred income taxes:

Current income tax:

	2023	2022	Change
Federal	$ 1,039,934	$ (918,973)	$ 1,958,907
Provision to return	(105)	(7,198)	7,093
Subtotal	1,039,829	(926,171)	1,966,000
Federal income tax on net capital losses	(93,255)	(8,436)	(84,819)
Federal income taxes incurred	$ 946,574	$ (934,607)	$ 1,881,181

Deferred Tax Assets

	2023	2022	Change
a. Ordinary:			
Discounting of unpaid losses	$ 2,765,587	$ 2,673,093	$ 92,494
Unearned premium reserves	990,877	1,064,975	(74,098)
Accrued expenses	115,518	191,991	(76,473)
Other (including items < 5% of total ordinary tax assets)	73,710	40,397	33,313
Subtotal	3,945,692	3,970,456	(24,764)
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	1,016,039	861,712	154,327
d. Admitted ordinary deferred tax assets	2,929,653	3,108,744	(179,091)
e. Capital:			
Investments	-	-	-
Subtotal	-	-	-
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	-	-	-
i. Admitted deferred tax assets	2,929,653	3,108,744	(179,091)

Deferred Tax Liabilities

	2023	2022	Change
a. Ordinary:			
Investments	73,363	40,149	33,214
Fixed assets	26,688	40,185	(13,497)
Legislative change in loss discounting	67,740	101,609	(33,869)
Additional acquisition costs	3,880	335	3,545
Subtotal	171,671	182,278	(10,607)
b. Capital:			
Investments	-	-	-
Subtotal	-	-	-
c. Deferred tax liabilities	171,671	182,278	(10,607)
Net Deferred Tax Assets/Liabilities	$ 2,757,982	$ 2,926,466	$ (168,484)

Change in net deferred income taxes

	2023	2022	Change
a. Adjusted gross deferred tax assets	$ 3,945,692	$ 3,970,456	$ (24,764)
b. Total deferred tax liabilities	171,671	182,278	(10,607)
c. Net deferred tax assets	3,774,021	3,788,178	(14,157)
d. Tax effect of change in unrealized gains (losses)			-
e. Total change in net deferred income tax			(14,157)
			$ (14,157)

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2023 and 2022 were the following:

	2023	2022
Provision computed at statutory rate	$ 1,082,363	$ (1,428,362)
PY true up (to deferred)	765	(209)
PY true up (to current)	(105)	(7,199)
Change in nonadmitted assets	(33,313)	14,630
Legislative change in loss discounting	161,283	161,283
Other permanent differences	(250,262)	(228,921)
Totals	960,731	(1,488,778)
Federal income taxes incurred	1,039,829	(926,171)
Realized capital gains tax	(93,255)	(8,436)
Change in net deferred income taxes	14,157	(554,171)
Total statutory income taxes	$ 960,731	$ (1,488,778)

6. Liabilities for Loss Reserves and Loss Adjustment Expense Reserves

Activity in the liabilities for loss reserves and loss adjustment expense reserves for the years ended December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Net balances at January 1,	$ 99,153,953	$ 80,598,776
Incurred related to		
Current year	46,055,599	50,197,200
Prior year	(8,864,562)	(2,196,704)
Total incurred	37,191,037	48,000,496
Paid related to		
Current year	10,900,439	10,304,765
Prior year	23,758,675	19,140,554
Total paid	34,659,114	29,445,319
Net balances at December 31,	$ 101,685,876	$ 99,153,953

The liabilities for loss and loss adjustment expense reserves are based upon assumptions which consider the experience of the Company, industry experience and projections by independent actuaries. However, the reserve process is inherently subjective, and the ultimate loss and loss adjustment expense reserves may vary from the amounts recorded in the financial statements. The amounts billed and recoverable for admitted collateralized high deductible policies were $117,439 and $169,781 as of December 31, 2023 and 2022, respectively. These amounts are included as a net recovery to paid losses in the applicable accident years and included in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus. In addition, the Company recorded a reserve credit for high deductible reserves outstanding of $961,299 and $590,909 as of December 31, 2023 and 2022, respectively. These 2023 and 2022 reserve credits are a reduction to incurred loss and loss adjustment expenses on the Statements of Income and a reduction in case loss and case loss adjustment expense reserves on the Statements of Admitted Assets, Liabilities and Capital and Surplus, see Note 16. Original estimates are increased or decreased as additional information becomes known regarding individual claims. There was no impact on reserves or surplus as a result of development of retrospectively rated policies.

During 2023, the Company's incurred losses related to prior years decreased by $8,864,562 as a result of favorable loss development principally in the 2016, 2021 and 2022 accident years. This favorable development is the result of ongoing analysis of recent loss development trends.

During 2022, the Company's incurred losses related to prior years decreased by $2,196,704 as a result of favorable loss development principally in the 2021 accident year. This favorable development is the result of ongoing analysis of recent loss development trends.

7. Reinsurance

As a condition of writing policies in the states in which it has workers' compensation business, the Company is required to participate in the National Workers' Compensation Reinsurance Pool and the Massachusetts Reinsurance Pool (the "Pools"). Participation requires that the Company share in the losses and expenses of the Pools. The Pools results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the Pools are recorded separately in the financial statements. All amounts are recorded as assumed business. The difference between discounted and undiscounted incurred but not reported loss and loss adjustment expense liabilities from NCCI are $214,645 and $115,949 for 2023 and 2022, respectively. Amounts added to premiums, reserves and expenses for reinsurance assumed from pools are as follows:

	2023	2022
Premiums earned	$ 2,153,528	$ 3,790,894
Loss and loss adjustment expenses incurred	1,756,954	2,975,583
Unearned premiums	836,819	1,041,057
Loss and loss adjustment expense reserves	4,759,609	4,465,034
Premiums receivable	521,529	924,343
Underwriting expenses incurred	486,357	868,629

The Company reinsures portions of risks with other insurance companies through excess of loss reinsurance agreements. Such agreements serve to limit the Company's maximum loss on catastrophes and large losses. To the extent that the reinsurer might be unable to meet its obligations, the Company would be liable for such defaulted amounts. Under the Company's excess of loss agreements, the Company's net retention for losses on a per occurrence basis is $2,000,000 for both 2023 and 2022. In addition, for 2023 and 2022, the Company maintains additional coverage up to $100,000,000 on a per occurrence basis.

Amounts deducted from premiums reserves and expenses for reinsurance ceded for excess of loss agreements were as follows:

	2023	2022
Premiums earned	$ 1,322,514	$ 1,335,256
Loss and loss adjustment expense reserves	617,856	617,896
Premiums payable	63,871	66,282

The Company ceded risk to another insurance company through a 15% quota share reinsurance agreement for treaty year 2021 and a 20% quota share reinsurance agreement for treaty years 2020 and 2019. The 2021 and 2020 quota share treaties included a funds withheld provision in lieu of a traditional remittance of premium and recovery of associated subject losses and loss adjustment expenses. As such, the net amount payable to the reinsurer is included in funds held by company under reinsurance treaties on the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2023 and 2022. Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for these quota share treaties are as follows:

	2023	2022
Premiums earned	$ 119,232	$ 2,379,424
Loss and loss adjustment expenses incurred	(488,091)	1,926,990
Loss and loss adjustment expense reserves	6,351,529	8,964,983
Ceding commissions	35,770	(301,144)
Funds held by company under reinsurance treaties	4,432,108	6,195,503

The 2023 and 2022, ceded loss and loss adjustment expense, case incurred and incurred but not reported reserves above are comprised of amounts with two reinsurance carriers although the Company has contracts with other carriers. As of December 31, 2023 and 2022, the Company had unsecured reinsurance recoverables of $1,973,000 and $3,115,000, respectively, from Swiss Reinsurance American Corporation, that exceeded 3% of capital and surplus.

The Company has no reinsurance contracts that contain the following features (a) a contract term longer than two years and that is noncancelable by the Company 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 of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. The Company has neither 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 to 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 to policyholders nor has the Company 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 accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles. Additionally, the Company has not ceded any risk under any reinsurance contract where (a) the written premiums ceded to the reinsurer represents 50% or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statements or (b) 25% or more of the written premium ceded to the reinsurer has been retroceded back to the Company in a separate reinsurance contract. Accordingly, the Company has not included the Supplemental Schedule of Reinsurance Disclosures.

During 2023, the Company had one commutation for the 2015 treaty year with no financial impact. The Company had no commutations during 2022.

8. Premiums Written and Earned

During the years ended December 31, 2023 and 2022, direct, assumed and ceded premiums were as follows:

	2023		2022	
	Written	Earned	Written	Earned
Direct	$ 51,343,931	$ 53,091,690	$ 54,146,991	$ 55,191,825
Assumed	1,949,290	2,153,528	3,793,699	3,790,894
Ceded	(1,441,746)	(1,441,746)	(146,535)	(3,714,680)
Net premiums	$ 51,851,475	$ 53,803,472	$ 57,794,155	$ 55,268,039

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. As of December 31, 2023 and 2022, the Company had fixed income securities on deposit with a carrying value of $5,155,724 and $5,374,565, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company is a member of the FHLB. The Company has Membership Class B stock, which is not eligible for redemption. The April 2023 and April 2022 recalculations of the Company's required membership stock required additional stock purchases of $6,600 and $29,300, respectively. As of December 31, 2023, the membership stock balance is $86,500 and the activity stock balance is $80,000. The activity stock was purchased when the Company borrowed $2,000,000. This common stock, all of which is admitted, is included on the Statements of Admitted Assets, Liabilities and Capital and Surplus. The agreement between the FHLB and the Company specifies Advances and Other Credit Products will be available subject to specified collateral arrangements. The maximum amount the Company can borrow, absent prior approval of the Company's Board of Directors, is 5% of net admitted assets from the most recent statutory financial statements which, as of December 31, 2023, is $9,429,986.

Certain high deductible policyholders have opted to provide cash in lieu of a letter of credit as collateral for future deductible obligations up to their stated policy limits on a per claim aggregate basis. Included in both cash, cash equivalents and short-term investments and deposits held for large deductible policyholders on the Statements of Admitted Assets, Liabilities and Capital and Surplus is $1,715,661 and $1,429,962 as of 2023 and 2022, respectively, see Note 16.

The following table discloses quantitative information about the Company's restricted assets by category of restricted assets as of December 31, 2023:

Restricted Asset Category	Total Current Year Admitted Restricted	Total Prior Year	Increase/ (Decrease)	Admitted Restricted to Total Admitted Assets	Gross Restricted to Total Assets
On deposit with states	$ 5,155,724	$ 5,374,565	$ (218,841)	2.73%	2.71%
Pledged as collateral to FHLB	4,273,273	-	4,273,273	2.27%	2.25%
FHLB capital stock	166,500	79,900	86,600	0.09%	0.09%
Deposits held for large deductible policyholders	1,715,661	1,429,962	285,699	0.91%	0.90%
Total restricted assets	$ 11,311,158	$ 6,884,427	$ 4,426,731	6.00%	5.95%

10. Investments

As of December 31, 2023 and 2022, the cost and fair value of the Company's FHLB stock was $166,500 and $79,900 respectively.

The carrying value and fair value of bonds as of December 31, 2023 and 2022, are as follows:

	2023			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government & government agencies & authorities	$ 4,449,747	$ 18,691	$ (155,641)	$ 4,312,797
States, territories & possessions	2,460,347	12,302	(180,534)	2,292,115
Political subdivisions of states	8,479,999	43,645	(895,588)	7,628,056
U.S special revenue & assessment obligations	34,521,348	279,619	(3,553,836)	31,247,131
Industrial & miscellaneous	39,539,126	877,316	(3,201,132)	37,215,310
Asset backed securities	71,169,372	426,745	(4,129,605)	67,466,512
Total bonds	$ 160,619,939	$ 1,658,318	$ (12,116,336)	$ 150,161,921

	2022			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government & government agencies & authorities	$ 4,063,845	$ 21,319	$ (206,840)	$ 3,878,324
States, territories & possessions	1,984,463	572	(181,645)	1,803,390
Political subdivisions of states	8,466,164	7,665	(1,231,031)	7,242,798
U.S special revenue & assessment obligations	30,591,490	3,774	(4,845,576)	25,749,688
Industrial & miscellaneous	36,969,616	-	(4,481,855)	32,487,761
Asset backed securities	57,574,813	61,887	(5,137,642)	52,499,058
Total bonds	$ 139,650,391	$ 95,217	$ (16,084,589)	$ 123,661,019

The carrying value and fair value of bonds as of December 31, 2023, by contractual maturity, are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ -	$ -
Over one year through five years	23,507,151	22,648,807
Over five years through ten years	27,535,458	25,693,411
Over ten years	109,577,330	101,819,703
	$ 160,619,939	$ 150,161,921

Bonds subject to early or unscheduled prepayments have been included above based upon their contractual maturity dates. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Asset backed securities have been categorized based on the date when the issue is expected to be paid off and the principal is projected to be paid to investors. As of December 31, 2023 and 2022, the Company did not own any securities that were in an unrealized loss position that management determined were other-than-temporary and given current market conditions would not recover. The Company did not record any OTTI on any securities during 2023 or 2022.

The fair value and gross unrealized loss of bonds and the amount of time these bonds have been in an unrealized loss position as of December 31, 2023 and 2022, are as follows:

	2023					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1–2)						
U.S. government & government agencies & authorities	$ 849,070	$ (257)	$ 2,042,883	$ (155,384)	$ 2,891,953	$ (155,641)
States, territories & possessions	-	-	1,524,500	(180,534)	1,524,500	(180,534)
Political subdivisions of states	250,388	(124)	5,195,874	(895,464)	5,446,262	(895,588)
U.S special revenue & Assessment obligations	1,414,667	(10,588)	21,232,601	(3,543,248)	22,647,268	(3,553,836)
Industrial & miscellaneous	-	-	22,704,269	(3,201,132)	22,704,269	(3,201,132)
Asset backed securities	3,806,429	(70,762)	38,964,473	(4,058,843)	42,770,902	(4,129,605)
	$ 6,320,554	$ (81,731)	$ 91,664,600	$ (12,034,605)	$ 97,985,154	$ (12,116,336)

	2022					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1–2)						
U.S. government & government agencies & authorities	$ 1,394,144	$ (65,120)	$ 1,056,945	$ (141,720)	$ 2,451,089	$ (206,840)
States, territories & possessions	1,365,193	(108,668)	177,023	(72,977)	1,542,216	(181,645)
Political subdivisions of states	2,683,528	(99,437)	4,043,896	(1,131,594)	6,727,424	(1,231,031)
U.S special revenue & assessment obligations	15,579,373	(1,435,595)	9,640,153	(3,409,981)	25,219,526	(4,845,576)
Industrial & miscellaneous	18,319,653	(1,540,373)	14,168,108	(2,941,482)	32,487,761	(4,481,855)
Asset backed securities	28,026,681	(2,020,199)	20,624,597	(3,117,443)	48,651,278	(5,137,642)
	$ 67,368,572	$ (5,269,392)	$ 49,710,722	$ (10,815,197)	$ 117,079,294	$ (16,084,589)

Unrealized losses on investment grade securities (NAIC 1-2) principally relate to changes in interest rates.

The information for the year ended December 31, 2023 and 2022, is as follows:

	2023		
	Proceeds	Gross Realized	
	From Sales	Gains	Losses
Bonds	$ 14,207,843	$ -	$ (444,451)
Common stocks	379	379	-
Total	$ 14,208,222	$ 379	$ (444,451)

	2022		
	Proceeds	Gross Realized	
	From Sales	Gains	Losses
Bonds	$ 4,545,301	$ 3,212	$ (43,382)
Total	$ 4,545,301	$ 3,212	$ (43,382)

The major categories of net investment income for the years ended December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Bonds	$ 4,875,402	$ 3,431,201
Common stocks	6,365	2,284
Cash, cash equivalents and short-term investments	154,008	58,061
Other investment income	1	2
Total investment income	5,035,776	3,491,548
Less: Investment expenses	(256,272)	(320,856)
Net investment income	$ 4,779,504	$ 3,170,692

Interest income due and accrued was $1,273,933 and $893,503 as of December 31, 2023 and 2022, respectively, and is included in investment income due and accrued on the Statements of Admitted Assets, Liabilities, Capital and Surplus. No amounts were nonadmitted.

The Company held no structured notes as of December 31, 2023 or 2022.

11. Fair Value of Financial Instruments

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

Valuation techniques used to derive fair value of investment securities are based on observable or unobservable inputs. Observable inputs reflect market data obtained from independent resources such as active markets or nationally recognized pricing services. Unobservable inputs reflect comparable securities or valuations received from various broker or dealer quotes.

Items Measured and Reported at Fair Value by Levels 1, 2 and 3.

The Company has categorized its assets and liabilities that are reported on the Statements of Admitted Assets, Liabilities and Capital and Surplus at fair value into a three-level fair value hierarchy as reflected in the following narrative. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities. The carrying amounts of cash and cash equivalents approximate fair value and are considered level 1.

Level 2 - Significant Other Observable Inputs: This category, for items measured at fair value on a recurring basis, includes bonds and FHLB common stock, which are not exchange-traded. The estimated fair values of certain securities were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

Level 3 - Significant Other Unobservable Inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value				
Common stocks				
Federal Home Loan Bank	$ -	$ 166,500	$ -	$ 166,500
Total common stocks	-	166,500	-	166,500
Total assets, measured at fair value	$ -	$ 166,500	$ -	$ 166,500

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value				
Common stocks				
Federal Home Loan Bank	$ -	$ 79,900	$ -	$ 79,900
Total common stocks	-	79,900	-	79,900
Total assets, measured at fair value	$ -	$ 79,900	$ -	$ 79,900

The Company has no derivative assets or liabilities, or assets carried at fair value on a nonrecurring basis.

The table below reflects the fair values and admitted assets and liabilities that are financial as of December 31, 2023 and 2022. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2023					
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds						
U.S. government & government agencies & authorities	$ 4,312,797	$ 4,449,747	$ -	$ 4,312,797	$ -	$ -
States, territories & possessions	2,292,115	2,460,347	-	2,292,115	-	-
Political subdivisions of states	7,628,056	8,479,999	-	7,628,056	-	-
U.S special revenue & assessment obligations	31,247,131	34,521,348		31,247,131	-	-
Industrial & miscellaneous	37,215,310	39,539,126	-	37,215,310	-	-
Asset backed securities	67,466,512	71,169,372	-	67,466,512	-	-
Common stocks	166,500	166,500	-	166,500	-	-
Cash, cash equivalents & short-term investments	4,148,524	4,148,524	4,148,524	-	-	-
Total assets	$ 154,476,945	$ 164,934,963	$ 4,148,524	$150,328,421	$ -	$ -

	2022					
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds						
U.S. government & government agencies & authorities	$ 3,878,324	$ 4,063,845	$ -	$ 3,878,324	$ -	$ -
States, territories & possessions	1,803,390	1,984,463	-	1,803,390	-	-
Political subdivisions of states	7,242,798	8,466,164	-	7,242,798	-	-
U.S special revenue & assessment obligations	25,749,688	30,591,490		25,749,688	-	-
Industrial & miscellaneous	32,487,761	36,969,616	-	32,487,761	-	-
Asset backed securities	52,499,058	57,574,813	-	52,499,058	-	-
Common stocks	79,900	79,900	-	79,900	-	-
Cash, cash equivalents & short-term investments	6,365,388	6,365,388	6,365,388	-	-	-
Total assets	$ 130,106,307	$ 146,095,679	$ 6,365,388	$123,740,919	$ -	$ -

12. Commitment and Contingent Liabilities

The Company is involved in litigation with respect to claims arising in the ordinary course of business, which is considered in establishing loss and loss adjustment expense reserves. The Company periodically reviews its overall loss and loss adjustment expense reserve position as well as its provision for reinsurance. The Company's management believes the resolution of such litigation is not expected to have a material adverse effect on the financial position or the operating results of the Company. The Company also considers any other insurance or noninsurance related litigation which may have a material adverse effect on the financial position or operating results of the Company; there were no matters during 2023 or 2022 requiring an accrual or disclosure.

The Company is subject to guaranty funds and other assessments in several states where it has written business. Guaranty fund assessments should be accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. In the case of premium based assessments, the expense is accrued at the time the premiums are written, or, in the case of loss-based assessments, at the time the losses are incurred.

As of December 31, 2023 and 2022, the Company has recorded an (benefit) expense of ($17,205) and $584,239, respectively, for guaranty funds and other assessments. As of December 31, 2023 and 2022, the Company had accrued a net liability of $529,853 and $891,790, respectively, which is included in premium taxes and other assessments on the Statements of Admitted Assets, Liabilities and Capital and Surplus. This amount represents management's best estimate of its liability for guaranty fund and other rating and various state insurance related assessments based on information received from the state in which the Company writes business and may change due to many factors, including the Company's share of the ultimate cost of current insolvencies or market share. There is no related premium tax benefit asset recorded from guaranty funds on the Statements of Admitted Assets, Liabilities and Capital and Surplus or Statements of Income.

13. Employee Benefit Plans

The Company's parent, MEMIC, has adopted a qualified defined contribution discretionary, 401(k) and profit-sharing plan covering substantially all full-time employees who meet the plans' eligibility requirements. MEMIC has also adopted a non-qualified, deferred compensation plan for certain key executives and an Incentive Compensation Plan for certain members of senior management. The Company does not currently have any of its own employees. The salaries and employee benefit expenses that reside in the Company are a result of intercompany contracts for claims, underwriting, loss control, administration and management and not direct costs therefore, the Company did not incur any direct expense for any employee benefit plans during 2023 or 2022.

The Company has no obligations to former employees for benefits after their employment but before their retirement or earned vacation pay.

14. Related Party Transactions

MEMIC charges management fees and other services to the Company in the normal course of business and in accordance with the terms of certain cost sharing agreements. For the years ended December 2023 and 2022, $12,825,642 and $11,902,712, respectively, in administrative and management services, underwriting, claims, managed care and investment management fees were charged from MEMIC to the Company. Certain other direct costs are paid by MEMIC, charged back to the Company and settled within the terms of the cost sharing agreements.

15. Loan-Backed Securities

The Company has elected to use the prospective method of determining prepayment assumptions. Prepayment assumptions are derived primarily from projected cash flow information obtained from recognized external sources. Where projected cash flow information is not publicly available the information is obtained from external asset managers or internal estimates. There have been no changes from the retrospective to the prospective adjustment methodology due to negative yield on specific securities.

The Company has no loan-backed securities that have a recognized OTTI where the Company either has the intent to sell or does not have the ability or intent to retain the investment for a period of time to recover any unadjusted amortized cost basis. Credit related declines in the fair value of loan-backed or structured securities would be reflected as a realized loss in the Statements of Income.

The fair value and gross unrealized losses of non-agency residential mortgage-backed investment securities and the amount of time the securities have been in an unrealized loss position as of December 31, 2023 and 2022, are as follows:

	2023	2022
Aggregate amount of unrealized loss		
Less than twelve months	$ 70,762	$ 2,020,199
Twelve months or longer	4,058,843	3,117,443
Total	$ 4,129,605	$ 5,137,642
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 3,806,429	$ 28,026,681
Twelve months or longer	38,964,473	20,624,597
Total	$ 42,770,902	$ 48,651,278

The Company has neither repurchase agreements and/or securities lending transactions nor investments in real estate or low-income housing tax credits in the current year or prior year.

16. High Deductible Policies

The Company writes high deductible policies in several states. The Company defines high deductible policies based on the large deductible definitions by state for aggregate financial reporting purposes as outlined in the following table:

Coverage State	High Deductible Limit Per Claim/Occurrence	or	High Deductible Aggregate per policy
Massachusetts, Oregon	$ 75,000		$ 75,000
New York	25,000		25,000
Texas	25,000		100,000
All Other States & District of Columbia	100,000		100,000

In most cases, the Company requires high deductible policyholders to provide an evergreen, irrevocable, clean letter of credit to secure obligations up to the deductible limits. In other cases, the Company will accept a cash deposit in lieu of a letter of credit which remains in the custody of the Company and is included in cash, cash equivalents and short-term investments and deposits held for large deductible policyholders on the Statements of Admitted Assets, Liabilities and Capital and Surplus. These letters of credit and cash in lieu of letter of credit requirements are reviewed periodically, as necessary, or annually in conjunction with the policy renewal to determine appropriate increases or decreases.

Premiums receivable includes amounts billed to policyholders under high deductible policies. Deductible amounts billed to policyholders reduce paid losses and loss adjustment expenses recognized by the Company. Management believes all high deductible amounts outstanding are recoverable based on the policyholders' payment practices and collateral held in the form of cash or irrevocable letters of credit. As of December 31, 2023 and 2022, the Company recorded a net admitted deductible recovery accrual of $117,439 and $169,781, respectively, for amounts billed in January 2024 and 2023, respectively, under secured high deductible policies included in premium balances receivable in the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company recorded a reserve credit for high deductible reserves outstanding of $961,299 and $590,909 as of December 31, 2023 and 2022, respectively. These 2023 and 2022 reserve credits are a reduction to outstanding loss and loss adjustment expenses on the Statements of Income and a reduction in case loss and case loss adjustment expense reserves on the Statements of Admitted Assets, Liabilities and Capital and Surplus. There are no high deductible recoverable amounts overdue or nonadmitted as of December 31, 2023 and 2022.

Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims as of December 31, 2023:

Annual Statement Line of Business	Gross (of High Deductible) Loss Reserves	Reserve Credit for High Deductibles	Billed Recoverables on Paid Claims	Total High Deductibles and Billed Recoverables
Workers' Compensation	$ 2,678,646	$ 961,299	$ 117,439	$ 1,078,738

Unsecured amounts on high deductible policies:	
Total high deductibles and billed recoverables on paid claims	$ 1,078,738
Collateral on balance sheet	1,715,661
Collateral off balance sheet	1,000,000
Total unsecured deductibles and billed recoverables on paid claims	-
Percentage unsecured	0.00%
High deductible recoverable amounts on paid claims	
Amount of overdue nonadmitted (either due to aging or collateral)	$ -
Total over 90 days overdue admitted	-
Total overdue	-

There are seven counterparty high deductible policyholders with unsecured reserves as of December 31, 2023. These unsecured reserves were not included in the reserve credit for high deductibles above, therefore there is no nonadmitted component or percentage noted as unsecured. Collateral on and off balance sheet, in the aggregate, remains in excess of the established reserve credit and billed recoverables on paid claims. There are no unsecured high deductible recoverables for individual obligors or that of a group under the same management or control which are greater than 1% of Capital and Surplus.

Counterparty Ranking	Top Unsecured High Deductible
Counterparty 1	$ 230,758
Counterparty 2	122,010
Counterparty 3	119,044
Counterparty 4	62,905
Counterparty 5	31,843
Counterparty 6	31,822
Counterparty 7	9,053

17. Borrowed Money

On October 30, 2023, the Company borrowed $2,000,000 from the FHLB at an interest rate of 5.59% with a maturity date of January 2, 2024. The advance is reported as borrowed money on the accompanying Statements of Admitted Assets, Liabilities and Capital and Surplus and is reported at the outstanding principal balance of the advance. The advance was repaid when it matured on January 2, 2024.

18. Subsequent Events

Subsequent events have been considered through March 25, 2024, for these statutory financial statements which are available to be issued on March 25, 2024.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	Gross Investment Holdings 2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	10,874,038	6.593	10,874,038	0	10,874,038	6.593
1.02 All other governments		0.000	0	0	0	0.000
1.03 U.S. states, territories and possessions, etc. guaranteed	2,460,346	1.492	2,460,347	0	2,460,347	1.492
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	8,480,000	5.141	8,479,999	0	8,479,999	5.141
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	62,444,018	37.860	62,444,018	0	62,444,018	37.860
1.06 Industrial and miscellaneous	76,361,537	46.298	76,361,537	0	76,361,537	46.298
1.07 Hybrid securities		0.000	0	0	0	0.000
1.08 Parent, subsidiaries and affiliates		0.000	0	0	0	0.000
1.09 SVO identified funds	0	0.000	0	0	0	0.000
1.10 Unaffiliated bank loans		0.000	0	0	0	0.000
1.11 Unaffiliated certificates of deposit	0	0.000	0	0	0	0.000
1.12 Total long-term bonds	160,619,939	97.384	160,619,939	0	160,619,939	97.384
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)		0.000	0	0	0	0.000
2.02 Parent, subsidiaries and affiliates		0.000	0	0	0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)		0.000	0	0	0	0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)	166,500	0.101	166,500	0	166,500	0.101
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000	0	0	0	0.000
3.04 Parent, subsidiaries and affiliates Other		0.000	0	0	0	0.000
3.05 Mutual funds		0.000	0	0	0	0.000
3.06 Unit investment trusts		0.000	0	0	0	0.000
3.07 Closed-end funds		0.000	0	0	0	0.000
3.08 Exchange traded funds		0.000	0	0	0	0.000
3.09 Total common stocks	166,500	0.101	166,500	0	166,500	0.101
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000	0	0	0	0.000
4.02 Residential mortgages	0	0.000	0	0	0	0.000
4.03 Commercial mortgages	0	0.000	0	0	0	0.000
4.04 Mezzanine real estate loans	0	0.000	0	0	0	0.000
4.05 Total valuation allowance		0.000	0	0	0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000	0	0	0	0.000
5.02 Properties held for production of income		0.000	0	0	0	0.000
5.03 Properties held for sale		0.000	0	0	0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	3,157,733	1.915	3,157,733	0	3,157,733	1.915
6.02 Cash equivalents (Schedule E, Part 2)	990,791	0.601	990,791	0	990,791	0.601
6.03 Short-term investments (Schedule DA)		0.000	0	0	0	0.000
6.04 Total cash, cash equivalents and short-term investments	4,148,524	2.515	4,148,524	0	4,148,524	2.515
7. Contract loans	0	0.000	0	0	0	0.000
8. Derivatives (Schedule DB)	0	0.000	0	0	0	0.000
9. Other invested assets (Schedule BA)	0	0.000	0	0	0	0.000
10. Receivables for securities	0	0.000	0	0	0	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0	0	0	0.000
13. Total invested assets	164,934,963	100.000	164,934,963	0	164,934,963	100.000

MEMIC

1 4 1 6 4 2 0 2 3 2 8 5 0 0 1 0 0

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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

Of The MEMIC Casualty Company

ADDRESS (City, State and Zip Code) Portland , ME 04101

NAIC Group Code 1332 NAIC Company Code 14164 Federal Employer's Identification Number (FEIN) 03-6009096

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 188,599,717

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	TOWD	Long-Term Bonds	$ 3,298,717	1.7 %
2.02	AOMT	Long-Term Bonds	$ 2,802,715	1.5 %
2.03	BAYOPT	Long-Term Bonds	$ 2,357,842	1.3 %
2.04	COLTMT	Long-Term Bonds	$ 2,192,104	1.2 %
2.05	OBXT	Long-Term Bonds	$ 2,101,195	1.1 %
2.06	OCMT	Long-Term Bonds	$ 1,690,669	0.9 %
2.07	FKH	Long-Term Bonds	$ 1,466,185	0.8 %
2.08	VERUS	Long-Term Bonds	$ 1,421,509	0.8 %
2.09	BVINV	Long-Term Bonds	$ 1,308,360	0.7 %
2.10	DUKE ENERGY PROGRESS LLC	Long-Term Bonds	$ 1,276,221	0.7 %

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

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 149,607,796	79.3 %	3.07	NAIC 1	$	0.0 %
3.02	NAIC 2	$ 11,012,143	5.8 %	3.08	NAIC 2	$	0.0 %
3.03	NAIC 3	$ 0	0.0 %	3.09	NAIC 3	$	0.0 %
3.04	NAIC 4	$ 0	0.0 %	3.10	NAIC 4	$	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	NAIC 5	$	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	NAIC 6	$	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 8,060,676	4.3 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

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

		1	2
5.01	Countries designated NAIC-1	$ 8,060,676	4.3 %
5.02	Countries designated NAIC-2	$	0.0 %
5.03	Countries designated NAIC-3 or below	$	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: Cayman Islands	$ 6,590,579	3.5 %
6.02	Country 2: Japan	$ 499,360	0.3 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$	0.0 %
6.04	Country 2:	$	0.0 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$	0.0 %

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

		1	2
8.01	Countries designated NAIC-1	$	0.0 %
8.02	Countries designated NAIC-2	$	0.0 %
8.03	Countries designated NAIC-3 or below	$	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1:	$	0.0 %
9.02	Country 2:	$	0.0 %
	Countries designated NAIC - 2:		
9.03	Country 1:	$	0.0 %
9.04	Country 2:	$	0.0 %
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$	0.0 %
9.06	Country 2:	$	0.0 %

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

	1 Issuer	2 NAIC Designation	3	4
10.01	CIFC	1	$ 1,239,507	0.7 %
10.02	GALXY	1	$ 1,186,062	0.6 %
10.03	MF1	1	$ 1,000,000	0.5 %
10.04	MDPK	1	$ 692,436	0.4 %
10.05	BSPRT	1	$ 500,000	0.3 %
10.06	TACHEM	1	$ 499,360	0.3 %
10.07	BNP	1	$ 493,823	0.3 %
10.08	DRSLF	1	$ 484,186	0.3 %
10.09	CGMS	1	$ 464,702	0.2 %
10.10	ALLEG	1	$ 413,886	0.2 %

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

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

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

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

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

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

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

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

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

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

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

	1 Issuer	2	3
13.02		$	0.0 %
13.03		$	0.0 %
13.04		$	0.0 %
13.05		$	0.0 %
13.06		$	0.0 %
13.07		$	0.0 %
13.08		$	0.0 %
13.09		$	0.0 %
13.10		$	0.0 %
13.11		$	0.0 %

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

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

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

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06		$ 0	$	$
14.07		$ 0	$	$
14.08		$ 0	$	$
14.09		$ 0	$	$
14.10		$ 0	$	$
14.11		$ 0	$	$
14.12		$ 0	$	$
14.13		$ 0	$	$
14.14		$ 0	$	$
14.15		$ 0	$	$

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

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

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

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

SUPPLEMENT FOR THE YEAR 2023 OF THE MEMIC Casualty Company

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

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

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

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

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

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

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 1	2	Commercial 3	4	Agricultural 5	6
17.01	above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02	91 to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03	81 to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04	71 to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05	below 70%	$	0.0 %	$	0.0 %	$	0.0 %

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

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

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

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

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

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

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

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

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

SUPPLEMENT FOR THE YEAR 2023 OF THE MEMIC Casualty Company

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

	At Year End 1	At Year End 2	At End of Each Quarter: 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02 Repurchase agreements	$	0.0 %	$	$	$
20.03 Reverse repurchase agreements	$	0.0 %	$	$	$
20.04 Dollar repurchase agreements	$	0.0 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.0 %	$	$	$

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 1	Owned 2	Written 3	Written 4
21.01 Hedging	$	0.0 %	$	0.0 %
21.02 Income generation	$	0.0 %	$	0.0 %
21.03 Other	$	0.0 %	$	0.0 %

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

	At Year End 1	At Year End 2	At End of Each Quarter: 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02 Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03 Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04 Other	$ 0	0.0 %	$ 0	$ 0	$ 0

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

	At Year End 1	At Year End 2	At End of Each Quarter: 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02 Income generation	$	0.0 %	$	$	$
23.03 Replications	$	0.0 %	$	$	$
23.04 Other	$	0.0 %	$	$	$