JohnsonLambert LLP
cpas + consultants

ALPS Corporation and Subsidiaries

Audited Consolidated Financial Statements with Required Supplementary Information

Years ended December 31, 2025 and 2024
with Report of Independent Auditors

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Years ended December 31, 2025 and 2024

Contents

Report of Independent Auditors

Board of Directors
ALPS Corporation and Subsidiaries

Opinion
We have audited the consolidated financial statements of ALPS Corporation and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, 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 Consolidated 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 Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 42 - 44 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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.

Johnson Lambert LLP

Williston, Vermont
April 20, 2026
VT firm registration: 092-0000267

ALPS Corporation and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2025 and 2024

	2025	2024
Assets		
Investments:		
Fixed maturities available-for-sale, at fair value (net of allowance for credit loss - $141,222 and $257,891) (amortized cost – $160,314,733 and $151,280,790)	$ 156,285,014	$ 143,612,335
Equity securities, at fair value	15,206,486	14,264,139
Preferred stocks, at fair value	1,701,060	-
Common stock of affiliate	994,462	733,590
Alternative investments	4,497,242	3,784,694
Total investments	178,684,264	162,394,758
Cash and cash equivalents	11,709,133	7,160,385
Accrued interest receivable	1,731,777	1,636,108
Accounts receivable	1,149,845	477,991
Premiums receivable	5,081,527	2,729,145
Reinsurance recoverable	66,401,918	57,816,243
Net deferred tax asset	3,939,004	4,718,904
Right-of-use asset, net	2,036,141	445,646
Property and equipment, net	2,662,222	2,801,729
Intangible assets	653,312	-
Other assets	3,161,260	1,775,060
Income tax receivable	18,549	-
Total assets	$ 277,228,952	$ 241,955,969
Liabilities and stockholders' equity		
Liabilities and stockholders' equity		
Losses and loss adjustment expense reserves	$ 135,063,165	$ 125,193,679
Unearned premiums	40,727,889	33,484,615
Reinsurance payable, funds held under reinsurance treaties	8,759,150	3,839,759
Accounts payable and accrued expenses	8,370,615	6,455,428
Lease liability	2,037,449	446,629
Federal income taxes payable	-	1,247,869
Total liabilities	194,958,268	170,667,979
Stockholders' Equity:		
Common stock - Class A	3,522	3,522
Common stock - Class C	241	241
Additional paid-in capital	23,111,019	23,111,019
Retained earnings	98,359,643	88,991,416
Treasury stock	(36,131,828)	(34,963,862)
Accumulated other comprehensive loss, net of tax of $816,584 and $1,556,219	(3,071,913)	(5,854,346)
Total stockholders' equity	82,270,684	71,287,990
Total liabilities and stockholders' equity	$ 277,228,952	$ 241,955,969

See accompanying notes to consolidated financial statements.

ALPS Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

Years ended December 31, 2025 and 2024

	2025	2024
Revenues		
Premiums earned	$ 64,374,279	$ 60,439,762
Premiums ceded	(17,209,376)	(16,719,214)
Net premiums earned	47,164,903	43,720,548
Investment income, net	7,720,971	7,168,272
Net realized capital losses on available-for-sale securities	(300,037)	(570,673)
Net gains recognized on equity securities	2,151,269	2,545,416
Other revenue	2,160,937	1,458,475
Total revenues	58,898,043	54,322,038
Expenses		
Losses and loss adjustment expenses	44,548,303	11,179,878
Reinsurance recoveries	(18,544,897)	3,324,085
Net losses and loss adjustment expenses	26,003,406	14,503,963
Operating expenses	21,301,606	19,750,586
Total expenses	47,305,012	34,254,549
Income before provision for income taxes	11,593,031	20,067,489
Provision for income taxes		
Current	2,184,538	4,363,151
Deferred provision	40,266	151,262
Total provision for income taxes	2,224,804	4,514,413
Net income	9,368,227	15,553,076
Other comprehensive income (loss), net of tax		
Net unrealized gains (losses) during the period on available-for-sale securities, net of tax of $701,127 and $(374,850), respectively	2,637,573	(1,410,151)
Credit (income) loss expense included in net investment income, net of tax of $24,500 and $(12,805), respectively	(92,169)	48,172
Reclassification adjustment for net realized loss on available-for-sale securities, net of tax of $63,008 and $119,840, respectively	237,029	450,832
Total other comprehensive income (loss)	2,782,433	(911,147)
Total comprehensive income	$ 12,150,660	$ 14,641,929

See accompanying notes to consolidated financial statements.

ALPS Corporation and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2025 and 2024

	Class A Common Stock		Class C Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock, at Cost		Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount		
Balance at December 31, 2023	3,522	$ 3,522	241	$ 241	$ 23,111,019	$ 73,438,340	2,218	$ (31,689,266)	$ (4,943,199)	$ 59,920,657
Stock redemption	-	-	-	-	-	-	93	(3,604,141)	-	(3,604,141)
Stock issuance for share repurchase program	-	-	-	-	-	-	(9)	329,545	-	329,545
Other comprehensive loss, net of tax	-	-	-	-	-	-	-	-	(911,147)	(911,147)
Net income	-	-	-	-	-	15,553,076	-	-	-	15,553,076
Balance at December 31, 2024	3,522	3,522	241	241	23,111,019	88,991,416	2,302	(34,963,862)	(5,854,346)	71,287,990
Stock redemption	-	-	-	-	-	-	27	(1,314,339)	-	(1,314,339)
Stock issuance for share repurchase program	-	-	-	-	-	-	(3)	146,373	-	146,373
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	2,782,433	2,782,433
Net income	-	-	-	-	-	9,368,227	-	-	-	9,368,227
Balance at December 31, 2025	3,522	$ 3,522	241	$ 241	$ 23,111,019	$ 98,359,643	2,326	$ (36,131,828)	$ (3,071,913)	$ 82,270,684

See accompanying notes to consolidated financial statements.

ALPS Corporation and Subsidiaries

Consolidated Statements of Cash Flows

Years ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Net income	$ 9,368,227	$ 15,553,076
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit (income) loss expense	(116,669)	60,977
Depreciation and amortization	1,232,463	998,418
Bond amortization or accretion	6,461	8,383
Deferred tax provision	40,266	151,262
Noncash operating lease expense	(2,431,520)	403,675
Net realized capital loss on available-for-sale securities	300,037	570,673
Net gain recognized on equity securities	(2,151,269)	(2,545,416)
Amortization and impairment of intangible assets	40,812	-
Changes in operating assets and liabilities:		
Accrued interest receivable	(95,669)	(128,618)
Accounts receivable	(671,854)	54,196
Premiums receivable	(2,352,382)	118,587
Reinsurance recoverable	(8,585,675)	8,879,781
Other assets	(1,386,200)	68,944
Income tax payable/receivable	(1,266,418)	2,078,953
Losses and loss adjustment expense reserves	9,869,486	(12,066,329)
Unearned premiums	7,243,274	586,939
Reinsurance payable, funds held under reinsurance treaties	4,919,391	(3,257,259)
Accounts payable and accrued expenses	1,915,187	681,792
Lease liability	1,583,106	(403,675)
Net cash provided by operating activities	17,461,054	11,814,359
Cash flows from investing activities		
Purchase of intangible assets	(1,000,000)	-
Purchase of fixed maturities	(29,647,481)	(23,932,522)
Purchase of equity securities	(2,420,348)	(4,925,918)
Purchase of other invested assets	(374,436)	(282,177)
Purchase of property and equipment	(988,227)	(1,171,035)
Proceeds from sales, maturities and repayments of fixed maturities	21,364,640	16,559,891
Proceeds from sale of equity securities	1,259,237	4,697,618
Proceeds from sale of alternative investments	69,989	-
Net cash used in investing activities	(11,736,626)	(9,054,143)

(Continued)

ALPS Corporation and Subsidiaries

Consolidated Statements of of Cash Flows (Continued)

	2025	2024
Cash flows from financing activities		
Payment of long-term debt	(7,714)	(7,451)
Stock redeemed	(1,314,339)	(3,604,141)
Issuance of treasury stock	146,373	329,545
Net cash used in financing activities	(1,175,680)	(3,282,047)
Net change in cash and cash equivalents	4,548,748	(521,831)
Cash and cash equivalents:		
Beginning of year	7,160,385	7,682,216
End of year	$ 11,709,133	$ 7,160,385
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 806	$ 1,069
Cash paid for taxes	$ 3,475,000	$ 2,300,000
Supplemental disclosures of noncash transactions		
Accounts payable and accrued expenses - payables for securities	$ 864,600	$ (859,313)

See accompanying notes to consolidated financial statements.

Note A - Organization

Organization and Nature of Business
ALPS Corporation is a stock corporation and parent holding company organized under Montana law. ALPS Corporation owns 100% of the outstanding shares of each of the following entities: (i) ALPS Property & Casualty Insurance Company (ALPS P&C), a Montana domestic stock insurer that primarily underwrites lawyers' professional liability insurance on a claims-made and reported basis; and (ii) ALPS Insurance Agency, Inc. (AIA), a Montana corporation that provides insurance underwriting, claims adjusting, insurance producer and other insurance-related services, and (ii) Unisyn Insurance Services, LLC (Unisyn), a Montana limited liability company that provides managing general underwriting and other insurance-related services.

On April 15, 2025, to expand ALPS P&C's professional liability footprint, ALPS Corporation purchased from ProAssurance Corporation and its subsidiary, Medmarc Casualty Insurance Company (Medmarc), the renewal rights and all intangible assets attributable to a lawyers' professional liability insurance book of business known as “LawyerCare.” Until the Company's LawyerCare rates and forms are approved in jurisdictions where the LawyerCare product is offered, the LawyerCare business is underwritten on Medmarc policy forms and fully reinsured on a 100% quota share basis by the Company. Thus, the Company has assumed premium attributable to the LawyerCare business. The transaction was accounted for as a business combination under Financial Accounting Standards Board Accounting Standards Codification (ASC) 805. The total consideration transferred was $1,000,000 in cash. The purchase price is allocated to the fair value of acquired assets, including renewal rights, trademarks, and goodwill as follows:

Description	Fair Value
Exclusive renewal rights	$ 600,000
Non compete covenants	290,000
Copyright names	90,000
Total identifiable assets	980,000
Goodwill	20,000
Total consideration	$ 1,000,000

ALPS Corporation amortizes finite-lived intangible assets over their estimated useful lives. For the year ended December 31, 2025 the Company recorded $96,688 in amortization expense, which is included in operating expenses within the consolidated statements of comprehensive income.

Note A - Organization (Continued)

The accompanying consolidated financial statements include the accounts of ALPS Corporation and its wholly owned subsidiaries (collectively, the Company) as of December 31, 2025 and 2024, and the related activities of each entity are included in the consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended. All significant intercompany accounts and transactions have been eliminated.

ALPS P&C is a Montana corporation, admitted in and regulated by the state of Montana as a casualty insurance company. ALPS P&C issues policies of professional liability insurance, employment practices liability insurance, and cyber risk and security breach liability insurance to attorneys and law firms.

As of December 31, 2025 and 2024, ALPS P&C operates exclusively as a fully licensed and admitted insurance company in 47 states, the District of Columbia, and the U.S. Virgin Islands.

Note B - Summary of Significant Accounting Policies

Basis of Presentation
The Company's consolidated financial statements have been presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as codified by the Financial Accounting Standards Board (FASB).

The preparation of financial statements in accordance with U.S. 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 from those estimates.

Risks and Uncertainties
Certain risks and uncertainties are inherent to the Company's day-to-day operations and to the process of preparing its consolidated financial statements. The more significant of those risks and uncertainties, as well as the Company's methods for mitigating the risks, are presented below and throughout the notes to the consolidated financial statements.

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 consolidated balance sheets.

Note B - Summary of Significant Accounting Policies (Continued)

Estimates
The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. For example, significant estimates and assumptions are utilized in the valuation of investments, valuation of allowances for deferred income tax assets and doubtful accounts, and determining reasonable reserves for loss and loss adjustment expenses (LAE). It is reasonably possible that actual experience could differ from the estimates and assumptions utilized, which could have a material impact on the consolidated financial statements.

Credit Losses
The Company measures expected credit losses on financial assets held at amortized cost and available-for-sale fixed maturity securities, and records an allowance for credit loss when management determines a credit loss exists. Allowances for credit losses are recorded as contra-assets that reduce the corresponding financial assets on the balance sheets, with the offset recorded as credit loss income (expense) in net investment income on the consolidated statements of comprehensive income. As the estimate of expected credit losses changes with subsequent evaluations, those increases and decreases are recognized in current operations. The Company writes off uncollectible amounts against the allowance for credit losses when it determines that a financial asset is partially or fully uncollectible.

Cash and Cash Equivalents
For purposes of the Company's consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments
The Company's investments in fixed maturity securities have been designated as available-for-sale and are reported at fair value, with the net unrealized appreciation (depreciation) included in other comprehensive income (loss), net of taxes, and included as a component of accumulated other comprehensive loss in stockholders' equity. Realized gains and losses on sales of fixed maturity securities are determined using the specific identification method and are included as a component of net realized capital losses on available-for-sale securities in the year of sale. Income tax effects are released from accumulated other comprehensive loss, net of tax as individual securities are sold. Equity securities are reported at fair value, with changes in fair value including unrealized appreciation (depreciation) reported as net gains on equity securities in the consolidated statements of comprehensive income.

Note B - Summary of Significant Accounting Policies (Continued)

Fair value is based on an exit price, which is 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. The Company employs a hierarchal disclosure framework, which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Financial instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investment in limited liability companies are carried at fair value based upon the underlying audited U.S. GAAP equity value, with changes in fair value including unrealized gains and losses reported as net gains on equity securities in net income. The limited liability company investments are included in the alternative investments category in the consolidated balance sheets. Alternative investments are valued using the net asset value (NAV) as a practical expedient.

Common stock of affiliate represents the Company's 33.33% ownership in Lawyers Reinsurance Company (Lawyers Re), a Vermont captive insurance company. The common stock of affiliate is accounted for in accordance with the equity method of accounting under ASC 323. The common stock of affiliate is valued based on the underlying audited U.S. GAAP equity of the investee and has a carrying value of $994,462 and $733,590 at December 31, 2025 and 2024, respectively. Any redemption requests by the Company would be subject to the approval of Lawyers Re's Board of Directors and the Vermont Department of Financial Regulation. Changes in the value of common stock of affiliate are reported as a component of net gains recognized on equity securities in net income.

Investment income is recognized as earned net of related investment expenses. Fixed maturity premiums and discounts are amortized or accreted by the scientific-yield method and are charged or credited to net investment income.

Note B - Summary of Significant Accounting Policies (Continued)

The Company evaluates available-for-sale fixed maturity securities in an unrealized loss position for expected credit losses on an individual security basis. When the Company intends to sell a security, or when it is more likely than not that it will be required to sell a security before recovery, the Company writes down the amortized cost of the security to its fair value with a charge to income. U.S. Treasury securities and mortgage-backed securities issued by U.S. government sponsored enterprises (GSE) are excluded from the expected credit loss evaluation as these securities are either explicitly or implicitly guaranteed by the U.S. government. For securities that do not meet the criteria above, management evaluates whether the decline in fair value is due to credit factors or non-credit factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, individual security ratings and changes made to those ratings by rating agencies, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, management calculates and records the expected credit loss using a discounted cash flow analysis.

After recording the expected credit loss, any remaining difference between the fair value and amortized cost of the security is recorded as a non-credit loss through other comprehensive income (loss). Changes in the allowance for credit losses are recorded as credit loss (expense) income included as a component of net investment income on the consolidated statement of comprehensive income. The allowance for credit loss on available-for-sale fixed maturity securities as of December 31, 2025 and 2024 was $141,222 and $257,891. Credit loss income (expense) for 2025 and 2024 associated with the (increase) decrease in the allowance for credit loss totaled $116,669 and $(60,977), respectively.

The Company elected not to measure the credit loss allowance for accrued interest receivable on available-for-sale fixed maturity securities and writes off accrued interest reversed against interest income when it is greater than 90-days past due. For the years ended December 31, 2025 and 2024, $0 of accrued interest was reversed against interest income. Accrued interest receivable on available-for-sale debt securities in the amount of $1,731,777 and $1,636,108 as of December 31, 2025 and 2024, was excluded from the estimate of credit losses. Accrued interest receivable is included in accrued interest receivable on the balance sheets.

Other Revenue
Other revenue consists primarily of commission income generated by AIA. Commission income relates to commissions earned on insurance policies placed with other carriers, and is recognized in earnings at the time the underlying policy is placed. The Company has concluded that no allowance for cancelled policies or return commissions is necessary at December 31, 2025 and 2024 based upon historical results.

Note B - Summary of Significant Accounting Policies (Continued)

A summary of contract receivables as of December 31, 2025 and 2024 are as follows:

	2025		2024	
	Opening Balance	Closing Balance	Opening Balance	Closing Balance
Contract receivables	$ 410,449	$ 434,499	$ 439,205	$ 410,449

Contract receivables are reported as a component of the accounts receivable on the consolidated balance sheet.

Receivables are reported net of an allowance for credit losses. Management monitors the credit quality of its receivables on a quarterly basis through review of aging schedules. The Company measures the allowance for credit loss on a collective basis through review of aging schedules, or on an individual basis when more relevant. An expected credit loss is calculated based on the Company's ongoing review of amounts outstanding, historical loss data including delinquencies and write offs, and is then adjusted for current conditions, and reasonable and supportable forecasts. Changes in the allowance for credit loss on receivables are recorded as credit loss (expense) income on the statements of comprehensive income. There was no allowance for credit loss on receivables as of December 31, 2025 and 2024.

Deferred Policy Acquisition Costs
Certain costs related to the acquisition of insurance contracts to the extent recoverable have been deferred. Such costs are being amortized as the associated premium revenue is earned. The Company capitalizes only incremental costs directly related to the successful acquisition of new or renewal insurance contracts. Accordingly, acquisition costs consist of commissions and premium taxes of insurance policies that are successfully issued. Unearned ceding commissions and allowances from reinsurers are recorded as a reduction to deferred acquisition costs. Acquisition costs incurred are reported net of ceding commissions and related allowances from reinsurers as underwriting expenses on the consolidated statement of comprehensive income. Deferred acquisition costs, net of unearned ceding commissions are included in other assets.

Property and Equipment
Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided using straight-line and accelerated methods based upon the assets' useful lives. Costs incurred for normal repairs and maintenance are expensed as incurred.

Note B - Summary of Significant Accounting Policies (Continued)

Income taxes
Deferred income tax assets or liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities using the enacted marginal tax rate. Deferred income tax expenses or credits are based on the changes in the asset or liability from period to period. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company has not established any liabilities for uncertain tax positions taken or positions expected to be taken on income tax returns. The Company would establish such liabilities when such positions are judged to not meet the more-likely-than-not threshold based on the technical merits of the positions. Estimated interest and penalties related to uncertain tax positions would be included as a component of income tax expense.

With few exceptions, the Company is no longer subject to examinations by federal tax authorities before 2020, and by Montana, Virginia and Ohio state tax authorities before 2017.

Receivables
The Company grants credit to customers and agents as part of the normal course of business. Management determines the allowance for doubtful customer accounts based on specific customer balances and industry and economic conditions. Premiums that are financed are charged an interest rate of up to 8.99% annually. Management has determined that no provision for uncollectible premiums receivable is necessary at December 31, 2025 or 2024.

Premiums receivable are reported net of an allowance for credit losses. The Company measures expected credit losses on premiums receivable on a collective basis through review of aging schedules, or on an individual basis when more relevant. An expected credit loss is calculated based on the Company's ongoing review of amounts outstanding, historical loss data including delinquencies and write offs, and is then adjusted for current conditions, and reasonable and supportable forecasts. Credit risk is partially mitigated by the Company’s ability to cancel the policy if the policyholder does not pay the premium.

Reinsurance
Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible. The Company evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. Management believes that any liability arising from this contingency would not be material to the Company’s financial position.

Note B - Summary of Significant Accounting Policies (Continued)

Ceded reinsurance premiums and commissions are netted against earned premium and related expense, respectively. Amounts recoverable from reinsurers on paid losses and LAE, amounts recoverable on unpaid losses and LAE and ceded unearned premiums are aggregated and reported as a reinsurance recoverable asset on the consolidated balance sheet.

The Company participates in a contingent profit sharing commission (CPC) with its reinsurers whereby three years following the inception of a reinsurance contract, and annually thereafter until all claims subject to that reinsurance contract are settled, the Company will receive between 25% and 35% commission, depending on the treaty structure, from the reinsurers in the event that the Company's claim expenses are less than the ceded premiums collected by the reinsurers. Management holds any CPC received as a liability until substantially all claims have closed within the respective treaty. Management recorded liabilities related to CPCs of $2,882,590 and $2,462,724 for the years ending December 31, 2025 and 2024, respectively in reinsurance payable, funds held under reinsurance treaties on the consolidated balance sheets.

The Company measures expected credit losses on reinsurance recoverables on a collective basis based on A.M. Best credit ratings, or on an individual basis when more relevant. Management first considers the impact of any collateral or credit enhancements related to specific reinsurance recoverables. An expected credit loss is calculated by applying a historical default rate to the receivable, adjusted for current conditions, and reasonable and supportable forecasts. For non-rated reinsurers or reinsurers in default or liquidation, the credit loss evaluation is a case-by-case analysis that includes the credit quality of the reinsurer, credit and collateral analysis, and other considerations. Changes in the allowance for credit loss on reinsurance recoverables are recorded as credit loss income (expense) in net investment income on the statements of comprehensive income. There was no allowance for credit loss on reinsurance recoverables as of December 31, 2025 and 2024.

Premiums Earned and Related Costs
Premiums are recognized as revenue on a daily pro rata basis over the policy period. Unearned premiums are established to cover the unexpired portion of policies written and are computed on a pro rata basis. Advanced premiums are deferred and included as a component of unearned premium until the effective date of the policy, at which time they are recognized as revenue on a pro rata basis over the term of the policy. The cost of reinsurance ceded is recognized ratably over the term of the underlying direct policies and are netted against earned premium. Ceded premium related to the unexpired portion of underlying reinsurance are reported as a component of the reinsurance recoverable on the consolidated balance sheet.

Note B - Summary of Significant Accounting Policies (Continued)

The Company's claims-made lawyers professional liability policies include a provision for extended reporting coverage, whereby the costs related to the extended reporting period will be waived for the insured policyholder when termination of coverage relates to death, disability, or permanent or total retirement from professional practice within the definition of the policy. The liability for this extended reporting coverage is included as a component of unearned premiums and totaled $2,400,000 and $1,900,000 as of December 31, 2025 and 2024, respectively.

A premium deficiency reserve is recognized when the anticipated losses, loss adjustment expenses, commissions and other acquisition costs, and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies. If a premium deficiency exists, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company does consider anticipated investment income when determining if a premium deficiency exists. During 2025 and 2024, the Company did not recognize a premium deficiency reserve.

Leases
The Company determines if an arrangement is a lease or contains a lease at inception of a contract and classifies each lease as an operating or finance lease. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Company records a right-of-use (ROU) asset for the right to use an underlying asset for the lease term and a lease liability, on a discounted basis, for the obligation to make lease payments arising from the lease. The Company has elected the risk free rate as the discount rate for all its underlying leased assets. The Company utilizes a lease term that includes only options to renew that the Company is reasonably certain to exercise. ROU assets are subject to review for impairment. No impairments have been recorded. The Company does not have any lease commitments that have not yet commenced as of December 31, 2025 and 2024.

For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred. For finance leases, the amortization of the ROU Asset is recognized over the shorter of the lease term or the useful life of the underlying assets and interest expense is recorded using the effective interest method. Lease expense and interest expense on finance leases are included as a component of operating expenses. The Company has elected as an accounting policy not to record ROU assets and lease liabilities that arise from short-term leases for any class of underlying asset.

Note B - Summary of Significant Accounting Policies (Continued)

Losses and Loss Adjustment Expense Reserves
Estimated liabilities for unpaid loss and LAE are based on individual case estimates of the ultimate cost of reported loss and LAE and estimates of incurred but not reported losses (IBNR). LAE include costs associated directly with specific claims and internal costs relating to claim settlement and administration. Such liabilities are necessarily based on assumptions and estimates. Reserves for IBNR losses and LAE are calculated based upon loss projections utilizing certain actuarial assumptions and the Company's historical experience. Methods utilized by the consulting actuary include the paid and incurred loss development methods, the modified expected loss method, the reported and paid Bornhuetter-Ferguson methods, the base limit times Increased Limit Factors (ILF) method, and the average value method utilizing the Company's historical data. IBNR reserves are derived from the difference between the projected ultimate losses and loss expenses incurred and the sum of case-basis losses and loss expense reserves, and inception-to-date paid losses and loss expenses. An estimate of ultimate losses is projected at each reporting date. Management believes that its aggregate liability for unpaid loss and loss adjustment expenses at year end represents its best estimate of the amount necessary to cover the ultimate costs of losses based upon an analysis prepared by an independent consulting actuary. As adjustments to these estimates are determined, such adjustments are reflected in current operations.

The Company has recorded a reserve credit against unpaid losses and LAE for unsecured high deductibles in the amount of $1,477,101 and $1,546,682 for the years ended December 31, 2025 and 2024, respectively.

Management monitors the credit quality of its high deductible receivables on an annual basis through review of internal risk rating analysis that evaluates the credit quality of the customer, collateral obtained, and other considerations. The Company measures expected credit losses on high deductible receivables on a collective basis based on the percent covered by credit enhancements, or on an individual basis when more relevant. An expected credit loss is calculated by applying a historical loss rate adjusted for current conditions and reasonable and supportable forecasts. Changes in the allowance for credit losses on high deductible receivables are recorded as credit loss (expense) income on the statements of comprehensive income. There was no allowance for credit loss on high deductible receivables as of December 31, 2025 and 2024.

Reinsurance receivable amounts are comprised of estimated amounts of unpaid losses and LAE, which are expected to be recoverable from the Company's reinsurers pursuant to certain reinsurance agreements and are included as a component of the reinsurance recoverable. Such amounts have been estimated using actuarial assumptions consistent with those used to estimate the related liability for unpaid loss and LAE. Management believes that reinsurance receivables represent its best estimate of such amounts; however, as changes in the estimated ultimate liability for loss and LAE are determined, the estimated ultimate amount receivable from the reinsurance companies will also change.

Note B - Summary of Significant Accounting Policies (Continued)

External factors
ALPS P&C is regulated by the state of Montana, as well as states in which it does business. Such regulations, among other things, limit the amount of dividends and impose restrictions on the amount and types of investments. The Company is required to seek state approval for rates for policies written in each respective state. Certain states may impose requirements on the coverage provided and restrictions on the amount of rate increases the Company seeks on policies written in that state.

Risk-based capital
The National Association of Insurance Commissioners (NAIC) has developed risk-based capital (RBC) standards for property and casualty insurers that relate an insurer's reported statutory capital and surplus to the risks inherent in its overall operations. The RBC formula uses the statutory annual statement to calculate the minimum indicated capital level to protect ALPS P&C from the various risks that it faces. The NAIC model law calls for various levels of regulatory action based on the magnitude of an indicated RBC deficiency, if any. The Company continues to monitor internal capital levels at ALPS P&C to ensure that they are in excess of the minimum capital requirements for all RBC action levels. Management believes that the capital levels at ALPS P&C are sufficient to support the level of risk inherent in its operations.

Concentrations of geographic and credit risk
The Company's total gross written premium of $71,634,351 for the year ended December 31, 2025, included $10,503,562 for insureds in Virginia; $4,096,676 for insureds in West Virginia; $4,255,438 for insureds in Washington; $3,361,272 for insureds in Montana; $3,841,559 for insureds in Georgia; $2,873,800 for insureds in Idaho; $2,510,111 for insureds in Colorado; $2,413,199 for insureds in Nevada; $2,410,122 for insureds in South Carolina; and $2,397,212 for insureds in Alaska.

The Company maintains its cash and short-term investments with high-quality financial institutions. Interest-bearing and non-interest-bearing accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. From time to time, the Company maintains cash in accounts in excess of FDIC-insured limits. The Company has not experienced any losses in such accounts.

At December 31, 2025 and 2024, the Company's investment portfolio was composed of securities of the United States government and agencies, state and municipal governments, corporate securities and mortgage-backed securities, the vast majority of which are investment grade. This portfolio is widely diversified among various issuers and industries and is not dependent on the economic stability of one issuer or industry.

Note C - Property and Equipment

Property and equipment at cost and related accumulated depreciation on December 31, 2025 and 2024, are as follows:

	2025	2024
Office furniture and equipment	$ 350,699	$ 350,699
IT equipment and software	9,367,600	8,379,371
	9,718,299	8,730,070
Less accumulated depreciation	(7,056,077)	(5,928,341)
Property and equipment, net	$ 2,662,222	$ 2,801,729

Depreciation expense was $1,135,774 and $998,418 in 2025 and 2024, respectively, and are recorded in operating expenses on the statements of comprehensive income.

Note D - Investments

The amortized cost, gross unrealized gains, gross unrealized losses, allowance for credit losses, and estimated fair values of available-for-sale securities at December 31, 2025 and 2024, are as follows:

	December 31, 2025				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
Fixed maturity securities:					
U. S. Government agencies	$ 1,428,668	$ 9,455	$ (1,403)	$ -	$ 1,436,720
State, municipal and other governments	100,374,832	963,327	(4,785,419)	(7,638)	96,545,102
Corporate securities	17,929,552	373,199	(556,877)	(133,584)	17,612,290
Commercial mortgage-backed securities	9,401,909	24,671	(139,032)	-	9,287,548
Residential mortgage-backed securities	23,175,463	549,137	(434,386)	-	23,290,214
Other asset-backed securities	8,004,309	140,321	(31,490)	-	8,113,140
Total	$ 160,314,733	$ 2,060,110	$ (5,948,607)	$ (141,222)	$ 156,285,014

Note D - Investments (Continued)

	December 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
Fixed maturity securities:					
U. S. Government agencies	$ 811,068	$ -	$ (5,189)	$ -	$ 805,879
State, municipal and other governments	92,165,656	327,232	(6,165,262)	(122,933)	86,204,693
Corporate securities	18,706,927	133,165	(729,600)	(134,958)	17,975,534
Commercial mortgage-backed securities	8,900,850	13,556	(360,063)	-	8,554,343
Residential mortgage-backed securities	21,857,862	176,181	(795,892)	-	21,238,151
Other asset-backed securities	8,838,427	81,828	(86,520)	-	8,833,735
Total	$ 151,280,790	$ 731,962	$ (8,142,526)	$ (257,891)	$ 143,612,335

The following table presents changes in the allowance for credit losses on two available-for-sale debt securities by major security type as of December 31, 2025:

	State, Municipal, and Other Governments	Corporate Securities	Total
Allowance for credit losses, beginning balance	$ (122,933)	$ (134,958)	$ (257,891)
Add/Less: additional increases or decreases to the allowance for credit losses on securities that had an allowance recorded in a previous period	23,471	1,374	24,845
Add: recoveries of amounts previously written-off	91,824	-	91,824
Total	$ (7,638)	$ (133,584)	$ (141,222)

Note D - Investments (Continued)

The following tables present the estimated fair value and gross unrealized losses on the Company's available-for-sale investment securities, aggregated by investment category and length of time that individual investment securities have been in a continuous unrealized loss position, at December 31, 2025 and 2024:

	December 31, 2025					
	Less Than 12 Months		Greater Than or Equal to 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss
Fixed maturity securities:						
U. S. Government agencies	$ 625,635	$ (1,403)	$ -	$ -	$ 625,635	$ (1,403)
State, municipal and other governments	8,862,814	(63,308)	27,682,813	(4,722,111)	36,545,627	(4,785,419)
Corporate securities	817,409	(5,794)	5,530,593	(551,083)	6,348,002	(556,877)
Commercial mortgage-backed securities	-	-	7,211,903	(139,032)	7,211,903	(139,032)
Residential mortgage-backed securities	2,484,907	(6,977)	4,670,712	(427,409)	7,155,619	(434,386)
Other asset-backed securities	1,392,279	(6,996)	1,268,234	(24,494)	2,660,513	(31,490)
Total	$ 14,183,044	$ (84,478)	$ 46,364,255	$ (5,864,129)	$ 60,547,299	$ (5,948,607)

	December 31, 2024					
	Less Than 12 Months		Greater Than or Equal to 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss
Fixed maturity securities:						
U. S. Government agencies	$ 805,879	$ (5,189)	$ -	$ -	$ 805,879	$ (5,189)
State, municipal and other governments	28,231,293	(596,397)	27,223,496	(5,568,865)	55,454,789	(6,165,262)
Corporate securities	5,603,939	(173,210)	5,401,220	(556,390)	11,005,159	(729,600)
Commercial mortgage-backed securities	-	-	7,136,234	(360,063)	7,136,234	(360,063)
Residential mortgage-backed securities	8,473,284	(126,768)	5,539,623	(669,124)	14,012,907	(795,892)
Other asset-backed securities	2,181,907	(33,059)	1,305,022	(53,461)	3,486,929	(86,520)
Total	$ 45,296,302	$ (934,623)	$ 46,605,595	$ (7,207,903)	$ 91,901,897	$ (8,142,526)

Note D - Investments (Continued)

As of December 31, 2025 and 2024, 254 and 385 securities, respectively, were in an unrealized loss position. The Company determined that no specific allowance for credit loss is needed for these securities, other than the two securities previously disclosed, and believes that the decline in value of these securities is due to interest rate changes and other market conditions. These securities carry investment grade ratings and the issuers continue to make timely principal and interest payments.

At December 31, 2025 and 2024, the unrealized losses on the Company’s fixed maturity investments were not the result of any credit-related problems; rather, they were caused by interest rate increases and widening and narrowing of bond pricing spreads. Substantially all of the issuers have investment-grade ratings; therefore, the Company believes each issuer will be able to meet the contractual terms of the obligation. At December 31, 2025 and 2024, the Company did not have the intent to sell and it was unlikely that the Company would be required to sell the investments before the recovery of its amortized cost basis.

The Company received proceeds from the sale of fixed maturity securities totaling $8,613,889 and $4,873,686 in 2025 and 2024, respectively. Gross realized gains and losses on available-for-sale investments reflected in the results of operations for the years ended December 31, 2025 and 2024, are as follows:

	2025	2024
Realized:		
Gross realized gains on sales of fixed maturity securities	$ 14,118	$ 9,025
Gross realized losses on sales of fixed maturity securities	(314,155)	(579,698)
Net realized capital losses on available-for-sale securities	$ (300,037)	$ (570,673)

Major categories of the Company's net recognized gains on investments are summarized as follows for the years ended December 31:

	2025	2024
Net change in fair value recognized on alternative investments held at year end	$ 408,101	$ 541,559
Net change in fair value recognized on common stock of affiliate held at year end	260,872	280,311
Net change in fair value recognized on equity securities held at year end	1,397,476	481,618
Net gain on equity securities sold during the year	84,820	1,241,928
Net gain recognized on equity securities	$ 2,151,269	$ 2,545,416

Note D - Investments (Continued)

The amortized cost and estimated fair value of fixed maturity securities at December 31, 2025, are shown below. The bond maturities are calculated based on the scheduled repayment date, with the final installment adjusted for any discount or premium. Mortgage-backed, loan-backed and structured securities are distributed based on the anticipated future prepayment cash flows used to value the security:

	Amortized Cost	Fair Value
Due in one year or less	$ 1,166,491	$ 1,176,733
Due after one year through five years	18,645,310	18,660,014
Due after five years through ten years	23,036,254	23,116,095
Due after ten years through twenty	34,435,208	31,377,419
Thereafter	83,031,470	81,954,753
Total	$ 160,314,733	$ 156,285,014

The Company places certain assets in trust for the benefit of its regulators and has other assets restricted as a result of its membership in The Federal Home Loan Bank (FHLB) of Des Moines. The following table discloses the fair value of the Company's restricted asset by category as of December 31, 2025 and 2024:

	Gross Restricted		
Restricted Asset Category	Total from Current Year	Total from Prior Year	Increase/ (Decrease)
Funds on deposit - State of Montana	$ 2,947,580	$ 2,942,391	$ 5,189
Funds on deposit - other states	3,612,881	2,936,900	675,981
FHLB Capital Stock	120,034	103,800	16,234
Total restricted assets	$ 6,680,495	$ 5,983,091	$ 697,404

Note D - Investments (Continued)

Net investment income consists of the following:

	Years Ended December 31 2025	2024
Fixed maturities	$ 7,287,706	$ 6,796,892
Credit loss (expense) income	116,669	(60,977)
Impairment of intangible assets	(137,500)	-
Equity securities	579,976	459,306
Short-term investments	140,150	224,524
Other	101,552	93,587
	8,088,553	7,513,332
Investment expense	(367,582)	(345,060)
Net investment income	$ 7,720,971	$ 7,168,272

Note E - Losses and Loss Adjustment Expense Reserves

The components of the reinsurance recoverable as of December 31, 2025 and 2024 are as follows:

	2025	2024
Unearned premium ceded	$ 9,726,005	$ 8,580,655
Reinsurance receivable on paid losses and LAE	1,624,445	241,692
Reinsurance recoverable on unpaid losses and LAE	55,051,468	48,993,896
Total reinsurance recoverable	$ 66,401,918	$ 57,816,243

The components of the liability for losses and LAE and related reinsurance balances recoverable, are as follows:

	December 31, 2025			December 31, 2024		
	Gross Liability	Reinsurance Recoverable	Net Liability	Gross Liability	Reinsurance Recoverable	Net Liability
Case	$ 38,865,601	$ (10,597,020)	$ 28,268,581	$ 38,936,955	$ (8,746,095)	$ 30,190,860
IBNR	96,197,564	(44,454,448)	51,743,116	86,256,724	(40,247,801)	46,008,923
Total reserves	$ 135,063,165	$ (55,051,468)	$ 80,011,697	$ 125,193,679	$ (48,993,896)	$ 76,199,783

Note E - Losses and Loss Adjustment Expense Reserves (Continued)

The reconciliation of the net incurred and paid losses development tables to the liability for losses and LAE reserves on the balance sheet as of December 31, 2025 is as follows (in thousands):

Net outstanding liabilities:	
Professional liability insurance	$ 77,056
Reinsurance recoverable:	
Professional liability insurance	55,051
Unallocated loss adjustment expenses	2,956
Total gross liability for unpaid losses and loss adjustment expenses	$ 135,063

The following is information about incurred and cumulative paid losses and loss adjustment expenses, net of reinsurance, and IBNR liabilities plus expected development on reported claims, net of reinsurance and the cumulative number of reported claims as of December 31, 2025, by category (in thousands):

Professional liability insurance

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2016	$ 12,761	$ 12,761	$ 28	648
2017	16,296	15,271	603	591
2018	15,163	14,346	227	666
2019	23,959	22,003	1,381	666
2020	18,666	16,602	1,625	522
2021	19,298	12,411	5,531	583
2022	24,903	14,986	7,145	578
2023	26,580	14,030	5,724	658
2024	27,037	9,872	10,216	655
2025	28,054	3,394	18,045	749
Total	$ 212,717	$ 135,676	$ 50,525	

The Company determines the number of reported claims by tracking claims at the claimant level.

Note E - Losses and Loss Adjustment Expense Reserves (Continued)

The following table provides a reconciliation of the beginning and ending reserve balances for losses and LAE for 2025 and 2024:

	Year Ended December 31	
	2025	2024
Liability as of January 1, net of reinsurance recoverables of $48,993,896 and $57,421,728 in 2025 and 2024, respectively	$ 76,199,783	$ 79,838,280
Add provision for losses and LAE applicable to claims reported in:		
Current year	28,983,712	28,104,255
Prior years	(2,980,306)	(13,600,292)
Total incurred losses during the current year	26,003,406	14,503,963
Payments for losses and LAE reported in:		
Current year	(3,790,712)	(3,315,255)
Prior years	(18,400,780)	(14,827,205)
Net paid during the year	(22,191,492)	(18,142,460)
Liability as of December 31, net of reinsurance recoverables of $55,051,468 and $48,993,896 in 2025 and 2024, respectively	$ 80,011,697	$ 76,199,783

Reserves for incurred losses and LAE attributable to claims reported to the Company in prior years have decreased by $2,980,306 and $13,600,292 during 2025 and 2024, respectively. These changes are generally the result of ongoing analysis of claim files. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Note F - Reinsurance

The Company utilizes reinsurance contracts to reduce its exposure to losses in all aspects of its insurance business. Such reinsurance permits recovery of a portion of losses from reinsurers, although it does not relieve the Company from its primary liability to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company evaluates the financial strength of potential reinsurers and continually monitors the financial condition of reinsurers.

The Company uses a combination of excess of loss treaties to limit its retention to $350,000 to $500,000 dollars per claim.

Note F - Reinsurance (Continued)

Management monitors the credit quality of its reinsurance recoverables on a quarterly basis through review of A.M. Best credit ratings and credit rating changes. As of December 31, 2025 and 2024, 94% and 98%, respectively, of the Company's reinsurance paid and unpaid was due from reinsurers rated A or better by A.M. Best and 6% and 2%, respectively, was due from reinsurers that are not rated.

Amounts recoverable from reinsurers are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured contracts. Management believes the recoverables are appropriately established. The Company strives to diversify its credit risks related to reinsurance ceded. There were no disputes with reinsurers at December 31, 2025 or 2024. The Company has no uncollectible reinsurance recoverables that were written off during the year.

The Company has unsecured aggregate recoverables for losses, paid and unpaid, LAE, and unearned premium with the following individual reinsurers, authorized or unauthorized at December 31, 2025 and 2024:

	AM Best Rating	2025	2024
Allied World	A	$ 3,842,920	$ 3,328,211
Axis Reinsurance Co.	A+	19,436,243	16,931,135
Endurance Reinsurance	A	2,939,734	2,861,524
Lloyd's Syndicate Number 2623	A	2,540,049	N/A*
Lloyd's Syndicate Number 4472	A	4,828,987	4,050,289
Munich Reinsurance America, Inc.	A+	4,023,305	3,437,096
Peak Re	A-	4,363,759	N/A*
Partners Re, Europe	A	2,731,613	N/A*
Safety National Casualty Corporation	A+	3,844,845	3,348,826

*Unsecured reinsurance recoverables are below 3% of policyholders' surplus in 2024.

The Company holds letters of credit in the amount of $8,322,899 and $8,032,843 at December 31, 2025 and 2024, respectively, to secure recoverable balances from reinsurers not authorized by the Montana Office of the Commissioner of Securities and Insurance.

Note F - Reinsurance (Continued)

A summary of the impact of ceded reinsurance on written, earned and unearned premiums, and losses and LAE incurred for the years ended December 31, 2025 and 2024, is as follows:

	2025	2024
Premiums written:		
Direct	$ 62,461,775	$ 60,525,946
Assumed	9,400,551	-
Ceded	(18,488,458)	(16,515,762)
Net premiums written	$ 53,373,868	$ 44,010,184
Premiums earned:		
Direct	$ 60,777,993	$ 60,439,762
Assumed	3,596,286	-
Ceded	(17,209,376)	(16,719,214)
Net premiums earned	$ 47,164,903	$ 43,720,548
Unearned premiums:		
Direct	$ 29,472,915	$ 27,789,133
Assumed	5,804,265	-
Advanced	5,450,709	5,695,482
Ceded	(9,726,005)	(8,580,655)
Net unearned premiums	$ 31,001,884	$ 24,903,960
Losses and LAE incurred:		
Direct	$ 42,971,479	$ 11,179,878
Assumed	1,576,824	-
Ceded	(18,544,897)	3,324,085
Net losses and LAE incurred	$ 26,003,406	$ 14,503,963

Note G - Income Taxes

The Company prepares a consolidated federal income tax return that includes all direct and indirect subsidiaries. The Company’s affiliates included in the consolidated federal income tax return allocate income tax expenses in accordance with a consolidated tax allocation agreement. The allocation results in profitable companies recognizing income tax incurred as if the individual company filed a separate return and loss companies recognizing a benefit to the extent their losses contribute to reduce consolidated taxes.

The Company's deferred tax items are measured at an effective tax rate of 21% as of December 31, 2025 and 2024.

Note G - Income Taxes (Continued)

The provision for federal income taxes incurred is different from that which would be obtained by applying the federal income tax rate of 21% to income before income taxes. The significant items causing this difference are related to tax-exempt investment income, dividends received deduction, state and foreign income taxes.

The provision for income tax expense included in the consolidated financial statements for the years ended December 31, 2025 and 2024, is as follows:

	2025	2024
Current:		
U.S. federal provision	$ 2,127,044	$ 4,287,536
States and foreign	57,494	75,615
Total current tax	2,184,538	4,363,151
Deferred:		
U.S. federal provision	40,266	151,262
Total tax provision	$ 2,224,804	$ 4,514,413

Note G - Income Taxes (Continued)

Deferred income taxes have been established based upon the temporary differences between the financial statement and income tax bases of assets and liabilities. The tax effect of temporary differences that give rise to significant portions of the Company's net deferred income tax asset (liability) for the years ended December 31, 2025 and 2024, is as follows:

	2025	2024
Deferred tax assets:		
Unearned/advanced premium adjustment	$ 1,302,864	$ 1,046,879
Unpaid losses and LAE	1,417,436	1,291,664
Long-term incentive plan payable	661,128	630,791
Other-than-temporary impairments	21,000	21,000
Profit commissions	605,344	517,172
Unrealized losses	195,526	1,265,694
Credit losses	29,657	54,157
Other	116,372	97,272
Total deferred tax assets	4,349,327	4,924,629
Deferred tax liabilities:		
Tax reform - reserves transition effect	(687)	(42,348)
Book to tax depreciation	(91,785)	(62,926)
Deferred acquisition costs	(317,851)	(100,451)
Total deferred tax liabilities	(410,323)	(205,725)
Net deferred tax asset	$ 3,939,004	$ 4,718,904

Based upon anticipated future taxable income, the Company's net realized gains, and consideration of all other available evidence, management believes that it is more likely than not that the Company's net deferred income tax asset will be realized.

Note H - Fair Value Measurements

Fair values of fixed maturity and equity securities are based on quoted market prices, where available. The Company obtains one price for each security, primarily from a third-party pricing service (pricing service), which generally uses quoted or other observable inputs for the determination of fair value. The pricing service derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or incorporate inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. In addition, the pricing service uses model processes, such as the option-adjusted spread model, to assess interest rate impact and develop prepayment scenarios.

As the Company is responsible for the determination of fair value, it performs a monthly analysis on the prices received from third parties for its externally managed portfolios to determine whether the prices are reasonable estimates of fair value. The analysis includes a comparison of prices received from third parties to prices obtained from other sources. There were no adjustments to quoted market prices obtained from third-party pricing services during 2025 and 2024 that were material to the consolidated financial statements.

The Company’s financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that allocates the inputs used to measure fair value into three broad levels. The hierarchy gives the highest priority to fair values determined using unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to fair values determined using unobservable inputs (Level 3). An asset’s or liability’s classification is determined based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Valuations are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market-corroborated inputs, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Valuations are derived from techniques that require significant unobservable inputs. The unobservable inputs reflect the Company’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Note H - Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used by the Company to value assets measured at fair value:

Major Category	Valued At
State and/or U.S. government obligations and common and/or preferred stock and exchange traded funds	Closing price reported in the active market in which the individual security is traded (Level 1); if in an inactive market, based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency; securities that trade infrequently and therefore have little or no price transparency are valued using the investment manager's best estimates (Level 2)
Mutual funds	Net asset value (NAV) of shares which are provided by the administrator of the fund and are actively traded on a public market (Level 1)
Fixed-income securities including corporate, commercial and residential mortgage-backed securities	Closing price reported in the active market in which the bond is traded or based on yields currently available on comparable securities of issuers with similar credit ratings or a discounted cash flows approach that maximized observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks (Level 2)

The distribution of the Company's investments, which are measured at fair value on a recurring basis, in the valuation hierarchy is as follows:

	December 31, 2025			
Assets	Level 1	Level 2	Level 3	Fair Value
Fixed maturities-available for sale:				
U.S. Government agencies	$ 1,436,720	$ -	$ -	$ 1,436,720
State, municipal and other governments	-	96,545,102	-	96,545,102
Corporate securities	-	17,612,290	-	17,612,290
Commercial mortgage-backed securities	-	9,287,548	-	9,287,548
Residential mortgage-backed securities	-	23,290,214	-	23,290,214
Other asset-backed securities	-	8,113,140	-	8,113,140
Total fixed maturity securities	$ 1,436,720	$ 154,848,294	$ -	$ 156,285,014
Equity securities, at fair value	$ 15,097,286	$ 109,200	$ -	$ 15,206,486
Preferred stocks, at fair value	$ -	$ 1,701,060	$ -	$ 1,701,060

Note H - Fair Value Measurements (Continued)

	December 31, 2024			
Assets	Level 1	Level 2	Level 3	Total
Fixed maturities-available for sale:				
U.S. Government agencies	$ 805,879	$ -	$ -	$ 805,879
State, municipal and other governments	-	86,204,693	-	86,204,693
Corporate securities	-	17,975,534	-	17,975,534
Commercial mortgage-backed securities	-	8,554,343	-	8,554,343
Residential mortgage-backed securities	-	21,238,151	-	21,238,151
Other asset-backed securities	-	8,833,735	-	8,833,735
Total fixed maturity securities	$ 805,879	$ 142,806,456	$ -	$ 143,612,335
Equity securities, at fair value	$ 14,160,339	$ 103,800	$ -	$ 14,264,139

In accordance with ASC 820-10, certain investments that are measured at net asset value per share have not been classified in the fair value hierarchy and such investments are carried as alternative investments on the consolidated balance sheet.

The Company holds an investment in the SIT Opportunity Bond Fund, LLC (the SIT Fund), which is a private investment fund that invests in closed-end registered investment companies that have underlying investments in fixed-income securities. The SIT fund is carried at NAV as a practical expedient and has a carrying value of $2,393,013 and $2,232,747 at December 31, 2025 and 2024, respectively. The Company is required to provide 30 days of advance notice to the SIT fund manager for all redemption requests. The Company's investment represents a 3.50% and 3.28% ownership interest of the SIT fund as of December 31, 2025 and 2024, respectively.

On September 17, 2021, the Company entered into a subscription agreement with Trident Capital IX, L.P., a Cayman Islands exempted Limited Partnership (the Trident Fund), wherein the Company agreed to a $2 million capital commitment to invest in the Fund. This is a private equity fund that is carried at NAV. The Trident Fund had carrying values of $2,104,229 and $1,551,947, at December 31, 2025 and 2024, respectively. The Company’s investment represents approximately 0.04% ownership interest of the Trident Fund as of December 31, 2025 and 2024, respectively.

Common stock of affiliate represents the Company’s investment in Lawyers Re. The common stock of affiliate is accounted for in accordance with the equity method of accounting under ASC 323, and accordingly have been excluded above. The common stock of affiliate is valued based on the underlying audited U.S. GAAP equity of the investee and has a carrying value of $994,462 and $733,590 at December 31, 2025 and 2024, respectively. The Company did not receive any dividends, or purchase or sell any shares of Lawyers Re during the periods ending December 31, 2025 and 2024.

Note H - Fair Value Measurements (Continued)

The Company holds an investment in Federal Home Loan Bank (FHLB) of Des Moines associated with its FHLB membership. The stock is putable by the Company at its fixed par value of $100 per share. There is no active market for the FHLB stock, rather FHLB redeems all shares at the stated par value. The Company did not redeem any FHLB stock, receive any advances, or pledge any investments to the Federal Home Loan Bank in 2025 or 2024. In evaluating the fair value of FHLB stock the Company considers the credit rating of the FHLB and ability to repurchase shares at par value. Based upon that assessment the Company concluded there is no other than temporary impairment. As such, the fair value and carrying value of FHLB stock continue to be equal to the $100 par value per share. Fair value and carrying value of the FHLB stock totaled $109,200 and $103,800 as of December 31, 2025 and 2024, respectively and have been reflected as a Level 2 estimate in the fair value hierarchy.

Note I - Employee Benefits Plan

The Company sponsors a defined contribution plan known as the ALPS Corporation 401(k) Profit Sharing Plan (the 401(k) Plan). The 401(k) Plan is designed as a type of qualified retirement plan commonly referred to as a 401(k) safe harbor plan. The 401(k) Plan allows participants to make salary deferral contributions to the 401(k) Plan on a pretax basis. The Company also sponsors a Section 125 cafeteria plan (the Cafeteria Plan).

Under the 401(k) Plan, the Company makes a matching contribution to each eligible participant in an amount equal to 100% of a participant's salary reduction contribution up to 6% of a participant's eligible compensation. The Company makes a fixed-dollar contribution in the amount of $8,100 per full-time employee under the Cafeteria Plan, if the employee participates in the Company sponsored health insurance. If the employee does not purchase health insurance through the Company's plan, the Company contributes $6,000 to the employee's cafeteria plan.

For the plan year 2025, the Company contributed $451,494 to the 401(k) Plan and $645,758 to the Cafeteria Plan. For the plan year 2024, the Company contributed $422,731 to the 401(k) Plan and $760,673 to the Cafeteria Plan and are recorded in operating expenses on the statements of comprehensive income.

Note J - Commitments and Contingencies

The Company is not aware of any pending or threatened litigation or any unasserted claims or assessments that management considers to be probable of assertion and that, if asserted, would have at least a reasonable possibility of an unfavorable outcome, the risk of which has not been adequately insured against or provision for which has not been adequately reserved.

Note J - Commitments and Contingencies (Continued)

On September 17, 2021, the Company entered into a subscription agreement with the Trident Fund, wherein the Company agreed to a $2 million capital commitment to invest in the Trident Fund. As of December 31, 2025 and 2024, the Company contributed $1,514,685 and $1,210,237, respectively, to the Trident Fund leaving an unfunded capital commitments of $485,315 and $789,763 for the years ending December 31, 2025 and 2024. The Company received two drawdown notices and subsequently contributed a total of $84,415 through February 2026. The Company has not received any other drawdown notice from the Trident Fund other than those previously described above.

On May 23, 2024, the Company entered into a subscription agreement with Trident Capital X, L.P., a Cayman Islands exempted Limited Partnership (the Trident X Fund), wherein the Company agreed to a $2 million capital commitment to invest in the Trident X Fund. As of December 31, 2025, the Company has received no drawdown notice from the Trident X Fund and the Company's full $2 million capital commitment remains outstanding. The Company has not received any drawdown notice from the Trident X Fund.

In 2020, the Company entered into a stock redemption agreement with certain officers and directors which grant to those individuals the right to tender to the Company for redemption all shares of Class A Common Stock that are held by such individual. Upon such tender, the Company is obligated to redeem the Class A Common Stock at a redemption price equal to the then-existing book value per share as most recently declared by the Company's Board of Directors. The Company is obligated to pay the total redemption price no later than December 31 of the fourth calendar year following the calendar year in which the individual tenders the Class A Common Stock for redemption. There are 367 shares of Class A Common Stock that are subject to the stock redemption agreement. As of December 31, 2025 and 2024, the 367 shares have an aggregate book value of $17,912,347 and $14,233,397, respectively. As of December 31, 2025, these individuals have tendered no shares of Class A Common Stock for redemption by the Company. Under the terms of one redemption agreement, the Company has agreed to pay accrued interest on the unpaid redemption price at an adjustable rate equal to the mid-term applicable federal rate, as published by the IRS issued for the calendar month in which the redemption occurs. The interest rate shall be adjusted effective as of the first day of each calendar quarter and the accrued interest shall be paid quarterly within 15 days following the end of each calendar quarter.

Note K - Outstanding Shares

ALPS Corporation is authorized to issue 9,000,000 shares of Class A Common Stock having a $1.00 par value; 1,000,000 shares of Class B Non-voting Stock having a $1.00 par value; and 1,000,000 shares of Class C Common Stock having a $1.00 par value. The Company's restated articles of incorporation provide that no stockholder may own a fractional share of Class A Common Stock if said stockholder does not own at least one whole share of Class A Common Stock.

Note K - Outstanding Shares (Continued)

ALPS Corporation had approximately 3,522 Class A Common shares issued as of December 31, 2025 and 2024. Of these shares, 2,326 and 2,302 were held in treasury at December 31, 2025 and 2024, respectively. ALPS Corporation had no Class B nonvoting shares issued and outstanding as of December 31, 2025 and 2024. ALPS Corporation had approximately 241 shares of Class C Common shares issued and outstanding as of December 31, 2025 and 2024.

The Company has entered into a written agreement with one of the Company's reinsurers that owns approximately 58 shares of Class A Common Stock and 241 shares of Class C Common Stock. The third party has the right to put to the Company for cash up to 50% of the aggregate number of common shares held by the third party at a per share exercise price equal to the U.S. GAAP adjusted book value per share as of the most recent calendar quarter. The Company will not be required to make any such repurchases of said shares of common stock if: (i) after giving effect to said repurchase, the repurchase would cause the Company to violate MCA § 35-14-640; or (ii) the Board reasonably and in good faith determines that such repurchases will have a materially adverse impact on the Company. During 2016, the Company entered into an agreement providing the entity a right of first refusal on up to 33% of any reinsurance placed by the Company at open market pricing and terms.

Note L - Lease Commitments

The Company leases office space in the Historic Florence Building. The lease commenced on October 18, 2018, and had an initial term through December 31, 2025. On June 27, 2025, the Company exercised the option to extend the lease for an additional five years beginning on January 1, 2026, with an annual rent of $436,300. The Company has an additional option to extend again for an additional five years on January 1, 2031, with an annual rent of $449,338 through December 31, 2035.

The Company has valued the Historic Florence Building lease as an operating lease in accordance with ASU No. 2016-02. The Company's valuation of the right-of-use-asset and corresponding lease liability was based on the initial lease term, since it was not reasonably certain that the two renewal options will be exercised. The Company valued the liability and right-of-use asset using a discount rate of 3.13%, and the lease has a remaining useful life of one and two years at December 31, 2025 and 2024, respectively.

The Company entered a five-year equipment lease in 2018 that expired in October 2023. The Company entered a five-year equipment lease in 2023 that is considered a financing lease under ASC Topic 842. The lease liability and right-of-use-asset was valued using a discount rate of 3.13%, and the lease has a remaining useful life of three years at December 31, 2025.

Note L - Lease Commitments (Continued)

The Company has the following right-of-use-assets and lease liabilities at December 31:

	2025	2024
Operating lease assets	$ 2,015,054	$ 416,520
Financing lease assets	21,087	29,126
Total leased assets	$ 2,036,141	$ 445,646

	2025	2024
Current:		
Operating	$ 377,100	$ 416,493
Financing	8,090	7,674
Long-term:		
Operating	1,637,953	27
Financing	14,306	22,435
Total lease liability	$ 2,037,449	$ 446,629

Maturities of the lease liabilities at December 31, 2025, are as follows:

	Operating	Financing	Total
Years ending December 31:			
2026	$ 435,060	$ 8,520	$ 443,580
2027	435,060	8,520	443,580
2028	435,060	1,420	436,480
2029	435,060	-	435,060
2030	435,060	-	435,060
Total future lease payments	2,175,300	18,460	2,193,760
Lease interest	(155,694)	(617)	(156,311)
Present value of lease liabilities	$ 2,019,606	$ 17,843	$ 2,037,449

The Company incurred the following lease costs for the years ended December 31:

	2025	2024
Operating lease cost	$ 435,060	$ 423,588
Financing lease cost:		
Amortization of leased assets	7,714	7,451
Interest on lease liabilities	806	1,069
Total lease cost	$ 443,580	$ 432,108

Note L - Lease Commitments (Continued)

The Company incurred the following capital lease cash flows for the years ended December 31:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ (435,060)	$ (423,588)
Operating cash flows from financing leases	(806)	(1,069)
Financing cash flows from financing leases	(7,714)	(7,451)

Note M - Long-Term Incentive Plan

In 2013, the Board of Directors created the Long-Term Surrogate Equity Incentive Plan (LTIP), which replaced all of the Company's then-existing equity-related incentive plans, including stock options and stock appreciation. The LTIP consists of annual grants that provide participants the right to share in the incremental growth in the book value per share of the Company's Class A Common Stock over the five years following the issuance of each LTIP Grant.

In 2025 and 2024, the Company recorded $921,413 and $2,132,379, respectively, in expense based on the incremental growth in book value per share growth. In 2025 and 2024, the Company paid vested grants of $885,953 and $768,448, respectively.

Note N - Dividend Restrictions

Dividends from ALPS P&C are declared by its Board of Directors. Under insurance regulations of the state of Montana, dividends are classified into two types: ordinary and extraordinary. Ordinary dividends require 15-day advance notice to the Montana Commissioner of Securities and Insurance prior to payment. Extraordinary dividends, those which in total exceed 10% of the current year-end policyholder's statutory surplus, require approval from the Montana Commissioner of Securities and Insurance 30 days prior to payment. For the years ended December 31, 2025 and 2024, dividends in excess of $7,922,026 and $7,214,941, respectively, would be considered extraordinary.

Ordinary dividends in the amount of $2,000,000 and $3,500,000 were declared and paid by ALPS P&C to ALPS Corporation in 2025 and 2024, respectively. The Company paid no extraordinary dividends during 2025 or 2024.

Note O - Statutory Information

The financial statements of ALPS P&C differ from related statutory-basis financial statements principally as follows: (a) the bond portfolio is classified as available-for-sale (carried at fair value) rather than generally being carried at amortized cost; (b) acquisition costs of acquiring new business are deferred and amortized over the life of the policies rather than charged to operations as incurred; (c) certain deferred income tax assets, agents' balances, receivables from affiliates over 90 days old, and certain other assets designated as nonadmitted assets for statutory purposes are reported as assets rather than being charged to surplus; (d) reinsurance reserve credits are reported as assets rather than being offset against the related reserve amounts, and an allowance is established for uncollectible amounts through a charge through earnings rather than through statutory formula-driven methods; and (e) investments in subsidiary companies are consolidated with the accounts and operations of the Company rather than carried at the subsidiary's underlying net assets, with changes credited or charged directly to unassigned surplus. A reconciliation of ALPS P&C's net income and capital and surplus amounts presented in accordance with U.S. GAAP and presented in accordance with statutory accounting practices is a follows as of and for the years ended December 31:

	Net Income		Capital and Surplus	
	2025	2024	2025	2024
Amounts stated in conformity with U.S. GAAP	$ 10,289,737	$ 16,660,441	$ 79,957,395	$ 68,912,750
Other investment adjustments	(1,909,604)	(1,797,734)	3,755,225	7,392,440
Deferred policy acquisition costs	(1,118,138)	17,311	(3,408,671)	(2,290,533)
Nonadmitted assets	-	-	(694,808)	(460,534)
Deferred income taxes	60,844	429,660	(388,883)	(1,404,716)
Amounts stated in conformity with statutory accounting practices	$ 7,322,839	$ 15,309,678	$ 79,220,258	$ 72,149,407

Note P - Stock Redemption and Purchase Program

Since 2014, the Company has maintained a Stock Redemption and Purchase Program (the Program) because there is no public market or exchange for the Company's outstanding Class A Common Stock. The Program does not involve the Company's issuance of additional or new classes of securities. Instead, the Company maintains the Program to facilitate the sale and purchase of Class A Common Stock. The Program provides a corporate redemption option in order to accommodate those stockholders who desire to sell some or all of their Class A Common Stock. The Program also facilitates the independent purchasing of Class A Common Stock by those interested parties who desire to own additional Class A Common Stock. For the years ended December 31, 2025 and 2024, the Company redeemed 27 shares and 93 shares of Class A Common Stock, respectively, at the aggregate redemption price of $1,314,339 and $3,604,141, respectively. For the years ended December 31, 2025 and 2024, existing stockholders purchased 3 and 9 shares of Class A Common Stock at the aggregate purchase price of $146,373 and $329,545, respectively. The Program allows for the Company's officers, directors and employees (Affiliates) to purchase and sell shares of Class A Common Stock. Affiliates did not sell any shares of Class A Common Stock in 2025 or 2024.

Note Q - Subsequent Event

All of the effects of subsequent events that provide additional evidence about conditions that existed at the consolidated balance sheet date, including the estimates inherent in the process of preparing the consolidated financial statements, are recognized in the consolidated financial statements. The Company does not recognize subsequent events that provide evidence about conditions that did not exist at the consolidated balance sheet date but arose after, but before the consolidated financial statements are available to be issued. In some cases, nonrecognized subsequent events are disclosed to keep the consolidated financial statements from being misleading.

Subsequent events have been evaluated through April 20, 2026, which is the date the consolidated financial statements were available to be issued.

Required Supplementary Information

ALPS Corporation and Subsidiaries

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

The following is information about incurred and paid loss development, net of reinsurance and by significant category for the years ended December 31 (In Thousands):

Professional liability insurance

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	$ 18,924	$ 18,924	$ 18,924	$ 19,239	$ 16,864	$ 15,364	$ 13,614	$ 13,254	$ 12,761	$ 12,761
2017		19,849	19,865	19,998	19,998	19,800	19,798	17,598	16,296	16,296
2018			21,383	21,511	21,547	20,375	20,389	18,789	15,163	15,163
2019				23,949	24,949	26,299	26,359	26,359	24,659	23,959
2020					21,271	21,271	21,366	21,366	19,166	18,666
2021						22,665	22,958	22,958	20,458	19,298
2022							24,903	24,903	24,903	24,903
2023								26,580	26,580	26,580
2024									27,037	27,037
2025										28,054
Total										212,717

ALPS Corporation and Subsidiaries

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance (Unaudited) (Continued)

Professional liability insurance

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	$ 1,990	$ 6,439	$ 8,808	$ 10,664	$ 11,745	$ 12,199	$ 12,694	$ 12,773	$ 12,761	$ 12,761
2017		2,890	8,153	10,921	13,098	14,282	14,732	15,069	15,189	15,271
2018			3,572	8,546	11,372	12,672	13,466	13,944	14,247	14,346
2019				3,998	11,618	15,720	18,830	20,330	21,689	22,003
2020					2,579	7,455	12,456	14,150	15,001	16,602
2021						2,129	6,493	9,363	11,232	12,411
2022							3,503	7,506	12,330	14,986
2023								2,823	8,297	14,030
2024									3,223	9,872
2025										3,394
Total										135,676
All outstanding liabilities before 2016, net of reinsurance										15
Liabilities for losses and loss adjustment expenses, net of reinsurance										$ 77,056

ALPS Corporation and Subsidiaries

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

The following is the average annual percentage payout of incurred claims by age net of reinsurance as of December 31, 2025:

	Average Annual Percentage Payout of Incurred Claims by Age									
Years	1	2	3	4	5	6	7	8	9	10
Professional liability insurance	14.7 %	26.9 %	19.2 %	11.3 %	6.3 %	4.7 %	2.3 %	0.7 %	0.2 %	- %