

2025 Financial Statements

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Cherry Bekaert LLP, performed an independent audit of the Company's 2025 financial statements. A complete copy of the audited statements, with all accompanying notes, and the Report of Independent Auditor on Statutory Basis Financial Statements is available upon request.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY
STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND
SURPLUS - STATUTORY BASIS

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ADMITTED ASSETS		
Invested Assets and Cash:		
Bonds	\$ 23,558,701	\$ 22,827,098
Stocks	2,462,427	2,151,588
Cash and cash equivalents	1,831,839	2,138,201
Total Invested Assets and Cash	<u>27,852,967</u>	<u>27,116,887</u>
Investment income due and accrued	196,802	214,774
Premiums receivable	1,215,929	1,296,631
Reinsurance recoverables on paid losses	18,349	715,250
Reinsurance premiums receivable	65,882	-
Federal income tax receivable	-	144,687
Deferred tax assets - net	128,855	187,575
Total Assets	<u><u>\$ 29,478,784</u></u>	<u><u>\$ 29,675,804</u></u>
LIABILITIES AND SURPLUS		
Liabilities for losses and loss adjustment expenses	\$ 8,582,297	\$ 7,999,539
Unearned premiums - net of ceded unearned premiums of \$1,095,153 and \$1,131,590 in 2025 and 2024, respectively	2,500,222	2,548,895
Advance premiums	407,953	472,140
Reinsurance premiums payable	-	2,049,519
Accrued expenses and other liabilities	123,019	183,300
Federal income tax payable	107,830	-
Amounts withheld or retained for accounts of others	173,035	180,143
Total Liabilities	<u>11,894,356</u>	<u>13,433,536</u>
Surplus	<u>17,584,428</u>	<u>16,242,268</u>
Total Liabilities and Surplus	<u><u>\$ 29,478,784</u></u>	<u><u>\$ 29,675,804</u></u>

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY
STATEMENTS OF INCOME - STATUTORY BASIS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Premiums earned, net	\$ 5,318,075	\$ 3,224,501
Losses and loss adjustment expenses, net	3,553,765	3,122,170
Underwriting expenses	<u>1,211,911</u>	<u>1,077,044</u>
Underwriting Income (Loss)	552,399	(974,713)
Net investment income	899,294	822,361
Net realized capital gains (losses) - net of tax (benefit) of (\$7,040) and (\$25,097) in 2025 and 2024, respectively	(26,483)	144,607
Other miscellaneous income - net	<u>76,400</u>	<u>76,189</u>
Income Before Federal Income Tax Provision	1,501,610	68,444
Federal income tax provision	<u>309,557</u>	<u>3,930</u>
Net Income	<u>\$ 1,192,053</u>	<u>\$ 64,514</u>

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY
STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS - STATUTORY BASIS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Balance, December 31, 2023	\$ 16,051,477
Net income	64,514
Net unrealized gain on equity investments - net of tax expense of \$32,097	121,557
Surplus certificate redemptions	(9,593)
Change in net deferred income taxes	44,772
Change in nonadmitted assets	<u>(30,459)</u>
Balance, December 31, 2024	16,242,268
Net income	1,192,053
Net unrealized gain on equity investments - net of tax expense of \$60,220	225,809
Surplus certificate redemptions	(24,600)
Change in net deferred income taxes	1,501
Change in nonadmitted assets	<u>(52,603)</u>
Balance, December 31, 2025	<u><u>\$ 17,584,428</u></u>

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY
STATEMENTS OF CASH FLOWS - STATUTORY BASIS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Premiums collected - net of reinsurance	\$ 3,170,517	\$ 4,220,316
Net investment income	883,342	797,913
Miscellaneous income - net	76,400	76,189
Total receipts	<u>4,130,259</u>	<u>5,094,418</u>
Benefit and loss related payments	(812,900)	(2,571,540)
Underwriting expenses and loss adjustment expenses	(2,733,398)	(2,426,362)
Federal income taxes paid	(50,000)	-
Total payments	<u>(3,596,298)</u>	<u>(4,997,902)</u>
Net cash flows from operating activities	<u>533,961</u>	<u>96,516</u>
Cash flows from investment activities:		
Proceeds from investments sold, matured, or repaid	4,286,857	2,650,019
Cost of investments acquired	(5,044,022)	(1,798,705)
Net cash flows from investing activities	<u>(757,165)</u>	<u>851,314</u>
Cash flows from financing activities:		
Surplus certificate redemptions	(24,600)	(9,593)
Other cash received (applied)	(58,558)	(32,654)
Net cash flows from financing activities	<u>(83,158)</u>	<u>(42,247)</u>
Net change in cash	(306,362)	905,583
Cash, beginning of year	<u>2,138,201</u>	<u>1,232,618</u>
Cash, end of year	<u>\$ 1,831,839</u>	<u>\$ 2,138,201</u>