

2024 Policyholder Report

The insurance industry faced numerous challenges in 2024, and Chautauqua Patrons experienced many of these challenges as well. At a high level, the economy, legal and legislative pressures, and weather severity, continue to highlight the challenges faced in the industry.

In 2024, these high-level factors directly influenced CPIC's lower level results. Adverse claim activity was a major issue. The company incurred a record number of severe fire claims that were further influenced by increases in repair and reconstruction costs. These fire claims negatively impacted the year-end results.

Increased reserves on new and existing liability claims also impacted the 2024 financial results. Factors like social inflation, litigation funding, and nuclear verdicts, have changed the legal environment. These factors have resulted in inflated costs in the claim settlement process.

Changing weather patterns continue to challenge the industry. CPIC incurred two separate tornados in 2024. Extreme storm activity like this is becoming much more common. And as the frequency and severity of these storms increase, the costs to settle these claims will also increase.

While CPIC's 2024 financial results were negatively impacted by poor claim experience, our positives include—excellent written premium growth, a lower underwriting expense ratio, and favorable investment results. With stable operations in place, we look forward to successfully overcoming future challenges.

Mark T. Prechtl
President & CEO

Chautauqua Patrons Insurance Company
Statements of Admitted Assets, Liabilities & Surplus

| | 2024 | 2023 |
|--|----------------------|----------------------|
| ASSETS | | |
| CASH AND INVESTED ASSETS | | |
| Bonds | \$ 10,942,597 | \$ 10,428,918 |
| Stocks | 9,342,467 | 8,779,303 |
| Real Estate: Company Office | 251,039 | 266,409 |
| Cash and Cash equivalents | 3,949,077 | 4,271,974 |
| Receivable for Securities | 8,771 | - |
| Total Cash and Invested Assets | 24,493,951 | 23,746,604 |
| OTHER ASSETS | | |
| Uncollected Premiums and Installments not yet due | 2,721,225 | 2,182,810 |
| Uncollected Premiums in course of collection | 70,074 | 74,856 |
| Accrued Interest Receivable | 112,301 | 98,975 |
| Reinsurance recoverable | 19,642 | 6,838 |
| Deferred tax asset | 83,224 | - |
| Current Federal Income Tax Recoverable | 5,562 | 6,444 |
| Other Assets | 29,541 | 21,684 |
| TOTAL OTHER ASSETS | 3,041,569 | 2,391,607 |
| TOTAL ADMITTED ASSETS | \$ 27,535,520 | \$ 26,138,211 |
| LIABILITIES AND POLICYHOLDERS' SURPLUS | | |
| LIABILITIES | | |
| Net Unpaid Losses | \$ 5,341,956 | \$ 3,949,738 |
| Loss Adjustment Expense Payable | 891,645 | 858,178 |
| Commissions Payable | 976,595 | 805,683 |
| Unearned Premiums | 7,050,257 | 6,457,678 |
| Advance Premium | 238,091 | 270,587 |
| Reinsurance Payable | 251,418 | 184,477 |
| Deferred Tax Liability | - | 114,762 |
| Other Liabilities | 217,861 | 323,109 |
| TOTAL LIABILITIES | 14,967,823 | 12,964,212 |
| SURPLUS | 12,567,697 | 13,173,999 |
| TOTAL LIABILITIES AND SURPLUS | \$ 27,535,520 | \$ 26,138,211 |



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Chautauqua Patrons Insurance Company
Statements of Income and Changes in Policyholders' Surplus

| | 2024 | 2023 |
|---|-----------------------|----------------------|
| UNDERWRITING INCOME | | |
| Premiums Earned | \$ 10,080,321 | \$ 9,624,466 |
| Losses Incurred | 7,222,858 | 4,689,582 |
| Loss Adjustment Expense Incurred | 1,046,595 | 994,133 |
| Other Underwriting Expense Incurred | 3,907,977 | 3,711,279 |
| Total Underwriting Deductions | <u>12,177,430</u> | <u>9,394,994</u> |
| Net Underwriting Gain or (Loss) | (2,097,109) | 229,472 |
| INVESTMENT INCOME | | |
| Net Investment Income Earned | 407,190 | 346,083 |
| Net Realized Capital Gains | (8,088) | 66,474 |
| Net Investment Gain | <u>399,102</u> | <u>412,557</u> |
| OTHER INCOME | <u>7,962</u> | <u>70,483</u> |
| NET INCOME BEFORE FEDERAL INCOME TAXES | (1,690,045) | 712,512 |
| FEDERAL INCOME TAXES INCURRED | <u>2,150</u> | <u>(101,030)</u> |
| NET INCOME | <u>\$ (1,692,195)</u> | <u>\$ 813,542</u> |
| SURPLUS, BEGINNING | \$ 13,173,999 | \$ 11,850,964 |
| NET INCOME | (1,692,195) | 813,542 |
| OTHER CHANGES TO SURPLUS | | |
| Net unrealized Capital Gains | 704,229 | 719,992 |
| Change in Net Deferred Income Tax | 383,333 | (219,027) |
| Change in Nonadmitted Assets | (1,669) | 8,528 |
| Change in Surplus | <u>(606,302)</u> | <u>1,323,035</u> |
| SURPLUS, ENDING | <u>\$ 12,567,697</u> | <u>\$ 13,173,999</u> |



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Chautauqua Patrons
Insurance Company



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A.M. BEST Rating:

B++

DEMOTECH

Financial Rating:

A" Unsurpassed

**Reinsurance is placed with Guy Carpenter & Company Inc.
with ceding reinsurers having A.M. Best ratings of "A-" or better**

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