

ION Insurance Company Inc.

Annual Report & Accounts

2024

Annual Report & Accounts

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ION INSURANCE COMPANY INC.

Report of the Directors for the Year ended 31st December 2024

CEO's Letter

To Our Policyholders, Partners, and Stakeholders:

Fiscal year 2024 has been a defining year in the ongoing maturation of ION Insurance Company. We entered the year with clear objectives: strengthen our balance sheet, enhance risk governance, and scale strategically across select markets. I am proud to say that we have achieved these goals while maintaining the core values that define our organization—discipline, integrity, and forward thinking.

ION delivered another year of solid financial results, achieving net income of \$1.19 million, an increase of 25% from 2023. Total assets grew to \$63.1 million, and equity rose to \$22.5 million, reflecting prudent capital management and a strong balance sheet position.

The global insurance environment continues to test capital adequacy and underwriting resilience. Through careful management of our surety, marine, and reinsurance portfolios, we have delivered consistent returns while safeguarding solvency. Our focus on information accuracy, actuarial rigor, and delegated authority oversight has allowed us to sustain profitable, well-controlled growth across all portfolios.

We also continued our investment in digital risk and data integrity controls. These programs enhance operational efficiency and ensure ION's underwriting and claims decisions are informed, consistent, and defensible.

Looking ahead to 2025, our strategy remains clear: reinforce the company's stability, deepen reinsurance partnerships, and expand selectively in markets where our technical capabilities provide true value. Our commitment to policyholders and partners remains unwavering—we will continue to protect, perform, and evolve.

Thank you to our clients, brokers, reinsurers, and regulatory partners for their continued trust. Together, we are building an enduring platform for sustainable insurance growth.

Sincerely,



Opal Whitney
Chief Executive Officer
ION Insurance Company, Inc.

2024 Highlights at a Glance

Scale & Capital

- Total assets: \$63.1m (prior year: \$52.2m)
- Stockholders' equity: \$22.5m (prior year: \$21.8m)

Earnings & Profitability

- Net premiums earned: \$42.5m
- Net underwriting income: \$3.0m
- Net income: \$1.19m

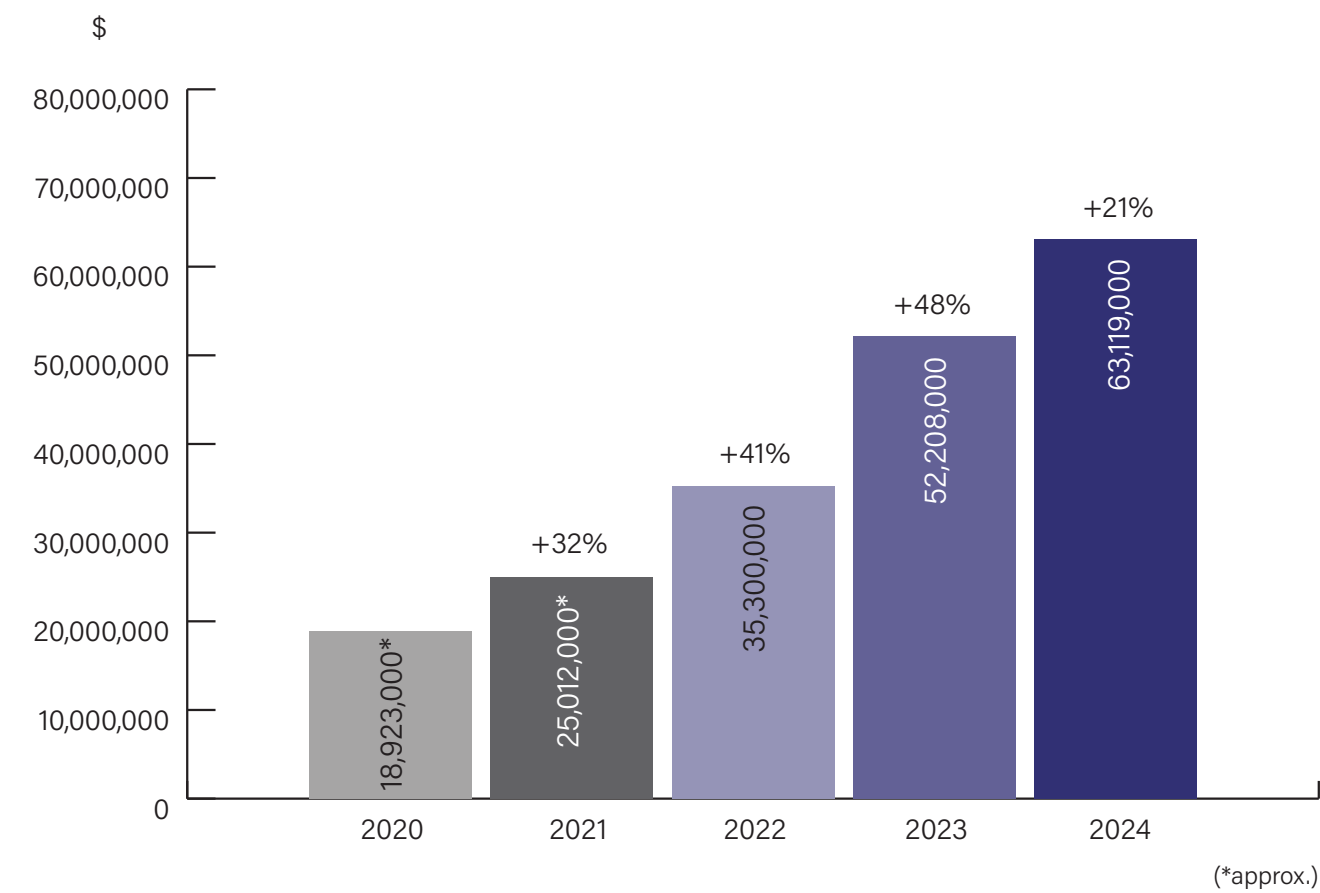
Liquidity & Credit

- Cash and equivalents: \$4.9m; funds withheld: \$1.8m
- Receivables remain well diversified and monitored through established collection controls, with no material past-due balances reported at year-end.

2024 Financial Highlights (Charts)

Asset Growth

Total assets rising from \$18.9m (2020) - \$63.1m (2024)



Business Review & Principal Activities

ION underwrites a diversified portfolio of specialty insurance, including **marine hull, aviation, surety/financial guarantees**, and **facultative reinsurance**. The underwriting approach emphasizes measured risk selection, technical precision, and capital efficiency within clearly defined exposure limits.

In 2024, ION achieved controlled growth in its direct insurance segment, strengthening its role as a capacity provider while maintaining carefully managed portfolio diversification. The company continued to apply multi-layered reinsurance protections—including quota share and excess-of-loss arrangements—to mitigate volatility and preserve underwriting resilience.

All underwriting activities are governed by ION's risk-appetite framework, which integrates counterparty assessment, stress testing, and aggregate exposure analysis to ensure that each line of business contributes proportionately to overall solvency and return objectives.

Written Premium composition

- Direct premium: \$34.38m
- Reinsurance premium: \$12.63m
- Ceded premium: (\$4m)
- Net premiums: \$43.01m

Stability & Governance

Capital strength

- Equity of \$22.5 million significantly exceeds the statutory minimum capital requirement, underscoring ION's strong capitalization and capacity for sustainable growth.
- Solvency and liquidity ratios remained robust throughout 2024, supported by conservative reserving practices, disciplined dividend management, and prudent asset allocation.
- Ongoing capital efficiency and exposure leverage monitoring ensures alignment with regulatory standards and internal risk appetite thresholds.

Governance enhancements

- ION continued to strengthen its actuarial and risk governance structure through an expanded committee framework, increasing independent oversight of reserving, claims trends, and underwriting performance.
- The Claims Governance Framework was enhanced to include more frequent reviews, escalation procedures, and cross-functional reporting between underwriting, claims, and finance.
- MGA and delegated authority controls were refined, requiring quarterly compliance reporting, performance metrics, and stress-tested exposure limits to ensure adherence to ION's underwriting standards.
- The company engaged external actuarial validation to independently verify reserve adequacy, data accuracy, and alignment with regulatory and solvency benchmarks.

Financial Review (Summary)

Financial Summary	2024	2023
Total Assets	\$63.1m	\$52.2m
Equity	\$22.5m	\$21.8m
Net Premiums Earned	\$42.5m	\$38.0m
Net Income	\$1.19m	\$0.95m

Technical Insights & Risk Architecture

- **Reserving Discipline:** Independent actuarial review confirms adequacy of case reserves and IBNR across all business lines.
- **Reinsurance Structure:** Portfolio protected through a balanced combination of quota share and excess-of-loss treaties, calibrated to manage severity and frequency risk.
- **Credit Risk Management:** Counterparty exposures are monitored under CECL principles; no credit losses were identified during the reporting period.
- **Funds Withheld:** \$1.8m retained to align cash positions and mitigate settlement risk.

Risk Management

ION's risk management framework ensures financial durability, transparency, and control across all operational levels. The company maintains a three-tiered governance structure encompassing underwriting, financial, and operational risks.

Underwriting:

Every submission undergoes a **technical underwriting review** that assesses the risk profile, exposure limits, and compliance with ION's risk appetite.

Delegated authorities (MGAs and program partners) operate under defined parameters with clear **underwriting authority limits**, reporting standards, and oversight requirements.

All **high-value or complex risks** require multi-signature approval — typically involving the CEO, Chief Underwriting Officer, and Claims/Actuarial function — to ensure consensus-based decision-making and protection against concentration risk.

Periodic audits and peer reviews further ensure underwriting quality and consistency across programs and territories.

Market & Liquidity:

Liquidity is safeguarded through a **laddered maturity structure** on receivables and investments, ensuring a steady cash inflow to meet claim obligations and operational needs.

To assess solvency resilience, regular stress testing and scenario analysis simulate extreme but plausible market conditions (such as delayed recoveries, claim surges, or counterparty defaults).

Funds-withheld, trust accounts, and conservative cash management policies provide additional liquidity buffers, ensuring claims and reinsurance settlements can be met without asset liquidation.

Operational & Cyber Risk:

ION maintains a strong operational control environment designed to safeguard data, ensure business continuity, and mitigate emerging technology risks. The company has implemented **layered security protocols** across all core systems, including multi-factor authentication, endpoint monitoring, and privileged-access controls.

During 2024, ION continued enhancing its **cyber resilience framework**, including regular penetration testing, third-party security audits, and continuous network monitoring. The **Zero-Trust architecture initiative**—currently in phased deployment—prioritizes identity verification, device health, and encrypted communication across all digital platforms.

In preparation for 2025, the company is **evaluating the implementation of Qualified Electronic Signature (QES)** technology to strengthen digital contract authenticity and traceability. While still under review, the adoption of QES is expected to complement existing digital-signature standards and improve verification integrity across regulatory jurisdictions.

Outlook for 2025

ION enters 2025 with a clear strategy centered on disciplined growth, enhanced digital capabilities, and sustained capital strength. The company remains focused on delivering stable underwriting results and strengthening its global partnerships while maintaining a prudent risk and solvency position.

Digital Underwriting and Analytics

ION will continue modernizing its underwriting and portfolio management systems to improve data accuracy, analytical insight, and decision-making speed. These upgrades will support more precise pricing, improved claims responsiveness, and stronger governance over delegated authority arrangements.

Reinsurance and Distribution Partnerships

The company will deepen collaboration with reinsurers, MGUs, and strategic intermediaries to optimize capital deployment and broaden specialty market participation. Emphasis will remain on transparency, long-term alignment, and the development of proportional and excess-of-loss structures that balance growth with protection.

Capital Strength and Governance

ION will maintain its conservative capital management approach, focusing on liquidity, solvency protection, and sustainable returns. Continued accumulation of retained earnings and prudent dividend policy will reinforce the balance sheet, while enhanced stress testing and exposure analysis will further strengthen governance and risk oversight.

Overall, ION's strategy for 2025 is to advance digital efficiency, deepen partnerships, and preserve financial resilience—ensuring that the company remains well-positioned to deliver consistent performance and long-term value across all lines of business.

Statement of Directors' responsibilities

The Directors bear full responsibility for the preparation, integrity, and the true and fair representation of the financial statements and other pertinent information included in this Report. This responsibility encompasses the formulation of financial statements in compliance with applicable laws and regulatory standards.

The Directors acknowledge their obligation to implement suitable internal controls as they consider necessary. These controls are crucial to the production of financial statements that are devoid of material misstatements, whether resulting from fraud or error.

Annually, the Directors are mandated to prepare financial statements. For the current financial year, the Directors have chosen to compile these statements in conformity with U.S. Generally Accepted Auditing Standards (GAAS). In endorsing these financial statements, the Directors must ascertain that they accurately and fairly reflect the Company's financial position and its profit or loss for the year.

In the preparation of these financial statements, the Directors are required to:

- Adopt appropriate accounting policies and apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- Assert compliance with applicable Accounting Standards, clearly disclosing and explaining any significant deviations in the financial statements.
- Prepare the financial statements on a going concern basis, except in circumstances where it is infeasible to presume the Company's ongoing operations.

Furthermore, the Directors are charged with maintaining adequate accounting records that sufficiently detail the Company's transactions and at any given time, accurately represent the Company's financial position. They are also tasked with protecting the Company's assets, thereby taking necessary measures for the prevention and detection of fraud and other irregularities.

The Directors confirm that, to the best of their knowledge:

- There is no significant audit information that the Company's Accounting Firm is unaware of.
- All necessary steps have been taken to make themselves aware of any relevant audit information and to ensure that the Accounting Firm is apprised of such information.

This statement is signed on behalf of the directors on 31st December 2024 by:



Richard A. Whitney
President

Financial Statements

Independent Auditors' Report



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To the Board of Directors
ION Insurance Company, Inc.

Qualified Opinion

We have audited the accompanying financial statements of ION Insurance Company, Inc. (the Company), which comprise the balance sheet as of December 31, 2024, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the omission of the information described in the Basis for Qualified Opinion section of our report, the 2024 financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Qualified Opinion

The Company has elected not to adopt the provisions of the Financial Accounting Standards Board's Accounting Standards Update No. 2015-09 – "Disclosures about Short-Term Duration Contracts" (ASU 2015-09). ASU 2015-09 requires additional disclosure and supplemental information related to unpaid losses and loss adjustment expenses. In our opinion, disclosure of that information is required by U.S. GAAP; however, management believes it is impracticable to develop the information.

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

Emphasis of Matter

ION Insurance Company, Inc. is affiliated with other entities, all of which are controlled by a common parent with the ability to influence the volume of business performed by each entity. As discussed in Note 8 to the financial statements, ION Insurance Company, Inc. and its affiliates have engaged in significant transactions with each other. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, we:

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

Carr, Rigg & Ingram, L.L.C.

Montgomery, Alabama
October 15, 2025

Balance Sheet

December 31, 2024

	2024	2023
Assets	\$	\$
Cash and cash equivalents	4,934,159	4,207,979
Premiums receivable	9,317,346	11,374,561
Notes receivable - related parties	38,016,849	29,294,849
Due from affiliate	33,679	2,557,905
Interest receivable - related parties	2,154,613	1,691,976
Excess insurance recoverable on unpaid losses	1,011,743	-
Deferred policy acquisition costs	4,637,039	-
Prepaid expenses and other receivables	62,374	-
Deferred tax asset	891,373	702,299
Funds withheld	1,807,773	2,126,415
Certificate of deposit - restricted	252,380	252,380
Total Assets	63,119,328	52,208,364
Liabilities & Stockholder's Equity		
Liabilities		
Unpaid losses and loss adjustment expenses	20,944,973	14,854,110
Losses payable	582,705	-
Accounts payable	152,735	-
Unearned premiums	18,367,434	15,061,259
Income tax payable	556,045	465,790
Total liabilities	40,603,892	30,381,159
Stockholder's equity		
Common stock (\$1 par, 7,600,000 shares issued and authorized)	7,600,000	7,600,000
Retained earnings	14,915,436	14,227,205
Total stockholder's equity	22,515,436	21,827,205
Total liabilities and stockholder's equity	63,119,328	52,208,364

The accompanying notes are an integral part of the financial statements.

Statement of Income

For the year ended December 31, 2024

	2024	2023
Underwriting Income	\$	\$
Net premiums earned	42,535,785	16,829,885
Total premium income	42,535,785	16,829,885
Underwriting Expenses		
Losses and loss adjustment expenses	27,847,809	13,942,064
Commissions	7,726,001	803,524
Reinsurance	4,000,000	-
Total underwriting expenses	39,573,810	14,745,588
Net underwriting income (loss)	2,961,975	2,084,297
Non-underwriting Income (Expenses)		
Interest income	648,747	435,354
Other income	18,883	-
General and administrative expenses	(2,132,766)	(805,876)
Total non-underwriting income (expenses)	(1,465,136)	(370,522)
Net income (loss) before provision (benefit) for income taxes	1,496,839	1,713,775
Provision (benefit) for income taxes		
Current	497,682	804,264
Deferred	(189,074)	(702,299)
Net income (loss)	1,188,231	1,611,810

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Stockholder's Equity

	Common Stock (\$)	Retained Earnings (\$)	Total Stockholder's Equity (\$)
Balance, January 1, 2023	7,600,000	12,615,395	20,215,395
Net income (loss)	-	1,611,810	1,611,810
Balance, December 31, 2023	7,600,000	14,227,205	21,827,205
Dividend	-	(500,000)	(500,000)
Net income (loss)	-	1,188,231	1,188,231
Balance, December 31, 2024	7,600,000	14,915,436	22,515,436

The accompanying notes are an integral part of the financial statements.



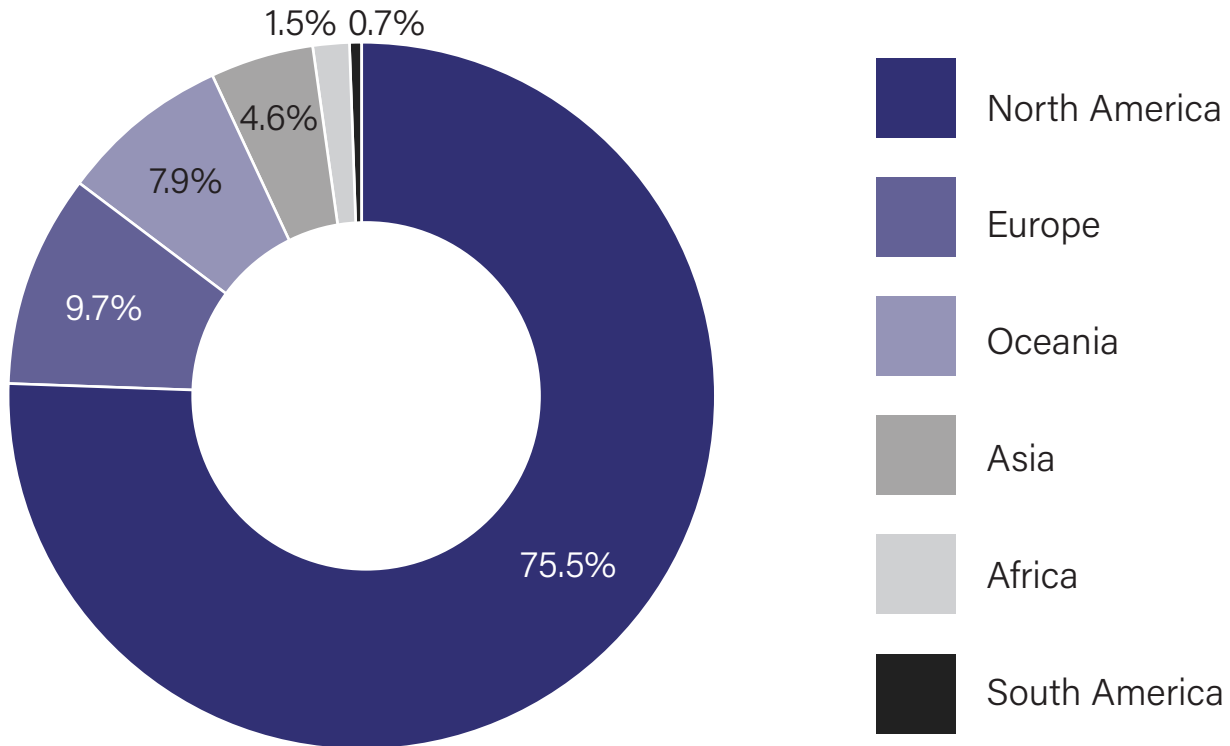
Statement of Cash Flows

For the year ended December 31, 2024

	2024	2023
Operating activities	\$	\$
Net income (loss)	1,188,231	1,611,810
Adjustments to reconcile net income (loss) to net cash and restricted cash provided by operating activities:		
Deferred income taxes	(189,074)	(702,299)
Changes in operating assets and liabilities:		
Premiums receivable	2,057,215	(5,175,830)
Notes receivable - related parties	(8,722,000)	
Due from affiliate	2,524,226	(2,557,905)
Interest receivable - related parties	(462,637)	(376,388)
Excess insurance recoverable on unpaid losses	(1,011,743)	-
Deferred policy acquisition costs	(4,637,039)	-
Prepaid expenses and other receivables	(62,374)	338,474
Funds withheld	318,642	(2,126,415)
Unpaid losses and loss adjustment expenses	6,090,863	7,396,225
Losses payable	582,705	-
Accounts payable	152,735	-
Unearned premiums	3,306,175	8,292,692
Income tax payable	90,255	465,790
Net cash provided by (used in) operating activities	1,226,180	6,305,659
Investing Activities		
Purchase of certificate of deposit - restricted	-	(199,667)
Notes receivable issued - related parties	-	(2,877,543)
Net cash provided by (used in) investing activities	-	(3,077,210)
Financial activities		
Dividend paid	(500,000)	-
Net cash provided by (used in) financing activities	(500,000)	-
Net increase (decrease) in cash and cash equivalents	726,180	3,228,449
Cash and cash equivalents, beginning of year	4,207,979	979,530
Cash and cash equivalents, end of year	4,934,159	4,207,979
Schedule of certain cash flow information		
Cash paid for income taxes	407,427	-
Non-cash investing and financing activities		
Satisfaction of due from stockholder through assignment of note receivable	-	7,872,459

Financial Charts

Territorial Split of business

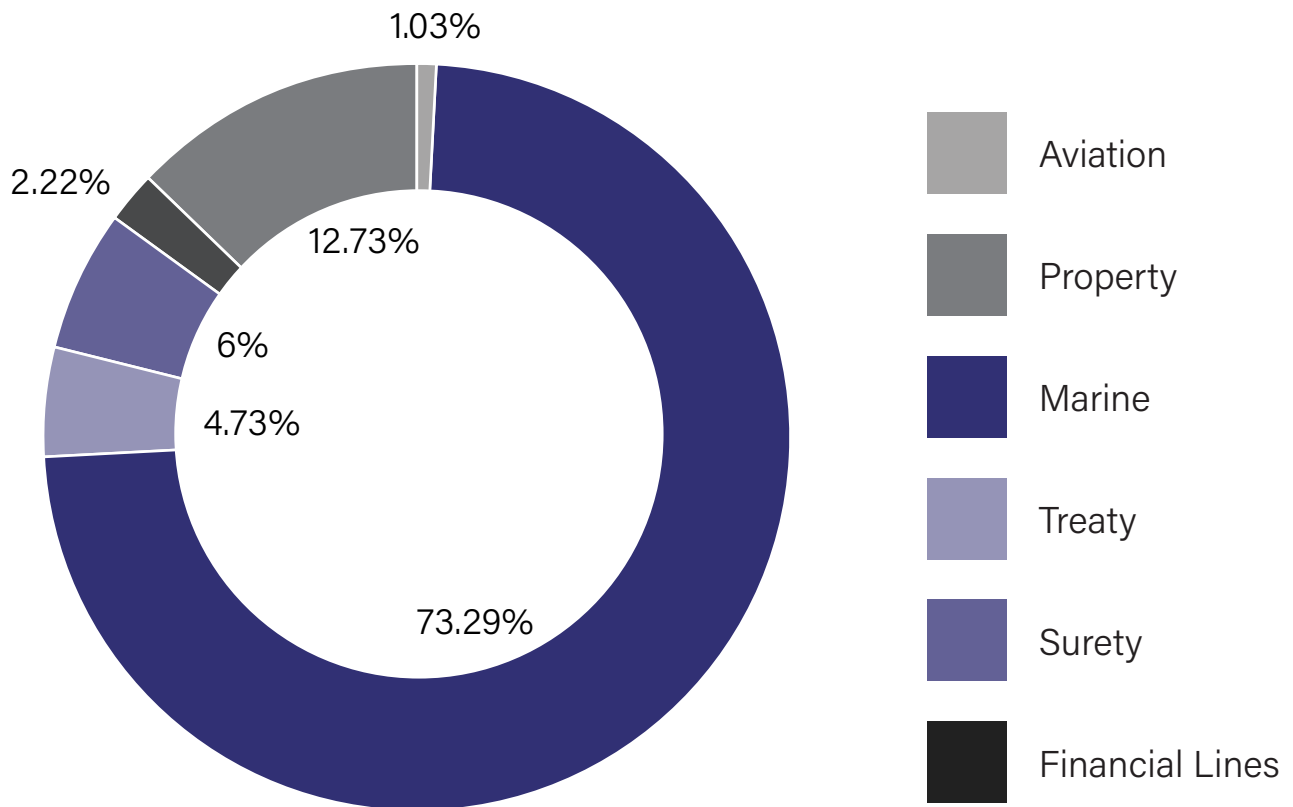


Global Partnerships

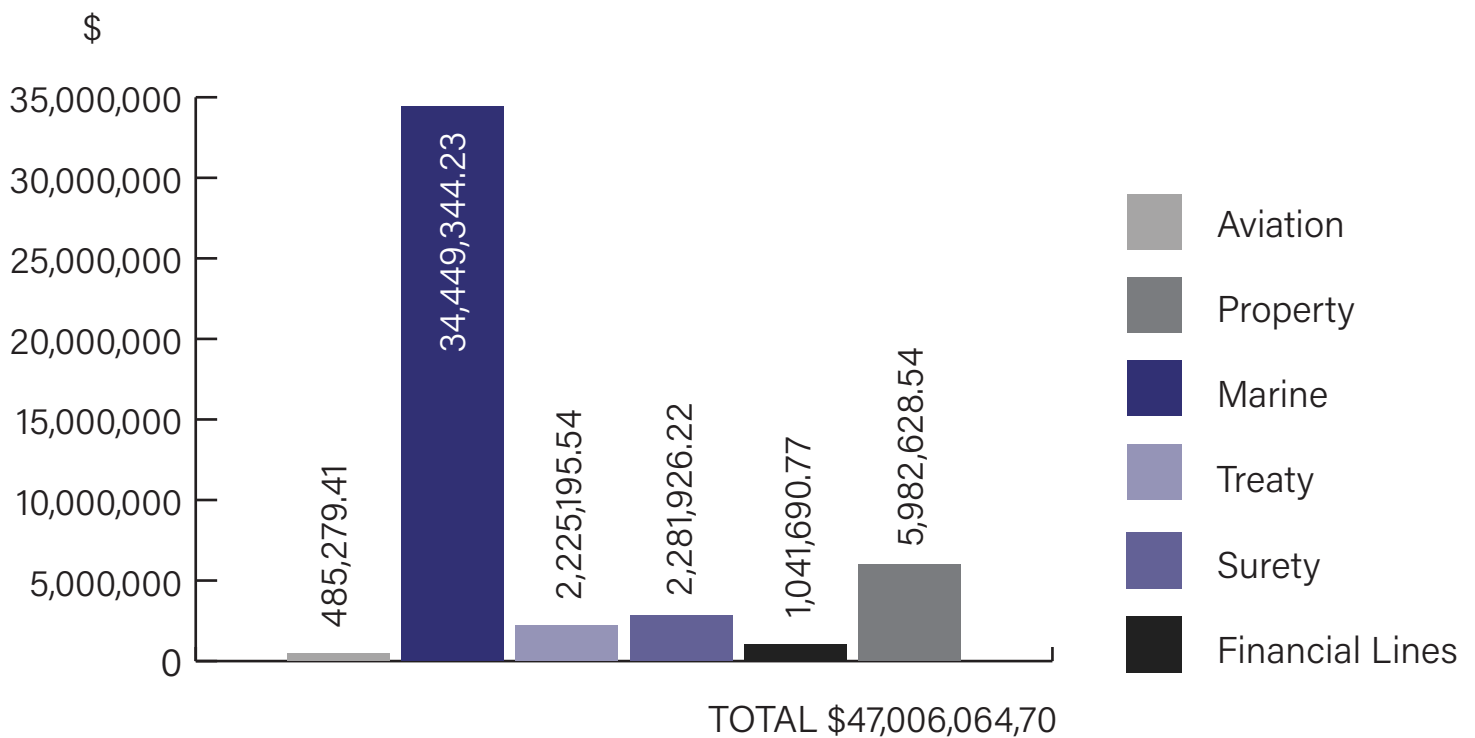


Financial Charts

Classes of business written

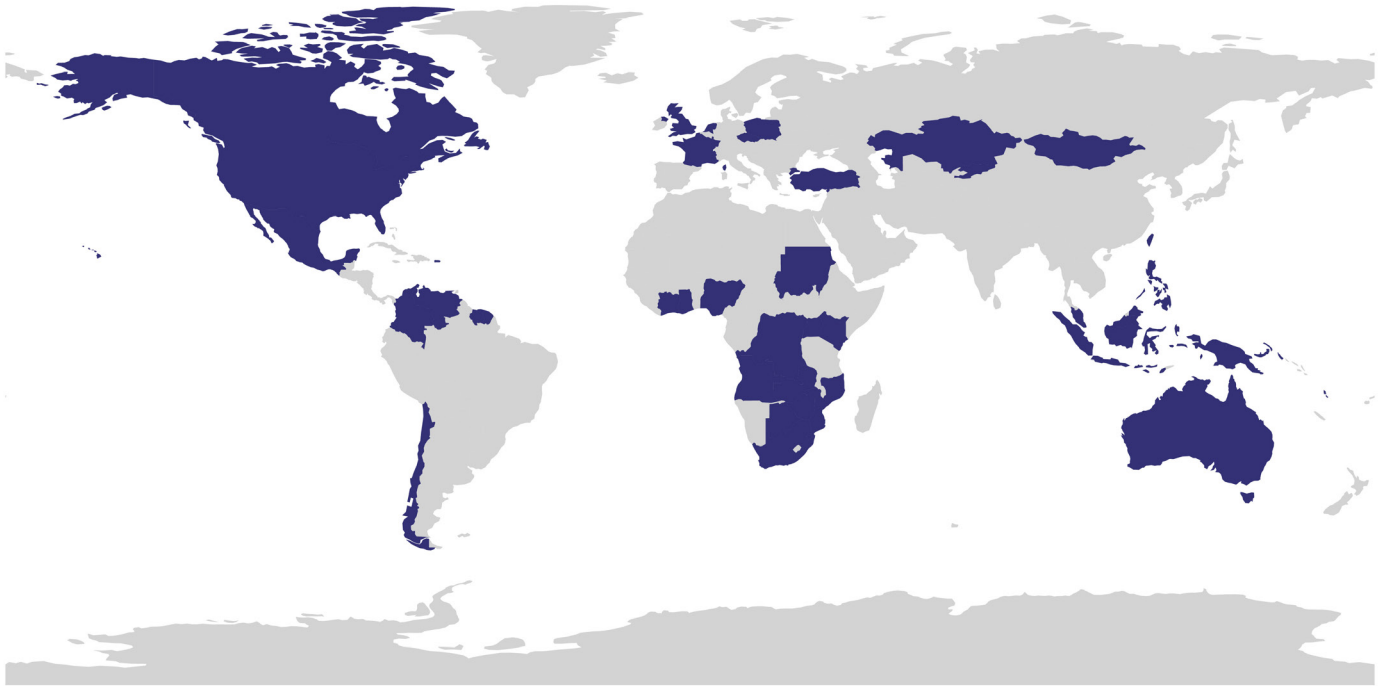


GWP



Geographical Distribution of Business

World Map



Geographical areas of business activity

Notes to Financial Statements

Note 1: Description of Business

ION Insurance Company, Inc. (the Company) primarily provides business insurance of all kinds concentrating in marine hull, aviation, financial guarantees, facultative reinsurance and reinsurance treaty business.

The Company was formed on February 2, 2016 in the American Samoa and granted certificate of authority by the Insurance Commissioner. The Company is registered with the American Samoa Insurance Commissioner and the National Association of Insurance Commissioners.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), except for certain required disclosures that have been omitted as more fully described in Note 2. The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to change in the near term relate to the determination of allowance for credit losses on premiums receivable, the estimate of unearned premiums and the development of reserves for unpaid losses and loss adjustment expenses. Management believes that the liabilities established for unpaid losses and loss adjustment expenses as of December 31, 2024 are adequate to cover the ultimate net cost of claims and contractual adjustments, but the liabilities are necessarily based on estimates and accordingly, the amounts ultimately paid may vary materially.

Certificates of Deposit - Restricted

Certificates of deposit are presented at cost, plus any accrued interest at year end which approximates fair value. The certificate of deposit is restricted for the benefit of the American Samoa Insurance Commissioner.

Notes Receivable – Related Parties

Notes receivable are stated at the outstanding principal amount, net of an allowance for credit losses. Outstanding loans accrue interest based on the terms of the respective loan agreements. Loans are considered delinquent when the debtor has missed three or more payments based on the contractual terms of the agreement. At that time, the loan is placed on nonaccrual status and interest accrual ceases and does not resume until the loan is no longer classified as delinquent. Delinquent loans are charged off based on individual credit evaluation and specific circumstances of the borrower. All interest accrued but not collected for loans that are placed in non-accrual status or charged off reversed through interest income unless management believes the accrued interest is recoverable through the liquidation of collateral.

Interest received on non-accrual loans is either applied against principal or reported as interest income, based on management's assessment regarding the recovery of principal. When material, the net amount of nonrefundable loan origination

fees and direct costs associated with the lending process is deferred and accreted to interest income over the life of the loans using a method that approximates the interest method.

As of December 31, 2024, the Company had no collateral dependent loans, non-accrual loans, or impaired loans.

Credit Losses

The Company estimates expected lifetime credit losses on financial assets measured at amortized cost including short-term receivables, premiums receivable, loans receivable and reinsurance recoverables. Credit loss changes on premiums receivable are recorded in net earned premiums.

Management estimates the allowance for credit losses by using relevant available information from internal and external sources, relating to past events, current conditions, and supported forecasts. Historical credit loss experience provides the basis for estimation of expected credit losses. Adjustments to historical loss information are made for differences in loan-specific risk characteristics such as changes in the economic and business conditions, portfolio mix, and delinquency level. Considerations related to environmental conditions include current and forecasted data related to factors such as inflation, unemployment levels, and interest rates.

The allowance for credit losses is measured on an individual loan basis using the loss-rate methodology. If management determines that an individually evaluated loan is probable of foreclosure or when the borrower is experiencing financial difficulty as of the reporting date and repayment is expected to be provided substantially through the operation or sale of collateral, expected credit losses are based on the fair value of the collateral adjusted for estimated selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loan. The contractual term excludes expected extensions, renewals, and modifications unless the renewal option is included in the original or modified contract at the reporting date and is not unconditionally cancellable by the Company, or that management has a reasonable expectation at the reporting date that a loan

modification will be made to a borrower experiencing financial difficulty.

Allowance for Credit Losses on Receivables

For receivables, the Company utilizes aging analyses to estimate allowances under current conditions and for the forecast period. The Company regularly evaluates and updates the data and adjusts the allowance as appropriate.

Allowance for Credit Losses on Reinsurance Recoverables

For reinsurance recoverables, the Company assesses the credit risks for individual reinsurers. The evaluation considers the credit quality of the reinsurer and the period over which the expected recoverable balances are expected to be collected. The evaluation considers factors including past events, current conditions and reasonable and supportable forecasts in the development of the estimated credit loss allowance.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term, highly liquid investments that possess both of the following characteristics: (a) they are readily convertible to known amounts of cash, and (b) they are so near their maturity (having an original maturity of ninety days or less when purchased) that they present insignificant risk of changes in value due to interest rate movements.

Insurance Liabilities

The liability for unpaid losses and loss adjustment expenses includes an amount determined from loss reports and individual cases and an amount, based on past experience, for losses incurred but not reported. Such liabilities are based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

However, because of the limited population of

insured risks, limited historical data, economic conditions, judicial decisions, legislation and other reasons, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the balance sheet date. Accordingly, the ultimate liability could vary significantly from the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations. The Company does not discount loss reserves for financial statement purposes.

In establishing reserves, management considers facts currently known, historical claims information, industry average loss data, and the present state of laws and coverage litigation. However, the process of establishing loss reserves is complex and imprecise science that reflects significant judgmental factors. Management believes that the aggregate loss reserves at December 31, 2024 are adequate to cover claims for losses that have occurred.

The Company has elected not to adopt the provisions of the Financial Accounting Standards Board's Accounting Standards Update No. 2015-09 – "Disclosures about Short-Term Duration Contracts" (ASU 2015-09). ASU 2015-09 requires additional disclosure and supplemental information related to unpaid losses and loss adjustment expenses. This differs from U.S. GAAP.

Reinsurance

In the normal course of business, the Company seeks to reduce its loss exposure by reinsuring certain levels of risk with reinsurers. Reinsurance is accounted for in accordance with FASB ASC 944, "Financial Services – Insurance" using the Periodic Method. Ceded premium is expensed over the period that coverage is provided. Prepaid reinsurance premiums are calculated on a daily pro-rata basis for the unexpired terms of the policy in force. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy. As these estimates change, the adjustment is recorded in the current period.

As of December 31, 2024, the Company had funds withheld deposited with reinsurers totaling \$1,807,773 as detailed in Note 5.

Premiums

Consideration paid for an insurance policy is generally known as a premium. Premiums billed to and paid by the Company's policyholders are recorded as revenues in the statements of income. Premiums are earned as revenue on a pro rata basis over the applicable policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums when applicable.

The Company considers premiums receivable to be fully collectible; accordingly, no allowance for credit losses has been established. The direct write-off method yields substantially the same results as the allowance method. If amounts become uncollectible, they will be charged to operations when the determination is made. No allowance has been provided at December 31, 2024 and management believes all premiums receivable are fully collectible.

The Company recognizes premium deficiencies when there is a probable loss on a policy issued. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, dividends to policyholders, policy acquisition costs and other underwriting expenses exceed anticipated premiums assumed and investment income. There were no premium deficiencies recognized as of December 31, 2024.

Deferred Acquisition Costs

The costs which relate directly to the successful acquisition of new or renewal policies, are generally deferred to the extent recoverable from future premiums or expected gross profits. Deferred acquisition costs (DAC) are subject to loss recognition and recoverability testing at least annually. DAC was \$4,637,039 as of December 31, 2024.

DAC is amortized over the premium paying period in proportion of annual premium revenues to ultimate premium revenues. The ultimate premium revenues are estimated based upon the same assumptions used to calculate the future policy benefits.

Concentration of Credit Risk

The Company maintains cash deposits with financial institutions, which may fluctuate from time to time in excess of the insured limitation of the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC).

If the financial institutions were not to honor their contractual liability, the Company could incur losses. Based on the history and strength of the financial institutions, management does not anticipate any such losses.

Income Taxes

Income tax provisions are based on the asset and liability method. Deferred federal income taxes have been provided for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. Such differences are related principally to unearned premiums, present value discount of losses and loss adjustment expenses, and allowance for doubtful accounts.

The Company has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Company to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefits is not included, nor is there any interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses as there are no unrecognized tax benefits. The tax years that remain subject to examination are the years ended December 31, 2021 through 2024 for all major tax jurisdictions.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 7, 2025, and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Stockholder's Equity

The Company is organized pursuant to the laws and regulations of The American Samoa. Accordingly, the Company is required to maintain minimum stockholder's equity of \$500,000. As of December 31, 2024, the Company had stockholder's equity of \$22,515,436 and was in compliance with the laws and regulations of American Samoa.

In accordance with the statutes of the American Samoa, the Company is required to maintain certain reserves including:

1. Loss or claims reserves in an amount estimated in the aggregate to provide for the payment of all losses or claims insured, whether reported or unreported, which are unpaid and for which such insurer may be liable, together with an amount estimated to provide for the expense of adjustment or settlement of such claims.
2. Premium reserves equal to the unearned portions of the gross premiums charged on unexpired or undetermined risks and policies.

As of December 31, 2024 the Company had met the requirements of the American Samoa based on review of independent actuarial analysis for reserves and its recorded unearned premium reserves.

Note 3: Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

December 31, 2024	\$
Cash and cash equivalents	4,435,773
Money market accounts	498,386
Cash and cash equivalents	4,934,159



Note 4: Concentrations

For the year ended December 31, 2024, premiums from five brokers represented approximately 80 percent of total direct and assumed premiums written during the year. At December 31, 2024 the Company had premiums receivable of \$2,376,951 due from these brokers. Management has assessed the receivable balances due as of December 31, 2024 and an allowance for credit losses was not considered necessary.

Note 5: Excess Insurance and Reinsurance Activity

The Company purchases excess reinsurance, which applies to any one risk, with a reinsurer paying the excess amount of the claim over the Company's retention. Reinsurance expense for the year ended December 31, 2024 was \$4,000,000.

During the year ended December 31, 2024, the Company entered into reinsurance agreements with quota share percentages ranging from 0.3% to 100%. The Company accepted receipt of the reinsurance premiums as consideration for the transfer, assignment and assumption of the risks. Assumed premiums are accounted for on a basis consistent with that used in accounting for the original policies. The Company, as the assuming reinsurer, is liable to the ceding company to the extent of reinsurance.

To secure its obligations arising from the coverage

provided under the overlying insurance policies issued by Edward Williams Insurance Services, LLC and Trafalgar Insurance Company Limited, the Company provides collateral in the form of cash. The joint trust account with Edward Williams Insurance Services, LLC held cash in the amount of \$800,084 at December 31, 2024. The joint trust account with Trafalgar Insurance Company Limited held cash in the amount of \$1,007,689 at December 31, 2024.

The Company cedes insurance to other companies and these reinsurance contracts do not relieve the Company from its obligations to its members. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible.

The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

At December 31, 2024, excess insurance recoverable of \$1,011,743 were associated with excess reinsurance entities.

The Company limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks with other insurers. Ceded insurance is treated as the risk and liability of the assuming entities.

The effect of reinsurance on premiums earned for December 31, 2024 are as follows:

Year ended December 31, 2024	\$
Premiums Earned	
Direct	11,270,660
Assumed	
Non-affiliates	31,967,436
Ceded	
Non-affiliates	(652,708)
Affiliates	(49,603)
Net	42,535,785

Note 6: Liability for Unpaid Losses and Loss Adjustment expenses

The liability for unpaid losses and loss adjustment expenses includes an amount determined by an independent actuarial firm for losses incurred but not reported and loss adjustment expenses. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently. While management believes that the amounts are adequate, assumptions and projections as to future events are necessary and the ultimate liabilities may be in excess of or less than the amounts provided.

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

December 31, 2024	\$
Balance, beginning of year	14,854,110
Less excess reinsurance recoverable	(1,011,743)
Net balance, beginning of year	
Incurred related to:	
Current year	15,846,671
Prior years	12,001,138
Total incurred	27,847,809
Paid related to:	
Current year	1,940,154
Prior years	19,816,792
Total paid	21,756,946
Balance, end of year (net of excess reinsurance recoverable)	19,933,230

Unpaid losses and loss adjustment expenses of \$19,933,230 as of December 31, 2024, represents estimates of the amounts required to pay existing unpaid losses against the Company including case development of \$17,674,662, incurred but not reported (IBNR) losses of \$3,270,310 as of December 31, 2024. The Company reported losses payable of 582,705 as of December 31, 2024.

As a result of changes in estimates incurred in prior years, the Company incurred claims expense of \$12,001,138 for the year ended December 31, 2024. The increase was a result of the normal development inherent in the uncertainty of establishing the liability for unpaid losses and loss adjustment expenses.

Note 7: Income Taxes

The Company is a taxable entity under Internal Revenue Code (IRC) Section 831. The U.S. federal corporate tax rate is 21% for the year ended December 31, 2024.

The deferred tax asset for the year ended December 31, 2024 was \$891,373. The deferred tax asset is based on temporary timing differences for unearned premiums and discounting unpaid losses.

The components of the deferred tax asset consists of the following:

December 31, 2024	\$
Unearned premiums	771,432
Discounting on unpaid losses	119,941
Total net deferred tax asset	891,373

The following provides a reconciliation of financial statement income to taxable income:

Period ended December 31, 2024	\$
Financial statement net income (loss)	1,188,231
Federal provision for income taxes	497,682
Deferred provision for income taxes	(189,074)
Unearned premiums	661,235
Discount on unpaid losses	199,706
Unrealized currency (gains)/losses	271,459
Taxable income	2,629,239

Income tax expense differs from amounts computed by applying the federal statutory rate of 21% to income before income tax expense as follows:

Year ending December 31, 2024	\$
Tax based on federal statutory rate	314,336
Discount on unpaid losses	(8,276)
Unrealized currency losses	57,006
Over accrual of prior year federal income tax	(54,458)
Income tax expense	308,608

Note 8: Related Party Transactions

Due from (to) Affiliate

From time to time, payments for premiums have been received and claims payments have been made on behalf of the Company's affiliate, ION Insurance Group, S.A. (Group) for claims related to the affiliated party. When this occurs, it results in a balance due (to) from affiliate for the Company.

The amount due from (to) affiliate related to the premiums and claims transactions during the year was \$1,033,679 as of December 31, 2024.

The Company purchases a portion of their excess insurance coverage under an agreement with the Group. Excess reinsurance premiums incurred to the Group for the year ended December 31, 2024 was \$4,000,000 with a balance due to the Group of \$1,000,000 at December 31, 2024.

Notes Receivable – Related Parties

Notes receivable – related parties consist of collateralized promissory notes executed by RA Whitney Trusts, the 100% shareholder of ION Insurance Company, Inc. and part owner of the borrowing entities listed in the table below, for the benefit of the Company. The promissory notes are collateralized by real property, furnishings, fixtures, and equipment detailed in original loans from RA Whitney Trusts to the borrowing entities. As of December 31, 2024, the underlying promissory notes had balances of \$1,944,847, \$8,150,000, and \$27,922,002. The promissory notes accrue interest at an annual rate of 1.35% and have due dates of January 2, 2026, January 2, 2026, and November 1, 2026, respectively.

As of December 31, 2024 the total related party notes receivable amounted to \$38,016,849. Interest accrued on the promissory notes amounted to \$2,154,613.

The following provides a summary of notes receivable from related parties as of December 31, 2024:

As of December 31, 2024			
	Maturity Date	Principal	Interest
Biloxi Lodging	November 1, 2026	\$ 27,922,002	\$ 1,582,485
Centennial Plaza	January 2, 2026	8,150,000	461,903
Windsor House, LLC	January 2, 2026	1,944,847	110,225
Total		\$ 38,016,849	\$ 2,154,613



Ceded Premiums Payable

The Company ceded insurance to ION Surety Company, S.A. in the amount of \$46,603. ION Surety Company, S.A. is wholly owned by Richard Whitney, the executor of RA Whitney Trusts, and is an entity under common control.

A summary of transactions with related parties impact on operations for the year ended December 31, 2024 follows:

Year ended December 31, 2024	\$
Revenues	
Interest income	462,637
Expenses	
Reinsurance premiums to ION Insurance Group, S.A.	(4,000,000)
Premiums ceded to ION Surety Company, S.A.	(49,603)
Total related party expenses	(3,586,966)

