American Overseas Group Limited

Consolidated Financial Statements
For the Year Ended
December 31, 2024

AMERICAN
OVERSEAS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
American Overseas Group Limited

Opinion

We have audited the consolidated financial statements of American Overseas Group Limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024, and 2023, and the related consolidated statements of operations, comprehensive income (loss), equity and retained deficit, and cash flows, for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 a period of 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.

INDEPENDENT AUDITOR’S REPORT (Cont’d)

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the disclosure of short-duration contracts included within Note 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United Stated of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte Ltd.

April 17, 2025

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and December 31, 2023

	2024	2023
Assets		
Fixed-maturity securities held as available for sale, at fair value	$ 143,632,951	$ 132,600,206
Cash and cash equivalents	46,599,640	56,853,732
Restricted cash	4,860,911	964,244
Accrued investment income	1,028,660	972,386
Premiums receivable	211,771,082	174,349,810
Deferred reinsurace premiums	267,765,637	219,827,766
Reinsurance balances receivable, net	413,541,526	349,480,075
Deferred policy acquisition costs	10,214,699	9,152,180
Intangible assets	4,800,000	4,800,000
Goodwill	33,050,000	33,050,000
Other assets	3,971,886	3,718,700
Total assets	$ 1,141,236,992	$ 985,769,099
Liabilities and Shareholders' Equity		
Liabilities:		
Losses and loss expense reserve	$ 421,018,063	$ 332,657,295
Deferred commission income	7,154,451	6,877,542
Unearned premiums	281,175,824	230,300,979
Ceded premium payable	209,033,074	183,969,266
Payable to general agents	275,959	10,884,582
Fund withheld	126,839,184	136,471,097
Accounts payable and accrued liabilities	26,255,384	25,724,321
Notes payable	20,770,907	20,770,907
Non-owned interest in VIE	300,000	300,000
Interest payable	578,267	578,268
Deferred tax liability	1,956,086	647,940
Total liabilities	1,095,357,199	949,182,197
Shareholders' equity:		
Common shares	4,697,900	4,697,900
Additional paid-in capital	189,178,987	189,178,987
Accumulated other comprehensive (loss)	(3,560,780)	(3,453,857)
Retained deficit	(144,436,314)	(153,836,128)
Total shareholders' equity	45,879,793	36,586,902
Total liabilities and equity	$ 1,141,236,992	$ 985,769,099

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

December 31, 2024 and 2023

	2024	2023
Net premiums earned	$ 51,610,156	$ 29,351,222
Fee income	22,078,383	16,539,764
Net investment income	1,401,432	828,543
Net realized gain	46,601	2,809,259
Other income	87,291	87,000
Total revenues	75,223,863	49,615,788
Net losses and loss adjustment expenses	33,034,504	20,314,693
Acquisition costs	14,811,556	8,939,201
General and administrative expenses	12,911,447	12,141,870
Interest expense	2,313,080	2,237,580
Total expenses	63,070,587	43,633,344
Income before income (loss) tax expense	12,153,276	5,982,444
Income tax (expense)	(2,753,462)	(647,940)
Net income (loss) attributable to common shareholders	$ 9,399,814	$ 5,334,504
Net income (loss) per common share:		
Basic	$ 200.09	$ 113.55
Diluted	$ 200.09	$ 113.55
Weighted-average number of common shares outstanding:		
Basic	46,979	46,979
Diluted	46,979	46,979

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

December 31, 2024 and 2023

	2024	2023
Net income (loss) before non-controlling interest	$ 9,399,814	$ 5,334,504
Other comprehensive income (loss)		
Change in unrealized fair value of investments	(60,322)	3,595,805
Reclassification adjustment for net realized investment gains and (losses) included in income	(46,601)	(2,809,259)
Other comprehensive income (loss)	(106,923)	786,546
Comprehensive income (loss)	$ 9,292,891	$ 6,121,050

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED STATEMENTS OF EQUITY AND RETAINED DEFICIT
December 31, 2024 and 2023

	Share capital	Noncontrolling Interest	Additional paid-in-capital	Accumulated other comprehensive income (loss)	Retained deficit	Total stockholders' equity
Balance, December 31, 2022	4,697,900	5,452,923	189,178,987	(4,240,403)	(159,458,452)	35,630,955
						-
Net income (loss)	-	-	-	-	5,334,504	5,334,504
Cummulative equity adjustment to account for underwriting activity lag entry					287,820	287,820
						-
Net change in unrealized gains and losses on investments	-	-	-	786,546	-	786,546
Repurchase class B preferance shares		(5,452,923)	-	-	-	(5,452,923)
Balance, December 31, 2023	4,697,900	-	189,178,987	(3,453,857)	(153,836,128)	36,586,902
Net income (loss)	-	-	-	-	9,399,814	9,399,814
Net change in unrealized gains and losses on investments	-	-	-	(106,923)	-	(106,923)
Balance, December 31, 2024	$ 4,697,900	-	$ 189,178,987	$ (3,560,780)	$ (144,436,314)	$ 45,879,793

See Accompanying Notes to the Consolidated Financial Statements

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the year	$ 9,399,814	$ 5,334,504
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Net realized (gain) loss on sale of investments	(46,601)	(361,354)
Net realized (gain) loss sale of preferred shares	-	(2,447,905)
Interest expense	2,313,080	2,237,580
Amortization of bond discount	(974,800)	(741,122)
Changes in operating assets and liabilities:		
Accrued investment income	(56,274)	(517,066)
Premiums receivable	(37,421,272)	(79,645,914)
Deferred reinsurance premiums	(47,937,871)	(87,225,300)
Reinsurance balance receivable, net	(64,061,451)	(100,695,641)
Deferred acquisition costs, net	(785,610)	(906,645)
Other assets	(253,186)	257,957
Unpaid losses and loss adjustment expenses	88,360,768	78,687,451
Unearned premiums	50,874,845	92,193,108
Ceded premium payable	25,063,808	95,852,478
Payable to general agents	(10,608,623)	5,415,589
Funds withheld	(9,584,496)	20,900,691
Accounts payable and accrued liabilities	531,063	9,224,509
Deferred tax liability	1,308,146	647,940
Net cash provided by (used in) operating activities	**6,121,340**	**38,210,860**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of available for sale securities	(42,406,406)	(60,530,639)
Proceeds from sales of fixed income investments	13,937,960	12,010,287
Proceeds from sales of equities	-	2,891,996
Proceeds from maturities of fixed income investments	18,302,762	31,433,364
Net cash provided by (used in) investing activities	**(10,165,684)**	**(14,194,992)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance senior note payable	-	3,500,000
Payment on senior note payable	-	(750,000)
Interest paid	(2,313,081)	(2,123,082)
Payment on preferred shares	-	(3,005,018)
Net cash provided by (used in) financing activities	**(2,313,081)**	**(2,378,100)**

Net (decrease) increase in cash, cash equivalents and restricted cash		(6,357,425)		21,637,768
Cash, cash equivalents and restricted cash - Beginning of year		57,817,976		36,180,208
Cash, cash equivalents and restricted cash - End of year	$	51,460,551	$	57,817,976
Net taxes paid	$	1,420,800	$	-
Reconciliation of cash and restricted cash and equivalents to Balance Sheet				
Cash and cash equivalents, end of period	$	46,599,640	$	56,853,732
Restricted cash and cash equivalents, end of period		4,860,911		964,244
Total cash and cash equivalents and restricted cash and equivalents, end of year	$	51,460,551	$	57,817,976
Supplemental Disclosure of Non-Cash Transactions:				
Transfer of securities from Trust Account being maintained for Funds Held		-		(14,010,269)

See Accompanying Notes to the Consolidated Financial Statements.

BACKGROUND

American Overseas Group Limited ("AOG" or the "Company") was incorporated on January 28, 1998, under the laws of Bermuda. The Company was originally organized to operate a mono-line financial guaranty reinsurance subsidiary which was placed in voluntary run-off in 2009. After substantially reducing its financial guaranty exposure, AOG entered the property and casualty reinsurance business in 2012. On June 26, 2013 the Company's principal shareholder at that time, Orpheus Group Ltd. ("OGL"), acquired voting control of AOG. On October 28, 2014, AOG acquired OGL for a combination of common stock and senior notes. The Company is now a major writer of non-standard auto insurance through its U.S. subsidiaries. All earned premium and fee income are related to its property and casualty book of business. The financial guaranty book of business was eliminated in 2020.

The Company received all regulatory approvals prior to December 31, 2023 to dissolve American Overseas Reinsurance Company Limited ("AORE") and the Certificate of Dissolution was dated January 25, 2024. There was no ultimate gain or loss related to the dissolution.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Company:

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ materially from those estimates.

(b) Revisions

As a result of the following adjustment, amounts previously reported have been immaterially restated:

In 2024, the Company began recording an accrual for the one-month lag to better accrue underwriting activity throughout the year as a result a prior period adjustment was needed to true to the balance sheet accounts in prior years.

	December 31, 2023		
	As Previously Report	Revisions	As Revised
Assets			
Reinsurance balances receivable, net	$ 348,929,520	$ 550,555	$ 349,480,075
Total assets	$ 985,218,544	$ 550,555	$ 985,769,099
Liabilities:			
Losses and loss expense reserve	$ 332,572,963	$ 84,332	$ 332,657,295
Unearned premiums	$ 230,122,576	$ 178,403	$ 230,300,979
Total liabilities	$ 948,919,462	$ 262,735	$ 949,182,197
Shareholders' equity:			
Retained deficit	$ (154,123,948)	$ 287,820	$ (153,836,128)
Total shareholders' equity	$ 36,299,082	$ 287,820	$ 36,586,902

2. SIGNIFICANT ACCOUNTING POLICIES

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries, as well as those of Old American County Mutual Fire Insurance Company ("OACM"), a variable interest entity ("VIE") which the Company is required to consolidate. All significant intercompany balances have been eliminated in consolidation.

(d) Cash and cash equivalents

The Company considers all highly liquid investments, including fixed-interest and money market fund deposits, with a maturity of 90 days or less when purchased, as cash equivalents. Cash equivalents are carried at cost which approximates fair value.

(e) Investments

The Company has classified its fixed-maturity and equity investments as available-for-sale. Available-for-sale investments are carried at fair value, with unrealized appreciation or depreciation reported as a separate component of accumulated other comprehensive income. A portion of the unrealized appreciation or depreciation related to a reinsurer is included in funds held instead of accumulated other comprehensive income as the investments are pledged and all related investment movements, income, expenses, etc inure back to the reinsurer not the Company. The Company's fair values of fixed-maturity investments are based on prices obtained from nationally recognized independent pricing services and represent quoted prices in active markets when available. Equity securities include investments in shares of publicly traded companies and offshore mutual funds. All investment transactions are recorded on a trade date basis. Realized gains and losses on sales of fixed-maturity investments are determined on the basis of amortized cost. Gains and losses on sale of investments are included in "net realized gains on sale of investments" when realized. The cost of securities sold is determined using the specific identification method. The Company's investment guidelines require the orderly sale of securities that do not meet investment guidelines due to a downgrade by rating agencies or other circumstances, unless otherwise authorized by management to hold.

(f) Current Expected Credit Losses (CECL)

The Company and our investment services provider, New England Asset Management ("NEAM"), review its investment portfolio no less than quarterly in order to determine whether an unexpected credit loss exists.

Factors considered when assessing for any credit loss may include, but are not limited to: a screening process to determine if any securities held by the Company are flagged by our investment provider and a qualitative analytic review of factors such as the market position, regional economic and demographic trends, bond structure, liquidity and governance frameworks.

If an expected credit loss is determined to be needed, an allowance would be booked and adjusted as warranted by subsequent analysis.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Guaranty fund asset

Guaranty fund assets are included in other assets on the Consolidated Balance Sheet assessed to the Company from various states when the cost of defaulted insurance companies exceed the current fund balance. Depending on when the Company receives notice of an assessment, the Company will either accrue or pay the assessment and, if allowed by the assessing state, setup a corresponding guaranty fund asset for any premium tax credits allowed. This asset is reviewed annually for collectability and will be written off, if needed.

(h) Revenue recognition

The Company earns property casualty insurance and reinsurance premium revenue over the terms of the related policies. Unearned premiums represent the unexpired portion of premiums written. In addition, the Company earns fee income for providing insurance capacity for its nonstandard automobile liability and physical damage insurance products produced by managing general agents or other producers and ceded to reinsurers. Fee income is the excess of the ceding commission received from the reinsurers over the commission expense paid to the managing general agents or other producers.

Premium receivables and reinsurance recoverables are evaluated for credit losses at the underwriting company level. These are evaluated based on a number of factors including, but not limited to, the current aging of the receivables, the financial monitoring of the MGA/Reinsurers, the collateral of reinsurers, and the structure of the business of the underwriting company. As of December 31, 2024 and 2023, it was determined that there were no expected credit losses to be booked.

(i) Deferred policy acquisition costs

Deferred policy acquisition costs comprise those expenses that vary with and are primarily related to the production of business, including ceding commissions paid.

When assessing the recoverability of deferred policy acquisition costs, the Company considers the future earnings of premiums and anticipated investment income and compares this to the sum of unamortized policy acquisition costs, expected loss and loss adjustment expenses and expected maintenance costs. If a deficiency were calculated, the unamortized acquisition costs would be reduced by a charge to expense. Any deficiency driven by the maintenance costs that is greater than the balance of the deferred acquisition costs for the underwriting year and risk type is recorded as a premium deficiency.

(j) Losses and loss adjustment expenses

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates ("case basis loss reserves") and an amount for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and adjustments are reflected in the period determined.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Fair value measurements

ASC 820 provides guidance for fair value measurement of assets and liabilities and associated disclosures about fair value measurement. Under this standard, the definition of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price). ASC 820 clarifies that fair value is a market-based measurement, not an entity-specific measurement. ASC 820 establishes a fair value hierarchy of inputs in measuring fair value, with the highest level being observable inputs and the lowest being unobservable data as follows:

- Level 1 inputs – valuations based on quoted prices in active markets for identical assets or liabilities. Valuations in this level do not entail a significant degree of judgment.
- Level 2 inputs – valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and model derived valuations where all significant inputs are observable in active markets.
- Level 3 inputs – valuations based on significant inputs that are unobservable.

Disclosures relating to fair value measurements are included in Note 5 – Fair Value of Financial Instruments.

(l) Goodwill and intangible assets

The Company tests for impairment of goodwill and indefinite-lived intangible assets on an annual basis, or more frequently if events or changes in circumstances indicate that impairment exists.

The Company amortizes finite-lived intangible assets over the respective useful lives of the assets. If events or changes in circumstances indicate that impairment of these assets exists, the Company will test for impairment. If, as a result of the evaluation, the Company determines that the value of the goodwill or intangible assets is impaired, then the value of the assets will be written-down through net income in the period in which the determination of the impairment is made.

(m) Leases

At lease inception, the Company determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities, and noncurrent operating lease liabilities in the consolidated financial statements. ROU assets represent the Company's right to use leased assets over the term of the lease. Lease liabilities represent the Company's contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments over the lease term. The Company uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Company has

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Leases (cont'd)

elected not to recognize a ROU asset and obligation for leases with an initial term of twelve months or less. The expense associated with short term leases is included in lease expense in the income statement.

To the extent a lease arrangement includes both lease and fixed non-lease components, the Company has elected to account for the components as a single lease component. To the extent the non-lease component is not fixed in nature, the non-lease components are expensed separately.

(n) Taxation

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the difference is reversed. A valuation allowance is recorded against gross deferred tax assets if it is more likely than not that all or some portion of the benefits related to the deferred tax assets will not be realized.

(o) Share-based compensation

The Company measures and records compensation costs for all share-based payment awards based on grant-date fair value over the requisite service period. This includes consideration of expected forfeitures in determining share based-based employee compensation expenses.

(p) Treasury shares

Common shares of AOG held by the Company and its subsidiaries are accounted for similar to share cancellations with the excess of the par value reflected in additional paid in capital.

(q) Recent Accounting pronouncements

New accounting pronouncements adopted:

Credit losses on financial instruments

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The Company adopted and implemented this ASU during the 2023 fiscal year resulting in no impact to the balance sheet or income statement. See Note 6 – Current Expected Credit Losses.

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures (Topic 280), to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The amendments in this update will require public entities to disclose significant segment expenses that are regularly provided to the Company's chief operating decision maker and included within segment profit and loss, an amount and description of its composition for other segment items, and expanded interim disclosures. This guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company adopted and implemented this ASU during 2024. See Note 9 – Segment Information.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recently Issued Standards

In November 2024, the FASB issued ASC Update No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)*. This Update requires entities to disclose, at each interim and annual reporting period, specified information about certain costs and expenses in the notes to financial statements. Entities must disclose the amounts, in a tabular format, of relevant expense captions presented on the face of the income statement within continuing operations that contain expenses associated with employee compensation, depreciation, and intangible asset amortization. Additionally, the Update requires qualitative disclosure of amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and the disclosure of total of selling expenses, among other items. This Update is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods, as clarified in ASC Update No. 2025-01, beginning after December 15, 2027, with early adoption permitted. This guidance may be implemented either on a prospective or retrospective basis. The Company does not expect implementation of this guidance to have a material effect on its financial position or results of operations, as the Update is disclosure related.

In December 2023, the FASB issued ASC Update No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* This Update requires entities to disclose an annual tabular rate reconciliation, using both percentages and currency amounts, broken out into specific categories, to the extent those items exceed a specified threshold. In addition, all entities are required to disclose annual income taxes paid, net of refunds received, disaggregated by federal, state, and foreign jurisdictions, and for individual jurisdictions when the amount is at least five percent of total income tax payments, net of refunds received. This Update is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. This guidance may be implemented either on a prospective or retrospective basis. The Company does not expect implementation of this guidance to have a material effect on its financial position or results of operations, as the Update is disclosure related.

3. PLEDGED ASSETS

As of December 31, 2024 and 2023, there were investments of $2.1 million and $2.1 million, respectively, on deposit with state insurance department regulators related to a U.S. subsidiary.

Orpheus Re Ltd. ("ORE") held a Section 114 Trust in favor of OACM to support obligations from the reinsurance business assumed. As of December 31, 2024 and 2023 the assets value was $11.3 million and $7.5 million, respectively.

ORE held a Section 114 Trust in favor of OAIC to support obligations from the reinsurance business assumed. As of December 31, 2024 and 2023 the assets value was $4.3 million and $2.6 million, respectively.

4. INVESTMENTS

The amortized cost, gross unrealized gains, gross unrealized losses, CECL and estimated fair value recorded in accumulated other comprehensive income of the Company's available for sale investments at December 31, 2024 and 2023, were as follows:

		Included in Accumulated Other Comprehensive Income (Loss) ("AOCI")			
			Gross Unrealized Losses [3]		
	Amortized Cost	Gross Unrealized Gains	Related to Changes in Estimated Fair Value	CECL Included in Other Comprehensive Income (Loss) [1]	Estimated Fair Value
2024					
US Treasuries and government agencies [2]	$ 27,162,616	$ 137,081	$ (54,733)	$ -	$ 27,244,964
Corporate debt securities	55,658,234	206,404	(567,835)	-	55,296,803
Municipal securities	46,442,775	25,410	(3,819,422)	-	42,648,763
Mortgage-backed securities	3,535,148	-	(135,333)	-	3,399,815
Asset-backed securities	15,064,766	38,171	(60,331)	-	15,042,606
Total available for sale fixed-maturity investments	$ 147,863,539	$ 407,066	$ (4,637,654)	$ -	$ 143,632,951
Unrealized loss reclassified to funds held As it inures to a reinsurer	$ -	$ -	$ 669,808	$ -	$ -
Total investment portfolio	$ 147,863,539	$ 407,066	$ (3,967,846)	$ -	$ 143,632,951

4. INVESTMENTS (Cont'd)

		Included in Accumulated Other Comprehensive Income (Loss) ("AOCI")	Gross Unrealized Losses [3]		
2023	Amortized Cost	Gross Unrealized Gains	Related to Changes in Estimated Fair Value	CECL Included in Other Comprehensive Income (Loss) [1]	Estimated Fair Value
US Treasuries and government agencies [2]	$ 37,493,560	$ 317,272	$ (80,986)	$ -	$ 37,729,846
Corporate debt securities	51,014,387	381,888	(808,804)	-	50,587,471
Municipal securities	33,608,716	38,840	(3,878,681)	-	29,768,875
Mortgage-backed securities	3,855,020	23,976	(654)	-	3,878,342
Asset-backed securities	10,704,775	37,651	(106,754)	-	10,635,672
Total available for sale fixed-maturity investments	$ 136,676,458	$ 799,627	$ (4,875,879)	$ -	$ 132,600,206
Unrealized loss reclassified to funds held As it inures to a reinsurer	$ -	$ -	$ 622,395	$ -	$ -
Total investment portfolio	$ 136,676,458	$ 799,627	$ (4,253,484)	$ -	$ 132,600,206

(1) Represents the amount of CECL losses in accumulated other comprehensive income ("AOCI") since adoption of the accounting guidance for CECL.
(2) Including US Government temporary liquidity guarantee program securities.
(3) $0.7 million of the unrealized appreciation or depreciation related to a reinsurer is included in funds held instead of accumulated other comprehensive income as the investments are pledged and all related investment movements, income, expenses, etc inure back to the reinsurer not the Company. This is reflected in the OACM balance included in collateral (see Note 15).

The Company did not have an aggregate investment in a single entity in excess of 10% of total investments at December 31, 2024 and 2023. The Company had no material investments in securities guaranteed by third parties and had no direct investments in financial guarantors as at December 31, 2024 and 2023.

4. INVESTMENTS (Cont'd)

The amortized cost and estimated fair value of fixed-maturity securities classified as available-for–sale, as of December 31, 2024 and 2023, by contractual maturity, are shown below. Expected maturities differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	December 31, 2024		December 31, 2023	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Less than one year	$ 28,635,323	$ 28,556,722	$ 20,593,172	$ 20,498,391
One through five years	69,089,992	67,819,908	74,167,198	72,953,849
Greater than five years	31,538,310	28,813,900	27,356,293	24,633,951
Mortgage-backed securities:				
RMBS	3,535,148	3,399,815	3,855,020	3,878,343
Asset-backed securities	15,064,766	15,042,606	10,704,775	10,635,672
Total	$ 147,863,539	$ 143,632,951	$ 136,676,458	$ 132,600,206

The investments that have unrealized loss positions as of December 31, 2024 and 2023, aggregated by investment category and the length of time they have been in a continuous unrealized loss position, are as follows:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
2024:						
Fixed-maturity investments:						
US Treasuries and government agencies	$ 5,820,375	$ (19,569)	$ 867,630	$ (35,164)	$ 6,688,005	$ (54,733)
Corporate debt securities	16,533,966	(226,345)	19,635,231	(341,490)	36,169,197	(567,835)
Municipal securities	15,637,173	(268,875)	23,237,890	(3,550,547)	38,875,062	(3,819,422)
Mortgage-backed securities	3,399,816	(135,333)	-	-	3,399,816	(135,333)
Asset-backed securities	5,604,775	(32,058)	2,198,402	(28,273)	7,803,177	(60,331)
Total temporarily impaired securities	$ 46,996,105	$ (682,180)	$ 45,939,153	$ (3,955,474)	$ 92,935,257	$ (4,637,654)

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
2023:						
Fixed-maturity investments:						
US Treasuries and government agencies	$ 4,928,969	$ (6,344)	$ 1,824,278	$ (74,642)	$ 6,753,247	$ (80,986)
Corporate debt securities	3,319,236	(18,897)	27,592,288	(789,907)	30,911,524	(808,804)
Municipal securities	2,469,016	(8,238)	23,620,507	(3,870,443)	26,089,523	(3,878,681)
Mortgage-backed securities	711,311	(654)	-	-	711,311	(654)
Asset-backed securities	2,970,617	(10,471)	3,725,649	(96,283)	6,696,266	(106,754)
Total temporarily impaired securities	$ 14,399,149	$ (44,604)	$ 56,762,722	$ (4,831,275)	$ 71,161,871	$ (4,875,879)

4. INVESTMENTS (Cont'd)

The following table sets forth the investment ratings of the Company's available-for-sale corporate fixed income securities as at December 31, 2024 and 2023. Ratings are assigned by Standard & Poor's or AM Best in instances where Standard & Poor's do not issue a rating.

December 31, 2024	Amortized Cost	%
AAA	$ 20,172,115	13.6%
AA	65,336,351	44.2%
A	53,720,955	36.3%
BBB and below	8,634,118	5.9%
	$ 147,863,539	100%

December 31, 2023	Amortized Cost	%
AAA	$ 19,569,861	14.3%
AA	60,553,109	44.3%
A	48,846,560	35.7%
BBB and below	7,706,928	5.7%
	$ 136,676,458	100%

As of December 31, 2024, 226 out of 319 fixed maturity securities were in unrealized loss positions compared to 186 out of 278 as of December 31, 2023. As at December 31, 2024, the Company's unrealized loss position for fixed maturity securities was $4.6 million compared to $4.9 million at December 31, 2023. None of securities in an unrealized loss position was related to securities below investment grade or not rated. Unrealized gains and losses relating to fixed maturity investments, excluding any credit loss portion, are currently recorded in accumulated other comprehensive income in shareholders' equity as the Company does not intend to sell the securities in an unrealized loss position and it is more likely than not that the Company will not be required to sell these securities before the anticipated recovery of their amortized costs. One hundred twenty-nine of the securities have been in an unrealized loss position for 12 months or more as of December 31, 2024 and there were one hundred sixty-three securities in an unrealized loss position for 12 months or more as of December 31, 2023.

Proceeds from maturities and sales of investments in fixed-maturity securities available for sale during the years ended December 31, 2024 and 2023 were $32.2 million and $43.4 million, respectively. Gross gains of $46,601 and $39,595 dollars in the years ended December 31, 2024 and 2023, respectively, and gross losses of nil and $99,221 dollars in the years ended December 31, 2024 and 2023, respectively, were realized on those sales. Proceeds from the sale of equity securities were nil and $2.9 million during the years ended December 31, 2024 and 2023, respectively. Gross gains of nil and $0.4 million in the years ended December 31, 2024 and 2023, respectively, and gross losses of nil for the years ended December 31, 2024 and 2023 were realized on equity sales.

4. INVESTMENTS (Cont'd)

Major categories of net investment income (expense) are summarized as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Interest from fixed-maturity securities	$ 4,555,174	$ 3,322,862
Interest from cash equivalents	330,124	4,257
Amortization	974,800	803,806
Income credit for funds held	4,351,857	3,256,439
Investment expense	(8,810,523)	(6,558,821)
Net Investment income	$ 1,401,432	$ 828,543

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements

The Company follows the guidance of ASC 820 for fair value measurement of financial instruments. ASC 820 establishes a hierarchy of inputs in measuring fair value, with the highest level being observable inputs and the lowest being unobservable data, with the standard requiring that the use of observable inputs is maximized (see Note 2(i) - Significant Accounting Policies – Fair Value Measurements for a description of each of the three levels).

The following table presents the fair value measurement levels for assets and liabilities, which the Company has recorded at fair value as of December 31, 2024 and 2023. As required by ASC 820, items are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

	Fair Value Measurements at Reporting Date Using			
	Balance as of December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
U.S. treasuries and government agencies	$ 27,244,964	$ 27,244,964	$ -	$ -
Corporate debt securities	55,296,803	-	55,296,803	-
Municipal securities	42,648,763	-	42,648,763	-
Mortgage-backed securities	3,399,815	-	3,399,815	-
Asset-back securities	15,042,606	-	15,042,606	-
Investments available for sale fixed maturity investments	143,632,951	27,244,964	116,387,987	-
Cash and Cash Equivalents	46,599,640	-	-	-
Restricted Cash	4,860,911	-	-	-
Financial Liabilities:				
Derivative Liabilities	$ -	$ -	$ -	$ -

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

		Fair Value Measurements at Reporting Date Using		
	Balance as of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
U.S. treasuries and government agencies	$ 37,729,846	$ 37,729,846	$ -	$ -
Corporate debt securities	50,587,471	-	50,587,471	-
Municipal securities	29,768,875	-	29,768,875	-
Mortgage-backed securities	3,878,342	-	3,878,342	-
Asset-back securities	10,635,672	-	10,635,672	-
Investments available for sale fixed maturity investments	132,600,206	37,729,846	94,870,360	-
Cash and Cash Equivalents	56,853,732	-	-	-
Restricted Cash	964,244	-	-	-

Fixed-maturity investments

The Company's fair values of fixed-maturity and short-term investments are based on prices obtained from nationally recognized independent pricing services. Where available, the prices are obtained from market quotations in active markets. Where there is no quoted price for an identical security, then the pricing service may use matrix pricing or model processes, such as the option adjusted spread model, to estimate the fair value of a security. The matrix pricing or model processes consist primarily of observable inputs, which may include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. The Company receives at least one fair value price for each of its investment securities and has not adjusted any of the prices received from the pricing services. At December 31, 2024 and 2023, all the Company's securities were valued using the independent pricing services.

As management is ultimately responsible for determining the fair value measurements for all securities, the Company assesses the reasonableness of the fair values received by comparing them to other pricing information readily available and management's knowledge of the current markets. The Company also assesses the pricing methodologies and related inputs used by the pricing services to estimate fair value. Any prices that, in management's opinion, may not be representative of fair value are challenged with the pricing service. Based on the information obtained from the above reviews, the Company evaluated the fixed-maturity securities in the investment portfolio to determine the appropriate fair value hierarchy level in accordance with ASC 820. Based on the Company's evaluation, each security was classified as Level 1, 2, or 3. Prices with observable market inputs were classified as Level 2, prices on money market funds and US treasuries were classified as Level 1. There were no market inputs classified as Level 3 as of December 31, 2024 and 2023.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Other fair value disclosures

Management has estimated the fair value of certain financial instruments based upon market information using appropriate valuation methodologies. Fair value estimates are not necessarily indicative of the amount the Company could realize in a current market exchange.

The Company considers carrying amounts of cash and cash equivalents, interest, other assets, accounts payable and accrued liabilities to be reasonable estimates of their fair values.

Carrying value of all financial assets and liabilities is equivalent to fair value.

6. CURRENT EXPECTED CREDIT LOSSES

Effective January 1, 2023, the Company adopted the Current Expected Credit Losses (CECL) methodology for estimating allowances for credit losses.

As of December 31, 2024 and 2023, it was determined there were no expected credit losses related to investments, premium receivables, or reinsurance recoverables.

7. GUARANTY FUND ASSET

During 2024, \$0.7 million was paid by the Company's subsidiaries for guaranty fund assessments related to 2024. During 2023, \$0.4 million was paid by the Company's subsidiaries for guaranty fund assessments related to 2023. Liabilities of nil was recorded related to amounts that the Company received notice of being payable, but not yet paid as of December 31, 2024 and 2023, respectively. The Company has recorded \$2.2 million and \$1.8 million in Other Assets related to credits that can be taken against future premium tax assessments as of December 31, 2024 and 2023, respectively.

8. LOSSES AND LOSS EXPENSE RESERVE

The Company's loss and loss expense reserve as of December 31, 2024, represented case basis loss reserves and incurred but not reported reserves. Refer to Note 2 - Significant Accounting Policies for a description of the Company's accounting policy for insurance losses.

A summary of the movement in the provision for losses and LAE for the years ended December 31, 2024 and 2023 is presented in the following table:

	2024	2023
Losses and loss expense reserve		
Balance - Beginning of year	$ 332,657,295	$ 253,885,512
Less: reinsurance recoverable	(318,926,827)	(244,393,010)
Net balance - Beginning of year	13,730,468	9,492,502
Prior Period Adjustment for lag	-	84,332
Incurred related to:		
Current year	33,722,781	20,749,191
Prior years	(573,985)	(569,772)
Premium deficiency reserve	(114,292)	135,274
Total incurred	33,034,504	20,314,693
Net losses paid related to:		
Current year	(17,046,754)	(9,498,636)
Prior years	(9,042,292)	(6,662,423)
Total Paid	(26,089,046)	(16,161,059)
Net balance - End of year	20,675,926	13,730,468
Add: reinsurance recoverable	400,342,137	318,926,827
Balance - End of year	$ 421,018,063	$ 332,657,295

For the year ended December 31, 2024, the Company incurred loss and LAE of $33.0 million (2023: $20.3 million). Incurred losses and LAE related to the current year are $33.7 million (2023: $20.7 million). The estimates used in establishing these reserves are continually reviewed and updated. Any resulting adjustments are reflected in current operations. Due to the nature of insurance risks written, including the impact of changes in claims severity, frequency, and other factors, the reserves established for losses and loss adjustment expenses may be more or less than the amount ultimately paid upon settlement of the claims. As a result of changes in estimates of insured events in prior years, the Company experienced favorable development in the reserve for loss and loss adjustment expense for prior years of approximately $573,985 and $569,772 in 2024 and 2023, respectively.

8. LOSSES AND LOSS EXPENSE RESERVE (cont'd)

The following presents information about incurred and paid claims development for the short-term duration contracts as of December 31, 2024, net of reinsurance. The information about incurred and paid claims development for the 2015 to 2024 years, and the average annual percentage payout of incurred claims by age as of December 31, 2024, is presented as required supplementary information. Claims count information is not reflected in the below tables. Due to the role of the U.S subsidiaries in the non-standard auto and the reinsurance business this information is not available.

Incurred loss and allocated loss adjustment expenses, net of reinsurance
For the Years Ended December 31,

Accident Year	(unaudited) 2015	(unaudited) 2016	(unaudited) 2017	(unaudited) 2018	(unaudited) 2019	(unaudited) 2020	(unaudited) 2021	(unaudited) 2022	(unaudited) 2023	2024	Total of incurred-but-not-reported liabilities plus expected
(dollars in thousands)											
2015	$ 5,182	$ 5,076	$ 5,332	$ 5,173	$ 5,206	$ 5,200	$ 5,198	$ 5,199	$ 5,193	$ 5,193	-
2016	-	3,072	3,388	3,223	3,137	3,107	3,105	3,099	3,099	3,099	-
2017	-	-	3,125	2,852	2,699	2,631	2,629	2,631	2,631	2,630	-
2018	-	-	-	1,966	1,858	1,804	1,805	1,806	1,805	1,805	-
2019	-	-	-	-	4,070	4,164	4,122	4,095	4,087	4,089	12
2020					-	8,963	8,888	8,785	8,769	8,748	49
2021						-	14,441	14,528	14,391	14,363	172
2022								14,614	14,212	14,079	393
2023									20,834	20,441	1,867
2024										33,723	10,335
										$ 108,170	$ 12,828

Cumulative paid claims and allocated loss adjustment expenses, net of reinsurance
For the Years Ended December 31,

Accident Year	(unaudited) 2015	(unaudited) 2016	(unaudited) 2017	(unaudited) 2018	(unaudited) 2019	(unaudited) 2020	(unaudited) 2021	(unaudited) 2022	(unaudited) 2023	2024
(dollars in thousands)										
2015	$ 3,392	$ 4,708	$ 5,332	$ 5,384	$ 5,467	$ 5,467	$ 5,465	$ 5,465	$ 5,473	$ 5,476
2016	-	1,980	2,794	2,952	2,978	2,993	2,993	2,993	2,996	2,996
2017	-	-	1,810	2,571	2,694	2,714	2,721	2,730	2,733	2,734
2018	-	-	-	1,071	1,409	1,444	1,459	1,464	1,468	1,468
2019	-	-	-	-	2,034	3,300	3,691	3,804	3,852	3,864
2020						4,932	8,258	8,962	9,178	9,240
2021						-	7,706	12,933	14,085	14,467
2022								6,961	12,169	13,424
2023									9,499	16,827
2024										17,047
										$ 87,543
All outstanding liabilities before 2013, net of reinsurance			72	21	14	-	14	14	16	-
Liabilities for claims and claims adj expense, net of reinsurance			$ 3,393	$ 1,636	$ 2,570	$ 5,117	$ 7,929	$ 9,466	$ 13,570	$ 20,614

Average annual percentage payout of incurred claims by age, net of reinsurance

Years	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	56%	30%	8%	2%	1%	0%	0%	0%	0%	0%

8. LOSSES AND LOSS EXPENSE RESERVE (cont'd)

Reconciliation of the disclosure of incurred and paid claims development to the liability for unpaid claims and claims adjustment expenses

	2024
Net Outstanding Liabilities	
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	$ 20,675,926
Total reinsurance recoverable on unpaid claims	400,342,137
	421,018,063
Total gross liability for unpaid claims and claims adjustment expense	$ 421,018,063

9. SEGMENT INFORMATION

The determination of reportable segments is based on how management monitors the Company's underwriting operations. Management monitors the performance of its underwriting operations based on the markets and customers served and the type of accounts written. The Company is currently organized into two operating segments: property/casualty insurance/reinsurance and corporate/other. All product lines fall within these classifications. The property/casualty segment provides insurance and reinsurance related to US short-tail personal lines.

The separate financial information is presented consistent with the way results are regularly evaluated by the Company's Chief financial officer, in his role as chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. Results of the reporting segments are evaluated based on operating income (loss) before interest expense and income taxes, which excludes certain items that are included in net income, such as net realized and unrealized investment gains and losses. Such gains and losses are excluded since they are determined by interest rates, financial markets and the timing of sales. Also, operating income (loss) before interest expense and income taxes excludes net gains and losses on disposals of businesses, gains and losses related to the repayment of debt, discontinued operations, costs to acquire businesses, restructuring costs, the cumulative effect of accounting changes and certain other items. Although the items excluded from operating income (loss) before interest expense and income taxes may be important components in understanding and assessing the Company's overall financial performance, management believes that the presentation of operating income (loss) before interest expense and income taxes enhances an investor's understanding of the Company's results of operations by highlighting net income attributable to the core operations of the business. However, operating income (loss) before interest expense and income taxes should not be construed as a substitute for income before income taxes or income from continuing operations or as a substitute for net income.

The following tables provide a summary of the segment results.

9. SEGMENT INFORMATION (cont'd)

	December 31, 2024		
(dollars in thousands)	**Property/Casualty**	**Corporate**	**Total**
Net premiums earned	$ 51,610	$ -	$ 51,610
Losses and loss adjustment expenses	(33,034)	-	(33,034)
Acquisition expenses	(14,812)	-	(14,812)
Underwriting gain (loss)	3,764	-	3,764
Fee income	22,078	-	22,078
Net investment income (expense)	1,401	-	1,401
Other income (expense)	87	-	87
Operating expenses	(11,677)	(1,234)	(12,911)
Net income (loss) before interest and income taxes	$ 15,653	$ (1,234)	$ 14,419
Interest expense			(2,313)
Net income (loss) before income taxes			12,106
Non-operating income (loss) items			-
Net realized gain (loss) on sales of investments			47
Net income (loss) before income taxes			$ 12,153

	December 31, 2023		
(dollars in thousands)	**Property/Casualty**	**Corporate**	**Total**
Net premiums earned	$ 29,351	$ -	$ 29,351
Losses and loss adjustment expenses	(20,315)	-	(20,315)
Acquisition expenses	(8,939)	-	(8,939)
Underwriting gain (loss)	97	-	97
Fee income	16,540	-	16,540
Net investment income (expense)	829	-	829
Other income (expense)	87	-	87
Operating expenses	(11,100)	(1,042)	(12,142)
Net income (loss) before non controlling interest	$ 6,453	$ (1,042)	$ 5,411
Interest expense			(2,238)
Net income (expense) before income taxes			3,173
Non-operating income (loss) items			-
Net realized gain (loss) on sales of investments			2,809
Net income (loss) before income taxes			$ 5,982

10. COMMITMENTS AND CONTINGENCIES

The insurance and reinsurance subsidiaries of the Company are involved in various claims and legal actions arising in the ordinary course of business. Some claims allege breach of good faith and fair dealing; however, those entities are vigorously defending their position, and in the opinion of management, the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position, results of operations or cashflows.

11. LEASES

The Company has 3 operating leases comprised of two vehicles and office space. The vehicles have remaining lease terms of 2.42 and 2.92 years with fixed lease payments. The office space has a remaining lease term of 3.67 years, includes a lease schedule reflecting increases each year and includes renewal options up to 10 years.

The components of lease expense were as follows:

	December 31, 2024	December 31, 2023
Operating lease cost	$ 329,450	$ 327,875
Total lease cost	$ 329,450	$ 327,875

Supplemental cash flow information related to leases was as follows:		
Cash paid for amounts included in the measurement of lease liabilties		
Operating cash flows from operating leases	$ 355,635	$ 352,315
Supplemental balance sheet information related to leases was as follows:		
Operating leases		
Operating lease right-of-use assets	$ 1,042,536	$ 1,150,586
Current operating lease liabilties	$ 1,195,989	$ 1,337,275
Other information:		
Weight average remaining lease term - operating	3.56	4.61
Weight average discount rate - operating	6.31%	6.04%

11. LEASES (cont'd)

Future minimum lease payments as of December 31, 2024 are as follows:

2025	$	373,825
2026		378,091
2027		364,108
2028		221,858
Total	$	1,337,882
Less: Interest		(141,893)
Lease Liability	$	1,195,989

As of December 31, 2024, the Company has no additional operating leases that have not yet commenced.

12. SHARE CAPITAL

As at December 31, 2024 and 2023, authorized common share capital was $9,000,000. As at December 31, 2024 and 2023, there were 10,000,000 authorized undesignated preference shares with a par value of $0.10 each. Common shares and additional paid in capital are presented net of treasury shares held by the company and its subsidiaries.

The following table shows a roll forward of the issued, outstanding and unissued common shares for the years ended December 31, 2024 and 2023:

	Outstanding share capital	Outstanding Shares	Treasury Shares	Issued Shares	Unissued Shares
As at December 31, 2022	**$ 4,617,900**	**46,979**	**42**	**47,021**	**42,979**
Issued restricted stock awards during the year	-	-	-	-	-
As at December 31, 2023	**$ 4,617,900**	**46,979**	**42**	**47,021**	**42,979**
Issued restricted stock awards during the year	-	-	-	-	-
As at December 31, 2024	**$ 4,617,900**	**46,979**	**42**	**47,021**	**42,979**

13. SHARE BASED COMPENSATION

As of April 26, 2006, AOG adopted the 2006 Equity Plan (the "AOG Plan"). The number of common shares that may be issued under the AOG Plan may not exceed 4,500. In the event of certain transactions affecting the common shares of the Company, the number or type of shares subject to the AOG Plan, the number and type of shares subject to outstanding awards under the Plan, and the exercise price of awards under the AOG Plan will be adjusted in accordance with the terms of the AOG Plan. The AOG Plan authorizes the grant of share options, share appreciation rights, share awards, restricted share units, performance units, or other awards that are based on AOG's common shares. The awards granted are contingent on the achievement of service conditions during a specified period and may be subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of one or more goals relating to completion of service by the participant. Awards under the AOG Plan may accelerate and become vested upon a change in control of the Company. The AOG Plan is administered by the Board of Directors. The AOG Plan is subject to amendment or termination by the board. On September 22, 2015, the AOG Plan was amended to expire on May 1, 2023. As of May 1, 2023, no further shares could be issued from the plan, but the remaining exercisable stock options were still eligible for redemption. The remaining shares will expire per the share option certificate option term.

As at December 31, 2024, outstanding awards under the AOG Plan consisting of 1,025 share options and nil restricted share units had been granted to the Company's directors, officers, employees and consultants. Each of the options vest in equal annual installments over a four-year period and will expire at the earlier of the tenth anniversary of the date of grant or the expiration of the AOG Plan. The grant price is the average of the highest and lowest quoted selling price on the grant date. In 2024 and 2023, there were no stock options granted. Restricted share units vest in equal annual installments over a four-year period.

Stock options

Compensation cost is recognized on a straight-line basis over the vesting period and is net of estimated pre-vesting forfeitures of 10% for both periods. The estimated forfeiture rate is based on future forfeiture expectations. At December 31, 2024, the weighted average grant date fair value for options issued subsequent to January 1, 2006 was $802.14. The Company expensed nil in compensation expense related to the stock options for the years ended December 31, 2024 and 2023, respectively. As at December 31, 2024, there was nil of unrecognized compensation expense related to the stock options granted subsequent to January 1, 2006. For both the twelve-month periods ended December 31, 2024 and 2023, the Company recognized no compensation expense for share options with an exercise price less than the market value of the underlying common shares on the date of the grant.

13. SHARE BASED COMPENSATION (cont'd)

The following tables summarize the stock option activity for the years ended December 31, 2024 and 2023:

Stock option activity

	Number of Shares	Weighted Average Exercise Price Per Share		Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value [(1)]	
Year ended December 31, 2024						
Options						
Outstanding - beginning of year	1,275	$	800.00			
Granted	-		-			
Expired	-		-			
Forfeited	(250)		790.00			
Outstanding - end of year	1,025	$	802.44	1.36	$	-
Exercisable - end of year	1,025	$	802.44	1.36	$	-

	Number of Shares	Weighted Average Exercise Price Per Share		Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value [(1)]	
Year ended December 31, 2023						
Options						
Outstanding - beginning of year	1,275	$	800.00			
Granted	-		-			
Expired	-		-			
Forfeited	-		-			
Outstanding - end of year	1,275		800.00	2.38	$	-
Exercisable - end of year	1,275	$	800.00	2.38	$	-

1) The aggregate intrinsic value was calculated based on the market value of $350.00 and $150.00 as at December 31, 2024 and 2023, respectively, and is calculated as the difference between the market value and the exercise price of the underlying options.

14. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share shows the dilutive effect of all stock options and restricted share units outstanding during the period that could potentially result in the issuance of common shares. The calculation of diluted earnings (loss) per share excludes the dilutive effect of stock options and restricted share awards outstanding because it would otherwise have an anti-dilutive effect on net earnings (loss) per share. The weighted average number of common and common share equivalents outstanding is calculated using the treasury stock method for all potentially dilutive securities.

As of December 31, 2024, and 2023, there were 1,025, respectively, of stock options excluded from the diluted earnings (loss) per share calculation because they were anti-dilutive.

The table sets forth the computation of basic and diluted earnings per share for following:

	2024	2023
Net income (loss) available to common shareholders	$ 9,399,814	$ 5,334,504
Basic weighted-average shares	46,979	46,979
Effect of stock options	-	-
Effect of restricted share units	-	-
Diluted weighted-average shares	46,979	46,979
Basic earnings (loss) per share	$ 200.09	$ 113.55
Diluted earnings (loss) per share	$ 200.09	$ 113.55

15. RISKS AND UNCERTAINTIES

The Company evaluates its financial condition and capital adequacy on an ongoing basis and may pursue a different set of strategies in the future. There can be no assurance that the strategies that have been implemented or that will be pursued in the future in connection with this evaluation will improve the Company's business, financial condition, liquidity or results of operations or will not have a material adverse effect on the Company. Management believes that the Company has sufficient capital resources and liquidity to meet its obligations and therefore that the Company remains a "going concern."

AOG is a holding company and therefore its liquidity, both on a short-term basis (for the next twelve months) and a long-term basis (beyond the twelve months), is largely dependent upon (1) the ability of its subsidiaries to pay dividends or make other payments to AOG and (2) its ability to access debt and equity markets, which is unlikely in the near term given current market conditions and AOG's current share valuation. AOG's principal uses of liquidity are for payment of operating expenses, and capital investments in its subsidiaries. As of December 31, 2024, AOG has $0.3 million of cash and investments and believes that it will have sufficient liquidity to meet its requirements over at least the next twelve months. The subsidiaries' ability to declare and pay dividends to AOG may be influenced by a variety of factors such as adverse loss development, amount and timing of claims payments, adverse market changes, insurance regulatory changes, changes in general economic conditions beyond the next twelve months and Barbados law. The Company believes that AOG's expected liquidity needs can be funded from its operating and investing cash flows for the next twelve months.

15. RISKS AND UNCERTAINTIES (cont'd)

AOG's property/casualty segment generates substantial cash flows from its fee-based model. The principal uses of liquidity for those entities are the payment of operating expenses, debt service on subsidiary notes and capital investment in property/casualty subsidiaries. The property/casualty subsidiaries are highly leveraged through their reinsurance arrangements, and disputes with reinsurers could severely impact the liquidity of these subsidiaries. The property/casualty subsidiaries attempt to mitigate this exposure by holding collateral from their reinsurers. At December 31, 2024, the subsidiaries held \$251.9 million of collateral compared to \$214.0 million of balances at December 31, 2023 and such amounts are included in reinsurance balances received net on the consolidated balance sheet.

At December 31, 2024, the Company had \$195.1 million of cash and investments of which approximately \$159.3 million was held in trust for the benefit of our ceding companies and others, leaving \$35.8 million cash and investments available to support ongoing business. See Note 3 – Pledged Assets, for further information regarding these trust accounts.

16. VARIABLE INTEREST ENTITIES

OACM is a mutual insurance company that is owned by its policyholders; however, the Company effectively has complete control over OACM through the management contract in place between the two entities, and is therefore the primary beneficiary. The Company has determined that OACM is a variable interest entity and is included in these consolidated financial statements. The interests that OACM's policyholders have in its financial position are included as non-owned interest in VIE totaling $0.3 million at December 31, 2024 and 2023.

Creditors have no recourse against the Company in the event of default by OACM nor does the Company have any implied or unfunded commitments to OACM. The Company's financial or other support provided to OACM is limited to its management services and original investment.

The following OACM balances have been included in the Company's consolidated financial statements at December 31, 2024 and 2023 with appropriate eliminations being made for intercompany balances:

	2024	2023
ASSETS:		
Cash	$ 33,956,829	$ 35,704,552
Investments	102,235,698	102,855,228
Premiums receivable	166,719,347	121,754,589
Reinsurance balances receivable	367,918,130	312,008,207
Deferred reinsurance premiums	230,378,752	182,494,166
Other assets	1,316,356	1,359,433
Total assets	$ 902,525,112	$ 756,176,175
LIABILITIES:		
Unpaid losses and loss adjustment expenses	$ 346,184,191	$ 279,353,937
Unearned premium	230,378,752	182,494,166
Ceded premium payable	186,453,178	154,556,944
Payable to general agents	103,267	284,756
Funds withheld	117,271,209	118,449,914
Accounts payable and accrued expenses	15,489,649	15,072,807
Due to parent and affiliates	1,644,866	963,651
Total liabilities	$ 897,525,112	$ 751,176,175
EQUITY:		
Policyholders' surplus	$ 300,000	$ 300,000
Surplus debenture	4,700,000	4,700,000
Accumulated other comprehensive loss	-	-
Total equity	$ 5,000,000	$ 5,000,000
Total Liabilities and Equity	$ 902,525,112	$ 756,176,175

17. BUSINESS CONCENTRATION

The Company's property casualty insurance subsidiaries, OACM and Old American Indemnity Company ("OAIC"), produce business through unrelated managing general agencies. In 2024, six of these managing general agencies produced approximately 72.8% of OACM's gross premium writings and of the 72.6% Company's gross written premiums plus policy fees. In 2024, three managing general agent produced approximately 90.7% of OAIC's gross premium writings and 90.8% of the Company's gross written premiums plus policy fees.

18. GOODWILL AND INTANGIBLE ASSETS

The Company performs its impairment analysis of goodwill and indefinite-lived intangible assets annually as of December 31.

In conjunction with the acquisition of OAIC in 2010, the Company recorded intangible assets of $300,000, representing the fair value of six insurance licenses acquired. The impairment analysis for this indefinite-lived intangible asset is performed on the licenses aggregated as a single unit of accounting. The fair value is determined by comparing the fair value of insurance company licenses based on observable inputs. Based upon the results of the assessment, the Company concluded that the carrying value of this intangible asset was not impaired as of December 31, 2024.

In conjunction with the acquisition of OACM in 2012, the Company recorded intangible assets and goodwill. The impairment analysis for the indefinite-lived asset of $4,500,000 associated with the insurance license acquired was performed on this license as a unit of accounting separate from the insurance licenses of OAIC. The fair value is determined by comparing the fair value of insurance company licenses, with the underlying assumption that OACM's license continues to represent the value of multiple insurance licenses due to its unique ability to operate under multiple rate filing structures within a single state. Based on the number of active managing agencies using multiple rate filings in OACM, the Company concluded that the carrying value of this intangible asset was not impaired as of December 31, 2024.

The impairment analysis was performed on OACM as the reporting unit. The fair value was determined using a discounted cash flow analysis for the revenues and operating expenses associated with this reporting unit. The fair value was compared to the carrying value of the goodwill and intangible assets net of accumulated amortization, and the fair value exceeded the carrying value of those items. Accordingly, it was determined that the carrying value of goodwill was not impaired as of December 31, 2024.

18. GOODWILL AND INTANGIBLE ASSETS (cont'd)

The gross and net carrying amounts of intangible assets by major category as of December 31, 2024 and 2023 are as follows:

	Gross	Accumulated Amortization	Net
As of December 31, 2024			
Insurance licenses	$ 4,800,000	$ -	$ 4,800,000
Customer relationships	12,100,000	12,100,000	-
Internally developed software	350,000	350,000	-
Intangible assets	$ 17,250,000	$ 12,450,000	$ 4,800,000
As of December 31, 2023			
Insurance licenses	$ 4,800,000	$ -	$ 4,800,000
Customer relationships	12,100,000	12,100,000	-
Internally developed software	350,000	350,000	-
Intangible assets	$ 17,250,000	$ 12,450,000	$ 4,800,000

Insurance licenses are not amortized because they have an indefinite life. Finite-lived intangible assets are amortized over their respective useful lives. Customer relationships were amortized to align with the expected economic benefit of the income associated with those relationships, through 2015. Internally developed software was amortized on a straight-line basis over its useful life of 3 years. The management contract will expire on January 1, 2036. Unless renewed, the Company will not own the rights to manage OACM after that date.

19. NOTES PAYABLE

In 2015, a series of new Series A Secured Senior Notes (the "2015 OACC Notes") were issued and superseded the note that had been previously issued. The notes will mature on January 1, 2040 and pay interest in quarterly installments at a fixed rate of 12.0% per annum. Principal repayments of nil and $0.8 million were made in 2024 and 2023, respectively, on the 2015 OACC Notes. In 2023 seven notes were issued as part of the 2015 OACC notes totaling $3.5 million. In 2023 there was a paydown on three notes of the 2015 OACC notes totaling $0.8 million. As of December 31, 2024, $0.4 million in interest was accrued and unpaid on the $15.0 million remaining balance of the 2015 OACC Notes.

In connection with the acquisition of OGL, AOG issued $43.9 million of Senior Notes (the "AOG Notes") to the former shareholders of OGL that mature on October 28, 2039. During 2021, the AOG notes were transferred to OACC (now the "2021 OACC Notes") as a dividend in kind. The terms on the 2021 OACC Notes remain the same. Interest on the 2021 OACC Notes is payable in quarterly installments at a fixed rate of 9.0% per annum. Principal repayments of nil were made in 2024 and 2023, respectively, on the 2021 OACC Notes. As of December 31, 2024, $0.1 million in interest was accrued and unpaid on the remaining balance of $6.0 million on the 2021 OACC Notes.

19. NOTES PAYABLE (cont'd)

Directors and family members of AOG and its subsidiaries held notes payable in the aggregate principal amount of approximately $12.9 million at December 31, 2024 and 2023, respectively.

20. TAXATION

The Company has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes until March 31, 2035. At the present time, no such taxes are levied in Bermuda.

In September 2014, AOG became tax resident in the U.K., although will remain a Bermuda-based company. The Bermuda Corporate Income Tax Act 2023 ("Bermuda Act") was enacted on December 27, 2023. The Company is not within the scope of the legislation and therefore will not be subject to tax under the Bermuda Act. As the company is not incorporated in the U.K., it intends to manage its affairs in such a way as to establish and maintain status as tax resident in the U.K. As an U.K. tax resident company, AOG is required to file a corporation tax return with His Majesty's Revenue & Customs ("HMRC"). AOG is subject to U.K. corporation tax in respect of its worldwide profits (both income and capital gains), subject to any applicable exemptions. The main rate of corporation tax is 25% currently; such rate increased from 19% as of April 1, 2023. The Company does not expect that AOG's becoming U.K. tax resident will result in any material change in the group's overall tax charge. The Company expects that the dividends received by AOG from its direct subsidiaries will be exempt from U.K. corporation tax due to the exemption in section 931D of the U.K. Corporation Tax Act 2009. In addition, any dividends paid by AOG to its shareholders should not be subject to any withholding tax in the U.K. The U.K. government implemented a new tax regime for "controlled foreign companies" ("CFC regime") effective January 1, 2013. The Company does not expect any profits of non-U.K. resident members of the group to be taxed under the CFC regime.

ORE, an insurance entity is a 953 (d) entity.

Some of our subsidiaries are subject to U.S. taxation and file a consolidated U.S. federal income tax return. We believe that our other non-US companies are not engaged in a trade or business in the U.S. and, accordingly, we do not expect those companies to be subject to U.S. taxation.

The provision for income taxes for the years ended December 31, consisted of the following:

	2024	2023
Current tax expense	$ 1,445,315	$ -
Deferred tax expense	1,308,147	647,940
Net income tax expense	$ 2,753,462	$ 647,940

There is $2.8 million and $0.6 million provision for income taxes as of December 31, 2024 and 2023, respectively.

20. TAXATION (cont'd)

The expected tax provisions in taxable jurisdictions are calculated as the sum of pretax income in those jurisdictions multiplied by the statutory tax rate of the jurisdiction by which it will be taxed. Pretax income of the Company's subsidiaries which are not U.S. domiciled but are subject to U.S. tax by election are included at the U.S. statutory tax rate of 21% for 2024 and 2023.

	2024	2023
Net income (loss) before income tax	$ 12,153,276	$ 5,982,444
Adjustment for non-taxable entities	1,238,480	939,451
Taxable income (loss) before income tax expense	$ 13,391,756	$ 6,921,895
Expected tax expense at statutory rates in taxable jurisdictions	2,812,269	1,453,598
Increases (reductions) in taxes resulting from:		
Exclusion of profit from VIE not included in consolidated		
Valuation allowance	-	(386,766)
Other	(58,807)	(418,892)
Income tax expense	$ 2,753,462	$ 647,940
Effective tax rate	21%	9%

20. TAXATION (cont'd)

Tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets and deferred tax liabilities at December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets:		
Net operating loss carryforward	$ 4,304,211	$ 4,956,072
Unearned premium reserves	563,228	432,382
Discounted unpaid losses and loss adjustment expenses	190,002	107,955
Goodwill and other intangible assets	-	-
Total deferred tax assets	5,057,441	5,496,409
Deferred tax liabilities:		
Deferred acquisition costs	642,652	477,674
Intangible Assets with permanent differences	6,370,875	5,666,675
	7,013,527	6,144,349
Deferred tax (liabilities), net, before valuation allowance	(1,956,086)	(647,940)
Valuation allowance	-	-
Deferred tax (liabilities), net	$ (1,956,086)	$ (647,940)

As of December 31, 2024, the Company had net operating loss carry forwards of $20,496,241 the expiration of which is as follows:

	December 31, 2024
2032	1,724,943
2033	9,228,964
2034	8,039,538
2035	-
2036	-
2037	877,397
2038	-
2039	260,672
2040	-
2041	-
2042	-
2043	364,727
	$ 20,496,241

20. TAXATION (cont'd)

As of December 31, 2024 and 2023, the Company has no tax positions for which management believes a provision for uncertainty is necessary. The Company's U.S. federal income tax returns for all tax years are subject to examination by the Internal Revenue Service.

21. REINSURANCE

The Company has various quota share reinsurance agreements with reinsurers. The Company remains liable to its policyholders for all of its policy obligations and the reinsuring companies are obligated to the Company to the extent of the reinsured portion of the risks. Balances are presented gross of the reinsurance agreements in the accompanying consolidated financial statements.

Due to the nature of the OACM's reinsurance programs, a concentration of credit risk exists with five reinsurers that have net balances due in excess of 5% of OACM's total receivable balances in 2024. These five reinsurers account for approximately 72% of the total net recoverable from reinsurers, and four reinsurers account for approximately 68% for 2023. OACM reinsures substantially all of its business, and monitors the credit quality of its reinsurers to ensure that its cessions are to financially sound reinsurers. Collateral which includes funds held in trust and letters of credit are obtained both to satisfy regulatory requirements for reinsurers not authorized, and to address the Company's credit concerns related to less highly rated reinsurers. As of December 31, 2024, all of the reinsurance recoverables were either collateralized or due from A.M. Best rated A or better reinsurers. Substantially all of the balances ceded to reinsurers rated less than A are collateralized. During 2024 and 2023, OACM obtained collateral totaling $211.7 million and $184.0 million respectively, to offset the overall reinsurance credit risk. If the counterparties to these reinsurance contracts completely failed to perform under these contracts, which management believes is a remote possibility, the potential loss to the Company is the amount of the uncollateralized reserves for losses and loss adjustment expenses, reinsurance recoverable, and unearned premium net of reinsurance payable, which is approximately $250.3 million as of December 31, 2024 as compared to $173.4 million for 2023.

With OAIC's reinsurance programs, a concentration of credit risk exists with eight reinsurers that have net balances due in excess of 5% of OAIC's total receivable balances in 2024. These eight reinsurers account for approximately 91% of the total net recoverable from reinsurers, and six reinsurers account for approximately 75% for 2023. During 2024, OAIC obtained collateral and letters of credit totaling $40.1 million to offset the overall reinsurance credit risk. If the counterparties to these reinsurance contracts completely failed to perform under these contracts, which management believes is a remote possibility, the potential loss to the Company is the amount of the uncollateralized reserves for losses and loss adjustment expenses, reinsurance recoverable, and unearned premium net of reinsurance payable, which is approximately $51.5 million as of December 31, 2024 as compared to $35.8 million for 2023.

22. STATUTORY REQUIREMENTS

Each of the Company's insurance companies' ability to pay dividends depends, among other things, upon their financial condition, results of operations, cash requirements, compliance with rating agency requirements, and is also subject to restrictions contained in the insurance laws and related regulations of their state of domicile and other states. Financial statements prepared in accordance with accounting practices prescribed or permitted by local insurance regulatory authorities differ in certain respects from GAAP.

The Company's U.S. domiciled insurance companies are subject to risk-based capital standards and other minimum and capital and surplus requirements. The Company's U.S. domiciled insurance companies prepare statutory financial statements in accordance with accounting practices prescribed or permitted by the National Association of Insurance Commissioners ("NAIC") and their respective insurance departments. Prescribed statutory accounting practices are set forth in the NAIC Accounting Practices and Procedures Manual. The Company has no permitted accounting practices on a statutory basis. OAIC is subject to NAIC risk-based capital standards and other minimum capital and surplus requirements, including the laws of Texas. Texas laws provide that without prior approval of its domiciliary commissioner, dividends to shareholders may not be paid except out of the part of surplus funds which is derived from realized net profits. Surplus funds for the purposes of this calculation are defined as the excess of assets over liabilities, including capital stock as a liability. There are no other restrictions placed on the portion of OAIC's profits that may be paid as ordinary dividends to its shareholder. As of December 31, 2024, OAIC had statutory capital and surplus of

22. STATUTORY REQUIREMENTS (cont'd)

$24.1 million, which was in excess of any risk-based capital levels that would require corrective actions. As a Texas county mutual, OACM is not subject to NAIC risk-based capital provisions. The minimum required capital and surplus of OACM is $5 million as provided by Texas insurance law, which is the amount of capital and surplus of the entity as of December 31, 2024.

As an insurance company under the Insurance Act as amended in 2018, ORE is required to maintain a minimum level of solvency under the Barbados Exempt Insurance Act 1983 (the "Exempt Insurance Act"). For the purpose of compliance with the solvency criteria under the Exempt Insurance Act, assets and liabilities are calculated in accordance with US GAAP. The Barbados domiciled insurance company also must comply with the provisions of the Barbados Companies Act regulating the payment of dividends and making of distributions from contributed surplus. A company is prohibited from declaring or paying a dividend, if there are reasonable grounds for believing that: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital. The excess of the ORE's assets over the aggregate of its liabilities was $3.9 million. The minimum required solvency margin for those entities was $2.4 million.

On November 29, 2019, the Barbados government repealed the Business Companies (Economic Substance) Act, 2018-41, and replaced it with the Companies (Economic Substance) Act, 2019-43 ("the Barbados Act"). Under the Barbados Act, all resident companies/societies (other than those being grandfathered) must comply with the economic substance rules for fiscal periods commencing on or after January 1, 2020. The Barbados Act will require a resident entity which derives income from the carrying on of a relevant activity to satisfy the economic substance test in relation to that relevant activity, and will require the entity to file an economic substance declaration annually. If the Director of International Business determines that a resident entity has failed to meet the economic substance test for a fiscal period, the Director may impose a penalty. ORE is not considered a resident company under the Barbados Act, as its taxing authority is the United States of America, so the Company does not have to satisfy the economic substance test but will file an economic substance declaration each year. In 2025, ORE will file the declaration related to 2024 and filed the 2023 declaration in 2024.

AOG must comply with the provisions of the Bermuda Companies Act regulating the payment of dividends and making of distributions from contributed surplus. A company is prohibited from declaring or paying a dividend, or making a distribution out of contributed surplus, if there are reasonable grounds for believing that: (a) the company is, or would after the payment, be unable to pay its liabilities as they become due or (b) the realizable value of the company's assets would thereby be less than its liabilities. The Board of Directors of AOG will evaluate any dividends in accordance with this test at the time such dividends are declared.

23. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 17, 2025, which is the date the financial statements were issued.