

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024 or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission file number 001-37973

NI HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

NORTH DAKOTA

(State or other jurisdiction of
incorporation or organization)

81-2683619

(I.R.S. Employer
Identification No.)

1101 First Avenue North

Fargo, North Dakota

(Address of principal executive offices)

58102

(Zip Code)

(701) 298-4200

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value per share	NODK	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes No ☒

Based on the closing sales price of the common stock on the Nasdaq on June 30, 2024, the last business day of the Registrant's second fiscal quarter, the aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately \$119 million. All executive officers and directors of the Registrant, and all shareholders holding more than 10% of the Registrant's outstanding voting stock (other than institutional investors, such as registered investment companies, eligible to file beneficial ownership reports on Schedule 13G), have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the Registrant.

The number of the Registrant's common shares outstanding on February 28, 2025 was 20,681,546. No preferred shares are issued or outstanding.

Documents incorporated by Reference

Portions of the definitive proxy statement relating to the annual meeting of shareholders to be held May 20, 2025 are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

This report contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “views,” “estimates,” and similar expressions are used to identify these forward-looking statements. These statements include, among other things, statements made by NI Holdings, Inc. (“NI Holdings,” “the Company,” “we,” “us,” and “our”) about:

- our anticipated operating and financial performance, business plans, and prospects;
- strategic reviews, capital allocation objectives, dividends, and share repurchases;
- plans for and prospects of acquisitions, dispositions, and other business development activities, and our ability to successfully capitalize on these opportunities;
- the impact of a future pandemic and related economic conditions, including the potential impact on the Company's investments;
- our ability to enter new markets successfully and capitalize on growth opportunities either through acquisitions or the expansion of our distribution network;
- cyclical changes in the insurance industry, competition, and innovation and emerging technologies;
- expectations for impact of, or changes to, existing or new government regulations or laws;
- our ability to anticipate and respond to macroeconomic, geopolitical, health and industry trends, pandemics, acts of war, and other large-scale crises;
- developments in general economic conditions, domestic and global financial markets, interest rates, unemployment, or inflation, that could affect the performance of our insurance operations and/or investment portfolio; and
- our ability to effectively manage future growth, including additional necessary capital, systems, and personnel.

Given their nature, we cannot assure that any outcome expressed in these or other forward-looking statements will be realized in whole or in part. Actual outcomes may vary materially from past results and those anticipated, estimated, implied, or projected. These forward-looking statements may be affected by underlying assumptions that may prove inaccurate or incomplete, or by known or unknown risks and uncertainties, including those described in this section and in the Part I, Item 1A, “Risk Factors” section in this Annual Report on Form 10-K for the year ended December 31, 2024 (“2024 Annual Report”). The occurrence of any of the risks identified in the Part I, Item 1A, “Risk Factors” section in this 2024 Annual Report, or other risks currently unknown, could have a material adverse effect on our business, financial condition or results of operations, or we may be required to increase our accruals for contingencies. It is not possible to predict or identify all such factors. Consequently, you should not consider such discussion to be a complete discussion of all potential risks or uncertainties.

Therefore, you are cautioned not to unduly rely on forward-looking statements, which speak only as of the date of this 2024 Annual Report. We undertake no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. You are advised, however, to consult any further disclosures we make on related subjects.

PART I

Item 1. Business

All dollar amounts, except per share amounts, are in thousands.

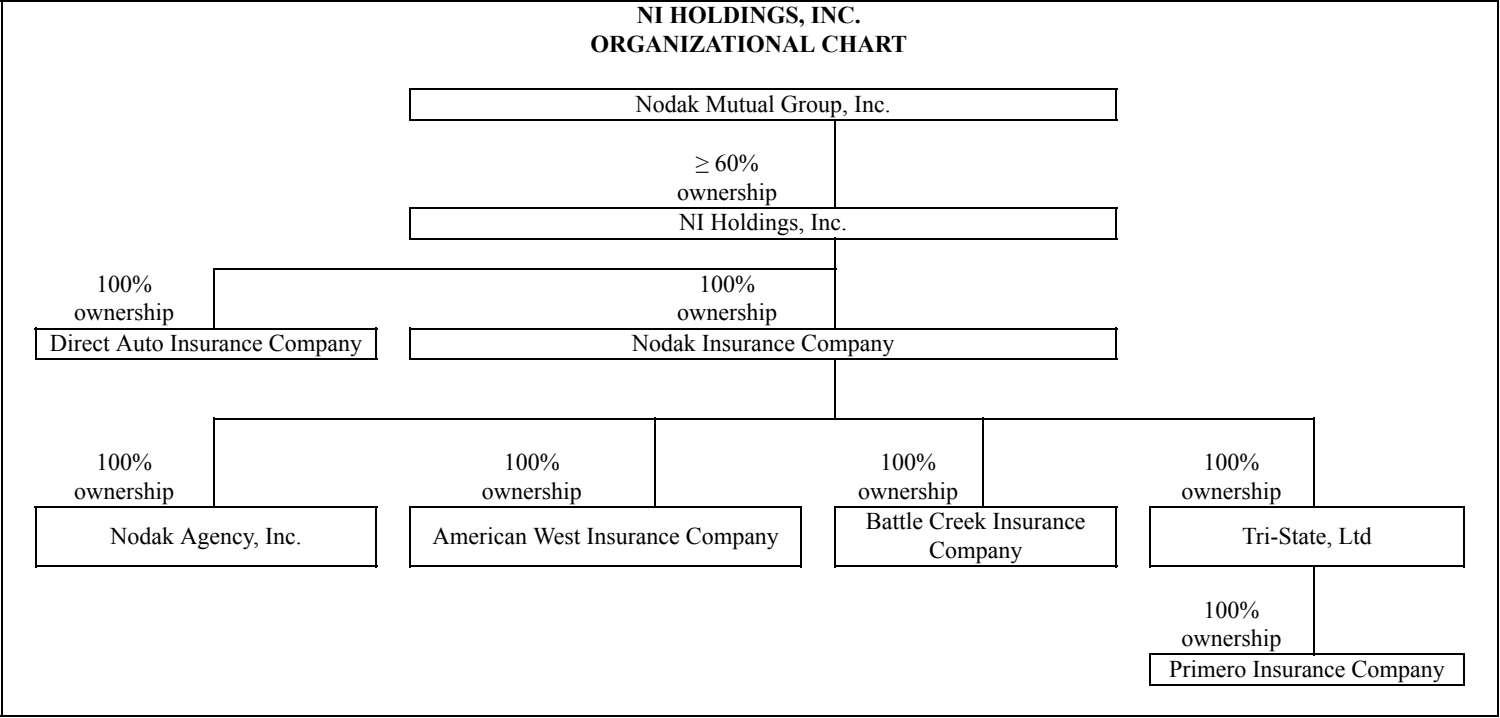
Overview

NI Holdings is a North Dakota business corporation that is the stock holding company of Nodak Insurance Company and became such in connection with the conversion of Nodak Mutual Insurance Company (“Nodak Mutual”) from a mutual to stock form of organization and the creation of a mutual holding company. The conversion was completed on March 13, 2017. Immediately following the conversion, all of the outstanding shares of common stock of Nodak Insurance Company (“Nodak Insurance,” the successor to Nodak Mutual Insurance Company) were issued to Nodak Mutual Group, Inc. (“Nodak Mutual Group”), which then contributed the shares to NI Holdings in exchange for 55% of the outstanding shares of common stock of NI Holdings. Nodak Insurance then became a wholly-owned stock subsidiary of NI Holdings. Prior to completion of the conversion, NI Holdings conducted no business and had no assets or liabilities. As a result of the conversion, NI Holdings became the holding company for Nodak Insurance and its existing subsidiaries. Concurrent with the conversion, on March 13, 2017, the Company completed an initial public offering (“IPO”) of 10,350,000 shares of common stock at a price of \$10.00 per share. The Company received net proceeds of \$93,145 from the offering, after deducting the underwriting discounts and offering expenses. The newly issued shares of NI Holdings were available for public trading on March 16, 2017.

These consolidated financial statements include the financial position and results of operations of NI Holdings and the following other entities:

- Nodak Insurance – a wholly-owned subsidiary of NI Holdings;
- Nodak Agency, Inc. (“Nodak Agency”) – a wholly-owned subsidiary of Nodak Insurance;
- American West Insurance Company (“American West”) – a wholly-owned subsidiary of Nodak Insurance;
- Primero Insurance Company (“Primero”) – an indirect wholly-owned subsidiary of Nodak Insurance;
- Battle Creek Insurance Company (“Battle Creek”) – a wholly-owned subsidiary of Nodak Insurance, formerly Battle Creek Mutual Insurance Company. Battle Creek Mutual Insurance Company became affiliated with Nodak Insurance in 2011 and, prior to January 2, 2024, was controlled by Nodak Insurance via a surplus note. The terms of the surplus note allowed Nodak Insurance to appoint two-thirds of the Battle Creek Mutual Insurance Company Board of Directors. As of January 2, 2024, the North Dakota Secretary of State approved the conversion of Battle Creek Mutual Insurance Company from a mutual insurance company to a stock insurance company. In accordance with the approved plan of conversion, the name of Battle Creek Mutual Insurance Company became Battle Creek Insurance Company, the surplus note was considered paid in full as of the conversion date, and Battle Creek became a wholly-owned subsidiary of Nodak Insurance;
- Direct Auto Insurance Company (“Direct Auto”) – a wholly-owned subsidiary of NI Holdings; and
- Westminster American Insurance Company (“Westminster”) – a wholly-owned subsidiary of NI Holdings until it was sold to Scott Insurance Holdings, LLC (“Scott Insurance Holdings”) on June 30, 2024.

A chart of the corporate structure as of December 31, 2024, and a more complete description of each of the NI Holdings subsidiaries, is included below.



The executive offices of NI Holdings and Nodak Insurance are located at 1101 First Avenue North, Fargo, North Dakota 58102, and the main office phone number is 701-298-4200. NI Holdings’ website address is www.niholdingsinc.com. The Company makes available on its website, free of charge, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) as soon as reasonably practicable after it electronically files such material with, or furnish it to, the United States Securities and Exchange Commission (“SEC”). Information contained on such website is not incorporated by reference into this 2024 Annual Report, and such information should not be considered to be part of this 2024 Annual Report.

Subsidiary and Affiliate Companies

Intercompany Reinsurance Pooling Arrangement

Effective January 1, 2020, all of our insurance subsidiary and affiliate companies entered into an intercompany reinsurance pooling agreement. Nodak Insurance is the lead company of the pool, and assumes the net premiums, net losses, and underwriting expenses from each of the other four companies. Nodak Insurance then retrocedes balances back to each company, while retaining its own share of the pool's net underwriting results, based on individual pool percentages established in the respective pooling agreement. This arrangement allows each insurance company to rely upon the capacity of the pool's total statutory capital and surplus. As a result, they are evaluated by A.M. Best Company, Inc. ("AM Best") on a group basis and hold a single combined financial strength rating, long-term issuer credit rating, and financial size category. Subsequent to the June 30, 2024, date of sale, Westminster is no longer a member of the pool, and the pooling percentages for the remaining insurance subsidiaries were updated based on their respective surplus as a percentage of the pool as of December 31, 2023.

Nodak Insurance Company

Nodak Insurance is the largest domestic property and casualty insurance company based in North Dakota, offering private passenger auto, homeowners, farmowners, commercial multi-peril, crop hail, and Federal multi-peril crop insurance coverages through its captive agents in the state.

Nodak Insurance was formed in 1946 to offer property and casualty insurance to members of the North Dakota Farm Bureau ("NDFB"), and benefits from a strong marketing affiliation with that organization. Nodak Insurance's bylaws provide that a person must be a member and remain a member of the NDFB in order to become and remain a policyholder of Nodak Insurance. Nodak Insurance's bylaws also require that four members of the Board of Directors of Nodak Insurance must be members of the NDFB. Similarly, one-third of the members of the Board of Directors of Nodak Mutual Group must be persons designated by the NDFB.

The NDFB has granted Nodak Insurance a nonexclusive, nontransferable license to use the name "Farm Bureau" and the "FB" logo and associated trademarks to market Nodak Insurance products. Nodak Insurance has held this license since the insurance company's inception in 1946, and the current version of the license agreement has been in place since 2002. The current license agreement between the NDFB and Nodak Insurance renewed on October 1, 2024, with an expiration date of September 30, 2025. The agreement has historically been renewed annually by a vote of the Nodak Insurance Board of Directors. Under the current license agreement, Nodak Insurance is required to pay to the NDFB an annual royalty payment equal to 1.3% of Nodak Insurance's written premiums (excluding multi-peril crop insurance premiums), subject to a minimum annual payment of \$900 and a maximum annual payment of \$1,672. The maximum royalty payment is adjusted annually based upon the June index month for the Consumer Price Index.

As of December 31, 2024, Nodak Insurance distributed its insurance products through 63 exclusive agents appointed by Nodak Insurance.

Nodak Agency, Inc.

Nodak Agency is an inactive shell corporation.

Tri-State, Ltd.

Tri-State, Ltd. is an inactive shell corporation.

American West Insurance Company

American West is a property and casualty insurance company licensed in eight states in the Midwest and Western regions of the United States ("U.S."). American West began writing policies in 2002 and primarily writes private passenger auto, homeowners, and farm coverages in South Dakota. American West also writes private passenger auto coverage in North Dakota, as well as crop hail and Federal multi-peril crop insurance coverages in Minnesota and South Dakota. As of December 31, 2024, American West distributed its products through independent agents in 63 contracted agencies.

Primero Insurance Company

Primero is a wholly-owned subsidiary of Tri-State, Ltd. Tri-State, Ltd. is an inactive shell corporation 100% owned by Nodak Insurance. Primero is a property and casualty insurance company writing non-standard automobile coverage in the states of Nevada, Arizona, North Dakota, and South Dakota during 2024. Primero was acquired by Nodak Insurance in 2014. As of December 31, 2024, Primero no longer writes coverage in the state of Nevada. Primero distributed its policies through independent agents in 216 contracted agencies in the three remaining states.

Battle Creek Insurance Company

Battle Creek is a property and casualty insurance company writing private passenger auto, homeowners, and farm coverages solely in the state of Nebraska. As of December 31, 2024, Battle Creek distributed its policies through independent agents in 113 contracted agencies. Battle Creek became affiliated with Nodak Insurance in 2011, and Nodak Insurance provides underwriting, claims management, policy administration, and other administrative services to Battle Creek.

On January 2, 2024, Battle Creek issued 300,000 shares of its common stock to Nodak Insurance at a \$10.00 per share par value and became a wholly-owned subsidiary of Nodak Insurance. Because we concluded that we controlled Battle Creek prior to January 2, 2024, we consolidated the financial statements of Battle Creek, and Battle Creek's policyholders' interest in Battle Creek was reflected as a non-controlling interest in shareholders' equity in our Consolidated Balance Sheets for NI Holdings ("Consolidated Balance Sheets") and its net income or loss was excluded from net income or loss attributed to NI Holdings in our Consolidated Statements of Operations for NI Holdings ("Consolidated Statements of Operations"). Subsequent to January 2, 2024, Battle Creek is fully consolidated in our Consolidated Balance Sheets and Consolidated Statements of Operations and, as such, no longer reflected as a non-controlling interest.

Direct Auto Insurance Company

Direct Auto is a property and casualty insurance company licensed in Illinois. Direct Auto began writing non-standard automobile coverage in 2007, and was acquired by NI Holdings on August 31, 2018, via a stock purchase agreement. As of December 31, 2024, Direct Auto distributed its policies through independent agents in 156 contracted agencies, concentrated primarily in the Chicago area.

Westminster American Insurance Company

Westminster is a property and casualty insurance company licensed in 18 states and the District of Columbia. Westminster is headquartered in Owings Mills, Maryland and underwrites commercial multi-peril insurance in the states of Delaware, Georgia, Kentucky, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, and the District of Columbia. Westminster was sold to Scott Insurance Holdings on June 30, 2024. Subsequent to the date of sale, Westminster is reflected as discontinued operations within our Consolidated Balance Sheets and Consolidated Statements of Operations. For additional information see Part II, Item 8, Note 20 "Discontinued Operations" of this 2024 Annual Report.

General Information

Nodak Insurance markets and distributes its policies through its captive agents, while all other companies utilize the independent agent distribution channel. Additionally, all of the Company's insurance subsidiary and affiliate companies are rated "A" Excellent by AM Best.

The same executive management team provides oversight and strategic direction for the entire organization. Nodak Insurance provides common product oversight, pricing practices, and underwriting standards, as well as underwriting and claims administration, to itself, American West, and Battle Creek. Primero and Direct Auto personnel manage the day-to-day operations of their respective companies. Westminster personnel managed the day-to-day operations of their company prior to the date of sale.

The consolidated financial statements of NI Holdings presented herein include the financial position and results of operations of NI Holdings, Direct Auto, Westminster (as discontinued operations), and Nodak Insurance, including Nodak Insurance's subsidiaries of American West, Primero and Battle Creek. Each of the insurance companies is subject to examination and comprehensive regulation by the insurance department of its state of domicile, North Dakota.

Market Overview for Continuing Operations

We market our personal lines products in the upper Midwest states of North Dakota, Nebraska, South Dakota, and Minnesota. We offer non-standard auto insurance in the states of Illinois, Arizona, Nevada, South Dakota, and North Dakota. We offer commercial multi-peril insurance in the states of North Dakota and South Dakota. The following chart shows our direct premiums written during the last two years and our relative market share within each of our states during the year ended December 31, 2023:

	Year Ended December 31, 2024	Year Ended December 31, 2023		
	Direct Premiums Written	Direct Premiums Written	Market Size	Rank in State
North Dakota	\$ 167,713	\$ 163,505	\$ 3,827,000	5th
Illinois	78,523	86,348	35,939,000	59th
Nebraska	53,244	50,698	7,573,000	32nd
South Dakota	32,421	29,660	3,970,000	30th
Arizona	5,180	4,077	17,959,000	163rd
Minnesota	3,786	4,008	17,081,000	140th
Nevada	1,434	2,938	8,562,000	139th
Total direct premiums written	<u>\$ 342,301</u>	<u>\$ 341,234</u>		

Market size information is not yet available for the year ended December 31, 2024.

Growth Strategy

We believe we have many opportunities to grow our business. Strategies we employ to achieve this growth include:

- continued emphasis on our relationship with the NDFB, a key advocacy group for agricultural and rural interests which enjoys a high profile and favorable reputation throughout North Dakota;
- expansion and enhancement of independent agency relationships, including the use of technology such as mobile apps, online quoting, and policy issuance initiatives to make it easy for agents and insureds to do business with us;
- capitalizing on our excellent claims service for all insureds;
- selective expansion of our insurance products in states where we currently operate, as well as those states where we hold insurance licenses; and
- consideration of strategic acquisitions and investment opportunities in businesses that align with our growth objectives.

Corporate Capital Strategy

Our philosophy is to deploy capital in a manner that provides long-term protection for our policyholders and creates long-term value for our shareholders. This philosophy is supported by a number of underlying strategies implemented across the organization that are focused on preservation of capital, including:

- prioritizing the use of data and modeling tools to help estimate the frequency and severity of risks within our insurance portfolio;
- maintaining a conservatively managed investment portfolio that supports our insurance operations under a wide range of operating and market conditions;
- ensuring our reinsurance program is designed to provide sufficient protection against material insurance exposures including, but not limited to, catastrophes caused by weather-related events; and
- relying upon our Enterprise Risk Management framework to identify, quantify, and manage a broad range of risks across the organization.

We view our capital position to consist of three layers, each of which has a specific size and purpose:

- The first layer of capital, which we refer to as “regulatory capital,” is the amount of capital needed to satisfy state insurance regulatory requirements while supporting our growth objectives. This capital is held by each of our insurance company subsidiaries.

- The second layer of capital is considered “contingency capital.” While our regulatory capital is, by definition, a cushion for absorbing financial consequences of adverse events, such as loss reserve development, litigation, weather catastrophes, and investment market corrections, we view that as a base and hold additional capital for even more extreme operating conditions. This capital is generally also held by each of our insurance company subsidiaries.
- The third layer of capital is classified as “excess capital” and represents the excess of the sum of the first two layers. This capital is available for deployment by NI Holdings in conjunction with our excess capital deployment priorities.

Our excess capital deployment priorities are to (1) invest in existing businesses where we see opportunities for profitable growth, (2) make strategic investments and acquisitions that enhance our businesses and achieve appropriate risk-adjusted returns over time, and (3) return capital to shareholders through share repurchases or shareholder dividends.

Insurance Products by Segment

Our consolidated financial results from continuing operations include our Private Passenger Auto, Non-Standard Auto, Home and Farm, Crop, and All Other reporting segments. Information regarding products and services offered in each segment is included below. Additionally, revenues, underwriting results, and identifiable assets and liabilities for each segment are shown in Part II, Item 8, Note 21 “Segment Information.” The financial performance of each segment is discussed in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Private Passenger Auto

Nodak Insurance, Battle Creek, and American West each write private passenger auto insurance to provide protection against liability for bodily injury and property damage arising from automobile accidents as well as protection against loss from damage to automobiles owned by the insured. Private passenger auto accounted for \$97,209 (28.4%) of direct premiums written by the Company on a consolidated basis during 2024.

Non-Standard Auto

Primero and Direct Auto write non-standard auto insurance with a focus on minimum-limit auto liability coverage. Non-standard auto insurance accounted for \$87,467 (25.6%) of direct premiums written by the Company on a consolidated basis during 2024.

Home and Farm

Nodak Insurance, Battle Creek, and American West each write homeowners and farmowners policies to provide coverage for damage to buildings, equipment, and contents for a variety of perils, including fire, lightning, wind, hail, and theft. These policies also cover liability arising from injury to other persons or their property while on the insured’s premises. Home and farm accounted for \$107,203 (31.3%) of direct premiums written by the Company on a consolidated basis during 2024.

Crop

Nodak Insurance, American West, and Battle Creek offer crop hail and multi-peril crop insurance policies. Multi-peril crop insurance is a federal program that protects against crop yield losses from all types of natural causes and loss of revenue due to declines in the prices of agricultural products. Crop hail insurance is a private insurance product designed to provide protection against losses to farmers’ crops due primarily to hail damage. Collectively, crop insurance accounted for \$36,421 (10.6%) of direct premiums written by the Company on a consolidated basis during 2024.

All Other

In addition to the products described above, Nodak Insurance, American West, and Battle Creek write commercial and excess liability coverages. Collectively, these other coverages accounted for \$14,002 (4.1%) of the direct premiums written by the Company on a consolidated basis during 2024. This segment also includes an assumed reinsurance book of business, with \$820 of assumed premiums written on a consolidated basis during 2024. The majority of these assumed premiums written are related to a domestic and international reinsurance pool for which the Company made the decision to non-renew its participation as of January 1, 2022, and the associated assumed premiums represent run-off of this business.

Crop Insurance

Crop insurance is purchased by agricultural producers, including farmers, ranchers, and others to protect themselves against either the loss of their crops (yield) due to natural disasters such as hail, freezing, plant disease, drought, and floods, or the loss of revenue due to declines in the prices of agricultural products. The two general categories of crop insurance are referred to as “crop-yield insurance” and “crop-revenue insurance.” Crop-yield insurance protects against a reduction in the yield per acre from the historical average yield in a specified area, such as a county or National Oceanic and Atmospheric Administration weather grid, while crop-revenue insurance provides protection against declines in the price of the particular crop. Most of the multi-peril crop insurance policies written today combine both yield and revenue protection, with the revenue component providing the policyholder with the option to calculate price-based losses on the higher of the prevailing price when the crop is planted or the price at harvest.

Beginning in 1980, the U.S. Congress expanded the federal crop insurance program to cover more crops and regions of the country. More importantly, Congress permitted private sector insurers to market and administer federal insurance policies in exchange for an opportunity to earn a profit while bearing a portion of the insurance risk. Congress also authorized a premium subsidy for the farmers and ranchers. As a result, there was a rapid increase in the acres insured from approximately 26 million acres in 1980 to 100 million acres in 1990. The Federal Crop Insurance Reform Act of 1994 made participation in the crop insurance program mandatory for farmers to be eligible to participate in other government support programs and provided a minimum level of free catastrophic risk coverage for insured and noninsured crops.

American Farm Bureau Insurance Services (“AFBIS”) underwrites all of our, as well as several other state Farm Bureau affiliated insurers, multi-peril crop and crop hail insurance policies. AFBIS also processes and administers all claims made by policyholders under such policies. We reimburse AFBIS for its actual loss adjustment expense with respect to the policies issued by us and pay AFBIS a percentage of the premiums we receive with respect to such policies.

Marketing and Distribution

Our marketing philosophy is to sell profitable business using a focused, cost-effective distribution system. Nodak Insurance distributes its insurance products through exclusive agents in North Dakota, while American West, Battle Creek, Primero, and Direct Auto rely on independent agents.

We review our agents with respect to both premium volume and profitability. Our captive agents for Nodak Insurance are hired and trained by our sales staff in North Dakota, while the independent agents for our other companies are appointed by the underwriting or marketing staff for each respective company. We hold regular training sessions when we introduce new products or product changes, and we identify specific topics that may help our agents more effectively market our products.

For the year ended December 31, 2024, no individual agent was responsible for more than 5% of the Company’s direct premiums written.

Agents are compensated through a fixed base commission structure. Agents receive commission as a percentage of premiums as their primary compensation from us. The Risk Management Agency of the U.S. Department of Agriculture (“RMA”) establishes the maximum commission that can be paid to agents with respect to crop insurance policies. Nodak Insurance, Battle Creek, American West, and Direct Auto pay annual profit-sharing commissions with respect to all property and casualty (non-crop) business based on company-specific production metrics related to premiums and profitability.

Our marketing efforts are further supported by our claims philosophy, which is designed to provide prompt and efficient service and claims processing, resulting in a positive experience for agents and policyholders. We believe that these positive experiences contribute to achieving higher policyholder retention and new business growth over time. While we rely on our captive and independent agents for distribution and customer support, underwriting and claim handling responsibilities are retained by us. Many of our agents have had direct relationships with us for a number of years.

Underwriting, Risk Assessment, and Pricing

We strive to be disciplined in our pricing by pursuing rate increases to maintain or improve our underwriting profitability while still being able to attract and retain customers. We utilize pricing reviews that we believe will help us price risks more accurately, maintain appropriate policyholder retention, and support the production of profitable new business. These pricing reviews involve

evaluating our claims experience and loss trends on a periodic basis to identify changes in the frequency and severity of our claims. We then consider whether our premium rates are adequate relative to the level of underwriting risk as well as the sufficiency of our underwriting guidelines.

The nature of our business requires that we remain sensitive to the marketplace and the pricing strategies of our competitors. Using the market information as a reference point, we typically set our prices based on our estimated future costs. From time to time, we may reduce our discounts or apply a premium surcharge to achieve an appropriate return. Pricing flexibility allows us to provide a fair rate commensurate with the assumed risk. If our pricing strategy cannot yield sufficient premium to cover our costs on a particular type of risk, we may choose not to underwrite that risk. It is our philosophy not to sacrifice profitability for premium growth.

Enterprise Risk Management

Our Company is subject to significant risks, including the normal risks of a property and casualty insurance company. These risks are discussed in more detail in Part I, Item 1A, “Risk Factors.”

We consider an enterprise-wide risk management program to be an integral part of managing our business and a key element in our approach to corporate governance. Our Enterprise Risk Management Committee (the “ERMC”) is responsible for the alignment of operational risk management strategies as the coordination point for enterprise-level direction setting with regard to risk management issues. The multi-disciplinary ERMC regularly monitors risk reports and metrics regarding a variety of continuing and emerging risks that may adversely affect the Company, its shareholders, its policyholders, or other stakeholders. The Audit Committee of the Board of Directors oversees risk management and regularly receives reports from the ERMC.

Reinsurance

We cede and assume certain premiums and losses to and from various companies and associations under a variety of reinsurance agreements. We seek to limit the maximum net loss that can arise from large risks or risks in concentrated areas of exposure through use of these agreements, either on an automatic basis under general reinsurance contracts known as treaties or through facultative contracts on substantial individual risks.

Reinsurance contracts do not relieve us from our obligation to policyholders. Additionally, failure of reinsurers to honor their obligations could result in significant losses to us. There can be no assurance that reinsurance will continue to be available to us to the same extent, and at the same cost, as it has in the past. We may choose in the future to reevaluate the use of reinsurance to increase or decrease the amounts of risk ceded to reinsurers.

For additional information, see Part II, Item 8, Note 6 “Reinsurance.”

Unpaid Losses and Loss Adjustment Expenses

We maintain reserves for unpaid losses and loss adjustment expenses. Our liability for unpaid losses and loss adjustment expenses consists of (1) case reserves, which are reserves for claims that have been reported to us, and (2) reserves for claims that have been incurred but not yet been reported and for the future development of case reserves (“IBNR”). We determine a provision for the ultimate cost of those claims without regard to how long it takes to settle them or the time value of money. The determination of reserves involves actuarial and statistical projections of what we expect to be the cost of the ultimate settlement and administration of such claims. The liability for unpaid losses and loss adjustment expenses is set based on facts and circumstances then known, estimates of future trends in claims severity, and other variable factors such as inflation and changing judicial theories of liability. Our liability for unpaid losses and loss adjustment expenses is not discounted.

For additional information, see Part II, Item 7, “Critical Accounting Policies” and Part II, Item 8, Note 8 “Unpaid Losses and Loss Adjustment Expenses.”

Investments

The majority of funds available for investments are deployed in a widely diversified portfolio of high quality, liquid taxable U.S. government, tax-exempt and taxable U.S. municipal, taxable corporate, and U.S. agency mortgage-backed bonds. We regularly monitor the effective duration of our fixed income investments, and our investment purchases and sales are executed with the objective of having adequate funds available to satisfy our insurance and other obligations. Generally, the expected principal and

interest payments produced by our fixed income portfolio adequately fund the estimated runoff of the Company's insurance reserves. The substantial amount by which the fair value of the fixed income portfolio exceeds the value of the net insurance liabilities, as well as the positive cash flow from newly sold policies and the large amount of high-quality liquid bonds, contribute to the Company's ability to fund claim payments without having to sell illiquid assets or access its credit facilities.

We also invest a much smaller percentage of the portfolio in private placement debt offerings and equity securities, which have the potential for higher returns but also involve varying degrees of risk, including higher volatility and/or less liquidity.

The Investment Committee of NI Holdings' Board of Directors reviews and approves the Company's investment policy periodically. The investment portfolio is managed by Conning, Inc.

For additional information, see Part II, Item 7, "Critical Accounting Policies" and Part II, Item 8, Note 4 "Investments."

Financial Strength

Ratings are an important factor in assessing the Company's competitive position in the insurance industry. The Company is reviewed regularly by the independent rating agency AM Best, who assigns a financial strength rating to the Company, which reflects its assessment of an insurer's ability to meet its financial obligations to policyholders. An insurer's financial strength rating is one of the primary factors evaluated by those in the market to purchase insurance. A poor rating indicates that there is an increased likelihood that the insurer could become insolvent and therefore not able to fulfill its obligations under the insurance policies it issues. This rating can also affect an insurer's level of written premiums, the lines of business it can write, and, for insurers like us that are also public registrants, the market value of its securities.

All of the Company's insurance subsidiaries and affiliate companies are rated "A" Excellent by AM Best, which is the third highest out of 15 possible ratings, under a group rating due to the intercompany pooling reinsurance agreement. Effective May 10, 2024, AM Best affirmed a stable financial strength outlook to the group.

Competition

The property casualty and crop insurance markets are competitive. We compete with stock insurance companies, mutual insurance companies, and other underwriting organizations. Our largest competitors in North Dakota for private passenger auto and homeowners include Progressive, State Farm, American Family, National General, Farmers Union, and Auto-Owners insurance companies. In South Dakota and Nebraska, we have small market shares and our competitors are the large national and regional companies as well as Farmers Mutual of Nebraska. In our non-standard auto markets, which are primarily Illinois and Arizona, our primary competitors are regional carriers.

Based on 2023 data, Nodak Insurance is the second largest writer of farmowners insurance in North Dakota. Our largest competitors include Farmers Union, North Star Mutual, American Family, and Liberty Mutual insurance companies. In Nebraska and South Dakota, we have a small farmowners market share, which is dominated by the large national and regional carriers.

The principal competitors in our markets for multi-peril crop insurance include Chubb, QBE Insurance Group, Zurich, AgriSompo, and Great American Insurance Group. The premium rates for multi-peril crop insurance are established by the RMA and, accordingly, we compete with other insurance companies on factors such as agency relationships, claim service, and market reputation in the crop insurance market. We believe that our relationship with the NDFB and our leading market share are significant factors in maintaining our market share of the crop insurance business in North Dakota. The Company's multi-peril crop insurance premiums for North Dakota were \$30,641, \$39,073, and \$45,465 for the years ended December 31, 2024, 2023, and 2022, respectively. Total North Dakota multi-peril crop premiums for the industry were \$1,231,110, \$1,491,650, and \$1,537,758 for the years ended December 31, 2024, 2023, and 2022, respectively.

With respect to writing property and casualty insurance, competitive factors include pricing, agency relationships, policy support, claim service, and market reputation. Like other writers of property and casualty insurance, our policy terms vary from state to state based on state regulations, competition, pricing, and other factors including the prescribed minimum liability limits in each state. We believe our Company differentiates itself from many larger companies competing for this business by focusing on ease of doing business and providing excellent claims service with local, knowledgeable employees.

To compete successfully in the property and casualty insurance market, we utilize data-driven insights and a disciplined underwriting approach to assess and price risks, practice prudent claims management, reserve appropriately for unpaid claims, and provide quality service and competitive commissions to our independent and captive agents.

Regulation

General

We are subject to extensive regulation, particularly at the state level. This regulation varies by state, but generally has its source in statutes and regulations that establish standards and requirements for conducting the business of insurance and that delegate regulatory authority to state insurance regulatory agencies. In general, such regulation is intended for the protection of those who purchase or use insurance products, not the companies that write the policies. These laws and regulations have a significant impact on our business and relate to a wide variety of matters including accounting methods, agent and company licensure, claims procedures, corporate governance, examinations, investing practices, policy forms, pricing, trade practices, reserve adequacy, and underwriting standards.

State insurance laws and regulations require our insurance company subsidiaries to file financial statements with state insurance departments everywhere they do business, and they are subject to examination by the departments they are domiciled in at any time. Our insurance company subsidiaries prepare statutory-basis financial statements in accordance with accounting practices and procedures prescribed or permitted by the state in which they are domiciled. Our domiciliary states generally conform to National Association of Insurance Commissioners (“NAIC”) accounting practices and procedures, so our examination reports and other filings generally are accepted by other states. As of December 31, 2024, all of our insurance subsidiaries are domiciled in North Dakota.

The NAIC provides guidance to the states with respect to standardized laws and regulations (including the accounting practices and procedures discussed above), which represent an effort to standardize insurance industry practices across state lines, oftentimes referred to as “Model Regulations.” It should be noted that these “model” laws are regulations that have no authority until the individual states pass them as part of the state legislative process, which may, or may not, be done as suggested, or with modifications.

Premium rate regulation varies greatly among jurisdictions and lines of insurance. In the states in which our insurance company subsidiaries write insurance, premium rates for the various lines of insurance are subject to either prior approval or limited review upon implementation. The premium rates for multi-peril crop insurance are established by the RMA. For additional information, see Part I, Item 1, “Crop Insurance.”

Many jurisdictions have laws and regulations that limit an insurer’s ability to withdraw from a particular market. For example, states may limit an insurer’s ability to cancel or non-renew policies. Laws and regulations that limit cancellation and non-renewal may restrict our ability to exit unprofitable marketplaces in a timely manner.

Crop Insurance

The multi-peril crop insurance business is overseen by the federal government through the RMA. The RMA outlines policy language, establishes premium rates, and develops loss adjustment procedures for insurance programs under the federal crop insurance program. In addition, through the Federal Crop Insurance Corporation (“FCIC”), the RMA provides premium subsidies to farmers and sets the commission percentages that can be paid to agents. All participating insurance carriers are subject to the same Standard Reinsurance Agreement (“SRA”), which outlines items such as reporting requirements and claims handling procedures, proportional and non-proportional reinsurance terms, and the level of administrative and operating reimbursement paid to insurers. The RMA also provides oversight to the approved insurance providers (“AIPs”). The AIPs are required to use the policies, premium rates, and loss adjustment procedures set by the RMA without modification and are required to issue a policy to any eligible applicant regardless of risk or profitability. The RMA conducts audits of AIPs with respect to claims and loss adjustment procedures.

American Agricultural Insurance Company is the AIP through which we issue multi-peril crop insurance policies and is the holder of the SRA with the FCIC.

NAIC Risk-Based Capital Requirements

North Dakota and most other states have adopted the NAIC system of risk-based capital requirements that require insurance companies to calculate and report information under a risk-based formula. These risk-based capital requirements attempt to measure statutory capital and surplus needs based on the risks in a company’s mix of products and investment portfolio. Under the formula, a company first determines its “authorized control level” risk-based capital. This authorized control level takes into account (i) the risk with respect to the insurer’s assets; (ii) the risk of adverse insurance experience with respect to the insurer’s liabilities and obligations; (iii) the interest rate risk with respect to the insurer’s business; and (iv) all other business risks and such other relevant risks as are set forth in the risk-based capital instructions. A company’s “total adjusted capital” is the sum of statutory capital and surplus and such other items as the risk-based capital instructions may provide. The formula is designed to allow state insurance regulators to identify insufficiently capitalized companies.

The requirements provide for four different levels of regulatory attention. The “company action level” is triggered if a company’s total adjusted capital is less than 2.0 times its authorized control level but greater than or equal to 1.5 times its authorized control level. At the company action level, the company must submit a comprehensive plan to the regulatory authority that discusses proposed corrective actions to improve the capital position. The “regulatory action level” is triggered if a company’s total adjusted capital is less than 1.5 times but greater than or equal to 1.0 times its authorized control level. At the regulatory action level, the regulatory authority will perform a special examination of the company and issue an order specifying corrective actions that must be followed. The “authorized control level” is triggered if a company’s total adjusted capital is less than 1.0 times but greater than or equal to 0.7 times its authorized control level. At this level, the regulatory authority may take action it deems necessary, including placing the company under regulatory control. The “mandatory control level” is triggered if a company’s total adjusted capital is less than 0.7 times its authorized control level. At this level, the regulatory authority is mandated to place the company under its control. The capital levels of our insurance subsidiary and affiliate companies all exceed the authorized control level and have never triggered any of these regulatory capital levels. We cannot guarantee, however, that the capital requirements applicable to such companies will not increase in the future, or that the underlying ratios will not erode.

NAIC Ratios

The NAIC has also developed a set of 13 financial ratios referred to as the Insurance Regulatory Information System (“IRIS”). Based on statutory-basis financial statements filed with state insurance regulators, the NAIC annually calculates these IRIS ratios to assist state insurance regulators in monitoring the financial condition of insurance companies. The NAIC has established an acceptable range for each of the IRIS financial ratios. If four or more of its IRIS ratios fall outside the range deemed acceptable by the NAIC, an insurance company may receive inquiries from individual state insurance departments. However, a ratio falling outside the usual range may not necessarily be considered adverse. In some years, it may not be unusual for financially sound companies to have several ratios with results outside the usual ranges. During the years ended December 31, 2024 and 2023, none of our insurance company subsidiaries produced results outside the acceptable range for more than three of the IRIS tests. During the year ended December 31, 2022, our insurance company subsidiaries produced results outside the acceptable range for as many as six of the IRIS tests, primarily driven by our significant net loss for the year that negatively impacted IRIS ratios related to the operating ratio and certain ratios based on policyholders’ surplus.

Enterprise Risk Assessment

In 2012, the NAIC adopted various changes to its Model Regulations (the “NAIC Amendments”). The NAIC Amendments, when adopted by the various states, are designed to respond to perceived gaps in the regulation of insurance holding company systems in the U.S. The NAIC Amendments include a requirement that an insurance holding company system’s ultimate controlling person submit annually to its lead state insurance regulator an “enterprise risk report.” This enterprise risk report identifies the activities, circumstances, or events involving one or more affiliates of an insurer that, if not remedied properly, are likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. The Company files a Form F Enterprise Report annually with each domiciliary state in support of this requirement. The NAIC Amendments also include provisions requiring a controlling person to submit prior notice to its domiciliary insurance regulator of its divestiture of control, having detailed minimum requirements for cost sharing and management agreements between an insurer and its affiliates, and expanding of the agreements between an insurer and its affiliates to be filed with its domiciliary insurance regulator.

In 2012, the NAIC also adopted the Own Risk Solvency Assessment (“ORSA”) Model Act. The ORSA Model Act, when adopted by the various states, will require an insurance holding company system’s chief risk officer to submit at least annually to its lead state insurance regulator a confidential report detailing its own internal solvency assessment. Such an assessment is to be tailored to the nature, scale, and complexity of an insurer. This assessment will include the material and relevant risks identified by the insurer associated with an insurer’s current business plan and the sufficiency of capital resources to support those risks. Although our insurance company subsidiaries are exempt from ORSA because of their size, we intend to incorporate those elements of ORSA that we believe constitute “best practices” into our internal enterprise risk assessment.

Market Conduct Regulation

State insurance laws and regulations include numerous provisions governing trade practices and the marketplace activities of insurers, including provisions governing the form and content of disclosure to consumers, illustrations, advertising, sales practices, and complaint handling. State regulatory authorities generally enforce these provisions through periodic market conduct examinations.

Guaranty Fund Laws

All states have guaranty fund laws under which insurers doing business in the state can be assessed to fund policyholder liabilities of insolvent insurance companies. Under these laws, an insurer is subject to assessment depending upon its market share in the state of a given line of business. For the years ended December 31, 2024, 2023, and 2022, we paid only minimal assessments pursuant to state insurance guaranty association laws. We establish reserves relating to insurance companies that are subject to insolvency proceedings

when it becomes probable that we will be subject to an assessment and the amount of such assessment can be estimated. We cannot predict the amount and timing of any future assessments under these laws.

Federal Regulation

The U.S. federal government generally does not directly regulate the insurance industry except for certain areas of the market, such as insurance for crops, flood, nuclear, and terrorism risks. However, the federal government has undertaken initiatives or considered legislation in several areas that may affect the insurance industry, including tort reform, corporate governance, and the taxation of reinsurance companies. The Dodd-Frank Act established the Federal Insurance Office, which is authorized to study, monitor, and report to Congress on the insurance industry and to recommend that the Financial Stability Oversight Council designate an insurer as an entity posing risks to the U.S. financial stability in the event of the insurer's material financial distress or failure. In December 2013, the Federal Insurance Office issued a report on alternatives to modernize and improve the system of insurance regulation in the U.S., including by increasing national uniformity through either a federal charter or effective action by the states. Changes to federal legislation and administrative policies in several areas, including changes in federal taxation, can also significantly affect the insurance industry and us.

We are also subject to the Fair and Accurate Credit Transactions Act of 2003 and the Health Insurance Portability and Accountability Act of 1996, both of which require us to protect the privacy of our customers' information, including health and credit information.

Privacy

We are subject to numerous U.S. federal and state laws governing the collection, disclosure, and protection of personal and confidential information of our clients or employees. These laws and regulations are increasing in complexity and number, change frequently, and may conflict. Congress, state legislatures, and regulatory authorities are expected to consider additional regulation relating to privacy and other aspects of customer information.

As mandated by the Gramm-Leach-Bliley Act ("GLBA"), states have promulgated laws and regulations that require financial institutions, including insurance companies, to take steps to protect the privacy of certain consumer and customer information. The NAIC has adopted several provisions to facilitate the implementation of the GLBA, including the Privacy of Consumer Financial and Health Information Model Regulation and the Standards for Safeguarding Customer Information Model Regulation. Several states adopted similar provisions regarding the safeguarding of customer information. We have implemented procedures to comply with the GLBA's related privacy requirements.

In October 2017, the NAIC adopted the Insurance Data Security Model Law ("IDSML"), which requires insurers, insurance agents, and other entities required to be licensed under state insurance laws to develop and maintain a written information security program, conduct risk assessments, oversee the data security practices of third-party service providers, and other related requirements. Several states in which we operate, including North Dakota, have adopted the IDSML. Such enactments and regulations could raise compliance costs and subject us to the risk of regulatory enforcement actions, penalties, and reputational harm. Any such events could potentially have an adverse impact on our business, financial condition, or results of operations.

Office of Foreign Asset Control

The Treasury Department's Office of Foreign Asset Control ("OFAC") maintains a list of "Specifically Designated Nationals and Blocked Persons" (the "SDN List"). The SDN List identifies persons and entities that the government believes are associated with terrorists, rogue nations, or drug traffickers. OFAC's regulations prohibit insurers, among others, from doing business with persons or entities on the SDN List. If the insurer finds and confirms a match, the insurer must take steps to block or reject the transaction, notify the affected person, and file a report with OFAC.

Jumpstart Our Business Startups Act of 2012

Until December 31, 2022, we were an emerging growth company ("EGC"), as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). We previously took advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not EGCs, such as reduced public company reporting, accounting, and corporate governance requirements. However, beginning on December 31, 2022, we are no longer an EGC and no longer have the ability to delay adoption of these new or revised accounting standards or to take advantage of reduced corporate governance disclosures.

Dividends

As an insurance holding company with no independent operations or source of revenue, our capacity to pay dividends to our shareholders is based on the ability of our insurance company subsidiaries to pay dividends to us. The ability of our subsidiaries to pay dividends to us is regulated by the laws of their state of domicile. Under these laws, insurance companies must provide advance

informational notice to the domicile state insurance regulatory authority prior to payment of any dividend or distribution to its shareholders. Prior approval from the state insurance regulatory authority must be obtained before payment of an “extraordinary dividend” as defined under the state’s insurance code. For additional information, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources,” and Part II, Item 8, Note 22 “Statutory Net Income (Loss), Capital and Surplus, and Dividend Restrictions.”

Holding Company Laws

Most states, including North Dakota, have enacted legislation that regulates insurance holding company systems. Each insurance company in a holding company system is required to register with the insurance supervisory agency of its state of domicile and furnish certain information, including information concerning the operations of companies within the holding company group that may materially affect the operations, management, or financial condition of the insurers within the group. Pursuant to these laws, the North Dakota Insurance Department requires prior disclosure of material transactions involving an insurance company and its affiliates. Under these laws, the North Dakota Insurance Department will have the right to examine us at any time.

All transactions within our consolidated group affecting our insurance company subsidiaries must be fair and equitable. Notice of certain material transactions between NI Holdings and any person or entity in our holding company system will be required to be given to the Department of Insurance of the applicable domiciliary state. Certain transactions cannot be completed without the prior approval of the various Departments of Insurance.

Approval of the state insurance commissioner is required prior to any transaction affecting the control of an insurer domiciled in that state. In North Dakota, the acquisition of 10% or more of the outstanding voting securities of an insurer or its holding company is presumed to be a change in control. North Dakota law also prohibits any person or entity from (i) making a tender offer for, or a request or invitation for tenders of, or seeking to acquire or acquiring any voting security of a North Dakota insurer if, after the acquisition, the person or entity would be in control of the insurer, or (ii) effecting or attempting to effect an acquisition of control of or merger with a North Dakota insurer, unless the offer, request, invitation, acquisition, effectuation, or attempt has received the prior approval of the North Dakota Insurance Department.

Human Capital

Our key human capital management objectives are to attract, retain, and develop talent to deliver on the Company’s strategy. To support these objectives, our human resources programs are designed to recruit and retain talented individuals; provide training and development within the Company and the insurance industry; reward and support employees through competitive pay and benefit programs; keep employees safe and healthy; and provide opportunities for community involvement.

We offer comprehensive compensation and benefits packages to our employees including a 401(k) Plan, Employee Stock Ownership Plan (“ESOP”), healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, and flexible work arrangements. We also offer stock-based compensation to certain management personnel as a way to attract and retain key talent. For additional information, see Part II, Item 8, Note 12 “Benefit Plans” and Note 18 “Share-Based Compensation” for further discussion of our benefit plans and stock-based compensation.

As of December 31, 2024, NI Holdings and its subsidiaries had 216 total employees, of which 202 were full-time employees. Employee turnover averaged 29.0% during 2024, compared to 22.7% during 2023, and 25.2% during 2022. A significant portion of this turnover is related to Direct Auto, which generally experiences higher turnover.

Item 1A. Risk Factors

An investment in the Company's common shares involves certain risks. The following is a discussion of material risks and uncertainties that may affect the Company's business, financial condition, and future results.

Insurance Risks

Catastrophic or other significant natural or man-made losses may negatively affect our financial condition and operating results.

As a property and casualty insurer, we are subject to claims from catastrophes or other natural perils that may have a significant negative impact on our operating and financial results. We have experienced catastrophe losses and can be expected to experience catastrophe losses in the future. Catastrophe losses can be caused by various events, including snow storms, ice storms, freezing temperatures, tropical storms and hurricanes, earthquakes, tornadoes, wind, hail, fires, and other natural or man-made disasters. In addition, longer-term natural catastrophe trends may be changing, and new types of catastrophe losses may be developing due to climate change, a phenomenon that has been associated with extreme weather events linked to rising temperatures, and includes effects on global weather patterns, greenhouse gases, sea, land and air temperatures, sea levels, rain, hail and snow. Climate change may also impact insurability by impairing our ability to identify and quantify potential hazards that will result in losses and offer our customers products at an affordable price. The frequency, number, and severity of these losses are unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Our ability to effectively manage catastrophe risk is dependent, in part, on the reliance of various catastrophe models, which may produce unreliable output as a result of inaccurate or incomplete data, along with the inherent uncertainty of future frequency and severity of losses. The impact of changing climate conditions on the overall insurance industry may also materially affect the availability and cost of reinsurance to us. Our investment portfolio is also subject to the effects of climate change as economic shifts alter the return dynamic of long-term investments and reduce valuations.

We write a significant amount of business in North Dakota. As a result, adverse developments from severe weather events in North Dakota would have a greater effect on our financial condition and results of operations than if our business was less geographically concentrated. The incidence and severity of such events are inherently unpredictable.

We attempt to reduce our exposure to catastrophe losses through a disciplined underwriting and risk management approach that emphasizes long-term profitability over short-term gains in premiums or market share, geographical diversification of our operations, and the use of reinsurance. However, there can be no guarantee that our underwriting and risk management efforts will be successful in mitigating our exposure to catastrophe losses or the impact of such losses when they occur. In addition, while we maintain reinsurance coverage with a catastrophe excess of loss program, such coverage may be insufficient to cover our losses. Our reinsurance coverage includes a catastrophe excess of loss program, which in 2024 limited our catastrophe exposure to \$20 million retention per event, with \$133 million of reinsurance coverage placed in excess of this retention. For 2025, we expect our catastrophe excess of loss program will limit our catastrophe exposure to \$20 million retention per event, with \$117 million of reinsurance coverage placed in excess of this retention. If we are not able to effectively mitigate our exposure to catastrophe losses, whether through our underwriting process or reinsurance coverage, in the event of such losses our business and results of operations could be adversely affected.

For additional information, see Part II, Item 8, Note 3 "Summary of Significant Accounting Policies and Basis of Presentation" and Note 6 "Reinsurance."

If actual losses exceed our loss and loss adjustment expense reserves or if changes in the estimated level of loss and loss adjustment expense reserves are necessary as a result of changes in the legal, regulatory, and economic environments in which we operate, our financial results could be materially and adversely affected.

We maintain reserves to cover estimated unpaid losses and expenses necessary to settle claims. The reserves for losses and loss adjustment expenses that we have established are estimates of amounts needed to pay reported and unreported claims and related expenses, based on facts and circumstances known to us at the time we established the reserves. Reserves are actuarially projected based on historical claims information, industry statistics, anticipated trends, and other factors. The process of estimating loss reserves involves a high degree of judgment and is subject to a number of variables. While we believe that our reserves for unpaid losses and loss adjustment expenses are appropriate, to the extent that such reserves prove to be inadequate or excessive in the future, we would adjust them and recognize the change in earnings in the period the reserves are adjusted. There can be no assurance that the estimates of such liabilities will not change in the future and any such adjustment could have a material impact on our financial condition and results of operations. For additional information, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Losses and Loss Adjustment Expenses," and Part II, Item 8, Note 8 "Unpaid Losses and Loss Adjustment Expenses."

It is possible that, among other things, past or future steps taken by the federal government and the Federal Reserve to manage the U.S. economy, including fiscal and monetary policy measures, could lead to higher than anticipated levels of inflation, which generally leads to increased loss costs and other operating expenses. However, our relatively high concentration in short tail lines of business limits the potential impact of this exposure long-term and allows us to price for those increases in future policy periods.

Any downgrade in our financial strength rating could affect our ability to write new business or renew our existing business, which would lead to a decrease in revenue and net income.

Third-party rating agencies, such as AM Best, periodically assess and rate the claims-paying ability of insurers based on criteria established by the rating agencies. Ratings assigned by AM Best are an important factor influencing the competitive position of insurance companies. AM Best ratings, which are reviewed at least annually, represent independent opinions of financial strength and ability to meet obligations to policyholders and are not directed toward the protection of investors. Therefore, our AM Best rating should not be relied upon as a basis for an investment decision to purchase our common stock.

All of the Company's insurance subsidiaries hold a financial strength rating of "A" (Excellent) by AM Best, the third highest rating out of 15 rating classifications. Our most recent rating by AM Best was affirmed on May 10, 2024. Financial strength ratings are used by agents, customers, lenders, and other insurance carriers as a means of assessing the financial strength and quality of insurance companies. If our financial position deteriorates, we may not maintain our favorable financial strength rating from AM Best. A downgrade of our rating could severely limit or prevent us from writing desirable business or from renewing our existing business. In addition, a downgrade could negatively affect our ability to implement our strategy because it could cause our current or potential agents to choose other more highly rated competitors or reduce our ability to obtain reinsurance. For additional information, see Part I, Item 1, "Business" and "Financial Strength."

Our results may fluctuate as a result of many factors, including cyclical changes in the insurance industry, competition, and innovation and emerging technologies.

The property and casualty insurance industry has historically been characterized by soft markets (periods of relatively high levels of price competition, less restrictive underwriting practices, and generally low premium rates) followed by hard markets (periods of capital shortages resulting in a lack of insurance availability, relatively low levels of price competition, more selective underwriting of risks, and relatively high premium rates). During soft markets, we may lose business to other carriers offering competitive insurance at lower rates. We may also choose to reduce our premiums or limit premium increases leading to a reduction in profit margins and revenues. Our industry is also influenced by general economic conditions, which could reduce overall premium volume for us and our competitors. Additionally, the industry could be impacted by changes in customer preferences, including customer demand for direct, point-of-sale, or other non-traditional distribution channels. Consolidation within the industry could also influence future growth and profit potential.

Innovation and emerging technologies continue to greatly impact the insurance industry. If we are unable to keep pace with the technological changes that our competitors implement, we may not be able to attract and retain customers, adequately price risks, or operate as efficiently as our competitors. In addition, emerging technologies in the automotive industry such as autonomous vehicles, driver-assistance and accident-avoidance features, sensor technology, and other forms of automation may reduce the future need for, or decrease the future pricing of, our auto insurance products.

Our success depends primarily on our ability to underwrite risks effectively and price our insurance products appropriately.

The nature of the insurance business is such that pricing must be determined before the underlying costs are fully known. This requires significant reliance on estimates and assumptions used in pricing our policies. If we fail to appropriately price the risks we insure or if our claims experience is more frequent or severe than our underlying risk assumptions, our profitability may be negatively affected. If we overestimate the risks we are exposed to, we may overprice our products, and new business growth and retention of existing business may be adversely affected. The ability to effectively underwrite risks and price products appropriately is subject to a number of uncertainties, including:

- availability of sufficient reliable data and our ability to properly analyze available data;
- market and competitive conditions;
- regulatory or legislative changes;
- selection and application of appropriate pricing techniques; and
- adverse changes in claims experience, such as distracted driving or a more aggressive tort environment.

Under the federal crop insurance program, each insurer is required to accept every application for multi-peril crop insurance that they receive, and the premiums and the policy terms are set by the RMA, which is the federal government agency administering the federal crop insurance program. Accordingly, no policy underwriting is necessary in connection with our multi-peril crop insurance line of business. Unlike the multi-peril crop business, we have the ability to underwrite and price crop hail insurance. We rely on AFBIS to underwrite our crop hail insurance line of business. If we believe the policy will expose us to too much risk in a particular geographic area or if we are unwilling to insure the crop, we have the ability to decline to issue the policy.

Volatility in crop prices and yields, as a result of weather conditions, trade policies, or other events, could adversely impact our financial condition and operating results.

Unpredictable weather conditions and other events such as excessive rain, flooding, droughts, hail, pests, and plant diseases can significantly impact crop prices and yields, creating volatility in our crop insurance business. Additionally, international trade policies, including the imposition of tariffs between major trading partners such as the United States and China, can create significant fluctuations in crop prices. We are unable to predict the ultimate result and duration of any tariff actions by the U.S. government, or countermeasures that may be taken by other nations. These trade tensions and retaliatory tariffs may affect agricultural commodity prices and create additional market uncertainty in our crop insurance business. In addition, the amount of multi-peril crop insurance business we retain is subject to the terms of the SRA and is dependent on the actual direct loss ratio experience. A significant decrease in crop prices and variability in the loss experience, whether caused by weather events, trade policies, or other events, could have a material negative effect on our business and results of operations.

Our ability to manage our exposure to underwriting risks depends on the availability and cost of reinsurance coverage.

We use reinsurance arrangements to manage the amount of risk we retain, stabilize underwriting results, and increase underwriting capacity. The availability and cost of reinsurance are subject to current market conditions and may vary significantly over time. Any decrease in the amount of reinsurance maintained will increase our risk of loss. We may be unable to maintain our desired reinsurance coverage or to obtain other reinsurance coverage in adequate amounts and/or at favorable rates. If we are unable to maintain appropriate reinsurance coverage, it may be difficult for us to manage our underwriting risks and operate our business profitably. For additional information, see Part II, Item 8, Note 6 “Reinsurance.”

If we cannot collect loss recoveries from our reinsurers in accordance with our reinsurance agreements, we may incur additional losses.

Although reinsurance creates a contractual liability for reinsurers to the extent the risk is transferred, it does not eliminate our liability to policyholders because we remain liable as the primary insurer on all reinsured risks. Our reinsurance program strategically spreads exposure among a group of highly-rated, geographically diverse, and well-capitalized reinsurers. All of our significant reinsurance partners are rated “A-” (Excellent) or better by AM Best. However, we remain subject to credit risk relating to our ability to collect these recoverables. Our reinsurance recoveries are also subject to the underlying losses meeting the qualifying conditions and specified limits within the respective contracts. Additionally, we are subject to the risk that reinsurers may dispute their obligations to pay our claims. Our inability to collect a material recovery from a reinsurer on a timely basis, or at all, could have a material adverse effect on our liquidity, operating results, and financial condition. For additional information, see Part II, Item 8, Note 6 “Reinsurance.”

Business and Operational Risks

The impact of a future pandemic, and related economic conditions, could materially affect our results of operations, financial position, and/or liquidity.

We face risks associated with pandemics, including the impact of reduced economic activity and unemployment, government actions, and capital markets disruption. These risks are unpredictable and difficult to quantify, and could vary significantly depending on the extent and duration of the pandemic and related economic conditions, along with potentially impacting each of our business segments and geographic markets differently.

Any future federal, state, and local government actions to address the impact of a pandemic may adversely affect us. Regulatory restrictions or requirements could impact pricing, risk selection, and our rights and obligations with respect to our policies and insureds, including our ability to cancel policies or our right to collect premiums. It is also possible that changes in economic conditions and steps taken by federal, state, and local governments could require an increase in taxes at the federal, state, and local levels, which would adversely impact our results of operations. Additionally, potential capital markets disruption could lead to our fixed income portfolio being adversely impacted by ratings downgrades, increased bankruptcies, declines in real estate valuations, and/or declines in fixed income yields, along with increased volatility in our equity portfolio.

We may not be able to grow our business if we cannot retain and expand our captive and independent agent relationships, we cannot provide competitive products for these agents to sell, and/or consumers seek other distribution methods offered by our competitors.

Our ability to retain existing agents, and to attract new agents, is essential to the continued growth of our business. Nodak Insurance utilizes captive agents who only sell our Company's products. Outside of North Dakota, we write business through the independent agent distribution model. If we are not able to offer competitive products and a competitive compensation structure to our captive agents and/or if our independent agents find it easier to do business with our competitors, we may be unable to retain existing business or generate sufficient new business.

While our products are sold through either independent or captive agents, our competitors may sell insurance through other distribution models, including the internet, direct marketing, or other emerging forms of distribution. To the extent that current and potential policyholders change their insurance shopping preferences, this may have an adverse effect on our ability to grow, financial position, and results of operations.

Acquisitions could disrupt our business and harm our financial condition or results of operations.

As part of our growth strategy, we will continue to evaluate acquisition opportunities. Any acquisitions involve a number of risks that could materially adversely affect our business and operating results, including:

- problems integrating the acquired operations into our existing business;
- operating and underwriting results of the acquired operations not meeting our expectations;
- diversion of management's time and attention from our existing business;
- higher than anticipated capital requirements;
- difficulties in retaining business relationships with agents and policyholders of the acquired company;
- risks associated with entering markets in which we lack extensive prior experience;
- tax issues associated with acquisitions;
- acquisition-related disputes, including disputes over contingent consideration and escrows;
- loss of key employees of the acquired company;
- impairment of related goodwill and intangible assets; and
- changes in strategy resulting in the sale of an acquired business which may result in a capital loss.

Our access to capital may be limited or may not be available on favorable terms.

Our future capital requirements depend on many factors, including rating agency and regulatory requirements, the performance of our investment portfolio, strategic initiatives, acquisition opportunities, and the ability to write business successfully at rate levels sufficient to cover losses. We may need to raise additional capital in the future through debt or equity financings. However, we can provide no assurance that we will be successful in raising funds pursuant to additional equity or debt financings or that such funds will be raised at prices that do not create substantial dilution for our existing stockholders. Any debt financing obtained by us in the future would cause us to incur debt service expenses and could include restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and pursue business opportunities. Macroeconomic challenges and volatility in capital markets could limit our ability to raise capital when needed on terms favorable to us, or at all. If we cannot obtain adequate capital or sources of credit on favorable terms, or at all, our business, financial condition, results of operations, and strategic initiatives could be adversely affected.

We may be unable to attract, retain or effectively manage the succession of key personnel.

The success of our business is dependent, to a large extent, on our ability to attract and retain key employees, in particular our senior officers and key management of our insurance subsidiaries. Our business may be adversely affected if labor market conditions make it difficult for us to retain or, if needed, replace our current key officers with individuals having equivalent qualifications and experience at compensation levels competitive for our industry. While we believe we offer competitive compensation and benefit arrangements, there can be no guarantee that we will be able to retain our key employees. There is significant competition from within the property and casualty insurance industry and from businesses outside the industry for those in key management positions, as well as others possessing highly specialized knowledge in areas such as actuarial, accounting, information technology, and data and analytics. In addition, our employment and other agreements with our key officers do not include non-compete covenants or non-solicitation provisions because they are unenforceable under North Dakota law. If we are not able to successfully attract, retain, and motivate our employees, our business, financial results, and reputation could be materially and adversely affected.

A failure in our operational systems or infrastructure, or those of our third-party service providers, including operational errors, could disrupt business, damage our reputation, and cause losses.

Our operations rely on the secure processing, storage, and transmission of confidential information, including in our computer systems and networks and those of third-party service providers. We rely heavily on our operating systems in connection with issuing policies, paying claims, and providing the information we need to conduct our business. We also rely on the operating systems of AFBIS in connection with various processes with respect to our crop lines of business. Our business depends on effective information security and systems, and we place significant reliance on the integrity and timeliness of the data our information systems process to support our business. A breakdown or disruption of any of these systems could materially adversely affect our ability to conduct our business and our results of operations.

We are exposed to many other types of operational risk, including the risk of fraud by employees and outsiders, clerical and recordkeeping errors, and computer or telecommunications systems malfunctions. Our business depends on our ability to process a large number of increasingly complex transactions. If any of our operational, accounting, or other data processing systems fail or have other significant shortcomings, we could be materially adversely affected. Similarly, we depend on our employees. We could be materially adversely affected if one or more of our employees cause a significant operational breakdown or failure, either as a result of human error or intentional sabotage or fraudulent manipulation of our operations or systems.

Cyberattacks, security breaches, or similar events affecting the technologies and systems we rely on to operate our business and to maintain and protect sensitive Company and customer data could disrupt our operations, harm our reputation, and result in material losses.

We have implemented administrative and technical controls, have taken actions to reduce the risk of cyber incidents and to protect our information technology and assets, and will continue to modify such procedures as circumstances warrant and negotiate appropriate terms in our agreements with third-party providers to protect our assets. However, such measures may be insufficient to prevent unauthorized access, computer viruses, malware or other malicious code or cyberattack, business compromise attacks, catastrophic events, system failures and disruptions, employee errors or malfeasance, third-party (including outsourced service providers) errors or malfeasance, loss of assets, and other events that could have security consequences. Such an event may result in data loss or loss of assets which could result in significant losses, reputational damage, or other adverse effects on our operations.

In addition, our technologies, systems, and networks may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our or our insureds' confidential, proprietary and other information, or otherwise disrupt our or our insureds' or other third-parties' business operations, which in turn may result in legal claims, regulatory scrutiny and liability, reputational damage, the incurrence of costs to eliminate or mitigate further exposure, and the loss of customers. Although to date we are not aware of any information security breaches or losses relating to cyberattacks, there can be no assurance that we will not suffer such losses in the future. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature and increasing frequency and sophistication of these threats and the outsourcing of some of our business operations. As a result, cybersecurity and the continued development and enhancement of our controls, processes, and practices designed to protect our systems, computers, software, data, and networks from attack, damage, or unauthorized access remain a priority. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

The compromise of personal, confidential, or proprietary information could also subject us to legal liability or regulatory action, including fines, penalties, or intervention, under evolving cybersecurity, data protection, and privacy laws and regulations enacted by the U.S. federal and state governments. Such laws and regulations have become increasingly widespread and demanding in recent

years and may result in increased compliance costs and risk of regulatory actions or penalties. If incurred, such regulatory actions or penalties could harm our reputation. Any such events could have an adverse impact on our business, financial condition or results of operations.

Regulatory Risks

A portion of our written premiums and net profits are generated from multi-peril crop insurance business, and the loss of such business as a result of a termination of or substantial changes to the federal crop insurance program could have an adverse effect on our revenues and net income.

In 2024, 2023, and 2022, our direct premiums written generated from the multi-peril crop insurance line of business were 9.8%, 10.2%, and 12.8%, respectively, of total written premiums. Through the FCIC, the U.S. government subsidizes insurance companies by assuming an increasingly higher portion of losses incurred by farmers as a result of weather-related and other perils as well as commodity price fluctuations. The U.S. government also subsidizes the premium cost to farmers for multi-peril crop yield and revenue insurance. Without this risk assumption, losses incurred by insurance companies would be higher. Without the premium subsidy, the number of farmers purchasing multi-peril crop insurance would decline significantly. Periodically, members of the U.S. Congress propose to significantly reduce the government's involvement in the federal crop insurance program in an effort to reduce government spending. If legislation is adopted to reduce the amount of risk the government assumes, the amount of insurance premium subsidy provided to farmers or otherwise reduce the coverage provided under multi-peril crop insurance policies, losses would increase and purchases of multi-peril crop insurance could experience a significant decline nationwide and in our market area. Such changes could have an adverse effect on our revenues and income.

Our businesses are heavily regulated by the jurisdictions in which we conduct business and changes in regulation, including required participation in pools, premium surcharges, and higher tax rates, may reduce our profitability and limit our growth.

Most states require insurance companies authorized to do business in their state to participate in guaranty funds, which require the insurance companies to bear a portion of the unfunded obligations of impaired, insolvent, or failed insurance companies. These obligations are funded by assessments, which are expected to continue in the future. State guaranty associations levy assessments, up to prescribed limits, on all insurance companies doing business in the state based on their proportionate share of premiums written in the lines of business in which the impaired, insolvent, or failed insurance companies are engaged. Accordingly, the assessments levied on us may increase as we increase our written premiums. For additional information, see Part I, Item 1, "Business" and "Regulation."

In addition, as a condition to conducting business in some states, insurance companies are required to participate in residual market programs to provide insurance to those who cannot procure coverage from an insurance carrier on a negotiated basis. Insurance companies generally can fulfill their residual market obligations by, among other things, participating in a reinsurance pool where the results of all policies provided through the pool are shared by the participating insurance companies. Although we price our insurance to account for our potential obligations under these pooling arrangements, we may not be able to accurately estimate our liability for these obligations. Accordingly, mandatory pooling arrangements may cause a decrease in our profits. As we write policies in new states that have mandatory pooling arrangements, we will be required to participate in additional pooling arrangements. Further, the impairment, insolvency, or failure of other insurance companies in these pooling arrangements would likely increase the liability for other members in the pool.

The effect of assessments and premium surcharges or increases in such assessments or surcharges could reduce our profitability in any given period or limit our ability to grow our business. In addition, state tax laws that specifically impact the insurance industry, such as premium taxes, or more general tax laws, such as U.S. federal corporate income taxes, could be enacted or changed and could have a material adverse impact on us.

We are subject to insurance industry laws and regulations, as well as claims and legal proceedings, which if determined unfavorably, could have a material adverse effect on our profitability.

We are subject to extensive supervision and regulation by the states in which we operate. The failure to comply with these regulations could subject the Company to sanctions and fines, including the cancellation or suspension of our licenses, which could significantly impact our financial condition and results of operations. State insurance departments also conduct periodic examinations of the affairs of insurance companies and require the filing of annual and other reports relating to financial condition, holding company issues, and other matters.

Additionally, changes in the level of regulation of the insurance industry or changes in laws or regulations themselves or interpretations by regulatory authorities could adversely affect our ability to operate our business. Federal laws and regulations, and

the influence of international laws and regulations, may have adverse effects on our business, potentially including a change from a state-based system of regulation to a system of federal regulation, the repeal of the McCarran Ferguson Act, and/or measures under the Dodd-Frank Act that establish the Federal Insurance Office and provide for a determination that a non-bank financial company presents systemic risk and therefore should be subject to heightened supervision by the Federal Reserve Board. It is not known how this federal office will coordinate and interact with the NAIC and state insurance regulators. Adoption or implementation of any of these measures may restrict our ability to conduct our insurance business, govern our corporate affairs, or effectively manage our cost of doing business.

We also face a risk of litigation in the ordinary course of operating our businesses including the risk of class action lawsuits. We may become subject to class actions and individual suits alleging breach of fiduciary or other duties, including our obligations to indemnify directors and officers in connection with certain legal matters. We are also subject to litigation arising out of our general business activities such as contractual and employment relationships and claims regarding the infringement of the intellectual property of others. Plaintiffs in class action and other lawsuits against us may seek large or indeterminate amounts of damages, including punitive and treble damages, which may remain unknown for substantial periods of time.

New or changes to existing accounting rules and standards could adversely impact our reported results of operations.

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), as promulgated by the Financial Accounting Standards Board (“FASB”), subject to the accounting-related rules and interpretations of the SEC. New accounting rules or changes in accounting standards or how they apply to our business may impact our reported financial condition or results of operations, and could cause increased volatility in reported earnings, which could affect the trading price of our common stock or our credit ratings.

Risks Related to Our Common Stock

Nodak Mutual Group’s majority control of our common stock will enable it to exercise voting control over most matters put to a vote of shareholders.

Nodak Mutual Group owns a majority of our outstanding common stock and, through its Board of Directors, is able to exercise voting control over most matters put to a vote of shareholders. The votes cast by Nodak Mutual Group may not be in the best interests of all shareholders. For example, Nodak Mutual Group may exercise its voting control to defeat a shareholder nominee for election to the Board of Directors of NI Holdings.

In addition, certain provisions of our Articles of Incorporation, such as the prohibition of cumulative voting for the election of directors and the prohibition on any person or group acquiring and having the right to vote in excess of 10% of our outstanding stock without the prior approval of the Board of Directors will make removal of the Company’s management difficult.

Our status as an insurance holding company with no direct operations could adversely affect our ability to fund operations, execute future share repurchases, or meet potential future shareholder dividend and/or debt obligations.

NI Holdings is an insurance holding company that transacts substantially all of its business through its subsidiaries. A significant source of funds available to us for the payment of operating expenses, share repurchases, and potential future dividends to shareholders and/or debt servicing are management fees, dividends from our subsidiaries, or other sources of capital. The payment of dividends by our subsidiaries are restricted by North Dakota’s insurance law. If we are unable to obtain dividends from our subsidiaries as needed to fund our operations, our business and financial results could be adversely affected.

Statutory provisions and provisions of our Articles of Incorporation and Bylaws may discourage takeover attempts of NI Holdings that shareholders may believe are in their best interests.

We are subject to provisions of North Dakota corporate and insurance law that hinder a change of control. North Dakota law requires the North Dakota Insurance Department’s prior approval of a change of control of an insurance holding company. Under North Dakota law, the acquisition of 10% or more of the outstanding voting stock of an insurer or its holding company is presumed to be a change in control. Approval by the North Dakota Insurance Department may be withheld even if the transaction would be in the shareholders’ best interest if the North Dakota Insurance Department determines that the transaction would be detrimental to policyholders.

Our Articles of Incorporation and Bylaws also contain provisions that may discourage a change in control. These provisions may serve to entrench management and may discourage a takeover attempt that shareholders may consider to be in their best interest or in which they would receive a substantial premium over the current market price. These provisions may make it extremely difficult for any one person, entity, or group of affiliated persons or entities to acquire voting control of NI Holdings, with the result that it may be

extremely difficult to bring about a change in the Board of Directors or management. Some of these provisions also may perpetuate present management because of the additional time required to cause a change in the control of the Board of Directors. Other provisions make it difficult for shareholders owning less than a majority of the voting stock to be able to elect even a single director.

General Risks

Our investment portfolio is subject to credit and interest rate risk, and therefore our revenues and financial results may fluctuate with interest rates, investment results, equity market fluctuations, and developments in the capital markets.

Investment income is an important component of our net income and overall profitability. We invest premiums received from policyholders and other available cash to generate investment income and capital appreciation, while also maintaining sufficient liquidity to pay claims and operating expenses. Changes in interest rates and credit quality may result in fluctuations in the income derived from, the valuation of, and in the case of declines in credit quality, payment defaults on our fixed income securities. Such conditions could give rise to significant realized and unrealized investment losses or the impairment of securities. Potential higher interest rates could reduce the carrying value of our fixed income and short-term investments, negatively impacting the Company's carrying value in the short-term. Over the long-term, however, higher interest rates would provide an incremental benefit to our net investment income as excess cash and the proceeds of maturing bonds are reinvested at higher rates. We manage our exposure to interest rate increases by monitoring the duration within our investment portfolio and maintaining maturities that minimize any forced sales within the portfolio. However, even with such monitoring efforts, we may be forced to sell securities at a loss, which would adversely affect our results of operations.

We also invest a portion of our assets in equity securities, which are subject to greater volatility in their investment returns than fixed income investments. Unlike fixed income securities, the changes in the fair value of our equity securities are recognized in net income. General economic conditions, stock market volatility, changes in tax laws, and many other factors beyond our control can adversely affect the value of these securities and potentially reduce our net investment income and/or lead to net investment losses.

Any significant or long-running negative changes in the fixed income or equity markets could have a material adverse effect on our financial condition, results of operations, or cash flows. Our investment portfolio is also subject to credit and cash flow risk, including risks associated with our investments in asset-backed and mortgage-backed securities. Because our investment portfolio is the largest component of our assets and a multiple of our shareholders' equity, adverse changes in economic conditions could result in impairments that are material to our financial condition and operating results. Such economic changes could arise from overall changes in the financial markets or specific changes to industries, companies, or municipalities in which we maintain investment holdings. See Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk."

We may not be able to manage our growth effectively.

We intend to continue to grow our business in the future, which could require additional capital, systems development, and skilled personnel. However, there are inherent risks associated with this strategy, including the risks of unsuccessfully identifying profitable business opportunities, managing capital requirements, expanding systems and internal controls, maintaining innovative products and technologies, allocating human capital resources, identifying qualified employees and/or agents, and integrating future acquisitions. The failure to manage our growth effectively could have a material adverse effect on our business, financial condition, and results of operations.

We could be adversely affected by a future unexpected business interruption involving our office buildings, operational systems and infrastructure, key external vendors, and/or workforce.

Our business operations could be substantially interrupted by flooding, snow, ice, wind, and other weather-related incidents, or from fire, pandemics, power loss, telecommunications failures, terrorism, or other such events. Our business continuity plans may not sufficiently remediate all risks associated with future significant business interruptions. Any damage caused by such a failure or loss may cause interruptions in our business operations that may adversely affect our service levels and business.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity risk is an important and evolving focus for the Company. The increased sophistication and activities of unauthorized parties attempting to access our systems is an ever-present risk. Cybersecurity risks may also arise from human error, fraud, or malice on the part of employees or third parties who have authorized access to our systems or information.

Our information security program is directly managed by a dedicated Director of Information Systems, whose team is responsible for enterprise-wide cybersecurity strategy, policy, standards, architecture, and processes. Company employees are periodically required to affirm their understanding of several policies and standards, including those related to cybersecurity. Our cybersecurity strategy is primarily focused on network security, data security, vulnerability management, incident management, and disaster recovery. We utilize internal resources as well as third-party consultants and vendors to periodically conduct cybersecurity vulnerability testing, facilitate employee training, perform system assessments, and provide recommendations based on industry best practices.

The Director of Information Systems provides periodic reports to our ERM Council related to cybersecurity risks and threats, the status of projects to strengthen our information security systems and controls, assessments of the information security program and related third-party service providers, and the emerging threat landscape. The ERM Council provides oversight and support related to our cybersecurity program and consists of our Chief Executive Officer, Chief Financial Officer, Director of Information Systems, and other appropriate members of senior management who possess the relevant expertise to assess and manage cybersecurity risks as part of the broader enterprise risk management process. Periodic reports are also provided to appropriate members of senior management that include information regarding prevention, detection, mitigation, and remediation efforts related to cybersecurity incidents.

Our Chief Executive Officer and Director of Information Systems also provide periodic reports to the Audit Committee of the Board of Directors regarding ERM activities and assessments, including those related to cybersecurity and cybersecurity incidents. The Audit Committee of the board oversees our risk management program, which focuses on the most significant risks we face in the short-, intermediate-, and long-term timeframes. Audit Committee meetings include discussions of specific risk areas throughout the year, including, among others, those relating to cybersecurity threats, and reports from management on our enterprise risk profile on an annual basis.

As of the date of this 2024 Annual Report, we are not aware of any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations, or financial condition. Refer to the risk factor captioned “Cyberattacks, security breaches, or similar events affecting the technologies and systems we rely on to operate our business and to maintain and protect sensitive Company and customer data could disrupt our operations, harm our reputation, and result in material losses” in Part I, Item 1A, “Risk Factors” for additional details regarding cybersecurity risks and potential impacts on our business.

Item 2. Properties

Our headquarters is located at 1101 First Avenue North, Fargo, North Dakota, which is also the headquarters of Nodak Insurance. Nodak Insurance owns this building and leases a portion of the building to the NDFB and to AFBIS.

Battle Creek owns the building in which its offices are located at 603 South Preece Street, Battle Creek, Nebraska.

Tri-State Ltd. leases the building at 506 5th Street, Spearfish, South Dakota.

Direct Auto leases office space at 8700 West Bryn Mawr Avenue, Chicago, Illinois under a lease that expires on August 31, 2029.

We believe that the offices currently occupied by each of our subsidiaries are sufficient for their needs and any expected internal growth in the near future.

Item 3. Legal Proceedings

We are party to litigation in the normal course of business. Based upon information presently available to us, we do not consider any litigation to be material. However, given the inherent uncertainties of litigation, we cannot assure you that our results of operations and financial condition will not be materially adversely affected by any litigation.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

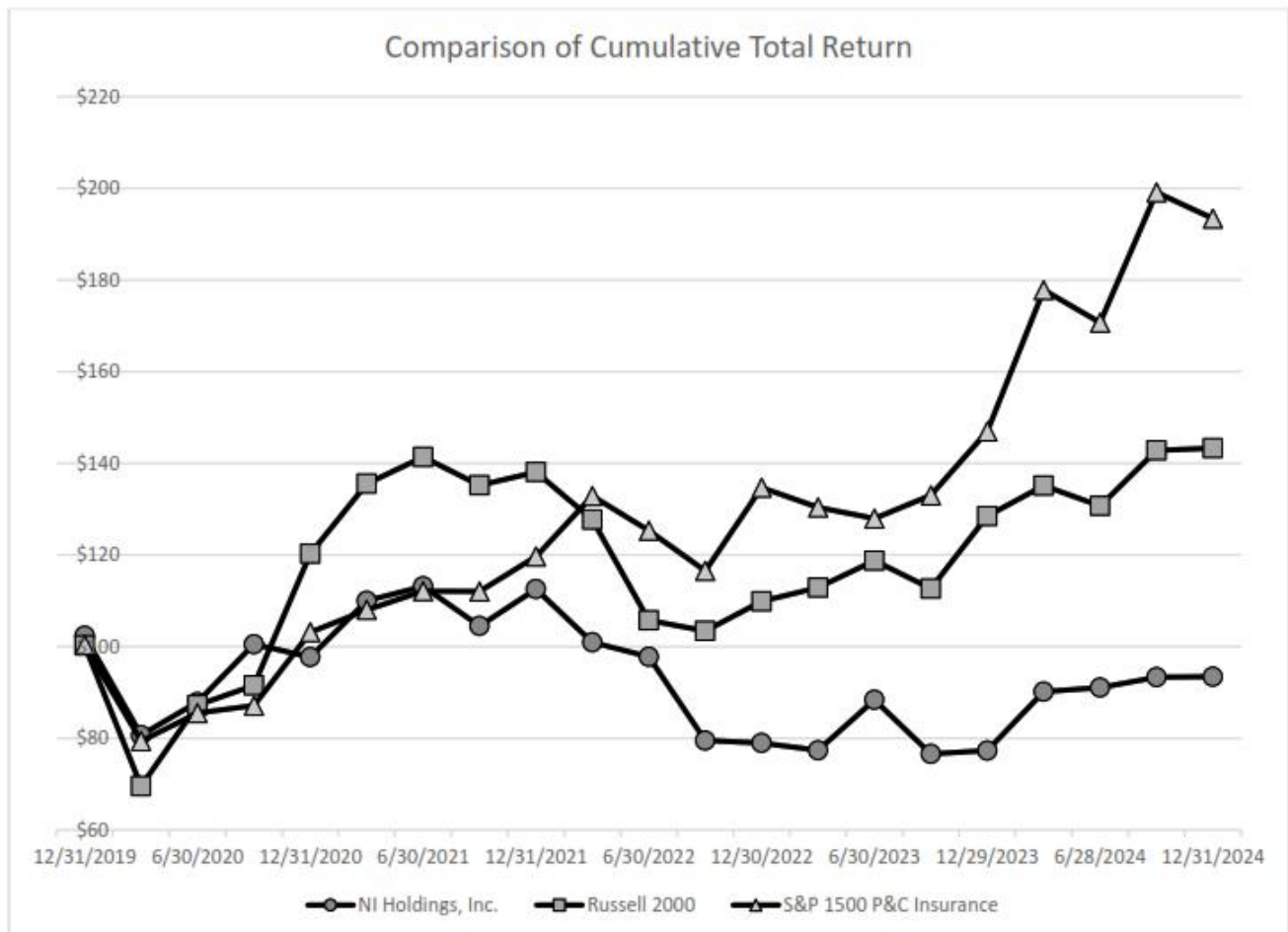
Item 5. Market for Registrant's Common Equity, Related Shareholder Matters, and Issuer Purchases of Equity Securities

Market Information

The Company's common shares trade on the Nasdaq Capital Market ("Nasdaq") under the symbol "NODK." As of February 28, 2025, there were approximately 502 shareholders of record for the Company's common stock.

Stock Performance Graph

The following graph shows the cumulative total shareholder return (stock price increase plus dividends) on our common stock from December 31, 2019 through December 31, 2024, along with the corresponding returns for the Russell 2000 Index (as the broad stock market index) and the Standard & Poor's (S&P) 1500 US P&C Insurance Index (as the published industry index). The graph assumes that the value of the investment in the common stock and each index was \$100 on December 31, 2019, and that all dividends were reinvested.



Dividend Policy

Our Board of Directors continues to evaluate a potential policy of paying regular cash dividends but has not decided on the amounts that may be paid, the frequency of any payment, or when any payments may begin. Therefore, the timing and the amount of cash dividends that may be paid to shareholders in the future is uncertain. In addition, the Board of Directors may declare and pay periodic special cash dividends in addition to, or in lieu of, regular cash dividends. In determining whether to declare or pay any dividends, whether regular or special, the Board of Directors will take into account our financial condition and results of operations, income tax considerations, capital requirements, industry standards, and economic conditions. We cannot guarantee that we will pay dividends or that, if paid, we will not reduce or eliminate dividends in the future.

If we pay dividends to our shareholders, we also will be required to pay dividends to Nodak Mutual Group, unless Nodak Mutual Group elects to waive the receipt of dividends. Because Nodak Mutual Group has no current plans to utilize any cash dividends that it may receive from us, we anticipate that it will waive its right to receive substantially all of the dividends that are paid to it by us or immediately return substantially all of such funds to us as an equity contribution. However, because the Board of Directors of Nodak Mutual Group includes persons who are not members of our Board of Directors, we cannot provide any assurance that they will take such action with respect to any cash dividend that we may declare. If we are unable to obtain a commitment from the Board of Directors of Nodak Mutual Group that it will waive its right to receive any cash dividend that we intend to declare or that it will return the funds from such dividend to the Company as an equity contribution, our Board of Directors may decide not to declare a cash dividend.

We are not currently subject to regulatory restrictions on the payment of dividends to our shareholders. However, any future dividends may be restricted to those received from our insurance subsidiaries. North Dakota law limits the amount of dividends and other distributions that Nodak Insurance and Direct Auto may pay to us. For information regarding the regulatory restrictions on dividends our insurance subsidiaries can pay, refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Liquidity and Capital Resources,” and Part II, Item 8, Note 22 “Statutory Net Income (Loss), Capital and Surplus, and Dividend Restrictions.”

Even if we receive dividends from Nodak Insurance or Direct Auto, we may not declare any dividends to our shareholders due to working capital requirements. We are not subject to regulatory restrictions on the payment of dividends to shareholders, but we are subject to the requirements of the North Dakota Business Corporation Act. This law generally permits dividends or distributions to be paid, to the extent we still have the ability to pay our debts in the ordinary course of business after making the dividend or distribution payments. This law requires our total assets to exceed our total liabilities plus the amount that would be needed to satisfy the preferential rights upon dissolution of holders of stock with senior liquidation rights if we were to be dissolved at the time the dividend or distribution is paid.

Unregistered Securities

The Company has not sold any unregistered securities within the past three years.

Issuer Stock Purchases

The Company had no common shares outstanding prior to March 13, 2017.

On August 11, 2021, our Board of Directors approved an authorization for the repurchase of up to approximately \$5,000 of the Company's outstanding common stock. During the year ended December 31, 2021, we completed the repurchase of 81,095 shares of our common stock for \$1,554 under this new authorization. During the year ended December 31, 2022, we completed the repurchase of 214,937 shares of our common stock for \$3,446 to close out this authorization.

On May 9, 2022, our Board of Directors approved an authorization for the repurchase of up to approximately \$10,000 of the Company's outstanding common stock. During the year ended December 31, 2022, we completed the repurchase of 54,223 shares of our common stock for \$734 under this authorization. During the year ended December 31, 2023, we repurchased an additional 548,549 shares of our common stock for \$7,278, including the effect from applicable excise taxes. During the year ended December 31, 2024, we did not repurchase any shares of our common stock. At December 31, 2024, \$2,052 remains available under this authorization.

Share repurchase activity during the three months ended December 31, 2024, is presented below:

Period in 2024	Total Number of Shares Purchased	Average Price Paid Per Share ⁽³⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽²⁾⁽³⁾ (in thousands)
October 1 – 31, 2024	—	\$ —	—	\$ 2,052
November 1 – 30, 2024	—	—	—	2,052
December 1 – 31, 2024	—	—	—	2,052
Total	—	\$ —	—	\$ 2,052

(1) Shares purchased pursuant to the May 9, 2022 publicly announced share repurchase authorization of up to approximately \$10,000 of the Company's outstanding common stock.

(2) Maximum dollar value of shares that may yet be purchased consist of up to approximately \$2,052 under the May 9, 2022, publicly announced share repurchase authorization.

(3) The Inflation Reduction Act of 2022 imposed a 1% excise tax on the net value of certain share repurchases made after December 31, 2022. All dollar amounts presented exclude such excise taxes, as applicable.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to provide a more comprehensive review of our operating results and financial condition than can be obtained from reading the consolidated financial statements alone. Unless otherwise noted, the information in the following discussion is being presented for our continuing operations. The discussion should be read in conjunction with the consolidated financial statements and the notes thereto included in Part II, Item 8, “Financial Statements and Supplementary Data.” Some of the information contained in this discussion and analysis or set forth elsewhere in this 2024 Annual Report constitutes forward-looking information that involves risks and uncertainties. Please see “Forward-Looking Statements” and Part I, Item 1A, “Risk Factors” for a discussion of important factors that could cause actual results to differ materially from the results described, or implied by, the forward-looking statements contained herein.

Our Management’s Discussion and Analysis of Financial Condition and Results of Operations included in this document discusses 2024 and 2023 items and year-over-year comparisons between 2024 and 2023 as well as discussions of 2022 items and year-over-year comparisons between 2023 and 2022, which were included due to the impacts of discontinued operations for those prior periods.

All dollar amounts, except per share amounts, are in thousands.

Financial Highlights

2024 Consolidated Results of Continuing Operations

- Net income of \$6,600, or \$0.31 per share basic and diluted
- Net premiums earned of \$310,110
- Net investment income of \$10,943
- Net unfavorable prior year reserve development of \$13,517
- Underwriting loss of \$2,321
- Combined ratio of 100.7%
- Operating cash flows of \$15,082

2024 Consolidated Financial Condition

- Total cash and investments of \$385,094
- Total assets of \$526,545
- Unpaid losses and loss adjustment expenses of \$137,288
- Total liabilities of \$281,914
- Shareholders’ equity of \$244,631

Results of Continuing Operations

Our consolidated financial statements are prepared in accordance with GAAP. Management evaluates our operations by monitoring key measures of growth and profitability, which may include the disclosure of certain non-GAAP financial measures. Our results of operations are influenced by numerous factors affecting the U.S. property and casualty insurance industry including competition, weather, catastrophic events, innovation and emerging technologies, changes in regulations, inflation, general economic conditions, judicial trends, fluctuations in interest rates, and other changes in the financial markets.

Our premium levels and underwriting results have been, and will continue to be, influenced by market conditions. The property and casualty insurance industry has historically been characterized by soft markets (periods of relatively high levels of price competition, less restrictive underwriting practices, and generally low premium rates) followed by hard markets (periods of capital shortages resulting in a lack of insurance availability, relatively low levels of price competition, more selective underwriting of risks, and relatively high premium rates). During soft markets, we may lose business to other carriers offering competitive insurance at lower rates. We may also choose to reduce our premiums or limit premium increases leading to a reduction in profit margins and revenues. Our industry is also influenced by general economic conditions, which could reduce overall premium volume for us and our competitors. Additionally, the industry is impacted by changes in customer preferences, including customer demand for direct, point-of-sale, or other non-traditional distribution channels. We regularly monitor our performance and competitive position by line of business and geographic market to determine appropriate rate actions.

Premiums in the multi-peril crop insurance business are primarily influenced by the types of crops planted, number of acres insured, and commodity prices because the rates are established by the RMA rather than individual insurance carriers. The expected experience of this business for the calendar year may also significantly affect the reported net earned premiums and losses due to the risk-sharing arrangement with the federal government. Multi-peril crop insurance premiums are generally written in the second quarter, and earned ratably over the period of risk, which generally extends into the fourth quarter. Premiums in the crop hail insurance business are also generally written in the second quarter and earned ratably until the end of the third quarter.

Premiums in our other lines of business are written and earned throughout the year based on their coverage periods. Losses on this business are also incurred throughout the year but are usually more frequent and/or severe during periods of elevated weather-related activity.

Property Claims Service (“PCS”), a division of the Insurance Services Office, maintains industry loss data related to catastrophe loss events. PCS defines a catastrophe as an event that causes damage of \$25 million or more in insured property losses and affects a significant number of insureds. When reporting on our losses from catastrophe events, we may include losses from those events that were defined as a catastrophe by PCS or those events which may include losses that we believe are, or will be, material to our operations, either in amount or in number of claims made. The frequency and severity of catastrophic losses we experience in any year may significantly affect our results of operations and financial position. In analyzing the underwriting performance of our property and casualty insurance business, we evaluate performance both including and excluding catastrophe losses. Portions of our catastrophe losses may be recoverable under our catastrophe reinsurance agreements.

For more information on the Company’s results of operations by segment, see Part II, Item 8, Note 21 “Segment Information.”

Years ended December 31, 2024, 2023, and 2022

The consolidated net income from continuing operations for the Company was \$6,600 for the year ended December 31, 2024, compared to net income of \$19,831 for the year ended December 31, 2023, and a net loss of \$38,685 for the year ended December 31, 2022.

The major components of our revenues and net income (loss) for the three periods are shown below:

	Year Ended December 31,		
	2024	2023	2022
Revenues:			
Net premiums earned	\$ 310,110	\$ 292,117	\$ 271,740
Fee and other income	1,938	1,940	1,381
Net investment income	10,943	8,034	6,636
Net investment gains (losses)	2,213	1,929	(11,975)
Total revenues	<u>\$ 325,204</u>	<u>\$ 304,020</u>	<u>\$ 267,782</u>
Components of net income (loss):			
Net premiums earned	\$ 310,110	\$ 292,117	\$ 271,740
Losses and loss adjustment expenses	207,465	186,516	241,750
Amortization of deferred policy acquisition costs and other underwriting and general expenses	104,966	96,957	78,908
Underwriting gain (loss)	<u>(2,321)</u>	<u>8,644</u>	<u>(48,918)</u>
Fee and other income	1,938	1,940	1,381
Net investment income	10,943	8,034	6,636
Net investment gains (losses)	2,213	1,929	(11,975)
Goodwill impairment charge	<u>(2,628)</u>	<u>—</u>	<u>—</u>
Income (loss) from continuing operations before income taxes	10,145	20,547	(52,876)
Income tax expense (benefit)	3,545	716	(14,191)
Net income (loss) from continuing operations	<u><u>\$ 6,600</u></u>	<u><u>\$ 19,831</u></u>	<u><u>\$ (38,685)</u></u>

Net Premiums Earned

	Year Ended December 31,		
	2024	2023	2022
Net premiums earned:			
Direct premium	\$ 341,885	\$ 325,590	\$ 299,607
Assumed premium	2,984	3,570	6,550
Ceded premium	(34,759)	(37,043)	(34,417)
Total net premiums earned	<u>\$ 310,110</u>	<u>\$ 292,117</u>	<u>\$ 271,740</u>

Net premiums earned for the year ended December 31, 2024 increased \$17,993, or 6.2%, to \$310,110, compared to \$292,117 for the year ended December 31, 2023.

Net premiums earned for the year ended December 31, 2023 increased \$20,377, or 7.5%, to \$292,117, compared to \$271,740 for the year ended December 31, 2022.

	Year Ended December 31,		
	2024	2023	2022
Net premiums earned:			
Private passenger auto	\$ 90,314	\$ 83,360	\$ 77,605
Non-Standard auto	95,225	87,760	66,911
Home and farm	90,761	83,389	78,381
Crop	21,142	25,817	34,721
All other	12,668	11,791	14,122
Total net premiums earned	<u>\$ 310,110</u>	<u>\$ 292,117</u>	<u>\$ 271,740</u>

Below are comments regarding significant changes in net premiums earned by business segment:

Private passenger auto – Net premiums earned for 2024 increased \$6,954, or 8.3%, from 2023. Results were driven by new business growth in North Dakota as well as significant rate increases in North Dakota, South Dakota, and Nebraska, partially offset by lower new business and retention levels in South Dakota and Nebraska as a result of underwriting actions taken to improve profitability. Net premiums earned for 2023 increased \$5,755, or 7.4%, from 2022. This increase was driven by significant rate increases in North Dakota, South Dakota, and Nebraska, partially offset by lower new business production as a result of underwriting actions taken to improve profitability.

Non-Standard auto – Net premiums earned for 2024 increased \$7,465, or 8.5%, from 2023. Results were driven by prior period new business growth in Illinois and Arizona as well as significant rate increases in the Chicago market where our non-standard auto business is concentrated, partially offset by lower retention compared to the prior year and the decision to exit Nevada. Net premiums earned for 2023 increased \$20,849, or 31.2%, from 2022. This increase was driven by new business growth, improved retention, and significant rate increases in the Chicago market.

Home and farm – Net premiums earned for 2024 increased \$7,372, or 8.8%, from 2023. Results were driven by new business growth in North Dakota, rate increases, and increased insured property values, which were primarily the result of higher inflationary factors. These increases were partially offset by lower retention rates and new business levels in Nebraska and South Dakota as a result of underwriting actions taken to improve profitability. Net premiums earned for 2023 increased \$5,008, or 6.4%, from 2022. This increase was driven by rate increases along with increased insured property values, which were primarily the result of higher inflationary factors. These premium increases were partially offset by lower levels of new business production as a result of underwriting actions taken to improve profitability.

Crop – Net premiums earned for 2024 decreased \$4,675, or 18.1%, from 2023. This decrease was driven by a reduction in acres insured and lower commodity prices, which are a key determinant of premiums on a Federal multi-peril crop insurance policy, in the current year. Net premiums earned for 2023 decreased \$8,904, or 25.6%, from 2022. This decrease was driven by lower commodity prices and lower multi-peril crop insurance rates in 2023, combined with fewer acres insured compared to the prior year. In addition, the strong multi-peril crop results for 2023 resulted in higher ceded premiums as required by the SRA.

All other – Net premiums earned for 2024 increased \$877, or 7.4%, from 2023. Results were driven by rate and insured value increases for the commercial and excess lines of business, partially offset by the continued run-off of our participation in an assumed domestic and international reinsurance pool of business. Net premiums earned for 2023 decreased \$2,331, or 16.5%, from 2022. This

decrease was driven by the decision to non-renew our participation in an assumed domestic and international reinsurance pool of business as of January 1, 2022.

Losses and Loss Adjustment Expenses

	Year Ended December 31,		
	2024	2023	2022
Net losses and loss adjustment expenses:			
Direct losses and loss adjustment expenses	\$ 220,991	\$ 195,138	\$ 255,187
Assumed losses and loss adjustment expenses	784	1,140	2,369
Ceded losses and loss adjustment expenses	(14,310)	(9,762)	(15,806)
Total net losses and loss adjustment expenses	<u>\$ 207,465</u>	<u>\$ 186,516</u>	<u>\$ 241,750</u>

The Company's net losses and loss adjustment expenses for the year ended December 31, 2024 increased \$20,949, or 11.2%, to \$207,465, compared to \$186,516 for the year ended December 31, 2023.

The Company's net losses and loss adjustment expenses for the year ended December 31, 2023 decreased \$55,234, or 22.8%, to \$186,516, compared to \$241,750 for the year ended December 31, 2022.

	Year Ended December 31,		
	2024	2023	2022
Net losses and loss adjustment expenses:			
Private passenger auto	\$ 51,869	\$ 60,204	\$ 65,420
Non-Standard auto	76,130	63,041	39,400
Home and farm	64,561	50,935	107,823
Crop	9,071	10,793	19,418
All other	5,834	1,543	9,689
Total net losses and loss adjustment expenses	<u>\$ 207,465</u>	<u>\$ 186,516</u>	<u>\$ 241,750</u>

	Year Ended December 31,		
	2024	2023	2022
Loss and loss adjustment expenses ratio:			
Private passenger auto	57.4%	72.2%	84.3%
Non-Standard auto	79.9%	71.8%	58.9%
Home and farm	71.1%	61.1%	137.6%
Crop	42.9%	41.8%	55.9%
All other	46.1%	13.1%	68.6%
Total loss and loss adjustment expenses ratio	<u>66.9%</u>	<u>63.8%</u>	<u>89.0%</u>

Below are comments regarding significant changes in net losses and loss adjustment expenses, and the net loss and loss adjustment expenses ratios by business segment:

Private passenger auto – The net loss and loss adjustment expenses ratio decreased 14.8 percentage points in 2024 compared to 2023. This decrease was driven by lower levels of weather-related losses in the current year due to the mild winter in the Midwest compared to elevated winter weather-related losses in the prior year as well as favorable prior year loss reserve development. Both periods were positively affected by earned premium growth. The net loss and loss adjustment expenses ratio decreased 12.1 percentage points in 2023 compared to 2022. This decrease was the result of recent significant rate increases, lower loss frequency compared to the prior year, and favorable prior year loss reserve development, partially offset by elevated loss costs due to high levels of inflation.

Non-Standard auto – The net loss and loss adjustment expenses ratio increased 8.1 percentage points in 2024 compared to 2023. This increase was driven by unfavorable prior year loss reserve development related to elevated bodily injury losses, partially offset by earned premium growth resulting from new business growth and significant rate increases. We continue to take significant underwriting actions as a result of these elevated losses and challenging market conditions. The net loss and loss adjustment expenses ratio increased 12.9 percentage points in 2023 compared to 2022. This increase was driven by elevated loss severity as a result of inflationary factors as well as unfavorable prior year loss reserve development, partially offset by significant rate increases.

Home and farm – The net loss and loss adjustment expenses ratio increased 10.0 percentage points in 2024 compared to 2023. This increase was driven by higher loss severity and higher non-catastrophe weather-related losses in North Dakota and Nebraska during 2024 compared to the prior year, partially offset by earned premium growth in the current year. The net loss and loss adjustment expenses ratio decreased 76.5 percentage points in 2023 compared to 2022. This decrease was driven by the much-improved loss experience as a result of having no catastrophe losses during 2023 compared to 2022, combined with improved non-catastrophe weather losses and the significant rate increases and underwriting actions we implemented to address the profitability on these lines of business. Catastrophe losses, net of reinsurance, for the Home and Farm segment accounted for 72.1 percentage points of the net loss and loss adjustment expense ratio for the year ended December 31, 2022.

Crop – The net loss and loss adjustment expenses ratio increased 1.1 percentage points in 2024 compared to 2023. The strong results for 2024 were the result of favorable crop growing conditions, similar to the prior year. The net loss and loss adjustment expenses ratio decreased 14.1 percentage points in 2023 compared to 2022. This decrease was due to improved crop growing conditions in 2023 in comparison to 2022.

All other – The net loss and loss adjustment expenses ratio increased 33.0 percentage points in 2024 compared to 2023. This increase was driven by elevated large loss experience compared to the prior year and an inter-segment reclassification of a large loss during 2023. The net loss and loss adjustment expenses ratio decreased 55.5 percentage points in 2023 compared to 2022. This decrease was driven by improved loss experience related to the commercial and excess liability lines of business.

Underwriting and General Expenses and Expense Ratio

	Year Ended December 31,		
	2024	2023	2022
Underwriting and general expenses:			
Amortization of deferred policy acquisition costs	\$ 71,257	\$ 67,631	\$ 53,605
Other underwriting and general expenses	33,709	29,326	25,303
Total underwriting and general expenses	<u>\$ 104,966</u>	<u>\$ 96,957</u>	<u>\$ 78,908</u>
Expense ratio	<u>33.8%</u>	<u>33.2%</u>	<u>29.0%</u>

The expense ratio is calculated by dividing other underwriting and general expenses and amortization of deferred policy acquisition costs by net premiums earned. The expense ratio measures a company's operational efficiency in producing, underwriting, and administering its insurance business. The overall expense ratio increased 0.6 percentage points in the year ended December 31, 2024, compared to the same period in 2023. The increase in the amortization of deferred policy acquisition costs is due to higher deferrable costs resulting from significant earned premium growth compared to the prior year, including significant growth in the Non-Standard Auto segment which generally pays higher agent commissions than our other segments. The increase in the other underwriting and general expenses is due to the costs incurred in the current year associated with the execution of separation agreements with our former Chief Executive Officer and former Senior Vice President of Operations. The overall expense ratio increased 4.2 percentage points in the year ended December 31, 2023, compared to the same period in 2022. The increase in amortization of deferred policy acquisition costs was driven by higher deferrable costs resulting from overall premium growth compared to the prior year, including significant growth in the non-standard auto segment which generally pays higher agent commissions than our other segments. The increase in other underwriting and general expenses was due to the impact of continued high levels of inflation and 2022 expenses being favorably impacted by multi-peril crop insurance final settlements.

Underwriting Gain (Loss) and Combined Ratio

	Year Ended December 31,		
	2024	2023	2022
Underwriting gain (loss):			
Private passenger auto	\$ 10,407	\$ (1,536)	\$ (9,548)
Non-Standard auto	(17,637)	(12,860)	508
Home and farm	(2,373)	7,557	(52,644)
Crop	7,189	8,702	12,236
All other	93	6,781	530
Total underwriting gain (loss)	<u>\$ (2,321)</u>	<u>\$ 8,644</u>	<u>\$ (48,918)</u>

	Year Ended December 31,		
	2024	2023	2022
Combined ratio:			
Private passenger auto	88.4%	101.8%	112.3%
Non-Standard auto	118.5%	114.6%	99.3%
Home and farm	102.6%	91.0%	167.2%
Crop	66.0%	66.3%	64.7%
All other	99.3%	42.5%	96.2%
Total combined ratio	<u>100.7%</u>	<u>97.0%</u>	<u>118.0%</u>

Underwriting gain (loss) measures the pre-tax profitability of our insurance operations. It is derived by subtracting losses and loss adjustment expenses, amortization of deferred policy acquisition costs, and other underwriting and general expenses from net premiums earned. The combined ratio represents the sum of these losses and expenses as a percentage of net premiums earned and measures our overall underwriting profit.

The total underwriting gain (loss) decreased \$10,965, or 126.9%, for the year ended December 31, 2024, compared to the same period in 2023. The total underwriting gain (loss) increased \$57,562, or 117.7%, for the year ended December 31, 2023, compared to the same period in 2022. These results were driven by the factors discussed in the Losses and Loss Adjustment Expenses and the Underwriting and General Expenses and Expense Ratio sections above.

The overall combined ratio increased 3.7 percentage points in the year ended December 31, 2024, compared to the same period in 2023. The overall combined ratio decreased 21.0 percentage points in the year ended December 31, 2023, compared to the same period in 2022. These results were driven by the factors discussed in the Losses and Loss Adjustment Expenses and the Underwriting and General Expenses and Expense Ratio sections above.

Fee and Other Income

We had fee and other income of \$1,938 for the year ended December 31, 2024, compared to \$1,940 for the year ended December 31, 2023, and \$1,381 for the year ended December 31, 2022. Fee income is largely attributable to the Non-Standard Auto segment and is a key component in measuring its profitability. Fee and other income on this business decreased to \$1,219 for the year ended December 31, 2024, from \$1,293 for the year ended December 31, 2023, due to elevated other income in the prior year. Fee and other income for non-standard auto increased to \$1,293 for the year ended December 31, 2023, from \$831 for the year ended December 31, 2022, due to an increase in policies that generate fee income.

Goodwill Impairment Charge

We had a goodwill impairment charge of \$2,628 for the year ended December 31, 2024, compared to \$6,756 for the years ended December 31, 2023, and \$0 for the year ended December 31, 2022. See Part II, Item 8, Note 10 “Goodwill and Other Intangibles” for additional information.

Net Investment Income

The following table shows our average cash and invested assets, net investment income, and return on average cash and invested assets for the reported periods for continuing operations:

	Year Ended December 31,		
	2024	2023	2022
Average cash and invested assets	\$ 371,110	\$ 335,821	\$ 391,584
Net investment income	\$ 10,943	\$ 8,034	\$ 6,636
Gross return on average cash and invested assets	3.9%	3.5%	2.5%
Net return on average cash and invested assets	3.0%	2.6%	1.7%

Net investment income increased \$2,909 for the year ended December 31, 2024, compared to the year ended December 31, 2023. This increase was primarily driven by the higher interest rate environment which resulted in higher reinvestment rates in our fixed income portfolio as well as higher yields on our cash and cash equivalents, partially offset by higher investment expenses. Net investment income increased \$1,398 for the year ended December 31, 2023, compared to the year ended December 31, 2022. This increase was primarily driven by higher reinvestment rates as well as a strategic increased allocation to fixed income securities in our investment portfolio.

Gross and net return on average cash and invested assets increased year-over-year from 2023 to 2024, primarily driven by the favorable interest rate environment that resulted in significantly higher net investment income on an increased average balance of fixed income securities as well as cash and cash equivalents (measured at fair value). In addition, the increase in investments in high dividend yield equities resulted in relatively consistent year-over-year dividend income despite a reduction in the average equities balance (measured at fair value). The increase in average cash and invested assets was driven by additional investments in fixed income securities as a result of positive operating cash flows during 2024.

Gross and net return on average cash and invested assets increased year-over-year from 2022 to 2023, driven by the higher net investment income and a higher proportion of the equity portfolio being invested in high dividend yield equities in 2023, along with a decrease in average cash and invested assets (measured at fair value). This decrease in average cash and invested assets was driven by challenging equity market conditions, particularly during the middle and later stages of 2022, combined with investment sales as a result of an unusually high number of weather-related losses in 2022.

Net Investment Gains (Losses)

Net investment gains (losses) consisted of the following:

	Year Ended December 31,		
	2024	2023	2022
Gross realized gains	\$ 1,341	\$ 13,841	\$ 7,083
Gross realized losses, excluding credit impairment losses	(790)	(1,745)	(5,099)
Net realized gains	551	12,096	1,984
Change in net unrealized gain on equity securities	1,662	(10,167)	(13,959)
Net investment gains (losses)	\$ 2,213	\$ 1,929	\$ (11,975)

We had net realized gains of \$551 for the year ended December 31, 2024, compared to \$12,096 for the year ended December 31, 2023, and \$1,984 for the year ended December 31, 2022. The elevated net realized gains for the year ended December 31, 2023, were the result of a strategic liquidation of a portfolio of equity securities. The gross realized gains from the sale of these securities were largely offset by the elimination of the unrealized gain position of these securities. No credit impairment losses were reported during any of the periods presented.

We experienced an increase in net unrealized gains on equity securities of \$1,662 during the year ended December 31, 2024, attributable to overall favorable equity markets during the current year. The change in net unrealized gains on equity securities for 2023 was driven by the equity portfolio liquidation noted above and the impact of changes in fair value attributable to equity market volatility. The 2022 decreases were driven by the impact of changes in fair value attributable to unfavorable equity markets. We had net realized gains on the sale of equity securities of \$750, \$12,619, and \$2,051 during the years ended December 31, 2024, 2023, and 2022, respectively.

Our fixed income securities are classified as available for sale because we will, from time to time, execute sales of securities that are not impaired, consistent with our investment goals and policies. The fixed income portion of the portfolio experienced net unrealized losses of \$191 during the year ended December 31, 2024, compared to net unrealized gains of \$9,168 during the year ended December 31, 2023. The changes were primarily the result of changes in U.S. interest rates. The change in the fair value of fixed income securities is not reflected in net income; rather it is reflected as a separate component (net of income taxes) of other comprehensive income. The fixed income portfolio experienced net unrealized losses of \$39,971 during the year ended December 31, 2022.

Income (Loss) before Income Taxes

We had pre-tax income of \$10,145 for the year ended December 31, 2024, a pre-tax income of \$20,547 for the year ended December 31, 2023, and pre-tax loss of \$52,876 for the year ended December 31, 2022. The year-over-year decrease in 2024 compared to 2023 was largely attributable to higher loss severity and non-catastrophe weather-related losses for Home and Farm in the states of North Dakota and Nebraska, unfavorable prior year loss reserve development for Non-Standard Auto, a goodwill impairment charge for Non-Standard Auto, and expenses incurred related to the separation agreements with our former Chief Executive Officer and former Senior Vice President of Operations, partially offset by net earned premium growth, improved loss experience for Private Passenger Auto, and higher net investment income. The year-over-year improvement in 2023 compared to 2022 was largely attributable to the significant catastrophe losses and significantly higher investment losses during 2022.

Income Tax Expense (Benefit)

We recorded income tax expense of \$3,545 for the year ended December 31, 2024, income tax expense of \$716 for the year ended December 31, 2023, and an income tax benefit of \$14,191 for the year ended December 31, 2022. Including the impacts of discontinued operations and the loss on sale of discontinued operations, we recorded an income tax benefit of \$3,192 for the year ended December 31, 2024, income tax expense of \$963 for the year ended December 31, 2023, and an income tax benefit of \$15,254 for the year ended December 31, 2022. Including the impacts of discontinued operations and the loss on sale of discontinued operations, our effective tax rate for 2024 was 35.2% compared to an effective tax rate of (22.6)% and 22.1% for 2023 and 2022, respectively. Our 2024 effective tax rate was impacted by several factors, but the loss on sale of discontinued operations, non-taxable compensation-related expenses, and non-taxable goodwill impairment charge were the most significant drivers of the variance from the statutory rate. Our 2023 effective tax rate was impacted by several factors, but the 2023 non-taxable goodwill impairment charge was the most significant driver of the variance from the statutory rate. Our 2022 effective tax rate was impacted by several factors, but the change in valuation allowance and non-taxable executive compensation were the most significant drivers of the variance from the statutory rate. The valuation allowance against certain deferred income tax assets was \$2,506 as of December 31, 2024, \$505 as of December 31, 2023, and \$694 as of December 31, 2022.

Net Income (Loss)

We had net income before non-controlling interest of \$6,600 for the year ended December 31, 2024, net income of \$19,831 for the year ended December 31, 2023, and a net loss of \$38,685 for the year ended December 31, 2022. The year-over-year decrease in 2024 compared to 2023 was largely attributable to higher loss severity and non-catastrophe weather-related losses for Home and Farm in the states of North Dakota and Nebraska, unfavorable prior year loss reserve development for Non-Standard Auto, a goodwill impairment charge for Non-Standard Auto, and expenses incurred related to the separation agreements with our former Chief Executive Officer and former Senior Vice President of Operations, partially offset by net earned premium growth, improved loss experience for Private Passenger Auto, and higher net investment income. The year-over-year improvement in 2023 compared to 2022 was largely attributable to the significant catastrophe losses and significantly higher investment losses during 2022.

Return on Average Equity

For the year ended December 31, 2024, we had annualized return on average equity, after non-controlling interest, of 2.8%, compared to annualized return on average equity, after non-controlling interest, of 7.9% and (13.6)% for the years ended December 31, 2023 and 2022, respectively.

Average equity is calculated as the average between beginning and ending equity, excluding non-controlling interest, for the period.

Principal Revenue Items

Revenue is primarily derived from net premiums earned, net investment income, and net investment gains (losses).

Gross and Net Premiums Written

Gross premiums written is equal to direct premiums written and assumed premiums before the effect of ceded reinsurance. Gross premiums written are recognized upon sale of new insurance contracts or renewal of existing contracts. Net premiums written is equal to gross premiums written less premiums ceded to reinsurers.

Premiums Earned

Premiums earned is the earned portion of net premiums written. Insurance premiums on property and casualty policies are recognized in proportion to the underlying risk insured and are earned ratably over the duration of the policies or, in the case of crop insurance, over the period of risk to the Company. At the end of each accounting period, the portion of the premiums that is not yet earned is included in unearned premiums and is realized as revenue in subsequent periods over the remaining term of the policy or period of risk. Our property and casualty policies, other than some of our auto lines and the non-standard auto policies, typically have a term of twelve months.

Due to the nature of the crop planting and harvesting cycle and the deadlines for filing and processing claims under the federal crop insurance program, insurance premiums for multi-peril crop insurance are recognized and earned during the period of risk, which usually begins in spring and ends with harvest in the fall. Under the federal crop insurance program, farmers must purchase crop insurance with respect to spring planted crops by March 15. By July 15, the farmer must report the number of acres planted in each crop. On September 1, the insurer bills the farmer for the insurance premium, which is due and payable by the farmer by October 1. If the farmer does not pay the premium by such date, the insurer will charge interest at a rate of 15% because the insurer is required to pay the farmer's portion of the premium to the FCIC by November 15, regardless of whether the farmer pays the premium to the insurer. Except for claims occurring in the spring (primarily for prevented planting and required replanting claims), claims are required to be filed with the FCIC by December 15. A different cycle exists for crops planted in the fall, such as winter wheat, but the vast majority of crop insurance we write covers crops planted in the spring.

Net Investment Income and Net Investment Gains (Losses)

We invest our excess cash in fixed income and equity securities. Investment income includes interest and dividends earned on invested assets and is reported net of investment-related expenses. Net investment gains (losses) are reported separately from net investment income. We recognize realized gains when investments are sold for an amount greater than their cost or amortized cost (in the case of fixed income securities) and realized losses when investments are sold for an amount less than their cost or amortized cost or when credit impairments are recorded, as applicable. We recognize changes in unrealized gains and losses of equity securities in net income as part of net investment gains (losses). These gains and losses may be significant given the fair market value of the equity portfolio and the inherent volatility in equity markets. The changes in unrealized gains and losses on fixed income securities are recorded in other comprehensive income (loss), net of income taxes. Therefore, these changes have no impact on net income but do impact shareholders' equity.

The portfolio of investments for NI Holdings and its insurance subsidiaries is managed by Conning, Inc., which has discretion to buy and sell securities in accordance with the investment policy approved by our Board of Directors.

Principal Expense Items

Our expenses consist primarily of losses and loss adjustment expenses, amortization of deferred policy acquisition costs, other underwriting and general expenses, and income taxes.

Losses and Loss Adjustment Expenses

Losses and loss adjustment expenses represent the largest expense item and include (1) claim payments made, (2) estimates for future claim payments and changes in those estimates from prior periods, and (3) costs associated with investigating, defending, and adjusting claims, including legal fees.

Amortization of Deferred Policy Acquisition Costs and Other Underwriting and General Expenses

Expenses incurred to underwrite risks are referred to as policy acquisition costs. Policy acquisition costs consist of commission expenses, state premium taxes, and certain other underwriting expenses that vary with and are primarily related to the writing and

acquisition of new and renewal business. These policy acquisition costs are deferred and amortized over the effective period of the related insurance policies. Other underwriting and general expenses consist of salaries, professional fees, office supplies, depreciation, and all other operating expenses not otherwise classified separately.

Income Taxes

Current income taxes represent amounts paid or owed to the federal government and certain states whose payment is based upon net income (subject to regulatory adjustments) generated by the Company. The generation of net losses may result in income tax benefits. As noted above, it does not include state premium taxes that are based purely on the collection of policyholder premiums.

We use the asset and liability method of accounting for deferred income taxes. Deferred income taxes arise from the recognition of temporary differences between financial statement carrying amounts and the income tax bases of its assets and liabilities. A valuation allowance is provided when it is more likely than not that some portion of the deferred income tax asset will not be realized. The effect of a change in tax rates is recognized in the period of the enactment date. Total income taxes reflect both current income taxes and the change in the net deferred income tax asset or liability, excluding amounts attributed to accumulated other comprehensive income.

Critical Accounting Policies

General

The preparation of financial statements in accordance with GAAP requires both the use of estimates and judgment relative to the application of appropriate accounting policies. We are required to make estimates and assumptions in certain circumstances that affect amounts reported in our consolidated financial statements and related footnotes. We evaluate these estimates and assumptions on an ongoing basis based on historical developments, market conditions, industry trends, and other information that we believe to be reasonable under the circumstances. There can be no assurance that actual results will conform to these estimates and assumptions and that reported results of operations would not be materially adversely affected by the need to make accounting adjustments to reflect changes in these estimates and assumptions from time to time. We believe the following policies are the most sensitive to estimates and judgments.

Unpaid Losses and Loss Adjustment Expenses

How reserves are established

With respect to our traditional property and casualty insurance products, we maintain reserves for the payment of claims (indemnity losses) and expenses related to adjusting those claims (loss adjustment expenses). Our liability for unpaid losses and loss adjustment expenses consists of (1) case reserves, which are reserves for claims that have been reported to us, and (2) IBNR, which represents reserves for claims that have been incurred but have not yet been reported and for the future development of reported claims. As some claims may not be reported for several years, the liability for unpaid losses and loss adjustment expenses may include significant estimates for IBNR based on the time necessary to settle the claim.

Loss adjustment expenses consist of two components – allocated loss adjustment expenses and unallocated loss adjustment expenses. Allocated loss adjustment expenses are the expenses for defense and cost containment, including legal fees, court costs, and investigation fees, which are linked to the settlement of specific individual claims or losses. Unallocated loss adjustment expenses are expenses that generally cannot be associated with a specific claim, including internal costs such as salaries and other overhead costs. Estimates of future costs to administer reported and unreported claims for both allocated and unallocated expenses are included in IBNR.

When a claim is reported to one of the insurance companies, its claims personnel establish a case reserve for the estimated amount of the ultimate payment to the extent it can be determined or estimated, in many cases a default reserve is utilized until the claims personnel can determine a more claim specific amount. The amount of the loss reserve for the reported claim is based primarily upon an evaluation of coverage, liability, damages suffered, and any other information considered pertinent to estimating the exposure presented by the claim. Each claim is contested or settled individually based upon its merits, and some property and casualty claims may take years to resolve, especially in situations where legal action may be involved. Case reserves are reviewed on a regular basis and are updated as new information becomes available.

When a catastrophe occurs, which in our case usually involves the weather perils of wind and hail, we utilize mapping technology, through geographic coding of our property risks, to overlay the path of the storm. This enables us to establish estimated damage amounts based on the wind speed and size of the hail for case or per claim loss amounts. This process allows us to determine within a

reasonable time (5-7 days) an estimated number of claims and estimated losses from the storm. We have also begun reviewing the results of the predicted cost of the claim generated by the catastrophe models as a reasonability check on the anticipated cost of the storm. If we estimate the damages to be in excess of half of the retained catastrophe amount, reinsurers are notified immediately of a potential loss so that we can quickly recover reinsurance payments once the retention is exceeded.

We estimate multi-peril crop insurance losses on a quarterly basis based upon historical loss patterns, current crop conditions, current weather patterns, and input from crop loss adjusters. These estimates have proven to be reasonably accurate indicators of our anticipated losses for this line of business.

Our actuaries assist with the estimation of the liability for unpaid losses and loss adjustment expenses. The actuaries prepare estimates by first deriving an actuarially based estimate of the ultimate cost of total losses and loss adjustment expenses incurred as of the financial statement date based on established actuarial methods as described below. We then reduce the estimated ultimate loss and loss adjustment expenses by loss and loss adjustment expenses payments and case reserves carried as of the financial statement date. The actuarially determined estimate is based upon indications from various actuarial methodologies including paid chain-ladder, incurred chain-ladder, Bornhuetter-Ferguson, weighted averages of the methods, and judgment. The specific method used to estimate the ultimate losses varies depending on the judgment of the actuaries as to what is the most appropriate for the line of business. Management reviews these estimates and supplements the actuarial analysis with information not fully incorporated into the actuarially based estimate, such as changes in the external business environment and internal company processes. Management may adjust the actuarial estimates based on this supplemental information in order to arrive at the amount recorded in the consolidated financial statements.

A further discussion of the actuarial methodologies used follows:

Bornhuetter-Ferguson Method - The Bornhuetter-Ferguson Method is a blended method that explicitly considers both actual loss development to date and expected future loss emergence. This method is applied on both a paid loss basis and an incurred loss basis. This method uses selected loss development patterns to calculate the expected percentage of losses unpaid (or unreported). The expected future loss component of the method is calculated by multiplying earned premium for the given exposure period by a selected a priori (i.e. deductive) loss ratio. The resulting dollars are then multiplied by the expected percentage of unpaid (or unreported) losses described above. This provides an estimate of future paid (or reported) losses that is then added to actual paid (or incurred) loss data to produce the estimated ultimate loss.

Paid and Case Incurred Loss Development (Chain-Ladder) Method - The Paid and Case Incurred Loss Development Method utilizes ratios of cumulative paid losses, case incurred losses, or paid loss adjustment expenses at each age of development as a percent of the preceding development age. Selected ratios are then multiplied together to produce a set of loss development factors which when applied to the most current data value, by accident period, develop the estimated ultimate losses or loss adjustment expenses. Ultimate losses or loss adjustment expenses are then selected for each accident year from the various methods employed.

Ratio of Paid Allocated Loss Adjustment Expenses to Paid Loss Method - The Ratio of Paid Allocated Loss Adjustment Expenses to Paid Loss Method utilizes the ratio of paid allocated loss adjustment expenses to paid losses and is similar to the Paid and Case Incurred Loss Development (Chain-Ladder) Method described above, except that the data projected are the ratios of paid allocated loss adjustment expenses to paid losses. The projected ultimate ratio is then multiplied by the selected ultimate losses, by accident year, to yield the ultimate allocated loss adjustment expenses. Allocated loss adjustment expenses reserves are calculated by subtracting paid losses from ultimate allocated loss adjustment expenses.

The process of estimating loss reserves involves a high degree of judgment and is subject to a number of variables. These variables can be affected by both internal and external events, such as changes in claims handling procedures/staffing, inflation, weather, legal trends, and regulatory and legislative changes. The impact of many of these items on ultimate costs for losses and loss adjustment expenses is difficult to estimate. Loss reserve estimation is also affected by the volume of claims, the potential severity of individual claims, the determination of occurrence date for a claim, and reporting lags (the time between the occurrence of the policyholder event and when it is actually reported to the insurer). Informed judgment is applied throughout the process, including the application of various individual experiences and expertise to multiple sets of data and analyses. We continually refine our estimates of unpaid losses and loss adjustment expenses in a regular ongoing process as historical loss experience develops and additional claims are reported and settled. We consider all significant facts and circumstances known at the time the liabilities for unpaid losses and loss adjustment expenses are established.

There is an inherent amount of uncertainty in the establishment of liabilities for unpaid losses and loss adjustment expenses. This uncertainty is greatest in the current and most recent accident years due to the more recent nature of the claims being reported and relatively small percentage of these claims that have been reported, investigated, and adjusted by our claims staff. Therefore, the reserves carried in these more recent accident years are generally more conservative than those carried for older accident years. As we have the opportunity to investigate and adjust the reported claims, both the case and IBNR reserves are adjusted to more closely reflect the ultimate expected loss.

Other factors that may have an impact on our case and IBNR reserves include, but are not limited to, those described below.

Changes in liability law and public attitudes regarding damage awards

Laws governing liability claims and judicial interpretations thereof can change over time, which can expand the scope of coverage anticipated by insurers when initially establishing reserves for claims. In addition, public attitudes regarding damage awards can result in judges and juries granting higher recoveries for damages than expected by claims personnel when reserves are established. In addition, these changes can result in both increased claim frequency and severity as both plaintiffs and their legal counsel perceive the opportunity for higher damage awards. Reserves established for claims that occurred in prior years would not have anticipated these legal changes and, therefore, could prove to be inadequate for the ultimate losses paid by the Company, causing us to experience adverse development and higher loss payments in future years.

Change in claims handling and/or setting case reserves

Changes in Company personnel and/or the approach to how claims are reported, adjusted, and reserved may affect the reserves we establish. As discussed above, the setting of IBNR reserves is not an exact science and involves the expert judgment of an actuary. One actuary's reserve opinion may differ slightly from another actuary's opinion. This is the primary reason why the IBNR reserve estimate is customarily reported as a range by a company's actuary, which provides a company with an acceptable range to use in establishing its best estimate for IBNR reserves.

Economic inflation

A sudden and extreme increase in the economic inflation rate could have a significant impact on our case and IBNR reserves. When establishing case reserves, claims personnel generally establish an amount that in their opinion will provide a conservative amount to settle the loss. If the time to settle the claim extends over a period of years, which is possible but unlikely as we usually settle claims in less than a year on average, the initial reserve may not anticipate an economic inflation rate that is significantly higher than the current inflation rate. This can also apply to IBNR reserves. Should the economic inflation rate increase significantly, we may not anticipate the need to adjust the IBNR reserves accordingly, which could lead to deficient IBNR reserves.

Increases or decreases in claim severity for reasons other than inflation

Factors exist that can drive the cost to settle claims for reasons other than standard inflation. For example, demand surge caused by a significant catastrophe, such as a derecho, has an impact on not only the availability and cost of building materials such as roofing and other materials, but also the availability and cost of labor. Numerous other factors could also cause claim severity to increase beyond what our historic reserves would reflect. In addition, unexpected increases in labor, healthcare, or building material costs and other factors may cause fluctuations in the ultimate development of the case reserves.

Actual settlement experience different from historical data trends

When establishing IBNR reserves, our actuaries consider many of the factors discussed above. One of the more important factors that is considered when setting reserves is the past or historical claim settlement experience. Our actuaries consider factors such as the number of files entering litigation, payment patterns, length of time it takes our claims personnel to settle the claims, and average payment amounts when estimating reserve amounts. Should future settlement patterns change due to the legal environment, our claims handling philosophy, or personnel, it may have an impact on the future claims payments, which could cause existing reserves to either be redundant (excessive) or deficient (below) compared to the actual loss amount.

Change in Reporting Lag

As discussed above, we utilize historical patterns to provide an accurate estimate of what will take place in the future. Should we experience an unexpected delay in reporting time (claims are slower to be reported than in the past), we may underestimate the anticipated number of future claims, which could cause the ultimate loss we may experience to be underestimated. A lag in reporting may be caused by changes in how claims are reported, the types or lines of business we write, our distribution system, and the geographic area where we choose to insure risk.

Due to the inherent uncertainty underlying loss reserve estimates, final resolution of the estimated liability for unpaid losses and loss adjustment expenses may be higher or lower than the related loss reserves at the reporting date. Therefore, actual paid losses, as claims are settled in the future, may be materially higher or lower in amount than current loss reserves. We reflect adjustments to the liability for unpaid losses and loss adjustment expenses in the results of operations during the period in which the estimates are changed.

Investments

Our fixed income securities and equity securities are classified as available-for-sale and carried at estimated fair value as determined by management based upon quoted market prices or a recognized independent pricing service at the reporting date for those or similar investments. Changes in unrealized investment gains or losses on the fixed income securities, net of applicable income taxes, are reflected directly in shareholders' equity as a component of other comprehensive income (loss) and, accordingly, have no effect on net income (loss). Changes in unrealized investment gains or losses on equity securities are reported in net income (loss). Investment income from fixed income securities is recognized when earned, and realized investment gains (losses) are recognized when investments are sold, the fair value of equity securities change, or credit impairments are recognized.

For additional information on our investments, see Part II, Item 8, Note 4 "Investments" and Note 5 "Fair Value Measurements."

Deferred Policy Acquisition Costs

Certain direct policy acquisition costs consisting of commissions, state premium taxes, and other direct underwriting expenses that vary with and are primarily related to the production of business are deferred and amortized over the effective period of the related insurance policies as the underlying policy premiums are earned.

At December 31, 2024 and 2023, deferred policy acquisition costs ("DAC") and the related liability for unearned premiums were as follows:

	December 31,	
	2024	2023
Deferred policy acquisition costs	\$ 26,300	\$ 26,790
Liability for unearned premiums	126,498	126,100

The method followed in computing DAC limits the amount of deferred costs to their estimated realizable value, which gives effect to the premium to be earned, related investment income, losses and loss adjustment expenses, and certain other costs expected to be incurred as the premium is earned. Future changes in estimates, the most significant of which is expected losses and loss adjustment expenses, may require adjustments to DAC. If the estimation of net realizable value indicates that DAC are not recoverable, they would be written off or a premium deficiency reserve would be established.

Income Taxes

Current income taxes represent amounts paid or owed to the federal government and certain states whose payment is based upon net income (subject to regulatory adjustments) generated by the Company. The generation of net losses may result in income tax benefits, a portion of which may be in the form of refunds of prior income taxes paid to taxing authorities. We use the asset and liability method of accounting for deferred income taxes. Deferred income taxes arise from the recognition of temporary differences between financial statement carrying amounts and the income tax bases of our assets and liabilities. A valuation allowance is established when it is more likely than not that some portion of the deferred income tax asset will not be realized. Total income taxes reflect both current income taxes and the change in the net deferred income tax asset or liability, excluding amounts attributed to accumulated other comprehensive income.

We had gross deferred income tax assets of \$15,946 at December 31, 2024, and \$18,172 at December 31, 2023, arising primarily from unearned premiums, loss reserve discounting, net unrealized investment losses, and net operating loss carryforwards. A valuation allowance is required to be established for any portion of the deferred income tax asset for which we believe it is more likely than not that it will not be realized. A valuation allowance of \$2,506 and \$505 was maintained at December 31, 2024, and December 31, 2023, respectively.

We had gross deferred income tax liabilities of \$6,116 at December 31, 2024, and \$9,254 at December 31, 2023, arising primarily from deferred policy acquisition costs and other intangible assets.

We exercise significant judgment in evaluating the amount and timing of recognition of the resulting income tax liabilities and assets. These judgments require us to make projections of future taxable income. The judgments and estimates we make in determining our deferred income tax assets, which are inherently subjective, are reviewed on a continual basis as regulatory and business factors change. Any reduction in estimated future taxable income may require us to record a valuation allowance against our deferred income tax assets.

As of December 31, 2024, we had no material unrecognized income tax benefits or accrued interest and penalties. Federal income tax returns for the years 2020 through 2023 remain subject to examination.

Changing Climate Conditions

Longer-term natural catastrophe trends may be changing, and new types of catastrophe losses may be developing due to climate change, a phenomenon that has been associated with extreme weather events linked to rising temperatures, and includes effects on global weather patterns, greenhouse gases, sea, land and air temperatures, sea levels, rain, hail, and snow. The frequency, number, and severity of these losses are unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Our ability to effectively manage catastrophe risk is dependent, in part, on our reliance on various catastrophe models, which may produce unreliable output as a result of inaccurate or incomplete data, along with the inherent uncertainty of future frequency and severity of losses. The impact of changing climate conditions on the overall insurance industry may also materially affect the availability and cost of reinsurance to us. In addition, these changes could impact the creditworthiness of issuers of securities in which we invest, subjecting our investment portfolio to increased credit and interest rate risk, with the potential for reduced investment returns and/or material realized or unrealized losses.

Liquidity and Capital Resources

We expect to generate sufficient funds from our operations and maintain a high degree of liquidity in our investment portfolio to meet the demands of claim settlements and operating expenses for the foreseeable future. Our primary sources of funds are premium collections, investment earnings, and fixed income maturities.

We also have a \$3,000 line of credit with Wells Fargo Bank, N.A. The terms of the line of credit include a floating interest rate of 2.50% above the daily simple secured overnight financing rate. There were no outstanding amounts during the years ended December 31, 2024, 2023, or 2022. This line of credit is scheduled to expire on December 13, 2025.

The changes in cash and cash equivalents for continuing and discontinued operations for the years ended December 31, 2024, 2023, and 2022 were as follows:

	Year Ended December 31,		
	2024	2023	2022
Net cash flows from operating activities	\$ 38,506	\$ 51,028	\$ (15,294)
Net cash flows from investing activities	(4,541)	(8,813)	25,048
Net cash flows from financing activities	(3,643)	(7,466)	(18,281)
Net increase (decrease) in cash and cash equivalents	\$ 30,322	\$ 34,749	\$ (8,527)

For the year ended December 31, 2024, net cash provided by operating activities totaled \$38,506 compared to \$51,028 net cash provided by operating activities a year ago. This change was primarily driven by the severance payments to our former Chief Executive Officer and former Senior Vice President of Operations in the current year as well as the receipt of a significant income tax refund during 2023.

For the year ended December 31, 2024, net cash used by investing activities totaled \$4,541 compared to \$8,813 net cash used by investing activities a year ago. This change was primarily attributable to the proceeds from the sale of Westminster as well as a decrease in the net cash outflows for fixed income securities in the current year, partially offset by a decrease in the cash inflows from equity securities in the current year.

For the year ended December 31, 2024, net cash used by financing activities totaled \$3,643 compared to \$7,466 a year ago. This decrease in cash used was attributable to a reduction in share repurchases in the current year partially offset by the final pooling settlement between Nodak Insurance and Westminster.

For the year ended December 31, 2023, net cash provided by operating activities totaled \$51,028 compared to \$15,294 net cash used by operating activities during 2022. This change was primarily driven by lower claim payments and the receipt of a significant income tax refund during 2023.

For the year ended December 31, 2023, net cash used by investing activities totaled \$8,813 compared to \$25,048 net cash provided by investing activities during 2022. This change was primarily attributable to a decrease in maturities and sales of fixed income securities and an increase in purchases of fixed income securities during 2023 compared to 2022, partially offset by an increase in sales of equity securities and a decrease in purchases of equity securities.

For the year ended December 31, 2023, net cash used by financing activities totaled \$7,466 compared to \$18,281 during 2022. This decrease in cash used was attributable to installment payments on the Westminster consideration payable during 2022, partially offset by an increase in share repurchases during 2023 compared to 2022.

As a holding company, a principal source of long-term liquidity will be dividend payments from our directly-owned subsidiaries.

Nodak Insurance is restricted by the insurance laws of North Dakota as to the amount of dividends or other distributions it may pay to NI Holdings. North Dakota law sets the maximum amount of dividends that may be paid by Nodak Insurance during any twelve-month period after notice to, but without prior approval of, the North Dakota Insurance Department. This amount cannot exceed the lesser of (i) 10% of the Company's surplus as regards policyholders as of the preceding December 31, or (ii) the Company's statutory net income for the preceding calendar year (excluding realized investment gains), less any prior dividends paid during such twelve-month period. In addition, any insurance company other than a life insurance company may carry forward net income from the preceding two calendar years, not including realized investment gains, less any dividends actually paid during those two calendar years. Dividends in excess of this amount are considered "extraordinary" and are subject to the approval of the North Dakota Insurance Department.

The amount available for payment of dividends from Nodak Insurance to NI Holdings during 2025 without the prior approval of the North Dakota Insurance Department is approximately \$8,273 as of December 31, 2024. No dividends were declared or paid by Nodak Insurance during the years ended December 31, 2024 and 2023. The Nodak Insurance Board of Directors declared and paid dividends of \$3,000 to NI Holdings during the year ended December 31, 2022.

The amount available for payment of dividends from Direct Auto to NI Holdings during 2025 without the prior approval of the North Dakota Insurance Department is approximately \$3,146 as of December 31, 2024. No dividends were declared or paid by Direct Auto during the years ended December 31, 2024, 2023, or 2022.

Prior to its payment of any dividend, Nodak Insurance will be required to provide notice of the dividend to the North Dakota Insurance Department. This notice must be provided to the North Dakota Insurance Department 30 days prior to the payment of an extraordinary dividend and 10 days prior to the payment of an ordinary dividend. The North Dakota Insurance Department has the power to limit or prohibit dividend payments if an insurance company is in violation of any law or regulation. These restrictions or any subsequently imposed restrictions may affect our future liquidity.

Westminster was sold on June 30, 2024, and therefore no dividends are available to be paid to NI Holdings subsequent to that date. No dividends were declared or paid by Westminster during the years ended December 31, 2024, 2023 or 2022. See Part II, Item 8, Note 20 "Discontinued Operations" for additional information.

Contractual Obligations

The primary contractual obligations of the Company include gross loss and loss adjustment expenses payments as well as operating and finance lease obligations.

The Company's unpaid losses and loss adjustment expenses were \$137,288 as of December 31, 2024. Historical payment experience indicates that approximately 46% of this amount will be paid during 2025 and another 37% will be paid over the subsequent two years. The actual timing and amounts of these payments in the future may vary.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Part II, Item 8, Note 2 "Recent Accounting Pronouncements."

Item 7A. Quantitative and Qualitative Disclosures About Market Risk**Market Risk**

Market risk is the risk that a company will incur losses due to adverse changes in the fair value of financial instruments. We have exposure to three principal types of market risk through our investment activities: interest rate risk, credit risk, and equity risk. Our primary market risk exposure is to changes in interest rates. We have not entered, and do not plan to enter, into any derivative financial instruments for hedging, trading, or speculative purposes.

Interest Rate Risk

Interest rate risk is the risk that a company will incur economic losses due to adverse changes in interest rates. Our exposure to interest rate changes primarily results from our significant holdings of fixed income securities. Fluctuations in interest rates have a direct impact on the fair value of these securities.

We develop our investment strategies based on a number of factors, including estimated duration of reserve liabilities, short and long-term liquidity needs, general economic conditions, expected rates of inflation and regulatory requirements. The portfolio duration of the fixed income securities in our investment portfolio at December 31, 2024 was 4.77 years. These fixed income securities include U.S. government bonds, securities issued by government agencies, obligations of state and local governments and governmental authorities, and corporate bonds, most of which are exposed to changes in prevailing interest rates. These fixed income securities may experience significant fluctuations in fair value resulting from changes in interest rates and are carried as available for sale. We manage the exposure to risks associated with interest rate fluctuations through active management and consultation with our outside fixed income portfolio manager.

Higher interest rates, oftentimes correlated to inflation, reduce the carrying value of our fixed income and short-term investments, negatively impacting the Company's book value in the short-term. Over the long-term, however, higher interest rates provide an incremental benefit to our net investment income over time as excess cash and proceeds of maturing bonds are reinvested at higher rates. We manage our exposure to interest rate increases by monitoring the duration within our investment portfolio and maintaining maturities that minimize forced sales within the portfolio.

Additionally, we hold certain fixed income securities that have call features. In a potential declining interest rate environment, these securities may be called by their issuer and replaced with securities bearing lower interest rates.

If we are required to sell fixed income securities in a rising interest rate environment, we may recognize investment losses.

The table below shows the interest rate sensitivity of our fixed income securities (including both continuing and discontinued operations) measured in terms of fair value (which is equal to the carrying value for all of our investment securities that are subject to interest rate changes) at December 31, 2024 and 2023:

Hypothetical Change in Interest Rate	As of December 31, 2024		As of December 31, 2023	
	Estimated Change in Fair Value	Fair Value	Estimated Change in Fair Value	Fair Value
200 basis point increase	\$ (28,085)	\$ 279,627	\$ (31,125)	\$ 316,606
100 basis point increase	(14,687)	293,025	(15,826)	331,905
No change	—	307,712	—	347,731
100 basis point decrease	13,509	321,221	16,199	363,930
200 basis point decrease	27,977	335,689	32,572	380,303

The interest rate exposure of our portfolio was proportionately consistent in the current year compared to the prior year, which is expected given the generally consistent composition and duration of the fixed income portfolio over this time.

Credit Risk

Credit risk is the potential economic loss principally arising from adverse changes in the financial condition of a specific debt issuer. We address this risk by investing primarily in fixed income securities that are rated investment grade by Moody's Investors Services, Inc. or an equivalent rating quality. We also work in conjunction with our outside fixed income portfolio manager to monitor the financial condition of all of the issuers of fixed income securities in the portfolio. Additionally, our investment policy includes diversification rules that limit the credit exposure to any single issuer or asset class.

Equity Risk

Equity price risk is the risk that we will incur economic losses due to adverse changes in equity prices. Our equity portfolio is subject to a variety of risk factors, including general economic conditions which influence the performance of the underlying industries and companies within those industries. Industry and company-specific risks also have the potential to substantially affect the value of our portfolio. Our investment policy helps mitigate these risks by diversifying the portfolio and establishing parameters to help manage exposures.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
NI Holdings, Inc.

Opinions on the Consolidated Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of NI Holdings, Inc. and Subsidiaries (the “Company”) as of December 31, 2024, and the consolidated statements of operations, comprehensive income (loss), changes in shareholders’ equity, and cash flows for the year ended December 31, 2024, and the schedule listed in Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by COSO.

We also have audited the adjustments to the Company’s 2023 and 2022 consolidated financial statements to retrospectively apply the change in accounting for (a) discontinued operations described in Note 3 and Note 20, and (b) the adoption of ASU 2023-07, Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures described in Note 21. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 or 2022 consolidated financial statements of the Company other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2023 or 2022 consolidated financial statements taken as a whole.

Basis for Opinion

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s consolidated financial statements and an opinion on the Company’s internal control over financial reporting based on our audit.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

Definitions and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable consolidated financial statements for external purposes in accordance with generally

accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of Losses and Loss Adjustment Expenses Reserves

Critical Audit Matter Description

On December 31, 2024, the Company's liability for unpaid losses and loss adjustment expenses was approximately \$137 million. As described in Note 3 and 8, the Company's property and casualty insurance loss and loss expenses reserves (referred to as "losses and loss expenses reserves"), are determined by the Company using actuarial methods, models, assumptions, and judgment to estimate the reserves required to pay for and settle all outstanding insured claims as of the consolidated financial statement date. There is significant uncertainty inherent in determining management's best estimate of the losses and loss expenses reserves, requiring the use of informed actuarially based estimates and management's judgment. The actuarial estimate of losses and loss expenses reserves is subject to review and adjustment by Company management.

Losses and loss expenses are inherently uncertain as to timing and amount and the recorded losses and loss expense reserves may vary materially from the actual ultimate cost of claims. Given the subjectivity in estimating ultimate losses and loss expenses, due to uncertainties concerning the future emergence of losses and loss expenses, inflation trends, and the judicial environment, among other factors, auditing losses and loss expenses reserves involved an especially high degree of auditor judgment, including the need to involve an actuarial specialist.

How the Critical Matter Was Addressed in the Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of certain internal controls over the Company's reserving process for losses and loss adjustment expenses reserves.

To test the Company's estimate of losses and loss adjustment expenses reserves, our audit procedures included among others:

- With the assistance of the actuarial specialist, we used the Company's claims data and other inputs, to develop a range of independent estimates for the losses and loss expenses reserves. We used these independent estimates to assess the reasonableness of the Company's reserves by comparing our estimates to the Company's recorded losses and loss expenses reserves.
- We tested the underlying data that served as the basis for the actuarial analysis, including historical claims data, to test the reasonableness of key inputs to the actuarial estimate.

/s/ Forvis Mazars, LLP

PCAOB ID 686

We have served as the Company's auditor since 2024.

New York, New York

March 7, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of NI Holdings, Inc.

Opinion on the Consolidated Financial Statements

We have audited, before the effects of the adjustments to retrospectively apply the change in accounting for (a) discontinued operations described in Note 3 and Note 20, and (b) the adoption of ASU 2023-07, Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures described in Note 21, the accompanying consolidated balance sheet of NI Holdings, Inc. and Subsidiaries (collectively, the “Company”) as of December 31, 2023, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders’ equity, and cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes and the schedule listed in Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). The consolidated financial statements, before the effects of the adjustments to retrospectively apply the change in accounting for (a) discontinued operations described in Note 3 and Note 20, and (b) the adoption of ASU 2023-07, Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures described in Note 21, are not presented herein.

In our opinion, the consolidated financial statements referred to above, before the effects of the adjustments to retrospectively apply the change in accounting for (a) discontinued operations described in Note 3 and Note 20, and (b) the adoption of ASU 2023-07, Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures described in Note 21, present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the change in accounting for (a) discontinued operations described in Note 3 and Note 20, and (b) the adoption of ASU 2023-07, Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures described in Note 21, and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by Forvis Mazars, LLP.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Mazars USA LLP

PCAOB ID 339

We have served as the Company’s auditor from 2016 to 2024.

Fort Washington, Pennsylvania

March 15, 2024

NI Holdings, Inc.
Consolidated Balance Sheets
December 31, 2024 and 2023
(dollar amounts in thousands, except par value)

	2024	2023
Assets:		
Cash and cash equivalents	\$ 50,930	\$ 41,037
Fixed income securities, at fair value (net of allowance for expected credit losses of \$0 at December 31, 2024 and 2023)	307,712	289,399
Equity securities, at fair value	24,640	21,983
Other investments	1,812	2,006
Total cash and investments	385,094	354,425
Premiums and agents' balances receivable (net of allowance for expected credit losses of \$337 at December 31, 2024 and \$394 at December 31, 2023)	52,907	56,154
Deferred policy acquisition costs	26,300	26,790
Reinsurance premiums receivable (payable)	746	(1,403)
Reinsurance recoverables on losses (net of allowance for expected credit losses of \$0 at December 31, 2024 and 2023)	12,561	6,460
Income tax recoverable	7,017	—
Accrued investment income	2,629	2,325
Property and equipment, net	7,547	7,452
Deferred income taxes	7,324	9,228
Receivable from Federal Crop Insurance Corporation	13,223	17,404
Goodwill and other intangibles	100	2,728
Other assets	11,097	10,866
Assets of discontinued operations	—	162,457
Total assets	<u>\$ 526,545</u>	<u>\$ 654,886</u>
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 137,288	\$ 119,185
Unearned premiums	126,498	126,100
Income tax payable	—	147
Accrued expenses and other liabilities	18,128	17,758
Liabilities of discontinued operations	—	141,297
Total liabilities	<u>281,914</u>	<u>404,487</u>
Shareholders' equity:		
Common stock, \$0.01 par value, authorized 25,000,000 shares, issued: 23,000,000 shares; and outstanding: 2024 – 20,673,268 shares, 2023 – 20,599,908 shares	230	230
Additional paid-in capital	95,796	96,294
Unearned employee stock ownership plan shares	(455)	(698)
Retained earnings	201,584	208,376
Accumulated other comprehensive loss, net of income taxes	(18,231)	(21,384)
Treasury stock, at cost, 2024 – 2,281,252 shares, 2023 – 2,330,297 shares	(34,293)	(35,177)
Non-controlling interest	—	2,758
Total shareholders' equity	<u>244,631</u>	<u>250,399</u>
Total liabilities and shareholders' equity	<u>\$ 526,545</u>	<u>\$ 654,886</u>

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2024, 2023, and 2022
(dollar amounts in thousands, except per share data)

	2024	2023	2022
Revenues:			
Net premiums earned	\$ 310,110	\$ 292,117	\$ 271,740
Fee and other income	1,938	1,940	1,381
Net investment income	10,943	8,034	6,636
Net investment gains (losses)	2,213	1,929	(11,975)
Total revenues	<u>325,204</u>	<u>304,020</u>	<u>267,782</u>
Expenses:			
Losses and loss adjustment expenses	207,465	186,516	241,750
Amortization of deferred policy acquisition costs	71,257	67,631	53,605
Other underwriting and general expenses	33,709	29,326	25,303
Goodwill impairment charge	2,628	—	—
Total expenses	<u>315,059</u>	<u>283,473</u>	<u>320,658</u>
Income (loss) from continuing operations before income taxes	10,145	20,547	(52,876)
Income tax expense (benefit)	3,545	716	(14,191)
Net income (loss) from continuing operations	6,600	19,831	(38,685)
Net income (loss) attributable to non-controlling interest	—	250	(679)
Net income (loss) from continuing operations attributable to NI Holdings, Inc.	6,600	19,581	(38,006)
Loss from discontinued operations, net of income taxes	(1,512)	(25,057)	(15,090)
Loss on sale of discontinued operations, net of income taxes	(11,148)	—	—
Net loss	<u>\$ (6,060)</u>	<u>\$ (5,476)</u>	<u>\$ (53,096)</u>
Earnings (loss) per common share from continuing operations:			
Basic	\$ 0.31	\$ 0.93	\$ (1.78)
Diluted	<u>\$ 0.31</u>	<u>\$ 0.92</u>	<u>\$ (1.78)</u>
Earnings (loss) per common share:			
Basic	\$ (0.29)	\$ (0.26)	\$ (2.49)
Diluted	<u>\$ (0.29)</u>	<u>\$ (0.26)</u>	<u>\$ (2.49)</u>
Share data:			
Weighted average common share outstanding used in basic per common share calculations	20,968,545	21,159,073	21,333,389
Dilutive securities	120,626	76,532	—
Weighted average common shares used in diluted per common share calculations	<u>21,089,171</u>	<u>21,235,605</u>	<u>21,333,389</u>

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 31, 2024, 2023, and 2022
(dollar amounts in thousands)

	2024		
	Attributable to NI Holdings, Inc.	Attributable to Non-Controlling Interest	Total
Net income (loss)	\$ (6,060)	\$ —	\$ (6,060)
Other comprehensive income (loss), before income taxes:			
Holding gains (losses) on investments	(482)	—	(482)
Reclassification adjustment for net realized losses (gains) included in net income (loss)	233	—	233
Other comprehensive income (loss), before income taxes	(249)	—	(249)
Income tax benefit (expense) related to items of other comprehensive income (loss)	96	—	96
Other comprehensive income (loss), net of income taxes	(153)	—	(153)
Comprehensive income (loss)	<u>\$ (6,213)</u>	<u>\$ —</u>	<u>\$ (6,213)</u>
	2023		
	Attributable to NI Holdings, Inc.	Attributable to Non-Controlling Interest	Total
Net income (loss)	\$ (5,476)	\$ 250	\$ (5,226)
Other comprehensive income (loss), before income taxes:			
Holding gains (losses) on investments	9,709	363	10,072
Reclassification adjustment for net realized losses (gains) included in net income (loss)	582	—	582
Other comprehensive income (loss), before income taxes	10,291	363	10,654
Income tax benefit (expense) related to items of other comprehensive income (loss)	(2,389)	(85)	(2,474)
Other comprehensive income (loss), net of income taxes	7,902	278	8,180
Comprehensive income (loss)	<u>\$ 2,426</u>	<u>\$ 528</u>	<u>\$ 2,954</u>
	2022		
	Attributable to NI Holdings, Inc.	Attributable to Non-Controlling Interest	Total
Net income (loss)	\$ (53,096)	\$ (679)	\$ (53,775)
Other comprehensive income (loss), before income taxes:			
Holding gains (losses) on investments	(44,810)	(1,703)	(46,513)
Reclassification adjustment for net realized losses (gains) included in net income (loss)	131	20	151
Other comprehensive income (loss), before income taxes	(44,679)	(1,683)	(46,362)
Income tax benefit (expense) related to items of other comprehensive income (loss)	10,156	383	10,539
Other comprehensive income (loss), net of income taxes	(34,523)	(1,300)	(35,823)
Comprehensive income (loss)	<u>\$ (87,619)</u>	<u>\$ (1,979)</u>	<u>\$ (89,598)</u>

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Changes in Shareholders' Equity
Years Ended December 31, 2024, 2023, and 2022
(dollar amounts in thousands)

	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Income Taxes	Treasury Stock	Non- Controlling Interest	Total Shareholders' Equity
Balance, January 1, 2022	\$ 230	\$ 98,166	\$ (1,184)	\$ 267,207	\$ 5,237	(26,452)	\$ 4,209	\$ 347,413
Battle Creek demutualization	—	—	—	—	—	—	—	—
Net income (loss)	—	—	—	(53,096)	—	—	(679)	(53,775)
Impact of Westminster unrealized investment gains/losses	—	—	—	—	—	—	—	—
Other comprehensive income (loss), net of income taxes	—	—	—	—	(34,523)	—	(1,300)	(35,823)
Purchase of treasury stock	—	—	—	—	—	(4,180)	—	(4,180)
Share-based compensation	—	(40)	—	—	—	—	—	(40)
Issuance of vested award shares	—	(2,592)	—	10	—	1,814	—	(768)
Distribution of employee stock ownership plan shares	—	137	243	—	—	—	—	380
Balance, December 31, 2022	230	95,671	(941)	214,121	(29,286)	(28,818)	2,230	253,207
Battle Creek demutualization	—	—	—	—	—	—	—	—
Net income (loss)	—	—	—	(5,476)	—	—	250	(5,226)
Impact of Westminster unrealized investment gains/losses	—	—	—	—	—	—	—	—
Other comprehensive income (loss), net of income taxes	—	—	—	—	7,902	—	278	8,180
Purchase of treasury stock	—	—	—	—	—	(7,278)	—	(7,278)
Share-based compensation	—	1,366	—	—	—	—	—	1,366
Issuance of vested award shares	—	(822)	—	(269)	—	919	—	(172)
Distribution of employee stock ownership plan shares	—	79	243	—	—	—	—	322
Balance, December 31, 2023	230	96,294	(698)	208,376	(21,384)	(35,177)	2,758	250,399
Battle Creek demutualization	—	—	—	3,832	(1,074)	—	(2,758)	—
Net income (loss)	—	—	—	(6,060)	—	—	—	(6,060)
Impact of Westminster unrealized investment gains/losses	—	—	—	(4,380)	4,380	—	—	—
Other comprehensive income (loss), net of income taxes	—	—	—	—	(153)	—	—	(153)
Purchase of treasury stock	—	—	—	—	—	—	—	—
Share-based compensation	—	238	—	—	—	—	—	238
Issuance of vested award shares	—	(858)	—	(184)	—	884	—	(158)

Distribution of employee stock ownership plan shares	—	122	243	—	—	—	—	365
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Balance, December 31, 2024	\$ 230	\$ 95,796	\$ (455)	\$ 201,584	(18,231)	(34,293)	—	\$ 244,631
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The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023, and 2022
(dollar amounts in thousands)

	2024	2023	2022
Cash flows from operating activities:			
Net loss	\$ (6,060)	\$ (5,226)	\$ (53,775)
Less net loss from discontinued operations, net of income taxes	(1,512)	(25,057)	(15,090)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Net investment gains	(2,213)	(1,929)	11,975
Deferred income tax expense (benefit)	1,901	(1,876)	(3,825)
Depreciation of property and equipment	681	692	604
Amortization of intangibles	—	33	50
Goodwill impairment charge	2,628	—	—
Distribution of employee stock ownership plan shares	365	322	380
Share-based compensation	238	1,366	(40)
Amortization of deferred policy acquisition costs	71,257	67,631	53,605
Deferral of policy acquisition costs	(70,767)	(71,746)	(57,233)
Net amortization of premiums and discounts on investments	607	928	1,435
Gain on sale of property and equipment	(64)	(52)	(164)
Changes in operating assets and liabilities:			
Premiums and agents' balances receivable	3,247	(8,808)	(9,453)
Reinsurance premiums receivable / payable	(2,149)	(424)	936
Reinsurance recoverables on losses	(6,101)	2,126	3,892
Accrued investment income	(304)	(179)	109
Federal Crop Insurance Corporation receivable / payable	4,181	(1,942)	(20,424)
Other assets	(231)	(1,506)	938
Unpaid losses and loss adjustment expenses	18,103	4,889	6,296
Unearned premiums	398	15,174	15,237
Income tax recoverable / payable	(7,164)	14,105	(13,275)
Accrued expenses and other liabilities	469	(215)	7,336
Net cash flows from operating activities – continuing operations	15,082	18,589	(1,621)
Net cash flows from operating activities – discontinued operations	10,493	12,608	25,012
Net cash flows from operating activities – loss on sale of discontinued operations	17,479	—	—
Total adjustments	43,054	31,197	23,391
Net cash flows from operating activities	38,506	51,028	(15,294)
Cash flows from investing activities:			
Proceeds from maturities and sales of fixed income securities	43,633	33,888	75,031
Proceeds from sales of equity securities	7,587	39,020	25,260
Purchases of fixed income securities	(62,561)	(56,318)	(47,620)
Purchases of equity securities	(7,833)	(11,741)	(12,979)
Purchases of property and equipment	(991)	(661)	(878)
Proceeds from sales of property and equipment	280	147	646
Proceeds from disposition of Westminster	12,272	—	—
Other	194	—	—
Net cash flows from investing activities – continuing operations	(7,419)	4,335	39,460
Net cash flows from investing activities – discontinued operations	2,878	(13,148)	(14,412)
Net cash flows from investing activities	(4,541)	(8,813)	25,048
Cash flows from financing activities:			
Purchases of treasury stock	—	(7,278)	(4,180)
Pooling (payments) receipts	(10,444)	(28,114)	4,085
Installment payment on Westminster consideration payable	—	—	(13,333)
Principal repayments of finance leases	(99)	(16)	—
Issuance of vested award shares	(158)	(172)	(768)
Net cash flows from financing activities – continuing operations	(10,701)	(35,580)	(14,196)
Net cash flows from financing activities – discontinued operations	7,058	28,114	(4,085)
Net cash flows from financing activities	(3,643)	(7,466)	(18,281)
Net change in cash and cash equivalents	30,322	34,749	(8,527)
(Increase) decrease in cash and cash equivalents – discontinued operations	(20,429)	(27,574)	(6,515)
Net increase (decrease) in cash and cash equivalents – continuing operations	9,893	7,175	(15,042)
Cash and cash equivalents at beginning of period – continuing operations	41,037	33,862	48,904
Cash and cash equivalents at end of period – continuing operations	\$ 50,930	\$ 41,037	\$ 33,862
Federal and state income taxes paid (net of refunds received)	\$ 2,853	\$ (11,102)	\$ 2,175

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Notes to Consolidated Financial Statements
December 31, 2024, 2023, and 2022
(dollar amounts in thousands)

1. Organization

NI Holdings is a North Dakota business corporation that is the stock holding company of Nodak Insurance and became such in connection with the Nodak conversion, whereby Nodak Mutual converted from a mutual to stock form of organization and the creation of a mutual holding company. The Nodak conversion was consummated on March 13, 2017. Immediately following the Nodak conversion, all of the outstanding shares of common stock of Nodak Insurance were issued to Nodak Mutual Group, which then contributed the shares to NI Holdings in exchange for 55% of the outstanding shares of common stock of NI Holdings. Nodak Insurance then became a wholly-owned stock subsidiary of NI Holdings. Prior to completion of the Nodak conversion, NI Holdings conducted no business and had no assets or liabilities. As a result of the Nodak conversion, NI Holdings became the holding company for Nodak Insurance and its existing subsidiaries.

These consolidated financial statements include the financial position and results of operations of NI Holdings and the following other entities:

Nodak Insurance Company

Nodak Insurance is the largest domestic property and casualty insurance company in North Dakota, offering private passenger auto, homeowners, farmowners, commercial multi-peril, crop hail, and Federal multi-peril crop insurance coverages through its captive agents in the state.

Nodak Agency, Inc.

Nodak Agency is an inactive shell corporation.

American West Insurance Company

American West is a property and casualty insurance company licensed in eight states in the Midwest and Western regions of the U.S. American West began writing policies in 2002 and primarily writes private passenger auto, homeowners, and farm coverages in South Dakota. American West also writes private passenger auto coverage in North Dakota, as well as crop hail and Federal multi-peril crop insurance coverages in Minnesota and South Dakota.

Primero Insurance Company

Primero is a wholly-owned subsidiary of Tri-State, Ltd. Tri-State, Ltd. is an inactive shell corporation 100% owned by Nodak Insurance. Primero is a property and casualty insurance company writing non-standard auto coverage in the states of Nevada, Arizona, North Dakota, and South Dakota during 2024. As of December 31, 2024, Primero no longer writes coverage in the state of Nevada. Primero was acquired by Nodak Insurance in 2014.

Battle Creek Insurance Company

Battle Creek is a property and casualty insurance company writing private passenger auto, homeowners, and farm coverages solely in the state of Nebraska. Battle Creek became affiliated with Nodak Insurance in 2011 and, prior to January 2, 2024, was controlled by Nodak Insurance via a surplus note. On January 2, 2024, Battle Creek issued 300,000 shares of its common stock to Nodak Insurance at a \$10.00 per share par value and became a wholly-owned subsidiary of Nodak Insurance. Because we concluded that we controlled Battle Creek prior to January 2, 2024, we consolidated the financial statements of Battle Creek, and Battle Creek's policyholders' interest in Battle Creek was reflected as a non-controlling interest in shareholders' equity in our Consolidated Balance Sheets and its net income or loss was excluded from net income or loss attributed to NI Holdings in our Consolidated Statements of Operations. Subsequent to January 2, 2024, Battle Creek is fully consolidated in our Consolidated Balance Sheets and Consolidated Statements of Operations and, as such, no longer reflected as a non-controlling interest.

Direct Auto Insurance Company

Direct Auto is a property and casualty insurance company licensed in Illinois. Direct Auto began writing non-standard auto coverage in 2007, and was acquired by NI Holdings on August 31, 2018, via a stock purchase agreement.

Westminster American Insurance Company

Westminster is a property and casualty insurance company licensed in 18 states and the District of Columbia. Westminster is headquartered in Owings Mills, Maryland and underwrites commercial multi-peril insurance in the states of Delaware, Georgia, Kentucky, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia, and the District of Columbia. Westminster was sold to Scott Insurance Holdings on June 30, 2024. Subsequent to the date of sale, Westminster is reflected as discontinued operations within our Consolidated Balance Sheets and Consolidated Statements of Operations. For additional information see Part II, Item 8, Note 20 “Discontinued Operations” of this 2024 Annual Report.

Organizational Structure and Credit Ratings

Nodak Insurance markets and distributes its policies through its captive agents, while all other companies utilize the independent agent distribution channel. Additionally, all of the Company’s insurance subsidiary and affiliate companies as of December 31, 2024, are rated “A” Excellent by AM Best.

The same executive management team provides oversight and strategic direction for the entire organization. Nodak Insurance personnel provide common product oversight, pricing practices, and underwriting standards, as well as underwriting and claims administration, to Nodak Insurance, American West, and Battle Creek. Primero and Direct Auto personnel manage the day-to-day operations of their respective companies. Westminster personnel managed the day-to-day operations of their company prior to the date of sale.

2. Recent Accounting Pronouncements

Adopted

Improvements to Reportable Segment Disclosures

In the fourth quarter of 2024, the Company adopted the annual and interim disclosure requirements of ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” issued by the FASB in November 2023. The amendments expand a public business entity's segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”), clarifying when an entity may report one or more additional measures to assess segment performance, requiring enhanced interim disclosures, providing new disclosure requirements for entities with a single reportable segment, and requiring other new disclosures. See Item II, Part 8, Note 21 “Segment Information” section of this Annual Report for applicable disclosures required by this guidance.

Measurement of Credit Losses on Financial Instruments

In December 2022, the Company adopted amended guidance from the FASB that applies a new credit loss model (current expected credit losses or “CECL”) for determining credit-related impairments for financial instruments measured at amortized cost and requires an entity to estimate the credit losses expected over the life of an exposure or pool of exposures. The expected credit losses, and subsequent adjustments to such losses, are recorded through an allowance account that is deducted from the amortized cost basis of the financial asset, with the net carrying value of the financial asset presented on the Consolidated Balance Sheet at the amount expected to be collected. The updated guidance also amended the previous other-than-temporary impairment model for available-for-sale fixed income securities by requiring the recognition of impairments relating to credit losses through an allowance account and limiting the amount of credit loss to the difference between a security’s amortized cost basis and its fair value. In addition, the length of time a security has been in an unrealized loss position no longer impacts the determination of whether a credit loss exists.

The Company adopted the updated guidance for the year ended December 31, 2022. The adoption of this guidance resulted in an allowance for expected credit losses of \$425 for premiums and agents' balances receivable in the Consolidated Balance Sheet as of December 31, 2022. Based on the results of the receivable analyses and management’s review of our available-for-sale fixed income securities, it was determined that no allowance was required for reinsurance recoverables or available-for-sale fixed income

securities in the Consolidated Balance Sheet as of December 31, 2022. See Item II, Part 8, Note 4 “Investments” section of this Annual Report for applicable disclosures required by this guidance.

Leases

Effective for the year ended December 31, 2022, the Company adopted the updated guidance for leases and elected to utilize a cumulative-effect adjustment to the opening balance of retained earnings for the year of adoption, if necessary. Accordingly, the Company’s reporting for the comparative periods prior to adoption continue to be presented in the consolidated financial statements in accordance with previous lease accounting guidance. The Company also elected to apply all practical expedients applicable to the Company in the updated guidance for transition for leases in effect at adoption, including using hindsight to determine the lease term of existing leases, the option to not reassess whether an existing contract is a lease or contains a lease, and whether the lease is an operating or finance lease. The adoption of the updated guidance resulted in the Company recognizing a right-of-use asset of \$1,637 as part of other assets, a lease liability of \$1,837 as part of accrued expenses and other liabilities, and an elimination of the \$200 deferred rent liability in the Consolidated Balance Sheet as of December 31, 2022. The cumulative effect adjustment to the opening balance of retained earnings was zero. The adoption of the updated guidance did not affect the Company’s results of operations or cash flows. See Item II, Part 8, Note 15 “Leases” section of this Annual Report for applicable disclosures required by this guidance.

Income Taxes – Simplifying the Accounting for Income Taxes

In December 2022, the Company adopted amended guidance from the FASB relating to accounting for income taxes. The modifications primarily remove or amend several exceptions contained in existing guidance to simplify income tax matters. The adoption of this guidance did not materially impact the Company’s financial position, results of operations, or cash flows.

Not Yet Adopted

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” This guidance requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate reconciliation and income taxes paid. The guidance is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this update are effective for annual periods beginning after December 15, 2024. We are currently evaluating the impact of the new standard on our consolidated financial statements, which is expected to result in enhanced disclosures.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.” This guidance is intended to improve disclosures about a public business entity’s expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions. Such information should allow investors to better understand an entity’s performance, assess future cash flows, and compare performance over time and with other entities. The amendments will require public business entities to disclose in the notes to the financial statements, at each interim and annual reporting period, specific information about certain costs and expenses, including purchases of inventory, employee compensation, depreciation, and intangible asset amortization included in each expense caption presented on the face of the statement of operations, and the total amount of an entity’s selling expenses. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, and may be applied either prospectively or retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance on the consolidated financial statements.

3. Summary of Significant Accounting Policies and Basis of Presentation

Basis of Consolidation

Our consolidated financial statements, which we have prepared in accordance with GAAP, include our accounts and those of our wholly-owned subsidiaries, including Battle Creek, which was consolidated as a variable interest entity (“VIE”) with an associated non-controlling interest prior to January 2, 2024. We have eliminated all significant intercompany accounts and transactions in consolidation.

Use of Estimates

In preparing our consolidated financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet, and revenues and expenses for the periods then ended. Actual results could differ significantly from those estimates.

We make estimates and assumptions that can have a significant effect on amounts and disclosures we report in our consolidated financial statements. The most significant estimates relate to our reserves for unpaid losses and loss adjustment expenses, earned premiums for crop insurance, valuation of investments, determination of credit impairments, valuation allowances for deferred income tax assets, deferred policy acquisition costs, as well as valuation and impairments of goodwill and other intangible assets. While we believe our estimates are appropriate, the ultimate amounts may differ from the estimates provided. We regularly review our methods for making these estimates as well as the continued appropriateness of the estimated amounts, and we reflect any adjustment we consider necessary in our current results of operations.

Variable-Interest Entities

Any company deemed to be a VIE is required to be consolidated by the primary beneficiary of the VIE.

We assess our investments in other entities at inception to determine if any meet the qualifications of a VIE. We consider an investment in another company to be a VIE if: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) the characteristics of a controlling financial interest are missing (either the ability to make decisions through voting or other rights, the obligation to absorb expected losses of the entity, or the right to receive the expected residual returns of the entity), or (c) the voting rights of the equity holders are not proportional to their obligations to absorb the expected losses of the entity and/or the rights to receive the expected residual returns of the entity, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights. Upon the occurrence of certain events, we would reassess our initial determination of whether the investment is a VIE.

We evaluate whether we are the primary beneficiary of each VIE and we consolidate the VIE if we have both (1) the power to direct the economically significant activities of the entity and (2) the obligation to absorb losses of, or the right to receive benefits from, the entity. We consider the contractual agreements that define the ownership structure, distribution of profits and losses, risks, responsibilities, indebtedness, voting rights, and board representation of the respective parties in determining whether we qualify as the primary beneficiary. Our assessment of whether we are the primary beneficiary of a VIE is performed at least annually.

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market accounts, and certain investments in highly liquid debt instruments. Cost approximates fair value for these short-term investments.

Investments

The Company's fixed income securities and equity securities are classified as available-for-sale and carried at estimated fair value as determined by management based upon quoted market prices or a recognized independent pricing service at the reporting date for those or similar investments. Changes in unrealized investment gains or losses on the fixed income securities, net of applicable income taxes, are reflected directly in shareholders' equity as a component of other comprehensive income (loss) and, accordingly, have no effect on net income (loss). Changes in unrealized investment gains or losses on equity securities are reported in net income (loss). Investment income from fixed income securities is recognized when earned, and realized investment gains (losses) are recognized when investments are sold, the fair value of equity securities change, or credit impairments are recognized.

Fair values are based on quoted market prices or independent pricing services, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Amortization of premium and accretion of discount are computed using the effective interest method. Net investment income includes interest and dividend income together with amortization of purchase premiums and discounts and is net of investment management and custody fees. Realized gains and losses on investments are determined using the specific identification method and are included in net investment gains (losses), along with the change in unrealized gains and losses on equity securities. Other invested assets that do not have observable inputs and little or no market activity are carried on a cost basis, which approximates fair value. The carrying value of these other invested assets was \$1,812 at December 31, 2024 and \$2,006 at December 31, 2023.

Beginning on December 31, 2022, credit losses are recognized through an allowance account. See Part II, Item 8, Note 2 "Recent Accounting Pronouncements" for additional information. We, along with our investment advisors, frequently review our investment portfolio for declines in fair value that could be indicative of credit losses. The available-for-sale impairment model requires an

estimate of expected credit losses only when the fair value of the available-for-sale fixed income security is below its amortized cost basis. The Company considers a number of factors when determining if an allowance for credit losses is necessary including payment and default history, credit spreads, credit ratings and rating actions, and probability of default. The Company determines the credit loss component of fixed income securities by utilizing discounted cash flow modeling to determine the present value of the security and comparing the present value with the amortized cost of the security. If the amortized cost is greater than the present value of the expected cash flows, the difference is considered a credit loss and recognized as an impairment loss in net realized investment gains (losses). Credit impairments are recognized as an allowance on the Consolidated Balance Sheet with a corresponding adjustment to earnings.

For fixed income securities that the Company does not intend to sell or for which it is more likely than not that the Company would not be required to sell before an anticipated recovery in value, the Company separates the credit loss component of the impairment from the amount related to all other factors and reports the credit loss component in net realized investment gains (losses). The impairment related to all other factors (non-credit factors) is reported in other comprehensive income. The allowance is adjusted for any additional credit losses and subsequent recoveries. Upon recognizing a credit loss, the cost basis is not adjusted.

For fixed income securities that the Company intends to sell or for which it is more likely than not that the Company will be required to sell before an anticipated recovery in value, the full amount of the impairment is included in net investment gains (losses). The new cost basis of the investment is the previous amortized cost basis less the impairment recognized in net investment gains (losses). The new cost basis is not adjusted for any subsequent recoveries in fair value.

The Company reports investment income accrued separately from fixed income investments, available for sale, and has elected not to measure an allowance for credit losses for investment income accrued. Investment income accrued is written off through net realized investment gains (losses) at the time the issuer of the bond defaults or is expected to default on payments.

For more information on investment valuation measurements, see Part II, Item 8, Note 5 “Fair Value Measurements.”

Revenue Recognition

We record premiums written at policy inception and recognize them as revenue on a pro rata basis over the policy term or, in the case of crop insurance, over the period of risk. The portion of premiums that could be earned in the future is deferred and reported as unearned premiums. When policies lapse, the Company reverses the unearned portion of the written premium and removes the applicable unearned premium. Policy-related fee income is recognized when collected.

The period of risk for our crop insurance program, which is comprised of primarily spring-planted crops, typically runs from April 1 (the approximate time when farmers can begin to work their fields) through December 15 (last date claims can be made for the most recent planting season).

Premiums and Agents’ Balances Receivable

Premiums and agents’ balances receivable include both direct and agent billed premiums as well as crop notes receivable related to the multi-peril crop and crop hail insurance.

Accounts billed directly to the policyholder are provided grace payment and cancellation notice periods per state insurance regulations.

Direct Auto also provides for agency billing for a portion of their agents. Accounts billed to agents are due within 60 days of the statement date. The agent is responsible for all past due balances. As part of its agent appointment, Direct Auto requires a personal guarantee for all balances due to Direct Auto from the principal of the contracted agency.

Beginning on December 31, 2022, the premium and agents’ receivable balances are reported net of an allowance for expected credit losses. See Part II, Item 8, Note 2 “Recent Accounting Pronouncements” for additional information. We recognized \$425 of credit losses for these receivables at the time of adoption of CECL. Therefore, there was no beginning balance of credit losses as of January 1, 2022, and all 2022 activity was the result of adoption. As a result of the transition from the previous accounting treatment, we did not record a cumulative effect adjustment to retained earnings at the time of adoption. Given the nature of these receivables, the Company has elected to use a loss-rate method to determine the expected credit losses. The allowance is based upon the Company’s ongoing review of amounts outstanding and write-offs. Management may also evaluate current economic conditions and reasonable/supportable forecasts to adjust this calculation as deemed necessary.

Policy Acquisition Costs

We defer our policy acquisition costs, consisting primarily of commissions, premium taxes, and certain other underwriting costs, reduced by ceding commissions, which vary with and relate directly to the production of business. We amortize these deferred policy acquisition costs over the period in which we earn the premiums. The method we follow in computing deferred policy acquisition costs limits the amount of such deferred costs to their estimated realizable value, which gives effect to the premium to be earned, related investment income, losses and loss adjustment expenses, and certain other costs we expect to incur as we earn the premium.

Property and Equipment

We report property and equipment at cost less accumulated depreciation. Depreciation is typically computed using the straight-line method based upon estimated useful lives of the assets.

Losses and Loss Adjustment Expenses

Liabilities for unpaid losses and loss adjustment expenses are estimates at a given point in time of the amounts we expect to pay with respect to policyholder claims based on facts and circumstances then known. At the time of establishing our estimates, we recognize that our ultimate liability for losses and loss adjustment expenses may differ from these estimates. We base our estimates of liabilities for unpaid losses and loss adjustment expenses on assumptions as to future loss trends, expected claims severity, judicial theories of liability, and other factors. During the loss adjustment period, we may learn additional facts regarding certain claims, and, consequently, it often becomes necessary for us to refine and adjust our estimates of the liability. We reflect any adjustments to our liabilities for unpaid losses and loss adjustment expenses in our operating results in the period in which we determine the need for a change in the estimates.

We maintain liabilities for unpaid losses and loss adjustment expenses with respect to both reported and unreported claims. We establish these liabilities for the purpose of covering the ultimate costs of settling all losses incurred through the reporting date, including investigation and litigation costs. We base the amount of our liability for reported losses primarily upon a case-by-case evaluation of the type of risk involved, knowledge of the circumstances surrounding each claim, and the insurance policy provisions relating to the type of loss our policyholder incurred. We determine the amount of our liability for unreported losses and loss adjustment expenses on the basis of historical information by line of insurance. Inflation is not explicitly selected in the loss reserve analysis. However, historical inflation is embedded in the estimated loss development factors. We closely monitor our liabilities and update them periodically using new information on reported claims and a variety of statistical techniques. We do not discount our liabilities for unpaid losses and loss adjustment expenses.

Reserve estimates can change over time because of unexpected changes in assumptions related to our external environment and, to a lesser extent, assumptions as to our internal operations. Assumptions related to our external environment include the potential impact of significant changes in tort law and the legal environment which may impact liability exposure, the trends in judicial interpretations of insurance coverage and policy provisions, and the rate of loss cost inflation. Internal assumptions include consistency in the recording of premium and loss data, consistency in the recording of claims, payment and case reserving methodologies, accurate measurement of the impact of rate changes and changes in policy provisions, consistency in the quality and characteristics of business written within a given line of business, and consistency in reinsurance coverage and collectability of reinsured losses, among other items. To the extent we determine that underlying factors impacting our assumptions have changed, we attempt to make appropriate adjustments for such changes in our reserves. Accordingly, our ultimate liability for unpaid losses and loss adjustment expenses will likely differ from the amount recorded.

Income Taxes

Insurance companies typically pay state premium taxes rather than state income taxes. However, Direct Auto is subject to state income taxes in the state of Illinois, in addition to state premium taxes. Additionally, NI Holdings, on a stand-alone basis, pays state income taxes to the state of North Dakota for income or losses generated as a separate financial entity. State premium taxes are included as a part of amortization of deferred policy acquisition costs. State income taxes are reported along with federal income taxes as income tax expense (benefit).

The Company did not have any material uncertain tax positions as of December 31, 2024 and 2023. The Company's policy is to recognize tax-related interest and penalties accrued related to unrecognized benefits as a component of income tax expense. The Company did not recognize any tax-related interest and penalties, nor did it have any tax-related interest or penalties accrued as of December 31, 2024 and 2023.

We account for deferred income taxes using the asset and liability method. The objective of the asset and liability method is to establish deferred income tax assets and liabilities for the temporary differences between the financial reporting basis and the income

tax basis of our assets and liabilities at enacted tax rates expected to be in effect when we realize or settle such amounts.

We re-measure existing deferred income tax assets (including loss carryforwards) and liabilities when a change in tax rate occurs and record an offset for the net amount of the change as a component of income tax expense from continuing operations in the period of enactment. We also record any change to a previously recorded valuation allowance as a result of re-measuring existing temporary differences and loss carryforwards as a component of income tax expense from continuing operations.

The Company has elected to reclassify any tax effects stranded in accumulated other comprehensive income as a result of a change in income tax rates to retained earnings.

Earnings Per Share

Earnings per share are computed by dividing net income available to common shareholders for the period by the weighted average number of common shares outstanding for the same period. Unearned shares related to the Company's ESOP are not considered outstanding until they are released and allocated to plan participants. Unearned shares related to the Company's Restricted Stock Units ("RSUs") and Performance Share Units ("PSUs") are not considered outstanding until they are earned by award participants. See Part II, Item 8, Note 12 "Benefit Plans" and Note 18 "Share-Based Compensation."

Credit Risk

Our primary investment objective is to earn competitive returns by investing in a diversified portfolio of securities. Our portfolio of fixed income securities and, to a lesser extent, short-term investments, is subject to credit risk. We define this risk as the potential loss in fair value resulting from adverse changes in the borrower's ability to repay the debt. We manage this risk by performing an analysis of prospective investments and through regular reviews of our portfolio by our management team and investment advisors. We also limit the amount of our total investment portfolio that we invest in any one security.

Property and liability insurance coverages are marketed through captive agents in North Dakota and through independent insurance agencies located throughout all other operating areas. All business, except for the majority of Direct Auto's business, is billed directly to the policyholders.

We maintain cash balances primarily at one bank, which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250. During the normal course of business, balances are maintained above the FDIC insurance limit. The Company maintains short-term investment balances in investment grade money market accounts that are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500. During the normal course of business, balances for these accounts are often maintained in excess of the SIPC insurance limit.

Reinsurance

The Company limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks to reinsurers, either on an automatic basis under general reinsurance contracts known as treaties or through facultative contracts placed on substantial individual risks. Ceded reinsurance is treated as the risk and liability of the assuming companies.

The ceding of insurance does not legally discharge us from primary liability under our policies, and we must pay the loss if the reinsurer fails to meet its obligation.

Amounts recoverable from reinsurers are estimated in a manner consistent with the associated claim liability. Beginning on December 31, 2022, credit losses are recognized through an allowance account developed using the CECL model. See Part II, Item 8, Note 2 "Recent Accounting Pronouncements" for additional information. The allowance is based upon the Company's ongoing review of amounts outstanding, length of collection periods, changes in reinsurer credit standing, disputes, applicable coverage defenses and other relevant factors. Management has concluded that it is not necessary to record an allowance for expected credit losses related to reinsurance recoverables. All of our significant reinsurance partners are rated "A-" (Excellent) or better by AM Best, and there is no history of write-offs.

Goodwill and Other Intangibles

Goodwill assets arise from business combinations and consist of the excess of the fair value of consideration paid over the tangible and intangible assets acquired and liabilities assumed. We evaluate goodwill and other intangible assets for impairment on an annual basis or more frequently if events or changes in circumstances indicate that it is more likely than not that the carrying amount of goodwill and other intangible assets may exceed their fair value.

When performing our goodwill impairment analyses, we typically first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In making our assessment, we evaluate a number of factors including operating results, key changes in the reporting unit, business plans, macroeconomic conditions, and industry considerations. Inherent uncertainties exist with respect to these factors and to our judgment in applying them when we make our assessment, and impairment of goodwill and other intangibles could result from changes in economic and operating conditions in future periods. We may also choose to bypass the qualitative assessment in any period for any reporting unit and proceed directly to performing the quantitative assessment.

If our qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount or we choose to bypass the qualitative assessment, we will perform a quantitative assessment that compares the reporting unit's carrying value with its estimated fair value. The determination of the fair value of our reporting units is based a market approach that considers benchmark company market multiples, an income approach that utilizes discounted cash flows, or another generally accepted method. The cash flows used to determine fair value are dependent on a number of significant management assumptions such as our expectations of future performance and the expected future economic environment, which are partly based upon our historical experience. Our estimates are subject to change given the inherent uncertainty in predicting future results. While we believe such assumptions and estimates are reasonable, the actual results may differ materially from the projected amounts. Should the carrying value exceed the estimated fair value, a goodwill impairment charge will be recognized in the amount by which the reporting unit's carrying amount exceeds its fair value, not to exceed the total goodwill assigned to the reporting unit.

For the goodwill arising from the acquisition of Primero in 2014, we determined that it was appropriate to perform a quantitative assessment during the fourth quarter of 2024. Based on our quantitative assessment as described above, we concluded that the goodwill related to Primero was fully impaired as of December 31, 2024, primarily due to Primero's expected future performance being well below initial projections and expectations as a result of strategic initiatives. We did not record any impairments of goodwill for this reporting unit during the years ended December 31, 2023 or 2022.

For the goodwill arising from the acquisition of Westminster in 2020, we determined that it was appropriate to perform a quantitative assessment during the fourth quarter of 2023. Based on our quantitative assessment as described above, we concluded that the goodwill related to Westminster was fully impaired as of December 31, 2023, primarily due to Westminster's actual and expected future performance being well below initial projections and expectations. We did not record any impairments of goodwill for this reporting unit during the year ended December 31, 2022.

Intangible assets arising from the acquisition of Direct Auto in 2018 represent the estimated fair values of certain intangible assets, including a favorable lease contract, a state insurance license, the value of the Direct Auto trade name, and the value of business acquired ("VOBA"). The state insurance license asset has an indefinite life, while the Direct Auto trade name was amortized over five years from the August 31, 2018 acquisition/valuation date. The favorable lease contract and VOBA assets have been fully amortized. We did not record any impairments of the intangible assets for this reporting unit during the years ended December 31, 2024, 2023 or 2022.

Other intangible assets arising from the acquisition of Westminster represented the estimated fair values of certain intangible assets, including state insurance licenses, the value of Westminster's distribution network, the value of the Westminster trade name, and the VOBA. The state insurance license asset had an indefinite life, while the distribution networks asset and Westminster trade name were being amortized over twenty years and ten years, respectively, from the January 1, 2020 acquisition/valuation date until the date of sale on June 30, 2024. The VOBA asset had been fully amortized at the date of the sale of Westminster. We did not record any impairments of the other intangible assets for this reporting unit during the years ended December 31, 2023 or 2022.

Discontinued Operations

On May 7, 2024, NI Holdings entered into a Stock Purchase Agreement ("Purchase Agreement") to sell its subsidiary, Westminster, to Scott Insurance Holdings, a privately owned Maryland limited liability company. Scott Insurance Holdings is affiliated with John Scott, Sr., the father of the president of Westminster, John Scott, Jr. The sale closed on June 30, 2024. The Purchase Agreement included a cash purchase price of \$10,500, subject to certain post-closing adjustments, including a post-closing payment to NI Holdings for the amount by which the ending statutory surplus balance for Westminster exceeded \$20,000. The post-closing payment received from Scott Insurance Holdings during the third quarter of 2024 was \$1,772 and has been included as an adjustment to the purchase price for the calculation of the loss on the sale of Westminster. The sale of Westminster, which represented the majority of our Commercial segment in prior periods, was a strategic shift that has had a major effect on our operations and financial results. Therefore, Westminster has been reported as discontinued operations in the Consolidated Balance Sheets, Consolidated Statements of Operations, and Consolidated Statements of Cash Flows for all periods presented in this 2024 Annual Report. All current and prior periods reflected in this 2024 Annual Report have been presented as continuing and discontinued operations, unless otherwise noted. For additional information see Part II, Item 8, Note 20 "Discontinued Operations" of this 2024 Annual Report.

Restatement

NI Holdings filed Amendment No. 1 to our Quarterly Report on Form 10-Q/A to amend certain information included in the Company's Quarterly Report on Form 10-Q for the three- and six-month periods ended June 30, 2024, which was filed with the SEC on August 8, 2024, due to errors resulting from the incorrect accounting for, and presentation of, the previously announced sale of Westminster. Specifically, the Company failed to record certain receivables on Westminster's closing balance sheet as well as the corresponding payable for Nodak Insurance for amounts owed to Westminster related to the final settlement of the intercompany reinsurance pooling agreement after the date of sale. Failure to include this receivable in Westminster's closing net assets and liabilities also caused an understatement of the loss on sale of discontinued operations, which also understated the Company's total net loss. The impact of the corrections related to this error on the consolidated financial statements as of and for the three- and six-month periods ended June 30, 2024, are as follows:

Consolidated Balance Sheets (Unaudited)

	As of June 30, 2024		
	As Reported	Adjustment	As Restated
Accrued expenses and other liabilities	\$ 24,368	\$ 3,386	\$ 27,754
Total liabilities	\$ 331,537	\$ 3,386	\$ 334,923
Retained earnings	\$ 197,827	\$ (3,386)	\$ 194,441
Total shareholders' equity	\$ 239,450	\$ (3,386)	\$ 236,064

Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated
Loss on sale of discontinued operations, net of taxes	\$ (7,762)	\$ (3,386)	\$ (11,148)	\$ (7,762)	\$ (3,386)	\$ (11,148)
Net loss	\$ (16,236)	\$ (3,386)	\$ (19,622)	\$ (9,817)	\$ (3,386)	\$ (13,203)
Loss per common share:						
Basic	\$ (0.77)	\$ (0.17)	\$ (0.94)	\$ (0.47)	\$ (0.16)	\$ (0.63)
Diluted	\$ (0.77)	\$ (0.17)	\$ (0.94)	\$ (0.47)	\$ (0.16)	\$ (0.63)

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated
Net loss	\$ (16,236)	\$ (3,386)	\$ (19,622)	\$ (9,817)	\$ (3,386)	\$ (13,203)
Comprehensive loss	\$ (16,950)	\$ (3,386)	\$ (20,336)	\$ (11,931)	\$ (3,386)	\$ (15,317)

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

	As of and for the Three Months Ended June 30, 2024			As of and for the Six Months Ended June 30, 2024		
	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated
Net loss	\$ (16,236)	\$ (3,386)	\$ (19,622)	\$ (9,817)	\$ (3,386)	\$ (13,203)
Retained earnings	\$ 197,827	\$ (3,386)	\$ 194,441	\$ 197,827	\$ (3,386)	\$ 194,441
Total shareholders' equity	\$ 239,450	\$ (3,386)	\$ 236,064	\$ 239,450	\$ (3,386)	\$ 236,064

Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30, 2024		
	As Reported	Adjustment	As Restated
Net income (loss)	\$ (9,817)	\$ (3,386)	\$ (13,203)
Net cash flows from operating activities – loss on sale of discontinued operations	\$ 15,865	\$ 3,386	\$ 19,251
Total adjustments	\$ 43,065	\$ 3,386	\$ 46,451

The notes to the consolidated financial statements as well as Management’s Discussion and Analysis of Financial Condition and Results of Operations were also amended as necessary as a result of the restatements outlined above.

4. Investments

The amortized cost and estimated fair value of fixed income securities, presented on a consolidated basis, including both continuing and discontinued operations, as of December 31, 2024, and December 31, 2023, were as follows:

December 31, 2024					
	Cost or Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:					
U.S. Government and agencies	\$ 12,601	\$ —	\$ 8	\$ (335)	\$ 12,274
Obligations of states and political subdivisions	48,559	—	184	(4,920)	43,823
Corporate securities	123,585	—	206	(7,517)	116,274
Residential mortgage-backed securities	53,714	—	44	(4,981)	48,777
Commercial mortgage-backed securities	30,062	—	65	(2,943)	27,184
Asset-backed securities	59,046	—	386	(3,301)	56,131
Redeemable preferred stocks	3,737	—	—	(488)	3,249
Total fixed income securities	<u>\$ 331,304</u>	<u>\$ —</u>	<u>\$ 893</u>	<u>\$ (24,485)</u>	<u>\$ 307,712</u>

December 31, 2023					
	Cost or Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:					
U.S. Government and agencies	\$ 10,998	\$ —	\$ —	\$ (736)	\$ 10,262
Obligations of states and political subdivisions	55,769	—	408	(4,716)	51,461
Corporate securities	152,630	—	442	(10,856)	142,216
Residential mortgage-backed securities	66,362	—	180	(5,379)	61,163
Commercial mortgage-backed securities	33,532	—	148	(4,241)	29,439
Asset-backed securities	52,692	—	142	(3,805)	49,029
Redeemable preferred stocks	4,747	—	—	(586)	4,161
Total fixed income securities	<u>\$ 376,730</u>	<u>\$ —</u>	<u>\$ 1,320</u>	<u>\$ (30,319)</u>	<u>\$ 347,731</u>

The reconciliation of the amortized cost and estimated fair value of fixed income securities for continuing and discontinued operations as of December 31, 2024, and December 31, 2023, were as follows:

December 31, 2024					
	Cost or Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:					
Continuing operations	\$ 331,304	\$ —	\$ 893	\$ (24,485)	\$ 307,712
Discontinued operations	—	—	—	—	—
Total fixed income securities	<u>\$ 331,304</u>	<u>\$ —</u>	<u>\$ 893</u>	<u>\$ (24,485)</u>	<u>\$ 307,712</u>

December 31, 2023					
	Cost or Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:					
Continuing operations	\$ 313,182	\$ —	\$ 1,116	\$ (24,899)	\$ 289,399
Discontinued operations	63,548	—	204	(5,420)	58,332
Total fixed income securities	<u>\$ 376,730</u>	<u>\$ —</u>	<u>\$ 1,320</u>	<u>\$ (30,319)</u>	<u>\$ 347,731</u>

The amortized cost and estimated fair value of fixed income securities by contractual maturity, presented on a consolidated basis, including both continuing and discontinued operations, are shown below. Actual maturities could differ from contractual maturities because issuers may have the right to call or prepay these securities.

	December 31, 2024	
	Amortized Cost	Fair Value
Due to mature:		
One year or less	\$ 5,750	\$ 5,696
After one year through five years	57,986	55,882
After five years through ten years	79,544	74,070
After ten years	41,465	36,723
Mortgage / asset-backed securities	142,822	132,092
Redeemable preferred stocks	3,737	3,249
Total fixed income securities	<u>\$ 331,304</u>	<u>\$ 307,712</u>

	December 31, 2023	
	Amortized Cost	Fair Value
Due to mature:		
One year or less	\$ 9,612	\$ 9,436
After one year through five years	75,794	72,602
After five years through ten years	86,185	79,281
After ten years	47,806	42,620
Mortgage / asset-backed securities	152,586	139,631
Redeemable preferred stocks	4,747	4,161
Total fixed income securities	<u>\$ 376,730</u>	<u>\$ 347,731</u>

Fixed income securities with a fair value of \$5,634 at December 31, 2024, and \$6,403 at December 31, 2023, were deposited with various state regulatory agencies as required by law. The Company has not pledged any assets to secure any obligations.

The investment category and duration of the Company's gross unrealized losses on fixed income securities, presented on a consolidated basis, including both continuing and discontinued operations, are shown below. Investments with unrealized losses are categorized with a duration of greater than 12 months when all positions of a security have continually been in a loss position for at least 12 months.

	December 31, 2024					
	Less than 12 Months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income securities:						
U.S. Government and agencies	\$ 5,443	\$ (109)	\$ 4,177	\$ (226)	\$ 9,620	\$ (335)
Obligations of states and political subdivisions	8,465	(143)	29,428	(4,777)	37,893	(4,920)
Corporate securities	25,790	(481)	76,364	(7,036)	102,154	(7,517)
Residential mortgage-backed securities	20,827	(451)	23,159	(4,530)	43,986	(4,981)
Commercial mortgage-backed securities	1,409	(50)	19,442	(2,893)	20,851	(2,943)
Asset-backed securities	10,926	(122)	20,579	(3,179)	31,505	(3,301)
Redeemable preferred stocks	—	—	3,249	(488)	3,249	(488)
Total fixed income securities	<u>\$ 72,860</u>	<u>\$ (1,356)</u>	<u>\$ 176,398</u>	<u>\$ (23,129)</u>	<u>\$ 249,258</u>	<u>\$ (24,485)</u>

	December 31, 2023					
	Less than 12 Months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income securities:						
U.S. Government and agencies	\$ —	\$ —	\$ 9,018	\$ (736)	\$ 9,018	\$ (736)
Obligations of states and political subdivisions	5,239	(359)	36,194	(4,357)	41,433	(4,716)
Corporate securities	8,018	(93)	110,117	(10,763)	118,135	(10,856)
Residential mortgage-backed securities	12,054	(104)	33,341	(5,275)	45,395	(5,379)
Commercial mortgage-backed securities	2,678	(5)	23,713	(4,236)	26,391	(4,241)
Asset-backed securities	4,463	(18)	30,200	(3,787)	34,663	(3,805)
Redeemable preferred stocks	—	—	4,161	(586)	4,161	(586)
Total fixed income securities	<u>\$ 32,452</u>	<u>\$ (579)</u>	<u>\$ 246,744</u>	<u>\$ (29,740)</u>	<u>\$ 279,196</u>	<u>\$ (30,319)</u>

The reconciliation for continuing and discontinued operations by duration of the Company's gross unrealized losses on fixed income securities are shown below.

	December 31, 2024					
	Less than 12 Months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income securities:						
Continuing operations	\$ 72,860	\$ (1,356)	\$ 176,398	\$ (23,129)	\$ 249,258	\$ (24,485)
Discontinued operations	—	—	—	—	—	—
Total fixed income securities	<u>\$ 72,860</u>	<u>\$ (1,356)</u>	<u>\$ 176,398</u>	<u>\$ (23,129)</u>	<u>\$ 249,258</u>	<u>\$ (24,485)</u>

	December 31, 2023					
	Less than 12 Months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income securities:						
Continuing operations	\$ 24,049	\$ (509)	\$ 211,367	\$ (24,390)	\$ 235,416	\$ (24,899)
Discontinued operations	8,403	(70)	35,377	(5,350)	43,780	(5,420)
Total fixed income securities	<u>\$ 32,452</u>	<u>\$ (579)</u>	<u>\$ 246,744</u>	<u>\$ (29,740)</u>	<u>\$ 279,196</u>	<u>\$ (30,319)</u>

We, along with our investment advisor, frequently review our investment portfolio for declines in fair value that could be indicative of credit losses. Beginning on December 31, 2022, credit losses are recognized through an allowance account. We consider a number of factors when determining if an allowance for credit losses is necessary, including payment and default history, credit spreads, credit ratings and rating actions, and probability of default. We determine the credit loss component of fixed income investments by utilizing discounted cash flow modeling to determine the present value of the security and comparing the present value with the amortized cost of the security. We did not recognize any credit losses for fixed income securities at the time of adoption of the new credit loss accounting standard and have not recognized any credit losses for fixed income securities since adoption of the credit loss standard. Therefore, there were no beginning or ending balances of credit losses during the years ended December 31, 2024 or 2023. See Item II, Part 8, Note 3 "Summary of Significant Accounting Policies and Basis of Presentation" section for additional information.

Net investment income for continuing and discontinued operations consisted of the following:

	Year Ended December 31,		
	2024	2023	2022
Continuing operations:			
Fixed income securities	\$ 11,401	\$ 9,418	\$ 8,216
Equity securities	904	874	1,260
Real estate	355	391	384
Cash and cash equivalents	1,699	456	23
Total gross investment income	14,359	11,139	9,883
Investment expenses	3,416	3,105	3,247
Net investment income – continuing operations	10,943	8,034	6,636
Net investment income – discontinued operations	1,419	2,422	1,184
Net investment income	<u>\$ 12,362</u>	<u>\$ 10,456</u>	<u>\$ 7,820</u>

Net investment gains (losses) for continuing and discontinued operations consisted of the following:

	Year Ended December 31,		
	2024	2023	2022
Continuing Operations:			
Gross realized gains:			
Fixed income securities	\$ 12	\$ 1	\$ 116
Equity securities	1,329	13,840	6,967
Total gross realized gains	1,341	13,841	7,083
Gross realized losses, excluding credit impairment losses:			
Fixed income securities	(211)	(524)	(183)
Equity securities	(579)	(1,221)	(4,916)
Total gross realized losses, excluding credit impairment losses	(790)	(1,745)	(5,099)
Net realized gains	551	12,096	1,984
Change in net unrealized gains on equity securities	1,662	(10,167)	(13,959)
Net investment gains (losses) – continuing operations	2,213	1,929	(11,975)
Net investment gains (losses) – discontinued operations	116	195	(1,151)
Net investment gains (losses)	<u>\$ 2,329</u>	<u>\$ 2,124</u>	<u>\$ (13,126)</u>

5. Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. Investment securities available for sale are recorded at fair value on a recurring basis. Additionally, from time to time, we may be required to record other assets or liabilities at fair value on a nonrecurring basis. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or write-downs of individual assets. Accounting guidance on fair value measurements and disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2:* Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability. Level 2 includes fixed income securities with quoted prices that are traded less frequently than exchange traded instruments. Valuation techniques include matrix pricing which is a mathematical technique used widely in the industry to value fixed income securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices.
- Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

The Company bases its fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets where there exists limited or no observable market data and, therefore, are based primarily upon the estimates of the Company or other third-parties, are often calculated based on the characteristics of the asset, the economic and competitive environment, and other such factors. Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts which could have been realized in a sale transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective period-end and have not been re-evaluated or updated for purposes of our consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end. Additionally, changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future valuations.

The Company uses quoted values and other data provided by an independent pricing service in its process for determining fair values of its investments. The evaluations of such pricing services represent an exit price and a good faith opinion as to what a buyer in the marketplace would pay for a security in a current sale. This pricing service provides us with one quote per instrument. For fixed income securities that have quoted prices in active markets, market quotations are provided. For fixed income securities that do not trade on a daily basis, the independent pricing service prepares estimates of fair value using a wide array of observable inputs including relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. The observable market inputs that the Company's independent pricing service utilizes may include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers, and other reference data on markets, industry, and the economy. Additionally, the independent pricing service uses an option-adjusted spread model to develop prepayment and interest rate scenarios.

Should the independent pricing service be unable to provide a fair value estimate, we would first attempt to obtain a fair value estimate from our third-party investment advisor who utilizes different independent pricing services. If unsuccessful, we would attempt to obtain a non-binding fair value estimate from a number of broker-dealers and would review this estimate in conjunction with a fair value estimate reported by an independent business news service or other sources. In instances where only one broker-dealer provides a fair value for a fixed income security, we would use that estimate. In instances where the Company would be able to obtain fair value estimates from more than one broker-dealer, we would review the range of estimates and select the most appropriate value based on the facts and circumstances. Should neither the independent pricing service nor a broker-dealer provide a fair value estimate, we would develop a fair value estimate based on cash flow analyses and other valuation techniques that utilize certain unobservable inputs. Accordingly, the Company classifies such a security as a Level 3 investment.

The fair value estimates of our investments provided by the independent pricing service at each period-end were utilized, among other resources, in reaching a conclusion as to the fair value of its investments.

Management reviews the reasonableness of the pricing provided by the independent pricing service by employing various analytical procedures. We also use information from our third-party investment advisor who utilizes different independent pricing services to further validate the reasonableness of the valuation of our fixed income portfolio. If, after this review, management does not believe the pricing for any security is a reasonable estimate of fair value, then it will seek to resolve the discrepancy through discussions with the independent pricing service. In its review, management did not identify any such discrepancies and no adjustments were made to the estimates provided by the independent pricing service for the years ended December 31, 2024, 2023, or 2022. The classification within the fair value hierarchy is then confirmed based on the final conclusions from the pricing review.

The valuation of money market accounts and equity securities are generally based on Level 1 inputs, which use the market-approach valuation technique. The valuation of certain cash equivalents and our fixed income securities generally incorporates significant Level 2 inputs using the market and income approach techniques. We may assign a lower level to inputs typically considered to be Level 2 based on our assessment of liquidity and relative level of uncertainty surrounding inputs. There were no assets or liabilities classified at Level 3 at December 31, 2024, or 2023.

The following tables set forth our assets which are measured on a recurring basis by the level within the fair value hierarchy in which fair value measurements fall:

December 31, 2024				
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Government and agencies	\$ 12,274	\$ —	\$ 12,274	\$ —
Obligations of states and political subdivisions	43,823	—	43,823	—
Corporate securities	116,274	—	116,274	—
Residential mortgage-backed securities	48,777	—	48,777	—
Commercial mortgage-backed securities	27,184	—	27,184	—
Asset-backed securities	56,131	—	56,131	—
Redeemable preferred stock	3,249	—	3,249	—
Total fixed income securities	307,712	—	307,712	—
Equity securities:				
Common stock	24,640	24,640	—	—
Non-redeemable preferred stock	—	—	—	—
Total equity securities	24,640	24,640	—	—
Money market accounts and cash equivalents	10,950	10,950	—	—
Total assets at fair value	\$ 343,302	\$ 35,590	\$ 307,712	\$ —
December 31, 2023				
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Government and agencies	\$ 10,262	\$ —	\$ 10,262	\$ —
Obligations of states and political subdivisions	51,461	—	51,461	—
Corporate securities	142,216	—	142,216	—
Residential mortgage-backed securities	61,163	—	61,163	—
Commercial mortgage-backed securities	29,439	—	29,439	—
Asset-backed securities	49,029	—	49,029	—
Redeemable preferred stocks	4,161	—	4,161	—
Total fixed income securities	347,731	—	347,731	—
Equity securities:				
Common stock	25,890	25,890	—	—
Non-redeemable preferred stocks	1,877	1,877	—	—
Total equity securities	27,767	27,767	—	—
Money market accounts and cash equivalents	25,596	19,412	6,184	—
Total assets at fair value	\$ 401,094	\$ 47,179	\$ 353,915	\$ —

The following tables are a reconciliation for both continuing and discontinued operations of the presentation of our assets which are measured on a recurring basis by the level within the fair value hierarchy in which fair value measurements fall:

December 31, 2024				
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
Continuing operations	\$ 307,712	\$ —	\$ 307,712	\$ —
Discontinued operations	—	—	—	—
Total fixed income securities	307,712	—	307,712	—
Equity securities:				
Continuing operations	24,640	24,640	—	—
Discontinued operations	—	—	—	—
Total equity securities	24,640	24,640	—	—
Money market accounts and cash equivalents				
Continuing operations	10,950	10,950	—	—
Discontinued operations	—	—	—	—
Total money market accounts and cash equivalents	10,950	10,950	—	—
Total assets at fair value	\$ 343,302	\$ 35,590	\$ 307,712	\$ —
December 31, 2023				
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
Continuing operations	\$ 289,399	\$ —	\$ 289,399	\$ —
Discontinued operations	58,332	—	58,332	—
Total fixed income securities	347,731	—	347,731	—
Equity securities:				
Continuing operations	21,983	21,983	—	—
Discontinued operations	5,784	5,784	—	—
Total equity securities	27,767	27,767	—	—
Money market accounts and cash equivalents				
Continuing operations	16,239	16,239	—	—
Discontinued operations	9,357	3,173	6,184	—
Total money market accounts and cash equivalents	25,596	19,412	6,184	—
Total assets at fair value	\$ 401,094	\$ 47,179	\$ 353,915	\$ —

There were no liabilities measured at fair value on a recurring basis at December 31, 2024 or 2023.

6. Reinsurance

External Reinsurance

The Company's consolidated financial statements reflect the effects of assumed and ceded reinsurance transactions. Assumed reinsurance refers to the acceptance of certain insurance risks that other insurance companies have underwritten. Ceded reinsurance involves transferring certain insurance risks (along with the related written and earned premiums) the Company has underwritten to other insurance companies who agree to share these risks. The Company reinsures a portion of the risks it underwrites, through these ceded reinsurance agreements, in order to control its exposure to losses. Our ceded reinsurance is placed either on an automatic basis under general reinsurance contracts known as treaties or through facultative contracts placed on substantial individual risks. These contracts do not relieve the Company from its obligations to policyholders. Treaty reinsurance contracts are typically effective from January 1 through December 31 each year.

During the year ended December 31, 2024, the Company maintained property catastrophe reinsurance protection covering \$133,000 in excess of a \$20,000 retention. With the exception of Westminster, a per risk excess of loss treaty provides coverage of \$4,000 in excess of \$1,000 for property risks and \$11,000 in excess of \$1,000 for casualty risks. For Westminster, a per risk excess of loss treaty provided coverage of \$3,000 in excess of \$2,000 for property risks and \$10,000 in excess of \$2,000 for casualty risks until July 1, 2024. Additionally, a property per-risk facultative contract is in place to provide coverage up to \$20,000 in excess of \$5,000 per property. Aggregate stop loss reinsurance agreements are also in place for both crop hail and multi-peril crop coverage. The crop hail aggregate attaches at a 100% net loss ratio providing 50 points of cover. The multi-peril crop aggregate attaches at a 105% net loss ratio providing 45 points of cover. In addition to the aggregate covers, underlying multi-peril crop reinsurance is provided through the FCIC.

Effective July 1, 2024, the Company's reinsurance contracts were modified to exclude any Westminster losses occurring on or after that date, while maintaining all other existing limits, retentions, and attachment points.

For the year ended December 31, 2023, the Company's catastrophe retention and retention limit were consistent with those for the year ended December 31, 2024. In addition, limits, retentions, and attachment points in our other reinsurance contracts were also consistent with those for the year ended December 31, 2024 (with the exception of Westminster for which per risk excess of loss treaties provided coverage of \$4,000 in excess of \$1,000 for property risks and \$11,000 in excess of \$1,000 for casualty risks).

During the year ended December 31, 2022, the Company maintained property catastrophe reinsurance protection covering \$125,000 in excess of a \$15,000 retention. Additionally, per risk excess of loss treaties provided coverage of \$4,000 in excess of \$1,000 for property risks and \$11,000 in excess of \$1,000 for casualty risks, with facultative contracts in place to provide coverage up to \$20,000 in excess of \$5,000 per property. Aggregate stop loss reinsurance agreements were placed for both crop hail and multi-peril crop coverage. The crop hail aggregate attached at a 100% net loss ratio providing 50 points of cover. The multi-peril crop aggregate attached at a 105% net loss ratio providing 45 points of cover. In addition to the aggregate covers, underlying multi-peril crop reinsurance was provided through the FCIC.

The Company experienced multiple catastrophe events during 2022 which resulted in reinsurance recoveries of \$5,648 through December 31, 2024.

For 2025, the Company's catastrophe retention will remain consistent with 2024 at \$20,000 and the reinsurance protection will cover \$117,000. The lower limit for 2025 was primarily due to the sale of Westminster, which drove the top end of the catastrophe modeling results. There were no changes made to limits, retentions, or attachment points in our other reinsurance contracts.

The Company actively monitors and evaluates the financial condition of the reinsurers and develops estimates of the uncollectible amounts due from reinsurers. Beginning on December 31, 2022, credit losses are recognized through an allowance account developed using a new CECL model. See the Part II, Item 8, Note 2 "Recent Accounting Pronouncements" for additional information. Credit loss estimates are made based on periodic evaluation of balances due from reinsurers, changes in reinsurer credit standing, judgments regarding reinsurers' solvency, known disputes, reporting characteristics of the underlying reinsured business, historical experience, current economic conditions, and the state of reinsurer relations in general. Collection risk is mitigated by entering into reinsurance arrangements only with reinsurers that have strong credit ratings and statutory surplus above certain levels. At December 31, 2024 and 2023, management has concluded that it is not necessary to record an allowance for expected credit losses related to reinsurance recoverables. All of our significant reinsurance partners are rated "A-" (Excellent) or better by AM Best, and there is no history of write-offs.

A reconciliation of direct to net premiums on both a written and an earned basis, presented on a consolidated basis, including both continuing and discontinued operations, is as follows:

	Year Ended December 31,					
	2024		2023		2022	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Direct premium	\$ 383,933	\$ 380,968	\$ 418,399	\$ 401,945	\$ 389,706	\$ 368,886
Assumed premium	2,967	2,984	3,098	3,570	6,299	6,550
Ceded premium	(43,503)	(42,786)	(54,848)	(54,378)	(46,993)	(47,146)
Net premiums	<u>\$ 343,397</u>	<u>\$ 341,166</u>	<u>\$ 366,649</u>	<u>\$ 351,137</u>	<u>\$ 349,012</u>	<u>\$ 328,290</u>

The reconciliations of the Company's direct to net premiums on both a written and an earned basis for the current year-to-date and comparable prior year-to-date amounts, segregated between continuing and discontinued operations, are shown below.

	Year Ended December 31,					
	2024		2023		2022	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Continuing operations:						
Direct premium	\$ 342,301	\$ 341,885	\$ 341,234	\$ 325,590	\$ 315,095	\$ 299,607
Assumed premium	2,967	2,984	3,098	3,570	6,299	6,550
Ceded premium	(34,760)	(34,759)	(37,043)	(37,043)	(34,417)	(34,417)
Net premiums	<u>\$ 310,508</u>	<u>\$ 310,110</u>	<u>\$ 307,289</u>	<u>\$ 292,117</u>	<u>\$ 286,977</u>	<u>\$ 271,740</u>
	2024		2023		2022	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Discontinued operations:						
Direct premium	\$ 41,632	\$ 39,083	\$ 77,165	\$ 76,355	\$ 74,611	\$ 69,279
Assumed premium	—	—	—	—	—	—
Ceded premium	(8,743)	(8,027)	(17,805)	(17,335)	(12,576)	(12,729)
Net premiums	<u>\$ 32,889</u>	<u>\$ 31,056</u>	<u>\$ 59,360</u>	<u>\$ 59,020</u>	<u>\$ 62,035</u>	<u>\$ 56,550</u>

A reconciliation of direct to net losses and loss adjustment expenses, presented on a consolidated basis, including both continuing and discontinued operations, is as follows:

	Year Ended December 31,		
	2024	2023	2022
Direct losses and loss adjustment expenses	\$ 249,344	\$ 293,978	\$ 333,397
Assumed losses and loss adjustment expenses	784	1,140	2,369
Ceded losses and loss adjustment expenses	(19,157)	(50,706)	(41,334)
Net losses and loss adjustment expenses	<u>\$ 230,971</u>	<u>\$ 244,412</u>	<u>\$ 294,432</u>

The reconciliations for current and prior year continuing and discontinued operations of direct to net losses and loss adjustment expenses is as follows:

	Year Ended December 31,		
	2024	2023	2022
Continuing Operations:			
Direct losses and loss adjustment expenses	\$ 220,991	\$ 195,138	\$ 255,187
Assumed losses and loss adjustment expenses	784	1,140	2,369
Ceded losses and loss adjustment expenses	(14,310)	(9,762)	(15,806)
Net losses and loss adjustment expenses	<u>\$ 207,465</u>	<u>\$ 186,516</u>	<u>\$ 241,750</u>
	Year Ended December 31,		
	2024	2023	2022
Discontinued Operations:			
Direct losses and loss adjustment expenses	\$ 28,353	\$ 98,840	\$ 78,210
Assumed losses and loss adjustment expenses	—	—	—
Ceded losses and loss adjustment expenses	(4,847)	(40,944)	(25,528)
Net losses and loss adjustment expenses	<u>\$ 23,506</u>	<u>\$ 57,896</u>	<u>\$ 52,682</u>

Intercompany Reinsurance Pooling Arrangement

Effective January 1, 2020, all of our insurance subsidiary and affiliate companies entered into an intercompany reinsurance pooling agreement. Nodak Insurance is the lead company of the pool, and assumes the net premiums, net losses, and underwriting expenses from each of the other five companies. Nodak Insurance then retrocedes balances back to each company, while retaining its own share of the pool's net underwriting results, based on individual pool percentages established in the respective pooling agreement. This arrangement allows each insurance company to rely upon the capacity of the pool's total statutory capital and surplus. As a result, they are evaluated by AM Best on a group basis and hold a single combined financial strength rating, long-term issuer credit rating, and financial size category. Subsequent to the June 30, 2024, date of sale, Westminster is no longer a member of the pool, and the pooling percentages for the remaining insurance subsidiaries were updated based on their respective surplus as a percentage of the pool as of December 31, 2023.

7. Deferred Policy Acquisition Costs

Expenses directly related to successfully acquired insurance policies, primarily commissions, premium taxes and underwriting costs, are deferred and amortized over the terms of the policies. We update our acquisition cost assumptions periodically to reflect actual experience, and we evaluate the costs for recoverability. The table below, presented on a consolidated basis, including both continuing and discontinued operations, shows the deferred policy acquisition costs and asset reconciliation:

	Year Ended December 31,		
	2024	2023	2022
Balance, beginning of year	\$ 34,120	\$ 29,768	\$ 24,947
Deferral of policy acquisition costs	79,363	87,343	71,624
Amortization of deferred policy acquisition costs	(79,185)	(82,991)	(66,803)
Westminster balance disposed in sale	(7,998)	—	—
Balance, end of year	<u>\$ 26,300</u>	<u>\$ 34,120</u>	<u>\$ 29,768</u>

The tables for current and prior year continuing and discontinued operations showing the deferred policy acquisition costs and assets reconciliation are shown below:

	Year Ended December 31,		
	2024	2023	2022
Continuing operations:			
Balance, beginning of year	\$ 26,790	\$ 22,675	\$ 19,047
Deferral of policy acquisition costs	70,767	71,746	57,233
Amortization of deferred policy acquisition costs	(71,257)	(67,631)	(53,605)
Balance, end of year	<u>\$ 26,300</u>	<u>\$ 26,790</u>	<u>\$ 22,675</u>
Discontinued operations:			
Balance, beginning of period	\$ 7,330	7,093	5,900
Deferral of policy acquisition costs	8,596	15,597	14,391
Amortization of deferred policy acquisition costs	(7,928)	(15,360)	(13,198)
Westminster balance disposed in sale	(7,998)	—	—
Balance, end of year	<u>\$ —</u>	<u>\$ 7,330</u>	<u>\$ 7,093</u>

8. Unpaid Losses and Loss Adjustment Expenses

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows for both continuing and discontinued operations:

	Year Ended December 31,		
	2024	2023	2022
Balance, beginning of year:			
Liability for unpaid losses and loss adjustment expenses	\$ 217,119	\$ 190,459	\$ 139,662
Reinsurance recoverables on losses	48,969	37,575	21,200
Net balance, beginning of year	168,150	152,884	118,462
Incurred related to:			
Current year	218,063	223,960	293,283
Prior years	12,908	20,452	1,149
Total incurred	230,971	244,412	294,432
Paid related to:			
Current year	131,570	138,600	197,250
Prior years	80,636	90,548	62,760
Total paid	212,206	229,148	260,010
Westminster balances disposed in sale:			
Liability for unpaid losses and loss adjustment expenses	107,508	—	—
Reinsurance recoverables on losses	45,320	—	—
Net balance, date of sale	62,188	—	—
Balance, end of year:			
Liability for unpaid losses and loss adjustment expenses	137,288	217,119	190,459
Reinsurance recoverables on losses	12,561	48,969	37,575
Net balance, end of year	\$ 124,727	\$ 168,150	\$ 152,884

During the year ended December 31, 2024, the Company's incurred reported losses and loss adjustment expense included \$12,908 of net unfavorable development on prior accident years. This was primarily attributable to unfavorable development for the Direct Auto non-standard auto business, partially offset by favorable development in Battle Creek, American West, Primero, and Nodak Insurance. During the year ended December 31, 2023, the Company's incurred reported losses and loss adjustment expenses included \$20,452 of net unfavorable development on prior accident years, primarily attributable to unfavorable development for the Westminster commercial and Direct Auto non-standard auto businesses partially offset by favorable development for Battle Creek, American West, and Nodak Insurance. During the year ended December 31, 2022, the Company's incurred reported losses and loss adjustment expenses included \$1,149 of net unfavorable development on prior accident years, primarily attributable to unfavorable development for the Westminster commercial business partially offset by favorable development for Battle Creek and Nodak Insurance. During 2024, Westminster was sold and all associated liabilities were included in the sale.

Changes in unpaid losses and loss adjustment expense reserves are generally the result of ongoing analysis of recent loss development trends. As additional information becomes known regarding individual claims, original estimates are increased or decreased accordingly.

The tables for current and prior year continuing and discontinued operations showing the liability for unpaid losses and loss adjustment expense are shown below:

	Year Ended December 31,		
	2024	2023	2022
Continuing operations:			
Balance, beginning of year:			
Liability for unpaid losses and loss adjustment expenses	\$ 119,185	\$ 114,296	\$ 108,000
Reinsurance recoverables on losses	6,460	8,586	12,478
Net balance, beginning of year	<u>112,725</u>	<u>105,710</u>	<u>95,522</u>
Incurred related to:			
Current year	193,948	184,210	247,635
Prior years	13,517	2,306	(5,885)
Total incurred	<u>207,465</u>	<u>186,516</u>	<u>241,750</u>
Paid related to:			
Current year	126,006	121,466	181,434
Prior years	69,457	58,036	50,128
Total paid	<u>195,463</u>	<u>179,502</u>	<u>231,562</u>
Balance, end of year:			
Liability for unpaid losses and loss adjustment expenses	137,288	119,185	114,296
Reinsurance recoverables on losses	12,561	6,460	8,586
Net balance, end of year	<u>\$ 124,727</u>	<u>\$ 112,725</u>	<u>\$ 105,710</u>
	Year Ended December 31,		
	2024	2023	2022
Discontinued operations:			
Balance, beginning of year:			
Liability for unpaid losses and loss adjustment expenses	\$ 97,934	\$ 76,163	\$ 31,662
Reinsurance recoverables on losses	42,509	28,989	8,722
Net balance, beginning of year	<u>55,425</u>	<u>47,174</u>	<u>22,940</u>
Incurred related to:			
Current year	24,115	39,750	45,648
Prior years	(609)	18,146	7,034
Total incurred	<u>23,506</u>	<u>57,896</u>	<u>52,682</u>
Paid related to:			
Current year	5,564	17,132	15,816
Prior years	11,179	32,512	12,632
Total paid	<u>16,743</u>	<u>49,644</u>	<u>28,448</u>
Westminster balances disposed in sale:			
Liability for unpaid losses and loss adjustment expenses	107,508	—	—
Reinsurance recoverables on losses	45,320	—	—
Net balance, date of sale	<u>62,188</u>	<u>—</u>	<u>—</u>
Balance, end of year:			
Liability for unpaid losses and loss adjustment expenses	—	97,934	76,163
Reinsurance recoverables on losses	—	42,509	28,989
Net balance, end of year	<u>\$ —</u>	<u>\$ 55,425</u>	<u>\$ 47,174</u>

The tables on the following pages present information, organized by our primary operating segments, about incurred and paid claims development as of December 31, 2024, net of reinsurance, as well as cumulative claim frequency and the total of IBNR reserves plus expected development on reported claims. The cumulative number of reported claims represents open claims, claims closed with payment, and claims closed without payment. It does not include an estimated amount for unreported claims. The number of claims is measured by claim event (such as a car accident or storm damage) and an individual claim event may result in more than one reported claim (such as a car accident with both property and liability damages). The Company considers a claim that does not result in a liability as a claim closed without payment. The segment information presented in the tables is prior to the effects of the intercompany reinsurance pooling arrangement.

The tables include unaudited information about incurred and paid claims development for the year ended December 31, 2015 for the Private Passenger Auto, Home and Farm, and Crop segments and from the year ended December 31, 2015 through 2017 for the Non-Standard Auto information, which we present as supplementary information.

Private Passenger Auto	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31,										At December 31, 2024	
											Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Accident Year												
(in thousands, except claim counts)												
2015	\$ 32,438	\$ 31,532	\$ 30,461	\$ 30,503	\$ 30,679	\$ 30,455	\$ 30,379	\$ 30,370	\$ 30,351	\$ 30,362	\$ (1)	11,688
2016	—	40,227	39,260	39,057	39,314	38,535	38,416	38,601	38,566	38,536	(3)	14,325
2017	—	—	40,779	40,199	40,120	40,427	40,488	40,520	40,471	40,449	—	13,753
2018	—	—	—	44,925	43,428	43,641	43,575	43,807	43,733	43,896	310	14,675
2019	—	—	—	—	53,769	53,328	53,364	52,802	52,749	52,535	56	16,540
2020	—	—	—	—	—	46,247	48,519	47,403	47,174	46,713	107	13,541
2021	—	—	—	—	—	—	57,316	57,176	57,431	57,215	205	15,321
2022	—	—	—	—	—	—	—	66,711	65,132	64,180	552	16,146
2023	—	—	—	—	—	—	—	—	62,357	61,917	768	13,888
2024	—	—	—	—	—	—	—	—	—	54,082	1,935	10,593
									Total	\$ 489,885		

(1) Prior years unaudited

Private Passenger Auto	Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31,											
											Total	
	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Accident Year												
2015	\$ 23,401	\$ 27,171	\$ 28,933	\$ 29,598	\$ 29,795	\$ 30,120	\$ 30,355	\$ 30,355	\$ 30,355	\$ 30,363		
2016	—	29,009	35,845	37,307	38,108	37,833	38,173	38,303	38,539	38,539		
2017	—	—	31,033	37,050	38,331	39,738	40,111	40,294	40,315	40,398		
2018	—	—	—	34,358	40,213	41,479	42,820	43,074	43,225	43,337		
2019	—	—	—	—	42,414	48,414	50,370	51,556	52,060	52,437		
2020	—	—	—	—	—	35,495	42,585	45,670	46,211	46,204		
2021	—	—	—	—	—	—	42,326	52,256	54,243	56,030		
2022	—	—	—	—	—	—	—	49,911	59,556	61,679		
2023	—	—	—	—	—	—	—	—	45,452	55,548		
2024	—	—	—	—	—	—	—	—	—	39,617		
									Total	\$ 464,152		
All outstanding liabilities prior to 2015, net of reinsurance											12	
Liabilities for Unpaid Losses and Loss Adjustment Expenses, net of reinsurance											25,745	

(1) Prior years unaudited

Non-Standard Auto	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31,										At December 31, 2024		
											Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims	
	Accident Year	2015 ⁽¹⁾	2016 ⁽¹⁾	2017 ⁽¹⁾	2018	2019	2020	2021	2022	2023	2024		
(in thousands, except claim counts)													
2015	\$ 27,644	\$ 24,304	\$ 22,698	\$ 20,229	\$ 20,345	\$ 20,567	\$ 20,199	\$ 20,039	\$ 20,341	\$ 20,357	\$	7	10,852
2016	—	30,514	24,708	23,606	23,989	22,884	22,267	21,947	22,095	22,168		9	12,878
2017	—	—	32,098	27,275	24,414	23,189	22,221	21,903	22,224	22,327		9	13,190
2018	—	—	—	36,236	34,466	33,743	32,307	32,038	32,741	33,020		78	16,718
2019	—	—	—	—	37,196	36,864	35,810	36,100	36,659	36,646		92	12,424
2020	—	—	—	—	—	33,054	31,743	32,507	34,657	34,475		360	14,356
2021	—	—	—	—	—	—	40,652	40,612	45,337	46,412		1,752	15,895
2022	—	—	—	—	—	—	—	39,514	43,372	51,912		2,676	14,061
2023	—	—	—	—	—	—	—	—	50,415	57,445		6,821	14,784
2024	—	—	—	—	—	—	—	—	—	59,465		21,260	10,850
Total										\$ 384,227			

⁽¹⁾ Prior years unaudited

Non-Standard Auto	Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31,									
Accident Year	2015 ⁽¹⁾	2016 ⁽¹⁾	2017 ⁽¹⁾	2018	2019	2020	2021	2022	2023	2024
2015	\$8,302	\$13,887	\$16,536	\$17,884	\$19,180	\$19,679	\$19,799	\$19,988	\$20,292	\$20,300
2016	—	8,935	15,154	18,349	20,515	21,032	21,495	21,794	21,984	22,044
2017	—	—	8,733	14,641	18,238	19,826	20,604	21,528	22,063	22,173
2018	—	—	—	11,526	22,821	26,820	28,489	30,489	32,202	32,663
2019	—	—	—	—	16,503	26,221	29,953	32,370	34,915	35,916
2020	—	—	—	—	—	14,077	23,046	27,160	30,419	32,688
2021	—	—	—	—	—	—	18,611	30,155	36,890	41,590
2022	—	—	—	—	—	—	—	14,966	29,533	42,122
2023	—	—	—	—	—	—	—	—	18,300	38,279
2024	—	—	—	—	—	—	—	—	—	18,873
Total										\$ 306,648
All outstanding liabilities prior to 2015, net of reinsurance										1
Liabilities for Unpaid Losses and Loss Adjustment Expenses, net of reinsurance										\$ 77,580

⁽¹⁾ Prior years unaudited

Home and Farm	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31,										At December 31, 2024		
											Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims	
Accident Year	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023	2024			
(in thousands, except claim counts)													
2015	\$32,740	\$31,804	\$31,300	\$31,577	\$31,446	\$31,612	\$31,600	\$31,601	\$31,599	\$31,944	\$	—	3,924
2016	—	45,713	44,513	44,945	44,597	44,728	44,745	44,809	44,788	44,787		—	6,354
2017	—	—	42,112	41,593	41,882	41,779	41,804	41,640	41,590	41,646		5	4,955
2018	—	—	—	42,486	43,840	43,747	43,682	43,712	43,731	43,681		—	4,596
2019	—	—	—	—	45,334	45,828	45,471	45,352	45,106	45,050		4	5,523
2020	—	—	—	—	—	36,264	35,668	34,656	34,761	34,813		28	4,118
2021	—	—	—	—	—	—	53,079	50,322	50,759	50,592		179	5,381
2022	—	—	—	—	—	—	—	112,049	105,409	105,328		883	8,401
2023	—	—	—	—	—	—	—	—	57,205	56,985		1,010	4,302
2024	—	—	—	—	—	—	—	—	—	65,092		1,572	3,967
Total										\$519,918			

⁽¹⁾ Prior years unaudited

Home and Farm	Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31,										
	Accident Year	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015		\$ 27,204	\$ 30,165	\$ 30,350	\$ 30,573	\$ 31,383	\$ 31,597	\$ 31,597	\$ 31,599	\$ 31,599	\$ 31,944
2016		—	37,655	44,942	44,270	44,529	44,583	44,650	44,690	44,736	44,787
2017		—	—	34,657	38,928	40,441	40,941	41,414	41,504	41,506	41,516
2018		—	—	—	37,880	42,814	43,178	43,549	43,634	43,688	43,681
2019		—	—	—	—	38,718	43,253	44,119	44,847	45,053	45,046
2020		—	—	—	—	—	29,273	33,988	34,243	34,688	34,784
2021		—	—	—	—	—	—	41,096	48,890	50,117	50,403
2022		—	—	—	—	—	—	—	92,482	101,957	104,321
2023		—	—	—	—	—	—	—	—	46,607	54,304
2024		—	—	—	—	—	—	—	—	—	54,904
Total											\$ 505,690
All outstanding liabilities prior to 2015, net of reinsurance											—
Liabilities for Unpaid Losses and Loss Adjustment Expenses, net of reinsurance											\$ 14,228

⁽¹⁾ Prior years unaudited

Crop	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31,										At December 31, 2024	
	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
Accident Year (in thousands, except claim counts)												
2015	\$ 13,813	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ —	2,427
2016	—	20,209	19,582	19,487	19,487	19,487	19,487	19,487	19,487	19,487	—	2,806
2017	—	—	33,734	34,181	34,181	34,181	34,181	34,181	34,181	34,181	—	2,968
2018	—	—	—	12,506	11,730	11,730	11,730	11,730	11,730	11,730	—	2,147
2019	—	—	—	—	33,913	37,629	37,629	37,629	37,630	37,629	—	3,101
2020	—	—	—	—	—	28,688	28,759	28,759	28,760	28,759	—	2,442
2021	—	—	—	—	—	—	28,574	28,144	28,146	28,143	—	2,726
2022	—	—	—	—	—	—	—	21,834	20,745	20,740	4	2,021
2023	—	—	—	—	—	—	—	—	12,728	11,399	12	1,640
2024	—	—	—	—	—	—	—	—	—	12,463	16	1,289
									Total	\$ 218,380		

⁽¹⁾ Prior years unaudited

Crop	Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Year Ended December 31,											
	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Accident Year												
2015	\$ 12,866	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849	\$ 13,849		
2016	—	16,444	19,487	19,487	19,487	19,487	19,487	19,487	19,487	19,487		
2017	—	—	32,768	34,181	34,181	34,181	34,181	34,181	34,181	34,181		
2018	—	—	—	10,737	11,730	11,730	11,730	11,730	11,730	11,730		
2019	—	—	—	—	26,208	37,629	37,629	37,629	37,629	37,629		
2020	—	—	—	—	—	27,952	28,759	28,759	28,759	28,759		
2021	—	—	—	—	—	—	29,424	28,143	28,143	28,143		
2022	—	—	—	—	—	—	—	20,279	20,735	20,735		
2023	—	—	—	—	—	—	—	—	10,202	11,387		
2024	—	—	—	—	—	—	—	—	—	—		
									Total	\$ 217,069		
All outstanding liabilities prior to 2015, net of reinsurance												—
Liabilities for Unpaid Losses and Loss Adjustment Expenses, net of reinsurance												\$ 1,311

⁽¹⁾ Prior years unaudited

The following table presents a reconciliation of the net incurred and paid claims development tables to the liability for unpaid losses and loss adjustment expenses in our Consolidated Balance Sheet:

	December 31, 2024
Liabilities for unpaid losses and loss adjustment expenses:	
Private passenger auto	\$ 28,103
Non-Standard auto	77,580
Home and farm	16,162
Crop	1,789
All other	13,654
Total liabilities for unpaid losses and loss adjustment expenses	137,288
Reinsurance recoverables on losses:	
Private passenger auto	2,358
Non-Standard auto	—
Home and farm	1,934
Crop	478
All other	7,791
Total reinsurance recoverables on losses	12,561
Net liability for unpaid losses and loss adjustment expenses	\$ 124,727

The following table presents required supplementary information about average historical claims duration as of December 31, 2024:

	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance									
Years	1	2	3	4	5	6	7	8	9	10
Private Passenger Auto	50.5%	20.5%	11.1%	6.5%	4.5%	3.4%	3.1%	0.3%	0.1%	—
Non-Standard Auto	45.1%	23.1%	13.9%	8.2%	4.5%	2.1%	1.4%	1.0%	0.6%	0.1%
Home and Farm	67.2%	15.0%	8.9%	4.3%	1.3%	0.7%	0.7%	0.7%	1.2%	—
Crop	100.0%	—	—	—	—	—	—	—	—	—

9. Property and Equipment

Property and equipment, presented on a consolidated basis, including both continuing and discontinued operations, consisted of the following:

	December 31,		Estimated Useful Life
	2024	2023	
Cost:			
Land	\$ 1,249	\$ 1,403	indefinite
Building and improvements	12,497	14,538	10 – 43 years
Electronic data processing equipment	1,444	1,441	5 – 7 years
Furniture and fixtures	2,762	2,953	5 – 7 years
Automobiles	1,280	1,319	2 – 3 years
Gross cost	19,232	21,654	
Accumulated depreciation	(11,685)	(11,757)	
Total property and equipment, net	\$ 7,547	\$ 9,897	

Depreciation expense was \$770, \$826, and \$708 during the years ended December 31, 2024, 2023, and 2022, respectively. Depreciation expense for continuing operations was \$681, \$692, and \$604 during the years ended December 31, 2024, 2023, and 2022, respectively.

Property and equipment for current and prior year continuing and discontinued operations consisted of the following:

	December 31, 2024
Cost:	
Continuing operations	\$ 19,232
Discontinued operations	—
Total cost	19,232
Accumulated depreciation	
Continuing operations	(11,685)
Discontinued operations	—
Total accumulated depreciation	(11,685)
Total property and equipment, net	\$ 7,547
	December 31, 2023
Cost:	
Continuing operations	\$ 18,756
Discontinued operations	2,898
Total cost	21,654
Accumulated depreciation	
Continuing operations	(11,304)
Discontinued operations	(453)
Total accumulated depreciation	(11,757)
Total property and equipment, net	\$ 9,897

10. Goodwill and Other Intangibles

Goodwill

The following table presents, on a consolidated basis, including both continuing and discontinued operations, the carrying amount of the Company's goodwill and related impairment by segment:

	Year Ended December 31,								
	2024			2023			2022		
	Non-Standard Auto	Commercial	Total	Non-Standard Auto	Commercial	Total	Non-Standard Auto	Commercial	Total
Goodwill, beginning of year	\$ 2,628	\$ —	\$ 2,628	\$ 2,628	\$ 6,756	\$ 9,384	\$ 2,628	\$ 6,756	\$ 9,384
Impairment recognized during the period	(2,628)	—	(2,628)	—	(6,756)	(6,756)	—	—	—
Goodwill, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,628</u>	<u>\$ —</u>	<u>\$ 2,628</u>	<u>\$ 2,628</u>	<u>\$ 6,756</u>	<u>\$ 9,384</u>

We performed a quantitative assessment of the goodwill related to the Primero acquisition during the fourth quarter of 2024, which is allocated to our Non-Standard Auto segment, and concluded that the goodwill was fully impaired as of December 31, 2024, resulting in a non-cash impairment charge of \$2,628 in the current year. The determination of the fair value of the reporting unit was based on an income approach that utilized discounted cash flows. Under the income approach, we determined fair value based on the present value of the most recent cash flow projections for the reporting unit as of the date of the analysis and calculated a terminal value utilizing a terminal growth rate. The significant assumptions under this approach include, among others: income projections, operating expenses, the discount rate, and the terminal growth rate. The cash flows used to determine fair value are dependent on a number of significant management assumptions such as our expectations of future performance and the expected future economic environment, which are partly based upon our historical experience. Our estimates are subject to change given the inherent uncertainty in predicting future results. Additionally, the discount rate and the terminal growth rate are based on our judgment of the rates that would be utilized by a hypothetical market participant.

We performed a quantitative assessment of the goodwill related to the Westminster acquisition during the fourth quarter of 2023, which was allocated to our former Commercial segment, and concluded that the goodwill was fully impaired as of December 31, 2023, resulting in a non-cash impairment charge of \$6,756 in 2023. The determination of the fair value of the reporting unit was based on a combination of a market approach that considered benchmark company market multiples, and an income approach that utilized discounted cash flows. Under the income approach, we determined fair value based on the present value of the most recent cash flow projections for the reporting unit as of the date of the analysis and calculated a terminal value utilizing a terminal growth rate. The significant assumptions under this approach included, among others: income projections, new product introductions, customer behavior, competitor pricing, operating expenses, the discount rate, and the terminal growth rate. The cash flows used to determine fair value were dependent on a number of significant management assumptions such as our expectations of future performance and the expected future economic environment, which were partly based upon our historical experience. Additionally, the discount rate and the terminal growth rate were based on our judgment of the rates that would be utilized by a hypothetical market participant.

Other Intangible Assets

The following table presents on a consolidated basis, including both continuing and discontinued operations, the carrying amount of the Company's other intangible assets:

December 31, 2024	Gross Carrying Amount	Accumulated Amortization	Net
Subject to amortization:			
Trade names	\$ —	\$ —	\$ —
Distribution network	—	—	—
Total subject to amortization	—	—	—
Not subject to amortization:			
State insurance licenses	100	—	100
Total	<u>\$ 100</u>	<u>\$ —</u>	<u>\$ 100</u>

December 31, 2023	Gross Carrying Amount	Accumulated Amortization	Net
Subject to amortization:			
Trade names	\$ 748	\$ 448	\$ 300
Distribution network	6,700	1,489	5,211
Total subject to amortization	7,448	1,937	5,511
Not subject to amortization:			
State insurance licenses	1,900	—	1,900
Total	<u>\$ 9,348</u>	<u>\$ 1,937</u>	<u>\$ 7,411</u>

The following table presents the current and prior year continuing and discontinued carrying amounts of the Company's other intangible assets:

December 31, 2024	Gross Carrying Amount	Accumulated Amortization	Net
Subject to amortization:			
Continuing operations	\$ —	\$ —	\$ —
Discontinued operations	—	—	—
Total subject to amortization	—	—	—
Not subject to amortization:			
Continuing operations	100	—	100
Discontinued operations	—	—	—
Total not subject to amortization	<u>\$ 100</u>	<u>\$ —</u>	<u>\$ 100</u>

December 31, 2023	Gross Carrying Amount	Accumulated Amortization	Net
Subject to amortization:			
Continuing operations	\$ 248	\$ 248	\$ —
Discontinued operations	7,200	1,689	5,511
Total subject to amortization	7,448	1,937	5,511
Not subject to amortization:			
Continuing operations	100	—	100
Discontinued operations	1,800	—	1,800
Total not subject to amortization	<u>\$ 9,348</u>	<u>\$ 1,937</u>	<u>\$ 7,411</u>

We determined during our reviews that there were no impairments of other indefinite-lived intangible assets or finite-lived intangible assets during the years ended December 31, 2024, 2023, and 2022.

Amortization expense was \$211, \$455, and \$472 during the years ended December 31, 2024, 2023, and 2022, respectively. Amortization expense for continuing operations was \$0, \$33, and \$50 during the years ended December 31, 2024, 2023, and 2022, respectively.

11. Royalties, Dividends, and Affiliations

North Dakota Farm Bureau

Nodak Insurance was organized by the NDFB to provide insurance protection for its members. We have a royalty agreement with the NDFB that recognizes the use of their trademark and provides royalties to the NDFB based on the premiums written on Nodak Insurance's policies. Royalties paid to the NDFB were \$1,647, \$1,603, and \$1,453 during the years ended December 31, 2024, 2023, and 2022, respectively. Royalty amounts payable of \$146 and \$131 were accrued as a liability to the NDFB at December 31, 2024 and 2023, respectively.

Dividends

State insurance laws require our insurance subsidiaries to maintain certain minimum capital and surplus amounts on a statutory basis. Our insurance subsidiaries are subject to regulations that restrict the payment of dividends from statutory surplus and may require prior approval from their domiciliary insurance regulatory authorities. Our insurance subsidiaries are also subject to risk-based capital requirements that may further affect their ability to pay dividends. Our insurance subsidiaries statutory capital and surplus at December 31, 2024, exceeded the amount of statutory capital and surplus necessary to satisfy risk-based capital requirements by a significant margin.

The amount available for payment of dividends from Nodak Insurance to NI Holdings during 2025 without the prior approval of the North Dakota Insurance Department is approximately \$8,273 as of December 31, 2024. No dividends were declared or paid by Nodak Insurance during the years ended December 31, 2024 and 2023. The Nodak Insurance Board of Directors declared and paid dividends of \$3,000 to NI Holdings during the year ended December 31, 2022.

The amount available for payment of dividends from Direct Auto to NI Holdings during 2025 without the prior approval of the North Dakota Insurance Department is approximately \$3,146 as of December 31, 2024. No dividends were declared or paid by Direct Auto during the years ended December 31, 2024, 2023, or 2022.

Prior to its payment of any dividend, Nodak Insurance will be required to provide notice of the dividend to the North Dakota Insurance Department. This notice must be provided to the North Dakota Insurance Department 30 days prior to the payment of an extraordinary dividend and 10 days prior to the payment of an ordinary dividend. The North Dakota Insurance Department has the power to limit or prohibit dividend payments if an insurance company is in violation of any law or regulation. These restrictions or any subsequently imposed restrictions may affect our future liquidity.

Westminster was sold on June 30, 2024, and therefore no dividends are available to be paid to NI Holdings subsequent to that date. No dividends were declared or paid by Westminster during the years ended December 31, 2024, 2023 or 2022. See Part II, Item 8, Note 20 "Discontinued Operations" for additional information.

Battle Creek

Prior to January 2, 2024, we consolidated the financial statements of Battle Creek, and Battle Creek's policyholders' interest in Battle Creek was reflected as a non-controlling interest in shareholders' equity in our Consolidated Balance Sheets. Subsequent to January 2, 2024, Battle Creek is fully consolidated in our Consolidated Balance Sheets. The following table discloses the standalone balance sheet of Battle Creek, prior to intercompany eliminations, to illustrate the impact of including Battle Creek in our December 31, 2023, Consolidated Balance Sheet prior to demutualization:

	December 31, 2023
Assets:	
Cash and cash equivalents	\$ 2,621
Investments	15,394
Premiums and agents' balances receivable	5,953
Deferred policy acquisition costs	682
Reinsurance recoverables on losses ⁽²⁾	6,918
Accrued investment income	85
Income tax recoverable	225
Deferred income taxes	706
Property and equipment	306
Other assets	97
Total assets	<u>\$ 32,987</u>
Liabilities:	
Unpaid losses and loss adjustment expenses	\$ 4,276
Unearned premiums	3,269
Notes payable ⁽¹⁾	3,000
Pooling payable ⁽¹⁾	5,932
Reinsurance losses payable ⁽²⁾	13,275
Accrued expenses and other liabilities	477
Total liabilities	<u>30,229</u>
Equity:	
Non-controlling interest	2,758
Total equity	<u>2,758</u>
Total liabilities and equity	<u>\$ 32,987</u>

(1) Amount fully eliminated in consolidation.

(2) Amount partly eliminated in consolidation.

12. Benefit Plans

Nodak Insurance sponsors a 401(k) plan with an automatic and matching contribution for eligible employees at Nodak Insurance, Primero, and Direct Auto. Nodak Insurance also contributes an additional elective amount of employee compensation as a profit-sharing contribution for eligible employees. Westminster also sponsored a separate 401(k) plan until the company was sold on June 30, 2024. American West and Battle Creek have no employees. The Company reported expenses related to these plans totaling \$782, \$806, and \$693 during the years ended December 31, 2024, 2023, and 2022, respectively.

All fees associated with the plans are deducted from the eligible employee accounts.

The Company also offers a non-qualified deferred compensation plan to key executives of the Company (as designated by the Board of Directors). The Company's policy is to fund the plan by amounts that represent the excess of the maximum contribution allowed by the Employee Retirement Income Security Act over the key executives' allowable 401(k) contribution. The plan also allows employee-directed deferral of key executives' compensation or incentive payments. The Company reported expenses related to this plan totaling \$360, \$368, and \$325 during the years ended December 31, 2024, 2023, and 2022, respectively.

In connection with our IPO in March 2017, the Company established its ESOP within the meaning of Internal Revenue Code Section 4975(e)(7) and invests solely in common stock of the Company.

Upon establishment of the ESOP, Nodak Insurance loaned \$2,400 to the ESOP's related trust (the "ESOP Trust"). The ESOP loan was for a period of ten years, bearing interest at the long-term Applicable Federal Rate effective on the closing date of the offering (2.79% annually). The ESOP Trust used the proceeds of the loan to purchase shares in our IPO, which resulted in the ESOP Trust owning approximately 1.0% of the Company's authorized shares. The ESOP has purchased the shares for investment and not for resale.

The shares purchased by the ESOP Trust in the offering are held in a suspense account as collateral for the ESOP loan. Nodak Insurance makes semi-annual cash contributions to the ESOP in amounts no smaller than the amounts required for the ESOP Trust to make its loan payments to Nodak Insurance. While the ESOP makes two loan payments per year, a pre-determined portion of the shares are released from the suspense account and allocated to participant accounts at the end of the calendar year. This release and allocation occurs on an annual basis over the ten-year term of the ESOP loan. Nodak Insurance has a lien on the shares of common stock of the Company held by the ESOP to secure repayment of the loan from the ESOP to Nodak Insurance. If the ESOP is terminated as a result of a change in control of the Company, the ESOP may be required to pay the costs of terminating the plan.

It is anticipated that the only assets held by the ESOP will be shares of the Company's common stock. Participants in the ESOP cannot direct the investment of any assets allocated to their accounts. The ESOP participants are employees of Nodak Insurance. The employees of Primero, Direct Auto, and Westminster do not participate in the ESOP.

Each employee of Nodak Insurance automatically becomes a participant in the ESOP if such employee is at least 21 years old, has completed a minimum of one thousand hours of service with Nodak Insurance, and has completed an Eligibility Computation Period. Employees are not permitted to make any contributions to the ESOP. Participants in the ESOP receive annual reports from the Company showing the number of shares of common stock of the Company allocated to the participants' accounts and the market value of those shares. The shares are allocated to participants based on compensation as provided for in the ESOP.

In connection with the establishment of the ESOP, the Company created a contra-equity account on the Consolidated Balance Sheet equal to the ESOP's basis in the shares. The basis of those shares was set at \$10.00 per share as part of the IPO. As shares are released from the ESOP suspense account, the contra-equity account is credited, which reduces the impact of the contra-equity account on the Company's Consolidated Balance Sheets over time. The Company records compensation expense related to the shares released, equal to the number of shares released from the suspense account multiplied by the average market value of the Company's stock during the period.

The Company recognized compensation expense related to the ESOP of \$365, \$322, and \$380 during the years ended December 31, 2024, 2023, and 2022, respectively.

Through December 31, 2024, the Company had released and allocated 194,520 ESOP shares to participants, with a remainder of 45,480 ESOP shares in suspense at December 31, 2024. Using the Company's year-end market price of \$15.70 per share, the fair value of the unearned ESOP shares was \$714 at December 31, 2024.

13. Line of Credit

NI Holdings has a \$3,000 line of credit with Wells Fargo Bank, N.A. The terms of the line of credit include a floating interest rate of 2.50% above the daily simple secured overnight financing rate. There were no outstanding amounts during the years ended December 31, 2024, 2023, or 2022. This line of credit is scheduled to expire on December 13, 2025.

14. Income Taxes

The components of our provision for income tax expense (benefit) were as follows:

	Year Ended December 31,		
	2024	2023	2022
Current income tax expense (benefit)			
Federal	\$ (4,682)	\$ 2,567	\$ (11,280)
State	215	278	(2)
Total current	(4,467)	2,845	(11,282)
Deferred income tax expense (benefit)	1,275	(1,882)	(3,972)
Total income tax expense (benefit)	<u>\$ (3,192)</u>	<u>\$ 963</u>	<u>\$ (15,254)</u>

The provision for income tax expense (benefit) differs from the amount that would be computed by applying the statutory federal rate to income (loss) before income taxes as a result of the following, including both continuing and discontinued operations:

	Year Ended December 31,		
	2024	2023	2022
Loss before income taxes	\$ (9,056)	\$ (4,263)	\$ (69,029)
Expected provision for federal income taxes at 21%	\$ (1,902)	\$ (895)	\$ (14,496)
State income taxes, net of federal impact	277	90	(2)
Tax-exempt interest	(130)	(204)	(187)
Dividends received deduction	(104)	(118)	(147)
Section 832(b)(5)(B) proration amount	26	77	78
Compensation-related expenses	892	27	213
Westminster sale/goodwill impairment	(2,661)	1,419	—
Demutualization of Battle Creek	793	—	—
Research and development credit	—	(59)	(70)
Change in valuation allowance	2,035	(189)	(314)
State carryovers	(2,412)	—	—
Other	(6)	815	(329)
Total income tax expense (benefit)	\$ (3,192)	\$ 963	\$ (15,254)
Reconciliation of consolidated federal income tax expense (benefit) from:			
Continuing operations	\$ 3,545	\$ 716	\$ (14,191)
Discontinued operations	(405)	247	(1,063)
Loss on sale of discontinued operations	(6,332)	—	—
Consolidated federal income tax expense (benefit)	\$ (3,192)	\$ 963	\$ (15,254)

We re-measure existing deferred income tax assets (including loss carryforwards) and liabilities when a change in tax rate occurs and record an offset for the net amount of the change as a component of income tax expense (benefit) from continuing operations in the period of enactment. We record any change to a previously recorded valuation allowance as a result of re-measuring existing temporary differences and loss carryforwards as a component of income tax expense (benefit) from continuing operations. The valuation allowance against certain deferred income tax assets was \$2,506, \$505, and \$694 at December 31, 2024, 2023, and 2022, respectively.

The income tax effects of temporary differences that give rise to significant portions of our deferred income tax assets and deferred income tax liabilities at December 31, 2024 and 2023, including both continuing and discontinued operations, were as follows:

	December 31,	
	2024	2023
Deferred income tax assets:		
Unearned premium	\$ 5,749	\$ 7,371
Unpaid losses and loss adjustment expenses	1,286	1,681
Net unrealized losses on investments	4,762	6,421
Loss carryovers	2,506	851
Deferred compensation	603	579
Other	1,040	1,269
Total deferred income tax assets	15,946	18,172
Deferred income tax liabilities:		
Deferred policy acquisition costs	5,976	7,693
Intangibles	—	1,243
Other	140	318
Total deferred income tax liabilities	6,116	9,254
Net deferred income tax asset	9,830	8,918
Valuation allowance	(2,506)	(505)
Deferred income tax asset, net	<u>\$ 7,324</u>	<u>\$ 8,413</u>

At December 31, 2024 and 2023, we had no unrecognized tax benefits, no accrued interest and penalties, and no significant uncertain tax positions. No interest and penalties were recognized during the years ended December 31, 2024, 2023, or 2022.

At December 31, 2024 and 2023, the Company had no income tax related carryforwards for alternative minimum tax credits or capital losses.

At December 31, 2024, the Company had \$2.5 million in state net operating loss deferred tax assets, all of which are offset by a valuation allowance due to the Company's judgment that it is more likely than not that it will be unable to realize the benefits.

Battle Creek, which was required to file its federal income tax returns on a stand-alone basis until the demutualization on January 2, 2024, had net operating loss carryforwards of \$3,756 and \$3,963 at December 31, 2023 and 2022, respectively. Subsequent to the demutualization, Battle Creek will be included in the NI Holdings consolidated tax return. As a result of the demutualization, the Battle Creek net operating loss carryforwards were written off in 2024 as they will not be available to offset income within the NI Holdings consolidated tax return, and the \$505 associated valuation allowance was no longer necessary.

Westminster, which became part of the Company's consolidated federal income tax return beginning in 2020, had \$1,270 of net operating loss carryforward at December 31, 2022. This net operating loss carryforward expired in 2023.

15. Leases

Primero leases a facility in Spearfish, South Dakota under a non-cancellable operating lease expiring in 2028. Direct Auto leases a facility in Chicago, Illinois under a non-cancellable operating lease expiring in 2029. Nodak Insurance leases a facility in Fargo, North Dakota under a non-cancellable operating lease expiring in 2029. In addition, Nodak Insurance leases server equipment under a non-cancellable finance lease expiring in 2026.

Effective for the year ended December 31, 2022, the Company adopted the updated guidance for leases. See Part II, Item 8, Note 2 “Recent Accounting Pronouncements” for additional information. We determine whether a contract is or contains a lease at the inception of the contract. A contract will be deemed to be or contain a lease if the contract conveys the right to control and directs the use of identified property or equipment for a period of time in exchange for consideration. We generally must also have the right to obtain substantially all of the economic benefits from the use of the property and equipment. Lease assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. To determine the present value of lease payments not yet paid, we estimate incremental borrowing rates based on the floating interest rate on our Line of Credit with Wells Fargo Bank, N.A. at the lease commencement date, as rates are not implicitly stated in most leases. Lease liabilities are included in accrued expenses and other liabilities and right-of-use assets are included in other assets in our Consolidated Balance Sheets.

There were expenses of \$484, \$407, and \$391 related to these leases during the years ended December 31, 2024, 2023, and 2022, respectively.

Additional information regarding the Company’s leases are as follows:

	As of and For the Year Ended December 31,		
	2024	2023	2022
Operating lease cost	\$ 383	\$ 389	\$ 391
Finance lease cost:			
Amortization of right-of-use assets	80	14	—
Interest on lease liabilities	21	4	—
Finance lease cost	101	18	—
Total lease cost	<u>\$ 484</u>	<u>\$ 407</u>	<u>\$ 391</u>
Other information on leases:			
Cash payments included in operating cash flows from operating leases	\$ 406	\$ 408	\$ 340
Cash payments included in operating cash flows from finance leases	21	4	—
Cash payments included in financing cash flows from finance leases	99	16	—
Right-of-use assets obtained in exchange for new operating lease liabilities	185	247	—
Right-of-use assets obtained in exchange for new finance lease liabilities	—	319	—
Weighted average discount rate – operating leases	4.48%	3.94%	3.25%
Weighted average discount rate – finance leases	8.50%	8.50%	—
Weighted average remaining lease term in years – operating leases	4.5 years	5.3 years	6.3 years
Weighted average remaining lease term in years – finance leases	1.8 years	2.8 years	—

The following table presents the contractual maturities of the Company's lease liabilities for each of the five years in the period ending December 31, 2029, and thereafter, reconciled to our lease liability at December 31, 2024:

Year ending December 31,	Operating Leases	Finance Leases	Total
2025	\$ 393	\$ 120	\$ 513
2026	396	100	496
2027	401	—	401
2028	376	—	376
2029	212	—	212
Thereafter	—	—	—
Total undiscounted lease payments	1,778	220	1,998
Less: present value adjustment	160	15	175
Lease liability at December 31, 2024	<u>\$ 1,618</u>	<u>\$ 205</u>	<u>\$ 1,823</u>

16. Contingencies

We are, from time to time, party to routine litigation incidental to the normal course of our business. Based upon information presently available to us, we do not consider any litigation to be material. However, given the uncertainties attendant to litigation, we cannot assure you that our results of operations and financial condition will not be materially adversely affected by any litigation. Contingent liabilities arising from litigation, income taxes, and other matters are not considered to be material to our financial position.

17. Common and Preferred Stock

Common Stock

Changes in the number of common stock shares outstanding were as follows:

	Year Ended December 31,		
	2024	2023	2022
Shares outstanding, beginning of period	20,599,908	21,076,255	21,219,808
Treasury shares repurchased through stock repurchase authorization	—	(548,549)	(269,160)
Issuance of treasury shares for vesting of restricted stock units	49,045	47,887	101,292
Issuance of shares related to employee stock ownership plan	24,315	24,315	24,315
Shares outstanding, end of period	<u>20,673,268</u>	<u>20,599,908</u>	<u>21,076,255</u>

The changes in the number of common shares outstanding excludes certain non-forfeitable stock award shares that are included in the weighted average common shares outstanding used in basic earnings per common share calculations. The net loss per diluted common share for the year ended December 31, 2024, excluded the weighted average effects of 120,626 shares of stock awards since the impacts of these potential shares of common stock were anti-dilutive. The net loss per diluted common share for the year ended December 31, 2023, excluded the weighted average effects of 76,532 shares of stock awards since the impacts of these potential shares of common stock were anti-dilutive. The net loss per diluted common share for the year ended December 31, 2022, excluded the weighted average effects of 155,463 shares of stock awards since the impacts of these potential shares of common stock were anti-dilutive.

On August 11, 2021, our Board of Directors approved an authorization for the repurchase of up to approximately \$5,000 of the Company's outstanding common stock. During the year ended December 31, 2021, we completed the repurchase of 81,095 shares of our common stock for \$1,554 under this authorization. During the year ended December 31, 2022, we completed the repurchase of 214,937 shares of our common stock for \$3,446 to close out this authorization.

On May 9, 2022, our Board of Directors approved an authorization for the repurchase of up to approximately \$10,000 of the Company's outstanding common stock. During the year ended December 31, 2023, we completed the repurchase of 54,223 shares of our common stock for \$734 under this authorization. During the year ended December 31, 2023, we completed the repurchase of 548,549 shares of our common stock for \$7,278, including the applicable excise tax discussed below. During the year ended

December 31, 2024, we did not repurchase any shares of our common stock. At December 31, 2024, \$2,052 remains available under this authorization.

The cost of this treasury stock is a reduction of shareholders' equity within our Consolidated Balance Sheets.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act ("IRA") which, among other changes, created a new corporate alternative minimum tax ("AMT") based on adjusted financial statement income and imposes a 1% excise tax on corporate stock repurchases, subject to certain adjustments. The effective date of these provisions was January 1, 2023. The Company is not currently subject to the AMT based on our reported GAAP earnings for the past three years. For periods subsequent to the effective date of the IRA, the cost of treasury stock acquired will include any 1% excise tax imposed by the IRA. The Company does not expect the IRA to have a material impact on the Company's financial position and results of operations.

Preferred Stock

The Company's Articles of Incorporation provide authority to issue up to five million shares of preferred stock. No preferred shares are issued or outstanding.

18. Share-Based Compensation

The NI Holdings, Inc. 2020 Stock and Incentive Plan (the "Plan") is designed to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, independent contractors, advisors, and non-employee directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to afford such persons an opportunity to acquire an ownership interest in the Company, thereby aligning the interests of such persons with the Company's shareholders.

The Plan provides for the grant of nonqualified stock options, incentive stock options, restricted stock units ("RSUs"), stock appreciation rights, dividend equivalents, and performance share units ("PSUs") to employees, officers, consultants, advisors, non-employee directors, and independent contractors designated by the Compensation Committee of the Board of Directors (the "Compensation Committee"). Awards made under the Plan are based upon, among other things, a participant's level of responsibility and performance within the Company.

The total aggregate number of shares of common stock that may be issued under the Plan shall not exceed 1,000,000 shares, subject to adjustments as provided in the Plan. No eligible participant may be granted any awards for more than 100,000 shares in the aggregate in any calendar year, subject to adjustment in accordance with the Plan. The aggregate amount payable pursuant to all performance awards denominated in cash to any eligible person in any calendar year is limited to \$1,000 in value. Directors who are not also employees of the Company may not be granted awards denominated in shares that exceed \$150 in any calendar year.

Restricted Stock Units

The Compensation Committee has awarded RSUs to non-employee directors and select executives. RSUs are promises to issue actual shares of common stock at the end of a vesting period. The RSUs granted to executives under the Plan are based on salary. RSUs granted prior to 2024 vest equally over a five-year period. Effective for executive grants in 2024, the RSUs vest equally over a three-year period. The RSUs granted to non-employee directors vest 100% on the date of the next annual meeting of shareholders following the grant date. Dividend equivalents on RSUs are accrued during the vesting period and paid in cash at the end of the vesting period but are subject to forfeiture until the underlying shares become vested. Participants do not have voting rights with respect to RSUs.

The Company recognizes stock-based compensation costs for RSUs based on the grant date fair value. The compensation costs are normally expensed over the vesting periods to each vesting date; however, the cost of RSUs granted to executives are expensed immediately if the executive has met certain retirement criteria and the RSUs become non-forfeitable. Estimated forfeitures are included in the determination of compensation costs. No forfeitures are currently estimated.

A summary of the Company's outstanding and unearned RSUs is presented below:

	RSUs	Weighted-Average Grant-Date Fair Value Per Share
Units outstanding and unearned at January 1, 2022	108,380	\$ 16.86
RSUs granted during 2022	59,600	17.61
RSUs earned during 2022	(52,620)	17.39
Units outstanding and unearned at December 31, 2022	115,360	17.00
RSUs granted during 2023	85,000	13.76
RSUs earned during 2023	(53,780)	16.32
Units outstanding and unearned at December 31, 2023	146,580	15.37
RSUs granted during 2024	119,398	14.67
RSUs earned during 2024	(69,420)	14.82
Forfeitures ⁽¹⁾	(92,160)	15.18
Units outstanding and unearned at December 31, 2024	104,398	\$ 15.11

⁽¹⁾ Represents RSU forfeitures primarily related to the execution of the separation agreements with the former Chief Executive Officer and former Senior Vice President of Operations.

The following table shows the impact of RSU activity to the Company's financial results:

	Year Ended December 31,		
	2024	2023	2022
RSU compensation expense	\$ 502	\$ 1,095	\$ 952
Income tax benefit	(113)	(249)	(216)
RSU compensation expense, net of income taxes	\$ 389	\$ 846	\$ 736
Total grant-date fair value of vested RSUs at end of period	\$ 1,028	\$ 872	\$ 915

At December 31, 2024, there was \$741 of unrecognized compensation cost related to outstanding RSUs. That cost is expected to be recognized over a weighted-average period of 1.83 years.

Performance Share Units

The Compensation Committee has awarded PSUs to select executives. PSUs are promises to issue actual shares of common stock at the end of a vesting period, if certain performance conditions are met. The PSUs granted to employees under the Plan are based on salary and, prior to 2024, include a three-year adjusted book value cumulative growth target with threshold and stretch goals. Effective for grants made in 2024, the performance metric is calculated based on an adjusted return on equity over a three-year period, with annual resets. They will vest on the third anniversary of the grant date, subject to the participant's continuous employment through the vesting date and the level of performance achieved. Dividend equivalents on PSUs are accrued and paid in cash at the end of the performance period in accordance with the level of performance achieved but are subject to forfeiture until the underlying shares become vested. Participants do not have voting rights with respect to PSUs.

The Company recognizes stock-based compensation costs for PSUs based on the grant date fair value over the performance period of the awards. Estimated forfeitures are included in the determination of compensation costs. The current cost estimates represent the Company's forecasted performance against cumulative growth targets.

A summary of the Company's outstanding PSUs is presented below:

	PSUs	Weighted-Average Grant-Date Fair Value Per Share
Units outstanding at January 1, 2022	190,600	\$ 16.06
PSUs granted during 2022 (at target)	61,800	18.10
PSUs earned during 2022	(86,684)	15.21
Performance adjustment ⁽¹⁾	31,200	15.21
Forfeitures	(6,916)	15.21
Units outstanding at December 31, 2022	190,000	17.00
PSUs granted during 2023 (at target)	87,400	13.85
PSUs earned during 2023	—	—
Performance adjustment ⁽¹⁾	(63,600)	14.26
Forfeitures	—	—
Units outstanding at December 31, 2023	213,800	16.53
PSUs granted during 2024 (at target)	79,800	14.19
PSUs earned during 2024	—	—
Performance adjustment ⁽¹⁾	(147,173)	16.14
Forfeitures ⁽²⁾	(120,100)	15.23
Units outstanding at December 31, 2024	26,327	\$ 17.50

⁽¹⁾ Represents the change in PSUs issued based upon the attainment of performance goals established by the Company.

⁽²⁾ Represents PSU forfeitures primarily related to the execution of the separation agreements with the former Chief Executive Officer and former Senior Vice President of Operations.

The following table shows the impact of PSU activity to the Company's financial results:

	Year Ended December 31,		
	2024	2023	2022
PSU compensation expense (benefit)	\$ (264)	\$ 206	\$ (1,022)
Income tax benefit (expense)	60	(47)	232
PSU compensation expense (benefit), net of income taxes	\$ (204)	\$ 159	\$ (790)
Total grant-date fair value of vested PSUs at end of period	\$ —	\$ —	\$ 1,319

The cost estimates for PSU grants represent initial target awards until we can reasonably forecast the financial performance of each PSU award grant. At the end of the performance period, we will reflect a performance adjustment, which may be either an increase or decrease from the initial target awards. The actual number of shares to be issued at the end of the performance period will range from 0% to 200% of the initial target awards. During the year ended December 31, 2024, the previously recognized compensation expense related to the PSU awards granted during 2024 was reduced as a result of a performance adjustment, and the compensation expense related to the PSU awards granted during 2023 was eliminated due to the Company's expectation that the threshold performance goal will not be met. During the year ended December 31, 2023, the previously recognized compensation expense related to the PSU awards granted during 2022 was eliminated due to the Company's expectation that the threshold performance goal will not be met. During the year ended December 31, 2022, the previously recognized compensation expense related to the PSU awards granted during 2020 and 2021 was eliminated due to the Company's expectation that the threshold performance goal will not be met, and the compensation expense related to the PSU awards granted during 2022 was decreased to the threshold level due to Company's expectations that the target goal will likely not be achieved.

At December 31, 2024, there was \$255 of unrecognized compensation cost related to outstanding PSUs. That cost is expected to be recognized over a weighted-average period of 2.16 years.

19. Allowance for Expected Credit Losses

Premiums Receivable

Beginning on December 31, 2022, credit losses are recognized through an allowance account developed using the CECL model. The adoption of this guidance resulted in an allowance for expected credit losses of \$425 for premiums and agents' balances receivable as of December 31, 2022. See Part II, Item 8, Note 2 "Recent Accounting Pronouncements" for additional information. The following table presents the balances of premiums and agents' receivable balances, net of the allowance for expected credit losses as of December 31, 2024, and the changes in the allowance for expected credit losses for the year ended December 31, 2024.

	Year Ended December 31, 2024	
	Premiums and Agents' Balances Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Continuing operations		
Balance, beginning of period	\$ 56,154	\$ 394
Current period charge for expected credit losses		210
Write-offs of uncollectible premiums receivable		(267)
Balance, end of period	\$ 52,907	\$ 337

	Year Ended December 31, 2024	
	Premiums and Agents' Balances Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Discontinued operations		
Balance, beginning of period	\$ 17,904	\$ 8
Current period charge for expected credit losses		4
Write-offs of uncollectible premiums receivable		(4)
Westminster balances disposed in sale	\$ 16,030	(8)
Balance, end of period	\$ —	\$ —

The following table presents the balances of premiums and agents' receivable balances, net of the allowance for expected credit losses as of December 31, 2023, and the changes in the allowance for expected credit losses for the year ended December 31, 2023.

	Year Ended December 31, 2023	
	Premiums and Agents' Balances Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Continuing operations		
Balance, beginning of period	\$ 47,346	\$ 417
Current period charge for expected credit losses		327
Write-offs of uncollectible premiums receivable		(350)
Balance, end of period	\$ 56,154	\$ 394

	Year Ended December 31, 2023	
	Premiums and Agents' Balances Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Discontinued operations		
Balance, beginning of period	\$ 14,827	\$ 8
Current period charge for expected credit losses		8
Write-offs of uncollectible premiums receivable		(8)
Balance, end of period	\$ 17,904	\$ 8

20. Discontinued Operations

On May 7, 2024, we entered into a definitive agreement to sell our subsidiary, Westminster, to Scott Insurance Holdings, for a cash purchase price of \$10,500, as well as a \$1,772 post-closing adjustment pursuant to the purchase agreement, for a net amount of \$12,272. The sale closed on June 30, 2024, and we reported an after-tax loss on the sale of discontinued operations of \$11,148. For additional information see Part II, Item 8, Note 3 “Summary of Significant Accounting Policies and Basis of Presentation.”

The assets and liabilities associated with discontinued operations prior to the closing of the sale have been presented separately in our Consolidated Balance Sheets. The Company’s Consolidated Statements of Cash Flows presents operating, investing, and financing cash flows of the discontinued operations separately. The major assets and liability categories were as follows as of the dates indicated:

	December 31, 2024	December 31, 2023
Assets:		
Cash and cash equivalents	\$ —	\$ 15,656
Fixed income securities, at fair value	—	58,332
Equity securities, at fair value	—	5,784
Total cash and investments	—	79,772
Premiums and agents’ balances receivable	—	17,904
Deferred policy acquisition costs	—	7,330
Reinsurance premiums receivable	—	5,464
Reinsurance recoverables on losses	—	42,509
Accrued investment income	—	438
Property and equipment, net	—	2,445
Deferred income taxes	—	(815)
Goodwill and other intangibles	—	7,311
Other assets	—	99
Total assets of discontinued operations	\$ —	\$ 162,457
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ —	\$ 97,934
Unearned premiums	—	38,000
Income tax payable (receivable)	—	(59)
Accrued expenses and other liabilities	—	5,422
Total liabilities of discontinued operations	\$ —	\$ 141,297

Summary operating results of discontinued operations were as follows for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
Revenues:			
Net premiums earned	\$ 31,056	\$ 59,020	\$ 56,552
Fee and other income	14	39	72
Net investment income	1,419	2,422	1,181
Net investment gains (losses)	116	195	(1,152)
Total revenues	32,605	61,676	56,653
Expenses			
Losses and loss adjustment expenses	23,506	57,896	52,682
Amortization of deferred policy acquisition costs	7,928	15,360	13,199
Other underwriting and general expenses	3,088	6,474	6,925
Goodwill impairment charge	—	6,756	—
Total expenses	34,522	86,486	72,806
Loss before income taxes	(1,917)	(24,810)	(16,153)
Income tax benefit	(405)	247	(1,063)
Net loss	\$ (1,512)	\$ (25,057)	\$ (15,090)
Loss per common share from discontinued operations:			
Basic	\$ (0.07)	\$ (1.18)	\$ (0.71)
Diluted	\$ (0.07)	\$ (1.18)	\$ (0.71)

21. Segment Information

We have five reportable operating segments of our continuing operations, which consist of Private Passenger Auto, Non-Standard Auto, Home and Farm, Crop, and All Other (which primarily consists of commercial, assumed reinsurance, and our excess liability business). Prior to the sale of Westminster on June 30, 2024, we also reported a Commercial segment that consisted primarily of Westminster's balances and results. Subsequent to the sale, Westminster is reported as part of discontinued operations, which is not included in our segment information. The commercial business that remains a part of our continuing operations has been included in the All Other segment for the current and prior periods presented. We operate only in the U.S., and no single customer or agent provides 10 percent or more of our revenues. The following tables provide available information of these segments for the years ended December 31, 2024, 2023, and 2022.

Our CODM is currently our President and Chief Executive Officer (CEO). The primary profitability measurement used by the CEO to review segment operating results is underwriting gain (loss). The CEO uses segment underwriting gain (loss) to allocate resources (including employees, financial and capital resources) for each segment predominantly in the annual planning process. Segment underwriting gain (loss) is used to monitor segment results compared to prior period, forecasted results, and the annual plan. For purposes of evaluating profitability of the Non-Standard Auto segment, we combine the policy fees paid by the insured with the underwriting gain or loss as its primary profitability measure. As a result, these fees are allocated to the Non-Standard Auto segment (included in fee and other income) in the tables below. The remaining fee and other income amounts are not allocated to any segment.

We do not assign or allocate all line items in our Consolidated Statement of Operations or Consolidated Balance Sheets to our operating segments. Those line items include net investment income, net investment gains (losses), fee and other income excluding Non-Standard Auto, and income tax expense (benefit) within the Unaudited Consolidated Statement of Operations. For the Consolidated Balance Sheets, those items include cash and investments, property and equipment, other assets, accrued expenses and other liabilities, income taxes recoverable or payable, and shareholders' equity.

Year Ended December 31, 2024						
	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	All Other	Total
Direct premiums earned	\$ 94,865	\$ 95,502	\$ 102,073	\$ 36,421	\$ 13,024	\$ 341,885
Assumed premiums earned	—	—	—	2,147	837	2,984
Ceded premiums earned	(4,551)	(277)	(11,312)	(17,426)	(1,193)	(34,759)
Net premiums earned	90,314	95,225	90,761	21,142	12,668	310,110
Direct losses and loss adjustment expenses	54,340	76,130	66,968	12,310	11,243	220,991
Assumed losses and loss adjustment expenses	—	—	—	537	247	784
Ceded losses and loss adjustment expenses	(2,471)	—	(2,407)	(3,776)	(5,656)	(14,310)
Net losses and loss adjustment expenses	51,869	76,130	64,561	9,071	5,834	207,465
Gross margin	38,445	19,095	26,200	12,071	6,834	102,645
Amortization of deferred policy acquisition costs	17,177	30,395	17,970	3,465	2,250	71,257
Other underwriting and general expenses ⁽¹⁾	10,861	6,337	10,603	1,417	4,491	33,709
Underwriting and general expenses	28,038	36,732	28,573	4,882	6,741	104,966
Underwriting gain (loss)	10,407	(17,637)	(2,373)	7,189	93	(2,321)
Fee and other income		1,219				1,938
		(16,418)				
Goodwill impairment charge		(2,628)				(2,628)
Net investment income						10,943
Net investment gains (losses)						2,213
Income (loss) before income taxes						10,145
Income tax expense (benefit)						3,545
Net income (loss)						6,600
Net income (loss) attributable to non-controlling interest						—
Net income (loss) attributable to NI Holdings, Inc.						\$ 6,600
Operating Ratios:						
Loss and loss adjustment expense ratio	57.4%	79.9%	71.1%	42.9%	46.1%	66.9%
Expense ratio	31.0%	38.6%	31.5%	23.1%	53.2%	33.8%
Combined ratio	88.4%	118.5%	102.6%	66.0%	99.3%	100.7%
Balances at December 31, 2024:						
Premiums and agents' balances receivable	\$ 25,843	\$ 13,757	\$ 10,560	\$ 103	\$ 2,644	\$ 52,907
Deferred policy acquisition costs	6,535	9,135	9,437	—	1,193	26,300
Reinsurance recoverables on losses	2,358	—	1,934	478	7,791	12,561
Receivable from Federal Crop Insurance Corporation	—	—	—	13,223	—	13,223
Goodwill and other intangibles	—	100	—	—	—	100
Unpaid losses and loss adjustment expenses	28,103	77,580	16,162	1,789	13,654	137,288
Unearned premiums	37,711	28,391	53,319	—	7,077	126,498

(1) Other underwriting and general expenses for each segment include expenses related to compensation, vendor services, and other administrative items.

	Year Ended December 31, 2023					
	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	All Other	Total
Direct premiums earned	\$ 87,431	\$ 88,170	\$ 93,130	\$ 45,273	\$ 11,586	\$ 325,590
Assumed premiums earned	—	—	—	2,262	1,308	3,570
Ceded premiums earned	(4,071)	(410)	(9,741)	(21,718)	(1,103)	(37,043)
Net premiums earned	83,360	87,760	83,389	25,817	11,791	292,117
Direct losses and loss adjustment expenses	59,385	63,041	52,455	17,669	2,588	195,138
Assumed losses and loss adjustment expenses	—	—	—	787	353	1,140
Ceded losses and loss adjustment expenses	819	—	(1,520)	(7,663)	(1,398)	(9,762)
Net losses and loss adjustment expenses	60,204	63,041	50,935	10,793	1,543	186,516
Gross margin	23,156	24,719	32,454	15,024	10,248	105,601
Amortization of deferred policy acquisition costs	15,797	29,585	16,446	3,828	1,975	67,631
Other underwriting and general expenses ⁽¹⁾	8,895	7,994	8,451	2,494	1,492	29,326
Underwriting and general expenses	24,692	37,579	24,897	6,322	3,467	96,957
Underwriting gain (loss)	(1,536)	(12,860)	7,557	8,702	6,781	8,644
Fee and other income		1,293				1,940
		(11,567)				
Goodwill impairment charge						—
Net investment income						8,034
Net investment gains (losses)						1,929
Income (loss) before income taxes						20,547
Income tax expense (benefit)						716
Net income (loss)						19,831
Net income (loss) attributable to non-controlling interest						250
Net income (loss) attributable to NI Holdings, Inc.						\$ 19,581
Operating Ratios:						
Loss and loss adjustment expense ratio	72.2%	71.8%	61.1%	41.8%	13.1%	63.8%
Expense ratio	29.6%	42.8%	29.9%	24.5%	29.4%	33.2%
Combined ratio	101.8%	114.6%	91.0%	66.3%	42.5%	97.0%
Balances at December 31, 2023:						
Premiums and agents' balances receivable	\$ 24,152	\$ 19,853	\$ 9,755	\$ 89	\$ 2,305	\$ 56,154
Deferred policy acquisition costs	5,834	11,966	8,005	—	985	26,790
Reinsurance recoverables on losses	15	—	2,949	1,343	2,153	6,460
Receivable from Federal Crop Insurance Corporation	—	—	—	17,404	—	17,404
Goodwill and other intangibles	—	2,728	—	—	—	2,728
Unpaid losses and loss adjustment expenses	28,037	61,272	18,205	3,884	7,787	119,185
Unearned premiums	35,367	36,426	48,210	—	6,097	126,100

(1) Other underwriting and general expenses for each segment include expenses related to compensation, vendor services, and other administrative items.

Year Ended December 31, 2022						
	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	All Other	Total
Direct premiums earned	\$ 80,410	\$ 67,178	\$ 88,143	\$ 53,215	\$ 10,661	\$ 299,607
Assumed premiums earned	—	—	—	2,254	4,296	6,550
Ceded premiums earned	(2,805)	(267)	(9,762)	(20,748)	(835)	(34,417)
Net premiums earned	77,605	66,911	78,381	34,721	14,122	271,740
Direct losses and loss adjustment expenses	66,250	39,400	114,195	27,146	8,196	255,187
Assumed losses and loss adjustment expenses	—	—	—	634	1,735	2,369
Ceded losses and loss adjustment expenses	(830)	—	(6,372)	(8,362)	(242)	(15,806)
Net losses and loss adjustment expenses	65,420	39,400	107,823	19,418	9,689	241,750
Gross margin	12,185	27,511	(29,442)	15,303	4,433	29,990
Amortization of deferred policy acquisition costs	13,584	20,831	14,764	2,667	1,759	53,605
Other underwriting and general expenses ⁽¹⁾	8,149	6,172	8,438	400	2,144	25,303
Underwriting and general expenses	21,733	27,003	23,202	3,067	3,903	78,908
Underwriting gain (loss)	(9,548)	508	(52,644)	12,236	530	(48,918)
Fee and other income		831				1,381
		1,339				
Goodwill impairment charge						—
Net investment income						6,636
Net investment gains (losses)						(11,975)
Income (loss) before income taxes						(52,876)
Income tax expense (benefit)						(14,191)
Net income (loss)						(38,685)
Net income (loss) attributable to non-controlling interest						(679)
Net income (loss) attributable to NI Holdings, Inc.						<u>\$ (38,006)</u>
Operating Ratios:						
Loss and loss adjustment expense ratio	84.3%	58.9%	137.6%	55.9%	68.6%	89.0%
Expense ratio	28.0%	40.4%	29.6%	8.8%	27.6%	29.0%
Combined ratio	112.3%	99.3%	167.2%	64.7%	96.2%	118.0%
Balances at December 31, 2022:						
Premiums and agents' balances receivable	\$ 20,669	\$ 14,884	\$ 9,388	\$ 381	\$ 2,024	\$ 47,346
Deferred policy acquisition costs	5,040	9,378	7,376	—	881	22,675
Reinsurance recoverables on losses	1,440	—	5,732	589	825	8,586
Receivable from Federal Crop Insurance Corporation	—	—	—	15,462	—	15,462
Goodwill and other intangibles	—	2,761	—	—	—	2,761
Unpaid losses and loss adjustment expenses	27,439	46,231	27,989	2,145	10,492	114,296
Unearned premiums	30,721	29,301	44,957	—	5,947	110,926

(1) Other underwriting and general expenses for each segment include expenses related to compensation, vendor services, and other administrative items.

22. Statutory Net Income (Loss), Capital and Surplus, and Dividend Restrictions

The following table presents selected information, as filed with insurance regulatory authorities, for our insurance subsidiaries as determined in accordance with accounting practices prescribed or permitted by such insurance regulatory authorities as of and for the years ended December 31, 2024, 2023, and 2022:

	2024	2023	2022
Nodak Insurance:			
Statutory capital and surplus	\$ 189,694	\$ 176,783	\$ 175,673
Statutory unassigned surplus	184,694	171,783	170,673
Statutory net income (loss)	8,492	7,839	(29,978)
American West:			
Statutory capital and surplus	16,315	15,423	14,957
Statutory unassigned surplus	10,314	9,422	8,956
Statutory net income (loss)	1,001	(38)	(3,228)
Primero:			
Statutory capital and surplus	9,056	8,585	8,677
Statutory unassigned surplus	(203)	(675)	(582)
Statutory net income (loss)	395	(136)	(1,211)
Battle Creek:			
Statutory capital and surplus	6,132	6,047	5,660
Statutory unassigned surplus	3,132	3,047	2,660
Statutory net income (loss)	162	146	(1,189)
Direct Auto:			
Statutory capital and surplus	36,875	32,843	32,054
Statutory unassigned surplus	33,875	29,843	29,054
Statutory net income (loss)	3,325	90	(6,074)
Westminster:			
Statutory capital and surplus	—	21,328	20,090
Statutory unassigned surplus	—	16,328	15,090
Statutory net income (loss)	—	1,200	(3,861)

State insurance laws require our insurance subsidiaries to maintain certain minimum capital and surplus amounts on a statutory basis. Our insurance subsidiaries are subject to regulations that restrict the payment of dividends from statutory surplus and may require prior approval from their domiciliary insurance regulatory authorities. Our insurance subsidiaries are also subject to risk-based capital requirements that may further affect their ability to pay dividends. Our insurance subsidiaries statutory capital and surplus at December 31, 2024 and 2023 exceeded the amount of statutory capital and surplus necessary to satisfy risk-based capital requirements by a significant margin.

Amounts available for distribution in 2025 to Nodak Insurance as dividends from its insurance subsidiaries without prior approval of the North Dakota Insurance Department are \$1,001 from American West, \$324 from Primero, and \$158 from Battle Creek. No dividends were paid to Nodak Insurance from any of these entities during the years ended December 31, 2024, 2023, or 2022.

The amount available for payment of dividends from Nodak Insurance to NI Holdings during 2025 without the prior approval of the North Dakota Insurance Department is approximately \$8,273 as of December 31, 2024. No dividends were declared or paid by Nodak Insurance during the years ended December 31, 2024 and 2023. The Nodak Insurance Board of Directors declared and paid dividends of \$3,000 to NI Holdings during the year ended December 31, 2022.

The amount available for payment of dividends from Direct Auto to NI Holdings during 2025 without the prior approval of the North Dakota Insurance Department is approximately \$3,146 as of December 31, 2024. No dividends were declared or paid by Direct Auto during the years ended December 31, 2024, 2023, or 2022.

Prior to its payment of any dividend, each insurance company will be required to provide notice of the dividend to the North Dakota Insurance Department. This notice must be provided to the North Dakota Insurance Department 30 days prior to the payment of an extraordinary dividend and 10 days prior to the payment of an ordinary dividend. The North Dakota Insurance Department has the power to limit or prohibit dividend payments if an insurance company is in violation of any law or regulation. These restrictions or any subsequently imposed restrictions may affect our future liquidity.

Westminster was sold on June 30, 2024, and therefore no dividends are available to be paid to NI Holdings subsequent to that date. No dividends were declared or paid by Westminster during the years ended December 31, 2024, 2023 or 2022. See Part II, Item 8, Note 20 “Discontinued Operations” for additional information.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no changes or disagreements with accountants on accounting and financial disclosure.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures ("DCPs"), as required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act, as of December 31, 2024. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this report, were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such material information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosures. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, our management has reviewed and evaluated the effectiveness of our internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Based on our evaluation under the COSO Framework, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's current internal control over financial reporting is effective at December 31, 2024, and that our consolidated financial statements we include in this 2024 Annual Report present fairly, in all material respects, our financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America.

Forvis Mazars, LLP, our independent registered public accounting firm, has issued an audit report on the effectiveness of our internal control over financial reporting as of December 31, 2024. This audit report appears in Part II, Item 8 "Financial Statements and Supplementary Data" of this 2024 Annual Report.

Material Weakness in Internal Control Over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting ("ICFR"), such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

As previously disclosed in our Quarterly Report on Form 10-Q/A for the quarter ended June 30, 2024, the Company did not design and maintain effective controls over its accounting for intercompany reinsurance pooling activity. Specifically, it lacked an effectively designed internal control related to the evaluation of pooling payable/receivable balances, including when a pool member is sold. This material weakness resulted in a material error and the restatement of the Company's consolidated financial statements for the three- and six-month periods ended June 30, 2024. Additionally, this material weakness could result in misstatements of the aforementioned accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

Remediation Plan for Material Weakness

Upon identification of the material weakness, management developed a remediation plan, which included designing and implementing a new quarterly intercompany pooling reconciliation and review process to fully evaluate pooling payable/receivable balances in support of financial reporting for GAAP purposes. The material weakness is considered remediated as of the end of the period covered by this report as the remediation plan has been implemented and there has been sufficient time for the Company to conclude through testing that the controls are operating effectively. As the Company's management, under the oversight of the Audit Committee, continues to evaluate and improve the Company's ICFR, management may decide to take additional measures to address

control deficiencies or determine to modify, or in appropriate circumstances not to complete, certain of the remediation measures identified. We can offer no assurance that these initiatives will ultimately have the intended effects.

Changes in Internal Control over Financial Reporting

In the ordinary course of business, we periodically review our system of internal control over financial reporting to identify opportunities to improve our controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Except for the identified material weakness above, there have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the annual period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

10b5-1 Trading Plans

During the fourth quarter of 2024, none of our directors or executive officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408(a) of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We incorporate the response to this Item 10 by reference to our proxy statement we will file with the SEC on or about April 9, 2025 relating to our Annual Meeting of Shareholders that we will hold on May 20, 2025 (our “Proxy Statement”).

We have posted a copy of our Code of Ethics and Business Conduct on the Governance Highlights page of the Corporate Governance section of our website, www.nihholdingsinc.com, which you can access free of charge. Information contained on the website is not incorporated by reference in, or considered part of, this 2024 Annual Report. We intend to disclose on our website any amendments to, or waivers from, our Code of Ethics and Business Conduct that are required to be disclosed by SEC rules or Nasdaq Listing Rules.

Item 11. Executive Compensation

We incorporate the response to this Item 11 by reference to our Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We incorporate the response to this Item 12 by reference to our Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

We incorporate the response to this Item 13 by reference to our Proxy Statement.

Item 14. Principal Accountant Fees and Services

We incorporate the response to this Item 14 by reference to our Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

List of Financial Statements and Financial Statement Schedules

- (a) The following documents are filed as a part of this report:
- (1) Financial Statements and
- (2) Financial Statement schedules required to be filed by Item 8 of this report.

Schedule I Condensed financial information of registrant – NI Holdings, Inc.

All other financial schedules are not required under the related instructions, as they are inapplicable or the information has been included in the consolidated financial statements, and therefore have been omitted.

- (3) The following exhibits are required by Item 601 of Regulation S-K and are included as part of this Form 10-K:

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
2.1	Plan of Mutual Property and Casualty Insurance Company Conversion and Minority Offering of Nodak Mutual Insurance Company, dated as of January 21, 2016 (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
2.2	Stock Purchase Agreement, dated May 7, 2024 (filed as an exhibit to the Company's Form 8-K filed with the SEC on May 8, 2024, and incorporated herein by reference).
3.1	Articles of Incorporation of NI Holdings, Inc. (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
3.2	Articles of Amendment to the Articles of Incorporation, dated May 24, 2023. (filed as an exhibit to the Company's Form 8-K filed with the SEC on May 25, 2023, and incorporated herein by reference).
3.3	Amended and Restated Bylaws of NI Holdings, Inc., dated May 24, 2023. (filed as an exhibit to the Company's Form 8-K filed with the SEC on May 25, 2023, and incorporated herein by reference).
4.1	Form of certificate evidencing shares of common stock of NI Holdings, Inc. (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
4.2	Description of Securities Registered Under Section 12 of the Exchange Act (filed as an exhibit to the Company's Form 10-K filed with the SEC on March 10, 2021, and incorporated herein by reference).
10.1	2017 NI Holdings, Inc. Equity Incentive Plan (filed as Exhibit 10.1 to the Company's Form 8-K filed with the SEC on September 18, 2017, and incorporated herein by reference).
10.2	Nodak Mutual Insurance Company Nonqualified Deferred Compensation Plan (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
10.3#	Employment Agreement dated as of April 28, 2016, between Michael J. Alexander and Nodak Mutual Insurance Company and NI Holdings, Inc. (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
10.4#*	Amended and Restated Employment Agreement dated as of December 1, 2024, between Seth C. Daggett and Nodak Insurance Company and NI Holdings, Inc.

<u>10.5#</u>	Employment Agreement dated as of April 28, 2016, between Patrick W. Duncan and Nodak Mutual Insurance Company and NI Holdings, Inc. (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
<u>10.6</u>	Trademark License Agreement dated as of October 1, 2016 between North Dakota Farm Bureau and Nodak Mutual Insurance Company (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
<u>10.7</u>	Multiple Peril Crop/Livestock Insurance Full Service Agency Agreement among American Farm Bureau Insurance Services, Inc. and Nodak Mutual Insurance Company, American West Insurance Company and Battle Creek Mutual Insurance Company for Crop Year 2016 (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
<u>10.8</u>	Crop Hail Insurance Full Service Agency Agreement among American Farm Bureau Insurance Services, Inc. and Nodak Mutual Insurance Company, American West Insurance Company and Battle Creek Mutual Insurance Company for Crop Year 2016 (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
<u>10.9#</u>	Nodak Mutual Insurance Company Cash Incentive Bonus Plan (filed as an exhibit to Amendment No. 4 to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on January 12, 2017, and incorporated herein by reference).
<u>10.10#</u>	NI Holdings, Inc. Employee Stock Ownership Plan (filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on October 11, 2016, and incorporated herein by reference).
<u>10.11</u>	Affiliation Agreement dated as of December 30, 2010 between Nodak Mutual Insurance Company and Battle Creek Mutual Insurance Company (filed as an exhibit to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-214057) filed with the SEC on November 14, 2016, and incorporated herein by reference).
<u>10.12</u>	Form of Time-Based Restricted Stock Unit Agreement for Non-Employee Directors (filed as an exhibit to the Company's Form 8-K filed with the SEC on May 29, 2020, and incorporated herein by reference).
<u>10.13</u>	NI Holdings, Inc. 2020 Stock and Incentive Plan (filed as an exhibit to the Company's Form 8-K filed with the SEC on May 29, 2020, and incorporated herein by reference).
<u>10.14#</u>	Form of Time-Based Restricted Stock Unit Agreement for Executives (filed as an exhibit to the Company's Form 10-K filed with the SEC on March 9, 2022, and incorporated herein by reference).
<u>10.15#</u>	Form of NI Holdings, Inc. Growth in Book Value Per Share Performance Share Unit Agreement (filed as an exhibit to the Company's Form 10-K filed with the SEC on March 9, 2022, and incorporated herein by reference).
<u>10.16#</u>	2022 NI Holdings, Inc. Short-Term Incentive Bonus (filed as an exhibit to the Company's Form 10-Q filed with the SEC on May 6, 2022, and incorporated herein by reference).
<u>10.17#</u>	Form of NI Holdings, Inc. Adjusted Return on Equity Performance Share Unit Agreement (filed as an exhibit to the Company's Form 10-K filed with the SEC on March 15, 2024, and incorporated herein by reference).
<u>10.18#</u>	2024 NI Holdings, Inc. Short-Term Incentive Bonus (filed as an exhibit to the Company's Form 10-K filed with the SEC on March 15, 2024, and incorporated herein by reference).
<u>10.19#</u>	Employment Agreement dated August 26, 2024, between the Company and Cindy L. Launer (filed as an exhibit to the Company's Current Report on Form 8-K/A filed August 26, 2024).
<u>10.20#</u>	Separation Agreement, dated September 16, 2024, between NI Holdings, Inc. and Michael J. Alexander (filed as an exhibit to the Company's Current Report on Form 8-K filed September 19, 2024).

10.21#	Separation Agreement, dated November 27, 2024, between NI Holdings, Inc. and Patrick W. Duncan (filed as an exhibit to the Company's Current Report on Form 8-K filed December 3, 2024).
19*	NI Holdings, Inc. Policy on Insider Trading, adopted August 20, 2024.
21.1*	Subsidiaries of NI Holdings, Inc.
23.1*	Consent of Forvis Mazars, LLP, New York, NY, PCAOB ID 686
23.2*	Consent of Mazars USA LLP, Fort Washington, PA, PCAOB ID 339
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	NI Holdings, Inc. Incentive Compensation Recovery Policy, adopted December 1, 2023 (Filed as an exhibit to the Company's Form 10-K filed with the SEC on March 15, 2024, and incorporated herein by reference.)
101.INS***	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH**	Inline XBRL Taxonomy Extension Schema Linkbase Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

*** Inline XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

Schedule I – Condensed financial information of registrant – NI Holdings, Inc.

Condensed Balance Sheets

	December 31,	
	2024	2023
Assets:		
Cash and cash equivalents	\$ 3,345	\$ 308
Fixed income securities, at fair value (net of allowance for expected credit losses of \$0 at December 31, 2024 and 2023)	3,999	810
Equity securities, at fair value	14	13
Total cash and investments	7,358	1,131
Income tax recoverable	7,126	844
Accrued investment income	60	1
Investment in wholly-owned subsidiaries	230,311	246,360
Deferred income taxes	476	427
Total assets	<u>\$ 245,331</u>	<u>\$ 248,763</u>
Liabilities:		
Accrued expenses and other liabilities	\$ 700	\$ 1,122
Total liabilities	<u>700</u>	<u>1,122</u>
Shareholders' equity	244,631	247,641
Total liabilities and shareholders' equity	<u>\$ 245,331</u>	<u>\$ 248,763</u>

Condensed Statements of Operations

	Year Ended December 31,		
	2024	2023	2022
Revenues:			
Net investment income (loss)	\$ (223)	\$ (122)	\$ 143
Net investment gains (losses)	1	(217)	(492)
Total revenues	(222)	(339)	(349)
Expenses:			
Other underwriting and general expenses	6,460	4,612	3,002
Total expenses	6,460	4,612	3,002
Loss before income taxes and equity in undistributed net income (loss) of subsidiaries	(6,682)	(4,951)	(3,351)
Income tax benefit	(665)	(111)	(1,124)
Loss before equity in undistributed net income (loss) of subsidiaries	(6,017)	(4,840)	(2,227)
Equity in undistributed net income (loss) of subsidiaries	11,105	(636)	(50,869)
Loss on sale of discontinued operations, net of tax	(11,148)	—	—
Net loss attributable to NI Holdings, Inc.	<u>\$ (6,060)</u>	<u>\$ (5,476)</u>	<u>\$ (53,096)</u>

Condensed Statements of Comprehensive Income

	Year Ended December 31,		
	2024	2023	2022
Net loss attributable to NI Holdings, Inc.	\$ (6,060)	\$ (5,476)	\$ (53,096)
Other comprehensive income (loss), net of income taxes:			
Unrealized gain (loss) on investments	7	15	(165)
Unrealized gain (loss) attributed to subsidiaries	(160)	7,887	(34,358)
Other comprehensive income (loss), net of income taxes	(153)	7,902	(34,523)
Comprehensive income (loss)	<u>\$ (6,213)</u>	<u>\$ 2,426</u>	<u>\$ (87,619)</u>

Condensed Statements of Cash Flows

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income (loss) attributable to NI Holdings, Inc.	\$ (6,060)	\$ (5,476)	\$ (53,096)
Adjustments to reconcile net income (loss) attributable to NI Holdings, Inc. to net cash flows from operating activities:			
Equity in undistributed net income of subsidiaries	(11,105)	636	50,869
Loss on sale of Westminster	17,479	—	—
Other	(6,220)	2,603	359
Net adjustments	154	3,239	51,228
Net cash flows from operating activities	(5,906)	(2,237)	(1,868)
Cash flows from investing activities:			
Proceeds from maturities and sales of fixed income securities	789	223	9,942
Proceeds from sales of equity securities	—	6,863	4,278
Purchases of fixed income securities	(3,960)	—	—
Purchases of equity securities	—	(882)	(2,023)
Proceeds from disposition of Westminster	12,272	—	—
Net cash flows from investing activities	9,101	6,204	12,197
Cash flows from financing activities:			
Dividend from subsidiaries	—	—	3,000
Purchase of treasury stock	—	(7,278)	(4,180)
Installment payment on Westminster consideration payable	—	—	(13,333)
Issuance of vested award shares	(158)	(172)	(768)
Net cash flows from financing activities	(158)	(7,450)	(15,281)
Net decrease in cash and cash equivalents	3,037	(3,483)	(4,952)
Cash and cash equivalents at beginning of period	308	3,791	8,743
Cash and cash equivalents at end of period	<u>\$ 3,345</u>	<u>\$ 308</u>	<u>\$ 3,791</u>

Note A – Basis of Presentation

In the parent-company-only financial statements, the Company's investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries since inception. The parent-company-only financial statements should be read in conjunction with the Company's consolidated financial statements.

Note B – Dividends from Subsidiaries

The Company received no cash dividends from its subsidiaries during the years ended December 31, 2024 and 2023. A cash dividend of \$3,000 was received from Nodak Insurance during the year ended December 31, 2022.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 7, 2025.

NI HOLDINGS, INC.

/s/ Seth C. Daggett
Seth C. Daggett
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 7, 2025, by the following persons on behalf of the registrant and in the capacities indicated.

Signature	Capacity	Date
<u>/s/ Seth C. Daggett</u> Seth C. Daggett	President and Chief Executive Officer (<i>Principal Executive Officer</i>), Director	March 7, 2025
<u>/s/ Matthew J. Maki</u> Matthew J. Maki	Chief Financial Officer (<i>Principal Financial Officer and Principal Accounting Officer</i>)	March 7, 2025
<u>/s/ Eric K. Aasmundstad</u> Eric K. Aasmundstad	Director	March 7, 2025
<u>/s/ William R. Devlin</u> William R. Devlin	Director	March 7, 2025
<u>/s/ Duaine C. Espgaard</u> Duaine C. Espgaard	Director	March 7, 2025
<u>/s/ Cindy L. Launer</u> Cindy L. Launer	Director	March 7, 2025
<u>/s/ Stephen V. Marlow</u> Stephen V. Marlow	Director	March 7, 2025
<u>/s/ Prakash Mathew</u> Prakash Mathew	Director	March 7, 2025
<u>/s/ Jeffrey R. Missling</u> Jeffrey R. Missling	Director	March 7, 2025

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement") is made effective as of the 1st day of December, 2024 (the "*Effective Date*"), between NI Holdings, Inc., a North Dakota business corporation, (the "*Corporation*"), NODAK Insurance Company, a North Dakota insurance company (the "*Company*"), and Seth C. Daggett, an adult individual ("*Executive*"). This Agreement amends and replaces the prior Amended and Restated Employment Agreement dated August 8, 2023.

WITNESSETH:

WHEREAS, the Corporation, the Company, and Executive desire to enter into an agreement providing for the terms of Executive's continued employment with the Corporation and the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

- 1. Employment.** The Corporation and the Company employ Executive and Executive hereby accepts employment with the Corporation and the Company, on the terms and conditions set forth in this Agreement.
 - 2. Duties of Employee.** Executive shall serve as Chief Executive Officer of the Corporation and the Company and shall report directly to the Corporation Board (as defined below). Executive shall devote his full time, attention and energies to the business of the Corporation and the Company during the Employment Period (as defined in Section 3 of this Agreement); provided, however, that this Section 2 shall not be construed as preventing Executive from (a) engaging in activities incident or necessary to personal investments, (b) acting as a member of the board of directors of any non-profit association or corporation, or (c) being involved in any other business activity with the prior approval of the Board of Directors of the Corporation (the "*Corporation Board*"). Executive shall not engage in any business or commercial activities, duties or pursuits which compete with the business or commercial activities of the Corporation or the Company, nor may Executive serve as a director or officer or in any other capacity in a company which competes with the Corporation or the Company.
 - 3. Term of Agreement.**
 - a) Employment Period.** This Agreement shall be for a period (the "*Employment Period*") beginning on the Effective Date, and if not previously terminated pursuant to the terms of this Agreement, continuing until the second anniversary hereof; provided, however, that on a daily basis, one additional day shall be added to the term of this Agreement, so that the Employment Period shall always be two (2) years, unless either the Executive or the Corporation shall have provided the other with written notice of its intention to cease extending the term of this Agreement.
 - b)** Notwithstanding anything herein contained to the contrary, nothing in this Agreement shall mandate or prohibit a continuation of Executive's employment following the expiration of the term of this Agreement upon such terms as the Corporation Board and Executive may mutually agree.
 - c) Termination for Cause.** Notwithstanding the provisions of Section 3(a) of this Agreement, this Agreement may be terminated by the Corporation and the Company for Cause (as defined herein). As used in this Agreement, "*Cause*" shall mean any of the following:
 - 1. Executive willfully fails or refuses to substantially perform the Executive's responsibilities under this Agreement, after demand for substantial performance has been given by the Corporation Board that specifically identifies how the Executive has failed to perform such responsibilities;**
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2. **Executive engages in gross misconduct which is materially and demonstrably injurious to the Corporation or the Company;**
3. **Executive violates any of the Corporation's or Company's policies relating to sexual harassment;**
4. **Executive is convicted of a felony or pleads guilty or *nolo contendere* to a felony;**
5. **Executive materially breaches Section 6 of this Agreement;**
6. **Executive engages in any act of fraud (including misappropriation of the Corporation's or the Company's funds or property) in connection with the business of the Corporation or the Company which is materially and demonstrably injurious to the Corporation or the Company; or**
7. **Executive is disqualified or barred by any governmental or self-regulatory authority from serving in the capacity contemplated by this Agreement.**

If this Agreement is terminated for Cause, all of Executive's rights under this Agreement shall cease as of the effective date of such termination, except that:

1. **the Company shall pay to Executive the unpaid portion, if any, of his Annual Base Salary through the date of termination; and**
2. **the Company shall provide to Executive such post-employment benefits, if any, as may be provided for under the terms of the employee benefit plans of the Company then in effect.**

- d) Death.** Notwithstanding the provisions of Section 3(a) of this Agreement, this Agreement shall terminate automatically upon Executive's death and Executive's rights under this Agreement shall cease as of the date of such termination, except that (i) the Company shall pay to Executive's spouse, personal representative, or estate the unpaid portion, if any, of his Annual Base Salary through date of death and (ii) the Company shall provide to Executive's dependents any benefits due under the Company's employee benefit plans.
- e) Disability.** Executive, the Corporation and the Company agree that if Executive becomes Disabled, within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "*Code*") and the regulations thereunder, and becomes eligible for employer-provided short-term and/or long-term disability benefits, or worker's compensation benefits, then the Company's obligation to pay Executive his Annual Base Salary shall be reduced by the amount of the disability or worker's compensation benefits received by Executive.

Executive, the Corporation and the Company agree that if, in the judgment of the Corporation Board, Executive is unable, as a result of illness or injury, to perform the essential functions of his position on a full-time basis with or without a reasonable accommodation and without posing a direct threat to himself or others for a period of six months, the Company will suffer an undue hardship in continuing Executive's employment as set forth in this Agreement. Accordingly, this Agreement shall terminate at the end of the six-month period, and all of Executive's rights under this Agreement shall cease, with the exception of any unpaid Annual Base Salary through the date of termination and those rights which Executive may have under the Company's employee benefit plans.

- f) Resignation from Other Positions.** In the event Executive's employment under this Agreement is terminated for any reason, if Executive is then serving in any other capacity, such as an officer or director for any of the Corporation, the Company or any their respective affiliates or subsidiaries, such service shall also be deemed to immediately terminate and Executive shall be deemed to have resigned from all such other positions.
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4. **Employment Period Compensation, Benefits and Expenses.**

- a) **Annual Base Salary.** For services performed by Executive under this Agreement, the Company shall pay Executive an annual base salary during the Employment Period at the rate of \$700,000 per year, minus applicable withholdings and deductions, payable at the same times as salaries are payable to other executive employees of the Company (the “*Annual Base Salary*”). The Annual Base Salary shall be reviewed annually by the Corporation Board and the Corporation Board may, from time to time, increase Executive’s Annual Base Salary, and any and all such increases shall be deemed to constitute amendments to this Section 4(a) to reflect the increased amounts, effective as of the date established for such increases.
- b) **Bonus.** The Executive shall participate in any equity incentive plan and short-term performance plan generally made available to executive officers of the Company.
- c) **Vacations, Holidays, etc.** During the term of this Agreement, Executive shall be entitled to paid annual vacation in accordance with the policies as established from time to time by the Company. Executive shall also be entitled to all paid holidays, sick days and personal days provided by the Company to its regular full-time employees and senior executive officers.
- d) **Employee Benefit Plans.** During the term of this Agreement, Executive shall be entitled to participate in or receive the benefits of any employee benefit plan currently in effect at the Company, subject to the eligibility and terms of each such plan, until such time that the Company authorizes a change in such benefits.
- e) **Business Expenses.** During the term of this Agreement, Executive shall be entitled to receive prompt reimbursement for all customary and usual expenses incurred by him, which are properly accounted for, in accordance with the policies and procedures established by the Company.

5. **Rights in Event of Termination of Employment.**

- a) If Executive terminates his employment with the Company without Good Reason (as defined below), Executive’s rights under this Agreement shall cease as of the date of such termination, except that (i) the Company shall pay to Executive the unpaid portion, if any, of his Annual Base Salary through date of termination, and (ii) the Company shall provide to Executive’s dependents any benefits due under the Company’s employee benefit plans then in effect.
- b) If Executive’s employment is involuntarily terminated by the Corporation and the Company without Cause (other than for death or Disability), or the Executive voluntarily terminates employment for Good Reason (as defined below), Executive shall be entitled to receive the compensation and benefits set forth below:

1. Executive shall be entitled to receive an amount equal to (A) his Annual Base Salary plus (B) the target short-term incentive bonus for the year in which he is involuntarily terminated without Cause (other than for death or Disability), or the Executive voluntarily terminates employment for Good Reason. Such annual amount shall be multiplied by the number of full calendar months remaining in the Employment Period divided by twelve (12). The resulting amount shall be paid by the Company in one lump sum following Executive’s execution of the release (provided such release is not rescinded) described in Section 7.

2. Also, in such event, Executive shall, for the remaining Employment Period, continue to participate in any benefit plans of the Company that provide health (including medical and dental) coverage, upon terms no less favorable than the most favorable terms provided to senior executives of the Company during such period. In the event that the Company is unable to provide such coverage by reason of Executive no longer being an employee, the Company shall provide Executive an amount equal to the total after-tax cost to Employee, for each month that is then remaining in the Employment Period, of obtaining such coverage.

- c) “*Good Reason*” shall mean (i) a material diminution in salary, (ii) a material diminution in authority, duties or responsibilities, (iii) a reassignment which assigns full-time employment duties to Executive at a location more than twenty (20) miles from the Company’s principal executive office on the date of this Agreement, in all cases after notice from Executive to the Company within ninety (90) days after the initial existence of any such condition that the condition constitutes Good Reason and the failure of the Company to cure such situation within thirty (30) days after said notice, or (iv) a change in Executive’s title accompanied by any of the circumstances described in clauses (i), (ii) or (iii) above.
 - d) Executive shall not be required to mitigate the amount of any payment provided for in this Section 5 by seeking other employment or otherwise, nor shall the amount of payment or the benefit provided for in this Section 5 be reduced by any compensation earned by Executive as the result of employment by another employer or by reason of Executive’s receipt of or right to receive any retirement or other benefits after the date of termination of employment or otherwise,
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- 6. Unauthorized Disclosure.** During the term of his employment hereunder, or at any later time, Executive shall not, without the written consent of the Corporation Board or a person authorized thereby (except as may be required pursuant to a subpoena or other legal process), knowingly disclose to any person, other than an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by Executive of his duties as an executive of the Company, any material confidential information obtained by him while in the employ of the Company with respect to any of the Company's, the Corporation's or any of their subsidiaries' services, products, improvements, formulas, designs or styles, processes, customers, methods of business or any business practices the disclosure of which could be or will be damaging to the Company or the Corporation; provided, however, that confidential information shall not include any information known generally to the public (other than as a result of unauthorized disclosure by Executive or any person with the assistance, consent or direction of Executive) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Company or any information that must be disclosed as required by law.
- 7. Requirement of Release.** Notwithstanding anything herein to the contrary, Executive's entitlement to any payments under Section 5 shall be contingent upon Executive's prior agreement with and signature to a complete release agreement in the form as mutually agreed by the parties, which release is not rescinded by Executive. Such release agreement shall be executed, if at all, and the applicable payments and benefits contingent upon the execution of such agreement shall be provided or commence being provided, if at all, within sixty (60) days following the date of termination; provided, however, that if such sixty (60) day period begins in one taxable year and ends in a second taxable year, the payments and benefits will be provided or commence being provided, if at all, in the second taxable year.
- 8. Notices.** Except as otherwise provided in this Agreement, any notice required or permitted to be given under this Agreement shall be deemed properly given if in writing and if mailed by United States registered or certified mail, postage prepaid with return receipt requested, to Executive's address, in the case of notices to Executive, and to the principal executive office of the Company, in the case of notice to the Company.
- 9. Waiver.** No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and an executive officer of the Corporation and the Company specifically designated by the respective Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.
- 10. Assignment.** This Agreement shall not be assignable by any party, except by the Company to any successor in interest to its business.
- 11. Entire Agreement.** This Agreement contains the entire agreement of the parties relating to the subject matter of this Agreement and supersedes and replaces any prior written or oral agreements between them respecting the within subject matter.
- 12. Successors; Binding Agreement.**
- a) The Corporation and the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Corporation or the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation and Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" and "Company" shall mean the Corporation and the Company as defined previously and any successor to their respective business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.
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- b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, heirs, distributees, devisees or legatees. If Executive should die following termination of Executive's employment without Cause, and any amounts would be payable to Executive under this Agreement if Executive had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee, or, if there is no such designee, to Executive's estate.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota, without regard to its conflict of laws principles.

15. Headings. The section headings of this Agreement are for convenience only and shall not control or affect the meaning or construction or limit the scope or intent of any of the provisions of this Agreement.

16. Limitations on Payments.

- a) Notwithstanding anything in this Agreement to the contrary, in the event the payments and benefits payable hereunder to or on behalf of Executive, when added to all other amounts and benefits payable to or on behalf of Executive, would result in the imposition of an excise tax under Section 4999 of the Code, the amounts and benefits payable hereunder shall be reduced to such extent as may be necessary to avoid such imposition. All calculations required to be made under this subsection will be made by the Company's independent public accountants, subject to the right of Executive's representative to review the same. The parties recognize that the actual implementation of the provisions of this subsection are complex and agree to deal with each other in good faith to resolve any questions or disagreements arising hereunder.
- b) All payments made to the Executive pursuant to this Agreement or otherwise, are subject to and conditioned upon their compliance with applicable laws and any regulations promulgated thereunder.

17. Recovery of Bonuses and Incentive Compensation. Notwithstanding anything in this Agreement to the contrary, all bonuses and incentive compensation, but not Annual Base Salary or payments due Executive under Section 5, paid hereunder (whether in equity or in cash) shall be subject to recovery by the Company in the event that such bonuses or incentive compensation are based on materially inaccurate financial statements or other materially inaccurate performance metric criteria; provided that except as set forth in the next sentence, a determination as to the recovery of a bonus or incentive compensation shall be made within twenty-four (24) months following the date such bonus or incentive compensation was paid. Notwithstanding anything to the contrary herein, all compensation payable to Executive shall be subject to any policy adopted by the Company designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended, related rules and the listing standards of The Nasdaq Stock Market, including, but not limited to, the Corporation's Incentive Compensation Recovery Policy, originally adopted on December 1, 2023. In the event that the Corporation Board determines that a bonus or incentive compensation payment to Executive is recoverable, in its sole discretion, Executive shall reimburse all or a portion of such bonus or incentive compensation, to the fullest extent permitted by law, as soon as practicable following written notice to Executive by the Company of the same.

18. Application of Code Section 409A.

- a) Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement as a result of a termination of employment shall be subject to satisfaction of the condition precedent that Executive undergo a "separation from service" within the meaning of Treas. Reg. § 1.409A-1(h) or any successor thereto. In addition, if Executive is deemed to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provisions of any benefit that is required to be delayed pursuant to Code
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Section 409A(a)(2)(B), such payment or benefit shall not be made or provided prior to the earlier of (i) the expiration of the six (6) month period measured from the date of Executive's "separation from service" (as such term is defined in Treas. Reg. § 1.409A-1(h)), or (ii) the date of Executive's death (the "*Delay Period*"). Within ten (10) days following the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. Notwithstanding the foregoing, to the extent that the foregoing applies to the provision of any ongoing welfare benefits to Executive that would not be required to be delayed if the premiums therefore were paid by Executive, Executive shall pay the full costs of premiums for such welfare benefits during the Delay Period and the Company shall pay Executive an amount equal to the amount of such premiums paid by Executive during the Delay Period within ten (10) days after the conclusion of such Delay Period.

- b) Except as otherwise expressly provided herein, to the extent any expense reimbursement or other in-kind benefit is determined to be subject to Code Section 409A, the amount of any such expenses eligible for reimbursement or in-kind benefits in one calendar year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year (except under any lifetime limit applicable to expenses for medical care), in no event shall any expenses be reimbursed or in-kind benefits be provided after the last day of the calendar year following the calendar year in which Executive incurred such expenses or received such benefits, and in no event shall any right to reimbursement or in-kind benefits be subject to liquidation or exchange for another benefit.
- c) Any payments made pursuant to Section 5, to the extent of payments made from the date of termination through March 15th of the calendar year following such date, are intended to constitute separate payments for purposes of Treas. Reg. § 1.409A-2(b)(2) and thus payable pursuant to the "short-term deferral" rule set forth in Treas. Reg. § 1.409A-1(b)(4); to the extent such payments are made following said March 15th, they are intended to constitute separate payments for purposes of Treas. Reg. § 1.409A-2(b)(2) made upon an involuntary termination from service and payable pursuant to Treas. Reg. § 1.409A-1(b)(9)(iii), to the maximum extent permitted by said provision.
- d) To the extent it is determined that any benefits described in Section 5(a)(ii) are taxable to Executive, they are intended to be payable pursuant to Treas. Reg. § 1.409A-1(b)(9)(v), to the maximum extent permitted by said provision.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

NODAK INSURANCE COMPANY

By: /s/ Eric Aasmundstad

Name: Eric Aasmundstad

Title: Board Chair

NI HOLDINGS, INC.

By: /s/ Eric Aasmundstad

Name: Eric Aasmundstad

Title: Board Chair

SETH C. DAGGETT

/s/ Seth C. Daggett

NI HOLDINGS, INC.
POLICY ON INSIDER TRADING

Last Approved: August 20, 2024

This Insider Trading Policy describes the standards of NI Holdings, Inc. and its subsidiaries (the “**Company**”) on trading, and causing the trading of, the Company's securities or securities of certain other publicly traded companies while in possession of confidential information. This Policy is divided into two parts: the first part prohibits trading in certain circumstances and applies to all directors, officers, and employees of the Company and their respective immediate family members and the second part imposes special additional trading restrictions and applies to all (i) directors of the Company, (ii) executive officers of the Company, (iii) the employees listed on Appendix A, and (iv) certain other employees that the Company may designate from time to time as “Covered Persons” because of their position, responsibilities, or their actual or potential access to material information (collectively, “**Covered Persons**”).

One of the principal purposes of the federal securities laws is to prohibit so-called “insider trading.” Simply stated, insider trading occurs when a person uses material nonpublic information obtained through involvement with the Company to make decisions to purchase, sell, give away, or otherwise trade the Company's securities or the securities of certain other companies or to provide that information to others outside the Company. The prohibitions against insider trading apply to trades, tips, and recommendations by virtually any person, including all persons associated with the Company, if the information involved is “material” and “nonpublic.” These terms are defined in this Policy under Part I, Section 3 below. The prohibitions would apply to any director, officer, or employee who buys or sells Company stock on the basis of material nonpublic information that he or she obtained about the Company, its customers, suppliers, partners, competitors, or other companies with which the Company has contractual relationships or may be negotiating transactions.

PART I

I. APPLICABILITY

This Policy applies to all trading or other transactions, including gifts, in (i) the Company's securities, including common stock, options and any other securities that the Company may issue, such as preferred stock, notes, bonds, and convertible securities, as well as to derivative securities relating to any of the Company's securities, whether or not issued by the Company and (ii) the securities of certain other companies, including common stock, options, and other securities issued by those companies as well as derivative securities relating to any of those companies' securities, where the person trading used information obtained while working for the Company.

This Policy applies to all employees of the Company, all officers of the Company, and all members of the Company's board of directors, as well as family members and other persons who reside with such person and any other person whose transactions in Company securities are directed by such person or are subject to such person's influence or control (such as parents or children who consult with such person before they trade in Company securities).

II. GENERAL POLICY: NO TRADING OR CAUSING TRADING WHILE IN POSSESSION OF MATERIAL NONPUBLIC INFORMATION

(a) No director, officer, or employee or any of their immediate family members may purchase or sell, or offer to purchase or sell, any Company security, whether or not issued by the Company, while in possession of material nonpublic information about the Company. (The terms “material” and “nonpublic” are defined in Part I, Section 3(a) and (b) below.)

(b) No director, officer, or employee or any of their immediate family members who knows of any material nonpublic information about the Company may communicate that information to (“tip”) any other person, including family members and friends, or otherwise disclose such information without the Company’s authorization.

(c) No director, officer, or employee or any of their immediate family members may purchase or sell any security of any other company while in possession of material nonpublic information about that company that was obtained in the course of his or her involvement with the Company. No director, officer, or employee who knows of any such material nonpublic information may communicate that information to, or tip, any other person, including family members and friends, or otherwise disclose such information without the Company’s authorization.

(d) For compliance purposes, you should never trade, tip, or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and nonpublic unless you first consult with, and obtain the advance approval of, the Compliance Officer (which is defined in Part I, Section 3(c) below).

(e) Covered Persons must “pre-clear” all trading in securities of the Company in accordance with the procedures set forth in Part II, Section 3 below.

III. DEFINITIONS

(a) **Material.** Insider trading restrictions come into play only if the information you possess is “material.” Materiality, however, involves a relatively low threshold. Information is generally regarded as “material” if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision.

Information dealing with the following subjects is reasonably likely to be found material in particular situations:

- (i) significant changes in the Company's prospects;
 - (ii) significant write-downs in assets or increases in reserves;
 - (iii) developments regarding significant litigation or government agency investigations;
 - (iv) liquidity problems;
 - (v) changes in earnings estimates or unusual gains or losses in major operations;
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- (vi) major changes in the Company's management or board of directors;
- (vii) changes in dividends;
- (viii) extraordinary borrowings;
- (ix) major changes in accounting methods or policies;
- (x) award or loss of a significant contract;
- (xi) cybersecurity risks and incidents, including vulnerabilities and breaches;
- (xii) changes in debt ratings;
- (xiii) proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, or purchases or sales of substantial assets;
- (xiv) offerings of Company securities; and
- (xv) pending statistical reports.

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition, or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular nonpublic information is material, you should presume it is material. **If you are unsure whether information is material, you should either consult the Compliance Officer before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates or assume that the information is material.**

(b) Nonpublic. Insider trading prohibitions come into play only when you possess information that is material and "nonpublic." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public", the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the second trading day after the information was publicly disclosed before you can treat the information as public.

Nonpublic information may include:

- (i) information available to a select group of analysts or brokers or institutional investors;
 - (ii) undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and
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(iii) information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two trading days).

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the Compliance Officer or assume that the information is nonpublic and treat it as confidential.

(c) Compliance Officer. The Company has appointed the Chief Financial Officer as the Compliance Officer for this Policy. The duties of the Compliance Officer include, but are not limited to, the following:

- (i) assisting with implementation and enforcement of this Policy;
- (ii) circulating this Policy to all employees and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;
- (iii) pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Part II, Section 3 below;
- (iv) providing approval of any Rule 10b5-1 plans under Part II, Section 1(c) below and any prohibited transactions under Part II, Section 4 below; and
- (v) providing a reporting system with an effective whistleblower protection mechanism.

IV. EXCEPTIONS

The trading restrictions of this Policy do not apply to exercising stock options granted under the Company's equity incentive plans for cash or the delivery of previously owned Company stock. However, the sale of any shares issued on the exercise of Company-granted stock options and any cashless exercise of Company-granted stock options are subject to trading restrictions under this Policy.

V. VIOLATIONS OF INSIDER TRADING LAWS

Penalties for trading on or communicating material nonpublic information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties, and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

(a) Legal Penalties. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material nonpublic information can be sentenced to a substantial jail term and required to pay a criminal penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom he or she has disclosed material nonpublic information. Tipsters can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipster did not profit from the transaction.

The SEC can also seek substantial civil penalties from any person who, at the time of an insider trading violation, “directly or indirectly controlled the person who committed such violation,” which would apply to the Company and/or management and supervisory personnel. Even for violations that result in a small or no profit, the SEC can seek penalties from a company and/or its management and supervisory personnel as control persons.

(b) Company-imposed Penalties. Compliance with the policies of the Company is a condition of continued employment or service with the Company of each employee, officer and director. An employee’s failure to comply with the Company’s insider trading policy will subject the employee to Company-imposed sanctions, which may include dismissal for cause, whether or not the employee’s failure to comply results in a violation of law. Any exceptions to the Policy, if permitted, may only be granted by the Compliance Officer and must be provided before any activity contrary to the above requirements takes place. The Company reserves the right to determine, in its own discretion and on the basis of the information available to it, whether this Policy has been violated. The Company may also determine that specific conduct violates this Policy whether or not the conduct also violates the law. It is not necessary for the Company to wait for the filing or conclusion of a civil or criminal action against the alleged violator before taking disciplinary action.

VI. INQUIRIES

If you have any questions regarding any of the provisions of this Policy, please contact the Compliance Officer Seth Daggett at [*****], or 1101 1st Avenue North, Fargo, North Dakota 58102 for written inquiries.

PART II

I. BLACKOUT PERIODS

All Covered Persons are prohibited from trading in the Company's securities during blackout periods as defined below.

(a) Quarterly Blackout Periods. Trading in the Company's securities is prohibited during the period beginning at the close of the market two weeks before the end of each fiscal quarter and ending at the close of business on the second day following the date the Company's financial results are publicly disclosed. During these periods, Covered Persons generally possess or are presumed to possess material nonpublic information about the Company's financial results.

(b) Other Blackout Periods. From time to time, other types of material nonpublic information regarding the Company (such as negotiation of mergers, acquisitions, or dispositions) may be pending and not be publicly disclosed. While such material nonpublic information is pending, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected.

(c) Exception. These trading restrictions do not apply to transactions under a pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 under the Securities Exchange Act of 1934 (an “**Approved 10b5-1 Plan**”) that meets the requirements described in Rule 10b5-1 and the following requirements:

- (i) it has been reviewed and approved by the Compliance Officer at least one month in advance of being entered into (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Compliance Officer at least one month in advance of being entered into);
- (ii) it provides that no trades may occur thereunder until expiration of the applicable cooling-off period specified in Rule 10b5-1(c)(ii)(B), and no trades occur until after that time. The appropriate cooling-off period will vary based on the status of the Covered Person. For directors and officers, the cooling-off period ends on the latter of (x) ninety days after adoption or certain modifications of the 10b5-1 plan; or (y) two business days following disclosure of the Company’s financial results in a Form 10-Q or Form 10-K for the quarter in which the 10b5-1 plan was adopted. In no case will the cooling-off period for directors and officers exceed 120 days. For all other Covered Persons, if a cooling-off period is required under Rule 10b5-1, the cooling-off period ends 30 days after adoption or modification of the 10b5-1 plan.
- (iii) it is entered into in good faith by the Covered Person, and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, at a time when the Covered Person is not in possession of material nonpublic information about the Company; and, if the Covered Person is a director or officer, the 10b5-1 plan must include representations by the Covered Person certifying to that effect;
- (iv) it gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material nonpublic information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions; and
- (v) it is the only outstanding Approved 10b5-1 Plan entered into by the Covered Person (subject to the exceptions set out in Rule 10b5-1(c)(ii)(D)).

No Approved 10b5-1 Plan may be adopted during a blackout period.

If you are considering entering into, modifying, or terminating an Approved 10b5-1 Plan or have any questions regarding Approved 10b5-1 Plans, please contact the Compliance Officer. You should consult your own legal and tax advisors before entering into, or modifying or terminating, an Approved 10b5-1 Plan. A trading plan, contract, instruction, or arrangement will not qualify as an Approved 10b5-1 Plan without the prior review and approval of the Compliance Officer as described above.

II. TRADING WINDOW

Covered Persons are permitted to trade in the Company's securities when no blackout period is in effect. However, even during this trading window, a Covered Person who is in possession of any material nonpublic information should not trade in the Company's securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout period under Part II, Section 1(b) above is imposed and will re-open the trading window once the special blackout period has ended.

III. PRE-CLEARANCE OF SECURITIES TRANSACTIONS

(a) Because Covered Persons are likely to obtain material nonpublic information on a regular basis, the Company requires all such persons to refrain from trading, even during a trading window under Part II, Section 2 above, without first pre-clearing all transactions in the Company's securities.

(b) Subject to the exemption in subsection (c) below, no Covered Person may, directly or indirectly, purchase or sell (or otherwise make any transfer, gift, pledge, or loan of) any Company security at any time without first obtaining prior approval from the Compliance Officer. These procedures also apply to transactions by family members or other persons who reside with such person and any other person whose transactions in Company securities are directed by such person or are subject to such person's influence or control (such as parents or children who consult with such person before they trade in Company securities), and to transactions by entities over which such person exercises control.

(c) The Compliance Officer shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked, a grant of permission will normally remain valid until the close of trading two business days following the day on which it was granted. If the transaction does not occur during the two-day period, pre-clearance of the transaction must be re-requested.

(d) Pre-clearance is not required for purchases and sales of securities under an Approved 10b5-1 Plan once the applicable cooling-off period has expired. No trades may be made under an Approved 10b5-1 Plan until expiration of the applicable cooling-off period. With respect to any purchase or sale under an Approved 10b5-1 Plan, the third party effecting transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the Compliance Officer.

IV. PROHIBITED TRANSACTIONS

(a) Directors and executive officers of the Company are prohibited from trading in the Company's equity securities during a blackout period imposed under an "individual account" retirement or pension plan of the Company, during which at least 50% of the plan participants are unable to purchase, sell, or otherwise acquire or transfer an interest in equity securities of the Company, due to a temporary suspension of trading by the Company or the plan fiduciary.

(b) Covered Persons, including any person's spouse, other persons living in such person's household, and minor children, and entities over which such person exercises control, are prohibited from engaging in the following transactions in the Company's securities unless advance approval is obtained from the Compliance Officer:

(i) Short-term trading. Covered Persons who purchase Company securities may not sell any Company securities of the same class for at least six months after the purchase;

(ii) Short sales. Covered Persons may not sell the Company's securities short;

(iii) Options trading. Covered Persons may not buy or sell puts or calls or other derivative securities on the Company's securities;

(iv) Trading on margin or pledging. Covered Persons may not hold Company securities in a margin account or pledge Company securities as collateral for a loan; and

(v) Hedging. Covered Persons may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities.

V. ACKNOWLEDGMENT AND CERTIFICATION

All employees and directors are required to sign the attached acknowledgment and certification.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company's Insider Trading Policy. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of nonpublic information.

(Signature)

(Please print name)

Date: _____

APPENDIX A

NI Holdings Board Members

Leadership Team

- Chief Executive Officer
- EVP, Treasurer & Chief Financial Officer
- SVP Operations
- VP, Corporate Administration & Secretary
- VP, Financial Planning & Analysis
- VP, Corporate Controller
- VP, Claims
- VP, Underwriting & Reinsurance
- Chief Actuary
- Director of Actuarial
- Direct Auto President
- Direct Auto VP Claims
- Primero VP Underwriting
- Primero VP Claims

Key Financial Employees

- Director of Accounting
- Senior Financial Consultant
- Senior Accountant
- Staff Accountant
- Financial Reporting Coordinator
- Senior Accounting Specialist
- Director of Finance
- Finance Manager
- Director of Financial Planning & Analysis

SUBSIDIARIES OF NI HOLDINGS, INC.

Company	State of Organization	Percentage of Equity Owned Directly or Indirectly
Nodak Insurance Company	North Dakota	100%
American West Insurance Company	North Dakota	100%
Tri-State Ltd.	South Dakota	100%
Primero Insurance Company	North Dakota	100%
Nodak Agency, Inc.	North Dakota	100%
Battle Creek Mutual Insurance Company	North Dakota	100%
Direct Auto Insurance Company	North Dakota	100%

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (Nos. 333-221630 and 333-239645, etc.) of our report dated March 7, 2025, with respect to the consolidated financial statements, and financial statement schedule of NI Holdings Inc. and Subsidiaries as of December 31, 2024, and for the year then ended, and the effectiveness of internal control over financial reporting, as of December 31, 2024, which is included in this Annual Report on Form 10-K.

/s/ Forvis Mazars, LLP

New York, New York

March 7, 2025

CONSENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the registration statements on Form S-8 (File Nos. 333-221630 and 333-239645) of our report dated March 15, 2024 relating to the consolidated financial statements, and financial statement schedule of NI Holdings Inc. and Subsidiaries listed in Item 15(a) (2), appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ Mazars USA LLP

Fort Washington, PA
March 7, 2025

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Seth C. Daggett, certify that:

1. I have reviewed this annual report on Form 10-K of NI Holdings, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 7, 2025

/s/ Seth C. Daggett
Seth C. Daggett
President and Chief Executive Officer
(Principal Financial Officer)

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Matthew J. Maki, certify that:

1. I have reviewed this annual report on Form 10-K of NI Holdings, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 7, 2025

/s/ Matthew J. Maki

Matthew J. Maki
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of NI Holdings, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Seth C. Daggett, President and Chief Executive Officer, and Matthew J. Maki, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 7, 2025

/s/ Seth C. Daggett
Seth C. Daggett
President and Chief Executive Officer
(Principal Financial Officer)

March 7, 2025

/s/ Matthew J. Maki
Matthew J. Maki
Chief Financial Officer
(Principal Financial Officer)
