



STONETRUST[®]

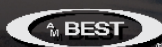
WORKERS' COMPENSATION

RELIABILITY. EVERY STEP OF THE WAY.

APEX
A PINNACLE OF EXCELLENCE
Specializing in Workers' Compensation Insurance and Other Insured Products

APRIL 1, 2025

FINANCIAL YEAR 2024 ANNUAL REPORT



RATED A-
EXCELLENT



DEAR AGENCY PARTNERS,

I am pleased to provide our annual report on the financial results and progress achieved in 2024 by Stonetrust Commercial Insurance Company.

We are extremely blessed and thankful for another hugely successful year in a challenging business cycle that shows no signs of easing in the near future. The current workers' compensation environment continues to be incredibly competitive and not conducive to top-line premium growth. Experience tells us that now is the time to be patient and hyper-focused on providing great service to you and all our customers, as we also focus on underwriting profitable business. Our "First Choice" philosophy at Stonetrust prioritizes exemplary service to our agents and building strong partner relationships. This year's spotlight agency, APEX Insurance Consultants of Arkadelphia, Arkansas, has been a great Stonetrust partner for many years. Their beautiful office, built in 1869 and listed in their local historical home registry, adorns our report cover this year. Agency principals Stan Elrod, Stan's son Michael Elrod and his daughter Melanie Bobo, manage their agency more like a family than a business. Since we initially partnered with APEX in 2013, they've grown with us to become our largest agency in Arkansas. The relationship that we've built with the APEX team is phenomenal and we're excited to share their story with you in this year's report.

Although all our markets were fiercely competitive last year, we did see some evidence of smaller rate decreases in many states. With your help, we underwrote almost \$11 million in new business premium. We also finished the year with total written premiums of \$53.9 million and total net earned premiums of \$51.1 million. Our net underwriting gain was \$8.6 million, and we achieved a net investment gain of \$8.3 million. Total net income for the year was \$13.1 million, and our surplus grew from \$149.5 million at year-end 2023 to \$170.7 million. In the last two years, we've increased surplus by more than \$37 million, which is extraordinary. Total assets for the company increased from \$253.4 million at the end of 2023 to \$278.1 million this year. These results far exceeded our expectations and extended a strong trend of underwriting profitability and superior investment gains. With these excellent returns, Stonetrust is well-positioned for future growth and expansion.

Every year it's extremely important for me to acknowledge your contributions to our success. 2024 was another successful year that could not have been achieved without your loyalty and commitment. In fact, many of you have been great partners for Stonetrust for many years, and you were instrumental in helping us achieve our A- rating status with AM Best. Last year, Best recognized our successive years of superior financial results, by affirming our Financial Strength Rating of A- (Excellent) and our Long-Term Issuer Credit Rating of "A-" (Excellent). Best also revised and improved our outlooks rating from "Stable" to "Positive." As we prepare for this year's AM Best evaluation, we're confident that we will receive strong consideration for another rating upgrade.

In closing, I'm pleased to report that we're off to another strong start in 2025 and we're looking forward to capitalizing on the success that we've built with all of you. This year, in addition to continuing to use technology to enhance our service capabilities, we are also planning to expand our underwriting footprint by entering the North and South Carolina workers' compensation markets. In today's competitive environment, our plan is to continue growing our business with you and continue introducing Stonetrust workers' compensation to business owners in new markets.

As always, thank you for your partnership and commitment to Stonetrust.

Sincerely,

A handwritten signature in dark ink that reads "Michael G. Dileo". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Michael G. Dileo, CPCU
President and Chief Executive Officer

FINANCIAL REPORT

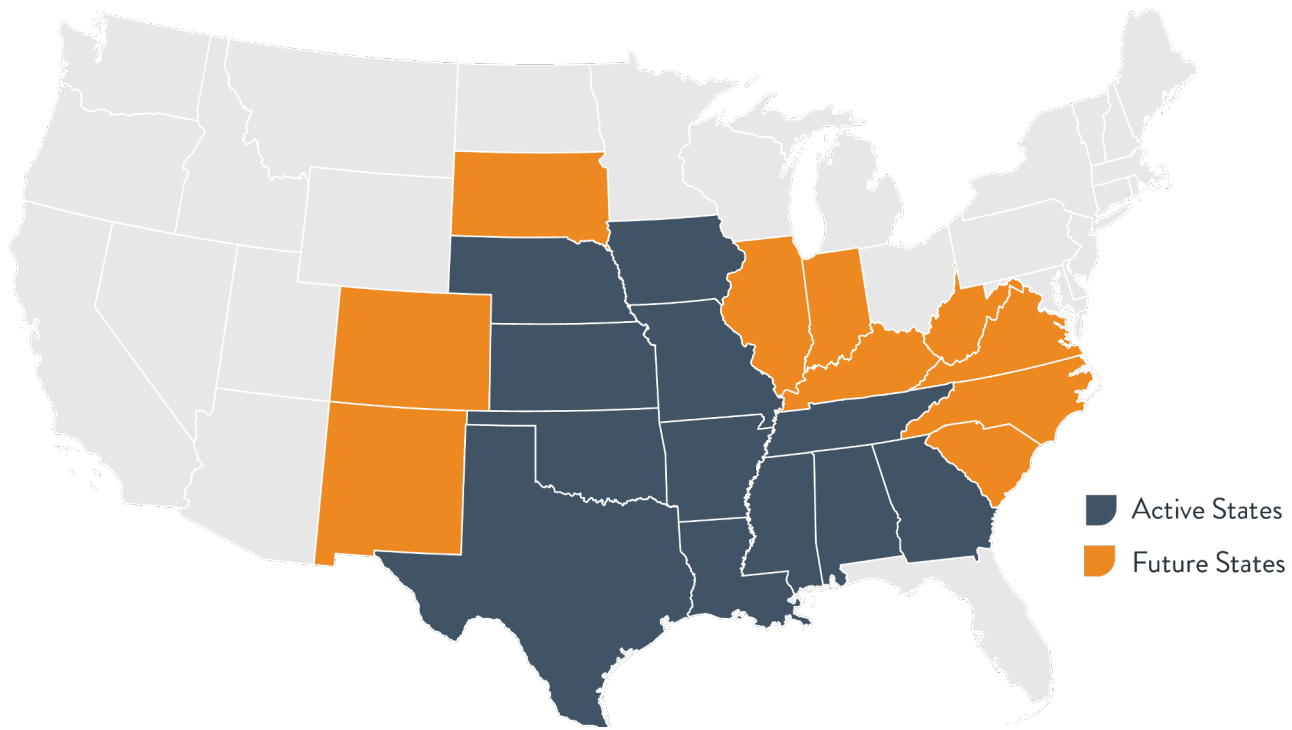
STATEMENT OF INCOME (\$000)	12/31/2024	12/31/2023
Net Premiums Earned	51,125	51,756
Losses Incurred	14,461	15,804
Loss Adjustment Expenses Incurred	5,104	4,305
Other Underwriting Expenses Incurred	22,957	20,541
Net Underwriting Gain	8,603	11,106
Net Investment Gain	8,298	2,542
Other Income	107	317
Income Tax Expense	3,649	3,929
NET INCOME	13,145	9,402

CAPITAL AND SURPLUS ACCOUNT (\$000)	12/31/2024	12/31/2023
Surplus as Regards Policyholders, Dec. 31 Prior Year	149,524	132,841
Net Income	13,145	9,402
Dividends Paid	-	10,044
Change in Net Unrealized Gains and Losses	7,631	16,878
Other Changes	364	447
TOTAL SURPLUS	170,664	149,524

ASSETS (\$000)	12/31/2024	12/31/2023
Bonds	18,964	59,372
Common Stocks	88,277	78,577
Collateral Loan	60,000	30,000
Cash, Cash Equivalents & Short-Term Investments	86,022	60,264
Derivatives	1,318	-
Receivables for Securities	-	1,718
TOTAL INVESTED ASSETS	254,581	229,931
Premiums Receivable	18,962	18,626
Investment Income Due	182	577
Income Tax Receivable	1,843	1,612
Other Assets	2,549	2,670
OTHER ASSETS	278,117	253,416

LIABILITIES AND POLICYHOLDERS' SURPLUS (\$000)	12/31/2024	12/31/2023
Unpaid Loss and Loss Adjustment Expenses	63,957	64,605
Unearned and Advance Premiums	23,085	22,546
Taxes, Licenses and Fees (Excluding Fed Income Taxes)	3,535	4,164
Net Deferred Tax Liability	8,347	6,410
Commissions Payable	3,496	1,496
Other Liabilities	5,033	4,671
TOTAL LIABILITIES	107,453	103,892
TOTAL POLICYHOLDERS' SURPLUS	170,664	149,524
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	278,117	253,416

STONETRUST **MARKETS**

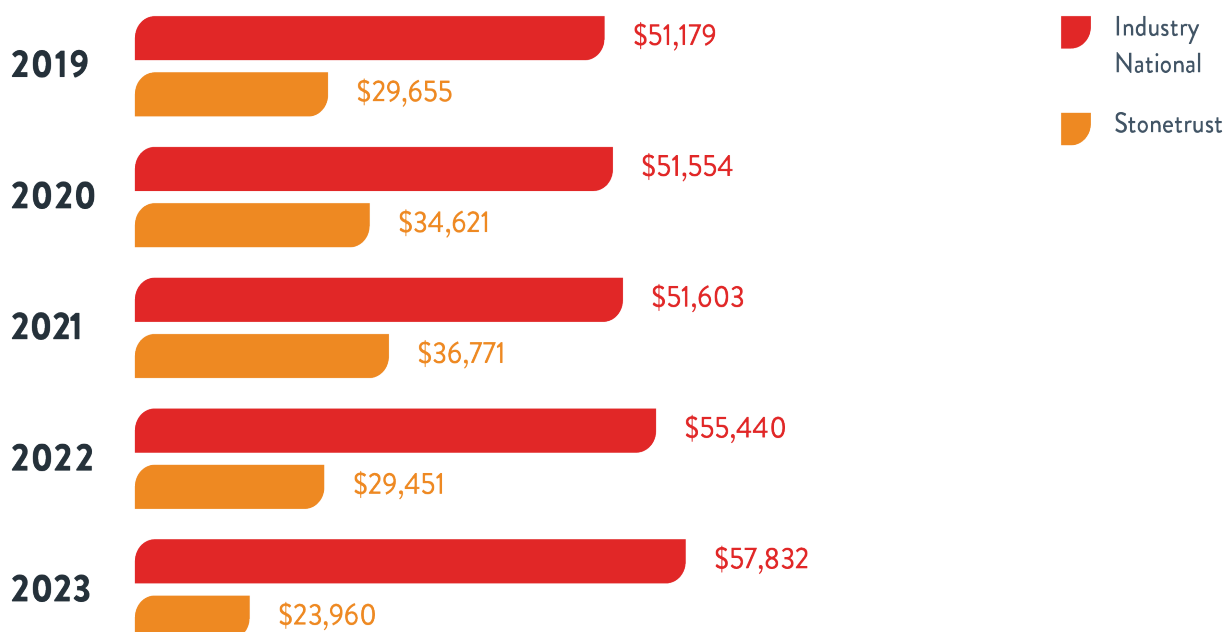


CORPORATE **TIMELINE**

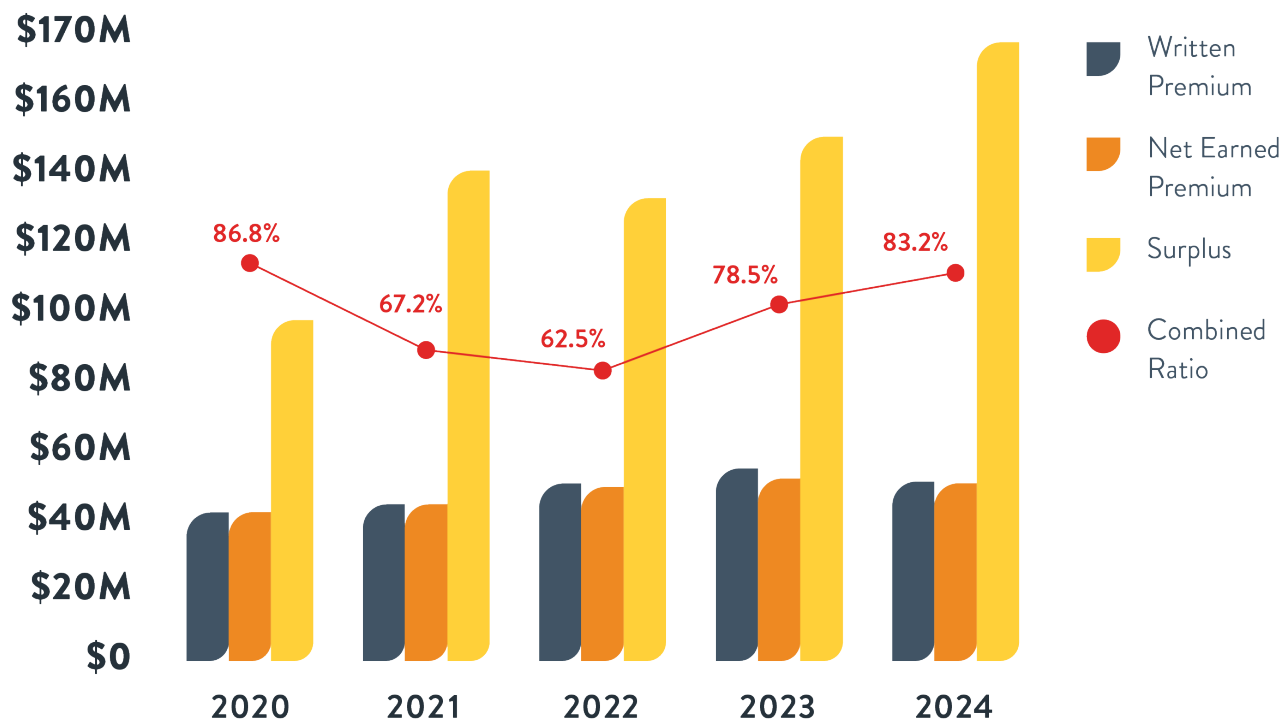
- 1993** LACE-SIF (LA Associated Commercial Employers Self-Insured Fund) is formed
- 2000** LACE-SIF converts to a mutual insurance company and changes its name to Amicus Mutual
- 2006** Amicus Mutual converts to a stock insurance company and changes its name to Stonetrust Commercial Insurance Company
- 2007** Stonetrust expands into Arkansas, Mississippi, Oklahoma, and Texas
- 2014** Stonetrust demutualizes into a privately owned non-stock insurance company
- 2016** Stonetrust re-domesticates to Nebraska
- 2017** Stonetrust begins writing business in Nebraska
- 2018** Stonetrust is purchased by Francis Chou (Wintai Holdings)
Stonetrust expands into Missouri & Tennessee
- 2021** Stonetrust expands into Alabama and Kansas—its 9th and 10th states
- 2022** AM Best upgrades Stonetrust's Financial Strength Rating (FSR) to **A- Excellent**
Stonetrust expands into Georgia and Iowa—its 11th and 12th states
- 2023** Stonetrust celebrates its 30th anniversary
AM Best affirms Stonetrust's **A- Excellent** rating
- 2024** AM Best affirms Stonetrust's **A- Excellent** rating and upgrades the outlooks to **Positive** (from Stable)



AVERAGE LOST TIME CLAIM COST BY ACCIDENT YEAR



5 YEAR FINANCIAL SUMMARY



MEET APEX INSURANCE CONSULTANTS

When Stan Elrod decided to pursue a job in insurance in 1972, he didn't realize that not only was he beginning a new career, but he was also creating a family legacy. Stan started working in the insurance industry when he joined Allstate Insurance Company as a part-time employee in their Claims Department. While working for Allstate, he was attending college at the University of Arkansas-Little Rock. One year later, after getting married, Allstate offered Stan a full-time position as a telephone claims adjuster. So, he worked full-time and attended college at night. He was eventually promoted to Claims Manager for the State of Arkansas and then also worked for nine years as a sales manager for Allstate. In 1980, he graduated from college when his daughter, Melanie, was just two weeks old. Because he wanted to stay in Arkansas, Stan resigned from Allstate in 1994 and joined a worker's compensation brokerage in Little Rock. While there, he was promoted to marketing manager and

immediately started building numerous relationships with both captive and independent agents throughout Arkansas and the southeastern United States.

In 1999, Stan formed APEX Insurance Consultants to assist agents with workers' compensation accounts that didn't meet the brokerage company's guidelines. Stan joined a trucking brokerage company in Texas in 2004, as he worked on growing APEX. It was during that time that his son, Michael, joined him at the brokerage company. In July 2007, Stan's daughter, Melanie, began working at APEX. Melanie concentrated on marketing and began building partnerships with many retail carriers and producers. As the agency grew, eventually Stan and Michael joined Melanie full-time at APEX. Today, Melanie manages the agency's workers' compensation division and APEX has built a strong reputation for quality and personalized service. In fact, two of the first accounts that Melanie wrote are now approaching their 17th renewal.

What are some important things you've learned about owning and leading an insurance agency?

Melanie: *I've learned if you build your team on good morals, a positive work ethic and the same values you personally share, it will establish a solid foundation for success. I don't think of our staff as our employees but more like our extended family members. On another level, we also strive to work with like-minded insurance companies. My dad, my brother, and I have always tried to create a family environment that is unique from the typical corporate world. This is evident in the relationships that we've built with our carriers, our agents and our accounts. I believe that insurance wholesalers play a crucial role in connecting carriers, agents, and clients. The relationship between all of us is essential for the business to thrive.*

Stan: *Our goal is to establish long-term relationships. I've been very fortunate and able to do this, and Melanie and Michael are now doing the same thing. We have agents who call us for just about every type of account that they can't write directly. I never thought we'd grow our company to our current size and volume of business. I also never thought that I'd have this much of my family involved in our business. Melanie's involvement and management really gave us a big*



boost. Now, her twenty-year-old son who's still in college is working with us and handling a good portion of our commission accounting. Sometimes I have as many as three grandkids here in the office, so we all feel really blessed by the family atmosphere that we have created.

How long has APEX worked with Stonetrust, and how has the partnership evolved?

Melanie: As a wholesaler focused on workers' compensation in Arkansas, we contacted Stonetrust in January of 2013, as we were looking for new markets. We had heard about Stonetrust and my dad contacted their marketing representative about a partnership. We quickly discovered that our two companies shared many of the same qualities and the rest is history. We are proud of the book of business that we've built with Stonetrust and they've been our largest workers' compensation carrier for many years now. We consider Stonetrust not only one of our carriers, but extended family. It's not every day that you can pick up the phone and call or text a CEO of an insurance company, like we can with Mike Dileo. Mike and some of his staff have also joined us on our annual lake trips during the summer. There's an insurance saying that "a lot of business is done on the golf course". Well, I can say that "a lot of business is done on the lake too!" All their management team and underwriters over the years have been fantastic. If I need them at 7:00 pm for an urgent situation, I know I can send a text and they will respond immediately.

How has Stonetrust contributed to your agency's success?

Melanie: Stonetrust prides itself on strong underwriting guidelines, but at the same time they're not the typical carrier that never considers exceptions to their rules. Stonetrust really values flexibility and collaboration when it comes to underwriting. Their openness to exploring new guidelines or programs in Arkansas shows how much they prioritize building strong, adaptable partnerships. This separates them from other insurance companies. It's refreshing to see a company that is willing to consider new opportunities and work closely with their partners to create tailored solutions.

Stan: I also appreciate Stonetrust for providing the opportunity to review accounts that are headed for the assigned risk pool. Their consideration of these accounts has worked well for us and opened the door for a lot more business.

Who are some of the Stonetrust team members that work with APEX?

Melanie: I can name one in every department! If you're talking about underwriting, it's Rachel Kight. Rachel was one

of our original contacts and she has worked with us tirelessly to help us implement new programs and grow our book of business. It's great when you can work with someone who challenges you and helps you see things from different angles, someone who also isn't opposed to hearing your opinion. Those moments of agreeing to disagree can be just as valuable as when you're fully aligned, especially when you're putting your heads together to figure out something important. Since Rachel was promoted to Underwriting Manager, Kristin Boman has done a great job as our new business underwriter. In the Premium Audit Department, Mona Chatham is fantastic! She's the best auditor that I've ever worked with. She's very thorough, very knowledgeable, and she has a tremendous amount of premium audit experience. Brittany Boudreaux is my main contact in the Claims Department. She's just phenomenal and keeps me informed on all my claims. She is always willing to answer difficult claim questions, even if it isn't a Stonetrust claim. Hal Davis, our Stonetrust Safety Consultant, has been a great asset to us and sometimes stops by our office just to say hello and discuss specific accounts. And their Marketing VP Joe McCormick and Marketing Representative Mike "Sully" Sullivan, do a great job of keeping us informed about important issues with Stonetrust. We always enjoy their visits to the office. Stonetrust has a lot of great people in every department!

Where do you see your agency's partnership with Stonetrust five years down the road?

Melanie: I know you're supposed to have a five-year business plan, but I'm focused more on each year. The insurance market keeps you on your toes and trying to predict the next five years can be tricky. Flexibility is key, especially when things change so quickly. I feel like we have to be ready to adapt to the market at any moment. I anticipate that our partnership is going to continue to grow because of the relationship and the values that we share and because of Stonetrust's solid underwriting reputation and their financial strength. I hope we can continue to build programs together as Stonetrust expands to new states. We're licensed in more than thirty states, and I would love to pursue the same opportunities with Stonetrust as they add new states to their program.

Stan: Personally, I look forward to the future, with plans to keep growing with Stonetrust as they expand into other states. They have been a tremendous partner and we look forward to writing more quality business with them in the future.



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