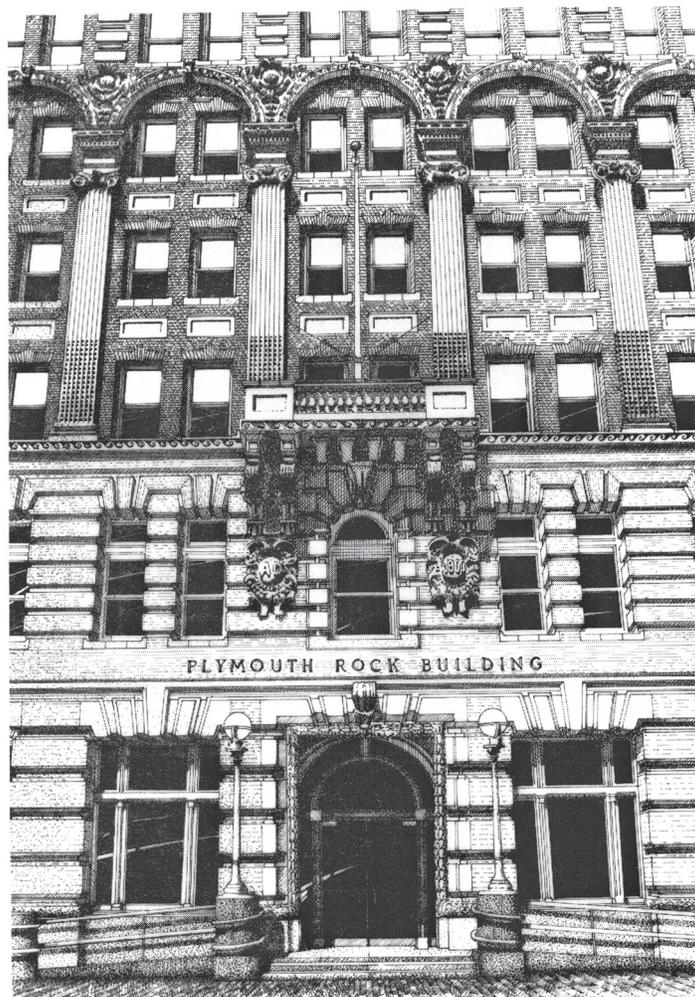


The Plymouth Rock Company



2025 Annual Report

**The Plymouth Rock Company
695 Atlantic Avenue
Boston, Massachusetts 02111**

Chairman's Letter

February 8, 2026

To Our Shareholders:

Sometimes everything just clicks, and 2025 was one of those lucky years financially. Aided by an unusually strong securities market, our bottom line, consolidated comprehensive income, hit a new record high of \$373 million. There was, however, a blemish on the year's otherwise quite handsome picture. Consumer surveys by two reputable organizations suggested that a number of our policyholders were finding their experiences with us disappointing. While the unwelcome feedback didn't mar the year's financial statements, Andy and I appreciate fully that our success cannot long persist without the enthusiastic affection of our customers. Hearing these questions about our service levels was a personal source of distress for me, and rather ironic given Plymouth Rock's history. From the day we began doing business in 1984, Plymouth Rock prioritized customer satisfaction. I wrote proudly to our team in that first year that "Plymouth Rock is (already) known ... as the best company in the market for timeliness, accuracy and friendliness of service." For the initial few decades, we felt comfortable that we were in fact demonstrably superior to our peers in the provision of admirable customer experiences. But it is apparent now that in more recent years, our focus on growing the top and bottom lines may have caused attention to drift from our founding principle. The customer satisfaction rankings we received from Consumer Reports and J. D. Power certainly energized Andy and me. Restoring exemplary service luster has been a front-burner chore for us in 2025 and remains so in the new year.

All three of our insurance operating groups turned in underwriting profits in 2025, the first time in too many years that has happened. The overall combined ratio for the year was 95%, about five points better than in the year prior and a full ten points better than in the year before that. Andy and I would like to see the combined ratio fall yet further by a few points, but a combined ratio anywhere in the nineties can provide you with a pretty decent rate of return on your capital. Comprehensive consolidated return on equity in 2025 for the Plymouth Rock family of companies was a hearty 23%. I have long described the aspirational insurance business as a 20-20 company, with annual growth of 20% and a return on equity of 20%. Plymouth Rock's revenue growth in 2025 was more like 13%, so we will need to up our growth game a bit to secure a gold medal in some future year, but a 23-13 company is no slouch. We can think of 2025 as having earned us a silver medal. We are truly grateful to our two thousand staffers, our agents, and all the others who helped us get this win. Our consolidated comprehensive income for the year compares with \$153 million in the prior year, better than a double. Our shareholder-owned company earned \$256 million in comprehensive income, versus the prior year's \$123 million. The Palisades Reciprocal Group of companies we manage also did well, with income of \$117 million versus only \$30 million in the prior year. Some of the year's improvement was plainly due to a felicitous industry environment, but the hard work, creativity, and

discipline of our team were evident contributors as well. We ended the year writing about \$2.4 billion in annual premiums, with a closing enterprise book value of \$1.9 billion. That's a long and rewarding climb from the \$3 million with which we were founded. The from-inception (41-year) compounded return on shareholder book value, adjusted for dividends, edged up just a fraction of a point, and still rounds to 18%.

Some extra excitement surrounded the Direct Group this past year. Its new leader, Greg Kalinsky, has attracted and hired impressive new talent, and he has ambitious plans for the future. Greg has also rolled up his sleeves and made serious progress in improving his group's customer experience record. Customer complaints are already down by 40% since he joined us. His thirty-seven years at GEICO, rotating through a variety of senior positions before becoming Executive Vice President, have taught him more than I will ever know about the direct insurance business. Greg's Direct Group includes volume from three separate channels: there is still \$140 million in business remaining with us from our 2003 Prudential transaction; there is about \$260 million in Partner business, sourced from other carriers, super-agents, affinity groups, and aggregators, all without independent agency contracts; and there is over \$100 million now in our Core Direct business. The most straightforward of the businesses for Greg and his team to manage is the loyal and well-seasoned Legacy book acquired from Pru, which continues to perform admirably. Unfortunately, it is subject to attrition, increasingly from deaths rather than from churn. We love our Legacy policyholders and do all we can to keep them happy. We wish them extraordinarily long lives and safe, cautious road travels.

The Partner segment of the Direct Group's volume has been a disappointment for us over time. Loss ratios in almost every element of it have been high for years now. I had hoped at one time that profits from this source would subsidize the marketing costs of acquiring direct customers, but this was not to be. In contrast to prior years, the Partner business made us a small profit in 2025, but it is still underperforming. Greg has been cleaning up the Partner book skillfully, but that has required trimming volume. While we don't like to shrink any part of our business, we have never for a moment given volume priority over profitability. The Partner book is a good bit larger than the Legacy book. We wish the chasm between their income contributions could be eliminated, but, for a while at least, the spread may be more likely to be reduced by trimming than by adding attractive new volume. Over time, we will seek more business from Pru, Progressive, and other sources, but we are resigned to seeing the Partner totals shrink a bit more this year. Our \$75 million Teachers product continues to be an attractive element in the Partner book. It grew by 24% in 2025. We are eager to expand it further in the year just begun, with an added focus on educators in Pennsylvania.

Our future hopes for the Direct Group lie mainly with the Core Direct business, policies acquired directly from customers without any payment to intermediaries. We now write about \$110 million in annual Core Direct premiums, and Greg has presented to the board a goal of reaching a half-billion dollars in volume by the end of the decade. To accomplish this, he will need to keep the policy acquisition and administrative costs under control, while simultaneously attracting drivers that bring us reliably good accident records and sticky tenures. Our strategy for accomplishing this relies on a cutting-edge commitment to the use of telematics. We call our approach Telematics First because we will aim our marketing at customers willing to have their level of responsibility behind the wheel

monitored for some period of time. With the advent of artificial intelligence, behavioral information from telematics will be ever more valuable in risk assessment. This has helped convince us that we should position ourselves near the industry frontier in use of this approach. The Direct Group as a whole finished 2025 with an overall combined ratio just south of 97%. This sounds nice, but we don't actually look forward to keeping an underwriting profit in the Direct channel. Growing a Core Direct book requires substantial first-year acquisition spending – to be justified later by a durable stream of underwriting profits. In fact, though this may sound ironic, on the path to building the marvelous profit machine a direct business can become after its renewal book has grown to scale, there will come a transitional period in which the more money we lose, the better we will be doing. We can show you the math if you need to be convinced.

You are already well aware that I have kept a watchful eye on the Home Group for half a dozen years. More specifically, it became apparent that the supercharged growth its leader, Bill Martin, has championed was allowing the loss ratios to run away from us. We suffered a serious cumulative underwriting loss as a consequence. At the same time, though, I have always praised Bill's success in turning a passive \$75 million home book of business into a burgeoning \$450 million operation. On balance, Andy and I remained strong supporters throughout, but it has taken years to bring the underwriting results under control. The repair process was delicate because we never wanted to sacrifice too much of the forward thrust. This past year Bill and his team have been seen smiling a great deal. The increase in Home Group writings was close to 13% in 2025 and the net combined ratio was below 92%, bettering the prior year by almost fifteen points.

The smiles are well justified. The Product and Marketing folks in the Home Group deserve a hearty pat on the back for the progress they made in analytically segmenting our business into buckets ranked by likelihood of profitability in the near future. Working appropriately within regulatory strictures, they shed some of the business with the poorest prospects, increased rates where needed for more promising business, and worked to expand the contents of the already fruitful bucket. The year's results reflect in large measure that project's success. The improved results and good work do not assure, unfortunately, that the path forward will be bathed in constant sunshine. Two gray clouds can be seen on the horizon. One arises from the nature of catastrophes ... or the catastrophes of nature. The Home Group's recent success is owed in part to favorable major storm experience in our states. Very few hurricanes have impacted Plymouth Rock policyholders in recent decades, and all of them were diminishing in force by the time they reached our footprint. There is certainly no assurance that this felicitous pattern will endure.

I have talked to some of the best scientists in the field of meteorology, and none of them can explain why global warming has not brought the anticipated storm violence to our locales. The seas are indeed warmer, and storms in the Caribbean are stronger than before, but hurricane activity on the Atlantic coast of the United States has been surprisingly mild recently in comparison to historical precedent. The Home Group budgeted \$37 million as an allowance for catastrophe payments in 2025, while actual catastrophes, all relatively minor in scale of damage, cost us only \$13 million. This is why Bill is telling us not to feel fully comfortable until our combined ratio, in mild catastrophe years, is ten points lower than this past year's number. To get there, we will need to

further improve all three of the combined ratio's major components: the expense ratio, reinsurance costs, and non-catastrophe claim costs. Plans are in the works in all three arenas.

The other cloud on the Home Group horizon is related to staffing. Retention of talent has been an unexpectedly serious problem for the company as a whole, and especially for this group. In our early years, I was always proud that Plymouth Rock had a just-right turnover rate of personnel. To my likes, the right exit rate should be about 10% per year. Too low a number implies that a company is keeping people for whom the job is not truly a good fit. Too high a turnover rate can suggest insufficient screening at the hiring stage, inadequate remuneration, or something amiss in the work environment. We have long done well in Best Place to Work competitions, so it is puzzling that Bill Martin's group had a turnover rate in 2025 approaching twice the optimal number. Statistics and anecdotal evidence suggest that some of the explanation lies with an economy-wide culture change. Young people these days may prize mobility more than stability. Still, our other operating groups, and the insurance industry as a whole, did a little better on retention than the Home Group, so the flaw is not all resultant from culture change. There are many good reasons to remedy the excessive turnover problem as promptly as possible, not least of which is that it doubtlessly impacts the customer experience metrics we are so concerned about. We're on the case.

The Independent Agency Group remains the Big Enchilada of our enterprise. It writes 50% more business than the other two groups combined, all of it automobile coverage and all produced by independent agents. Volume came in just short of \$1.5 billion in 2025. Ethan Tarby, the group's chief, has been at the helm there for almost two years. With improved underwriting results, as well as profits beefed up by a record \$22 million gain from Pilgrim Insurance, our third-party administrator, and with a second boost from our internal reinsurance program, the group scored a 95% combined ratio for the year. This welcome number is several points better than last year's number. Still, despite our obvious appreciation of the group's teamwork, Andy and I are a shade more concerned about this group than about the other two. Some portion of the credit for the underwriting profit must be given to industry conditions, conditions that we see as fragile looking forward. Underwriting results for personal lines carriers as a whole have seldom been better. Company after company is celebrating higher than normal profit margins. All that champagne presages an intensification of competition and a softening of prices. Not only may we be deprived of support from a favorable industry climate this year, but Plymouth Rock's individual history suggests that we actually do best following unfavorable years for our competitors. We like it when other carriers get nervous or discouraged, and we tremble when they get too exuberant.

As a consequence of the external pressure, Plymouth Rock's new business rates will be kept roughly flat going into 2026. This implies that we will need to count all the more on recent improvements in segmentation. Growth for the Independent Agency Group was under budget for the year just ended, and it looks to be modest in the new year. Combined ratios in the states that were most fruitful for us this past year, notably Massachusetts and New Hampshire, will surely be under pressure. Those states that underperformed most visibly, moreover, will be harder to nurse back to underwriting health this year. Most pressing in that latter category is New York, where long-troublesome liability claims development once again pushed the combined ratio over 115%. New

Jersey liability trends are threatening as well, and rate increases in the Garden State are harder than usual to come by this season no matter how justifiable.

The Independent Agency Group has some internal issues to wrestle with as well. A deep dive into the customer experience reviews that encroached on peace of mind this past spring indicates that the dissatisfaction can be disproportionately traced to claim handling within the Independent Agency Group. This is not the only part of our enterprise to improve by any means, but better claims service there would go a long way to bringing our review metrics up to snuff. Improved claims processing would presumably also help customer retention. Persistency, always influenced by both rate competition and service quality, fell by a few points in 2025. The Direct Group can offer especially attractive pricing to many customers, and the Home Group can boast of ease and availability in a product market often needlessly restricted and awkward to navigate. But service quality, for agents and policyholders alike, stands tall among competitive tools for the Independent Agency Group.

To get where we need to go in terms of service, the group needs to make multiple adjustments, many of which will be equally valuable for the other operating groups. We are beginning to train our new hires more methodically, and we are completing a modern training facility for that purpose. A new and rigorous curriculum has been introduced for both auto and home learners. We are revamping our templates for written communications to customers, which had become uneven in quality and occasionally sloppy. We have culled the runaway herd of phone numbers our policyholders had to use to reach the right desk. Excessive turnover, not just a Home Group issue, is also being addressed in the Independent Agency Group. Finally, we started the year with some key jobs to fill on Ethan's team. An accomplished Chief Operating Officer joined us this year, but we still have a vacancy or two to fill this year. An increasing share of my time and Andy's is now devoted to interviews.

Our investment performance in 2025 enjoyed the benefit of powerful public market tailwinds, aiding both the equity and fixed income portfolios. The Standard & Poor's Index provided a return, dividends included, of 17.8%. Our equity holdings, intentionally underweighted in the glamorous mega-stocks, returned 16.3%. We are comfortable with the underweighting. Think how exposed we would have been in 2000, when the Internet bubble burst, had we not already adopted that relatively conservative posture. We held at yearend about \$1.8 billion worth of common stocks. There was a moderate amount of portfolio shifting during the year as we continued to adjust our overall asset allocation targets. We have, in past years, aimed to set our stock-to-bond ratio at 60-40, favoring a concentrated portfolio of individually selected stocks. Our current objectives reflect a more cautious mindset. We are now gradually reversing the stock and bond proportions to 40-60 in favor of bonds, and will continue doing so if intermediate fixed income yields continue to hold around present levels and stock multiples remain near historic highs. Within the stock portfolio we will move toward an even split between sectoral exchange-traded funds and individual stock picks. Both adjustments will help us with our ambitious growth plans. Rating agencies prefer bonds to stocks, and risk-based capital scoring penalizes the highly concentrated stock portfolios we have always liked. Having said that, our investment approach will still differ greatly from those of most of our competitors. Most carriers in our industry invest more than 70% of their assets in fixed-income instruments, mainly weighted toward long maturities.

Within the equity portfolio, our biggest 2025 winners in dollar terms were General Electric and (as seems to be something of a norm for us) Microsoft. In percentage terms, the best gains were scored by GE and two of last year's laggards, CVS and Intel. I cannot help but be reminded of the quote from the biblical book of Matthew about the day of reckoning when the "last shall be first and the first last." Applied without license to our 2025 equity market experience, the first phrase of the quote fits well, though not the second. Bob Dylan's reprise of the same thought ("The slow one now will later be fast...for the times they are a'changin'.") deserves an honorable mention for the Saint Matthew Memorial Prize in Inadvertent Stock Market Prediction. While stock performance was not a part of either the apostle's thinking or Dylan's, the underlying thought about reversals is relevant nonetheless. Our favorite stock picks have always been shares in sound companies whose prices the market has overly punished for what we judge to be temporary setbacks. As a private company, we are blessed with the luxury of being able to focus on distant time horizons. This approach to choices has worked well for us over the years. The challenge, of course, is to distinguish between overreaction to short-term ills and meaningful market signaling with respect to a company's long-term future prospects. CVS produced an 88% return for us in 2025 and Intel returned 78%. The worst performing stock in our equity portfolio this past year was Merck, a long-term winner for us that we have no plans to abandon. Our shares in our local competitor, Safety Insurance, also underperformed. We will have to give some thought to whether the issues are temporary.

We attribute a portion of CVS's recovery to a change in management, as well as an absence of the externally generated crises that plagued performance in 2024. We continue to like its positioning as the market leader in an essential and durably sizable sector of the economy. Intel's story is a lot more complicated. It is still no match for Taiwan's TSMC in the foundry business or NVIDIA in high-performance chip design. On the other hand, it remains inconceivable to us that the U.S. will allow itself to be dependent on far-away lands for chip foundry or that any American competitor can match the power of Intel's accumulated fixed investment in foundry any time soon. Intel is an important strategic asset of the United States. Perhaps with that as a factor in their thinking, both NVIDIA and the federal government reached out to Intel in the year gone by. We accept that the stock market's view of Intel is, and is likely to remain, fickle. Our own views about the long-run future of Intel have been fickle as well. We have reduced our position in the stock, but we are comfortable for now holding what remains. Your company's overall equity market performance, with an 11.6% annually compounded return since 1993, continues to have beaten the S&P index by almost a full point per annum. People are often surprised when they learn how few hedge funds or financial institutions can make that claim. There is no more to report than usual with respect to our ample real estate holdings. We are not likely to be buyers or sellers at any time in the foreseeable future, and the space needs of our staff can be met within our current owner-occupied footprint for some time to come. The increasing use of artificial intelligence technologies should help us respond to the growing personnel demands accompanying our expected increases in scale.

These days when people ask me perfunctorily how I'm doing, I sometimes respond with a substantive answer they were probably not seeking. I report that within the personal and Plymouth Rock protective bubbles, things are going just fine. Outside the bubble, though, it's a different story. I am uncomfortable with an ever-changing tariff policy that risks yielding to China our place as the

most stable and reliable mega-partner for international trade. Just 20 years ago, every one of the countries in South America listed the United States as its largest overseas trading partner. Now only two or three can do so. I am even less comfortable with the world's geopolitical situation in 2026. Fear of devastating nuclear or biological warfare in this era is not a paranoid delusion. Yet too many in the elite of our country's foreign policy establishment now insist that the old paradigm of zones of influence is obsolete, replaced by acceptance that the U.S. should be the militarily dominant power in every corner of the globe. This thinking is dangerous as well as outrageously expensive. China will never abandon its reunification objectives, and Russia is unlikely ever to accept the introduction of hostile weapons to its Ukrainian border. Sadly, moreover, some of our best European friends seem to be urging a course that risks an endless war in Ukraine, a war in which Ukraine and Russia will suffer the casualties and devastation while the U.S. continues paying most of the bills. And, since regime change is now on the agenda, starting in Latin America, I can only hope that our leaders will assiduously review the discouraging long-term record of previously imposed regime changes. I am unable to quell a disconcerting feeling that the current United States foreign policy, taken in its entirety, is inviting as a principal consequence the strengthening of countervailing forces, with a good candidate being the solidification of the BRICS alliance.

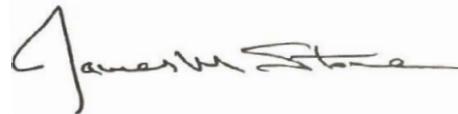
On the domestic front, I have too many misgivings right now to list them all given constraints of space -- and perhaps of your patience. Our beloved land seems to be trapped in an internecine, ideological Cold War of sorts. The current situation bodes seriously ill for maintaining the ideal suggested by the phrase "E Pluribus Unum." For a symbolic summary of the current environment, I urge you to read the darkly humorous plaques recently placed under the official presidential portraits in the White House. And then, for contrast, pick up a copy of the letters exchanged by Jefferson and Adams late in their lives. Cicero had it right in his day: "O tempora, O mores".

Andy and I are fully persuaded that the artificial intelligence revolution is a watershed event. We are not alone in thinking that the change to be wrought by AI will rival those of television's explosive expansion in the 1950's and the tsunami that commenced the Internet age in the early 1990's. Many thinkers share our appreciation of the likely import, but, applying unlike lenses, different scholars forecast widely divergent outcomes. Optimists tell us that this will mirror the industrial revolution, creating ever more prosperity and multiplying, rather than diminishing, employment opportunities. An opposing view is that AI will eliminate category after category of jobs until the planet is awash with angry, unemployed youths -- allowing the devil to make work for their idle hands. Or, in a still more extreme scenario, some futurists imagine a human population occupied only in leisurely creative arts, like the Eloi of H. G. Wells' brilliant story, "The Time Machine." Other prognosticators focus on how the artificial intelligence race, like the nuclear arms race, will reshape international power dynamics. At the most pessimistic end of the spectrum are those pundits who envision earthly human predominance subjugated or eliminated after the so-called "Singularity", after which artificial thought engines could express their superiority by seizing control of us and the planet's resources.

We can't begin to provide answers to the behemoth questions. I hope you will be satisfied if Andy and I concentrate mainly on the impact of artificial intelligence on Plymouth Rock in the next decade. We believe change will come rapidly as the result of artificial intelligence, and will act decisively,

but we must also remind ourselves that insurance has often been an industry where habits can be sticky. By way of example, I recall predicting as part of my first insurance job in the 1970's that direct writers would very soon decimate the independent agency share of market. The independent agency proportion of the national market for personal lines then stood at about 33%. It is lower today, some fifty years later, but not by a dramatic amount. I may have been directionally accurate, but my forecast of timing and quantitative impact was off by leagues. It is surely fortunate that I had returned to my senses ten years later when I chose to start a company reliant on independent agency business.

Andy and I don't need to know the answers to the global questions to know that we want to prepare our company for a future shaped by artificial intelligence. As a result, we are highly focused at this time on a restructuring of our IT department. We have created two new senior officer positions to work under the able leadership of Brendan Kirby. One of the new officers is charged with scraping as much of our company's accumulated data and knowledge from an almost uncountable number of diverse silos and simultaneously designing future protocols to assure that everything knowable -- from both internal and external sources -- about our customers, potential customers, and our own procedures will be available in formats compatible with AI tools. The other new officer will be empowered to take overall charge of our AI adoption, with an eye to applying the emerging tools to the improvement of customer service, claims handling, programming, and underwriting. We are planning to take full advantage of AI's power. Andy and I are finding this task at least as exhilarating as it is challenging. You can bet safely on an interesting update next year on our AI progress.

A handwritten signature in black ink, appearing to read "James M. Stone". The signature is fluid and cursive, with a large initial "J" and "S".

James M. Stone

This page intentionally left blank



Report of Independent Auditors

To the Board of Directors of The Plymouth Rock Company

Opinion

We have audited the accompanying consolidated financial statements of The Plymouth Rock Company and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Chairman's Letter, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The image shows a handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP". The signature is written in dark ink and is positioned in the lower-left area of the page.

Boston, Massachusetts
March 10, 2026

THE PLYMOUTH ROCK COMPANY
CONSOLIDATED BALANCE SHEETS

December 31, 2025 and 2024
(dollars in thousands)

Assets	<u>2025</u>	<u>2024</u>
<u>The Plymouth Rock Company and Subsidiaries</u>		
Cash and cash equivalents	\$ 11,087	\$ 50,260
Investment securities	2,019,789	1,623,570
Accrued investment income	12,385	7,241
Premiums receivable	316,349	301,744
Ceded unearned premium reserves	60,034	61,051
Deferred acquisition costs	85,551	81,969
Amounts receivable from reinsurers and pools	118,174	110,311
Amounts due from service clients	6,835	13,676
Prepaid expenses, agent loans, and deposits	14,396	13,247
Real estate	172,259	173,759
Fixed assets	67,249	59,945
Income tax recoverable	5,189	14,315
Goodwill and intangible assets	5,888	6,394
Other assets	<u>9,032</u>	<u>8,629</u>
Subtotal	<u>2,904,217</u>	<u>2,526,111</u>
<u>Palisades Reciprocal Group</u>		
Cash and cash equivalents	2,508	29,627
Investment securities	1,903,462	1,691,081
Accrued investment income	12,707	11,269
Premiums receivable	212,614	205,955
Ceded unearned premium reserves	6,756	6,339
Deferred acquisition costs	45,018	42,676
Amounts receivable from reinsurers and pools	29,232	28,653
Income tax recoverable	9,447	9,752
Goodwill and intangible assets	10,110	11,512
Other assets	<u>7,337</u>	<u>7,286</u>
Subtotal	<u>2,239,191</u>	<u>2,044,150</u>
Total assets	<u>\$5,143,408</u>	<u>\$4,570,261</u>

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

THE PLYMOUTH ROCK COMPANY
CONSOLIDATED BALANCE SHEETS

December 31, 2025 and 2024
(dollars in thousands)

Liabilities	<u>2025</u>	<u>2024</u>
<u>The Plymouth Rock Company and Subsidiaries</u>		
Claim and claim adjustment expense reserves	\$ 672,136	\$ 580,766
Unearned premium reserves	642,681	608,409
Advance premiums	17,063	15,703
Commissions payable and accrued liabilities	202,502	173,162
Amounts payable to reinsurers	32,671	34,191
Unearned service fees	17,037	16,827
Deferred income taxes	96,665	71,516
Real estate liabilities	7,712	6,920
Other liabilities	<u>9,025</u>	<u>1,884</u>
Subtotal	<u>1,697,492</u>	<u>1,509,378</u>
<u>Palisades Reciprocal Group</u>		
Claim and claim adjustment expense reserves	872,762	840,842
Unearned premium reserves	482,255	458,344
Advance premiums	12,790	12,896
Commissions payable and accrued liabilities	62,469	63,725
Amounts payable to reinsurers	789	2,010
Deferred income taxes	78,721	58,702
Other liabilities	<u>3,363</u>	<u>2,884</u>
Subtotal	<u>1,513,149</u>	<u>1,439,403</u>
Total liabilities	<u>3,210,641</u>	<u>2,948,781</u>
Equity		
<u>The Plymouth Rock Company and Subsidiaries</u>		
Common stock and paid-in capital	1,231	500
Retained earnings	1,130,790	946,305
Net unrealized gain/(loss) on fixed income securities	<u>7,889</u>	<u>(1,434)</u>
The Plymouth Rock Company stockholders' equity	1,139,910	945,371
<u>Palisades Reciprocal Group</u>		
Retained earnings	782,535	677,924
Net unrealized gain/(loss) on fixed income securities	<u>10,322</u>	<u>(1,815)</u>
Palisades Reciprocal Group equity	792,857	676,109
Total liabilities and equity	<u><u>\$5,143,408</u></u>	<u><u>\$4,570,261</u></u>

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

THE PLYMOUTH ROCK COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2025 and 2024
(dollars in thousands)

	2025		
	PRC and Subsidiaries	Palisades Reciprocal Group	Fully Consolidated
Revenues			
Premiums earned in underwriting activities	\$1,092,293	\$1,037,578	\$2,129,871
Fees earned from service activities	275,504	3,305	278,809
Investment income and capital gains	125,730	79,609	205,339
Subtotal	1,493,527	1,120,492	2,614,019
Less: Intra-group transactions			262,901
Total revenues before unrealized gains on equity securities			2,351,118
Expenses			
Claims and claim adjustment expenses	745,429	747,135	1,492,564
Policy acquisition, underwriting, and general expenses	277,060	306,899	583,959
Service activity expenses	220,579	2,769	223,348
Subtotal	1,243,068	1,056,803	2,299,871
Less: Intra-group transactions			262,901
Total expenses			2,036,970
Income before taxes and unrealized gains on equity securities	250,459	63,689	314,148
Income taxes	51,075	13,044	64,119
Net income before unrealized gains on equity securities	199,384	50,645	250,029
Change in unrealized gain on equity securities, net of tax	47,670	53,966	101,636
Net income	247,054	104,611	351,665
Other comprehensive income, net of tax:			
Unrealized gain on fixed income securities during year	9,323	12,137	21,460
Comprehensive income	\$ 256,377	\$ 116,748	\$ 373,125

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

THE PLYMOUTH ROCK COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2025 and 2024
(dollars in thousands, except per share data)

	2024		
	PRC and Subsidiaries	Palisades Reciprocal Group	Fully Consolidated
Revenues			
Premiums earned in underwriting activities	\$ 958,989	\$1,006,488	\$1,965,477
Fees earned from service activities	267,963	2,659	270,622
Investment income and capital gains	79,826	23,666	103,492
Subtotal	1,306,778	1,032,813	2,339,591
Less: Intra-group transactions			256,972
Total revenues before unrealized gains on equity securities			2,082,619
Expenses			
Claims and claim adjustment expenses	711,944	774,878	1,486,822
Policy acquisition, underwriting, and general expenses	250,748	293,241	543,989
Service activity expenses	212,204	2,886	215,090
Subtotal	1,174,896	1,071,005	2,245,901
Less: Intra-group transactions			256,972
Total expenses			1,988,929
Income before taxes and unrealized gains on equity securities	131,882	(38,192)	93,690
Income taxes	27,600	(8,786)	18,814
Net income before unrealized gains on equity securities	104,282	(29,406)	74,876
Change in unrealized gains on equity securities, net of tax	17,512	53,969	71,481
Net income	121,794	24,563	146,357
Other comprehensive income, net of tax:			
Unrealized gain on fixed income securities during year	1,540	5,331	6,871
Comprehensive income	\$ 123,334	\$ 29,894	\$ 153,228

The Plymouth Rock Company and Subsidiaries - Per share data

	2025	2024
Weighted average common shares outstanding	119,567	120,274
Net income before unrealized gains on equity securities per share	\$1,667.55	\$ 867.04
Net income per share	\$2,066.24	\$1,012.64
Comprehensive income per share	\$2,144.21	\$1,025.44
Common shares outstanding at end of year	119,567	119,567
Common stockholders' equity per share	\$9,533.65	\$7,906.62

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

THE PLYMOUTH ROCK COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025 and 2024
(dollars in thousands)

Cash flows from operating activities	<u>2025</u>	<u>2024</u>
<u>The Plymouth Rock Company and Subsidiaries</u>		
Gross premiums collected	\$1,273,917	\$1,165,890
Reinsurance premiums paid	(160,618)	(152,326)
Finance charges collected	7,667	7,369
Fees and commissions collected	278,109	273,080
Investment income and capital gains received	118,312	74,912
Gross claims and claim expenses paid	(737,598)	(688,796)
Reinsured claims and claim expenses collected	78,305	62,557
Policy acquisition, underwriting, and general expenses paid	(255,787)	(232,926)
Income taxes paid	(31,639)	(32,392)
Service activity expenses paid	<u>(186,380)</u>	<u>(200,144)</u>
Net cash provided by operating activities	<u>384,288</u>	<u>277,224</u>
<u>Palisades Reciprocal Group</u>		
Gross premiums collected	1,115,972	1,090,586
Reinsurance premiums paid	(63,137)	(68,945)
Finance charges collected	2,105	2,308
Fees and commissions collected	3,305	2,659
Investment income and capital gains received	87,648	30,881
Gross claims and claim expenses paid	(726,807)	(747,871)
Reinsured claims and claim expenses collected	11,009	8,442
Policy acquisition, underwriting, and general expenses paid	(313,299)	(313,905)
Income taxes recovered and paid	(10,197)	4,694
Service activity expenses paid	<u>(2,769)</u>	<u>(2,886)</u>
Net cash provided by operating activities	<u>103,830</u>	<u>5,963</u>
Total net cash provided by operating activities	<u>\$ 488,118</u>	<u>\$ 283,187</u>

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

THE PLYMOUTH ROCK COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025 and 2024
(dollars in thousands)

Cash flows from financing activities	<u>2025</u>	<u>2024</u>
<u>The Plymouth Rock Company and Subsidiaries</u>		
Intergroup secured loans	\$ 2,246	\$ (5,670)
Repurchase of common stock	-	(77,167)
Tax impacts of stock-based compensation	-	(2,506)
Dividends to stockholders	<u>(62,569)</u>	<u>(33,884)</u>
Net cash used in financing activities	(60,323)	(119,227)
<u>Palisades Reciprocal Group</u>		
Intergroup secured loans	<u>(2,246)</u>	<u>5,670</u>
Net cash used in financing activities	(2,246)	5,670
Net cash provided by:		
The Plymouth Rock Company and Subsidiaries	<u>\$ 323,965</u>	<u>\$ 157,997</u>
Palisades Reciprocal Group	<u>\$ 101,584</u>	<u>\$ 11,633</u>
Total	<u>\$ 425,549</u>	<u>\$ 169,630</u>
 Investment of net cash provided		
<u>The Plymouth Rock Company and Subsidiaries</u>		
Change in cash and cash equivalents	\$ (39,173)	\$ 36,792
Net investment activity	324,239	84,227
Net real estate activity	6,130	5,794
Purchase of intangible assets	-	549
Purchase of fixed assets	<u>32,769</u>	<u>30,635</u>
Net cash used for investing activities	<u>\$ 323,965</u>	<u>\$ 157,997</u>
<u>Palisades Reciprocal Group</u>		
Change in cash and cash equivalents	\$ (27,119)	\$ 24,210
Net investment activity	128,703	(13,028)
Purchase of intangible assets	<u>-</u>	<u>451</u>
Net cash used for investing activities	<u>\$ 101,584</u>	<u>\$ 11,633</u>
Total net cash invested	<u>\$ 425,549</u>	<u>\$ 169,630</u>

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

THE PLYMOUTH ROCK COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2025 and 2024
(dollars in thousands)

<u>The Plymouth Rock Company and Subsidiaries</u>	<u>Common Stock and Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Net Unrealized Gain/(Loss) on Fixed Income Securities</u>	<u>Total Stockholders' Equity</u>
December 31, 2023	\$ 680	\$ 937,155	\$ (2,974)	\$ 934,861
Comprehensive income	-0-	121,794	1,540	123,334
Stock-based compensation	610	(2,383)	-0-	(1,773)
Dividends to stockholders	-0-	(33,884)	-0-	(33,884)
Repurchase of common stock	(790)	(76,377)	-0-	(77,167)
December 31, 2024	\$ 500	\$ 946,305	\$ (1,434)	\$ 945,371
Comprehensive income	-0-	247,054	9,323	256,377
Stock-based compensation	731	-0-	-0-	731
Dividends to stockholders	-0-	(62,569)	-0-	(62,569)
December 31, 2025	\$1,231	\$1,130,790	\$ 7,889	\$1,139,910
<u>Palisades Reciprocal Group</u>	<u>Common Stock and Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Net Unrealized Gain/(Loss) on Fixed Income Securities</u>	<u>Total Equity</u>
December 31, 2023	\$ -0-	\$ 653,361	\$ (7,146)	\$ 646,215
Comprehensive income	-0-	24,563	5,331	29,894
December 31, 2024	\$ -0-	\$ 677,924	\$ (1,815)	\$ 676,109
Comprehensive income	-0-	104,611	12,137	116,748
December 31, 2025	\$ -0-	\$ 782,535	\$ 10,322	\$ 792,857
<u>Fully Consolidated Equity</u>	<u>Common Stock and Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Net Unrealized Gain/(Loss) on Fixed Income Securities</u>	<u>Total Equity</u>
December 31, 2023	\$ 680	\$1,590,516	\$(10,120)	\$1,581,076
December 31, 2024	500	1,624,229	(3,249)	1,621,480
December 31, 2025	1,231	1,913,325	18,211	1,932,767

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

THE PLYMOUTH ROCK COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations

The Plymouth Rock Company is a privately held company that was founded in 1982 and has been headquartered in Boston, Massachusetts since its inception. Its primary business is the ownership and management of property and casualty insurance companies, specializing in coverage for personal automobiles and homes. The Plymouth Rock Company, through a number of subsidiaries, operates and manages insurance companies in Massachusetts, New York, New Hampshire, Connecticut, New Jersey, and Pennsylvania, and provides various insurance and investment management services for insurance entities in those states and elsewhere in the United States. The Plymouth Rock Company and its wholly owned subsidiaries are generally referred to in these financial statements as “The Plymouth Rock Company and Subsidiaries.”

Among The Plymouth Rock Company’s largest businesses is the management of a reciprocal insurance group, which is conducted through a subsidiary. The members of that reciprocal group of companies, which are referred to in these financial statements as the “Palisades Reciprocal Group,” are not owned by The Plymouth Rock Company. They are operated in accordance with New Jersey statutes and regulations applicable to reciprocal and stock insurers. The Palisades Reciprocal Group includes Palisades Safety and Insurance Association, a New Jersey reciprocal insurance exchange, and several subsidiaries, all of which are domiciled in New Jersey and which operate in New Jersey, New York, Pennsylvania, Connecticut, and Massachusetts. Plymouth Rock Management Company of New Jersey, which is included in The Plymouth Rock Company and Subsidiaries in these financial statements, provides executive management, accounting, marketing, underwriting, and claim adjustment services in exchange for management fees to the following insurers in the Palisades Reciprocal Group: Palisades Safety and Insurance Association, Palisades Insurance Company, Palisades Property and Casualty Insurance Company, High Point Preferred Insurance Company, High Point Safety and Insurance Company, High Point Property and Casualty Insurance Company, Twin Lights Insurance Company, Teachers Auto Insurance Company of New Jersey, AtHome Insurance Company, Rider Insurance Company, as well as three other subsidiaries. The Plymouth Rock Company also has subsidiaries that provide various insurance and investment management services to the Palisades Reciprocal Group in exchange for negotiated fees.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations, continued

The Plymouth Rock Company's financial statements consolidate the results of the members of the Palisades Reciprocal Group. The Plymouth Rock Company and Subsidiaries have provided capital to the Palisades Reciprocal Group in the form of surplus notes and preferred stock of \$18.6 million at both December 31, 2025 and 2024. This accounts for 2.3 percent and 2.8 percent of the equity of the Palisades Reciprocal Group at December 31, 2025 and 2024, respectively. As these surplus notes and preferred stock features are not typical of an ordinary service arrangement, it is appropriate for The Plymouth Rock Company and Subsidiaries to consolidate the results of the Palisades Reciprocal Group. The Plymouth Rock Company and Subsidiaries do not bear direct risk or earn direct rewards on the basis of the performance of the Palisades Reciprocal Group. The results are presented in a consolidated manner despite fundamental legal and regulatory distinctions between The Plymouth Rock Company and Subsidiaries on the one hand and the Palisades Reciprocal Group on the other. For ease of reference, The Plymouth Rock Company and Subsidiaries and the Palisades Reciprocal Group are referred to in the Chairman's letter together as "Plymouth Rock."

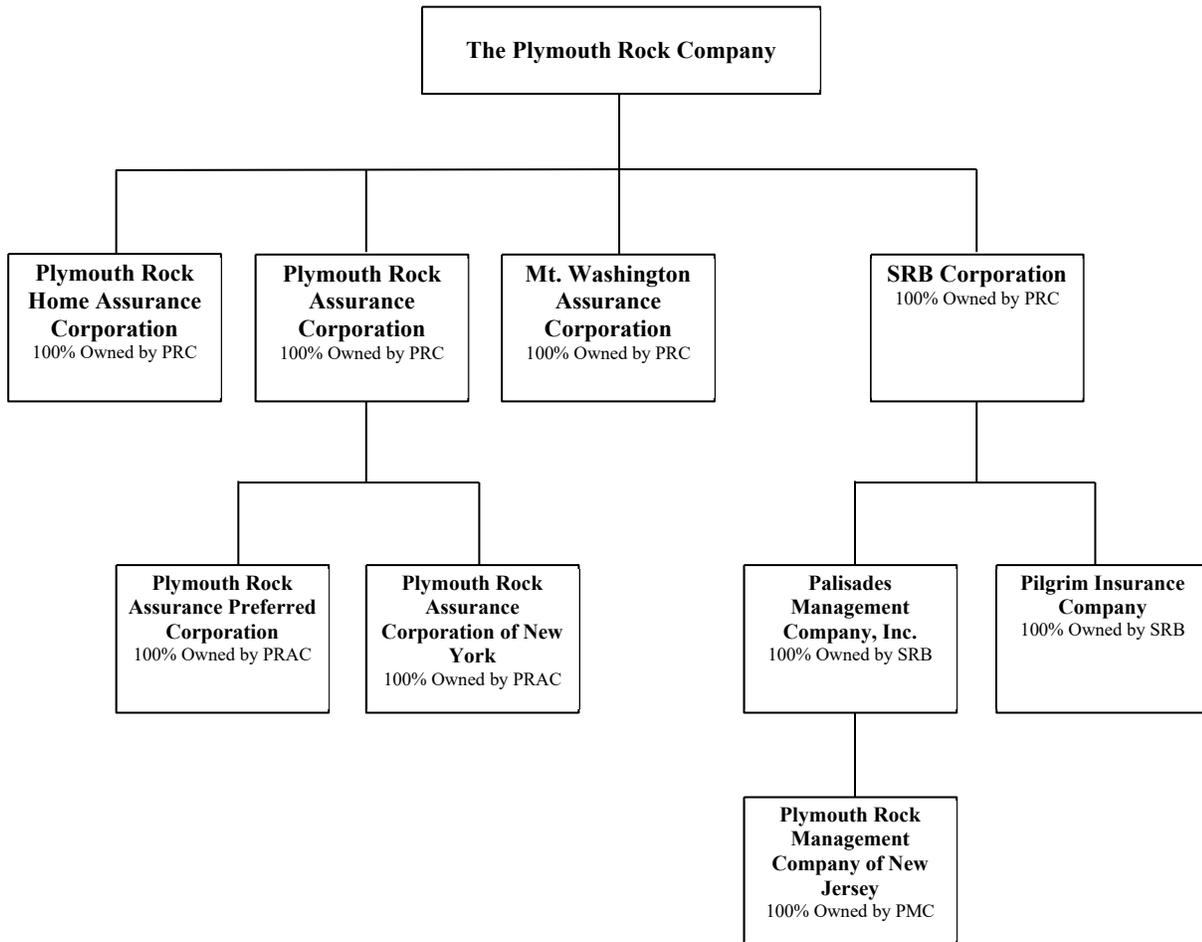
The Independent Agency Group, the Direct Group, and the Home Insurance Group are not legal entities. These names are used for convenience internally, in the Chairman's letter, and in marketing and certain other communications to refer to groupings by line and distribution channel of the property and casualty insurance sold or serviced in multiple states through legally separate underwriting and managed insurance companies. The use of the word "group" does not necessarily imply any legal association, intercompany contract, guaranty, or pooling arrangement. Each underwriting and managed insurance company is a separate legal entity that is financially responsible only for its own insurance products and actual coverage is subject to the language of the policies as issued by each separate company.

THE PLYMOUTH ROCK COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Organization of The Plymouth Rock Company and Subsidiaries

The corporate and ownership structure of The Plymouth Rock Company and principal subsidiaries is shown in the following chart:



THE PLYMOUTH ROCK COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

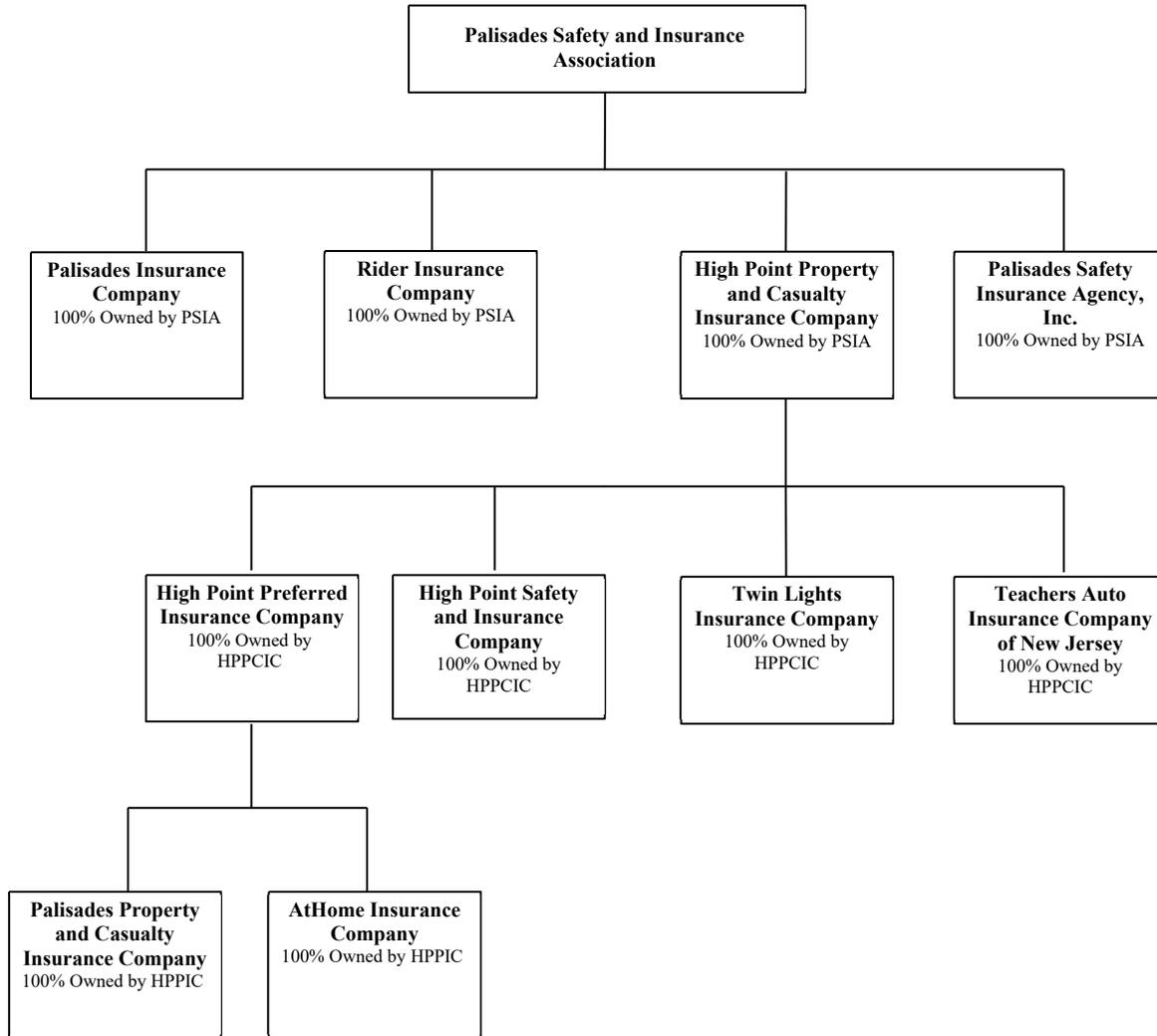
2. Organization of The Plymouth Rock Company and Subsidiaries, continued

Other subsidiaries include 711 Atlantic Avenue Company, LLC and 695 Atlantic Avenue Company, L.L.C., which own real estate and are wholly owned subsidiaries of The Plymouth Rock Company; Bunker Hill Insurance Casualty Company, Bunker Hill Property Insurance Company, Bunker Hill Preferred Insurance Company, and Bunker Hill Insurance Company, which are wholly owned subsidiaries of Plymouth Rock Home Assurance Corporation; Shared Technology Services Group LLC, which is a wholly owned subsidiary of Plymouth Rock Assurance Corporation; Encharter Insurance, LLC (Massachusetts) and Encharter Insurance, LLC (Connecticut), which are wholly owned subsidiaries of SRB Corporation; High Point Brokerage Company, Inc., which is a wholly owned subsidiary of Plymouth Rock Management Company of New Jersey; 581 Main Street LLC, which owns real estate and is a wholly owned subsidiary of Plymouth Rock Management Company of New Jersey; and Pilgrim Risk Management LLC, which is a wholly owned subsidiary of Pilgrim Insurance Company.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Organization of the Palisades Reciprocal Group

The corporate and ownership structure of the Palisades Reciprocal Group is shown in the following chart:



THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Summary of Significant Accounting Policies

A. Principles of Consolidation

The consolidated financial statements include the accounts of The Plymouth Rock Company and Subsidiaries as well as those of the Palisades Reciprocal Group. Significant accounts and transactions among companies within each of the two groups, as well as those between the groups, have been eliminated upon consolidation. The assets of The Plymouth Rock Company and Subsidiaries have been reduced by amounts due for services provided to the Palisades Reciprocal Group and by the value of certain surplus notes and preferred stock investments in the Palisades Reciprocal Group. The liabilities of The Plymouth Rock Company and Subsidiaries have been reduced by the amount of service fee revenue from the Palisades Reciprocal Group that has not yet been earned as of the balance sheet date. Each of the reductions to the balance sheets of The Plymouth Rock Company and Subsidiaries requires a corresponding reduction on the Palisades Reciprocal Group balance sheets. Therefore, while total assets equal the sum of total liabilities and equity, this equation will not hold within the separate groups presented in the balance sheets.

B. Stock-Based Compensation

Expenses for stock-based employee compensation plans are recorded at their fair value on the basis of an annual independent appraisal. The term “fair value” used here and throughout the notes to the consolidated financial statements means the value at which a transaction would be expected to occur between a willing buyer and seller.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These judgments affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and the disclosure of contingent assets and liabilities in the footnotes. Actual results could differ from those estimates.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Summary of Significant Accounting Policies, continued

D. Cash and Investments

For both The Plymouth Rock Company and Subsidiaries and the Palisades Reciprocal Group, all fixed income investments with maturity dates no longer than 90 days from the date of acquisition are included in “Investment securities,” rather than “Cash and cash equivalents,” in the balance sheets. The Plymouth Rock Company and Subsidiaries had a balance of outstanding checks within accrued liabilities of \$32.2 million and \$31.8 million at December 31, 2025 and 2024, respectively. Liabilities for outstanding checks for the Palisades Reciprocal Group were \$29.8 million and \$32.3 million at December 31, 2025 and 2024, respectively.

Marketable fixed income and equity securities are carried at their fair values. The calculation of gain or loss on the sale of marketable securities is based on specific identification at the time of sale. Changes in the fair value of marketable equity securities available for sale, after deduction of applicable deferred income taxes, are credited or charged directly to net income and affect equity through retained earnings. Changes in the fair value of marketable fixed income securities are credited or charged directly to equity through net unrealized capital gain or loss and not credited or charged directly to net income.

Impairment of marketable fixed income securities is recognized through an allowance model, except when there is an intent to sell or there is more likely than not a requirement to sell. Any portion of the decline in value of a marketable fixed income security attributable to expected credit losses is reported as a component of net income in investment income and capital gains, while any portion attributable to other factors, such as fluctuations in interest rates, is reported as a component of other comprehensive income. Since unrealized losses are a component of stockholders’ equity, the recognition of impairment on marketable fixed income securities has no effect on total comprehensive income or stockholders’ equity.

Alternative equity investments are valued using the equity method with all changes in value included in net income. The values of these holdings are generally determined by the managers of the investment vehicles on the basis of information reported to them as well as their assessments of the underlying investments.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Summary of Significant Accounting Policies, continued

E. Deferred Acquisition Costs

Commissions and premium taxes are deferred and amortized pro rata over the contract periods in which the related premiums are earned. All amounts deferred as of December 31 are charged to operations in the following year as the related premiums are earned. Deferred acquisition costs are presented net of an equivalent amount of deferred commission income on ceded reinsurance, with any deferred ceding commission income in excess of the deferred acquisition costs recorded as a liability. The amortization of deferred acquisition costs and deferred ceding commission income, including any excess portion, are presented on a net basis as policy acquisition expense on the statements of comprehensive income. Net amortization associated with these deferred costs for The Plymouth Rock Company and Subsidiaries for 2025 and 2024 were \$166.5 million and \$150.3 million, respectively, while the net amortization for the Palisades Reciprocal Group for 2025 and 2024 was \$110.3 million and \$109.6 million, respectively.

F. Recognition of Premium Revenues

Insurance premiums written are earned on a daily basis over the terms of the policies. Unearned premiums represent amounts that are applicable to the unexpired terms of policies in force.

Premiums receivable are net of an allowance for expected credit losses. This allowance for credit losses reflects an estimate of lifetime expected credit losses on premiums receivable that are determined using a combination of historical collection experience, current economic conditions, and reasonable and supportable forecasts. Evaluation of expected losses is performed collectively for pools of receivables with similar risk characteristics and separately for any individually significant balances exhibiting elevated credit risk.

As of December 31, 2025 and 2024, the allowance for expected credit losses relating to premiums receivable was \$2.7 million and \$3.1 million, respectively, for The Plymouth Rock Company and Subsidiaries and \$3.2 million and \$3.6 million, respectively, for the Palisades Reciprocal Group.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Summary of Significant Accounting Policies, continued

G. Recognition of Fees Earned from Service Activities

The Plymouth Rock Company and Subsidiaries earn management fees from the Palisades Reciprocal Group and other unaffiliated companies for providing sales, underwriting, policy issuance, claim adjusting, accounting, and other insurance-related services. Fees from service activities are earned over the applicable policy terms. In addition, The Plymouth Rock Company and Subsidiaries earn investment management fees from the Palisades Reciprocal Group. In 2025 and 2024, fees earned of \$262.9 million and \$257.0 million, respectively, from the Palisades Reciprocal Group were eliminated upon consolidation. The balance sheet item “other liabilities” includes balances owed to insurers for which Pilgrim Insurance Company provides services.

H. Amortization of Goodwill and Intangible Assets

The Plymouth Rock Company and Subsidiaries and the Palisades Reciprocal Group each carry goodwill arising from past acquisitions. This goodwill represents the excess of the purchase price over the estimated fair value of net assets acquired. Goodwill is not amortized but instead is reviewed for impairment whenever an event occurs indicating that impairment is likely.

Past acquisitions have resulted in intangible assets for both The Plymouth Rock Company and Subsidiaries and the Palisades Reciprocal Group. Intangible assets are separated into two categories. Intangible assets with indefinite lives are not amortized and are subject to annual impairment testing. Intangible assets with finite lives are amortized using the straight-line method over the estimated useful lives of the assets.

No impairment of the goodwill or intangible assets with indefinite lives of either The Plymouth Rock Company and Subsidiaries or the Palisades Reciprocal Group was recorded in either 2025 or 2024.

I. Real Estate and Fixed Assets

Real estate and fixed assets are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are principally recognized on the straight-line method over the estimated useful lives or the applicable lease terms. Real estate holdings are evaluated for impairment annually.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Segment Reporting

Business is primarily managed in three operating groups: Independent Agency Group, Direct Group, and Home Insurance Group. As discussed in Note 1, the use of these group names is solely for internal convenience and has no legal significance. Premiums and key metrics by group for 2025 and 2024 were as follows:

(dollars in thousands)

Gross premiums written and managed:	<u>2025</u>	<u>2024</u>
Independent Agency Group	\$1,435,003	\$1,346,786
Direct Group	507,513	531,403
Home Insurance Group	450,981	400,736
Total	<u>\$2,393,497</u>	<u>\$2,278,925</u>
 Premiums earned in underwriting activities:		
Independent Agency Group	\$1,284,191	\$1,151,681
Direct Group	491,444	520,223
Home Insurance Group	354,236	293,573
Total	<u>\$2,129,871</u>	<u>\$1,965,477</u>
 Statistical metrics:		
Independent Agency Group:		
Policies in force	511,803	518,400
Net loss ratio	62.6%	66.1%
Net combined ratio	95.2%	99.3%
Direct Group:		
Policies in force	194,154	211,290
Net loss ratio	60.0%	64.9%
Net combined ratio	96.5%	99.3%
Home Insurance Group:		
Policies in force	269,210	268,851
Net loss ratio	44.4%	56.4%
Net combined ratio	91.5%	106.6%

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Income Taxes

Income taxes on the statements of comprehensive income for 2025 and 2024 consist of:

(dollars in thousands)	2025	2024
The Plymouth Rock Company and Subsidiaries	\$63,598	\$31,948
Palisades Reciprocal Group	27,389	5,560
Total	\$90,987	\$37,508

The Plymouth Rock Company and Subsidiaries and the Palisades Reciprocal Group file separate consolidated federal income tax returns. The provisions for income taxes are based on income reported in the financial statements.

Deferred income taxes arise when there are differences between reported income and taxable income. The realization of deferred tax assets requires sufficient taxable income in either the allowable carryback or carryforward periods. On the basis of recent profitable results and projected future profitability, it is more likely than not that there will be sufficient future taxable income at both The Plymouth Rock Company and Subsidiaries and the Palisades Reciprocal Group to realize all deferred tax assets, with the exception of federal net operating loss carryforwards acquired with Rider Insurance Company and certain state net operating loss carryforwards belonging to The Plymouth Rock Company.

Rider Insurance Company, which is included in the Palisades Reciprocal Group, has federal net operating loss carryforwards that begin to expire at the end of 2031 and are limited under Internal Revenue Code Section 382. Palisades Reciprocal Group is expected to only be able to apply net operating loss carryforwards to \$58,000 of income before taxes on an annual basis. Therefore, the Company has established a valuation allowance of \$4.7 million at both December 31, 2025 and 2024, in light of this limitation. There were no other federal net operating loss carryforwards available as of December 31, 2025 or 2024.

The Plymouth Rock Company had state net operating loss carryforwards at each of December 31, 2025 and 2024. A portion of these were used in each of 2025 and 2024; however, it is unlikely that these carryforwards, which begin to expire at the end of 2028, will be fully utilized. Therefore, the Company has established a valuation allowance of \$406,000 and \$203,000 as of December 31, 2025 and 2024, respectively.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Income Taxes, continued

There are no tax positions of questionable merit that require a reserve for potential disallowance. As of December 31, 2025, neither The Plymouth Rock Company and Subsidiaries nor the Palisades Reciprocal Group was subject to federal or state examinations for tax years prior to 2022.

The Plymouth Rock Company and Subsidiaries

Income taxes on the statements of comprehensive income for 2025 and 2024 consist of:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Current year federal income taxes	\$38,293	\$26,662
Current year state income taxes	2,813	2,666
Current year foreign income taxes	98	142
Change in deferred federal taxes	9,835	(1,337)
Change in deferred state taxes	<u>36</u>	<u>(533)</u>
Subtotal	51,075	27,600
Change in deferred federal taxes on equity securities	12,753	4,590
Change in deferred state taxes on equity securities	<u>(230)</u>	<u>(242)</u>
Total tax expense/(benefit)	<u><u>\$63,598</u></u>	<u><u>\$31,948</u></u>

The reported provisions for income taxes are less than those computed by applying the federal and state income tax rates for these years to income before income taxes. The reconciliation of income tax provision for 2025 and 2024 is as follows:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Federal income taxes at statutory rate	\$67,022	\$32,286
State income taxes, net of federal tax benefit	2,222	1,332
Dividend received deduction	(2,813)	(1,077)
Research and development tax credits	(2,650)	0
Other	<u>(183)</u>	<u>(593)</u>
Total provision for income taxes	<u><u>\$63,598</u></u>	<u><u>\$31,948</u></u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Income Taxes, continued

Deferred income taxes on the balance sheets as of December 31, 2025 and 2024 consist of the net effects of these temporary differences:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Net unrealized gain on investments	\$(91,405)	\$(76,952)
Depreciation	(26,070)	(11,633)
Unearned premiums	25,188	23,649
Deferred acquisition expense	(17,970)	(17,214)
Compensation expense	15,773	12,593
Investment and partnership timing differences	(8,049)	(7,026)
Discounting of claim reserves	5,492	4,465
Net operating losses	406	203
Valuation allowance	(406)	(203)
Other	376	602
Total	<u>\$(96,665)</u>	<u>\$(71,516)</u>

Palisades Reciprocal Group

Income taxes on the statements of comprehensive income for 2025 and 2024 consist of:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Current year federal income taxes	\$10,481	\$ (8,553)
Current year state income taxes	24	3
Current year foreign income taxes	92	120
Change in deferred federal taxes	2,447	(356)
Subtotal	13,044	(8,786)
Change in deferred federal taxes on equity securities	14,345	14,346
Total tax expense/(benefit)	<u>\$27,389</u>	<u>\$ 5,560</u>

The reported provisions for income taxes are less than those computed by applying the federal and state income tax rates for these years to income before income taxes. The reconciliation of income tax provision for 2025 and 2024 is as follows:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Federal income taxes at statutory rate	\$27,720	\$ 6,326
Dividend received deduction	(969)	(877)
Other	638	111
Total provision for income taxes	<u>\$27,389</u>	<u>\$ 5,560</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Income Taxes, continued

Deferred income taxes on the balance sheets as of December 31, 2025 and 2024 consist of the net effects of these temporary differences:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Net unrealized gain on investments	\$(83,945)	\$(66,373)
Deferred acquisition expense	(21,861)	(20,787)
Unearned premiums	20,508	19,526
Discounting of claim reserves	8,205	7,566
Net operating losses	4,862	4,874
Valuation allowance	(4,712)	(4,715)
Investment and partnership timing differences	(3,102)	(331)
Guaranty fund accrual	1,646	1,646
Other	(322)	(108)
Total	<u>\$(78,721)</u>	<u>\$(58,702)</u>

7. Claims and Claim Adjustment Expense Reserves

Claim reserves represent the estimated liabilities for claims that have already been reported and for claims that have been incurred but not yet reported. Claim adjustment expense reserves represent the estimated expenses that will be required to settle these claims. Claim and claim adjustment expense reserves are presented on the balance sheets before estimated recoveries for reinsurance. There are a variety of actuarial methods used to estimate claim reserves and claim adjustment expense reserves, including paid and incurred development methods. When deciding among methods, the credibility of each method based on the maturity of the data available and the claims settlement practices for each line of insurance business or coverage within a line of insurance business is evaluated. The methods used are reviewed regularly, and any adjustments to these reserves are reflected in income currently.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Claims and Claim Adjustment Expense Reserves, continued

The Plymouth Rock Company and Subsidiaries

The following tables provide data regarding incurred and paid claims and claim adjustment expense development as of December 31, 2025, net of reinsurance, as well as the total of incurred-but-not-reported reserves and cumulative number of reported claims for recent accident years for the primary business segments. The incurred-but-not-reported reserves data shown below also include expected development on reported claims. The cumulative number of reported claims is identified at the coverage level and includes claims closed with payment, claims closed without payment, and all open claims. Five years of data are presented, as any claims and claim adjustment expense development beyond that point would be insignificant for the relatively short-tail automobile and home insurance coverages that The Plymouth Rock Company and Subsidiaries primarily write.

Automobile Insurance

(dollars in thousands)

Accident Year	Claims and Allocated Claim Adjustment Expenses Incurred, Net of Reinsurance, as of December 31,				
	2021	2022	2023	2024	2025
2021	\$351,291	\$345,486	\$339,646	\$336,310	\$ 333,511
2022		386,172	391,257	398,651	399,357
2023			452,886	470,102	472,555
2024				539,332	535,600
2025					580,039
Total					<u>\$2,321,062</u>

Accident Year	Claims and Allocated Claim Adjustment Expenses Paid, Net of Reinsurance, as of December 31,				
	2021	2022	2023	2024	2025
2021	\$212,122	\$268,555	\$292,968	\$310,307	\$ 320,762
2022		236,553	328,195	357,719	375,216
2023			284,422	389,865	422,493
2024				320,363	424,119
2025					328,283
Total					<u>\$1,870,873</u>

Net unpaid for accident years 2021 through 2025	\$ 450,189
Net unpaid for accident years prior to 2021	9,641
Net unpaid claims and allocated claim adjustment expenses	<u>\$ 459,830</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Claims and Claim Adjustment Expense Reserves, continued

Accident Year	Total Incurred- But-Not- Reported Reserves	Cumulative Number of Reported Claims	Average Annual Payout	
	2021	\$ 5,892	115,400	Year 1
2022	9,585	111,704	Year 2	20.4%
2023	17,864	118,997	Year 3	7.2%
2024	40,091	134,651	Year 4	4.8%
2025	104,312	129,645	Year 5	3.1%
			After	4.5%

Home Insurance

(dollars in thousands)

Accident Year	Claims and Allocated Claim Adjustment Expenses Incurred, Net of Reinsurance, as of December 31,				
	2021	2022	2023	2024	2025
2021	\$68,574	\$69,465	\$70,811	\$72,997	\$ 73,818
2022		75,745	78,398	78,973	79,458
2023			72,326	75,245	75,025
2024				68,717	71,232
2025					80,649
Total					\$380,182

Accident Year	Claims and Allocated Claim Adjustment Expenses Paid, Net of Reinsurance, as of December 31,				
	2021	2022	2023	2024	2025
2021	\$47,363	\$62,724	\$66,267	\$69,735	\$ 71,419
2022		42,813	67,144	72,201	75,828
2023			48,799	66,421	69,448
2024				39,896	56,728
2025					44,800
Total					\$318,223

Net unpaid for accident years 2021 through 2025	\$ 61,959
Net unpaid for accident years prior to 2021	1,320
Net unpaid claims and allocated claim adjustment expenses	<u>\$ 63,279</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Claims and Claim Adjustment Expense Reserves, continued

Accident Year	Total Incurred- But-Not- Reported Reserves	Cumulative Number of Reported Claims	Average Annual Payout	
2021	\$ 473	5,952	Year 1	61.3%
2022	1,454	4,927	Year 2	25.0%
2023	4,021	5,543	Year 3	5.1%
2024	8,993	4,206	Year 4	4.7%
2025	16,683	3,468	Year 5	2.3%
			After	1.5%

The table below provides a reconciliation of the reserves for claims and claim adjustment expenses at the beginning and at the end of the year:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Claims and allocated claim adjustment expense reserves at beginning of year	\$439,470	\$367,542
Claims and allocated claim adjustment expenses incurred:		
Current year	660,688	608,049
Prior years	(4,109)	22,228
	<u>656,579</u>	<u>630,277</u>
Claims and allocated claim adjustment expenses paid:		
Current year	373,083	360,259
Prior years	199,857	198,090
	<u>572,940</u>	<u>558,349</u>
Claims and allocated claim adjustment expense reserves at end of year	<u>523,109</u>	<u>439,470</u>
Reinsurance recoverable on unpaid claims at end of year	109,764	106,079
Unallocated claim adjustment expense reserves at end of year	39,283	35,231
Intra-group transactions	(20)	(14)
Total claims and claim adjustment expense reserves at end of year	<u>\$672,136</u>	<u>\$580,766</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Claims and Claim Adjustment Expense Reserves, continued

During the year ended December 31, 2025, reserves for claims and allocated claim adjustment expenses for prior years developed favorably by \$4.1 million. This change resulted from favorable development of \$7.2 million on automobile business, partially offset by unfavorable development of \$3.1 million on home business. During the year ended December 31, 2024, reserves for claims and allocated claim adjustment expenses for prior years developed unfavorably by \$22.2 million. This change resulted from unfavorable development of \$15.8 million and \$6.4 million on automobile and home business, respectively. Massachusetts private passenger automobile business was the largest contributor to the favorable development during 2025, driven by improvements in severity for the most recent prior accident year in both liability and physical damage. New York private passenger automobile business was the largest contributor to the unfavorable development during 2024, driven by increased estimates of bodily injury severity.

The amounts shown in the preceding table include \$96.7 million and \$94.0 million of estimated claims and claim adjustment expense reserves related to Pilgrim Insurance Company's service business as of December 31, 2025 and December 31, 2024, respectively. Offsetting amounts are included in "amounts receivable from reinsurers and pools" as assets on the balance sheets. While these policies are issued by Pilgrim Insurance Company, most of the underwriting results have been ceded either to its clients, a reinsurer, or industry pools via quota share reinsurance arrangements such that Pilgrim Insurance Company only retains a portion of the underwriting risk.

Palisades Reciprocal Group

The following tables provide data regarding incurred and paid claims and claim adjustment expense development as of December 31, 2025, net of reinsurance, as well as the total of incurred-but-not-reported reserves and cumulative number of reported claims for recent accident years for the primary business segments. The incurred-but-not-reported reserves data shown below also include expected development on reported claims. The cumulative number of reported claims is identified at the coverage level and includes claims closed with payment, claims closed without payment, and all open claims. Five years of data are presented, as any claims and claim adjustment expense development beyond that point would be insignificant for the relatively short-tail automobile and home coverages that the Palisades Reciprocal Group primarily writes.

THE PLYMOUTH ROCK COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Claims and Claim Adjustment Expense Reserves, continued

Automobile Insurance

(dollars in thousands)

Accident Year	Claims and Allocated Claim Adjustment Expenses Incurred, net of reinsurance, as of December 31,				
	2021	2022	2023	2024	2025
2021	\$521,930	\$526,657	\$519,420	\$507,413	\$ 501,161
2022		533,848	541,775	529,884	518,558
2023			566,834	566,863	563,469
2024				592,121	600,475
2025					560,220
Total					<u>\$2,743,883</u>

(dollars in thousands)

Accident Year	Claims and Allocated Claim Adjustment Expenses Paid, net of reinsurance, as of December 31,				
	2021	2022	2023	2024	2025
2021	\$252,821	\$365,446	\$428,874	\$466,317	\$ 487,042
2022		247,768	373,512	432,727	471,705
2023			260,486	385,388	457,986
2024				270,807	397,896
2025					240,508
Total					<u>\$2,055,137</u>

Net unpaid for accident years 2021 to 2025	\$ 688,746
Net unpaid for accident years prior to 2021	16,095
Net unpaid claims and allocated claim adjustment expenses	<u>\$ 704,841</u>

Accident Year	Total		Average Annual Payout	
	Incurred- But-Not- Reported Reserves	Cumulative Number of Reported Claims	Year 1	Year 2
2021	\$ 3,121	149,606	Year 1	46.5%
2022	8,965	141,313	Year 2	22.5%
2023	25,291	133,415	Year 3	12.3%
2024	66,850	126,016	Year 4	7.5%
2025	184,884	101,254	Year 5	4.1%
			After	7.0%

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Claims and Claim Adjustment Expense Reserves, continued

Home Insurance
(dollars in thousands)

Accident Year	Claims and Allocated Claim Adjustment Expenses Incurred, net of reinsurance, as of December 31,				
	2021	2022	2023	2024	2025
2021	\$125,936	\$123,554	\$124,275	\$125,422	\$124,935
2022		126,261	126,138	129,336	128,759
2023			133,919	134,394	136,045
2024				116,125	114,161
2025					110,478
Total					\$614,378

Accident Year	Claims and Allocated Claim Adjustment Expenses Paid, net of reinsurance, as of December 31,				
	2021	2022	2023	2024	2025
2021	\$ 82,451	\$110,323	\$116,330	\$120,431	\$122,475
2022		76,818	109,685	117,311	122,141
2023			87,355	118,508	123,801
2024				74,414	96,672
2025					68,007
Total					\$533,096

Net unpaid for accident years 2021 to 2025	\$ 81,282
Net unpaid for accident years prior to 2021	6,485
Net unpaid claims and allocated claim adjustment expenses	\$ 87,767

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Claims and Claim Adjustment Expense Reserves, continued

Accident Year	Total		Average Annual Payout	
	Incurred- But-Not- Reported Reserves	Cumulative Number of Reported Claims		
2021	\$ 887	16,477	Year 1	63.3%
2022	2,396	11,908	Year 2	22.6%
2023	7,149	11,167	Year 3	4.9%
2024	9,882	9,220	Year 4	3.5%
2025	21,702	7,230	Year 5	1.6%
			After	4.1%

The table below provides a reconciliation of the claims and claim adjustment expense reserves at the beginning and at the end of the year:

(dollars in thousands)	2025	2024
Claims and allocated claim adjustment expense reserve at beginning of year	\$761,431	\$725,697
Claims and allocated claim adjustment expenses incurred:		
Current year	670,698	708,246
Prior years	(23,586)	(31,637)
	<u>647,112</u>	<u>676,609</u>
Claims and allocated claim adjustment expenses paid:		
Current year	308,514	345,221
Prior years	307,421	295,652
	<u>615,935</u>	<u>640,873</u>
Claims and claim allocated adjustment expense reserve at end of year	<u>792,608</u>	<u>761,433</u>
Reinsurance recoverable on unpaid claims at end of year	28,127	27,790
Unallocated claim adjustment expense reserve at end of year	52,027	51,629
Intra-group transactions	-0-	(10)
Total claims and claim adjustment expense reserves at end of year	<u>\$872,762</u>	<u>\$840,842</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Claims and Claim Adjustment Expense Reserves, continued

During the year ended December 31, 2025, reserves for claims and allocated claim adjustment expenses for prior years developed favorably by \$23.6 million. This change resulted from favorable development of \$21.4 million in the automobile business and \$2.2 million in the home business. During the year ended December 31, 2024, reserves for claims and allocated claim adjustment expenses for prior years developed favorably by \$31.6 million. This change resulted from favorable development of \$35.6 million in the automobile business, partially offset by unfavorable development of \$4.0 million in the home business. During 2025, improvements in physical damage and property damage liability coverage claims were the largest contributors to the favorable automobile development. During 2024, improvements in the estimated severity of bodily injury and personal injury protection coverage claims were the largest contributors to the automobile development.

8. Reinsurance

Treaty reinsurance is used to reduce exposure to large losses under catastrophe, quota share, and per-risk excess-of-loss contracts that are prospective in nature. The financial condition of reinsurers and concentration of credit risk are regularly evaluated to minimize significant exposure. The ceding company remains primarily liable as the direct insurer on all of its voluntary risks.

The Plymouth Rock Company and Subsidiaries

Amounts receivable from reinsurers represent amounts recoverable for reinsured claims and claim adjustment expenses. Premiums, claims, and claim adjustment expenses, net of reinsurance activity, were as follows:

	2025		2024	
(dollars in thousands)	Premiums Written	Claims and Claim Adjustment Expenses Incurred	Premiums Written	Claims and Claim Adjustment Expenses Incurred
Gross	\$1,286,759	\$828,976	\$1,210,597	\$789,407
Ceded	(159,176)	(83,547)	(161,758)	(77,463)
Net	\$1,127,583	\$745,429	\$1,048,839	\$711,944

Ceded premiums earned for 2025 and 2024 were \$160.2 million and \$141.1 million, respectively.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Reinsurance

The Plymouth Rock Company and Subsidiaries also have treaties in place for catastrophe reinsurance for automobile and home lines of business, and per-risk excess-of-loss reinsurance for home, commercial automobile, and umbrella lines of business. During the years ended December 31, 2025 and 2024, the underwriting cost incurred for these treaties was \$39.8 million and \$39.5 million, respectively.

The Plymouth Rock Company and Subsidiaries also have in place 100% quota share reinsurance with the National Flood Insurance Program for flood coverage written on a direct basis. Premiums ceded under this program were \$586,000 and \$576,000 in 2025 and 2024, respectively, while ceded claims, claim adjustment expenses, and ceding commissions totaled \$67,000 and \$185,000, respectively.

Two subsidiaries of The Plymouth Rock Company, Plymouth Rock Assurance Corporation and Pilgrim Insurance Company, are members of Commonwealth Automobile Reinsurers (CAR), which administers pools for the Massachusetts commercial automobile residual market. Plymouth Rock Assurance Corporation and Pilgrim Insurance Company record their estimated shares of this activity based on information provided by CAR.

Pilgrim Insurance Company provides automobile insurance services to unrelated insurance companies. The statements of comprehensive income for The Plymouth Rock Company and Subsidiaries are reported net of \$111.1 million and \$93.6 million of ceded premiums earned and \$78.2 million and \$72.2 million of ceded claims and claim adjustment expenses incurred in 2025 and 2024, respectively, related to Pilgrim Insurance Company's third-party business. Pilgrim Insurance Company retains a portion of the underwriting risk relating to these third-party service arrangements and cedes the majority of the underwriting risk either to its clients, a reinsurer, or industry pools via quota share reinsurance arrangements. The statements of comprehensive income for The Plymouth Rock Company and Subsidiaries include \$19.4 million and \$12.0 million of net premiums earned in underwriting activities in 2025 and 2024, respectively, and \$16.0 million and \$11.8 million of net claims and claim adjustment expenses incurred in 2025 and 2024, respectively, for Pilgrim Insurance Company's third-party business. These retained amounts reflect 14.8% and 11.4% of direct premiums earned and 17.0% and 14.1% of direct claims and claim adjustment expenses incurred of the total activity of the business during 2025 and 2024, respectively.

THE PLYMOUTH ROCK COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Reinsurance, continued

Amounts receivable from reinsurers and pools for The Plymouth Rock Company and Subsidiaries relate primarily to Pilgrim's participation as a servicing carrier for the commercial automobile residual market pool as well its private passenger automobile residual market servicing relationships. The remaining amounts receivable from reinsurers are related to excess of loss and quota share contracts. The credit ratings of the reinsurers on these programs are regularly monitored and there are no expected credit losses recorded at either December 31, 2025 or 2024.

Palisades Reciprocal Group

Amounts receivable from reinsurers represent amounts recoverable for reinsured claims and claim adjustment expenses. Premiums, claims, and claim adjustment expenses, net of reinsurance activity, were as follows:

	2025		2024	
(dollars in thousands)	Premiums Written	Claims and Claim Adjustment Expenses Incurred	Premiums Written	Claims and Claim Adjustment Expenses Incurred
Gross	\$1,122,830	\$758,717	\$1,095,138	\$781,163
Ceded	(61,757)	(11,582)	(66,156)	(6,285)
Net	\$1,061,073	\$747,135	\$1,028,982	\$774,878

Ceded premiums earned for 2025 and 2024 were \$61.3 million and \$65.6 million, respectively.

The Palisades Reciprocal Group has in place catastrophe reinsurance for the automobile and home lines of business, and per-risk excess-of-loss reinsurance treaties on the home, commercial automobile, and umbrella lines of business. During the years ended December 31, 2025 and 2024, the underwriting cost incurred for these treaties was \$45.3 million and \$55.2 million, respectively.

The Palisades Reciprocal Group also has in place 100% quota share reinsurance with the National Flood Insurance Program for flood coverage that it writes on a direct basis. Premiums ceded under this program were \$2.1 million in both 2025 and 2024, while ceded claims, claim adjustment expenses, and ceding commissions totaled \$1.4 million and \$1.0 million, respectively.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Reinsurance, continued

Amounts receivable from reinsurers and pools for the Palisades Reciprocal Group relate primarily to excess of loss and quota share contracts. The credit ratings of the reinsurers on these programs are regularly monitored and there are no expected credit losses recorded at either December 31, 2025 or 2024.

9. Commitments and Contingencies

The Plymouth Rock Company and Subsidiaries' future lease liabilities are:

(dollars in thousands)

	<u>Commitments</u>
2026	\$2,157
2027	1,558
2028	1,121
2029	1,062
2030	965
Thereafter	<u>1,761</u>
Total	<u><u>\$8,624</u></u>

The Plymouth Rock Company and Subsidiaries incurred real estate rental expenses of \$2.5 million during both 2025 and 2024.

In addition, Plymouth Rock Management Company of New Jersey and Palisades Safety and Insurance Association entered into an agreement in September 2020 to purchase \$15.0 million of New Jersey economic redevelopment tax credits at a cost of \$14.0 million. The credits are being purchased in annual increments of \$1.5 million at an annual cost of \$1.4 million over a period of 10 years. The two annual purchases in each of 2025 and 2024 did not close until after a February 25th performance deadline that resulted in the purchase price for both the 2024 and 2023 tax year credits being reduced to \$1.2 million. The credits are expected to reduce the Palisades Reciprocal Group's premium tax liability by \$1.5 million in each of the remaining five years from 2026 through 2030.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Goodwill and Intangible Assets

The Plymouth Rock Company and Subsidiaries

The Company purchased insurance agencies in the past that resulted in goodwill of \$3.4 million at both December 31, 2025 and 2024. These purchases also gave rise to intangible assets in the form of expirations, noncompetition agreements, and brand names. Total amortization associated with intangible assets for Encharter Insurance, LLC (Massachusetts) and Encharter Insurance, LLC (Connecticut), for 2025 and 2024 was \$6,000 and \$45,000, respectively. Amortization is expected to decline from \$6,000 in 2026 to \$0 in 2027.

As part of the purchase of Plymouth Rock Assurance Preferred Corporation, Plymouth Rock Assurance Corporation acquired intangible assets with indefinite lives in the form of state licenses with a carrying value of \$263,000 at both December 31, 2025 and 2024.

As part of the purchase of Plymouth Rock Assurance Corporation of New York, Plymouth Rock Assurance Corporation acquired intangible assets with indefinite lives in the form of state licenses with a carrying value of \$310,000 at both December 31, 2025 and 2024.

In September 2023, certain subsidiaries of The Plymouth Rock Company entered into an agreement with Electric Insurance Company, an indirect subsidiary of General Electric Company, under which it acquired the rights to serve as the replacement carrier for a portion of Electric's private passenger automobile, homeowners, and umbrella business in Connecticut, Massachusetts, New Hampshire, New York, and Pennsylvania. The acquiring entities will pay a commission-based renewal rights fee based on the premium earned during the first 12 months after a policy is written by these subsidiaries. An initial payment of \$549,000 was made in 2024 and no payments were made in 2025. The final replacement carrier fee will not be determined until 2028 at the earliest. During 2024, renewal right intangible assets of \$2.5 million were accrued. During 2025, the accrual was reduced to \$2.1 million. These renewal right intangibles had a carrying value of \$1.8 million and \$2.3 million at December 31, 2025 and 2024, respectively. These intangible assets will be amortized over a period of 15 years. Amortization associated with these intangible assets was \$100,000 and \$150,000 in 2025 and 2024, respectively. Amortization is expected to be \$130,000 annually from 2026 through 2030.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Goodwill and Intangible Assets, continued

Palisades Reciprocal Group

The Palisades Reciprocal Group's purchase of Teachers Auto Insurance Company of New Jersey in 2007 resulted in goodwill of \$3.3 million, which was the carrying value at both December 31, 2025 and 2024. This purchase, along with the purchase of renewals from National General Insurance Company in 2007, also resulted in the creation of intangible assets. These intangible assets are in the form of a trademark, a state license, and renewal rights. At both December 31, 2025 and 2024, the carrying value of the trademark was \$2.4 million and the carrying value of the state license was \$150,000. These intangible assets are reviewed annually for impairment and no impairment was recorded in either 2025 or 2024. The remaining intangible assets for the renewal rights are being amortized over 20 years and had a carrying value of \$453,000 and \$824,000 at December 31, 2025 and 2024, respectively. Amortization associated with these intangible assets was \$371,000 in 2025 and \$413,000 in 2024. Amortization is expected to decline from \$333,000 in 2026 to \$0 in 2028.

As part of the purchase of AtHome Insurance Company, the Palisades Reciprocal Group acquired intangible assets in the form of state licenses. The state licenses, which are intangible assets with indefinite lives, had a carrying value of \$38,000 at both December 31, 2025 and 2024.

Certain subsidiaries of the Palisades Reciprocal Group also entered into the agreement with Electric mentioned above. These subsidiaries will serve as the replacement carrier for the remaining portion of Electric's private passenger automobile, homeowners, and umbrella business in Connecticut, New Jersey, New York, and Pennsylvania. An initial payment of \$451,000 was made in 2024 and no payments were made in 2025. During 2024, renewal right intangible assets of \$2.0 million were accrued. During 2025, the accrual was reduced to \$1.3 million. These renewal right intangibles had a carrying value of \$1.1 million and \$1.9 million at December 31, 2025 and 2024, respectively. These intangible assets will be amortized over a period of 15 years. Amortization associated with these intangible assets was \$52,000 and \$103,000 as of December 31, 2025 and 2024, respectively, and is expected to be \$86,000 annually from 2026 through 2030.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Goodwill and Intangible Assets, continued

Effective June 14, 2018, Palisades Safety and Insurance Association and Palisades Property and Casualty Insurance Company entered into an agreement with American Commerce Insurance Company and MAPFRE U.S.A. Corp. pursuant to which Palisades Safety and Insurance Association and Palisades Property and Casualty Insurance Company acquired the rights to serve as a replacement carrier for American Commerce Insurance Company's New Jersey private passenger automobile and home insurance business, respectively. Palisades Reciprocal Group paid \$800,000 related to this acquisition in 2018, with a final payment of \$1.9 million made in December 2021 based on the earned premium recorded during the first policy year. These replacement carrier rights are intangible assets that are being amortized over a period of 15 years. Amortization of \$185,000 was recorded during both 2025 and 2024, leaving carrying values of \$1.4 million and \$1.6 million at December 31, 2025 and 2024, respectively. Amortization is expected to be \$185,000 annually from 2026 through 2030.

Effective April 4, 2018, Palisades Property and Casualty Insurance Company acquired the right to serve as the replacement carrier for Pennsylvania and New York home insurance business from several entities of the Farmers Insurance Group. The purchase price for this business was based on the volume of written premium recorded during the first two policy years, with the final settlement occurring in 2022. These replacement carrier rights are intangible assets that are being amortized over a period of 15 years. The carrying value of these rights was \$559,000 and \$625,000 at December 31, 2025 and 2024, respectively. Amortization of \$66,000 and \$92,000 was recorded during 2025 and 2024, respectively. Amortization is expected to be \$66,000 annually from 2026 through 2030.

As part of the purchase of Rider Insurance Company effective October 17, 2020, Palisades Safety and Insurance Association acquired intangible assets in the form of state licenses valued at \$655,000 and the brand name valued at \$25,000. The state licenses and brand name, which are intangible assets with indefinite lives, had a carrying value of \$680,000 at both December 31, 2025 and 2024.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Fixed Assets

The table below summarizes fixed assets at December 31, 2025 and 2024.

The Plymouth Rock Company and Subsidiaries

(dollars in thousands)	<u>Useful Lives</u>	<u>2025</u>	<u>2024</u>
Computers and software development	3-5 years	\$112,530	\$149,187
Leasehold improvements	10 years	18,752	21,349
Furniture and fixtures	5-10 years	6,911	8,222
Vehicles	3 years	<u>10</u>	<u>139</u>
Total cost		138,203	178,897
Less: accumulated depreciation		<u>78,187</u>	<u>125,368</u>
Subtotal		<u>60,016</u>	<u>53,529</u>
Right-of-use of long-term leases		<u>7,233</u>	<u>6,416</u>
Net book value		<u>\$ 67,249</u>	<u>\$ 59,945</u>

Depreciation expenses incurred were \$26.3 million and \$24.4 million during 2025 and 2024, respectively.

Palisades Reciprocal Group

Palisades Reciprocal Group fixed assets are included in other assets in the balance sheets. As of December 31, 2025 and December 31, 2024, the net book value of fixed assets amounted to \$11,000 and \$14,000, respectively. Depreciation expenses incurred were \$3,000 and \$28,000 during 2025 and 2024, respectively.

THE PLYMOUTH ROCK COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Reconciliation of Net Income to Net Cash Provided by Operating Activities

The following items account for the differences between net income and net cash provided by operating activities:

The Plymouth Rock Company and Subsidiaries

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Net income	\$247,054	\$121,794
Depreciation and amortization	34,023	32,555
Deferred income taxes	10,262	(1,870)
Change in unrealized gains on equity securities, net of tax	(47,670)	(17,512)
Change in operating assets and liabilities:		
Accrued investment income	(5,144)	(2,472)
Premiums receivable	(14,470)	(46,803)
Ceded unearned premium reserves	1,017	(20,702)
Deferred acquisition costs	(3,582)	(9,963)
Amounts receivable from reinsurers and pools	(7,829)	(13,071)
Claim and claim adjustment expense reserves	91,370	100,610
Unearned premium reserves	34,272	110,576
Advance premiums	1,360	3,206
Commissions payable and accrued liabilities	29,399	7,106
Amounts payable to reinsurers	(1,441)	9,432
Unearned service fees	2,986	2,882
Prepaid expenses, agent loans, and deposits	(1,149)	641
Income tax recoverable and payable	9,126	(2,921)
Other assets and other liabilities	4,704	3,736
Net cash provided by operating activities	<u>\$384,288</u>	<u>\$277,224</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Reconciliation of Net Income to Net Cash Provided by Operating Activities, continued

Palisades Reciprocal Group

(dollars in thousands)

	<u>2025</u>	<u>2024</u>
Net income	\$104,611	\$24,563
Depreciation and amortization	692	807
Deferred income taxes	2,447	(356)
Change in unrealized gains on equity securities, net of tax	(53,966)	(53,969)
Change in operating assets and liabilities:		
Accrued investment income	(1,438)	(1,750)
Premiums receivable	(6,751)	(5,734)
Ceded unearned premium reserves	(417)	(558)
Deferred acquisition costs	(5,327)	(3,700)
Amounts receivable from reinsurers and pools	(579)	2,152
Claim and claim adjustment expense reserves	31,910	33,292
Unearned premium reserves	23,911	23,052
Advance premiums	(106)	2,378
Commissions payable and accrued liabilities	(1,314)	984
Amounts payable to reinsurers	(1,380)	(2,788)
Income tax recoverable and payable	305	(3,859)
Other assets and other liabilities	<u>11,232</u>	<u>(8,551)</u>
Net cash provided by operating activities	<u>\$103,830</u>	<u>\$ 5,963</u>

13. Secured Loans

SRB Corporation had in place a \$2.5 million line of credit with a bank as of December 31, 2025, up from \$2.0 million as of December 31, 2024. The Plymouth Rock Company had pledged to the bank, as collateral, securities which had a market value of \$5.3 million as of December 31, 2025 and \$4.8 million as of December 31, 2024. Interest expense and commitment fees of \$15,000 and \$4,000 were incurred on this line during 2025 and 2024, respectively.

14. Subsequent Events

Subsequent events have been evaluated from December 31, 2025 through March 10, 2026. No material subsequent events have been identified.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Consolidated Revenues

Revenues, net of reinsurance, by company or group for 2025 and 2024 were:

(dollars in thousands)	2025	2024
Underwriting company revenues:		
Plymouth Rock Assurance Group	\$1,006,088	\$ 866,725
Plymouth Rock Home Assurance Group	180,453	135,791
Palisades Reciprocal Group	1,120,492	1,032,813
Subtotal	2,307,033	2,035,329
Management company revenues:		
The Plymouth Rock Company	185,989	227,870
SRB Corporation	77,854	75,187
Encharter	5,769	5,338
Plymouth Rock Management Company of New Jersey	261,431	255,897
Subtotal	531,043	564,292
Eliminations with subsidiaries of The Plymouth Rock Company:		
Dividends	(205,249)	(236,256)
Other	(18,808)	(23,774)
Subtotal	(224,057)	(260,030)
Elimination of intra-group transactions	(262,901)	(256,972)
Total revenues before unrealized gains on equity securities	\$2,351,118	\$2,082,619

The reference above to Plymouth Rock Assurance Group refers to the combined revenue of Plymouth Rock Assurance Corporation, Plymouth Rock Assurance Corporation of New York, Plymouth Rock Assurance Preferred Corporation, Pilgrim Insurance Company, and Mt. Washington Assurance Corporation. The reference above to Plymouth Rock Home Assurance Group refers to the combined revenue of Plymouth Rock Home Assurance Corporation, Bunker Hill Insurance Company, Bunker Hill Insurance Casualty Company, Bunker Hill Preferred Insurance Company and Bunker Hill Property Insurance Company.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Compensation Plans

The Plymouth Rock Company and Subsidiaries maintain a plan under Section 401(k) of the Internal Revenue Code. This plan is a defined contribution plan that covers all employees. Expenses of \$13.2 million and \$13.1 million were incurred related to this plan during 2025 and 2024, respectively. Deferred compensation plans have been established at The Plymouth Rock Company and several of its subsidiaries for officers, directors, and managers, other than the founding shareholders. In general, these plans provide for a rate of return on deferred compensation equal each year to the return on equity earned by The Plymouth Rock Company and Subsidiaries that year. Incurred expenses related to these plans were \$9.2 million and \$5.7 million during 2025 and 2024, respectively.

During 2024, 3,281 stock appreciation units granted on June 1, 2019 fully vested, based on financial performance during the 60-month vesting period with an appraised value of \$21,310 for The Plymouth Rock's Class A common shares. These awards were exercised for a combination of common stock of The Plymouth Rock Company and cash. Based on financial performance, expense of \$1.6 million was recorded related to these units during 2024.

Under a plan approved on June 13, 2024, stock incentive awards of 3,710 shares were granted to certain officers. These awards vest in 2029 contingent upon certain financial performance and service requirements being met. On the basis of financial performance, expenses of \$8.2 million and \$7.3 million were recorded related to these awards during 2025 and 2024, respectively.

For awards to be exercised for common stock of The Plymouth Rock Company, the cost to the Company is determined using the Black-Scholes valuation model.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income

A. Marketable Securities

The Plymouth Rock Company and Subsidiaries

At December 31, 2025 and 2024, amortized cost, unrealized gains and losses before federal income taxes, and market value of marketable fixed income securities classified as available for sale and marketable common stocks were as follows:

At December 31, 2025: (dollars in thousands)	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Market Value</u>
U.S. government securities	\$ 73,943	\$ 552	\$ 55	\$ 74,440
Corporate debt securities	903,889	10,319	804	913,404
Asset-backed securities	6	-0-	-0-	6
Common stocks	<u>563,575</u>	<u>424,030</u>	<u>552</u>	<u>987,053</u>
Total	<u>\$1,541,413</u>	<u>\$434,901</u>	<u>\$ 1,411</u>	<u>\$1,974,903</u>

At December 31, 2024: (dollars in thousands)	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Market Value</u>
U.S. government securities	\$ 39,502	\$ 61	\$ 307	\$ 39,256
Corporate debt securities	532,179	1,877	3,407	530,649
Asset-backed securities	9	-0-	-0-	9
Common stocks	<u>636,978</u>	<u>377,653</u>	<u>14,367</u>	<u>1,000,264</u>
Total	<u>\$1,208,668</u>	<u>\$379,591</u>	<u>\$18,081</u>	<u>\$1,570,178</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income, continued

A. Marketable Securities, continued

At December 31, 2025 and 2024, maturities of marketable securities by due date category were as follows:

(dollars in thousands)	2025		2024	
	Amortized Cost	Market Value	Amortized Cost	Market Value
90 days or less	\$ 130,522	\$ 130,883	\$ 27,957	\$ 27,933
After 90 days and in one year or less	381,030	385,323	71,273	71,118
After one year and in five years or less	443,963	449,184	453,043	451,687
After five years and in 10 years or less	22,317	22,454	19,408	19,167
Asset-backed securities	6	6	9	9
Common stocks	563,575	987,053	636,978	1,000,264
Total	\$1,541,413	\$1,974,903	\$1,208,668	\$1,570,178

At December 31, 2025 and 2024, common stocks that had been in an unrealized loss position for longer than twelve months had a total market value of \$0.7 million and \$0.8 million, respectively. Gross unrealized losses related to these common stocks were \$0.2 million and \$0.1 million at December 31, 2025 and 2024, respectively. All marketable fixed income securities are classified as available for sale. At December 31, 2025 and 2024, marketable fixed income securities classified as available for sale that had been in an unrealized loss position for longer than twelve months had a total market value of \$25.6 million and \$78.8 million, respectively. Gross unrealized losses related to these securities were \$0.2 million and \$1.8 million at December 31, 2025 and 2024, respectively.

Palisades Reciprocal Group

At December 31, 2025 and 2024, amortized cost, unrealized gains and losses before federal income taxes, and market value of marketable fixed income securities classified as available for sale and marketable common stocks were as follows:

At December 31, 2025: (dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. government securities	\$ 19,272	\$ 106	\$ 19	\$ 19,359
Corporate debt securities	1,036,155	14,030	1,052	1,049,133
Asset-backed securities	24	-0-	-0-	24
Common stocks	448,061	386,765	92	834,734
Total	\$1,503,512	\$400,901	\$1,163	\$1,903,250

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income, continued

A. Marketable Securities, continued

At December 31, 2024: (dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. government securities	\$ 17,234	\$ 20	\$ 270	\$ 16,984
Corporate debt securities	929,438	5,647	7,752	927,333
Asset-backed securities	31	-0-	-0-	31
Common stocks	425,112	327,012	8,629	743,495
Total	<u>\$1,371,815</u>	<u>\$332,679</u>	<u>\$16,651</u>	<u>\$1,687,843</u>

At December 31, 2025 and 2024, maturities of marketable securities by due date category were as follows:

(dollars in thousands)	2025		2024	
	Amortized Cost	Market Value	Amortized Cost	Market Value
90 days or less	\$ 226,597	\$ 226,923	\$ 38,280	\$ 38,160
After 90 days and in one year or less	423,234	430,044	171,657	170,523
After one year and in five years or less	391,697	397,346	695,245	694,671
After five years and in 10 years or less	13,899	14,179	41,468	40,963
Asset-backed securities	24	24	31	31
Common stocks	448,061	834,734	425,134	743,495
Total	<u>\$1,503,512</u>	<u>\$1,903,250</u>	<u>\$1,371,815</u>	<u>\$1,687,843</u>

The Company did not hold any common stocks that have been in an unrealized loss position for longer than twelve months at either December 31, 2025 or 2024. All marketable fixed income securities are classified as available for sale. At December 31, 2025 and 2024, marketable fixed income securities classified as available for sale that had been in an unrealized loss position for longer than twelve months had a total market value of \$68.0 million and \$205.6 million, respectively. Gross unrealized losses related to these securities were \$0.6 million and \$5.2 million at December 31, 2025 and 2024, respectively.

B. Non-Marketable Securities

The Plymouth Rock Company sold its only investment in privately held stock during 2024 for \$20.7 million, which resulted in a realized gain of \$20.6 million.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income, continued

C. Alternative Equity Investments

Investments in marketable alternative equities include positions in entities that focus on a diverse range of investment strategies. Substantially all investments made by these entities are in publicly traded securities, and investors have contractual rights to withdraw funds from these entities each year. At December 31, 2025 and 2024, The Plymouth Rock Company and Subsidiaries recorded values of \$17,000 and \$3.1 million, respectively, for these marketable alternative equity investments. At December 31, 2025 and 2024, the Palisades Reciprocal Group recorded values of \$40,000 and \$3.0 million, respectively, for these marketable alternative equity investments.

Non-marketable alternative equity investments include interests in partnerships that invest in companies that are not publicly traded. These investments are valued by applying the equity method to values in their most recently available financial statements. The Plymouth Rock Company and Subsidiaries recorded values for non-marketable alternative equity investments of \$44.9 million and \$50.2 million at December 31, 2025 and 2024, respectively. The Palisades Reciprocal Group recorded values for non-marketable alternative equity investments of \$172,000 and \$169,000 at December 31, 2025 and 2024, respectively.

As of December 31, 2025, The Plymouth Rock Company and Subsidiaries had commitments outstanding to invest \$47.8 million in seven private equity funds – three with Lindsay Goldberg, one with Dover Street, one with F3 Partners, and two with Link Ventures. The Chairman of The Plymouth Rock Company is a member of the general partnership that manages the Lindsay Goldberg funds.

As of December 31, 2025, the Palisades Reciprocal Group had commitments outstanding to invest \$88,000 in private equity funds with Dover Street.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income, continued

D. Fair Value Measurements

Cash, cash equivalents, and investment securities are valued using a variety of accounting methods, including fair value, cost and the equity method. The estimates of fair value for these assets have been derived from a variety of sources. Published market prices are used to value assets that are actively traded and for which market prices are readily observable. The values of assets that are not actively traded are determined from other available market data even though trade prices are not published. The fair values of assets where market data is unavailable are estimated using internal and external judgments.

The Plymouth Rock Company and Subsidiaries

Cash, cash equivalents, and investment securities totaled \$2,031 million and \$1,674 million at December 31, 2025 and 2024, respectively. Assets in this category valued using either the equity method or the cost method totaled \$44.9 million and \$53.4 million, respectively, at December 31, 2025 and 2024. The fair value of the other assets in this category totaled \$1,986 million and \$1,620 million at December 31, 2025 and 2024, respectively.

The fair value measurements for these assets are categorized as follows:

At December 31, 2025: (dollars in thousands)	Based on Quoted Prices	Determined from Other Available Market Data	Estimated Using Internal and External Judgments	Total
Cash and cash equivalents	\$ 11,087	\$ -0-	\$-0-	\$ 11,087
U.S. government securities	74,440	-0-	-0-	74,440
Corporate debt securities	-0-	913,404	-0-	913,404
Asset-backed securities	-0-	6	-0-	6
Marketable common stocks	987,053	-0-	-0-	987,053
Total fair value	<u>\$1,072,580</u>	<u>\$913,410</u>	<u>\$-0-</u>	\$1,985,990
Assets valued using either the equity method or the cost method				<u>44,886</u>
Total value of cash, cash equivalents, and investment securities				<u>\$2,030,876</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income, continued

D. Fair Value Measurements, continued

At December 31, 2024: (dollars in thousands)	Based on Quoted Prices	Determined from Other Available Market Data	Estimated Using Internal and External Judgments	Total
Cash and cash equivalents	\$ 50,260	\$ -0-	\$-0-	\$ 50,260
U.S. government securities	39,256	-0-	-0-	39,256
Corporate debt securities	-0-	530,649	-0-	530,649
Asset-backed securities	-0-	9	-0-	9
Marketable common stocks	1,000,264	-0-	-0-	1,000,264
Total fair value	<u>\$1,089,780</u>	<u>\$530,658</u>	<u>\$-0-</u>	<u>\$1,620,438</u>
Assets valued using either the equity method or the cost method				<u>53,392</u>
Total value of cash, cash equivalents, and investment securities				<u>\$1,673,830</u>

Palisades Reciprocal Group

Cash, cash equivalents, and investment securities totaled \$1,906 million and \$1,721 million at December 31, 2025 and 2024, respectively. Assets in this category that are valued using either the equity method or the cost method totaled \$0.2 million and \$3.2 million at December 31, 2025 and 2024, respectively. The fair values of the other assets in this category totaled \$1,906 million and \$1,717 million at December 31, 2025 and 2024, respectively.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income, continued

D. Fair Value Measurements, continued

The fair value measurements for these assets are categorized as follows:

At December 31, 2025: (dollars in thousands)	Based on Quoted Prices	Determined from Other Available Market Data	Estimated Using Internal and External Judgments	Total
Cash and cash equivalents	\$ 2,508	\$ -0-	\$-0-	\$ 2,508
U.S. government securities	19,359	-0-	-0-	19,359
Corporate debt securities	-0-	1,049,133	-0-	1,049,133
Asset-backed securities	-0-	24	-0-	24
Marketable preferred stocks	-0-	-0-	-0-	-0-
Marketable common stocks	834,734	-0-	-0-	834,734
Total fair value	<u>\$856,601</u>	<u>\$1,049,157</u>	<u>\$-0-</u>	\$1,905,758
Assets valued using either the equity method or the cost method				<u>212</u>
Total value of cash, cash equivalents, and investment securities				<u>\$1,905,970</u>

At December 31, 2024: (dollars in thousands)	Based on Quoted Prices	Determined from Other Available Market Data	Estimated Using Internal and External Judgments	Total
Cash and cash equivalents	\$ 29,627	\$ -0-	\$-0-	\$ 29,627
U.S. government securities	16,984	-0-	-0-	16,984
Corporate debt securities	-0-	927,333	-0-	927,333
Asset-backed securities	-0-	31	-0-	31
Marketable preferred stocks	-0-	-0-	-0-	-0-
Marketable common stocks	743,495	-0-	-0-	743,495
Total fair value	<u>\$790,106</u>	<u>\$927,364</u>	<u>\$-0-</u>	\$1,717,470
Assets valued using either the equity method or the cost method				<u>3,238</u>
Total value of cash, cash equivalents, and investment securities				<u>\$1,720,708</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income, continued

E. Analysis of Investment Income and Capital Gains

The Plymouth Rock Company and Subsidiaries

The components of investment income and capital gains before federal income taxes during 2025 and 2024 were as follows:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Interest income and dividends from securities	\$ 54,313	\$ 37,774
Earnings from alternative equity investments	3,574	6,566
Rental income	5,895	4,378
Installment fees on premiums receivable	<u>7,667</u>	<u>7,369</u>
Gross investment income	71,449	56,087
Rental expenses	(4,038)	(3,547)
Investment expenses	<u>(5,393)</u>	<u>(4,928)</u>
Investment income	62,018	47,612
Net realized capital gains (losses)	<u>63,712</u>	<u>32,214</u>
Investment income and capital gains before unrealized gains on equity securities	125,730	79,826
Change in unrealized gains on equity securities	<u>60,192</u>	<u>21,860</u>
Investment income and capital gains	<u>\$185,922</u>	<u>\$101,686</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income, continued

E. Analysis of Investment Income and Capital Gains, continued

Palisades Reciprocal Group

The components of investment income and capital gains before federal income taxes during 2025 and 2024 were as follows:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Interest income and dividends from securities	\$ 64,812	\$ 57,123
Earnings from alternative equity investments	100	1,738
Installment fees on premiums receivable	<u>2,105</u>	<u>2,308</u>
Gross investment income	67,017	61,169
Investment expenses	<u>(11,581)</u>	<u>(11,273)</u>
Investment income	55,436	49,896
Net realized capital gains (losses)	<u>24,173</u>	<u>(26,230)</u>
Investment income and capital gains before unrealized gains on equity securities	79,609	23,666
Change in unrealized gains on equity securities	<u>68,312</u>	<u>68,315</u>
Investment income and capital gains	<u>\$147,921</u>	<u>\$ 91,981</u>

F. Investment Activity

The Plymouth Rock Company and Subsidiaries

Activity in investment securities during 2025 and 2024 was as follows:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$1,623,570	\$1,510,288
Change in marketable securities:		
Proceeds from maturities	(102,739)	(71,166)
Proceeds from sales	(639,553)	(500,765)
Purchases	<u>1,075,037</u>	<u>721,411</u>
Net change in marketable securities	332,745	149,480
Net change in alternative equity investments	<u>(8,506)</u>	<u>(48,982)</u>
Net investment activity	324,239	100,498
Net change in unrealized gain on securities	<u>71,980</u>	<u>12,784</u>
Balance at end of year	<u>\$2,019,789</u>	<u>\$1,623,570</u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment Securities and Investment Income, continued

F. Investment Activity, continued

Palisades Reciprocal Group

Activity in investment securities during 2025 and 2024 was as follows:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$1,691,081	\$1,629,010
Change in marketable securities:		
Proceeds from maturities	(217,030)	(134,958)
Proceeds from sales	(445,064)	(400,905)
Purchases	<u>793,823</u>	<u>568,790</u>
Net change in marketable securities	131,729	32,927
Net change in alternative equity investments	<u>(3,026)</u>	<u>(45,953)</u>
Net investment activity	128,703	(13,026)
Net change in unrealized gain on securities	<u>83,678</u>	<u>75,097</u>
Balance at end of year	<u><u>\$1,903,462</u></u>	<u><u>\$1,691,081</u></u>

18. Real Estate

At December 31, 2025 and 2024, The Plymouth Rock Company and Subsidiaries owned properties located at 695 Atlantic Avenue and 711 Atlantic Avenue in Boston, and at 581 Main Street in Woodbridge, New Jersey. Building improvement costs of \$6.1 million and \$5.8 million were incurred in 2025 and 2024, respectively. The table below summarizes the real estate costs and carrying values at December 31, 2025 and 2024:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Land	\$ 38,634	\$ 38,634
Buildings, improvements, and other	<u>191,460</u>	<u>185,332</u>
Total cost	230,094	223,966
Less: accumulated depreciation	<u>57,835</u>	<u>50,207</u>
Net book value	<u><u>\$172,259</u></u>	<u><u>\$173,759</u></u>

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Real Estate, continued

Rental income from lessees other than The Plymouth Rock Company and Subsidiaries totaled \$5.9 million and \$4.4 million in 2025 and 2024, respectively. For each of the years 2026 through 2030, minimum annual rent receivable by The Plymouth Rock Company and Subsidiaries is \$1.4 million. Total obligations to The Plymouth Rock Company and Subsidiaries from non-affiliated lessees through 2030 are \$15.5 million. Buildings and improvements are depreciated over their useful lives, which range from three to 39 years.

19. Stockholders' Equity

A. Common Stock

Common stock of The Plymouth Rock Company at December 31, 2025 and 2024 is composed of Class A common shares and Class B common shares, with shares of both classes having a par value of \$0.10 each. There are 300,000 Class A common shares authorized, 59,784 were issued and outstanding at both December 31, 2025 and 2024.

There are 90,000 Class B common shares authorized, of which 59,783 were issued and outstanding at both December 31, 2025 and 2024. The Class A common shares are fully transferable and have the right to elect 20 percent of the Board of Directors. The Class B common shares are not transferable without prior approval by the Board of Directors but may be converted to Class A common shares on a one-for-one basis at any time at the option of the holder and are converted automatically upon the occurrence of certain events. The Class B common shares have the right to elect 80 percent of the Board of Directors, a right which has never been exercised in full. Presently, two directors are elected by the Class B shareholders and all other directors are elected by the Class A shareholders.

Following a plan approved by the Board of Directors, The Plymouth Rock Company purchased and subsequently retired 4,600 outstanding shares of its Class A common stock held by one shareholder at a cost of \$77.2 million during 2024. This transaction was funded through the liquidation of investment securities.

B. Statutory Surplus and Dividend Availability

Insurance subsidiaries are required to file financial statements with state insurance departments. The accounting principles prescribed or permitted for these financial statements differ in certain respects from accounting principles generally accepted in the United States of America.

THE PLYMOUTH ROCK COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Stockholders' Equity, continued

B. Statutory Surplus and Dividend Availability, continued

On a statutory accounting basis, capital and surplus of the insurance company subsidiaries of The Plymouth Rock Company totaled \$773.2 million and \$644.0 million at December 31, 2025 and 2024, respectively. The combined net income of these subsidiaries on a statutory accounting basis was \$124.3 million and \$30.7 million as of December 31, 2025 and 2024, respectively.

Capital and surplus of the insurance companies in the Palisades Reciprocal Group totaled \$692.8 million and \$592.9 million at December 31, 2025 and 2024, respectively. These insurance companies reported a combined net income on a statutory accounting basis of \$44.8 million in 2025 and a combined net loss of \$32.1 million in 2024.

Regulatory limitations restrict the amount of dividends that can be paid by the insurance companies owned by The Plymouth Rock Company and the insurance companies in the Palisades Reciprocal Group without the permission of state insurance regulators.

C. Earnings Per Share

Earnings per share of common stock are computed by dividing net income by the weighted average number of shares of common stock outstanding throughout the year.

Directors and Officers of The Plymouth Rock Company

Directors

James M. Stone, *Chairman*

James N. Bailey

Hal Belodoff

Wilmot H. Kidd, III

Andrew A. McElwee, Jr.

Norman L. Rosenthal

Sandra A. Urie

Sir Peter J. Wood

Officers

James M. Stone
Chief Executive Officer

Andrew A. McElwee, Jr.
President and Chief Operating Officer

William D. Hartranft
Treasurer

Erin R. Macgowan
Secretary and Vice President

Mary A. Sprong
Vice President

Directors and Officers of the Principal Plymouth Rock Companies

Non-Management Directors

James N. Bailey

Hal Belodoff

Donald I. Bryan

Anthony J. DeSantis

Colleen M. Granahan

John C. Hill

Neil N. Jasey

Wilmot H. Kidd, III

Daniel R. Rasmussen

Norman L. Rosenthal

Sandra A. Urie

Sir Peter J. Wood

Howard R. Goldberg

William D. Hartranft

Stephen G. Kalinsky

Brendan M. Kirby

Scott N. Kwiker

Andrew J. Leeds

Erin R. Macgowan

Max E. Malaret

Richard J. Mariani

Wilbur L. Martin IV

Andrew A. McElwee, Jr.

Gavin S. McPhail

Louis C. Palomeque

David L. Pearlmutter

Elliott T. Seaborn

Amanda J. Smith

Mary A. Sprong

James M. Stone

Rachel M. Switchenko

Barry O. Tagen

Ethan F. Tarby

Heather M. Trindade

David J. Walsh

Kevin T. Zygmunt

Management Directors and Corporate Officers

Richard F. Adam

David V. Bartolotta

Brooke M. Bass

Andrew D. Brown

Frederick C. Childs

Andrew T. DeCicco

Lauren E. Dwyer

Robert H. Easton

Colleen N. Finn

Counsel:

Ropes & Gray LLP

Independent Auditor:

PricewaterhouseCoopers LLP