



STONETRUST[®]
WORKERS' COMPENSATION
RELIABILITY. EVERY STEP OF THE WAY.

2022 ANNUAL REPORT

STONETRUSTINSURANCE.COM



RATED A-
EXCELLENT



DEAR AGENCY PARTNERS,

WE DID IT! STONETRUST COMMERCIAL INSURANCE COMPANY IS NOW RATED A- EXCELLENT BY AM BEST.

We are extremely excited and proud to share this wonderful news with you. Although it has been quite a journey, we knew with your extraordinary commitment and loyalty that we would eventually achieve this goal. We appreciate your support and the trust that you have given us through the years. This is a benchmark milestone for our company and an accomplishment that we humbly share with all of you. Thank you for your commitment to our success. We believe the best is yet to come!

As we approach our 29th anniversary, we are exceeding our annual plan projections and have continued our strong trend of operating performance. Working in partnership with you, we grew our overall premium writings by more than 5% last year. We also entered new markets in Alabama and Kansas, launched a new operating system, and grew surplus from \$98 million to more than \$140 million. With your support and the great relationship that we enjoy with Francis Chou and Wintaai Holdings, we have established a strong synergy that has expanded our financial structure and allowed us to broaden our vision for the future. 2021 is now considered the most successful year in Stonetrust history!

As you will see in this year's financial report, we achieved net premium income of \$44.8 million in 2021, which exceeded our target of \$42.9 million. Our Net Loss and LAE ratio was 25.1% and our calendar year combined ratio was a phenomenal 67.2%, which resulted in a net underwriting income of \$14.6 million. We also achieved policy retention of 85% and premium retention of 80%, which exceeded targets for both measures. Our net investment gain was \$15.4 million and overall net income was \$25.3 million. Last year, total assets for Stonetrust grew from \$208.1 million to \$254.1 million.

This past December, we launched a new operating system that improved our efficiency and provided you with more direct access to your Stonetrust account policy data. This new system will soon add more automation and analytics into our claims and underwriting processes and improve our responsiveness and ease of doing business. With the addition of Alabama and Kansas, we are now operating in ten states and are planning for entry into Iowa and Georgia this year. We are also extremely excited about the launch of Stonetrust Premier as a new competitive pricing option to help you write more Stonetrust business.

Stonetrust continues to perform exceptionally well, and we are looking forward to the opportunities created by our new A- rating. Our vision is to be the premier or "First Choice" workers' compensation carrier for all our agents and policyholders. Although the current market environment remains extremely competitive, we have built a solid reputation as a financially strong company that is easy to work with and committed to outperforming our peers. Because of the talented team that we have assembled at Stonetrust and the support that we receive from all of you, my expectation is that we will achieve another strong result in 2022!

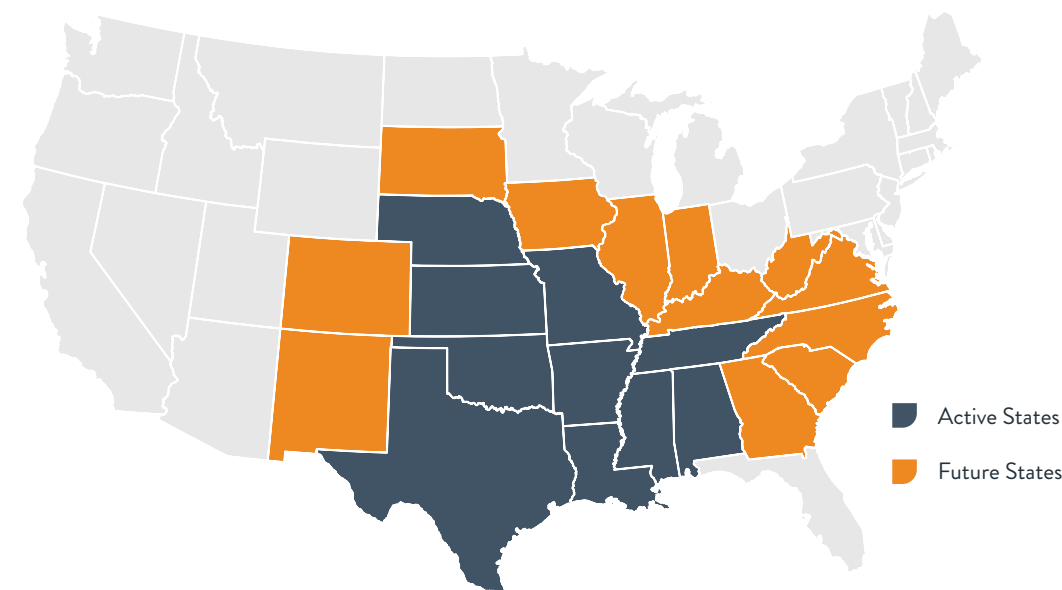
Thank you for your loyalty and extraordinary commitment to our success. We are extremely proud to be your A- rated workers' compensation partner!

Sincerely,

Michael G. Dileo

Michael G. Dileo, CPCU
President and Chief Executive Officer

STONETRUST MARKETS



2022 PRESS RELEASE

AM BEST UPGRADES CREDIT RATINGS OF MEMBERS OF STONETRUST INSURANCE GROUP

June 08, 2022 01:55 PM (EDT)

Oldwick //BestWire// - **AM Best** has upgraded the Financial Strength Rating (FSR) to **A- (Excellent)** from B++ (Good) and the Long-Term Issuer Credit Ratings (Long-Term ICR) to "a-" (Excellent) from "bbb+" (Good) of Stonetrust Commercial Insurance Company and its reinsured subsidiary, Stonetrust Premier Casualty Insurance Company. The outlook of these Credit Ratings (ratings) has been revised to stable from positive. The companies are domiciled in Omaha, NE, and are known collectively as Stonetrust Insurance Group.

The ratings reflect Stonetrust Insurance Group's balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management (ERM).

The rating upgrades reflect sustained improvement in the group's overall balance sheet strength. The group has maintained the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), adhering to internal targets set by

management. Furthermore, the surplus position has been enriched consistently by income derived from underwriting activities. Loss reserve development has been consistently favorable since management implemented more-robust guidelines regarding the carried position, as well as further emphasis put on its comprehensive claims closure strategy, which has materially reduced the number of open claims from older accident years. Partially offsetting these favorable attributes are elevated positions in more-volatile asset classes, marked by a common stock leverage that compares unfavorably with the composite average. However, management is expected to maintain close controls over the portfolio to mitigate potential volatility and actively monitor risk appetites and tolerances.

The group's adequate operating performance has benefited from profitability initiatives geared toward refining the classes of business written, as well as a commitment to safety and loss prevention strategies. The group's limited profile reflects its product and geographic concentration as a monoline workers' compensation writer primarily in a few key states. Nonetheless, the group continues to expand geographically in an effort to improve diversification. The group maintains an appropriate ERM program to mitigate risk exposure, which is overseen by an ERM steering committee.

STONETRUST GROUP FINANCIAL REPORT

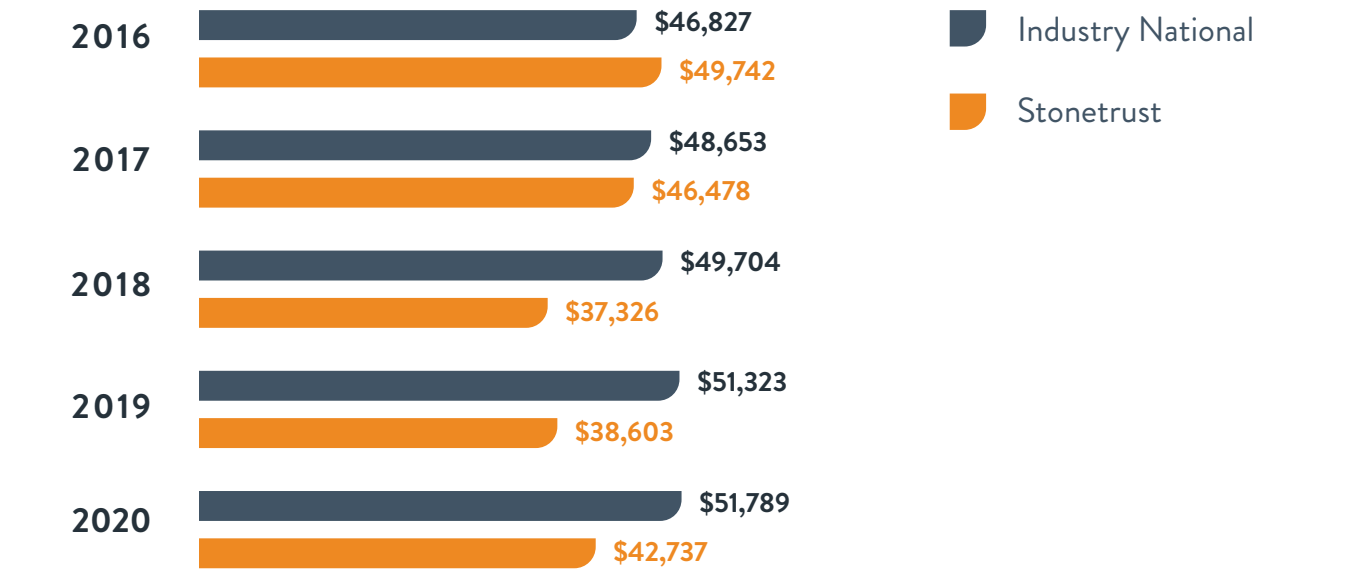
STATEMENT OF INCOME (\$000)	12/31/2021	12/31/2020
Net Premiums Earned	44,777	42,733
Losses Incurred	7,975	14,473
Loss Adjustment Expenses Incurred	3,240	4,275
Other Underwriting Expenses Incurred	18,973	18,284
Net Underwriting Gain	14,589	5,701
Net Investment Gain	15,373	7,979
Other Income	18	(15)
Income Tax Expense	4,640	2,465
NET INCOME	25,340	11,200

CAPITAL AND SURPLUS ACCOUNT (\$000)	12/31/2021	12/31/2020
Surplus as regards Policyholders, Dec. 31 prior year	97,726	84,446
Net Income	25,340	11,200
Change in Non-Admitted Assets	535	(213)
Change in Net Unrealized Gains and Losses	17,283	5,402
Other Changes	(82)	(3,109)
TOTAL SURPLUS	140,802	97,726

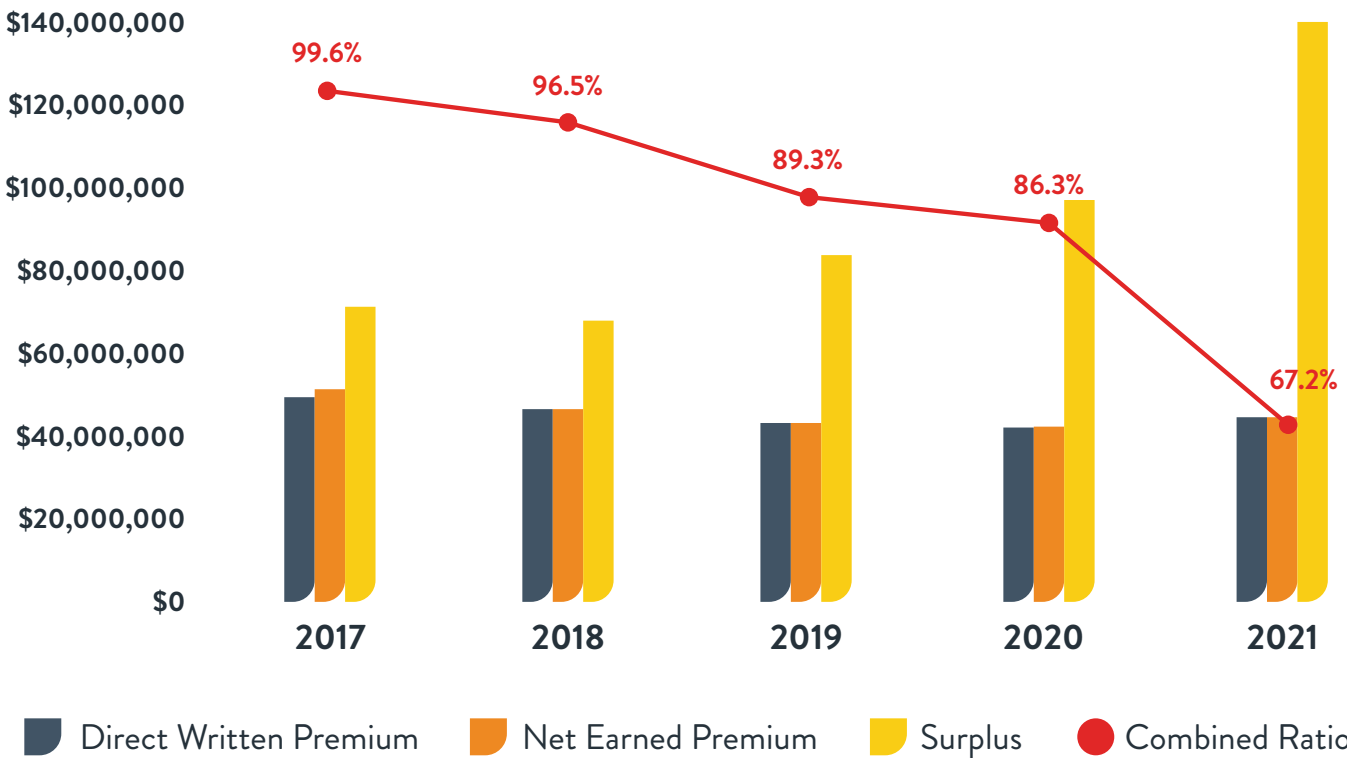
ASSETS (\$000)	12/31/2021	12/31/2020
Bonds	51,421	60,656
Common Stocks	96,495	59,832
Preferred Stocks	1,149	-
Real Estate	-	-
Cash and Short-Term Investments	82,666	63,564
Other Invested Assets	4,179	2,965
Receivables for Securities	-	3,705
TOTAL INVESTED ASSETS	235,910	190,722
Premiums and Considerations	15,114	14,951
Investment Income Due	682	1,056
Other Assets	2,438	1,326
TOTAL ASSETS	254,144	208,055

LIABILITIES AND POLICYHOLDERS' SURPLUS (\$000)	12/31/2021	12/31/2020
Unpaid Loss and Loss Adjustment Expenses	71,334	76,872
Unearned and Advance Premiums	19,993	19,657
Taxes, Licenses and Fees (Excluding Fed Income Taxes)	3,906	3,373
Net Deferred Tax Liability	7,805	3,128
Commissions Payable	1,194	1,425
Other Liabilities	9,110	5,874
TOTAL LIABILITIES	113,342	110,329
TOTAL POLICYHOLDERS' SURPLUS	140,802	97,726
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	254,144	208,055

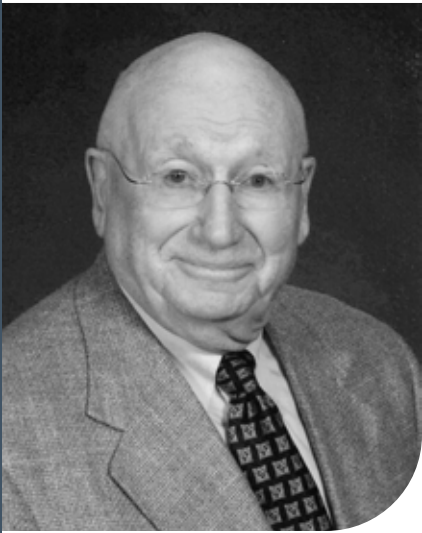
AVERAGE LOST TIME CLAIM COST BY ACCIDENT YEAR



5 YEAR FINANCIAL SUMMARY



A TRIBUTE TO **GLEN GRIGSBY**



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When I arrived at Stonetrust as the new Vice President of Underwriting in 2010, Glen was already starting to think about his final retirement years. I was extremely fortunate to have the opportunity to work closely with him. To his credit, he understood the importance of introducing me to all the agents that were contracted with Stonetrust at that time. Even though he did not really know me at first, he introduced me to everyone like he had been knowing me for many years and made sure to give everyone his endorsement of the “new guy” at Stonetrust. That meant a lot to me, and it really helped me to get off to a good start. He did not have to help me, but he did it anyway. But that was the way Glen operated and that is why everybody loved him!

- MIKE DILEO

Stonetrust President/CEO

In 1964, Glen Grayson Grigsby started his insurance career that spanned 48 years when William A. Marbury offered him a job at the Employers Group, which later became Commercial Union. Glen began his career as an underwriting trainee and worked for Commercial Union for 30 years. He attended Commercial Union’s workers’ compensation, marine training, and general liability schools in New York and Boston and later served as a marine department head. At the end of his time with Commercial Union, Glen was the commercial lines manager for the regional office in Ruston, Louisiana – the largest of the Commercial Union regional offices and the only one located in a small town.

After his retirement from Commercial Union in 1994, Tim Dietrich hired Glen to help develop the Louisiana Associated Commercial Employers Self Insured Fund (LACE-SIF) – the workers’ compensation self-insured fund that Dietrich started in 1993. Glen immediately went to work leveraging the agency relationships he had built while at Commercial Union to create the company’s agency distribution network. As LACE-SIF eventually evolved into Stonetrust Commercial Insurance Company in 2006, Glen led the company’s initial territorial expansion from Louisiana into Arkansas, Oklahoma, Mississippi, and Texas.

Glen’s compelling reputation, character, and persistence sold agents on the idea that Stonetrust could be a new and different type of workers’ compensation company dedicated to building strong partnerships with agents. Many agents were willing to take the risk of contracting with a new carrier solely because they trusted and respected Glen Grigsby’s word. While much has changed in the last 29 years, Stonetrust’s commitment to prioritizing relationships with its agency partners has not. The strong relationships that Glen built were the foundation that supported Stonetrust through challenging times and these relationships continue to support Stonetrust today as it approaches its 30th anniversary next year.

In 2008, Glen had the idea to bring Stonetrust agents together at an annual invitational golf tournament, presenting the opportunity for Stonetrust to reward its agents for their loyalty and to also build and enhance its relationships with agency partners. Although it took some persistence on Glen’s part to convince the Stonetrust Board of Directors to approve a budget for the tournament, Glen eventually prevailed and the first Stonetrust Invitational

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When Glen came to work for us in 1994, it was clear that Glen knew an agency in every town in Louisiana. Not only did he know that, but he also knew where the donut shop was and the best restaurant in each town. You could not visit an agency and not hear at least one Commercial Union story. Glen had a subtle way of keeping things “light” which made the agents comfortable. He was affectionately known as the “insurance gnome” by a group of agents in South Louisiana.

- SANDIE DAVIS

Stonetrust Production Underwriter

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I vividly recall the days when Glen Grigsby began painting a picture of an annual golf outing at Squire Creek with Stonetrust’s top producing agents. There was not one board meeting without Glen pitching the idea. We all knew the pitch was coming; and Glen would describe the course in such beautiful detail. Glen’s vision eventually came to life and after having the privilege of playing in the tournament, I must admit Squire Creek is even more picturesque than I could have even imagined. The event could not be more appropriately named the Glen Grigsby Invitational Golf Tournament in his honor. To the late Glen Grigsby, thank you for your vision and tenacity!

- DAVID FLUKER

Stonetrust Board of Director

Golf Tournament was held at Squire Creek Country Club in Choudrant, LA in 2009. Since that first tournament, this event has been regarded by some Stonetrust agents as one of the best events of the year. As a lasting tribute to Glen’s idea and efforts to get it started, the tournament is now known as the Stonetrust “Glen Grigsby” Invitational Golf Tournament, or “The Grigsby” to everyone at Stonetrust.

Glen continued to lead Stonetrust’s marketing and underwriting departments until his retirement in 2012, at the age of seventy-nine. True to form, Glen always worked with a great deal of enthusiasm and energy and genuinely loved the people that he worked with at Stonetrust as well as all his agency friends. He was also very active and continued to enjoy outdoor activities including walking laps around the track at Louisiana Tech every morning with a group of friends until his death at 85 years old on June 27, 2018.

Glen contributed significantly to the formation, establishment, and growth of Stonetrust. His passion and legacy have endured, and his commitment to making Stonetrust the best workers’ compensation insurance company around continues to serve as the inspirational vision for the company’s future. Glen’s contributions will never be forgotten, and his legacy will only grow stronger as Stonetrust continues on its successful evolution.



