

Nonprofits Insurance Alliance of California, Inc.

Audited Financial Statements

*Years ended December 31, 2022 and 2021
with Report of Independent Auditors*

Nonprofits Insurance Alliance of California, Inc.

Audited Financial Statements

Years ended December 31, 2022 and 2021

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Report of Independent Auditors

Audit Committee of the Board of Directors
Nonprofits Insurance Alliance of California, Inc.

Opinion

We have audited the financial statements of Nonprofits Insurance Alliance of California, Inc. (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of comprehensive income, changes in total equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the disclosures about short-duration insurance contracts, including incurred and cumulative paid losses and allocated loss adjustment expenses, net of reinsurance and average annual percentage payout of incurred losses by age, net of reinsurance, on pages 26 - 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Johnson Lambert LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
March 15, 2023

Nonprofits Insurance Alliance of California, Inc.

Balance Sheets

As of December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 13,590,614	\$ 11,009,654
Investments in debt securities	234,569,561	261,912,047
Investments in equity securities	20,885,734	26,068,759
Loans receivable from member organizations	523,585	591,190
Premium receivable, net	32,548,935	26,416,999
Agents balances	5,442,702	7,791,934
Interest receivable	1,387,219	1,198,295
Prepaid expenses and other assets	83,596	80,316
Reinsurance recoverable	46,437,076	40,200,043
Prepaid reinsurance premium	17,482,502	15,046,694
Deferred acquisition costs	8,451,719	7,208,337
Property and equipment, net	<u>24,060,075</u>	<u>24,786,983</u>
Total assets	<u><u>\$ 405,463,318</u></u>	<u><u>\$ 422,311,251</u></u>
Liabilities and Total Equity		
Liabilities		
Loss and loss adjustment expense reserves	\$ 184,269,795	\$ 164,164,925
Unearned premium	64,964,052	55,910,261
Accounts payable and other accrued liabilities	1,155,681	2,545,659
Payable to affiliates	3,497,444	1,688,212
Reinsurance premium payable	1,578,491	3,761,042
Dividend payable	<u>-</u>	<u>1,045,065</u>
Total liabilities	<u>255,465,463</u>	<u>229,115,164</u>
Total Equity		
Members' contributions	900,507	900,507
Accumulated earnings	176,504,320	186,277,141
Accumulated other comprehensive (loss) income	<u>(27,406,972)</u>	<u>6,018,439</u>
Total equity	<u>149,997,855</u>	<u>193,196,087</u>
Total liabilities and equity	<u><u>\$ 405,463,318</u></u>	<u><u>\$ 422,311,251</u></u>

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

Nonprofits Insurance Alliance of California, Inc.

Statements of Comprehensive Income

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Gross written premium	\$ 130,326,236	\$ 113,380,196
Ceded written premium	<u>(35,713,020)</u>	<u>(30,630,212)</u>
Net written premium	94,613,216	82,749,984
Change in unearned premium, net	<u>(6,617,983)</u>	<u>(4,924,097)</u>
Net earned premium	87,995,233	77,825,887
Net investment income	6,352,556	5,902,516
Net investment (loss) gain on securities	(6,115,927)	6,003,508
Other income	<u>470,050</u>	<u>497,989</u>
Total revenues	<u>88,701,912</u>	<u>90,229,900</u>
Expenses		
Losses and loss adjustment expenses, net	72,632,565	57,555,610
Commission expense, net	11,585,203	10,458,103
Management fee	12,543,721	10,305,243
Other expenses	<u>1,601,979</u>	<u>1,921,695</u>
Total expenses	<u>98,363,468</u>	<u>80,240,651</u>
Excess of (expenses over revenue) revenue over expenses, prior to dividend	(9,661,556)	9,989,249
Dividend to policyholders	<u>(111,265)</u>	<u>(2,903,829)</u>
Net (loss) income	(9,772,821)	7,085,420
Other comprehensive loss		
Net unrealized holding losses arising during the year	(33,679,183)	(8,023,723)
Reclassification adjustment for net realized losses (gains) included in net (loss) income	<u>253,772</u>	<u>(929,128)</u>
Other comprehensive loss	<u>(33,425,411)</u>	<u>(8,952,851)</u>
Comprehensive loss	<u><u>\$ (43,198,232)</u></u>	<u><u>\$ (1,867,431)</u></u>

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

Nonprofits Insurance Alliance of California, Inc.

Statements of Changes in Total Equity

Years Ended December 31, 2022 and 2021

	Members' Contributions	Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances, January 1, 2021	\$ 900,507	\$ 179,191,721	\$ 14,971,290	\$ 195,063,518
Net income	-	7,085,420	-	7,085,420
Other comprehensive loss (debt securities only)	-	-	(8,952,851)	(8,952,851)
Balances, December 31, 2021	900,507	186,277,141	6,018,439	193,196,087
Net loss	-	(9,772,821)	-	(9,772,821)
Other comprehensive loss (debt securities only)	-	-	(33,425,411)	(33,425,411)
Balances, December 31, 2022	<u>\$ 900,507</u>	<u>\$ 176,504,320</u>	<u>\$ (27,406,972)</u>	<u>\$ 149,997,855</u>

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

Nonprofits Insurance Alliance of California, Inc.

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net (loss) income	\$ (9,772,821)	\$ 7,085,420
Adj. to reconcile net income to net cash from operating activities		
Net investment loss (gain) on securities	6,115,927	(6,003,508)
Depreciation and amortization	726,908	726,069
Amortization of premium on debt securities	634,498	1,416,620
Changes in operating assets and liabilities		
Premium receivable	(6,131,936)	(4,058,899)
Agents balances	2,349,232	(2,847,365)
Interest receivable	(188,924)	(20,795)
Prepaid expenses and other assets	(3,280)	(8,352)
Reinsurance recoverable	(6,237,033)	(5,372,451)
Prepaid reinsurance premium	(2,435,808)	(1,995,410)
Deferred acquisition costs	(1,243,382)	(900,957)
Loss and loss adjustment expense reserves	20,104,870	16,732,812
Unearned premium	9,053,791	6,919,507
Reinsurance payable	(2,182,551)	707,199
Dividend payable	(1,045,065)	15,551
Payable to affiliates	1,809,232	560,791
Accounts payable and other accrued liabilities	<u>(1,389,979)</u>	<u>266,201</u>
Net cash flows from operating activities	10,163,679	13,222,433
Cash flows from investing activities		
Purchases of investments	(61,477,279)	(117,972,720)
Proceeds from sales and maturities of investments	53,826,955	99,867,231
Principal collected on loans	67,605	89,532
Purchases of property and equipment	<u>-</u>	<u>(4,064)</u>
Net cash used in investing activities	<u>(7,582,719)</u>	<u>(18,020,021)</u>
Net change in cash and cash equivalents	2,580,960	(4,797,588)
Cash and cash equivalents, beginning of year	<u>11,009,654</u>	<u>15,807,242</u>
Cash and cash equivalents, end of year	<u><u>\$ 13,590,614</u></u>	<u><u>\$ 11,009,654</u></u>

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

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements

Years ended December 31, 2022 and 2021

Note 1 - Organization

Nonprofits Insurance Alliance of California, Inc. (the Company) is a nonprofit organization incorporated in 1988 in the State of California. The Company operates in California as a risk pool pursuant to authorization under Section 5005.1 of the California Corporations Code. The Company is not subject to the rules, regulation and supervision of the California Department of Insurance.

The Company is a member of the Nonprofits Insurance Alliance (NIA), which consists of nonprofit companies whose primary activities serve 501(c)(3) tax-exempt nonprofit organizations by providing a source of liability and property insurance coverage tailored to the specialized needs of the nonprofit sector, and assisting these organizations to develop and implement successful loss control and risk management programs. NIA includes the Company, Alliance of Nonprofits for Insurance, Risk Retention Group, Inc. (ANI), National Alliance of Nonprofits for Insurance, Inc. (NANI), Alliance Member Services, Inc. (AMS), and AMS Insurance Services, Inc. (AMSIS).

Organizations which meet the following requirements may become members of the Company: (1) nonprofit organizations which are incorporated in California or qualified to do business in California; (2) which have received and maintain current and unrevoked determination of tax exempt status under Section 501(c)(3) of the Internal Revenue Code; and (3) which pay the premium for such coverages and any required membership contribution. Because the Company is nonassessable, the member insureds of the Company are not liable for the Company's liabilities should they exceed the Company's assets.

The Company provides commercial general liability, employee benefits liability, social service professional liability, business auto liability, auto physical and property damage, employer's non owned and hired automobile liability, improper sexual conduct and physical abuse liability, directors' and officers' (D&O) liability, umbrella liability, and business property risks coverage to its members. Employment practices liability is available on the D&O liability coverage form. Typical liability limits are \$1 million per occurrence with aggregate limits of \$3 million available. Coverage is provided on an occurrence basis for all except improper sexual conduct and physical abuse liability and D&O liability which are provided on an event trigger coverage form. Claims-made options are available on improper sexual conduct and physical abuse coverage and social services professional liability. Defense is included in the limits of the improper sexual conduct and physical abuse liability as well as employee benefits liability. Employee benefits liability is provided on a claims-made form. The Company also offers umbrella coverage for liability policies up to \$10 million. The Company reinsures part of the coverages as described in Note 7.

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Company follows accounting and reporting policies for insurance enterprises.

Financial Statement Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit and money market mutual funds, and any securities with original maturities within three months of the acquisition date. The Company maintains certain cash and cash equivalent balances that exceed Federal Deposit Insurance Company insurance thresholds, which management does not consider to be a significant risk.

Investments

Investments in debt securities are classified as available for sale and are reported at fair value, with unrealized gains and losses reported as a component of other comprehensive income. Estimated fair values of debt securities are generally based on average bid prices, or the average bid prices of similar issues with the same life and expected yields.

Equity securities are reported at fair value with changes in fair value recognized in net income. Estimated fair values of equity securities are based on quoted market prices for identical assets in active markets.

Realized investment gains and losses are recognized based upon the specific identification of investments sold. Debt securities are considered impaired when the fair value of the security is less than its cost or amortized cost. When a debt security is impaired, the Company must make a determination as to whether the impairment is other-than-temporary.

Factors considered in identifying other-than-temporary impairment (OTTI) for debt securities include: (1) whether the Company intends to sell the investment or whether it is more likely than not that the Company will be required to sell the security prior to an anticipated recovery in value; (2) the likelihood of the recoverability of principal and interest for debt securities (i.e., whether there is a credit loss); (3) the length of time and extent to which the fair value has been less than amortized cost; and (4) the financial condition, near-term and long-term prospects for the issuer, including the relevant industry conditions and trends, and implications of rating agency actions and offering prices. Any such write downs are reported as realized losses on debt securities.

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Equity securities with readily determinable fair values are no longer subject to the OTTI evaluation.

The Company invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, liquidity, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported on the balance sheets.

Premium Receivable and Agents Balances

The Company includes in premium receivable the unpaid balance of premium due from policyholders that are payable in full on the effective date of the insurance policy or in installments under the Company's installment payment plan. AMS collects premium on behalf of the Company and remits it to the Company. Agents balances include premium collected by AMS on behalf of the Company and not yet remitted. Management continually monitors its receivables for collectibility, and any accounts deemed uncollectible are written off in the period the determination is made. During both 2022 and 2021, the Company wrote off \$18,000 of premium receivable. As of December 31, 2022 and 2021, the Company recorded an allowance for uncollectible amounts of \$86,196 and \$73,177, respectively.

Reinsurance

Reinsurance recoverable (including amounts related to claims incurred but not reported) and prepaid reinsurance premiums are reported as assets. Reinsurance recoverable on unpaid losses and loss adjustment expenses is estimated in a manner consistent with the gross liabilities relating to the underlying insured contracts, as discussed below. Management continually monitors its reinsurance balances for collectibility, including a review of reinsurer creditworthiness, and any accounts deemed uncollectible are written off in the period the determination is made. No allowance for uncollectible amounts was recorded as of December 31, 2022 and 2021. Reinsurance payable represents ceded premium unpaid. Ceding commissions are recorded based on ceded written premium, and are deferred and recognized over the policy term, as discussed in the following paragraph. Ceding commissions are reported as an offset to commission expense.

Deferred Acquisition Costs

Policy acquisition costs are deferred and amortized over the period of premium recognition. Deferred acquisition costs include commissions (net of ceding commissions) and departmental costs associated with successful policy issuance. Amortization of acquisition costs was \$15,569,456 and \$13,679,247 for 2022 and 2021, respectively. Anticipated investment income is not considered in determining if a premium deficiency exists. No premium deficiency reserve has been recorded as of December 31, 2022 or 2021.

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

Data processing equipment, purchased software, office furniture and equipment are stated at cost, net of accumulated depreciation, and depreciated over five years using the straight-line method. Building is stated at cost, net of accumulated depreciation, and depreciated over 40 years using the straight-line method. Land is stated at historical cost. Upon retirement or disposition of property and equipment, any gain or loss is included in other income on the statements of comprehensive income.

High Deductible Policies

Policies may be underwritten with deductibles ranging from \$25,000 to \$250,000. The Company has 3 policies in force with high deductibles of \$100,000 or more as of December 31, 2022 and 2021, which may be unsecured or may require the policyholder to provide collateral to secure obligations up to the estimated policyholder liabilities.

Liability for Losses and Loss Adjustment Expenses

The liability for losses and loss adjustment expenses (LAE) consists of estimated costs of each unpaid claim reported prior to the close of the accounting period, as well as those incurred but not yet reported. Management believes that the reserves for losses and LAE at December 31, 2022 and 2021 are appropriately established in the aggregate and are adequate to cover the ultimate cost of reported and unreported claims attaching by that date, based upon an actuarial analysis prepared by a consulting actuary. The establishment of appropriate reserves is an inherently uncertain process. Reserves are based on management's best estimates and the ultimate net cost may vary from these estimates. These estimates are regularly reviewed and updated using the most current information available. Any resulting adjustments, which may be material, are reflected in current operations.

Revenue Recognition

Premiums are recognized as earned on a pro rata basis over the terms of the policies, usually twelve months. Unearned premium reserves are established to cover the unexpired portion of premium written.

Policyholder Dividend

The Company accrues for policyholder dividends on the date that they are declared by the Board of Directors, based on the estimated ultimate payout. Changes in the estimated ultimate payout are recognized in current operations.

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company is tax-exempt for federal tax purposes under Section 501(c)(3) of the Internal Revenue Code, and is tax-exempt in the State of California according to Section 23701z of the Revenue and Taxation Code. During the years ended December 31, 2022 and 2021, the Company did not have any income subject to taxation as unrelated business income. Management concluded that the Company has properly maintained its exempt status and that no uncertain tax positions exist as of December 31, 2022.

Subsequent Events

The Company evaluated subsequent events through March 15, 2023, the date on which these financial statements were available to be issued, and considered any relevant matters in the preparation of the financial statements and note disclosures.

Note 3 - Investments

Investments in debt securities, carried in the accompanying balance sheets at estimated fair value, consist of the following as of December 31:

<u>2022</u>	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
U.S. government and agency obligations	\$ 30,830,515	\$ -	\$ 4,828,600	\$ 26,001,915
Municipal obligations	19,793,760	1,860	2,081,994	17,713,626
Corporate obligations	113,902,373	5,530	11,831,838	102,076,065
Residential mortgage-backed securities	69,855,634	60,483	7,003,070	62,913,047
Commercial mortgage-backed securities	7,152,775	-	719,907	6,432,868
Automobile asset-backed securities	20,441,482	-	1,009,442	19,432,040
Total debt securities	<u>\$261,976,539</u>	<u>\$ 67,873</u>	<u>\$ 27,474,851</u>	<u>\$234,569,561</u>
<u>2021</u>	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
U.S. government and agency obligations	\$ 23,540,260	\$ 1,434,010	\$ 158,355	\$ 24,815,915
Municipal obligations	20,341,190	619,781	95,147	20,865,824
Corporate obligations	116,677,590	3,613,064	896,166	119,394,488
Residential mortgage-backed securities	62,752,122	2,025,022	295,191	64,481,953
Commercial mortgage-backed securities	7,854,169	21	100,604	7,753,586
Automobile asset-backed securities	24,728,246	26,812	154,777	24,600,281
Total debt securities	<u>\$255,893,577</u>	<u>\$ 7,718,710</u>	<u>\$ 1,700,240</u>	<u>\$261,912,047</u>

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 3 - Investments (Continued)

The cost and estimated fair value of investments in debt securities at December 31, 2022, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or repayment penalties.

	Cost	Estimated Fair Value
Due in 1 year or less	\$ 5,972,524	\$ 5,899,678
Due after 1 year through 5 years	74,379,658	69,086,203
Due after 5 years through 10 years	63,869,870	54,463,195
Due after 10 years	20,304,596	16,342,530
Residential mortgage-backed securities	69,855,634	62,913,047
Commercial mortgage-backed securities	7,152,775	6,432,868
Automobile asset-backed securities	20,441,482	19,432,040
	<u>\$ 261,976,539</u>	<u>\$ 234,569,561</u>

Residential mortgage-backed securities consist entirely of issues of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Government National Mortgage Association (Ginnie Mae).

At December 31, 2022 and 2021, unrealized losses on debt securities were as follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value
<u>2022</u>						
U.S. government and agency obligations	\$ 3,693,575	\$ 21,659,139	\$ 1,135,025	\$ 4,342,776	\$ 4,828,600	\$ 26,001,915
Municipal obligations	1,230,138	12,099,994	851,856	5,111,773	2,081,994	17,211,767
Corporate obligations	5,767,569	65,372,122	6,064,269	34,856,724	11,831,838	100,228,846
Residential mortgage- backed securities	3,615,528	44,333,693	3,387,542	15,870,011	7,003,070	60,203,704
Commercial mortgage-backed securities	96,061	1,204,024	623,846	5,228,844	719,907	6,432,868
Automobile asset- backed securities	75,914	1,949,004	933,528	17,483,036	1,009,442	19,432,040
	<u>\$ 14,478,785</u>	<u>\$ 146,617,976</u>	<u>\$ 12,996,066</u>	<u>\$ 82,893,164</u>	<u>\$ 27,474,851</u>	<u>\$ 229,511,140</u>

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 3 - Investments (Continued)

	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value
<u>2021</u>						
U.S. government and agency obligations	\$ 57,620	\$ 8,282,988	\$ 100,735	\$ 1,342,672	\$ 158,355	\$ 9,625,660
Municipal obligations	66,377	5,271,289	28,770	937,088	95,147	6,208,377
Corporate obligations	812,964	41,942,175	83,202	1,638,661	896,166	43,580,836
Residential mortgage- backed securities	259,429	20,059,480	35,762	1,619,704	295,191	21,679,184
Commercial mortgage-backed securities	76,407	5,680,959	24,197	770,838	100,604	6,451,797
Automobile asset- backed securities	154,777	21,223,599	-	-	154,777	21,223,599
	<u>\$ 1,427,574</u>	<u>\$ 102,460,490</u>	<u>\$ 272,666</u>	<u>\$ 6,308,963</u>	<u>\$ 1,700,240</u>	<u>\$ 108,769,453</u>

At December 31, 2022 and 2021, 567 and 220 debt securities, respectively, were in an unrealized loss position. The unrealized losses on the Company's investments in debt securities were caused primarily by interest rate changes during the year. Based upon management's evaluation of the impairment considerations disclosed in Note 2, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2022 and 2021.

Current accounting guidance establishes a three-level hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1), the next priority to quoted prices for identical assets in inactive markets or similar assets in active markets (Level 2) and the lowest priority to unobservable inputs (Level 3).

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 3 - Investments (Continued)

The following table presents the Company's investment securities within the fair value hierarchy, indicating the objectivity and reliability of the inputs used to value those securities at December 31:

<u>2022</u>	<u>Estimated Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt securities:				
U.S. government and agency obligations	\$ 26,001,915	\$ 26,001,915	\$ -	\$ -
Municipal obligations	17,713,626	-	17,713,626	-
Corporate obligations	102,076,065	-	102,076,065	-
Residential mortgage-backed securities	62,913,047	-	62,913,047	-
Commercial mortgage-backed securities	6,432,868	-	6,432,868	-
Automobile asset-backed securities	19,432,040	-	19,432,040	-
Total debt securities	234,569,561	26,001,915	208,567,646	-
Equity securities	20,885,734	20,885,734	-	-
Total investments	<u>\$255,455,295</u>	<u>\$ 46,887,649</u>	<u>\$208,567,646</u>	<u>\$ -</u>
<u>2021</u>	<u>Estimated Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt securities				
U.S. government and agency obligations	\$ 24,815,915	\$ 24,815,915	\$ -	\$ -
Municipal obligations	20,865,824	-	20,865,824	-
Corporate obligations	119,394,488	-	119,394,488	-
Residential mortgage-backed securities	64,481,953	-	64,481,953	-
Commercial mortgage-backed securities	7,753,586	-	7,753,586	-
Automobile asset-backed securities	24,600,281	-	24,600,281	-
Total debt securities	261,912,047	24,815,915	237,096,132	-
Equity securities	26,068,759	26,068,759	-	-
Total investments	<u>\$287,980,806</u>	<u>\$ 50,884,674</u>	<u>\$237,096,132</u>	<u>\$ -</u>

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 3 - Investments (Continued)

The components of net investment gain on securities for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Investment (losses) gains:		
Equity securities		
Unrealized (loss) gain on equity securities held as of December 31	\$ (5,862,155)	\$ 2,352,411
Gain recognized during the year on securities sold	<u>-</u>	<u>2,721,969</u>
Total	(5,862,155)	5,074,380
Debt securities		
Gross realized gains	198,888	1,240,290
Gross realized losses	<u>(452,660)</u>	<u>(311,162)</u>
Total	(253,772)	929,128
Total net investment (loss) gain on securities	<u>\$ (6,115,927)</u>	<u>\$ 6,003,508</u>

Note 4 - Loans Receivable from Member Organizations

In 2015 a loan fund was created and approved by the Board of Directors to allow the Company to issue short term loans to member organizations. Loans are issued at a 6% interest rate with a maximum 12 month term. The loan fund limit is \$1,500,000 with a maximum loan of \$75,000, as approved by the Board of Directors. Interest income from these loans is included in other income on the statements of comprehensive income. Management continually monitors its loans for collectibility, and any accounts deemed uncollectible are written off in the period the determination is made. In 2018 the Board of Directors approved the issuance of a loan to American Nonprofits for \$500,000 for a three year term at a fixed 1% interest rate. In 2022 and 2021 the Board of Directors approved to extend the loan for one year. There were no material amounts written off during 2022 and 2021. As of December 31, 2022 and 2021, the Company has not recorded an allowance for doubtful accounts.

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 5 - Property and Equipment

Property and equipment at December 31 consists of:

	2022	2021
Computers and software	\$ 332,541	\$ 332,541
Building	22,677,256	22,677,256
Furniture and fixtures	727,825	727,825
	23,737,622	23,737,622
Accumulated depreciation	(2,015,659)	(1,288,751)
	21,721,963	22,448,871
Land	2,338,112	2,338,112
Property and equipment, net	<u>\$ 24,060,075</u>	<u>\$ 24,786,983</u>

The Company recognized depreciation and amortization expense of \$726,908 and \$726,069 for the years ended December 31, 2022 and 2021, respectively.

Note 6 - Loss and Loss Adjustment Expense Reserves

Activity in the loss and LAE reserves for 2022 and 2021 is summarized as follows:

	2022	2021
Gross loss and LAE, January 1	\$ 164,164,925	\$ 147,432,113
Reinsurance recoverable on unpaid loss and LAE	(40,284,368)	(35,046,912)
Net loss and LAE reserves	<u>123,880,557</u>	<u>112,385,201</u>
Incurred related to		
Current year	62,421,482	54,413,033
Prior years	10,211,083	3,142,577
Total incurred	<u>72,632,565</u>	<u>57,555,610</u>
Paid related to		
Current year	11,744,010	8,912,672
Prior years	46,744,053	37,147,582
Total paid	<u>58,488,063</u>	<u>46,060,254</u>
Net loss and LAE reserves, December 31	138,025,059	123,880,557
Reinsurance recoverable on unpaid loss and LAE	<u>46,244,736</u>	<u>40,284,368</u>
Gross loss and LAE reserves, December 31	<u>\$ 184,269,795</u>	<u>\$ 164,164,925</u>

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 6 - Loss and Loss Adjustment Expense Reserves (Continued)

As a result of changes in estimates of insured events in prior years, the loss and LAE reserves related to prior accident years increased by a net \$10,211,083 and \$3,142,577 for the years ended December 31, 2022 and 2021, respectively. Driving the 2022 development changes are unfavorable development primarily on the auto liability and D&O lines driven by a combination of inflationary increases and claim severity. This adverse development is offset partially by favorable development on the improper sexual conduct and physical abuse line. The reserve development in 2021 is considered de minimis. As of December 31, 2022 and 2021, the amounts billed and recoverable for deductible policies were \$1,257,268 and \$452,906, respectively. These amounts are reported as offsets to losses and LAE incurred in the statements of comprehensive income.

The reconciliation of the net incurred and paid losses development tables to the liability for losses and LAE on the balance sheet as of December 31, 2022 is as follows:

Net outstanding liabilities	
Auto Physical Damage	\$ 391,222
Auto Liability	20,661,218
Directors & Officers	36,405,017
General Liability	29,895,356
Improper Sexual Conduct and Physical Abuse	28,700,087
Social Services Professional	11,383,165
Umbrella	2,160,056
Property	2,610,900
Liabilities for unpaid losses and LAE, net of reinsurance	<u>132,207,021</u>
Reinsurance recoverable	
Auto Physical Damage	385,756
Auto Liability	1,987,982
Directors & Officers	311,290
General Liability	3,522,021
Improper Sexual Conduct and Physical Abuse	4,829,212
Social Services Professional	2,162,480
Umbrella	22,333,886
Property	10,712,109
Total reinsurance recoverable on unpaid losses and LAE	<u>46,244,736</u>
Unallocated LAE	<u>5,818,038</u>
Total gross liability for unpaid losses and LAE	<u><u>\$ 184,269,795</u></u>

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 6 - Loss and Loss Adjustment Expense Reserves (Continued)

The following is information about incurred and cumulative paid losses and LAE, net of reinsurance, and total incurred-but-not-reported (IBNR) liabilities plus expected development on reported claims, net of reinsurance and the cumulative number of reported claims as of December 31, 2022, by category:

Auto Physical Damage

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2013	\$ 587,444	\$ 587,444	\$ -	605
2014	727,304	727,304	-	695
2015	710,560	710,530	30	784
2016	899,495	899,494	1	854
2017	879,156	879,153	3	853
2018	1,145,068	1,145,078	(10)	678
2019	1,193,928	1,197,750	178	880
2020	1,200,261	1,198,246	1,915	841
2021	1,848,672	1,798,346	48,491	1,063
2022	2,324,089	1,981,410	26,497	1,204
Total	<u>\$ 11,515,977</u>	<u>\$ 11,124,755</u>	<u>\$ 77,105</u>	

Auto Liability

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2013	\$ 6,068,446	\$ 6,068,462	\$ -	836
2014	4,731,365	4,731,338	12	900
2015	7,565,728	7,545,423	2,454	945
2016	6,876,544	6,876,534	(14)	971
2017	5,746,299	4,860,790	177,816	872
2018	7,089,106	6,529,282	17,992	679
2019	11,892,939	8,441,180	367,223	761
2020	7,211,066	4,135,880	1,302,478	526
2021	8,573,635	2,947,213	1,349,238	647
2022	9,018,639	1,976,447	4,019,314	782
Total	<u>\$ 74,773,767</u>	<u>\$ 54,112,549</u>	<u>\$ 7,236,513</u>	

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 6 - Loss and Loss Adjustment Expense Reserves (Continued)

Directors & Officers

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2013	\$ 8,809,503	\$ 8,739,416	\$ 9,871	261
2014	8,551,046	8,488,564	62,482	300
2015	9,440,254	9,285,936	7,074	305
2016	10,015,193	9,890,523	43,469	321
2017	14,169,851	12,396,634	878,620	421
2018	11,178,265	8,966,131	1,052,783	385
2019	15,727,647	12,304,180	1,789,182	396
2020	16,079,974	12,913,415	292,661	401
2021	18,172,011	8,769,542	3,487,435	526
2022	18,362,650	2,374,027	9,900,457	335
Total	<u>\$ 130,506,394</u>	<u>\$ 94,128,368</u>	<u>\$ 17,524,034</u>	

General Liability

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2013	\$ 6,230,092	\$ 6,176,764	\$ 53,360	512
2014	4,063,074	4,021,263	36,018	466
2015	9,753,373	9,753,416	(50)	488
2016	7,310,689	6,916,941	191,140	472
2017	6,948,627	6,357,811	33,209	509
2018	9,229,554	7,624,135	1,187,507	490
2019	8,691,604	5,701,415	718,969	468
2020	10,604,919	5,822,572	262,215	362
2021	10,399,562	2,229,356	3,626,397	421
2022	11,857,747	724,693	7,485,398	376
Total	<u>\$ 85,089,241</u>	<u>\$ 55,328,366</u>	<u>\$ 13,594,163</u>	

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 6 - Loss and Loss Adjustment Expense Reserves (Continued)

Improper Sexual Conduct and Physical Abuse

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2013	\$ 1,800,582	\$ 1,800,582	\$ 126,114	42
2014	2,863,502	2,863,511	(9)	50
2015	4,212,465	4,034,970	37	71
2016	4,985,053	4,736,741	172,864	75
2017	3,718,165	2,360,252	336,920	89
2018	7,184,856	3,771,565	1,427,010	94
2019	4,441,569	943,454	2,274,201	72
2020	5,030,258	263,577	4,026,064	49
2021	6,270,060	677,688	4,256,633	77
2022	7,906,412	33,517	7,026,148	63
Total	<u>\$ 48,412,922</u>	<u>\$ 21,485,857</u>	<u>\$ 19,645,982</u>	

Social Services Professional

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2013	\$ 2,868,197	\$ 2,868,197	\$ -	79
2014	2,816,658	2,816,658	-	72
2015	2,315,535	1,812,569	1,897	46
2016	1,530,985	1,530,993	(6)	44
2017	1,868,444	1,461,403	99,399	46
2018	3,161,258	2,284,825	153,701	58
2019	2,560,273	2,437,307	39,712	52
2020	4,511,482	2,656,972	336,723	54
2021	3,908,708	196,129	3,296,983	45
2022	3,993,707	87,029	3,396,990	50
Total	<u>\$ 29,535,247</u>	<u>\$ 18,152,082</u>	<u>\$ 7,325,399</u>	

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 6 - Loss and Loss Adjustment Expense Reserves (Continued)

Umbrella

<u>Accident Year</u>	<u>Incurred</u>	<u>Cumulative Paid</u>	Total IBNR Plus Expected Development on <u>Reported Claims</u>	Cumulative Number of <u>Reported Claims</u>
2013	\$ 600,606	\$ 600,606	\$ -	6
2014	350,122	350,122	-	3
2015	217,803	180,299	-	2
2016	3,001	3,001	-	1
2017	789,765	767,264	-	6
2018	272,701	251,388	-	7
2019	650,004	650,000	-	2
2020	675,320	402,501	22,828	3
2021	747,979	-	747,979	-
2022	<u>1,057,936</u>	<u>-</u>	<u>1,057,936</u>	-
Total	<u>\$ 5,365,237</u>	<u>\$ 3,205,181</u>	<u>\$ 1,828,743</u>	

Property

<u>Accident Year</u>	<u>Incurred</u>	<u>Cumulative Paid</u>	Total IBNR Plus Expected Development on <u>Reported Claims</u>	Cumulative Number of <u>Reported Claims</u>
2016	\$ 298,027	\$ 298,027	\$ -	32
2017	3,460,981	3,457,373	2,294	323
2018	3,238,441	3,205,321	33,120	417
2019	3,807,485	3,794,244	13,224	438
2020	4,736,264	4,634,190	102,074	492
2021	5,789,239	5,151,363	563,051	448
2022	<u>5,854,289</u>	<u>4,033,308</u>	<u>185,971</u>	386
Total	<u>\$ 27,184,726</u>	<u>\$ 24,573,826</u>	<u>\$ 899,734</u>	

Methodology for Determining Losses and LAE Reserves

Loss reserves are management's best estimate of ultimate losses and are based on the analysis performed by consulting actuaries. They analyze each portion of our business in a variety of ways and use multiple actuarial methodologies in performing these analyses, including: Bornhuetter-Ferguson (paid and reported) method, Cape Cod (paid and reported) method, initial expected loss method, paid loss development method, reported loss development method, and case reserve development method. The selected ultimate losses are within the consulting actuaries' range of reasonable levels.

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 6 - Loss and Loss Adjustment Expense Reserves (Continued)

Methodology for Determining Incurred But Not Reported Reserves

Using generally accepted actuarial reserving techniques, we project our estimate of ultimate losses and LAE at each reporting date. Our IBNR reserve is the difference between the projected ultimate losses and LAE incurred and the sum of case losses and loss expense reserves and inception-to-date paid losses and LAE.

Significant Changes in Methodologies and Assumptions

There were no significant changes in methodologies or assumptions from the prior year.

Methodology for Determining Cumulative Number of Reported Claims

Reported claim counts represent claim events on a specified policy, rather than individual claimants and include claims that did not or are not expected to result in an incurred loss.

Note 7 - Reinsurance

In the normal course of business, the Company uses excess of loss (both per risk and catastrophe) and quota share reinsurance contracts to limit its exposure to unanticipated loss severity and frequency. Prior to 2008, the Company's reinsurance structure varied, with retention on liability lines ranging from \$50,000 to \$500,000, and was placed with various third-party reinsurers and, in certain years, with NANI, rated "A" by A.M. Best.

Beginning January 1, 2008, the Company purchased excess of loss reinsurance coverage for \$500,000 excess of a Company retention of \$500,000, per occurrence. Beginning January 1, 2010, the Company changed its coverage to \$400,000 excess of Company retention \$600,000 per occurrence. These coverages were placed with the Company's third-party reinsurer. Beginning January 1, 2013 the Company changed its excess of loss reinsurance coverage to \$300,000 excess of Company retention of \$700,000. The Company also maintains an aggregate reinsurance cover of \$3 million in excess of \$1 million. The aggregate treaty also provides for clash coverage on all liability lines except umbrella. Beginning January 1, 2013 the Company diversified risk by placing these coverages with various reinsurers.

The Company offers umbrella coverage with a maximum limit of \$10 million. Beginning January 1, 2013, umbrella policies are ceded 85% - 100% on a quota share treaty basis based on underlying coverage limits. Beginning January 1, 2013 the Company diversified its risk by placing these coverages with various reinsurers. Umbrella policies were previously ceded 90% on a quota share treaty basis to the Company's third-party reinsurer.

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 7 - Reinsurance (Continued)

Beginning August 1, 2016, the Company began writing business property risks which are limited by facultative reinsurance to \$10 million per risk. The Company cedes 10% of this on a quota share treaty basis to NANI. The Company and NANI jointly purchase reinsurance on a per risk excess of loss basis from unaffiliated reinsurers in excess of their combined retention of \$200,000. The Company and NANI also purchased catastrophe excess of loss coverage with unaffiliated reinsurers for \$23 million in excess of \$2 million per occurrence for years ended 2022 and 2021.

The Company reinsurers its auto physical damage line with NANI, on a 50% quota share basis.

A majority of the Company's reinsurance has been placed with reinsurers with at least an "A" rating by A.M. Best. Risks reinsured would become an expense of the Company in the event the reinsurers are unable to or will not fulfill the obligations assumed under the agreements.

The effects of reinsurance ceded on premium earned and losses, which are stated net of reinsurance on the statements of comprehensive income, are quantified in the table below:

	2022	2021
Premium earned	\$ 33,277,212	\$ 28,634,802
Loss and LAE	23,433,576	19,645,599

For the years ended 2022 and 2021, the Company received ceding commissions of \$5,742,698 and \$4,901,443, respectively, which are recorded as a reduction to commission expense. The maximum amount of return commission that would have been due to reinsurers if all reinsurance had been cancelled with the return of unearned premium reserves at December 31, 2022 and 2021 was \$2,802,788 and \$2,367,315, respectively.

Note 8 - Related Party Transactions

The Company has a management agreement with affiliate AMS. Based on the agreement, AMS is responsible for the Company's overall operation, including policy services, claims management, member services, reinsurance negotiations, marketing, accounting and financial management, and general and administration management. The fees charged to the affiliated companies by AMS are determined only to recover the net expenses incurred by AMS. The management and administrative fees for the services provided by AMS were \$14,639,207 and \$12,587,077 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the Company had a payable to AMS of \$3,884,943 and \$1,790,327, respectively, for these fees which is included in payable to affiliates on the balance sheets.

Nonprofits Insurance Alliance of California, Inc.

Notes to Financial Statements (Continued)

Note 8 - Related Party Transactions (Continued)

Reinsurance balances related to NANI include the following as of and for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Reinsurance recoverable	\$ 929,529	\$ 2,484,281
Premiums ceded	5,402,412	4,893,615
Losses recovered	3,512,826	5,651,358
Premium payable	889,407	1,337,047
Prepaid reinsurance premium	3,003,265	2,649,125

Note 9 - Dividends

In August 2006, the Board of Directors adopted a policyholder dividend plan effective January 1, 2007. This plan is designed to reward members for length of continuous coverage, as well as for favorable claims experience of the Company as a whole. The Board of Directors retains the sole authority to declare a policyholder dividend. In any year that a policyholder dividend is declared, members who qualify will be entitled to receive a policyholder dividend upon renewal of their policy beginning June 1 through May 31. In March 2021, policyholder dividends of \$3,000,000 were declared for the 2021-2022 policy years. No policyholder dividends were declared for the 2022-2023 policy years.

Note 10 - Contingencies

In the normal course of business, lawsuits may arise against the Company. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company.

Required Supplemental Information (Unaudited)

Nonprofits Insurance Alliance of California, Inc.

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

The following is information about incurred and paid claims development, net of reinsurance and by category for years ended December 31:

Auto Physical Damage

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										
Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 798,130	\$ 688,135	\$ 586,561	\$ 581,909	\$ 586,561	\$ 587,444	\$ 587,444	\$ 587,444	\$ 587,444	\$ 587,444
2014		836,641	836,641	836,641	786,641	740,208	740,208	740,208	727,306	727,304
2015			778,222	778,222	728,216	710,828	710,828	710,828	710,739	710,560
2016				737,807	937,818	904,248	904,248	904,248	899,495	899,495
2017					904,983	922,474	922,474	882,499	878,781	879,156
2018						1,170,273	1,189,016	1,189,016	1,141,395	1,145,068
2019							1,122,653	1,222,644	1,187,645	1,193,928
2020								1,417,043	1,522,183	1,200,261
2021									1,530,796	1,848,672
2022										2,324,089
Total										<u>\$ 11,515,977</u>

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										
Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 553,849	\$ 587,029	\$ 586,551	\$ 586,551	\$ 586,551	\$ 587,441	\$ 587,441	\$ 587,441	\$ 587,441	\$ 587,444
2014		711,772	727,039	727,304	727,304	727,304	727,304	727,304	727,304	727,304
2015			636,855	703,573	705,407	710,792	710,797	710,797	710,730	710,530
2016				846,813	911,528	897,743	899,494	899,494	899,494	899,494
2017					766,143	897,770	880,370	879,086	878,774	879,153
2018						1,023,271	1,136,376	1,139,715	1,141,420	1,145,078
2019							1,102,948	1,181,907	1,183,666	1,197,750
2020								1,050,100	1,207,146	1,198,246
2021									1,409,632	1,798,346
2022										1,981,410
Total										<u>11,124,755</u>
All outstanding liabilities before 2013, net of reinsurance										<u>-</u>
Liabilities for losses and loss adjustment expenses, net of reinsurance										<u>\$ 391,222</u>

Nonprofits Insurance Alliance of California, Inc.

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Auto Liability

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 5,395,702	\$ 5,607,840	\$ 6,085,887	\$ 6,285,871	\$ 6,285,871	\$ 6,181,306	\$ 6,151,542	\$ 6,068,459	\$ 6,068,459	\$ 6,068,446
2014		6,299,470	6,299,470	5,738,447	5,673,507	5,023,457	5,023,457	4,743,038	4,731,365	4,731,365
2015			6,785,271	6,785,271	6,535,272	7,375,238	7,505,314	7,575,278	7,608,853	7,565,728
2016				7,392,884	7,592,914	7,192,854	7,192,854	6,722,878	6,942,869	6,876,544
2017					6,660,267	5,040,289	5,040,289	4,690,256	5,410,238	5,746,299
2018						6,923,434	7,225,334	5,925,350	7,255,417	7,089,106
2019							6,626,924	8,826,954	9,646,955	11,892,939
2020								6,697,902	6,242,026	7,211,066
2021									7,994,109	8,573,635
2022										9,018,639
Total										<u>\$ 74,773,767</u>

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 1,191,430	\$ 2,688,841	\$ 4,366,560	\$ 5,317,865	\$ 5,747,736	\$ 5,884,080	\$ 6,068,462	\$ 6,068,462	\$ 6,068,462	\$ 6,068,462
2014		1,346,720	2,746,514	4,209,481	4,548,359	4,666,900	4,700,614	4,731,325	4,731,338	4,731,338
2015			1,589,529	2,763,899	3,957,182	6,214,484	6,727,948	7,290,142	7,308,078	7,545,423
2016				1,614,014	3,621,080	4,729,882	5,777,221	6,159,154	6,656,596	6,876,534
2017					1,301,837	2,088,346	2,836,007	3,825,752	4,176,790	4,860,790
2018						1,662,949	2,711,294	3,486,713	4,776,355	6,529,282
2019							1,588,200	5,440,042	6,196,597	8,441,180
2020								1,895,353	2,545,706	4,135,880
2021									1,182,387	2,947,213
2022										1,976,447
Total										54,112,549
All outstanding liabilities before 2013, net of reinsurance										-
Liabilities for losses and loss adjustment expenses, net of reinsurance										<u>\$ 20,661,218</u>

Nonprofits Insurance Alliance of California, Inc.

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Directors & Officers

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 7,055,452	\$ 8,505,486	\$ 8,300,463	\$ 8,040,449	\$ 8,040,449	\$ 8,515,447	\$ 8,515,447	\$ 8,715,489	\$ 8,815,511	\$ 8,809,503
2014		9,655,950	9,655,950	9,855,916	8,090,984	8,199,218	8,314,212	8,544,286	8,584,315	8,551,046
2015			1,445,400	1,445,400	1,229,588	9,379,615	9,379,615	9,229,614	9,359,586	9,440,254
2016				2,931,506	2,931,506	10,870,095	9,870,101	9,725,010	9,505,045	10,015,193
2017					2,800,102	2,271,857	2,271,857	12,216,803	12,543,275	14,169,851
2018						3,449,536	2,781,204	12,781,204	12,681,155	11,178,265
2019							2,965,433	12,965,433	13,365,489	15,727,647
2020								12,491,779	15,098,990	16,079,974
2021									15,672,024	18,172,011
2022										18,362,650
Total										<u>\$ 130,506,394</u>

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 680,786	\$ 4,310,072	\$ 5,787,527	\$ 7,440,111	\$ 7,796,756	\$ 8,207,946	\$ 8,386,956	\$ 8,529,851	\$ 8,739,416	\$ 8,739,416
2014		987,895	3,542,926	6,350,776	7,480,937	7,724,964	8,013,478	8,260,473	8,488,418	8,488,564
2015			571,882	3,504,844	5,849,670	7,903,919	8,382,429	8,823,149	9,071,572	9,285,936
2016				909,886	5,018,823	7,647,940	8,276,552	8,759,891	9,061,680	9,890,523
2017					1,073,743	3,808,930	7,529,844	9,800,837	11,797,582	12,396,634
2018						869,031	3,816,033	5,367,382	8,336,574	8,966,131
2019							793,692	5,777,809	9,816,911	12,304,180
2020								1,109,298	6,257,386	12,913,415
2021									1,516,531	8,769,542
2022										2,374,027
Total										<u>94,128,368</u>
All outstanding liabilities before 2013, net of reinsurance										<u>26,991</u>
Liabilities for losses and loss adjustment expenses, net of reinsurance										<u>\$ 36,405,017</u>

Nonprofits Insurance Alliance of California, Inc.

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

General Liability

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 6,276,083	\$ 6,151,032	\$ 4,704,552	\$ 5,514,637	\$ 5,974,517	\$ 5,913,953	\$ 5,913,953	\$ 6,239,738	\$ 6,184,766	\$ 6,230,092
2014		7,235,658	7,880,305	7,430,348	5,250,227	4,660,100	4,650,004	4,060,046	4,062,906	4,063,074
2015			7,768,095	7,768,095	9,218,081	9,095,557	9,455,537	9,523,508	9,641,089	9,753,373
2016				7,937,381	7,937,381	7,218,327	7,418,385	7,366,431	7,346,407	7,310,689
2017					8,083,576	7,614,981	7,389,976	7,450,062	7,442,483	6,948,627
2018						7,696,275	8,696,248	8,756,731	9,006,815	9,229,554
2019							8,053,818	8,392,846	8,592,849	8,691,604
2020								8,681,138	10,094,347	10,604,919
2021									10,068,598	10,399,562
2022										11,857,747
Total										<u>\$ 85,089,241</u>

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 293,425	\$ 1,463,296	\$ 2,574,558	\$ 3,397,242	\$ 4,984,613	\$ 5,170,922	\$ 5,269,551	\$ 6,175,455	\$ 6,176,764	\$ 6,176,764
2014		536,043	1,815,835	2,510,737	3,434,731	3,858,790	3,910,707	3,976,723	4,000,837	4,021,263
2015			917,595	1,931,149	4,227,832	7,519,047	8,403,295	9,372,065	9,545,091	9,753,416
2016				572,839	1,659,851	3,626,500	5,238,390	6,546,890	6,876,122	6,916,941
2017					557,148	1,804,689	3,521,809	4,812,826	6,220,939	6,357,811
2018						751,784	2,388,978	4,787,918	6,332,291	7,624,135
2019							551,074	1,823,266	3,721,775	5,701,415
2020								832,026	3,547,042	5,822,572
2021									560,763	2,229,356
2022										724,693
Total										<u>55,328,366</u>
All outstanding liabilities before 2013, net of reinsurance										<u>134,481</u>
Liabilities for losses and loss adjustment expenses, net of reinsurance										<u>\$ 29,895,356</u>

Nonprofits Insurance Alliance of California, Inc.

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Improper Sexual Conduct and Physical Abuse

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										
Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 2,568,836	\$ 2,568,836	\$ 2,568,836	\$ 2,568,836	\$ 2,568,836	\$ 2,324,839	\$ 2,624,836	\$ 2,684,819	\$ 3,192,207	\$ 1,800,582
2014		2,823,391	2,823,391	2,823,391	2,823,391	3,566,624	3,566,721	3,428,278	2,948,301	2,863,502
2015			2,962,173	2,962,173	3,223,712	3,967,473	4,182,485	4,182,485	4,232,893	4,212,465
2016				2,918,183	3,668,210	5,579,195	6,579,230	6,579,230	5,332,264	4,985,053
2017					3,313,921	5,668,816	5,668,816	5,468,840	4,213,896	3,718,165
2018						5,630,071	7,630,125	8,179,589	8,384,877	7,184,856
2019							5,845,245	5,845,245	6,211,421	4,441,569
2020								8,009,090	5,536,097	5,030,258
2021									6,217,608	6,270,060
2022										7,906,412
Total										<u>\$ 48,412,922</u>

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										
Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 15,819	\$ 86,499	\$ 179,330	\$ 513,584	\$ 1,253,133	\$ 1,423,621	\$ 1,689,996	\$ 1,744,070	\$ 1,800,582	\$ 1,800,582
2014		24,974	151,144	1,162,880	1,449,796	1,971,952	2,438,345	2,529,221	2,863,490	2,863,511
2015			39,309	119,219	357,073	1,515,528	2,277,677	3,657,604	4,023,285	4,034,970
2016				65,381	681,471	1,360,404	3,559,670	4,576,122	4,614,032	4,736,741
2017					43,173	599,009	1,523,111	1,954,497	2,090,993	2,360,252
2018						13,336	593,526	1,856,801	2,731,862	3,771,565
2019							29,086	216,500	539,585	943,454
2020								55,600	149,149	263,577
2021									104,410	677,688
2022										33,517
Total										<u>21,485,857</u>
All outstanding liabilities before 2013, net of reinsurance										<u>1,773,022</u>
Liabilities for losses and loss adjustment expenses, net of reinsurance										<u>\$ 28,700,087</u>

Nonprofits Insurance Alliance of California, Inc.

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Social Services Professional

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										
Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 2,101,854	\$ 2,951,844	\$ 2,951,844	\$ 3,301,856	\$ 3,201,860	\$ 2,906,182	\$ 2,901,190	\$ 2,868,191	\$ 2,868,191	\$ 2,868,197
2014		3,328,470	3,328,470	3,328,470	3,128,459	2,715,427	2,865,419	2,816,400	2,816,642	2,816,658
2015			3,136,828	3,136,828	2,986,825	2,380,413	2,380,413	2,173,853	2,173,853	2,315,535
2016				3,429,700	3,879,709	2,895,124	1,895,122	1,790,009	1,635,118	1,530,985
2017					3,787,931	3,513,709	2,362,875	2,083,007	2,315,800	1,868,444
2018						4,095,160	3,495,150	3,349,806	3,358,372	3,161,258
2019							4,063,632	4,063,321	2,520,745	2,560,273
2020								3,784,434	3,784,434	4,511,482
2021									4,064,129	3,908,708
2022										3,993,707
Total										<u>\$ 29,535,247</u>

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										
Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 120,533	\$ 758,516	\$ 1,082,624	\$ 1,679,539	\$ 2,768,629	\$ 2,867,466	\$ 2,868,197	\$ 2,868,197	\$ 2,868,197	\$ 2,868,197
2014		109,365	1,241,252	2,097,970	2,259,696	2,344,655	2,816,239	2,816,393	2,816,658	2,816,658
2015			31,427	284,954	953,594	1,464,203	1,767,639	1,771,255	1,775,771	1,812,569
2016				33,803	170,594	1,059,743	1,530,773	1,530,993	1,530,993	1,530,993
2017					18,275	106,585	1,274,816	1,369,775	1,448,905	1,461,403
2018						56,051	313,698	1,191,505	1,912,098	2,284,825
2019							4,216	227,397	1,361,356	2,437,307
2020								110,066	1,772,263	2,656,972
2021									78,929	196,129
2022										87,029
Total										<u>18,152,082</u>
All outstanding liabilities before 2013, net of reinsurance										-
Liabilities for losses and loss adjustment expenses, net of reinsurance										<u>\$ 11,383,165</u>

Nonprofits Insurance Alliance of California, Inc.

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Umbrella

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 600,311	\$ 513,089	\$ 513,089	\$ 513,089	\$ 513,089	\$ 483,139	\$ 460,563	\$ 641,865	\$ 641,868	\$ 600,606
2014		600,311	600,311	600,311	600,311	353,151	353,151	350,125	350,125	350,122
2015			435,029	435,029	435,029	112,664	212,668	182,125	182,164	217,803
2016				486,307	486,307	178,087	39,328	6,331	3,332	3,001
2017					513,820	344,963	527,531	622,528	622,528	789,765
2018						445,675	45,675	45,675	195,675	272,701
2019							462,820	390,846	1,118,789	650,004
2020								581,441	581,441	675,320
2021									747,979	747,979
2022										1,057,936
Total										<u>\$ 5,365,237</u>

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ -	\$ -	\$ -	\$ -	\$ 460,565	\$ 460,565	\$ 460,565	\$ 600,604	\$ 600,606	\$ 600,606
2014		163	122	350,122	350,122	350,122	350,122	350,122	350,122	350,122
2015			-	-	-	-	399	180,299	180,299	180,299
2016				-	-	-	-	3,001	3,001	3,001
2017					-	-	367,526	617,264	617,264	767,264
2018						-	-	-	9,619	251,388
2019							-	300,000	650,000	650,000
2020								350,000	350,000	402,501
2021									-	-
2022										-
Total										<u>3,205,181</u>
All outstanding liabilities before 2013, net of reinsurance										-
Liabilities for losses and loss adjustment expenses, net of reinsurance										<u>\$ 2,160,056</u>

Nonprofits Insurance Alliance of California, Inc.

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Property

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										
Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2016				\$ 279,688	\$ 329,687	\$ 365,132	\$ 302,134	\$ 298,336	\$ 298,178	\$ 298,027
2017					3,124,194	3,474,172	3,564,178	3,507,469	3,505,900	3,460,981
2018						4,914,420	3,228,557	3,228,557	3,194,876	3,238,441
2019							3,754,399	3,854,272	3,854,272	3,807,485
2020								4,741,306	4,741,306	4,736,264
2021									5,789,239	5,789,239
2022										5,854,289
Total										<u>\$ 27,184,726</u>

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										
Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2016				\$ 36,213	\$ 31,786	\$ 306,940	\$ 298,026	\$ 298,026	\$ 298,027	\$ 298,027
2017					2,261,099	3,375,175	3,458,398	3,399,225	3,442,658	3,457,373
2018						1,913,935	3,174,568	3,214,947	3,188,370	3,205,321
2019							2,535,687	3,801,877	3,840,817	3,794,244
2020								3,376,107	4,508,040	4,634,190
2021									3,590,040	5,151,363
2022										4,033,308
Total										24,573,826
All outstanding liabilities before 2013, net of reinsurance										-
Liabilities for losses and loss adjustment expenses, net of reinsurance										<u>\$ 2,610,900</u>

Nonprofits Insurance Alliance of California, Inc.

Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance

The following is the average historical claims duration as of December 31, 2022 by category:

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance										
Years	1	2	3	4	5	6	7	8	9	10
Auto Physical Damage	89.4 %	10.0 %	(0.5)%	0.3 %	0.1 %	- %	- %	- %	- %	- %
Auto Liability	21.4 %	21.1 %	17.9 %	17.5 %	8.8 %	5.9 %	1.8 %	1.0 %	- %	- %
Directors & Officers	8.3 %	32.5 %	26.0 %	16.9 %	6.1 %	4.0 %	4.0 %	2.2 %	1.2 %	- %
General Liability	7.7 %	18.6 %	22.4 %	21.4 %	16.2 %	4.1 %	1.4 %	5.7 %	0.3 %	- %
Improper Sexual Conduct and Physical Abuse	0.9 %	6.8 %	14.0 %	19.0 %	19.3 %	13.3 %	7.3 %	5.0 %	1.6 %	- %
Social Services										
Professional	2.1 %	16.0 %	35.4 %	21.3 %	11.7 %	4.2 %	0.1 %	0.5 %	- %	- %
Umbrella	5.2 %	5.1 %	26.0 %	5.0 %	44.3 %	20.3 %	- %	7.8 %	- %	- %
Property	67.2 %	28.1 %	1.9 %	(1.2)%	0.3 %	0.1 %	- %	- %	- %	- %