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DELTA REPORT

10-K

SAFT - SAFETY INSURANCE GROUP IN

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

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TOTAL DELTAS 2791

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, **2022** **2023**
Or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 000-50070

SAFETY INSURANCE GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

13-4181699

(State or other jurisdiction of incorporation or organization)

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

20 Custom House Street, Boston, Massachusetts 02110

(Address of principal executive offices including zip code)

(617) 951-0600

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, \$0.01 par value per share	SAFT	The Nasdaq Stock Market, LLC

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

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

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

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

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

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

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

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

The aggregate market value of the registrant's voting and non-voting common equity (based on the closing sales price on NASDAQ) held by non-affiliates of the registrant as of **June 30, 2022** **June 30, 2023**, was approximately **\$1,370,785,946**, **\$1,039,516,422**.

As of **February 21, 2023** **February 20, 2024** there were **14,800,434** **14,791,812** Common Shares with a par value of \$0.01 per share outstanding.

Documents Incorporated by Reference

Portions of the registrant's definitive proxy statement for its Annual Meeting of Shareholders, which Safety Insurance Group, Inc. ("Safety", the "Company", "we", "our", "us") intends to file within 120 days after its **December 31, 2022** **December 31, 2023** year-end, are incorporated by reference into Part II and Part III hereof.

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SAFETY INSURANCE GROUP, INC.

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In this Form 10-K, all dollar amounts are presented in thousands, except average premium, average claim and per claim data, share, and per share data.

PART I.**ITEM 1. BUSINESS****General**

We are a leading provider of private passenger automobile, commercial automobile, and homeowners insurance in Massachusetts. In addition to these coverages, we offer a portfolio of other insurance products, including dwelling fire, umbrella and business owner policies. Operating exclusively in Massachusetts, New Hampshire and Maine through our insurance company subsidiaries, Safety Insurance Company ("Safety Insurance"), Safety Indemnity Insurance Company ("Safety Indemnity"), Safety Property and Casualty Insurance Company ("Safety P&C"), and Safety Northeast Insurance Company ("Safety Northeast") (together referred to as the "Insurance Subsidiaries"), we have established strong relationships with independent insurance agents, who numbered 843,834 in 1,071,1,090 locations throughout these three states during 2022, 2023. We have used these relationships and, in particular, our extensive knowledge of the Massachusetts market to become the fifth third largest private passenger automobile carrier and the second largest commercial automobile carrier in Massachusetts, capturing an approximate 7.7% 8.7% and 12.6% 12.7% share, respectively, of the Massachusetts private passenger and commercial automobile markets in 2022, 2023 according to statistics compiled by Commonwealth Automobile Reinsurers ("CAR"). We also are the third fourth largest homeowners insurance carrier in Massachusetts with a 6.5% 6.2% share of that market in 2021, 2022. We were ranked the 57, 50th largest automobile writer in the country according to S&P Global Market Intelligence, based on 2021, 2022 direct written premiums. We were incorporated under the laws of Delaware in 2001, but through our predecessors, we have underwritten insurance in Massachusetts since 1979.

Our Insurance Subsidiaries began writing insurance in New Hampshire during 2008 and Maine in 2016. The table below shows the amount of direct written premiums written in each state during the year ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021.

<u>Direct Written Premiums</u>	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Massachusetts	\$ 782,790	\$ 765,007	\$ 764,479	\$ 941,721	\$ 782,790	\$ 765,007
New Hampshire	36,519	34,261	32,334	42,762	36,519	34,261
Maine	4,009	2,871	1,899	6,741	4,009	2,871
Total	\$ 823,318	\$ 802,139	\$ 798,712	\$ 991,224	\$ 823,318	\$ 802,139

Website Access to Information

The Internet address for our website is www.SafetyInsurance.com. All of our press releases and United States Securities and Exchange Commission ("SEC") reports are available for viewing or download at our website. These documents are made available as soon as reasonably practicable after each press release is made and SEC report is filed with, or furnished to, the SEC. Copies of any current public information about our Company is available without charge upon written, telephone, faxed or e-mailed request to the Office of Investor Relations, Safety Insurance Group, Inc., 20 Custom House Street, Boston, MA 02110, Tel: 877-951-2522, Fax: 617-603-4837, or e-mail: InvestorRelations@SafetyInsurance.com. The materials on our website are not part of this report on Form 10-K nor are they incorporated by

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Our Competitive Strengths

We Have Strong Relationships with Independent Agents. In 2022, 2023, independent agents accounted for approximately 63.8% 64.8% of the Massachusetts personal lines insurance market measured by direct written premiums as compared to approximately 37.0% 38.0% nationwide, based on data made available by Independent Insurance Agents and Brokers of America, Inc. and CAR. For that reason, our strategy is centered around, and we sell exclusively through, a network of independent agents. In order to support our independent agents and enhance our relationships with them, we:

- provide our agents with a portfolio of property and casualty insurance products at competitive prices to help them effectively address the insurance needs of their clients;
- provide our agents with a variety of technological resources which enable us to deliver superior service and support to them; and
- offer our agents competitive commission schedules and profit sharing programs.

Through these measures, we strive to become the preferred provider of the independent agents in our agency network and capture a growing share of the total insurance business written by these agents in Massachusetts, New Hampshire and Maine. We must compete with other insurance carriers for the business of independent agents.

We Have a History of Profitable Operations. In 41 42 out of 42 43 years since our inception in 1979, we have been profitable. We have achieved our profitability, among other things, by:

- operating as the fifth third largest private passenger auto premium insurance carrier, the second largest commercial auto insurance carrier, and third largest homeowner insurance carrier in Massachusetts.
- maintaining a combined ratio that is typically below industry averages (refer to Insurance Ratios under Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion on insurance ratios);
- taking advantage of the institutional knowledge our management has amassed during its long tenure in the industry;
- introducing new lines and forms of insurance products;
- investing in technology to provide our agents with state-of-the-art tools that make the ease and convenience of doing business with us second to none; and
- maintaining a high-quality investment portfolio.

We Continue to Develop and Deploy Advanced Technology and Services for Our Business. We have dedicated significant human and financial resources to the development and deployments of advanced information systems and technologies, customer and agent facing websites, mobile applications, and customer engagement tools including online chat and text. Over the last several years we have modernized all of our core systems along with many of our surround systems and technology platforms in an effort to increase efficiencies within the organization and provide a better user experience for our employees, agents, and customers. These modern systems and platforms position us to continue to take advantage of the latest in InsureTech offerings, Software as a Service (SaaS) products and cloud-based technologies to improve the customer experience, engage with customers on their terms, and assist with customer retention all while improving operational efficiencies and reducing operational costs. We also continue to expand our usage of Robotics Process Automation throughout the organization to automate manual processes, streamline the software testing process and perform application performing testing to insure a robust technical environment.

We Have an Experienced, Committed and Knowledgeable Management Team. Our senior management team has an average of over 29 30 years of experience with Safety and a demonstrated ability to operate successfully within the property and casualty market.

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Our Strategy

To achieve our goal of increasing shareholder value, our strategy is to maintain and develop strong independent agent relationships by providing our agents with a full package of insurance products and information technology services. We believe this strategy will allow us to:

- further penetrate the Massachusetts, New Hampshire and Maine markets in all lines of business;
- implement rates, forms and billing options that allow us to cross-sell private passenger automobile, homeowners, dwelling fire, and personal umbrella policies in the personal lines market and commercial automobile, business owner policies, commercial property package and commercial umbrella policies in the commercial lines market in order to capture a larger share of the total Massachusetts, New Hampshire and Maine property and casualty insurance business written by each of our independent agents; and
- continue to expand our technology to enable independent agents to more easily serve their customers and conduct business with us, thereby strengthening their relationships with us.

Property and Casualty Insurance Market

Introduction. We are licensed by the respective state insurance departments to transact property and casualty insurance in Massachusetts, New Hampshire, and Maine. All of our business is regulated by these departments, with the most extensive oversight from our domestic regulator, the Massachusetts Division of Insurance ("Division").

Products

Historically, we have focused on underwriting We provide our insureds with an extensive offering of coverage options in private passenger automobile, homeowners, commercial automobile, business owner and personal and commercial umbrella insurance which lines. Private passenger automobile coverage is written through our subsidiary, by Safety Insurance. In 1989, we formed Safety Indemnity to offer commercial automobile insurance at preferred rates. Since 1997, we have expanded the breadth of our product line in order for agents to address a greater portion of their clients' insurance needs by selling multiple products. Homeowners, business owner, personal umbrella, dwelling fire and commercial umbrella insurance policies coverages are written by Safety Insurance at standard rates, and written by Safety Indemnity at preferred rates. In December 2006, we formed Safety P&C to offer offers a high value homeowners product and competitive commercial automobile insurance. In November 2020, we formed coverage. Safety Northeast to offer at ultra preferred rates, which became licensed to write writes homeowners insurance products in Massachusetts, Massachusetts, offering a basic coverage package at ultra preferred rates.

The table below shows our premiums in each of these product lines for the periods indicated and the portions of our total premiums each product line represented.

Direct Written Premiums	Years Ended December 31,						Years Ended December 31,					
	2022		2021		2020		2023		2022		2021	
Private passenger automobile	\$ 427,665	52.0 %	\$ 429,819	53.6 %	\$ 438,824	54.9 %	\$ 543,167	54.7 %	\$ 427,665	52.0 %	\$ 429,819	53.6 %
Commercial automobile	143,571	17.4	129,832	16.2	118,773	14.9	157,101	15.9	143,571	17.4	129,832	16.2
Homeowners	208,577	25.3	199,886	24.9	199,482	25.0	242,346	24.5	208,577	25.3	199,886	24.9
Business owners	24,200	2.9	23,334	2.9	22,317	2.8	26,583	2.7	24,200	2.9	23,334	2.9
Personal umbrella	8,441	1.0	8,417	1.1	8,087	1.0	9,385	1.0	8,441	1.0	8,417	1.1
Dwelling fire	9,667	1.2	9,698	1.2	10,148	1.3	11,305	1.1	9,667	1.2	9,698	1.2
Commercial umbrella	1,197	0.2	1,153	0.1	1,081	0.1	1,337	0.1	1,197	0.2	1,153	0.1
Total	\$ 823,318	100.0 %	\$ 802,139	100.0 %	\$ 798,712	100.0 %	\$ 991,224	100.0 %	\$ 823,318	100.0 %	\$ 802,139	100.0 %

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Our product lines are as follows:

Private Passenger Automobile (52.0% (54.7% of 2022 2023 direct written premiums)). Private passenger automobile insurance is our primary product. These policies provide coverage for bodily injury and property damage to others, no-fault personal injury coverage for the insured/insured's car occupants, and physical damage coverage for an insured's own vehicle for collision or other perils.

Commercial Automobile (17.4% (15.9% of 2022 2023 direct written premiums)). Commercial automobile policies provide coverage for bodily injury and property damage to others, no-fault personal injury coverage, and physical damage coverage for an insured's own vehicle for collision or other perils resulting from the ownership or use of commercial vehicles in a business. We offer insurance for commercial vehicles used for business purposes such as private passenger-type vehicles, trucks, tractors and trailers (excluding long-haul trucking), and insure individual vehicles as well as commercial fleets.

Homeowners (25.3% (24.5% of 2022 2023 direct written premiums)). We offer a broad selection of coverage forms for qualified policyholders. Homeowners policies provide coverage for losses to a dwelling and its contents from numerous perils, and coverage for liability to others arising from ownership or occupancy. We write policies on homes, condominiums, and apartments.

Business Owner Policies (2.9% (2.7% of 2022 2023 direct written premiums)). We serve eligible small and medium sized commercial accounts with a program that covers apartments and residential condominiums; mercantile establishments, including restaurants; offices, including office condominiums; processing and services businesses; special trade contractors; and wholesaling businesses. Business owner policies provide liability and property coverage for many perils, including business interruption from a covered loss. Equipment breakdown coverage is automatically included, and a wide range of additional coverage is available to qualified customers. We write policies for business owners at standard rates with qualifying risks eligible for preferred lower rates.

Personal Umbrella (1.0% of 2022 2023 direct written premiums). We offer personal excess liability coverage over and above the limits of individual automobile, watercraft, and homeowner's insurance policies to clients. We write policies at standard rates with limits of \$1,000 to \$5,000.

Dwelling Fire (1.2% (1.1% of 2022 2023 direct written premiums)). We underwrite dwelling fire insurance, which is a limited form of a homeowner's policy for non-owner occupied residences. We write all forms of dwelling fire coverage at standard rates.

Commercial Umbrella (0.2% (0.1% of 2022 2023 direct written premiums)). We offer an excess liability product to clients for whom we underwrite both commercial automobile and business owner policies. The program is directed at commercial automobile risks with private passenger-type automobiles or light and medium trucks. We write commercial umbrella policies at standard rates with limits ranging from \$1,000 to \$5,000.

Inland Marine (included in our Homeowners direct written premiums). We offer inland marine coverage as an endorsement for all homeowners and business owner policies. Inland marine provides additional coverage for jewelry, fine arts and other items that a homeowners or business owner policy would limit or not cover. Scheduled items valued at more than \$5 must meet our underwriting guidelines and be appraised.

Watercraft (included in our Homeowners direct written premiums). We offer watercraft coverage for small and medium sized pleasure craft with maximum lengths of 32 feet, valued at less than \$75 and maximum speed of 39 knots. We write this coverage as an endorsement to our homeowner's policies.

The insurance industry can also be impacted by terrorism, and we have filed and received approval for a number of terrorism endorsements, which limit our liability and property exposure according to the Terrorism Risk Insurance Act of 2002, the Terrorism Risk Insurance Extension Act of 2005, the Terrorism Risk Insurance Program

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Reauthorization Act of 2007, the Terrorism Risk Insurance Program Reauthorization of 2015 and the Terrorism Risk Insurance Program Reauthorization Act of 2019. See "Reinsurance," discussed below.

Distribution

We distribute our products exclusively through independent agents, unlike some of our competitors who use multiple distribution channels. We believe this gives us a competitive advantage with the agents. With the exception of personal automobile business assigned to us by the Massachusetts Automobile Insurance Plan ("MAIP") or written through CAR's commercial automobile Servicing Carrier program, we do not accept business from insurance brokers. Our voluntary agents have authority pursuant to our voluntary agency agreement to bind our Insurance Subsidiaries for any coverage that is within the scope of their authority. We reserve the ability to cancel any coverage bound, in accordance with applicable law. In total, our independent agents numbered 843,834 and had 1,071,1,090 offices (some agencies have more than one office) and approximately 10,015 11,091 customer service representatives during 2022, 2023.

Voluntary Agents. In 2022, 2023, we obtained approximately 96.5% 97.1% of our direct written premiums for automobile insurance and 100% of our direct written premiums for all of our other lines of business through our voluntary agents. As of December 31, 2022 December 31, 2023, we had agreements with 739 737 voluntary agents. Our voluntary agents are located in all regions of Massachusetts, New Hampshire and Maine.

We look for agents with profitable portfolios of business. To become a voluntary agent for our Company, we generally require that an agency: (i) have been in business for at least five years; (ii) have exhibited a three year private passenger average ratio of losses, excluding loss adjustment expenses, to net earned premiums ("pure loss ratio") of 65.0% or less on the portion of the agent's portfolio that we would underwrite; (iii) make a commitment for us to underwrite at least 300 policies from the agency during the first twelve months after entering an agreement with us; and (iv) offer multiple product lines. Every year, we review the prior year performance of our agents. If an agent fails to meet our profitability standards, we try to work with the agent to improve the profitability of the business it places with us. We generally terminate contracts each year with a few agencies, which, despite our efforts, have been consistently unable to meet our standards. Although independent agents usually represent several unrelated insurers, our goal is to be one of the top two insurance companies represented in each of our agencies, as measured by direct written premiums. No individual agency generated more than 8.7% 10.0% of our direct written premiums in 2022, 2023.

Massachusetts law guarantees that CAR provides motor vehicle insurance coverage to all eligible risks. Under the MAIP, personal automobile policies are assigned to us for three years, unless the policyholder is offered a voluntary policy by another insurer. All Massachusetts agents are authorized to submit eligible business to the MAIP for random assignment to a carrier such as Safety Insurance. We are allocated all private passenger residual market business through the MAIP.

CAR runs a reinsurance pool for ceded commercial automobile policies through the Commercial Automobile Program (the "Commercial Automobile Program"). CAR has appointed Safety and three other servicing carriers to process ceded commercial automobile insurance. Safety was reappointed for this program on January 1, 2022 January 1, 2023 for an additional five-year term. Historically, CAR ran a separate reinsurance pool for Taxi, Limousine and Car Service risks; however, beginning with the January 1, 2022 January 1, 2023 policy year, this pool was combined into the Commercial Automobile Program. Approximately \$190,000 \$205,000 of ceded premium is spread equitably among the four servicing carriers. Subject to the review of the Massachusetts Commissioner of Insurance ("the Commissioner"), CAR sets the premium rates for commercial automobile policies reinsured through CAR and this reinsurance pool can generate an underwriting result that is a profit or deficit based upon CAR's rate level. This underwriting result is allocated among every Massachusetts commercial automobile insurance company, including us, based on a company's commercial automobile voluntary market share.

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We are assigned independent agents by CAR who can submit commercial business to us in the Commercial Automobile Program and the Taxi/Limo Program, and we classify those agents as Exclusive Representative Producers ("ERPs").

The table below shows our direct written exposures in each of our product lines for the periods indicated and the change in exposures for each product line.

Line of Business	Line of Business	Years Ended December 31,			Years Ended December 31,		
		2022		2021	2023		2022
		Exposures	Change	Exposures	Change	Exposures	Change
Private passenger automobile:	Private passenger automobile:						
	Voluntary agents	387,463	(0.9)%	390,919	(4.4)%	408,873	(2.4)%
	MAIP	2,140	1.4	2,110	(36.0)	3,298	(42.9)
		389,603	(0.9)	393,029	(4.6)	412,171	(2.9)
	Total private passenger automobile						
Commercial automobile:	Commercial automobile:						
	Voluntary agents	66,214	0.6	65,848	3.2	63,828	(4.8)
	ERP	3,700	(1.5)	3,755	(1.2)	3,802	(50.8)
	Total commercial automobile	69,914	0.5	69,603	2.9	67,630	(9.6)
Other:	Other:						
Homeowners	Homeowners	152,884	(0.7)	153,980	(2.3)	157,611	(0.8)
Business owners	Business owners	8,624	(1.7)	8,770	0.4	8,735	(1.9)
Personal umbrella	Personal umbrella	21,099	(2.0)	21,530	(2.7)	22,124	(2.2)
Dwelling fire	Dwelling fire	5,715	(4.8)	6,000	(7.0)	6,454	(2.7)
Commercial umbrella	Commercial umbrella	658	(2.1)	672	3.1	652	(4.7)
	Total other	188,980	(1.0)	190,952	(2.4)	195,576	(1.1)
	Total	648,497	(0.8)	653,584	(3.2)	675,377	(3.1)
Total voluntary agents	Total voluntary agents	642,657	(0.8)	647,719	(3.1)	668,277	(2.3)

In 2022, 65.2% 2023, 64.5% of the private passenger automobile exposures we insure had an other than private passenger policy with us, compared to 65.2% and 65.6% in 2022 and 66.1% in 2021, and 2020, respectively. In addition, 81.9% 83.0% of our homeowners' policyholders had a matching automobile policy with us in 2022 2023 compared to 81.9% in 2022 and 82.6% in 2021 and 82.8% in 2020, 2021.

Marketing

We view the independent agent as our customer and business partner. As a result, a component of our marketing efforts focuses on developing interdependent relationships with leading Massachusetts, New Hampshire and Maine agents that write profitable business and positioning ourselves as the preferred insurance carrier of those agents, thereby receiving a larger portion of each agent's aggregate business. Our principal marketing strategies to agents are:

- to offer a range of products, which we believe enables our agents to meet the insurance needs of their clients;
- to price our products competitively, including offering discounts when and where appropriate for safer drivers for our personal automobile products, loss-free credits for our homeowner products, paperless e-Customer discounts, and also offering account discounts for policyholders that have more than one policy with us;
- to design, price and market our products to our agents for their customers to place all their insurance with us;
- to offer agents competitive commissions, with incentives for placing their more profitable business with us; and
- to provide a level of support and service that enhances the agent's ability to do business with its clients and with us.

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We have a comprehensive branding campaign using a variety of radio, television, digital, social and print advertisements.

Commission Schedule and Profit Sharing Plan. We have several programs designed to attract profitable new business from agents by paying them competitive commissions. We recognize our top performing agents by making them members of either our Chairman's Elite, Chairman's, President's, Executive's or Preferred Agent's Club.

Further, we have a competitive agency incentive commission program under which we pay agents a percentage of premiums based on the loss ratio on their business.

Service and Support. We believe that the level and quality of service and support we provide helps differentiate us from other insurers. We have made a significant investment in information technology designed to facilitate our agents' business. Our Agents Virtual Community website helps agents manage their work efficiently. We provide a substantial amount of information online that agents need to serve their customers, such as information about the status of new policies, bill payments billing and claims. We are also committed to providing our agents with new information through our Resource Center articles on SafetyInsurance.com to keep their customers informed on how to best protect their auto, home and business. Providing this type of content reduces the number of customer calls we receive and empowers the agent's customer service representatives by enabling them to respond to customers' inquiries while the customer is on the telephone. Finally, we believe that the knowledge and experience of our employees enhances the quality of support we provide.

Underwriting and Insurance Operations

Our underwriting department is responsible for a number of key decisions affecting the profitability of our business, including:

- pricing of our private passenger automobile, commercial automobile, homeowners, dwelling fire, personal umbrella, business owner, and commercial umbrella policies;
- developing new products, coverages, forms and discounts, as well as expansion into new states;
- determining underwriting guidelines for all our products; and
- evaluating whether to accept transfers of a portion of an existing or potential new agent's portfolio from another insurer.

Pricing. Subject to the applicable state insurance department's review, we set rates for all of our products using our own loss experience, industry loss cost data, residual market deficits, catastrophe modeling and prices charged by our competitors. We have four pricing segments for most products, utilizing Safety Insurance for standard rates, Safety Indemnity for preferred rates, Safety Northeast for ultra preferred rates and Safety P&C for high value homeowners rates.

Massachusetts Residual Automobile Insurance Markets. CAR establishes the rates for personal automobile policies assigned to carriers through the MAIP. In accordance with Massachusetts law, insurers may only charge MAIP policyholders the lower of the MAIP rate or the company's competitive voluntary market rate. CAR also sets rates for commercial automobile policies, **including taxi/limousine/car service policies**, reinsured through the CAR residual market pool. All commercial automobile **business and taxi/limousine/car service** business that is not written in the voluntary market in Massachusetts is apportioned to one of the servicing carriers that handles business on behalf of CAR. Every Massachusetts commercial automobile insurer must bear a portion of the losses of the total commercial reinsurance pool that is serviced by the approved servicing carriers. We are one of four servicing carriers in CAR's Commercial Automobile Program.

Bulk Policy Transfers and New Voluntary Agents. From time to time, we receive proposals from an existing voluntary agent to transfer a portfolio of the agent's business from another insurer to us. Our underwriters model the

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profitability of these portfolios before we accept these transfers. We generally require any new voluntary agent to commit to transfer a portfolio to us consisting of at least **300 policies. \$300 in written premium.**

Policy Processing. Our underwriting department assists in processing policy applications, endorsements, renewals and cancellations. Our proprietary software applications, Safety Express and Safety Commercial Express, provide our agents with new business and endorsement entry, real-time policy issuance, immediate printing of declarations pages in agents' offices, policy downloads to most major agency management systems and data imports from Boston Software's SinglePoint (Massachusetts) and Vertafore's PL Rater (Massachusetts, New Hampshire and Maine) for personal lines.

Rate Pursuit. We aggressively monitor all insurance transactions to make sure we receive the correct premium for the risk insured. We accomplish this by verifying pricing criteria. For automobile policies, we verify proper classification of drivers, the make, model, and age of insured vehicles, and the availability of discounts. We also verify that operators are properly listed and classified, assignment of operators to vehicles, and vehicle garaging. In our homeowners and dwelling fire lines, we use third party software to evaluate property characteristics and we conduct property inspections. We have a premium audit program in our business owner program, as well as other loss control reviews for additional commercial lines of business.

Product Management. The Product Management department is responsible for the overall review and updating of our products. The department maintains an annual schedule where each line of business is reviewed and benchmarked against our major competitors. Product offerings, discounts, rate levels and underwriting guidelines are reviewed and updates are performed as required. The department is also responsible for updating producer materials such as rate and rule manuals, underwriting guidelines, and promotional materials. In conjunction with the underwriting operations area, the department works with third party vendors that assist with risk information, data, and rate pursuit for in-force policies. The department also provides product training and general marketplace education for the organization.

Legal and Regulatory Compliance. The Legal and Regulatory Compliance department provides legal and compliance support to all business units within the Company. The department serves as the primary liaison with regulators, government, and industry trade associations. The department also provides legal support to all areas of the company, including general corporate matters and vendor contracting. The department monitors legal and regulatory changes affecting the enterprise and provides guidance on how to comply with those changes. The department additionally reviews business unit operations to identify and address compliance vulnerabilities.

Business Intelligence. The Business Intelligence department **uses unit within the Actuarial Services division is responsible for maintaining and improving the quality of Safety's data, assets maintaining Safety's enterprise data warehouse environment, and providing a**

suite of management reports and predictive analytical models to support decision-making all departments and management levels at Safety. The Business Intelligence unit's directive is to turn the daily transactional data in areas including underwriting, pricing, claims, reserving, reinsurance and assessing catastrophe risks. Data analytics are used the warehouse into usable information to analyze and estimate exposures, loss trends and other risks, and are leveraged to improve Company help Safety's management team make more intelligent data-driven business performance and customer satisfaction decisions.

Customer Engagement. The Customer Engagement department provides professional customer service to our agents and insureds by continuously identifying new ways to enhance the ease of doing business with us and by looking for new ways to personalize our services for each customer.

Technology

The focuses of our information technology ("IT") efforts are:

- to support the strategic goals, objectives, and business needs of the Company by aligning our IT annual goals with those of the business, assuring that IT resources are being utilized efficiently;
- to constantly re-engineer internal processes to allow more efficient operations, resulting in lower operating costs;

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- to continuously improve the customer experience, making it easier for independent agents and policyholders to transact business with us;

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- to enable agents to efficiently provide their clients with a high level of service; and
- to maintain and support a secure computing environment.

We believe that our technology initiatives have increased revenue and decreased costs while at the same time improving the customer experience for our employees, agents, and policyholders. In 2021, we introduced our Safety Commercial Express commercial auto quoting and policy issuance system in Massachusetts for new business. During 2022, this system was updated to allow for agent processing of endorsements. We are continuously investing in new technologies, including areas such as robotic process automation, artificial intelligence, and automated testing to improve company efficiency.

Cybersecurity. We continuously evolve our cybersecurity strategy to protect Safety's computer assets from a cybersecurity attack. Safety's cybersecurity committee monitors the landscape for emerging threats, evaluates the latest preventative tools and methods, and recommends ways to increase enterprise security. An employee education program provides ongoing training to Safety's employees, including phishing tests and remediation training.

Innovation Lab. Since 2018, we have had an Innovation Lab to foster a culture of innovative thinking, monitor the InsureTech landscape, and provide Safety, our independent agents, and policyholders with the tools and processes necessary to continuously improve the customer experience and remain competitive in both the current and future insurance marketplace. During 2022, 2023, the Innovation Lab did

substantial research, performed multiple proof proofs of concepts, initiated pilot projects, participated in industry sponsored InsureTech events, and presented fully functional technologies to the business for their use. During 2023, the Innovation Lab did significant research on Generative AI, and during the third quarter, a proof of concept on Large Language Models and Generative AI was initiated, with results expected during 2024. In 2022, 2023, the Innovation Lab partnered with Safety's Commercial Personal Underwriting department to introduce build out a no code low code product into our technology toolset which was used to develop an underwriting workbench. A proof of concept was also developed in partnership conducted with our Service Center to explore the development of a Customer System of Record application. The proof of concept was successful, and a production-ready version of the system was implemented in the fourth quarter of 2023. The Innovation Lab also partnered with the Claims department Department and Insurance Operations Department to select an outbound electronic claims payment a two-way texting system, which we will look to implement in 2023, 2024.

Internal Applications

Our employees access our proprietary and vendor supplied applications through our secure corporate intranet. Our intranet applications streamline internal processes and improve overall operational efficiencies and customer experience in areas including:

Claims. A vendor supplied claims system provides the claims department with a workload management application that allows our claims and subrogation adjusters to better manage the claims process. Subrogation refers to the process by which we are reimbursed by other insurers for claims costs we incur due to the fault of their insureds. The use of this application has reduced the time it takes for us to respond to and settle claims, which we believe helps reduce the total amount of our claims expense while also providing a better customer experience for the policyholder and claimant.

The automated adjuster assignment system categorizes our new claims by severity and assigns them to the appropriate adjuster responsible for investigation. Once assigned, the integrated workload management tools facilitate the work of promptly assigning appraisers, investigating liability, issuing payments, and receiving subrogation receipts.

Billing. A vendor supplied billing systems, integrated with the systems of our print and lock-box vendors, expedite the processing and collection of premium receipts and finance charges from agents and policyholders. This billing system also allows for policyholder automatic payments (AutoPay) as well as electronic bill (eBill). We believe

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the sophistication of our direct bill systems help system helps us to limit our bad debt expense. Our bad debt expense as a percentage of direct written premiums was 0.2% and 0.1% in 2023 and 2022, and 2021, respectively.

External Applications

Our agent technology offerings are centralized within our agency portal and feature PowerDesk, Safety Express and Safety Commercial Express. PowerDesk is a web-based application that allows for billing inquiry, agent payments on behalf of their policyholders, policy inquiry and claims inquiry. Safety Express and Safety Commercial Express provide agents with new business and endorsement entry, real-time policy issuance for personal lines, immediate printing of declarations pages in agents' offices, policy downloads to most major agency management systems and data imports from Boston Software's SinglePoint, Vertafore's PL Rater, EZLynx and TurboRater. In addition, we provide our

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agents with commission and claims download for all lines of business, Transformation Station and Transact Now Inquires, e-Claims online claims reporting, e-View daily transaction reports and e-Docs online electronic document file cabinet.

We also provide eBill, online bill pay (including credit and debit cards), online AutoPay registration, online declarations pages, billing inquiry, claims inquiry, auto and homeowners claims first notice of loss, online auto insurance cards, and bill pay reminder alerts to our agents' policyholders through our public website, SafetyInsurance.com.

Additionally, we provide policyholders with mobile technology through our Safety Mobile App for iPhone and Android devices. Safety Mobile provides consumers with access to their agent information, bill pay capabilities, the ability to report an automobile or homeowners claim and access to their insurance card, among other features.

Claims

On casualty claims we utilize stringent claims settlement procedures, which include guidelines that establish settlement ranges for soft tissue injuries, which constituted approximately 58% of our bodily injury claims in 2022. If we are unable to settle these claims within our pricing guidelines, we explore other cost-effective options including alternative dispute resolutions and/or litigation. We believe that these procedures result in providing our adjusting staff with a uniform approach to negotiation.

We believe an important component of handling claims efficiently is prompt investigation and settlement. We find that faster claims settlements often result in less expensive claims settlements. Our E-Claim reporting system is an online product that reduces the time it takes for agents to notify our adjusters about claims, thereby enabling us to contact third-party claimants and other witnesses quickly. Our insureds can report claims directly by phone, web, or mobile application. In addition, we utilize an after-hours reporting vendor to ensure that new claims can be reported 24 hours per day and 365 days per year.

We believe that early notification results in our adjusters conducting prompt investigations of claims and compiling more accurate information about those claims. Our modern claims software provides our staff with efficient workplan management tools to assist our adjusters in handling claims quickly while providing high levels of customer service.

We believe the structure of our claims department allows us to respond quickly to claimants. The department is organized into distinct claim units that contain loss costs on injury claims. Field adjusters adjusting resources are located geographically utilized for prompt response to large potential exposure claims with our and dedicated litigation unit focused staff focus on managing loss costs and litigation expenses for serious injury claims expense.

Additionally, we utilize a special investigation unit to investigate potential fraud in connection with claims presented. In cases where adjusters suspect fraud in connection with a claim, we deploy this special unit to conduct investigations. We deny payment in cases in which we have succeeded in accumulating sufficient evidence of fraud.

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Our auto physical damage claims units handle physical damage claims arising in our private passenger and commercial automobile lines. Process automation has streamlined our claims function and in combination with established policy and procedures newly reported claims are handled in a proactive manner to ensure that coverages are verified, damages are appraised and claim payments are issued in a timely and efficient manner. This ensures the highest level of customer service to our insureds while reducing claim cycle times and mitigating claim handling expenses. We continue to vet and implement new methods of appraisal for vehicle damage, including vehicle photo only appraisals within the regulatory established guidelines. Once we receive this information, an automated system redirects the claim to the appropriate internal adjuster responsible for investigating the claim to determine liability. Upon determination of liability, the system automatically begins the process of seeking a subrogation recovery from another insurer, if liable. We believe this process results in a shorter time period from when the claimant first contacts the agent to when the

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claimant receives a claim payment, while enabling our agents to build credibility with their clients by responding to claims in a timely and efficient manner.

Our property claims division oversees physical damage claims arising in our homeowners and other than auto insurance lines. Property Field Adjusters are located remotely across our service areas to handle larger more complex property losses. Our modern claims software system and applications enables more efficient handling of the claim process and customer engagement from first notice of loss through settlement and potential subrogation. We also utilize house counsel on subrogation recoveries to reduce collection expenses and maximize damage recoveries.

Reserves

Significant periods of time can elapse between the occurrence of an insured loss, the reporting of the loss to the insurer and the insurer's payment of that loss. To recognize liabilities for unpaid losses, insurers establish reserves as balance sheet liabilities representing estimates of amounts needed to pay reported and unreported losses and the expenses associated with investigating and paying the losses, or loss adjustment expenses. Every quarter, we review and establish our reserves. Regulations promulgated by the Commissioner require us to annually obtain a certification from either a qualified actuary or an approved loss reserve specialist, who may be one of our employees, that our loss and loss adjustment expenses reserves are reasonable.

When a claim is reported, claims personnel establish a "case reserve" for the estimated amount of the ultimate payment. The amount of the reserve is primarily based upon an evaluation of the type of claim involved, the circumstances surrounding each claim and the policy provisions relating to the loss. The estimate reflects informed judgment of such personnel based on general insurance reserving practices and on the experience and knowledge of the claims **person**. During the loss adjustment period, these estimates are revised as deemed necessary by our claims department based on subsequent developments and periodic reviews of the cases.

In accordance with industry practice, we also maintain reserves for estimated losses incurred but not yet **reported**. Incurred but not yet reported ("IBNR"). IBNR reserves are determined in accordance with commonly accepted actuarial reserving techniques on the basis of our historical information and experience. We make adjustments to incurred but not yet reported reserves quarterly to take into account changes in the volume of business written, claims frequency and severity, our mix of business, claims processing and other items that can be expected to affect our liability for losses and loss adjustment expenses over time.

When reviewing reserves, we analyze historical data and estimate the impact of various loss development factors, such as our historical loss experience and that of the industry, legislative enactments, judicial decisions, legal developments in imposition of damages, and changes and trends in general economic conditions, including the effects of inflation. There is no precise method, however, for evaluating the impact of any specific factor on the adequacy of reserves, because the eventual development of reserves is affected by many factors. After taking into account all relevant factors, management believes that our provision for unpaid losses and loss adjustment expenses at **December 31, 2022** December 31, 2023 is adequate to cover the ultimate cost of losses and claims incurred as of that date.

Management determines its loss and loss adjustment expense ("LAE") reserve estimates based upon the analysis of the Company's actuaries. Management has established a process for the Company's actuaries to follow in establishing

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reasonable reserves. The process consists of meeting with our claims department, establishing ultimate incurred losses by using development models accepted by the actuarial community, and reviewing the analysis with management. The Company's estimate for loss and LAE reserves, net of the effect of ceded reinsurance, ranges from a low of **\$423,452** **\$449,272** to a high of **\$481,902** **\$511,724** as of **December 31, 2022** **December 31, 2023**. The Company's net loss and LAE reserves, based on our actuaries' best estimate, were set at **\$456,204** **\$490,458** as of **December 31, 2022** **December 31, 2023**. The ultimate liability may be greater or less than reserves carried at the balance sheet date. Establishment of appropriate reserves is an inherently uncertain process, and there can be no certainty that currently established reserves will prove adequate in light of subsequent actual experience. To the extent that reserves are inadequate and are strengthened, the amount of such increase is treated as a charge to earnings in the period that the deficiency is recognized. To the extent that reserves are redundant and are released, the amount of the release is a credit to earnings in the period the redundancy is recognized. We do not discount any of our reserves.

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The following table presents development information on changes in the reserves for losses and LAE of our Insurance Subsidiaries for each year in the **three year** **three-year** period ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020**, **2021**.

	Year Ended			Year Ended		
	2022	2021	2020	2023	2022	2021
Reserves for losses and LAE at beginning of year	\$ 570,651	\$ 567,581	\$ 610,566	\$ 549,598	\$ 570,651	\$ 567,581
Less receivable from reinsurers related to unpaid losses and LAE	(90,667)	(106,311)	(122,372)	(93,394)	(90,667)	(106,311)
Net reserves for losses and LAE at beginning of year	479,984	461,270	488,194	456,204	479,984	461,270
Incurred losses and LAE, related to:						
Current year	549,258	515,400	459,400	689,683	549,258	515,400
Prior years	(57,279)	(53,673)	(54,844)	(47,381)	(57,279)	(53,673)
Total incurred losses and LAE	491,979	461,727	404,556	642,302	491,979	461,727
Paid losses and LAE related to:						
Current year	342,971	310,116	277,754	409,634	342,971	310,116
Prior years	172,788	132,897	153,726	198,414	172,788	132,897
Total paid losses and LAE	515,759	443,013	431,480	608,048	515,759	443,013
Net reserves for losses and LAE at end of period	456,204	479,984	461,270	490,458	456,204	479,984
Plus receivable from reinsurers related to unpaid losses and LAE	93,394	90,667	106,311	112,623	93,394	90,667
Reserves for losses and LAE at end of period	\$ 549,598	\$ 570,651	\$ 567,581	\$ 603,081	\$ 549,598	\$ 570,651

The following table represents the development of reserves, net of reinsurance, for calendar years **2012** **2013** through **2022**, **2023**. The top line of the table shows the reserves at the balance sheet date for each of the indicated years. This represents the estimated amounts of losses and loss adjustment expenses for claims arising in all years that were unpaid at the balance sheet date, including losses that had been incurred but not yet reported to us. The upper portion of the table shows the cumulative amounts paid as of the end of each successive year with respect to those claims. The lower portion of the table shows the re-estimated amount of the previously recorded reserves based on experience as of the end of each succeeding year, including cumulative payments made since the end of the respective year. The estimate changes as more information becomes known about the payments, frequency and severity of claims for individual years. Favorable loss development, shown as a cumulative redundancy in the table, exists when the original reserve estimate is greater than the re-estimated reserves at **December 31, 2022** **December 31, 2023**.

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Information with respect to the cumulative development of gross reserves (that is, without deduction for reinsurance ceded) also appears at the bottom portion of the table.

	As of and for the Year Ended December 31,												As of and for the Year Ended December 31,												
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013		
	Reserves for losses and											Reserves for losses and													
LAE originally estimated:	\$ 456,204	\$ 479,984	\$ 461,270	\$ 488,194	\$ 476,321	\$ 490,969	\$ 476,597	\$ 485,716	\$ 420,767	\$ 394,668	\$ 371,657	\$ 490,458	\$ 456,204	\$ 479,984	\$ 461,270	\$ 488,194	\$ 476,321	\$ 490,969	\$ 476,597	\$ 485,716	\$ 420,767	\$ 394,668			
Cumulative amounts paid as of:																									
One year later	172,788	132,897	153,727	164,595	159,234	164,466	174,506	132,364	133,288	124,855		198,414	172,788	132,897	153,727	164,595	159,234	164,466	174,506	132,364	133,288				
Two years later	202,320	216,822	230,294	241,032	231,473	250,306	189,367	178,411	175,822			258,181	202,320	216,822	230,294	241,032	231,473	250,306	189,367	178,411					
Three years later		263,149	269,065	282,242	283,812	290,287	223,465	207,626	199,741			253,495	263,149	269,065	282,242	283,812	290,287	223,465	207,626	199,741					
Four years later			293,203	304,009	305,024	310,140	241,589	223,743	213,847			296,870	293,203	304,009	305,024	310,140	241,589	223,743	213,847						
Five years later				318,471	318,149	319,817	252,714	231,346	221,363				314,032	318,471	318,149	319,817	252,714	231,346	221,363						
Six years later					325,785	325,669	255,581	234,480	223,829					328,661	325,785	325,669	255,581	234,480	223,829						
Seven years later						328,703	256,733	235,562	225,169						331,864	328,703	256,733	235,562	225,169						
Eight years later							257,956	235,807	225,320							332,439	257,956	235,807	225,320						
Nine years later								236,039	225,354								260,163	236,039	225,354						
Ten years later									225,356													238,092			
	As of and for the Year Ended December 31,												As of and for the Year Ended December 31,												
Reserves re-estimated as of:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013		
One year later		\$ 422,705	\$ 407,597	\$ 433,350	\$ 434,273	\$ 434,481	\$ 434,813	\$ 440,268	\$ 390,452	\$ 357,300	\$ 342,767			\$ 408,823	\$ 422,705	\$ 407,597	\$ 433,350	\$ 434,273	\$ 434,481	\$ 434,813	\$ 440,268	\$ 390,452	\$ 357,300		
Two years later			359,564	395,578	393,948	400,312	391,630	406,253	348,660	328,182	308,028			384,120	359,564	395,578	393,948	400,312	391,630	406,253	348,660	328,182	308,028		
Three years later				365,786	372,282	376,584	372,379	376,201	313,100	295,788	283,592			328,268	365,786	372,282	376,584	372,379	376,201	313,100	295,788	283,592			
Four years later					355,215	365,267	359,549	361,335	287,131	274,214	263,787			344,785	355,215	365,267	359,549	361,335	287,131	274,214	263,787				
Five years later						355,415	352,330	353,983	276,309	255,368	250,064				341,625	355,415	352,330	353,983	276,309	255,368	250,064				
Six years later							346,607	347,373	272,178	248,746	236,373					345,705	346,607	347,373	272,178	248,746	236,373				
Seven years later								343,345	268,514	245,071	232,657						340,738	343,345	268,514	245,071	232,657				
Eight years later									266,532	243,000	229,932								338,934	266,532	243,000	229,932			
Nine years later										241,594	228,184										264,095	241,594	228,184		
Ten years later											227,745												240,095		
Cumulative																									
(redundancy) deficiency 2022		(57,279)	(101,706)	(122,408)	(121,106)	(135,554)	(129,990)	(142,371)	(154,235)	(153,074)	(143,912)														
(redundancy) deficiency 2023																									
	As of and for the Year Ended December 31,												As of and for the Year Ended December 31,												
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013		
Gross liability-end of year		\$ 549,598	\$ 570,651	\$ 567,580	\$ 610,566	\$ 584,719	\$ 574,054	\$ 560,321	\$ 553,977	\$ 482,012	\$ 455,014	\$ 423,842		\$ 603,081	\$ 549,598	\$ 570,651	\$ 567,580	\$ 610,566	\$ 584,719	\$ 574,054	\$ 560,321	\$ 553,977	\$ 482,012		
Reinsurance recoverables	93,394	90,667	106,310	122,372	108,398	83,085	83,724	68,261	61,245	60,346	52,185	112,623	93,394	90,667	106,310	122,372	108,398	83,085	83,724	68,261	61,245	52,185			
Net liability-end of year																									
Gross estimated liability-latest		456,204	479,984	461,270	488,194	476,321	490,969	476,597	485,716	420,767	394,668	371,657		490,458	456,204	479,984	461,270	488,194	476,321	490,969	476,597	485,716	420,767		
Reinsurance recoverables-latest																									
Net estimated liability-latest		422,705	359,564	365,786	355,215	355,415	346,607	343,345	266,532	241,594	227,745			408,823	384,120	328,268	344,785	341,625	345,705	340,738	338,934	264,095	240,705		

In evaluating the information in the table, it should be noted that each amount entered incorporates the effects of all changes in amounts entered for prior periods. Thus, if the **2022** **2023** estimate for a previously incurred loss was \$150 and the loss was reserved at \$100 in **2018**, **2019**, the \$50 deficiency (later estimate minus original estimate) would be included in the cumulative (redundancy) deficiency in each of the years **2018-2021** **2019-2022** shown in the table. It should further be noted that the table does not present accident or policy year development data. In addition, conditions and trends that have affected the development of liability in the past may not necessarily recur in the future. Accordingly, it is not appropriate to extrapolate future redundancies or deficiencies from the table.

The table shows that we have substantially benefited in the current and prior years from releasing redundant reserves. In the years ended **December 31, 2022** **December 31, 2023**, **2021**, **2022**, and **2020** **2021** we decreased loss reserves related to prior years by **\$47,381**, **\$57,279** **\$53,673** and **\$54,844**, **\$53,673**, respectively. Reserves and development are discussed further in Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, *Executive Summary and Overview*.

As a result of our focus on core business lines since our founding in 1979, we believe we have no specific exposure to asbestos or environmental pollution liabilities.

Reinsurance

Reinsurance involves an insurance company transferring (ceding) a portion of its exposure on insurance underwritten by it to another insurer (reinsurer). The reinsurer assumes a portion of the exposure in return for a share of the premium. Reinsurance does not legally discharge an insurance company from its primary liability for the full amount of the policies, but it does make the reinsurer liable to the company for the reinsured portion of any loss realized.

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We reinsure with other insurance companies a portion of our potential liability under the policies we have underwritten, thereby protecting us against an unexpectedly large loss or a catastrophic occurrence that could produce large losses, primarily in our homeowners line of business. We are selective in choosing our reinsurers, seeking only those companies that we consider to be financially stable and adequately capitalized. In an effort to minimize exposure to the insolvency of a reinsurer, we continually evaluate and review the financial condition of our reinsurers. Most of our reinsurers have an A.M. Best rating of "A+" (Superior) or "A" (Excellent).

We maintain reinsurance coverage to help lessen the effect of losses from catastrophic events, maintaining coverage that during **2022** **2023** protected us in the event of a "135-year" "121-year" storm" (that is, a storm of a severity expected to occur once in a **135-year** **121-year** period). We use various software products to measure our exposure to catastrophe losses and the probable maximum loss to us for catastrophe losses such as hurricanes. The models include estimates for our share of the catastrophe losses generated in the residual market for property insurance by the Massachusetts Property Insurance Underwriting Association ("FAIR Plan"). In **2022**, we purchased three layers of **excess catastrophe reinsurance providing \$590,000 of coverage for property losses in excess of \$75,000 up to a maximum of \$665,000**. Our reinsurers' co-participation is 80.0% of \$75,000 for the 1st layer, 80.0% of \$250,000 for the 2nd layer, and 80.0% of \$265,000 for the 3rd layer.

For **2023**, we have purchased three layers of excess catastrophe reinsurance providing \$590,000 of coverage for property losses in excess of \$75,000 up to a maximum of \$665,000. Our reinsurers' co-participation is 75.0% of \$75,000 for the 1st layer, 75.0% of \$250,000 for the 2nd layer, and 75.0% of \$265,000 for the 3rd layer.

For **2024**, we have purchased three layers of excess catastrophe reinsurance providing \$615,000 of coverage for property losses in excess of \$75,000 up to a maximum of \$690,000. Our reinsurers' co-participation is 75.0% of \$75,000 for the 1st layer, 75.0% of \$250,000 for the 2nd layer and 75.0% of \$265,000 for the 3rd layer.

We also have casualty excess of loss reinsurance for large casualty losses occurring in our automobile, homeowners, dwelling fire, and business owner lines of business in excess of \$2,000 up to a maximum of \$10,000. We have property excess of loss reinsurance coverage for large property losses, with coverage in excess of \$2,500 up to a maximum of \$20,000, for our homeowners, and business owners. In addition,

we have liability excess of loss reinsurance for umbrella large losses in excess of \$1,000 up to a maximum of \$10,000. We also have various reinsurance agreements with Hartford Steam Boiler Inspection and Insurance Company, of which the primary contract is a quota share agreement under which we cede 100% of the premiums and losses for the equipment breakdown coverage under our business owner policies and commercial package policies.

Our reinsurance program excludes coverage for acts of terrorism. The Terrorism Risk Insurance Program Reauthorization Act of 2019 was signed into law on December 20, 2019 which extended the Terrorism Risk Insurance Act ("TRIA") through the year 2027. The intent of this legislation is to provide federal assistance to the insurance industry for the needs of commercial insurance policyholders with the potential exposure for losses due to acts of terrorism. TRIA provides reinsurance for certified acts of terrorism.

In addition to the above mentioned reinsurance programs and as described in more detail above under *The Massachusetts Property and Casualty Insurance Market*, we are a participant in CAR, a state-established body that, in part, runs the residual market reinsurance programs for commercial automobile insurance in Massachusetts under which premiums, expenses, losses and loss adjustment expenses on ceded business are shared by all insurers writing automobile insurance in Massachusetts. We also participate in the FAIR Plan in which premiums, expenses, losses and loss adjustment expenses on homeowners business that cannot be placed in the voluntary market are shared by all insurers writing homeowners insurance in Massachusetts. On **July 1, 2022** **July 1, 2023**, the FAIR Plan purchased **\$1,800,000** **\$1,600,000** of catastrophe reinsurance for property losses with retention of \$100,000.

At **December 31, 2022** **December 31, 2023**, we also had **\$115,058** **\$133,551** due from CAR comprising of loss and loss adjustment expense reserves, unearned premiums and reinsurance recoverables.

On March 10, 2005, our Board of Directors (the "Board") adopted a resolution that prohibits Safety from purchasing finite reinsurance (reinsurance that transfers only a relatively finite or limited amount of risk to the reinsurer) without approval by the Board. To date, the Company has never purchased a finite reinsurance contract.

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Competition

The property and casualty insurance business is highly competitive and many of our competitors have substantially greater financial and other resources than we do. We compete with both large national writers and smaller regional companies. Our competitors include companies which, like us, serve the independent agency market, as well as companies which sell insurance directly to customers. Direct writers may have certain competitive advantages over agency writers, including increased name recognition, loyalty of the customer base to the insurer rather than to an independent agency, and potentially, lower cost structures. A material reduction in the amount of business independent agents sell would adversely affect us. Further, we and others compete on the basis of the commissions and other cash and non-cash incentives provided to agents.

Although, historically, a number of national insurers that are much larger than we **are** have chosen not to compete in a material way in the Massachusetts private passenger automobile market, since 2008, several new companies have entered the market. These companies include some that would be able to sustain significant losses in order to acquire market share, as well as others which use distribution methods that compete with the independent agent channel. There can be no assurance that we will be able to compete effectively against these companies in the future.

We are the third largest writer of private passenger automobile insurance in Massachusetts with a market share of 8.7% in 2023. Our principal competitors within the Massachusetts private passenger automobile insurance market are MAPFRE SA, Government Employees Insurance Company, Arbella Mutual Insurance Company, and **Liberty Mutual Insurance Company**, **Plymouth Rock Assurance Corporation**, which held **20.9%** **20.0%**, **16.2%** **15.1%**, **7.8%** **7.6%** and **7.7%** **7.2%** market shares based on premiums, respectively, in **2022** **2023** according to CAR.

We are the second largest writer of commercial automobile insurance in Massachusetts with a market share of **12.6%** **12.7%** in **2022**. **Other** **2023**. Our principal competitors in the Massachusetts commercial automobile insurance market are MAPFRE SA, Arbella Mutual Insurance Company and Progressive Casualty Insurance Company, which held 13.8 %, **10.6%** **10.5%** and **8.8%** **9.0%** market shares based on premium, respectively, according to CAR. This includes our share of residual market business as one of four servicing carriers in CAR's Commercial Automobile Program.

We are the **third** **fourth** largest writer of homeowners insurance business in Massachusetts, with a market share of **6.5%** **6.2%** in **2021** **2022**. Our principal competitors within the Massachusetts homeowners insurance market are MAPFRE SA, Liberty Mutual and The Andover Companies, which held 12.2%, **9.2%** **9.4%** and **6.2%** **6.3%** market shares, respectively, in **2021** **2022** (according to S&P Global Market Intelligence).

Human Capital

At December 31, **2022**, **2023**, we employed **538** **539** employees who all work in the New England region. The management team establishes hiring and compensation practices for our Company. The Board is periodically updated on key employee engagement and employee relations measures. In addition, the Board's Compensation Committee is responsible for reviewing performance and approving compensation paid to senior leaders. Our Human Resources team, led by our Chief Financial Officer, supports the Compensation Committee in the execution of its responsibilities. In addition to the day-to-day support, they provide to our management team, the Human Resources team monitors the pulse of our employee population.

As noted in our **2021** Environmental, Social and Governance ("ESG") Report, located on our Company website, we create a workplace where all employees are treated with dignity and respect, and individual differences are valued, all with the goal of securing the trust and satisfaction of our employees. The Company is committed to a policy of inclusiveness and is committed to actively seeking out highly-qualified candidates with diverse gender, race, color, religion, ethnicity, age, marital status, handicap, sexual orientation, gender identity or expression, and backgrounds. The Company prioritizes an environment where employees are respected, inspired to perform at their best, and are recognized for their contributions. We persistently work to improve the employee experience in support of our continuing strategic objective to attract, retain and develop talent in the insurance industry. Our commitment to a robust talent pool starts at the top. The Board engages with the Compensation Committee annually to review executive level compensation,

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consider key pipeline talent and conduct succession planning. In addition, our leadership team conducts a comprehensive

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annual review process across our organization each year. We have a history of promotion from within as approximately 20% of our organization has 25 years of experience at Safety.

We offer competitive pay and benefits to our employees. In addition to competitive salaries, all management level employees are included in our long-term incentive compensation program where they can receive a combination of time and performance-based awards. The Company also engages in a number of additional practices to ensure pay fairness, including:

- Centralized compensation function ensuring consistent programs and practices across the enterprise;

- Enterprise-wide framework for evaluating and aligning roles and compensation levels based on job responsibilities, strategic importance of the role, and other relevant factors;
- Prohibition against asking external job applicants for current or historical compensation information;
- Individual compensation decisions consider each employee's experience, proficiency, and performance;
- Multiple levels of review and approval required for all compensation decisions.

We are committed to our extensive, long-standing policies and practices to ensure fair pay across the organization, while also staying attuned to external best practices and insights, and leveraging input from our pay consultants.

We further foster our culture through our robust learning and development program and our competitive benefit programs. Our extensive benefits include a variety of items, not limited to the following:

- Medical and vision plan options;
- **HSA & FSA options**
- Dental options;
- Company paid life-insurance;
- 401(k) plan with company matching contributions of **up to 8%**;
- Sick hours;
- Paid holidays;
- Flexible work schedules, including remote work arrangements;
- Tuition reimbursement that is not capped;
- Short and long-term disability;
- Family medical leave;
- Parental leave;
- Employee assistance program.

Our employees **participated** in a work from home program that helps contribute to a flexible work-life balance and allows the Company to minimize the real estate rented at our home office. In response to the pandemic, we quickly transitioned all other employees to a work from home environment and have the capacity for 100% of our workforce to work in a remote setting. Our employees are not covered by any collective bargaining agreement.

Our employees give both their time and their financial resources to charities of all types, and the Company promotes corporate citizenship through charitable donations and Company-sponsored volunteer activities. Safety is committed to making a positive impact on the communities where our employees live and work through our matching gift program, corporate giving and employee volunteerism. We help employees amplify their community impact by providing our employees with a 1:1 match on their donations to recognized charitable organizations. The Safety Insurance Charitable Foundation was established in 2005 and has provided financial support for a wide array of charities in areas such as community service, education, job training, homelessness, arts/culture, food banks, youth programs, healthcare, medical research and disaster relief.

The reputation of the Company depends on the conduct of its Board, officers, and employees. Every employee who is associated with Safety must play a part in maintaining our corporate reputation for the highest ethical standards. Management considers our relationship with our employees to be strong.

Investments

Investment income is an important source of revenue for us and the return on our investment portfolio has a material effect on our net earnings. Our investment objective is to focus on maximizing total returns while investing conservatively. We maintain a high-quality investment portfolio consistent with our established investment policy. As of **December 31, 2022** **December 31, 2023**, our portfolio of fixed maturity

investments was comprised principally of investment grade corporate fixed maturity securities, U.S. government and agency securities, and asset-backed securities. The portion of our non-investment grade portfolio of fixed maturity investments is primarily comprised of variable rate secured and senior bank loans and high yield bonds.

According to our investment guidelines, no more than 2.0% of our portfolio may be invested in the securities of any one issuer (excluding U.S. government-backed securities). In addition, no more than 0.5% of our portfolio may be invested in securities of any one issuer rated "Baa," or the lowest investment grade assigned by Moody's. Of the less than 15.0% of our portfolio invested in senior bank loans and high yield bonds at December 31, 2022 December 31, 2023, no more than 5.0% may be invested in the securities of any one issuer, no more than 10.0% may be invested in any issuers total outstanding debt issue, and a maximum of 10.0% may be invested in securities unrated or rated "B-" or below by Moody's. We continually monitor the mix of taxable and tax-exempt securities in an attempt to maximize our total after-tax return. We utilize the services of third-party investment managers.

We believe that the incorporation of material, non-financial factors into investment selection and risk management has the potential to enhance long-term investment returns. We incorporate Environmental, Social & Governance ("ESG") ESG factors managed for us by third-party investment managers. We measure our exposure to ESG risks at both individual asset classes and total portfolio levels.

The following table reflects the composition of our investment portfolio as of December 31, 2022 December 31, 2023 and 2021.

		As of December 31,				As of	
		2022		2021		2023	
		Estimated	% of	Estimated	% of	Estimated	% of
		Fair Value Portfolio		Fair Value Portfolio		Fair Value Portfolio	
U.S. Treasury Securities	U.S. Treasury Securities	\$ 1,669	0.1 %	\$ 324	0.0 %	\$ 2,320	0.0 %
Obligations of states and political subdivisions	Obligations of states and political subdivisions	54,069	3.9	116,302	7.4	36,523	2.0
Residential mortgage-backed securities (1)	Residential mortgage-backed securities (1)	234,502	16.7	241,464	15.4	247,237	17.1
Commercial mortgage-backed securities	Commercial mortgage-backed securities	139,931	10.0	150,883	9.6	139,850	9.5
Other asset-backed securities	Other asset-backed securities	68,731	4.9	83,596	5.3	61,333	4.1
Corporate and other securities	Corporate and other securities	551,253	39.3	625,710	39.8	564,882	39.0
Subtotal, fixed maturity securities		1,050,155	74.9	1,218,279	77.5	1,052,145	73.5
Short term investments		-	-	-	-	-	-
Equity securities (2)	Equity securities (2)	240,155	17.1	264,945	16.9	238,022	16.0
Other invested assets (3)	Other invested assets (3)	112,850	8.0	87,911	5.6	133,946	9.5
		\$1,403,160	100.0 %	\$1,571,135	100.0 %	\$1,424,113	100.0 %

(1) Residential mortgage-backed securities consists primarily of obligations of U.S. Government agencies including collateralized mortgage obligations and mortgage-backed securities guaranteed and/or insured by the following issuers: Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) and the Federal Home Loan Bank (FHLB).

(2) Equity securities include common stock, preferred stock, mutual funds and interests in mutual funds held to fund the Company's executive deferred compensation plan.

(3) Other invested assets are accounted for under the equity method which approximates fair value.

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The principal risks inherent in holding mortgage-backed securities and other pass-through securities are prepayment and extension risks, which affect the timing of when cash flows will be received. When interest rates decline, mortgages underlying mortgage-backed securities tend to be prepaid more rapidly than anticipated, causing early repayments. When interest rates rise, the underlying mortgages tend to be prepaid at a slower rate than anticipated, causing the principal repayments to be extended. Although early prepayments may result in acceleration of income from recognition of any unamortized discount, the proceeds could be reinvested at a lower current yield, resulting in a net reduction of future investment income. In addition, in the current market environment, such investments can also contain liquidity risks.

The Company invests in bank loans which are primarily investments in senior secured floating rate loans that banks have made to corporations. The loans are generally priced at an interest rate spread over the floating rate feature; this asset class provides protection against rising interest rates. However, this asset class is subject to default risk since these investments are typically below investment grade.

Equity risk is the risk that we will incur economic losses due to adverse changes in equity prices. Our exposure to changes in equity prices results from our holdings of common stock, preferred stock, mutual funds and interests in mutual funds held to fund the executive deferred compensation plan. We continuously evaluate market conditions and we expect in the future to purchase additional equity securities. We principally manage equity price risk through industry and issuer diversification and asset allocation techniques.

The following table reflects our investment results for each of the three-year period periods ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021.

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Average cash and invested securities (at cost)	\$ 1,462,761	\$ 1,466,133	\$ 1,401,881	\$ 1,421,882	\$ 1,462,761	\$ 1,466,133
Net investment income (1)	\$ 46,725	\$ 44,135	\$ 41,045	\$ 56,377	\$ 46,725	\$ 44,135
Net effective yield (2)	3.2 %	3.0 %	2.9 %	4.0 %	3.2 %	3.0 %

(1) After investment expenses, excluding realized investment gains or losses.

(2) Net investment income for the period divided by average invested securities and cash for the same period.

As of December 31, 2022, 2023, our portfolio of fixed maturity investments was comprised principally of investment grade corporate fixed maturity securities, U.S. government and agency securities, and asset-backed securities. The portion of our non-investment grade portfolio of fixed maturity investments is primarily comprised of variable rate secured, senior bank loans and high yield bonds.

The composition of our fixed income security portfolio by rating is presented in the following table.

	As of December 31,				As of December 31,			
	2022		2021		2023		2022	
	Estimated		Estimated		Estimated		Estimated	
	Fair Value	Percent	Fair Value	Percent	Fair Value	Percent	Fair Value	Percent
U.S. Treasury securities and obligations of U.S.								
Government agencies	\$ 234,152	22.3 %	\$ 242,911	19.9 %	\$ 247,237	23.5 %	234,152	22.3 %
Aaa/Aa	237,191	22.6	276,059	22.7	212,833	20.2	237,191	22.6
A	201,943	19.2	279,187	22.9	219,018	20.8	201,943	19.2
Baa	202,763	19.3	231,267	19.0	202,513	19.2	202,763	19.3
Ba	61,619	5.9	60,822	5.0	47,946	4.6	61,619	5.9
B	93,633	8.9	103,086	8.5	84,681	8.0	93,633	8.9
Caa/Ca	4,489	0.4	4,284	0.4	3,733	0.4	4,489	0.4
Not rated	14,365	1.4	20,663	1.6	34,184	3.3	14,365	1.4
Total	\$ 1,050,155	100.0 %	\$ 1,218,279	100.0 %	\$ 1,052,145	100.0 %	\$ 1,050,155	100.0 %

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Ratings are generally assigned upon the issuance of the securities and are subject to revision on the basis of ongoing evaluations. Ratings in the table are as of the date indicated.

The Securities Valuation Office of the National Association of Insurance Commissioners (the "SVO") evaluates all public and private bonds purchased as investments by insurance companies. The SVO assigns one of six investment categories to each security it reviews. Category 1 is the highest quality rating and Category 6 is the lowest. Categories 1 and 2 are the equivalent of investment grade debt as defined by rating agencies such as Standard & Poor's Ratings Services and Moody's, while Categories 3-6 are the equivalent of below investment grade securities. SVO ratings are reviewed at least annually. At December 31, 2022 December 31, 2023, 65.5% 65.8% of our available for sale fixed maturity investments were rated Category 1 and 18.3% 18.8% were rated Category 2, the two highest ratings assigned by the SVO.

The following table indicates the composition of our fixed income security portfolio (at carrying value) by time to maturity as of December 31, 2022 December 31, 2023.

	As of December 31, 2022		As of December 31, 2023	
	Estimated		Estimated	
	Fair Value	Percent	Fair Value	Percent
Due in one year or less	\$ 4,665	0.4 %	\$ 31,048	3.0 %
Due after one year through five years	269,852	25.7	323,755	30.8
Due after five years through ten years	296,368	28.2	226,452	21.5
Due after ten years through twenty years	34,623	3.3	22,178	2.1
Due after twenty years	1,483	0.1	292	-
Asset-backed securities (1)	443,164	42.3	448,420	42.6
Totals	\$ 1,050,155	100.0 %	\$ 1,052,145	100.0 %

(1) Actual maturities of asset-backed securities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Prepayment rates are influenced by a number of factors that cannot be predicted with certainty, including: the relative sensitivity of the underlying mortgages or other collateral to changes in interest rates; a variety of economic, geographic and other factors; and the repayment priority of the securities in the overall securitization structures.

Ratings

A.M. Best, which rates insurance companies based on factors of concern to policyholders, currently assigns the Company an "A (Excellent)" rating. Our "A" rating was reaffirmed by A.M. Best on May 26, 2022 June 15, 2023. Such rating is the third highest rating of 13 ratings that A.M. Best assigns to solvent insurance companies, which currently range from "A++ (Superior)" to "D (Poor)." Publications of A.M. Best indicate that the "A" rating is assigned to those companies that in A.M. Best's opinion have an excellent ability to meet their ongoing obligations to policyholders over a long period of time. In evaluating a company's financial and operating performance, A.M. Best reviews the Company's profitability, leverage and liquidity, as well as its book of business, the adequacy and soundness of its reinsurance, the quality and estimated fair value of its assets, the adequacy of its loss reserves, the adequacy of its surplus, its capital structure, the experience and competence of its management and its market presence. A.M. Best's ratings reflect its opinion of an insurance company's financial strength, operating performance and ability to meet its obligations to policyholders and are not evaluations directed to purchasers of an insurance company's securities.

In assigning the Company's rating, A.M. Best recognized its solid risk-adjusted capitalization, conservative operating strategy, and long-standing agency relationships. A.M. Best also noted among our positive attributes our favorable investment leverage, our disciplined underwriting approach, and our expertise in the closely managed Massachusetts automobile insurance market. A.M. Best cited other factors that partially offset these positive attributes, including our concentration of business in the Massachusetts private passenger automobile market which exposes our business to regulatory actions.

Supervision and Regulation

Introduction. Our principal operations are conducted through the Insurance Subsidiaries which are subject to comprehensive regulation by state insurance departments, primarily through our domestic regulator, the Division, of

which the Commissioner is the senior official. The Commissioner is appointed by the Governor. We are subject to the authority of the Commissioner in many areas of our business under Massachusetts law, including:

- our licenses to transact insurance;
- the rates and policy forms we may use;
- our financial condition including the adequacy of our reserves and provisions for unearned premium;
- the solvency standards that we must maintain;
- the type and size of investments we may make;
- the prescribed or permitted statutory accounting practices we must use; and
- the nature of the transactions we may engage in with our affiliates.

In addition, the Commissioner periodically conducts financial and market conduct examinations of all licensees domiciled in Massachusetts. Our most recent financial condition examination was for the five-year period ending December 31, 2018. The Division had no material findings as a result of this examination. The Division notified us that it will be conducting a financial condition examination for the five-year period ended December 31, 2023.

We are also required to be licensed by the insurance department in each state in which we do business, as well as to comply with the various laws and regulations of those jurisdictions, including those governing our use of rates and policy forms in those states.

Insurance Holding Company Regulation. Our principal operating subsidiaries are insurance companies, and therefore we are subject to certain laws in Massachusetts regulating insurance holding company systems. These laws require that we file a registration statement with the Commissioner that discloses the identity, financial condition, capital structure and ownership of each entity within our corporate structure and any transactions among the members of our holding company system. In some instances, we must provide prior notice to the Commissioner for material transactions between our insurance company subsidiaries and other affiliates in our holding company system. These holding company statutes also require, among other things, prior approval of the payment of extraordinary dividends or distributions and any acquisition of a domestic insurer and that we file an annual Enterprise Risk Management report with the Commissioner.

Insurance Regulation Concerning Dividends. We rely on dividends from the Insurance Subsidiaries for our cash requirements. The insurance holding company law of Massachusetts requires notice to the Commissioner of any dividend to the shareholders of an insurance company. The Insurance Subsidiaries may not make an "extraordinary dividend" until thirty days after the Commissioner has received notice of the intended dividend and has not objected in such time. As historically administered by the Commissioner, this provision requires the prior approval by the Commissioner of an extraordinary dividend. An extraordinary dividend is defined as any dividend or distribution that, together with other distributions made within the preceding twelve months exceeds the greater of 10.0% of the insurer's surplus as of the preceding December 31, or the insurer's net income for the twelve-month period ending the preceding December 31, in each case determined in accordance with statutory accounting practices. Under Massachusetts law, an insurer may pay cash dividends only from its unassigned funds, also known as its earned surplus, and the insurer's remaining surplus must be both reasonable in relation to its outstanding liabilities and adequate to its financial needs. At December 31, 2022 December 31, 2023, the statutory surplus of Safety Insurance was \$782,200 \$744,904 and its net income loss for 2022 2023 was \$66,197 \$4,022. A maximum of \$78,220 \$74,490 will be available during 2022 2023 for such dividends without prior approval of the Commissioner.

Acquisition of Control of a Massachusetts Domiciled Insurance Company. Massachusetts law requires advance approval by the Commissioner of any change in control of an insurance company that is domiciled in Massachusetts. That law presumes that control exists where any person, directly or indirectly, owns, controls, holds the power to vote or holds proxies representing 10.0% or more of our outstanding voting stock. Even persons who do not acquire beneficial ownership of more than 10.0% of the outstanding shares of our common stock may be deemed to have acquired control if the Commissioner determines that control exists in fact. Any purchaser of shares of common stock representing 10.0%

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or more of the voting power of our capital stock will be presumed to have acquired control of the Insurance Subsidiaries

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unless, following application by that purchaser the Commissioner determines that the acquisition does not constitute a change of control or is otherwise not subject to regulatory review. These requirements may deter, delay or prevent transactions affecting the control of or the ownership of our common stock, including transactions that could be advantageous to our stockholders.

Protection Against Insurer Insolvency. Massachusetts law requires that insurers licensed to do business in Massachusetts participate in the Massachusetts Insurers Insolvency Fund ("Insolvency Fund"). The Insolvency Fund must pay any claim up to \$300 of a policyholder of an insolvent insurer if the claim existed prior to the declaration of insolvency or arose within sixty days after the declaration of insolvency. Members of the Insolvency Fund are assessed the amount the Insolvency Fund deems necessary to pay its obligations and expenses in connection with handling covered claims. Subject to certain exceptions, assessments are made in the proportion that each member's net written premiums for the prior calendar year for all property and casualty lines bore to the corresponding net written premiums for Insolvency Fund members for the same period. As a matter of Massachusetts law, insurance rates and premiums include amounts to recoup any amounts paid by insurers for the costs of the Insolvency Fund. By statute, no insurer in Massachusetts may be assessed in any year an amount greater than two percent of that insurer's direct written premium for the calendar year prior to the assessment. We account for allocations from the Insolvency Fund as underwriting expenses. CAR also assesses its members as a result of insurer insolvencies. Because CAR is not able to recover an insolvent company's share of the net CAR losses from the Insolvency Fund, CAR must increase each of its member's shares of the deficit in order to compensate for the insolvent carrier's inability to pay its deficit assessment. It is anticipated that there will be future assessments from time to time relating to various insolvencies.

The Insurance Regulatory Information System. The Insurance Regulatory Information System ("IRIS") was developed to help state insurance regulators identify companies that may require special financial attention. IRIS consists of a statistical phase and an analytical phase whereby financial examiners review annual statements and financial ratios. The statistical phase consists of 13 key financial ratios based on year-end data that are generated annually from the database of the National Association of Insurance Commissioners ("NAIC"). Each ratio has an established "usual range" of results. These ratios assist state insurance departments in executing their statutory mandate to oversee the financial condition of insurance companies.

A ratio result falling outside the usual range of IRIS ratios is not considered a failing result; rather, unusual values are viewed as part of the regulatory early monitoring system. Furthermore, in some years, it may not be unusual for financially sound companies to have several ratios with results outside the usual ranges. Generally, an insurance company will become subject to regulatory scrutiny if it falls outside the usual ranges of four or more of the ratios. In 2023, 2022, 2021, and 2020 2021 all our ratios for all our Insurance Subsidiaries were within the normal range.

Risk-Based Capital Requirements. The NAIC has adopted a formula and model law to implement risk-based capital requirements for most property and casualty insurance companies, which are designed to determine minimum capital requirements and to raise the level of protection that statutory surplus provides for policyholder obligations. The risk-based capital formula for property and casualty insurance companies measures three major areas of risk facing property and casualty insurers:

- underwriting, which encompasses the risk of adverse loss developments and inadequate pricing;
- declines in asset values arising from market and/or credit risk; and

- off-balance sheet risk arising from adverse experience from non-controlled assets, guarantees for affiliates or other contingent liabilities and reserve and premium growth.

Under Massachusetts law, insurers having less total adjusted capital than that required by the risk-based capital calculation will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy.

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The risk-based capital law provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the level of total adjusted capital to risk-based capital falls. The first level, the company action

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level, as defined by the NAIC, requires an insurer to submit a plan of corrective actions to the Commissioner if total adjusted capital falls below 200% of the risk-based capital amount. The regulatory action level, as defined by the NAIC requires an insurer to submit a plan containing corrective actions and requires the Commissioner to perform an examination or other analysis and issue a corrective order if total adjusted capital falls below 150.0% of the risk-based capital amount. The authorized control level, as defined by the NAIC, authorizes the Commissioner to take whatever regulatory actions he or she considers necessary to protect the best interest of the policyholders and creditors of the insurer which may include the actions necessary to cause the insurer to be placed under regulatory control, i.e., rehabilitation or liquidation, if total adjusted capital falls below 100.0% of the risk-based capital amount. The fourth action level is the mandatory control level, as defined by the NAIC, which requires the Commissioner to place the insurer under regulatory control if total adjusted capital falls below 70.0% of the risk-based capital amount.

The formulas have not been designed to differentiate among adequately capitalized companies that operate with higher levels of capital. Therefore, it is inappropriate and ineffective to use the formulas to rate or to rank these companies. At **December 31, 2022** **December 31, 2023**, our Insurance Subsidiaries had total adjusted capital in excess of amounts requiring company or regulatory action at any prescribed risk-based capital action level.

Own Risk Solvency Assessment. On January 11, 2017, the Division adopted the National Association of Insurance Commissioners' Own Risk Solvency Assessment ("ORSA") Act requiring the Company to file its assessment on an annual basis. ORSA is an internal process undertaken by an insurer or insurance group to assess the adequacy of its risk management and current and prospective solvency positions under normal and severe stress scenarios. We have completed this filing for the **2021** **2023** period.

Executive Officers and Directors

The table below sets forth certain information concerning our directors and executive officers as of the date of this annual report.

Name	Age (1)	Position	Years	Years
			Employed by Safety	Age (1) Position by Safety

George M. Murphy	56	President, Chief Executive Officer	34	57	President, Chief Executive Officer, Chairman of the Board	35
Christopher T. Whitford	40		10	41	Vice President, Chief Financial Officer and Secretary	11
James D. Berry	63	Vice President - Underwriting	40	64	Underwriting Vice President	41
John P. Drago	56	Vice President - Marketing	28	57	Marketing Vice President	29
Ann M. McKeown	55	Vice President - Insurance Operations	33	56	Operations Vice President	34
Paul J. Narciso	59	Vice President - Claims	32	60	Claims Vice President	33
Stephen A. Varga	55	Vice President - Management Information Systems	30	56	Vice Management Information Systems	31
	52	Vice President - Actuarial Services	23	53	Vice Actuarial Services	24
Glenn R. Hiltbold	71	Chairman of the Board, Director	-			
David F. Brussard	84	Director	-	85	Director	-
Peter J. Manning	61	Lead Independent Director	-	62	Lead Independent Director	-
Thalia M. Meehan	67	Director	-	68	Director	-
Mary C. Moran	59	Director	-	60	Director	-
John D. Farina	59	Director	-	60	Director	-
Deborah E. Gray	59	Director	-	65	Director	-
Dennis J. Langwell				67	Director	-
Charles J. Brophy III						
(1) As of February 16, 2023						
(1) As of February 15, 2024						

George M. Murphy, CPCU, was appointed President and Chief Executive Officer of the Company effective April 1, 2016. He previously was the Vice President of Marketing since October 1, 2005. Mr. Murphy was appointed to the Board of Directors and to the Investment Committee in February 2016. Effective May 17, 2023, Mr. Murphy was elected to serve as Chairman of the Board. Mr. Murphy has been employed by the Insurance Subsidiaries for over 34 35 years. Mr. Murphy is also on the Board of Trustees of the Insurance Library Association of Boston.

Christopher T. Whitford, was appointed Chief Financial Officer, Vice President and Secretary of the Company on March 2, 2020. Mr. Whitford, a Certified Public Accountant in Massachusetts, has been employed by the Insurance Subsidiaries for over 10 11 years,

previously serving as the Company's Controller since 2012, and began his career at

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PricewaterhouseCoopers in 2005. Mr. Whitford serves on the Audit Committee of Guaranty Fund Management Services and **also** serves on the Audit Committee of the Massachusetts Property Insurance Underwriting Association.

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James D. Berry, CPCU, was appointed Vice President of Underwriting of the Company in July 2015, and was named as Secretary of the Insurance Subsidiaries at that time. Prior to that, he served as the Vice President of Insurance Operations since October 2005. Mr. Berry has been employed by the Insurance Subsidiaries for over **40****41** years and has directed the Company's Massachusetts Private Passenger line of business since 2001. Mr. Berry is a member of the Chairman FAIR Plan Executive Committee and had previously served as the Chair of the Board of Directors of the FAIR Plan and previously served as the Chairman of that organization's Executive Committee. He has served on several committees of CAR including Market Review and Defaulted Brokers and also served on Computer Sciences Corporation Series II and Exceed advisory councils. He also serves as the Treasurer of the In Control Family Foundation, is a member of their Executive Committee and is the Chairman of that organization's Business Development Committee.

John P. Drago was appointed Vice President of Marketing on February 1, 2016. Mr. Drago has been employed by the Insurance Subsidiaries for over **28****29** years and most recently served as Director of Marketing.

Ann M. McKeown was appointed Vice President of Insurance Operations of the Company on July 1, 2015. Ms. McKeown has been employed by the Insurance Subsidiaries for over **33****34** years wherein she has held management positions in the Underwriting, Information Technology, and Insurance Operations departments. Ms. McKeown has served on the MAIP Steering and Operations Committees of CAR. On February 27, 2024, Ann communicated her intention to retire, to which the Board of Directors accepted, effective March 1, 2024.

Paul J. Narciso was appointed Vice President of Claims of the Company on August 5, 2013. Mr. Narciso has held various adjusting and claims management positions with the Company since 1990. Mr. Narciso has **36****37** years of claim experience having worked at two national carriers prior to joining Safety. He has previously served on the Governing Board of the Massachusetts Insurance Fraud Bureau and the Claims Subcommittee at Commonwealth Automobile Reinsurers.

Stephen A. Varga was appointed Vice President of Management Information Systems of the Company on August 6, 2014. Mr. Varga has held various information technology positions with the Company since 1992 and most recently served as Senior Director of MIS.

Glenn R. Hiltbold was appointed Vice President of Actuarial Services of the Company on March 1, 2021. Mr. Hiltbold, a Fellow of the Casualty Actuarial Society, has held the Director of Actuarial Services position with the Company since 2004 and has been an employee of the Insurance Subsidiaries for **23****24** years.

*David F. Brussard***Brian S. Lam** was appointed Chairman Vice President of the Board in March 2004 and has served as a director Insurance Operations of the Company since October 2001 on February 27, 2024, effective March 1, 2024. Mr. Brussard served as President Lam has held the Director of Insurance Operations and Chief Executive Officer of Customer Engagement position with the Company from June 2001 until March 31, 2016, since 2014 and began his career with the Company in 2002. He currently sits on the Deep Customer

Connections Innovators Committee. Mr. Brussard was also appointed Chairman Lam received his undergraduate degree at Bucknell University and his Master of the Investment Committee on February 22, 2017. Business Administration at Babson College.

Peter J. Manning has served as a director of the Company since September 2003. Mr. Manning retired in 2003, as Vice Chairman Strategic Business Development of FleetBoston Financial, after 32 years with FleetBoston Financial Corporation (formerly BankBoston) where he also held the positions of Comptroller and Executive Vice President and Chief Financial Officer. Mr. Manning started his career with Coopers & Lybrand in 1962 prior to his 1972 employment with BankBoston. He is a former director of the Blue Hills Bank and a former director of Thermo Fisher Scientific and the Lahey Clinic. Mr. Manning qualifies as an "Audit Committee Financial Expert" as defined by the U.S. Securities and Exchange Commission rules. Mr. Manning serves as Chairperson of the Audit Committee and serves as a member of the Compensation Audit and Nominating and Governance Compensation Committees.

Thalia M. Meehan was appointed Director of the Company on July 3, 2017 and Lead Independent Director on January 11, 2022. Ms. Meehan has also been appointed to serve as a member of the Investment Committee and the Nominating and Governance Committee, as well as Chairperson of the Compensation Committee of the Board. Ms.

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Meehan, a Chartered Financial Analyst, has over 30 years of experience in the investment sector. Ms. Meehan retired from Putnam Investments in 2016 with 27 years of experience and most recently served as a Team Leader and Portfolio Manager at Putnam Investments. Ms. Meehan currently serves on the Board of Cambridge Bancorp where she is a member of the Trust and Risk Committees. Ms. Meehan serves as Chairperson a member of the Nominating Committee and as a

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member of the Steering Committee Governance Committees of the Municipal Securities Rulemaking Board and the Advisory Committee of the Board of Boston Women in Public Finance.

Mary C. Moran was appointed Director of the Company on March 27, 2020. Ms. Moran has over 40 years of financial experience in both private industry as well as consulting. Ms. Moran began her career at KPMG, previously Peat Marwick, where she became a Senior Manager before serving as Senior Vice President of Finance and Administration for Boston Sand and Gravel Company from 1990 to 2001. Since 2002 she has served as CEO of MCM Financial Consulting, focusing on projects within the banking, construction, higher education, manufacturing, not-for-profit and professional services industries. Ms. Moran is currently a former director of Care Dimensions where she served on the finance and audit committee and is a former director and audit committee member of Danvers Bankcorp, the College of the Holy Cross and Catholic Memorial School. Ms. Moran graduated from Northeastern University with a M.B.A. and MS in Accounting and from the College of the Holy Cross with a degree in Economics. Ms. Moran qualifies as an "Audit Committee Financial Expert" as defined by the U.S. Securities and Exchange Commission rules. Ms. Moran serves as Chairperson of the Nominating and Governance Committee and serves as a member of the Audit and Compensation Committees Committee.

John D. Farina was appointed Director of the Company on March 24, 2022. Mr. Farina was appointed Chairperson of the Audit Committee in May 2023, and also serves as a member of the Investment Committee. Mr. Farina recently retired from PricewaterhouseCoopers ("PwC") as Northeast Managing Partner and as a member of PwC's Global Board of Directors, where he was a member of the Risk & Quality and Operations Committees. He has 35 36 years of experience advising both domestic and multinational Fortune 500 companies on financial

accounting, regulatory, and tax matters, with a deep expertise in the insurance industry. Mr. Farina also led PwC's US Insurance Tax practice and has deep insurance industry expertise. During his time at PwC, Mr. Farina held a variety of senior leadership roles including Managing Partner of the Northeast Region, where he was responsible for approximately 3,800 partners and staff in five offices. In this role, he oversaw strategic planning, operations, finance, risk management, human capital, and marketing functions. Mr. Farina was elected by his fellow partners for two terms on both PwC's US and Global Boards, providing 10 years of governance oversight to the firm. After retiring from PwC in 2021, Mr. Farina was elected to join the National Committee of St. Jude Children's Research Hospital in Memphis, Tennessee, where he serves as the Vice Chair of the Audit & Compliance Committee. Mr. Farina has also served on several non-profit boards, including the Greater Boston Chamber of Commerce. Mr. Farina received his BBA in Accounting from Evangel University and is a CPA in Massachusetts and Texas. Mr. Farina qualifies as an "Audit Committee Financial Expert" as defined by the U.S. SEC rules.

Deborah E. Gray was appointed Director of the Company on March 24, 2022. Ms. Gray has also been appointed to serve as a member of the Nominating and Governance Committee and the Compensation Committee. She joins the Board with over 30 years of experience as a corporate attorney and General Counsel for both publicly traded and private entities in a diverse range of industries, including high tech, ed tech, Software-as-a-Service (SaaS), professional services and life sciences. Her legal and business expertise with high-growth companies, ranging from start-ups to publicly traded multibillion-dollar corporations, are beneficial to Safety, particularly in relation to risk management, compliance, data privacy and security, and corporate governance matters. Ms. Gray has served in various General Counsel roles over her 30-year career, including most recently providing her expertise as an outside General Counsel to a variety of companies. She is also currently Vice President and General Counsel of The Achievement Network, a private, non-profit, national education and technology organization where she leads all day-to-day legal, data privacy and security, and compliance initiatives. Prior to this role, Ms. Gray served as Vice President, General Counsel and Secretary at Acquia, Inc., a SaaS company where she led the creation and build out of its global legal, data security and corporate compliance functions including M&A, commercial contracts, licensing, real estate, employment, corporate and board of directors governance. Previously she held senior positions with Charles River Laboratories, International, Sapient Corporation and Harcourt General. Ms. Gray began her legal career at WilmerHale in Boston where she specialized in mergers and acquisitions, public offerings and SEC compliance matters. She also currently serves on the Board of Directors for The Home for Little Wanderers, serving as Secretary and a member of the Executive Committee, is a Trustee Emerita of Colby College, and a former Overseer of the Boston Symphony Orchestra.

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Charles J. Brophy III was appointed Director of the Company on April 5, 2023. Mr. Brophy joins the Board with over 30 years of experience in the insurance industry. He has spent the last 22 years with HUB International, where he currently serves as the Regional President (U.S. East) and his extensive commercial and personal sales development and management experience. Prior to joining HUB International, Mr. Brophy was a Director at Bain Hogg Robinson, LLC, and began his career in commercial lines underwriting with the Travelers Insurance Company. Mr. Brophy was the 2016 Massachusetts Insurance Professional of the Year and has served on various advisory councils for The Hartford Insurance Group, Arbella Mutual Insurance, the Hanover Insurance Group, and the Travelers Insurance Company. He is also a member at the Insurance Library Association of Boston.

Dennis J. Langwell was appointed Director of the Company on April 5, 2023. Mr. Langwell is a retired senior executive of Liberty Mutual Insurance, a Fortune 100 company, where he worked more than 25 years in various executive, strategic and financial positions, until his retirement in 2021. His most recent position was Vice Chairman of Insurance Operations, and prior to that he was President of Global Risk Solutions, where he led Liberty's \$20 billion global commercial (re) insurance business. Prior to his role as President of Global Risk Solutions, Mr. Langwell served as Executive Vice President and Chief Financial Officer from 2003 to 2018. Mr. Langwell began his career at KPMG and has over 40 years of insurance and finance experience. Mr. Langwell also serves on the boards of James River Group and Companion Protect and on the Advisory Board of Owl.co. He is also a trustee of Providence College, where he received his Bachelor of Science in Accounting, and is Chairman of the Board of Trustees of the U.S.S. Constitution Museum. Mr. Langwell qualifies as an "Audit Committee Financial Expert" as defined by the U.S. SEC rules. Mr. Langwell has been appointed to serve as a member of the Audit and Compensation Committees.

The Company has adopted a Code of Business Conduct and Ethics ("Code of Ethics") that applies to all employees, including executive officers, and to directors. The Code of Ethics is available on the About Us, Investor Information page of the Company's website at

www.safetyinsurance.com. If the Company ever were to amend or waive any provision of its Code of Ethics that applies to the Company's principal executive officer, principal financial officer,

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principal accounting officer or any person performing similar functions, the Company intends to satisfy its disclosure obligations, if any, with respect to any such waiver or amendment by posting such information on its website set forth above rather than by filing a Current Report on Form 8-K.

ITEM 1A. RISK FACTORS

An investment in our common stock involves a number of risks. Any of the risks described below could result in a significant or material adverse effect on our results of operations or financial condition, and a corresponding decline in the market price of our common stock.

We operate in a heavily regulated industry and are subject to regulations and laws in various jurisdictions:

We are subject to comprehensive government regulation and our ability to earn profits may be restricted by these regulations.

General Regulation. We are subject to regulation by the state insurance department of each state in which we do business. In each jurisdiction, we must comply with various laws and regulations, including those involving:

- approval or filing of premium rates and policy forms;
- limitation of the right to cancel or non-renew policies in some lines;
- requirements to participate in residual markets;
- licensing of insurers and agents; and
- regulation of the right to withdraw from markets or terminate involvement with agencies;

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We also are subject to enhanced regulation by our domestic regulator, the Division, from which we must obtain prior approval for certain corporate actions. Among other things, we must comply with laws and regulations governing:

- transactions between an insurance company and any of its affiliates;
- the payment of dividends;
- the acquisition of an insurance company or of any company controlling an insurance company;
- solvency standards;
- minimum amounts of capital and surplus which must be maintained;
- limitations on types and amounts of investments;

- restrictions on the size of risks which may be insured by a single company;
- deposits of securities for the benefit of policyholders; and
- reporting with respect to financial condition.

In addition, insurance department examiners from Massachusetts perform periodic financial and market conduct examinations of insurance companies. Such regulation is generally intended for the protection of policyholders rather than security holders.

Massachusetts, New Hampshire and Maine require that all licensed property and casualty insurers bear a portion of the losses suffered by some insureds as a result of impaired or insolvent insurance companies by participating in each

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state's insolvency fund. Members of the state's insolvency fund are assessed a proportionate share of the obligations and expenses of the fund in connection with an insolvent insurer. These assessments are made by the fund to cover the cost of paying eligible claims of policyholders of these insolvent insurers. Similarly, assessments are made by each state's commercial automobile insurance residual market mechanism to recover the shares of net losses that would have been assessed to the insolvent companies but for their insolvencies. In addition, Massachusetts has established an underwriting association in order to ensure that property insurance is available for owners of high risk property who are not able to obtain insurance from private insurers. The losses of this underwriting association, the Massachusetts Property Insurance Underwriting Association, are shared by all insurers that write property and casualty insurance in Massachusetts. We are assessed from time to time to pay these losses. The effect of these assessments could reduce our profitability in any given period and limit our ability to grow our business.

Because we are unable to predict with certainty changes in the political, economic or regulatory environments of the states in which we operate in the future, there can be no assurance that existing insurance-related laws and regulations will not become more restrictive in the future or that new restrictive laws will not be enacted and, therefore, it is not possible to predict the potential effects of these laws and regulations on us.

There are anti-takeover provisions contained in our organizational documents and in laws of the State of Delaware and the Commonwealth of Massachusetts that could impede an attempt to replace or remove our management or prevent the sale of our company, which could diminish the value of our common stock.

Our certificate of incorporation, bylaws and the laws of Delaware contain provisions that may delay, deter or prevent a takeover attempt that shareholders might consider in their best interests. For example, our organizational documents provide for a classified board of directors with staggered terms ~~prevent shareholders from taking action by written consent, prevent shareholders from calling a special meeting of shareholders, provide for supermajority voting requirements to amend our certificate of incorporation and certain provisions of our bylaws and~~ provide for the filling of vacancies on our board of directors by the vote of a majority of the directors then in office. These provisions will render the removal of the incumbent board of directors or management more difficult. In addition, these provisions may prevent shareholders from receiving the benefit of any premium over the market price of our common stock offered by a bidder in a potential takeover. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

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The Massachusetts insurance law prohibits any person from acquiring control of us, and thus indirect control of the Insurance Subsidiaries, without the prior approval of the Commissioner. That law presumes that control exists where any person, directly or indirectly, owns, controls, holds the power to vote or holds proxies representing 10.0% or more of our outstanding voting stock. Even persons who do not acquire beneficial ownership of more than 10.0% of the outstanding shares of our common stock may be deemed to have acquired such control if the Commissioner determines that such control exists in fact. Therefore, any person seeking to acquire a controlling interest in us would face regulatory obstacles which could delay, deter or prevent an acquisition that shareholders might consider in their best interests.

Section 203 of the General Corporation Law of Delaware, the jurisdiction in which the Company is organized, may affect the ability of an "interested stockholder" to engage in certain business combinations including mergers, consolidations or acquisitions of additional shares, for a period of three years following the time that the stockholder becomes an interested stockholder. An interested stockholder is defined to include persons owning directly or indirectly 15.0% or more of the outstanding voting stock of the corporation.

Our private passenger automobile business is concentrated in in New England:

With a concentration of private passenger automobile insurance, our business may be adversely affected by conditions in this industry.

Approximately **52.0%** **54.7%** of our direct written premiums for the year ended **December 31, 2022** **December 31, 2023** were generated from private passenger automobile insurance policies. As a result of our focus on that line of business, negative developments in the economic, competitive or regulatory conditions affecting the private passenger automobile insurance

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industry could have a material adverse effect on our results of operations and financial condition. In addition, these developments would have a disproportionate effect on us, compared to insurers which conduct operations in multiple business lines.

Because we write insurance principally in Massachusetts, our business may be adversely affected by conditions in Massachusetts, including the impact of additional competitors.

Almost all of our direct written premiums are currently generated in Massachusetts. Our revenues and profitability are therefore subject to prevailing regulatory, economic, demographic, competitive and other conditions in Massachusetts. Changes in any of these conditions could make it more costly or difficult for us to conduct our business. The Massachusetts market has seen an increased level of competition, particularly in the private passenger automobile insurance line, due to prior changes in regulatory conditions. To date, we have not had a significant decrease in our private passenger automobile insurance business. However, further competition and adverse results could include loss of market share, decreased revenue, and/or increased costs.

As writers of property insurance, our Insurance Subsidiaries are exposed to potential losses related to severe weather:

We have exposure to claims related to severe weather conditions, which may result in an increase in claims frequency and severity.

We are subject to claims arising out of severe weather conditions, such as rainstorms, snowstorms and icestorms, that may have a significant effect on our results of operations and financial condition. The incidence and severity of weather conditions are inherently unpredictable. There is generally an increase in claims frequency and severity under the private passenger automobile insurance we write when severe weather occurs because a higher incidence of vehicular accidents and other insured losses tend to occur as a result of severe weather conditions. In addition, we have exposure to an increase in claims frequency and severity under the homeowners and other property insurance we write because property damage may result from severe weather conditions.

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Because some of our insureds live near the Massachusetts coastline, we also have a potential exposure to losses from hurricanes and major coastal storms such as Nor'easters. Although we purchase catastrophe reinsurance to limit our exposure to natural catastrophes, in the event of a major catastrophe resulting in property losses to us in excess of ~~\$665,000~~ \$690,000 our losses would exceed the limits of this reinsurance in addition to losses from our co-participation retention of a portion of the risk up to ~~\$665,000~~ \$690,000.

Climate change and increasing climate change regulation may adversely impact our results of operations.

There are concerns that the increase in weather-related catastrophes and other losses incurred by the industry in recent years may be indicative of changing weather patterns. This change in weather patterns could lead to higher overall losses and higher reinsurance costs. Changes in climate conditions may also cause our underlying modeling data to not adequately reflect frequency and severity, limiting our ability to effectively evaluate and manage risks of catastrophes and severe weather events. Among other impacts, this could result in not charging enough premiums or not obtaining timely state approvals for rate increases to cover the risks we insure. Climate change could also have an impact on issuers of securities in which we invest, resulting in realized and unrealized losses in future periods which could have a material adverse impact on our results of operations and/or financial position.

We are also subject to complex and changing laws and regulations relating to climate change which are difficult to predict and quantify and may have an adverse impact on our business. Changes in regulations relating to climate change or our own management decisions implemented as a result of assessing the impact of climate change on our business may result in an increase in the cost of doing business.

We are subject to economic and underwriting market conditions:

The impact of inflation and supply chain delays may increase loss severity.

Economic and market conditions outside of our control, such as inflation and supply chain issues, may adversely impact our underwriting profitability. Inflation in recent periods has significantly increased our loss costs across all lines of business, especially private passenger automobile. Inflation higher than the levels that the Company anticipates could continue to negatively impact our loss costs in future periods. In addition to the impact of inflation on reserves, on a going forward basis, we may not be able to offset the impact of inflation on our loss costs with sufficient price increases.

We operate in the highly competitive property and casualty insurance industry:

If we are not able to attract and retain independent agents, it could adversely affect our business.

We market our insurance solely through independent agents. We must compete with other insurance carriers for the business of independent agents. Some of our competitors offer a larger variety of products, lower prices for insurance coverage or higher commissions. While we believe that the commissions and services we provide to our agents are competitive with other insurers, changes in commissions, services or products offered by our competitors could make it harder for us to attract and retain independent agents to sell our insurance products.

Established competitors with greater resources may make it difficult for us to market our products effectively and offer our products at a profit.

The property and casualty insurance business is highly competitive and many of our competitors have substantially greater financial and other resources than we do. We compete with both large national writers and smaller regional companies. Further, our competitors include other companies which, like us, serve the independent agency market, as well as companies which sell insurance directly to customers. Direct writers may have certain competitive advantages over agency writers, including increased name recognition, loyalty of the customer base to the insurer rather than to an independent agency and, potentially, lower cost structures. A material reduction in the amount of business

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independent agents sell would directly and negatively affect our profitability and our ability to compete with insurers that do not rely solely on the independent agency market to sell their products. Further, our Company and others compete on the basis of the commissions and other cash and non-cash incentives provided to agents. Although a number of national insurers that are much larger than we are do not currently compete in a material way in the Massachusetts personal auto market, if one or more of these companies decided to aggressively enter the market it could reduce our share of the Massachusetts market and thereby have a material adverse effect on us. These companies include some that would be able to sustain significant losses in order to acquire market share, as well as others which use distribution methods that compete with the independent agent channel. Progressive Corporation, GEICO and Allstate, large insurers that market directly to policyholders rather than through agents, along with other carriers have entered the Massachusetts private passenger automobile insurance market.

We may enter new markets and there can be no assurance that our diversification strategy will be effective.

Although we intend to concentrate on our core businesses in Massachusetts, New Hampshire, and Maine, we also may seek to take advantage of prudent opportunities to expand our core businesses into other states where we believe the independent agent distribution channel is strong. As a result of a number of factors, including the difficulties of finding appropriate expansion opportunities and the challenges of operating in an unfamiliar market, we may not be successful in this diversification. Additionally, in order to carry out any such strategy we would need to obtain the appropriate licenses from the insurance regulatory authority of any such state.

The success of our business is subject to operational risks:

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We may not be able to successfully alleviate risk through reinsurance arrangements which could cause us to reduce our premiums written in certain lines or could result in losses.

In order to reduce risk, to increase our underwriting capacity, and mitigate the volatility of losses on our financial condition and operations, we purchase reinsurance. The availability and the cost of reinsurance protection are subject to market conditions, which are outside of our control. As a result, we may not be able to successfully alleviate risk through these arrangements. For example, if reinsurance capacity for homeowner's risks were reduced as a result of terrorist attacks, climate change or other causes, we might seek to reduce the amount of homeowners business we write. As a result, the Company may not be able to successfully purchase reinsurance and transfer a portion of the Company's risk through reinsurance arrangements. In addition, we are subject to credit risk with respect to our reinsurance because the ceding of risk to reinsurers does not relieve us of our liability to our policyholders. A significant reinsurer's insolvency or inability to make payments under the terms of a reinsurance treaty could have a material adverse effect on our results of operations or financial condition.

As a holding company, Safety Insurance Group, Inc. is dependent on the results of operations of the Safety Insurance Company.

Safety Insurance Group, Inc. is a company and a legal entity separate and distinct from Safety Insurance Company, our principal operating subsidiary. As a holding company without significant operations of its own, the principal sources of Safety Insurance Group, Inc.'s funds are dividends and other distributions from Safety Insurance Company. Our rights to participate in any distribution of assets of Safety Insurance Company are subject to prior claims of policyholders, creditors and preferred shareholders, if any, of Safety Insurance Company (except to the extent that our rights, if any, as a creditor are recognized). Consequently, our ability to pay debts, expenses and cash dividends to our shareholders may be limited. The ability of Safety Insurance Company to pay dividends is subject to limits under Massachusetts insurance law. Further, the ability of Safety Insurance Group, Inc. to pay dividends, and our subsidiaries' ability to incur indebtedness or to use the proceeds of equity offerings, will be subject to limits under our revolving credit facility.

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Our failure to maintain a commercially acceptable financial strength rating would significantly and negatively affect our ability to implement our business strategy successfully.

A.M. Best has currently assigned Safety Insurance an "A (Excellent)" rating. An "A" rating is A.M. Best's third highest rating, out of 13 possible rating classifications for solvent companies. An "A" rating is assigned to insurers that in A.M. Best's opinion have an excellent ability to meet their ongoing obligations to policyholders. Moreover, an "A" rating is assigned to companies that have, on balance, excellent balance sheet strength, operating performance and business profile when compared to the standards established by A.M. Best. A.M. Best bases its ratings on factors that concern policyholders and not upon factors concerning investor protection. Such ratings are subject to change and are not recommendations to buy, sell, or hold securities. An important factor in an insurer's ability to compete effectively is its A.M. Best rating. Our A.M. Best rating is lower than those of some of our competitors. Any future decrease in our rating could affect our competitive position.

Our losses and loss adjustment expenses may exceed our reserves, which could significantly affect our business.

The reserves for losses and loss adjustment expenses that we have established are estimates of amounts needed to pay reported and unreported claims and related expenses based on facts and circumstances known to us as of the time we established the reserves. Reserves are based on historical claims information, industry statistics and other factors. The establishment of appropriate reserves is an inherently uncertain process. If our reserves are inadequate and are strengthened, we would have to treat the amount of such increase as a charge to our earnings in the period that the deficiency is recognized. As a result of these factors, there can be no assurance that our ultimate liability will not materially exceed our reserves and have a negative effect on our results of operations or financial condition.

Due to the inherent uncertainty of estimating reserves, it has been necessary, and may over time continue to be necessary, to revise estimated future liabilities as reflected in our reserves for claims and policy expenses. The historic

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development of reserves for losses and loss adjustment expenses may not necessarily reflect future trends in the development of these amounts. Accordingly, it is not appropriate to extrapolate redundancies or deficiencies based on historical information.

If we lose key personnel, our ability to implement our business strategy could be delayed or hindered.

The loss of key personnel could prevent us from fully implementing our business strategy and could significantly and negatively affect our financial condition or results of operations. As we continue to grow, we will need to recruit and retain additional qualified management personnel, and our ability to do so will depend upon a number of factors, such as our results of operations and prospects and the level of competition then prevailing in the market for qualified personnel.

Acquisitions may not produce the anticipated benefits and may result in unintended consequences, which could have a material adverse impact on our financial condition or results of operations.

We may not be able to successfully integrate acquired businesses or achieve the expected synergies as a result of such acquisitions. The process of integrating an acquired business can be complex and costly and may create unforeseen operating difficulties that could result in the business performing differently than we expected, including through the loss of customers or in our failure to realize anticipated increased revenue growth or expense-related efficiencies.

If our agency business does not perform well, we may be required to recognize an impairment of our goodwill.

Goodwill represents the excess of the amounts we paid to acquire businesses over the fair value of their net assets at the date of acquisition. We test goodwill at least annually for impairment. Impairment testing is performed based upon estimates of the fair value of the "reporting unit" to which the goodwill relates. The fair value of the reporting unit could decrease if new business, customer retention, profitability or other drivers of performance differ from expectations. If it is determined that the goodwill has been impaired, we must write down the goodwill by the amount of the impairment, with a corresponding charge to net income (loss). These write downs could have a material adverse effect on our results of operations or financial condition.

Future sales of shares of our common stock by our existing shareholders in the public market, or the possibility or perception of such future sales, could adversely affect the market price of our stock.

Investors currently known to be the beneficial owners of greater than 5.0% of our outstanding common stock hold approximately **47.3%** **50.9%** of the common stock of Safety Insurance Group, Inc. on a fully diluted basis. No prediction can be made as to the effect, if any, that future sales of shares by our existing shareholders, or the availability of shares for future sale, will have on the prevailing market price of our common stock from time to time. Sales of substantial amounts of our common stock in the public market by our existing shareholders, or the possibility or perception that such sales could occur, could cause the prevailing market prices for our common stock to decrease. If such sales reduce the market price of our common stock, our ability to raise additional capital in the equity markets may be adversely affected.

A proxy contest with an activist shareholder could cause us to incur significant costs, divert management's attention and resources, and have an adverse effect on our business

Activist shareholders may engage in proxy solicitations, advance shareholder proposals or director nominations or otherwise attempt to affect changes or acquire control over us. Responding to these actions can be costly and time-consuming and divert the attention of our Board and management from the management of our operations and the pursuit of our business strategies, particularly if such activist shareholders advocate for actions that are not supported by other shareholders, our Board or management. In addition, perceived uncertainties as to our future direction may result in the loss of potential business opportunities, damage to our reputation and may make it more difficult to attract and retain

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We are subject to technology, cybersecurity and privacy risks:

Our business depends on the uninterrupted operation of our systems and business functions, including our information technology, telecommunications and other business systems. Our business continuity and disaster recovery plans may not sufficiently address all contingencies.

Our business is highly dependent upon our ability to execute, in an efficient and uninterrupted fashion, necessary business functions, such as processing new and renewal business, providing customer service, and processing and paying claims. A shut-down of or inability to access our facility, a power outage, or a failure of one or more of our information technology, telecommunications or other systems could significantly impair our ability to perform such functions on a timely basis. If sustained or repeated, such a business interruption, systems failure or service denial could result in a deterioration in the level of service we provide to our agents and policyholders. We have established a business continuity plan in an effort to ensure the continuation of core business operations in the event that normal business operations could not be performed due to a catastrophic event. While we continue to test and assess our business continuity plan to ensure it meets the needs of our core business operations and addresses multiple business interruption events, there is no assurance that core business operations could be performed upon the occurrence of such an event, which may result in a material adverse effect on our financial position or results of operations.

We outsource certain business and administrative functions to third parties and may do so increasingly in the future. If we fail to develop and implement our outsourcing strategies or our third-party providers fail to perform as anticipated, we may experience operational difficulties, increased costs and a loss of business that may have a material adverse effect on our results of operations or financial condition.

Our business could be materially and adversely affected by a security breach or other attack involving our computer systems or the systems of one or more of our agents and vendors.

Our highly automated and networked organization is subject to cyber-terrorism and a variety of other cyber-security threats. These threats come in a variety of forms, such as viruses and malicious software. Such threats can be difficult to prevent or detect, and if experienced, could interrupt or damage our operations, harm our reputation or have a material effect on our operations. Our technology and telecommunications systems are highly integrated and connected with other networks. Cyber-attacks involving these systems could be carried out remotely and from multiple sources and could interrupt, damage or otherwise adversely affect the operations of these critical systems. Cyber-attacks could result in the modification or theft of data, the distribution of false information or the denial of service to users. The risks of cyber-attacks could be exacerbated by geopolitical tensions, including hostile actions taken by nation-states and terrorist organizations. We obtain, utilize and maintain data concerning individuals and organizations with which we have a business relationship. Threats to data security can emerge from a variety of sources and change in rapid fashion, resulting in the ongoing need to expend resources to secure our data in accordance with customer expectations and statutory and regulatory requirements.

Our businesses must comply with regulations to control the privacy of customer, employee and third-party data, and state, federal and international regulations regarding data privacy, are becoming increasingly more onerous. A misuse or mishandling of confidential or proprietary information could result in legal liability, regulatory action and reputational harm. We could be subject to liability if confidential customer information is misappropriated from our technology systems. Despite the implementation of security measures, these systems may be vulnerable to physical

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break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. Any well-publicized compromise of security could deter people from entering into transactions that involve transmitting confidential information to our systems, which could have a material adverse effect on our business and reputation. We rely on services and products provided by many vendors. In the event that one or more of our vendors fails to protect personal information of our customers, claimants or employees, we may incur operational impairments, or could be exposed to litigation, compliance costs or reputational damage. We maintain cyber-liability insurance coverage to offset certain potential losses, subject to policy limits, such as liability to others, costs of related crisis management, data extortion, applicable forensics and certain regulatory defense costs, fines and penalties.

While, to date, we are not aware of having experienced a material breach of our cyber security systems,

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administrative, internal accounting and technical controls as well as other preventive actions may be insufficient to prevent physical and electronic break-ins, denial of service, cyber-attacks, business email compromises, ransomware or other security breaches to our systems or those of third parties with whom we do business.

We believe that we have established and implemented appropriate security measures to provide reasonable assurance that our information technology systems are secure and appropriate controls and procedures to enable us to identify and respond to unauthorized access to such systems. While we have not experienced material cyber-incidents to date, the occurrence and effects of cyber-incidents may remain undetected for an extended period. We periodically engage third parties to evaluate and test the adequacy of our security measures, controls and procedures. Despite these security measures, controls and procedures, disruptions to and breaches of our information technology systems are possible.

We invest in securities which are subject to market risk:

Market fluctuations and changes in interest rates can have significant and negative effects on our investment portfolio.

Our results of operations depend in part on the performance of our invested assets. As of **December 31, 2022** **December 31, 2023**, based upon fair value measurement, **74.9%** **73.9%** of our investment portfolio was invested in fixed maturity securities, **17.1%** **16.7%** in equity securities and **8.0%** **9.4%** in other invested assets. Certain risks are inherent in connection with debt securities including loss upon default and price volatility in reaction to changes in interest rates and general market factors. **Changes in interest rates affect the carrying value of our fixed maturity investments and returns on our fixed maturity investments. A decline in interest rates reduces the returns available on new fixed maturity investments (including those purchases to re-invest maturities from the existing portfolio), thereby negatively impacting our net investment income on a going-forward basis, while rising interest rates reduce the market value of existing fixed maturity investments, thereby negatively impacting our book value.**

We have a significant investment portfolio and adverse capital market conditions, including but not limited to volatility and credit spread changes, will impact the liquidity and value of our investments, potentially resulting in higher realized or unrealized losses. Values of our investments can also be impacted by reductions in price transparency and changes in investor confidence and preferences, potentially resulting in higher realized or unrealized losses. If the carrying value of our investments exceeds the fair value, and the decline in fair value is deemed to be other-than-temporary, we will be required to write down the value of our investments, which could materially harm our results of operations or financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

As of the date of this report, the Company had no unresolved comments from the Commission staff regarding its periodic or current reports under the Exchange Act.

ITEM 1C. CYBERSECURITY

The Company has implemented a cybersecurity program that oversees, assesses, and manages its cybersecurity risks. As a component of the Company's formal enterprise risk management program, whose goal is to support the business objectives and strategy, the cybersecurity program leverages multiple security measures to protect the integrity of the Company's information assets. The program's strategy aligns to the National Institute of Standards and Technology Cybersecurity Control Framework, where controls are implemented throughout our environment to achieve five categorical objectives of a cybersecurity program, including identification, protection, detection, response, and recovery.

Our cybersecurity program is regularly assessed to ensure it meets the ever-changing cyber risk environment. This is accomplished via monthly risk assessment meetings performed by our technical cybersecurity

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committee, periodic risk assessments and audits performed by internal audit, and cyber tests and assessments performed by contracted consultants.

Our cybersecurity program includes several methods to protect against intrusion by a bad actor, including such techniques as reputational filtering, anti-virus scans, intrusion prevention, multi-factor authentication, and account isolation among others. We also use numerous approaches to detect ransomware and other cyber-attacks, including among others, dark web searches, email sandboxing, endpoint detection, and intrusion detection. The Company continuously monitors and enhances its program to respond to evolving cyber threats and changes in the regulatory environment.

To ensure the effectiveness of the cybersecurity program, we have implemented various assurance methods including ongoing internal audit control reviews, external reviews by third-party consultants including penetration testing, and cyber incident response team exercises. Ongoing monitoring of our systems and security metric reviews are in place to manage external threats. Our cyber monitoring and supporting metrics include such areas as intrusion detection, phishing attempts, cyber training results, and patch management vulnerabilities. Additionally, the Company collaborates with industry associations, government authorities, peers, and external advisors to monitor the threat environment to ensure no gaps exist in our security practices.

A third-party risk management program is in place ensuring those risks associated with our use of vendors to support our business objectives and strategic initiatives are properly understood and mitigated. Through management's oversight, third-party assessments of vendor's information security practices and protocols, including their readiness to protect against and respond to cybersecurity breaches are performed. Third-party service providers are categorized into tiers in consideration of the risk of a vendor's activities. Vendor due diligence questionnaires are issued seeking to understand a service provider's cyber and information security control environment, as well as their resiliency in the event of an intrusion to their systems. Formalized vendor incident response procedures are in place that support the activities required should a cyber event occur.

We continue to improve our ability to defend against, respond to, and recover from ransomware and other cyber events; enhance application cybersecurity capabilities, including defenses against fraud attacks; and to ensure security capabilities are built into new cloud-based platforms that we adopt. We are also required to maintain strong cyber defense protocols in the states where we are authorized or licensed to write business. We monitor the status of new cybersecurity regulations, including notification requirements.

To the best knowledge of management, no risks from cybersecurity threats have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition.

Our Board is ultimately responsible for the oversight of risk management strategy, business plan and management of financial resources. As part of these responsibilities, the Board is apprised, annually and as needed, of developments in the external environment and business strategies that present increased cyber risk exposure to the Company. On a weekly basis, The Vice President of Management Information Services ("VP of MIS") meets with the Chairman of the Board of Directors, President and Chief Executive Officer ("Chairman, President and CEO"), to discuss developments with the Company's IT environment, including its cybersecurity program. The Chairman, President and CEO would then inform the Board of those developments, as needed. The Board has delegated oversight of cybersecurity risk management to the Audit Committee of the Board of Directors.

The Audit Committee meets on a quarterly basis. A set agenda of risk matters includes detailed updates of the Company's preparedness and significant cybersecurity activities. The topics covered by these updates have included discussions of policies and procedures to prevent, detect and respond to cybersecurity incidents, modifications to on-line platforms, and the use of cloud-based applications. Lessons learned from cybersecurity incidents and the internal and external testing of our cyber defenses are provided quarterly. The Board is also provided with an annual cybersecurity technology risk and control update.

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A management level risk committee exists and oversees the management of the Company's highest-level risks, including cybersecurity. This committee consists of representatives from the Risk, Financial, Underwriting, Information Technology and Legal Departments. The Risk Committee, as supported by the Cybersecurity Committee, is responsible for keeping the audit committee apprised of the Company's cybersecurity preparedness and cyber incidents. The Cybersecurity Committee oversees and ensures the Company's cyber-related controls are sufficient to protect the Company's information and proprietary assets, in accordance with the acceptable risk policies and risk tolerances.

The VP of MIS has expertise assessing and managing cybersecurity risks, and is a member of both the Risk Committee and Cybersecurity Committee. He has served in his current role since 2014 and has held several senior-level information technology roles in his 31-year tenure with the Company. In his various roles, he has been responsible for providing senior leadership in the areas of information security, IT governance risk & compliance, business continuity, and disaster recovery.

ITEM 2. PROPERTIES

We conduct most of our operations in approximately 72 thousand square feet of leased space at 20 Custom House Street in downtown Boston, Massachusetts. Our lease will expire on December 31, 2028. This real estate space was remodeled in 2018 and included capital expenditures to update lighting as well as heating, ventilation and air condition systems with state of the art and environmentally focused technologies.

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ITEM 3. *LEGAL PROCEEDINGS*

Our Insurance Subsidiaries are parties to a number of lawsuits arising in the ordinary course of their insurance business. We believe that the ultimate resolution of these lawsuits will not, individually or in the aggregate, have a material adverse effect on our financial condition.

Safety Insurance had been named in a lawsuit alleging that the Company improperly denied coverage to commercial insureds for loss of business income resulting from the COVID-19 pandemic. As a result of the lawsuit, the Company accrued a reserve of \$6,500 for legal defense costs included in loss and loss adjustment expense during the year ended December 31, 2021. As of December 31, 2022, the claim against the Company was closed and the accrual of \$6,500 was reversed.

On October 19, 2021, the Supreme Judicial Court of Massachusetts (the "Court" "SJC") unanimously ruled that property and casualty insurers must compensate third-party claimants under property damage coverage, part 4 of the standard Massachusetts automobile insurance policy, 2008 edition (standard policy), for the inherent diminished value ("IDV") that occurs when their vehicles are damaged in a crash. This ruling overturned a previous decision by the Massachusetts Superior Court (the "Superior Court"), which found that a Massachusetts auto insurance policy did not provide property damage coverage for inherent diminished value damages for third-party claimants. The Court SJC placed the burden of proof on the individual claimant by explicitly specifying that the claimant must establish that the vehicle has suffered IDV damages and also the amount of IDV damages at issue. The Court SJC further ruled that an insurer's previous denial of coverage for such damages could not serve as the basis for a claim of unfair business practices. On June 20, 2023, the Superior Court denied a motion brought by the plaintiffs seeking class certification. The plaintiffs have since filed a motion to amend the complaint, seeking to address the concerns raised by the Superior Court in denying their motion for class certification; Safety has opposed the motion to amend the complaint, which has yet to be heard or ruled on by the Superior Court. Based on the Court's SJC's rulings, at this time the Company does not expect any claims for IDV damages to be material, and therefore has not accrued for a specific loss contingency contingency.

ITEM 4. *MINE SAFETY DISCLOSURES*

Not Applicable

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PART II.

ITEM 5. *MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

As of **February 21, 2023** **February 13, 2024**, there were **2022** holders of record of the Company's common stock, par value \$0.01 per share, and we estimate another **17,280** **17,519** held in "Street Name."

The closing price of the Company's common stock on **February 21, 2023** **February 13, 2024** was **\$87.32** **\$83.25** per share. The Company's common stock trades on the NASDAQ stock exchange under the symbol SAFT.

During **2022** **2023** and **2021**, **2022**, the Company's Board of Directors declared four quarterly cash dividends to shareholders, which were paid and accrued in the amounts of **\$52,995** **\$52,992** and **\$53,996**, **\$52,995**, respectively. On **February 22, 2023** **February 21, 2024**, the Company's Board of Directors declared a quarterly cash dividend of \$0.90 per share to shareholders of record on **March 1, 2023** **March 1, 2024** payable on **March 15, 2023** **March 15, 2024**. The Company plans to continue to declare and pay quarterly cash dividends in **2023**, **2024**, depending on the Company's financial position and the regularity of its cash flows.

The Company relies on dividends from its Insurance Subsidiaries for a portion of its cash requirements. The payment by the Company of any cash dividends to the holders of common stock therefore depends on the receipt of dividend payments from its Insurance Subsidiaries. The payment of dividends by the Insurance Subsidiaries is subject to limitations imposed by Massachusetts law, as discussed in Item 1—

Business, Supervision and Regulation, *Insurance Regulation Concerning Dividends*, and also in Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

The information called for by Item 201 (d) of Regulation S-K regarding securities authorized for issuance under equity compensation plans will be contained in the Company's Proxy Statement for its Annual Meeting of Shareholders, which the Company intends to file with the U.S. Securities and Exchange Commission within 120 days after December 31, 2022 December 31, 2023 (the Company's fiscal year end), and such information is incorporated herein by reference.

For information regarding our share repurchase program, refer to Item 8—Financial Statements and Supplementary Data, Note 14, Share Repurchase Program, of this Form 10-K.

COMMON STOCK PERFORMANCE GRAPH

Set forth below is a line graph comparing the dollar change in the cumulative total shareholder return on the Company's Common Stock, for the period beginning on December 31, 2017 December 31, 2018 and ending on December 31, 2022 December 31, 2023 with the cumulative total return of the NASDAQ Stock Market Index and a peer group comprised of seven selected property & casualty insurance companies over the same period. The peer group consists of Donegal Group, Inc., Erie Indemnity Company, Horace Mann Educators Corporation, The Hanover Insurance Group, Inc., Mercury General Corp., Selective Insurance Group, Inc., and United Fire Group. Note that this peer group has changed from prior years due to acquisition activity. The graph shows the change in value of an initial one hundred dollar investment over the period indicated, assuming re-investment of all dividends.

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Comparative Cumulative Total Returns since December 31, 2017 December 31, 2018 Among
Safety Insurance Group, Inc.,
Property & Casualty Insurance Peer Group and the NASDAQ Stock Market Index

Graphic

The foregoing performance graph and data shall not be deemed "filed" as part of this Form 10-K for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section and should not be deemed incorporated by reference into any other filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates it by reference into such filing.

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ISSUER PURCHASES OF EQUITY SECURITIES

On February 23, 2022, the Board of Directors approved an additional share repurchase of up to \$50,000 of the Company's outstanding common shares. The Board of Directors has cumulatively authorized increases to the existing share repurchase program of up to \$200,000 of its outstanding common shares. Under the program, the Company may repurchase shares of its common stock for cash in public or private transactions, in the open market or otherwise. The timing of such repurchases and actual number of shares repurchased will depend on a variety of factors including price, market conditions and applicable regulatory and corporate requirements. The program does not require the Company to repurchase any specific number of shares and it may be modified, suspended or terminated at any time without prior notice. No shares were repurchased during the three months ended December 31, 2023.

Period	Total number of Shares purchase	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
October 1-31, 2023	—	—	—	703,971
November 1-30, 2023	—	\$ —	—	703,971
December 1-31, 2023	—	—	—	703,971
Total	—	\$ —	—	703,971

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ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our accompanying consolidated financial statements and notes thereto, which appear elsewhere in this document. In this discussion, all dollar amounts are presented in thousands, except share and per share data.

The following discussion contains forward-looking statements. We intend statements which are not historical in nature to be, and are hereby identified as "forward-looking statements" to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, the Company's senior management may make forward-looking statements orally to analysts, investors, the media and others. This safe harbor requires that we specify important factors that could cause actual results to differ materially from those contained in forward-looking statements made by or on behalf of us. We cannot promise that our expectations in such forward-looking statements will turn out to be correct. Our actual results could be materially different from and worse than our expectations. See "Forward-Looking Statements" below for specific important factors that could cause actual results to differ materially from those contained in forward-looking statements.

Executive Summary and Overview

In this discussion, "Safety" refers to Safety Insurance Group, Inc. and "our Company," "we," "us" and "our" refer to Safety Insurance Group, Inc. and its consolidated subsidiaries. Our subsidiaries consist of Safety Insurance Company ("Safety Insurance"), Safety Indemnity Insurance Company ("Safety Indemnity"), Safety Property and Casualty Insurance Company ("Safety P&C"), Safety Northeast Insurance Company ("Safety Northeast"), Safety Northeast Insurance Agency, Inc. ("SNTA"), and Safety Management Corporation ("SMC"), which is SNTA's holding company.

We are a leading provider of private passenger automobile (52.0% (54.7% of our direct written premiums in 2022) 2023), commercial automobile, (17.4% (15.9% of 2022) 2023 direct written premiums), and homeowners (25.3% (24.5% of 2022) 2023 direct written premiums) insurance. In addition to these coverages, we offer a portfolio of other insurance products, including dwelling fire, umbrella and business owner policies (totaling 5.3% 4.9% of 2022) 2023 direct written premiums). Operating exclusively in Massachusetts, New Hampshire and Maine through our insurance company subsidiaries, Safety Insurance, Safety Indemnity, Safety P&C, and Safety Northeast (together referred to as the "Insurance Subsidiaries"), we have established strong relationships with independent insurance agents, who numbered 843 834 in 1,071 1,090 locations throughout these three states during 2022) 2023. We have used these relationships and our extensive knowledge of the market to become the fifth third largest private passenger automobile carrier and the second largest commercial automobile carrier in Massachusetts, capturing an approximate 7.7% 8.7% and 12.6% 12.7% share, respectively, of the Massachusetts private passenger and commercial automobile markets in 2022, 2023, according to statistics compiled by the Commonwealth Automobile Reinsurers ("CAR") based on automobile exposures. We are the third fourth largest homeowners insurance carrier in Massachusetts, with a market share of 6.5% 6.2% in 2021, 2022.

A.M. Best, which rates insurance companies based on factors of concern to policyholders, currently assigns Safety Insurance an "A (Excellent)" rating. Our "A" rating was reaffirmed by A.M. Best on May 26, 2022 June 15, 2023.

Our Insurance Subsidiaries began writing insurance in New Hampshire during 2008 and Maine in 2016. In November 2020, we formed a fourth insurance subsidiary, Safety Northeast, which became licensed to write insurance products in Massachusetts. The table below shows the amount of direct written premiums in each state during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021.

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<u>Direct Written Premiums</u>	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Massachusetts	\$ 782,790	\$ 765,007	\$ 764,479	\$ 941,721	\$ 782,790	\$ 765,007
New Hampshire	36,519	34,261	32,334	42,762	36,519	34,261
Maine	4,009	2,871	1,899	6,741	4,009	2,871
Total	\$ 823,318	\$ 802,139	\$ 798,712	\$ 991,224	\$ 823,318	\$ 802,139

Recent Events

On December 1, 2022 Beginning on February 2, 2023 and through February 5, 2023, SNIA was established when the Company acquired the assets and operations Northeast region experienced a severe winter weather event ("February Winter Freeze") over a thirty-six hour period, whereby temperatures reached lows of Northeast Metrowest Insurance Agency, Inc. ("Northeast / Metrowest"), an independent insurance agency, through its wholly-owned subsidiary, SMC. Since 1989, Northeast / Metrowest had provided personal and commercial insurance to properly protect its customers by determining the best coverage to suit their unique needs. Over time, Northeast / Metrowest had grown to include over \$40 million in policy premiums. SNIA will operate as a stand-alone business operation, providing personal and commercial property and casualty insurance products to customers on behalf of the Insurance Subsidiaries and third-party insurance carriers.

The Company had been named in a lawsuit alleging that the Company improperly denied coverage to commercial insureds for loss of business income resulting from the COVID-19 pandemic. Our position is that no coverage existed for this peril, negative 40 degrees Fahrenheit, including windchill. As a result of the lawsuit, February Winter Freeze, the Company accrued a reserve received approximately 800 claims totaling \$29,543 of \$6,500 for legal defense costs included in the losses and loss adjustment expenses during for the year ended December 31, 2021 December 31, 2023. During

On the morning of December 18, 2023, the Northeast region experienced a severe weather event ("December Wind Storm") comprising heavy rain and hurricane-strength winds. This event broke forty-five-year-old wind gust records, with wind gusts reaching 90 miles per hour. As a result of the December Wind Event, the Company received approximately 1,000 claims totaling \$11,635 of losses and loss adjustment expenses for the year ended December 31, 2022, the claim against the Company was closed and the accrual of \$6,500 was reversed December 31, 2023.

Losses and Loss Adjustment Expenses

Losses and loss adjustment expenses incurred for the three months ended December 31, 2023 increased by \$40,076, or 30.4%, to \$172,105 from \$132,029 for the comparable 2022 period. Losses and loss adjustment expenses incurred for the year ended December 31, 2022 2023 increased by \$30,252, \$150,323, or 6.6% 30.6%, to \$491,979 \$642,302 from \$461,727 \$491,979 for the comparable 2021 2022 period. The increase in losses for the three months ended December 31, 2023 is due to a return of pre-pandemic frequency in continued inflationary impacts on our private passenger automobile Private Passenger Automobile line of business and current market conditions including inflation the December Wind Storm. The increase in losses for the year ended December 31, 2023 also included the February Winter Freeze and supply chain delays increased total automobile losses due to multiple flood events, and a separate high wind event that impacted our Homeowners line of business.

Loss, expense, and combined ratios calculated under U.S. generally accepted accounting principles for the quarter ended December 31, 2022 December 31, 2023 were 76.1%, 30.4%, and 106.5%, respectively, compared to 68.4%, 32.3%, and 100.7%, respectively, compared to 62.7%, 33.7%, and 96.4%, respectively, for the comparable 2021 2022 period. Loss, expense, and combined ratios calculated under U.S. generally accepted accounting principles for the year ended December 31, 2022 December 31, 2023 were 77.0%, 30.7%, and 107.7%, respectively, compared to 64.9%, 32.3%, and 97.2%, respectively, compared to 59.6%, 33.4%, and 93.0%, respectively, for the comparable 2021 2022 period. The 2022 2023 increase in loss ratio is primarily due to the factors that increased losses and loss adjustment expenses. The 2023 decrease in the expense ratios in both periods is primarily driven by a decrease in contingent commission expense.

We define a "catastrophe" as an event that produces pre-tax losses before reinsurance in excess of \$1,000 and involves multiple first-party policyholders, or an event that produces a number of claims in excess of a preset, per-event threshold of average claims in a specific area, occurring within a certain amount of time following the event. Catastrophes are caused by various natural events including high winds, winter storms, tornadoes, hailstorms, and hurricanes. The nature and level of catastrophes in any period cannot be reliably predicted.

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Catastrophe losses incurred by the type of event are shown in the following table.

Event	Event	Years Ended December 31,			Years Ended December 31,		
		2022	2021	2020	Event	2023	2022
Freeze					Freeze	\$29,543	\$ - \$ -
Windstorms and hailstorms	Windstorms and hailstorms	\$ - \$11,677	\$7,291		Windstorms and hailstorms	\$11,635	\$ - \$11,677
	Total losses incurred (1)	\$ - \$11,677	\$7,291		Total losses incurred (1)	\$41,178	\$ - \$11,677

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(1) Total losses incurred include losses plus defense and cost containment expenses and excludes adjusting and other claims settlement expenses.

Direct and Net Written Premiums

For the quarter ended December 31, 2023, the Company achieved its fifth consecutive quarter of double-digit growth in direct and net written premiums. For the three months ended December 31, 2023, direct written premium growth and net written premium growth were 22.2% and 20.7%, respectively. For the year ended December 31, 2023, direct written premium growth and net written premium growth were 20.4% and 19.6%, respectively. The increase in premium is driven by new business production, improved retention, and rate increases. For the year ended December 31, 2023, the Company achieved exposure count growth across all lines of business, including 14.7%, 5.4% and 11.2% in Private Passenger Automobile, Commercial Automobile and Homeowners lines, respectively, compared to the same period in 2022. Additionally, for the year ended December 31, 2023, average written premium per exposure increased 10.8%, 3.8% and 4.5% in Private Passenger Automobile, Commercial Automobile and Homeowners lines, respectively, compared to the same period in 2022.

The following rate changes have been filed and approved by the insurance regulators of Massachusetts, and New Hampshire and Maine in 2022 2024, 2023 and 2021. Our Massachusetts private passenger automobile rates include a 13% commission rate for agents. 2022.

Line of Business	Effective Date	Rate Change
Massachusetts Commercial New Hampshire Private Passenger Automobile	May April 1, 2022 2024	3.1%
Massachusetts Homeowner	July 1, 2022	2.6% 3.4%
Massachusetts Private Passenger Automobile	April January 1, 2022 2022	-2.3%
Massachusetts Private Passenger Automobile	December 1, 2022 2024	3.5%
New Hampshire Commercial Automobile	September November 1, 2022 2023	5.8% 7.9%
New Hampshire Homeowners	September October 1, 2022 2023	3.5% 6.0%
Maine Private Passenger Automobile	October 1, 2023	7.3%
New Hampshire Private Passenger Automobile	September 1, 2022 2023	6.5%
Massachusetts Homeowners	August 1, 2023	3.9%
Massachusetts Private Passenger Automobile	July 1, 2023	4.3%
Massachusetts Commercial Automobile	May 1, 2023	4.0%
Massachusetts Private Passenger Automobile	December 1, 2022	3.5%
New Hampshire Commercial Automobile	September 1, 2022	5.8%
New Hampshire Homeowners	September 1, 2022	3.5%
New Hampshire Private Passenger Automobile	September 1, 2022	2.8%
Massachusetts Homeowners	July 1, 2022	2.6%

Statutory Accounting Principles

Our results are reported in accordance with generally accepted accounting principles ("GAAP"), which differ from amounts reported in accordance with statutory accounting principles ("SAP") as prescribed by insurance regulatory authorities, which in general reflect a liquidating, rather than going concern concept of accounting. Specifically, under GAAP:

- Policy acquisition costs such as commissions, premium taxes and other variable costs incurred which are directly related to the successful acquisition of a new or renewal insurance contract are capitalized and amortized on a pro rata basis over the period in which the related premiums are earned, rather than expensed as incurred, as required by SAP.

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- Certain assets are included in the consolidated balance sheets whereas, under SAP, such assets are designated as "nonadmitted assets," and charged directly against statutory surplus. These assets consist primarily of premium receivables that are outstanding over ninety days, federal deferred tax assets in excess of statutory limitations, furniture, equipment, leasehold improvements and prepaid expenses.
- Amounts related to ceded reinsurance are shown gross of ceded unearned premiums and reinsurance recoverables, rather than netted against unearned premium reserves and loss and loss adjustment expense reserves, respectively, as required by SAP.
- Fixed maturities securities, which are classified as available-for-sale, are reported at current fair values, rather than at amortized cost, or the lower of amortized cost or market, depending on the specific type of security, as required by SAP.
- The differing treatment of income and expense items results in a corresponding difference in federal income tax expense. Changes in deferred income taxes are reflected as an item of income tax benefit or expense, rather than recorded directly to surplus as regards policyholders, as required by SAP. Admittance testing may result in a charge to unassigned surplus for non-admitted portions of deferred tax assets. Under GAAP reporting, a valuation allowance may be recorded against the deferred tax asset and reflected as an expense.

Insurance Ratios

The property and casualty insurance industry uses the combined ratio as a measure of underwriting profitability. The combined ratio is the sum of the loss ratio (losses and loss adjustment expenses incurred as a percent of net earned premiums) plus the expense ratio (underwriting and other expenses as a percent of net earned premiums, calculated on a GAAP basis). The combined ratio reflects only underwriting results and does not include income from

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investments or finance and other service income. Underwriting profitability is subject to significant fluctuations due to competition, catastrophic events, weather, economic and social conditions, and other factors.

Our GAAP insurance ratios are presented in the following table for the periods indicated.

GAAP ratios:	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Loss ratio	64.9 %	59.6 %	52.5 %	77.0 %	64.9 %	59.6 %
Expense ratio	32.3	33.4	34.6	30.7	32.3	33.4
Combined ratio	97.2 %	93.0 %	87.1 %	107.7 %	97.2 %	93.0 %

Share-Based Compensation

On March 24, 2022, the Company's Board of Directors adopted the Amended and Restated Safety Insurance Group, Inc. 2018 Long-Term Incentive Plan (the "Amended 2018 Plan"), which was subsequently approved by our shareholders at the 2022 Annual Meeting of Shareholders. The Amended 2018 Plan increases the share pool limit by adding 350,000 common shares to the previously adopted Safety Insurance Group, Inc. 2018 Long-Term Incentive Plan. The Amended 2018 Plan enables the grant of stock awards, performance shares, cash-based performance units, other stock-based awards, stock options, stock appreciation rights, and stock unit awards, each of which may be granted separately or in tandem with other awards. Eligibility to participate includes officers, directors, employees and other individuals who provide bona fide services to the Company. The Amended 2018 Plan supersedes the Company's 2002 Management Omnibus Incentive Plan ("the 2002 Incentive Plan").

The Amended 2018 Plan establishes a pool of 700,000 shares of common stock available for issuance to our employees and other eligible participants. The Board of Directors and the Compensation Committee intend to issue awards under the Amended 2018 Plan in the future.

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The maximum number of shares of common stock between both the 2018 Amended Plan and 2002 Incentive Plan with respect to which awards may be granted is 3,200,000. No further grants will be allowed under the 2002 Incentive Plan. At December 31, 2022, there were 444,216 shares available for future grant. Grants outstanding under the plans as of December 31, 2022, were comprised of 138,482 restricted shares.

Grants made under the Incentive Plan during the years 2020 through 2023 were as follows.

Type of Equity Awarded	Effective Date	Number of Awards			Fair Value per Share (1)			Number of Awards			Fair Value per Share (1)		
		Granted	Vesting Terms	Effective Date	Granted	Vesting Terms							
RS - Service	February 26, 2020	28,799	\$ 90.50	3 years, 30%-30%-40%									
RS													
Performance	February 26, 2020	24,062	\$ 90.50	3 years, cliff vesting (3)									
RS	February 26, 2020	5,000	\$ 90.50	No vesting period (2)									
RS													
Performance	February 26, 2020	12,587	\$ 90.50	No vesting period (4)									
RS	March 27, 2020	1,000	\$ 76.60	No vesting period (2)									
RS - Service	February 24, 2021	33,840	\$ 79.27	3 years, 30%-30%-40%	February 24, 2021	33,840	\$ 79.27	3 years, 30%-30%-40%					
RS													
Performance	February 24, 2021	29,422	\$ 79.27	3 years, cliff vesting (3)	February 24, 2021	29,422	\$ 79.27	3 years, cliff vesting (3)					
RS	February 24, 2021	6,000	\$ 79.27	No vesting period (2)	February 24, 2021	6,000	\$ 79.27	No vesting period (2)					
RS													
Performance	February 24, 2021	20,038	\$ 79.27	No vesting period (4)	February 24, 2021	20,038	\$ 79.27	No vesting period (4)					
RS - Service	February 23, 2022	31,864	\$ 84.98	3 years, 30%-30%-40%	February 23, 2022	31,864	\$ 84.98	3 years, 30%-30%-40%					
RS													
Performance	February 23, 2022	26,037	\$ 84.98	3 years, cliff vesting (3)	February 23, 2022	26,037	\$ 84.98	3 years, cliff vesting (3)					
RS	February 23, 2022	5,000	\$ 84.98	No vesting period (2)	February 23, 2022	5,000	\$ 84.98	No vesting period (2)					
RS	March 24, 2022	2,000	\$ 89.63	No vesting period (2)	March 24, 2022	2,000	\$ 89.63	No vesting period (2)					
RS													
Performance	February 23, 2022	5,791	\$ 84.98	No vesting period (4)	February 23, 2022	5,791	\$ 84.98	No vesting period (4)					
RS - Service					February 23, 2023	33,101	\$ 80.24	3 years, 30%-30%-40%					
RS													
Performance					February 23, 2023	25,990	\$ 80.24	3 years, cliff vesting (3)					
RS													
Performance					February 23, 2023	4,703	\$ 80.24	3 years, cliff vesting (4)					
RS					February 23, 2023	6,000	\$ 80.24	No vesting period (2)					
RS					May 17, 2023	1,000	\$ 71.78	No vesting period (2)					

(1) The fair value per share of the restricted stock grant is equal to the closing price of our common stock on the grant date.

(2) Board of Director members must maintain stock ownership equal to at least four times their annual cash retainer. This requirement must be met within five years of becoming a director.

(3) The shares represent performance-based restricted shares award. Vesting of these shares is dependent upon the attainment of pre-established performance objectives, and any difference between shares granted and shares earned at the end of the performance period will be reported at the conclusion of the performance period.

(4) The shares represent a true-up of previously awarded performance-based restricted share awards. The updated shares were calculated based on the attainment of pre-established performance objectives, objectives and granted under the Amended 2018 Plan.

Reinsurance

We reinsure with other insurance companies a portion of our potential liability under the policies we have underwritten, thereby protecting us against an unexpectedly large loss or a catastrophic occurrence that could produce large losses, primarily in our homeowners line of business. We use various software products to measure our exposure to catastrophe losses and the probable maximum loss to us for catastrophe losses such as hurricanes. The models include estimates for our share of the catastrophe losses generated in the residual market for property insurance by the FAIR Plan. The reinsurance market has seen from the various software modelers, increases in the estimate of damage from hurricanes in the southern and northeast portions of the United States due to revised estimations of increased hurricane activity and increases in the estimation of demand surge in the periods following a significant event. We continue to manage and model our exposure and adjust our reinsurance programs as a result of the changes to the models. As of **January 1, 2022** **January 1, 2023**, we purchased three layers of excess catastrophe reinsurance providing \$590,000 of coverage for property losses in excess of \$75,000 up to a maximum of \$665,000. Our reinsurers' co-participation is **80.0% 75.0%** of \$75,000 for the 1st layer, **80.0% 75.0%** of \$250,000 for the 2nd layer, and **80.0% 75.0%** of \$265,000 for the 3rd layer. As a result of the changes to the models, our catastrophe reinsurance in **2022** **2023** protects us in the event of a **"135-year" "121-year** storm" (that is, a storm of a severity expected to occur once in a **135-year** **121-year** period). Most of our reinsurers have an A.M. Best rating of "A+" (Superior) or "A" (Excellent).

We are a participant in CAR, a state-established body that runs the residual market reinsurance programs for commercial automobile insurance in Massachusetts under which premiums, expenses, losses and loss adjustment expenses on ceded business are shared by all insurers writing commercial automobile insurance in Massachusetts. We also participate in the Massachusetts Property Insurance Underwriting Association ("FAIR Plan"), in which premiums,

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expenses, losses and loss adjustment expenses on homeowners business that cannot be placed in the voluntary market are shared by all insurers writing homeowners insurance in Massachusetts. The FAIR Plan buys reinsurance to reduce their exposure to catastrophe losses. On **July 1, 2022** **July 1, 2023**, the FAIR Plan purchased **\$1,800,000** **\$1,600,000** of catastrophe reinsurance for property losses with retention of \$100,000.

We also had **\$115,058** **\$133,551** due from CAR comprising of loss and loss adjustment expense reserves, unearned premiums and reinsurance recoverables.

Non-GAAP Measures

Management has included certain non-generally accepted accounting principles ("non-GAAP") financial measures in presenting the Company's results. Management believes that these non-GAAP measures better explain the Company's results of operations and allow for a more complete understanding of the underlying trends in the Company's business. These measures should not be viewed as a substitute for those determined in accordance with GAAP. In addition, our definitions of these items may not be comparable to the definitions used by other companies.

Non-GAAP operating income and non-GAAP operating income per diluted share consist of our GAAP net income adjusted by the net realized gains on investments, net impairment losses on investments, changes in net unrealized gains on equity securities, credit loss benefit (expense) and taxes related thereto. Net income and earnings per diluted share are the GAAP financial measures that are most directly comparable to non-GAAP operating income and non-GAAP operating income per diluted share, respectively. A reconciliation of the GAAP financial measures to these non-GAAP measures is included in the financial highlights below.

Results of Operations

The following table shows certain of our selected financial results.

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
	\$ 823,318	\$ 802,139	\$ 798,712	\$ 991,224	\$ 823,318	\$ 802,139
Direct written premiums	\$ 773,735	\$ 764,526	\$ 763,537	\$ 925,295	\$ 773,735	\$ 764,526
Net written premiums	\$ 758,505	\$ 774,328	\$ 771,078	\$ 834,414	\$ 758,505	\$ 774,328
Net investment income	46,725	44,135	41,045	56,377	46,725	44,135
Earnings from partnership investments	12,484	19,829	6,901	5,540	12,484	19,829
Net realized gains on investments	9,190	14,885	957	1,327	9,190	14,885
Change in net unrealized (losses) gains on equity investments	(44,386)	16,130	10,449	7,502	(44,386)	16,130
Credit loss benefit (expense)	14	363	(1,054)			
Credit loss (expense) benefit				(530)	14	363
Commission income	566	—	—	6,932	566	—
Finance and other service income	14,461	15,241	16,872	19,394	14,461	15,241
Total revenue	797,559	884,911	846,248	930,956	797,559	884,911
Loss and loss adjustment expenses	491,979	461,727	404,556	642,302	491,979	461,727
Underwriting, operating and related expenses	245,145	258,392	266,482	256,580	245,145	258,392
Other expense	330	—	—	6,836	330	—
Interest expense	524	522	440	818	524	522
Total expenses	737,978	720,641	671,478	906,536	737,978	720,641
Income before income taxes	59,581	164,270	174,770	24,420	59,581	164,270
Income tax expense	13,020	33,560	36,559	5,545	13,020	33,560
Net income	\$ 46,561	\$ 130,710	\$ 138,211	\$ 18,875	\$ 46,561	\$ 130,710
Earnings per weighted average common share:						
Basic	\$ 3.17	\$ 8.85	\$ 9.25	\$ 1.28	\$ 3.17	\$ 8.85
Diluted	\$ 3.15	\$ 8.80	\$ 9.18	\$ 1.28	\$ 3.15	\$ 8.80
Cash dividends paid per common share	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60
Reconciliation of Net Income to Non-GAAP Operating Income:						
Net income	\$ 46,561	\$ 130,710	\$ 138,211			
Exclusions from net income:						
Net realized gains on investments	(9,190)	(14,885)	(957)			
Change in net unrealized (losses) gains on equity investments	44,386	(16,130)	(10,449)			
Credit loss (benefit) expense	(14)	(363)	1,054			
Income tax benefit	(7,388)	6,589	2,174			
Non-GAAP Operating income	\$ 74,355	\$ 105,921	\$ 130,033			
Net income per diluted share	\$ 3.15	\$ 8.80	\$ 9.18			

Exclusions from net income:			
Net realized gains on investments	(0.62)	(1.00)	(0.06)
Change in net unrealized losses (gains) on equity investments	3.02	(1.08)	(0.69)
Credit loss (benefit) expense	-	(0.02)	0.07
Income tax benefit	(0.50)	0.44	0.14
Non-GAAP Operating income per diluted share	\$ 5.05	\$ 7.14	\$ 8.64

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Reconciliation of Net Income to Non-GAAP Operating Income:

Net income	\$ 18,875	\$ 46,561	\$ 130,710
Exclusions from net income:			
Net realized gains on investments	(1,327)	(9,190)	(14,885)
Change in net unrealized (losses) gains on equity investments	(7,502)	44,386	(16,130)
Credit loss expense (benefit)	530	(14)	(363)
Income tax benefit	1,743	(7,388)	6,589
Non-GAAP Operating income	\$ 12,319	\$ 74,355	\$ 105,921
Net income per diluted share	\$ 1.28	\$ 3.15	\$ 8.80
Exclusions from net income:			
Net realized gains on investments	(0.09)	(0.62)	(1.00)
Change in net unrealized losses (gains) on equity investments	(0.51)	3.02	(1.08)
Credit loss expense (benefit)	0.04	-	(0.02)
Income tax benefit	0.12	(0.50)	0.44
Non-GAAP Operating income per diluted share	\$ 0.84	\$ 5.05	\$ 7.14

YEAR ENDED DECEMBER 31, 2022 2023 COMPARED TO YEAR ENDED DECEMBER 31, 2021 2022

Direct Written Premiums. Direct written premiums for the year ended December 31, 2022 2023 increased by \$21,179, \$167,906, or 2.6% 20.4%, to \$823,318 \$991,224 from \$802,139 \$823,318 for the comparable 2021 2022 period. The increase in direct written premium is the result of new business production, improved retention, and rate increases. For the year ended December 31, 2023, the Company achieved exposure count growth across all lines of business, including 14.7%, 5.4% and 11.2% in Private Passenger Automobile, Commercial Automobile and Homeowners lines, respectively, compared to the same period in 2022. Additionally, for the year ended December 31, 2023, average written premium per exposure increased 10.8%, 3.8% and 4.5% in Private Passenger Automobile, Commercial Automobile and Homeowners lines, respectively, compared to the same period in 2022.

Net Written Premiums. Net written premiums for the year ended December 31, 2022 2023 increased by \$9,209, \$151,560, or 1.2% 19.6%, to \$773,735 \$925,295 from \$764,526 \$773,735 for the comparable 2021 2022 period. The 2022 2023 increase was primarily due to the factors that increased direct written premiums.

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Net Earned Premiums. Net earned premiums for the year ended December 31, 2022 decreased 2023 increased by \$15,823, \$75,909, or 2.0% 10.0%, to \$758,505 \$834,414 from \$774,328 \$758,505 for the comparable 2021 2022 period.

The effect of reinsurance on net written and net earned premiums is presented in the following table.

	Year Ended December 31,			
	2022		2021	
Written Premiums				
Direct	\$ 823,318	\$ 802,139	\$ 991,224	\$ 823,318
Assumed	28,835	31,359	30,850	28,835
Ceded	(78,418)	(68,972)	(96,779)	(78,418)
Net written premiums	\$ 773,735	\$ 764,526	\$ 925,295	\$ 773,735
Earned Premiums				
Direct	\$ 803,289	\$ 811,329	\$ 897,598	\$ 803,289
Assumed	28,976	30,583	29,702	28,976
Ceded	(73,760)	(67,584)	(92,886)	(73,760)
Net earned premiums	\$ 758,505	\$ 774,328	\$ 834,414	\$ 758,505

Net Investment Income. Net investment income for the year ended December 31, 2022 2023 increased by \$2,590, \$9,652, or 5.9% 20.7%, to \$46,725 \$56,377 from \$44,135 \$46,725 for the comparable 2021 2022 period. The increase is a result of increases in interest rates on our fixed maturity portfolio as compared to the prior year. Net effective annual yield on the investment portfolio was 3.2%

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4.0% for the year ended December 31, 2022 December 31, 2023, compared to 3.0% 3.2% for comparable 2021 2022 period. Our duration was 3.6 years at December 31, 2023, compared to 3.8 years at December 31, 2022, compared to 3.6 years at December 31, 2021.

Earnings from Partnership Investments. Earnings from partnership investments were \$12,484 \$5,540 for the year ended December 31, 2022 December 31, 2023 compared to \$19,829 \$12,484 for the year ended December 31, 2021 2022. The 2022 2023 earnings reflect a decrease in investment appreciation and timing of cash proceeds received compared to the prior year. Timing and generation of these returns on capital can vary based on the results and transactions of the underlying partnerships.

Net Realized Gains on Investments. Net realized gains on investments were \$9,190 \$1,327 for the year ended December 31, 2022 2023 compared to \$14,885 \$9,190 for the comparable 2021 2022 period.

The gross unrealized gains and losses on investments in fixed maturity securities, including redeemable preferred stocks that have characteristics of fixed maturities, equity securities, including interests in mutual funds, and other invested assets were as follows:

As of December 31, 2022

	Cost or Amortized	Allowance for Expected Credit	Gross Unrealized		Estimated	
					Fair	
			Cost	Losses	Gains	Losses (3)
U.S. Treasury securities	\$ 1,825	\$ —	\$ —	\$ —	\$ (156)	\$ 1,669
Obligations of states and political subdivisions	57,319	—	—	282	(3,532)	54,069
Residential mortgage-backed securities (1)	259,878	—	—	385	(25,761)	234,502
Commercial mortgage-backed securities	156,303	—	—	107	(16,479)	139,931
Other asset-backed securities	74,160	—	—	—	(5,429)	68,731
Corporate and other securities	603,294	(678)	—	740	(52,103)	551,253
Subtotal, fixed maturity securities	1,152,779	(678)	—	1,514	(103,460)	1,050,155
Equity securities (2)	231,444	—	—	31,857	(23,146)	240,155
Other invested assets (4)	112,850	—	—	—	—	112,850
Totals	\$ 1,497,073	\$ (678)	\$ 33,371	\$ (126,606)	\$ 1,403,160	

	As of December 31, 2023					
	Cost or Amortized	Allowance for Expected Credit	Gross Unrealized		Estimated	
			Cost	Losses	Gains	Losses (3)
U.S. Treasury securities	\$ 2,420	\$ —	\$ —	\$ 15	\$ (115)	\$ 2,320
Obligations of states and political subdivisions	38,682	—	—	262	(2,421)	36,523
Residential mortgage-backed securities (1)	267,271	—	—	1,947	(21,979)	247,239
Commercial mortgage-backed securities	153,923	—	—	200	(14,273)	139,850
Other asset-backed securities	64,043	—	—	216	(2,927)	61,332
Corporate and other securities	594,343	(1,208)	—	3,784	(32,038)	564,881
Subtotal, fixed maturity securities	1,120,682	(1,208)	—	6,424	(73,753)	1,052,145
Equity securities (2)	221,809	—	—	25,707	(9,494)	238,022
Other invested assets (4)	133,946	—	—	—	—	133,946
Totals	\$ 1,476,437	\$ (1,208)	\$ 32,131	\$ (83,247)	\$ 1,424,113	

(1) Residential mortgage-backed securities consists of obligations of U.S. Government agencies including collateralized mortgage obligations issued, guaranteed and/or insured by the following issuers: Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) and the Federal Home Loan Bank (FHLB).

(2) Equity securities include common stock, preferred stock, mutual funds and interests in mutual funds held to fund the Company's executive deferred compensation plan.

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(3) Our investment portfolio included 1,195,861 securities in an unrealized loss position at December 31, 2022 December 31, 2023.

(4) Other invested assets are accounted for under the equity method which approximates approximated fair value.

The composition of our fixed income security portfolio by rating was as follows:

	As of December 31, 2022		As of December 31, 2023	
	Estimated		Estimated	
	Fair Value	Percent	Fair Value	Percent

U.S. Treasury securities and obligations of U.S. Government agencies	\$ 234,152	22.3 %	\$ 247,237	23.5 %
Aaa/Aa	237,191	22.6	212,833	20.2
A	201,943	19.2	219,018	20.8
Baa	202,763	19.3	202,513	19.2
Ba	61,619	5.9	47,946	4.6
B	93,633	8.9	84,681	8.0
Caa/Ca	4,489	0.4	3,733	0.4
Not rated	14,365	1.4	34,184	3.3
Total	\$ 1,050,155	100.0 %	\$ 1,052,145	100.0 %

Ratings are generally assigned upon the issuance of the securities and are subject to revision on the basis of ongoing evaluations. Ratings in the table are as of the date indicated.

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As of December 31, 2022, 2023, our portfolio of fixed maturity investments was principally comprised of investment grade corporate fixed maturity securities, U.S. government and agency securities, and asset-backed securities. The portion of our non-investment grade portfolio of fixed maturity investments is primarily comprised of variable rate secured and senior bank loans and high yield bonds.

The following table illustrates the gross unrealized losses included in our investment portfolio and the fair value of those securities, aggregated by investment category. The table also presents the length of time that they have been in a continuous unrealized loss position of December 31, 2022 December 31, 2023.

	As of December 31, 2022					
	Less than 12 Months		12 Months or More		Total	
	Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasury securities	\$ 1,669	\$ 156	\$ —	\$ —	\$ 1,669	\$ 156
Obligations of states and political subdivisions	34,178	2,504	3,072	1,028	37,250	3,532
Residential mortgage-backed securities	140,855	12,254	70,956	13,507	211,811	25,761
Commercial mortgage-backed securities	110,073	11,632	24,653	4,847	134,726	16,479
Other asset-backed securities	41,113	2,358	27,618	3,071	68,731	5,429
Corporate and other securities	386,401	28,048	131,046	24,055	517,447	52,103
Subtotal, fixed maturity securities	714,289	56,952	257,345	46,508	971,634	103,460
Equity securities	116,881	21,198	6,209	1,948	123,090	23,146
Total temporarily impaired securities	\$ 831,170	\$ 78,150	\$ 263,554	\$ 48,456	\$ 1,094,724	\$ 126,606

	As of December 31, 2023					
	Less than 12 Months		12 Months or More		Total	
	Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasury securities	\$ —	\$ —	\$ 1,708	\$ 115	\$ 1,708	\$ 115
Obligations of states and political subdivisions	403	17	28,893	2,404	29,296	2,421

Residential mortgage-backed securities	11,248	167	182,794	21,812	194,042	21,979
Commercial mortgage-backed securities	4,067	108	130,493	14,165	134,560	14,273
Other asset-backed securities	5,973	224	46,600	2,703	52,573	2,927
Corporate and other securities	39,453	1,338	369,163	30,700	408,616	32,038
Subtotal, fixed maturity securities	61,144	1,854	759,651	71,899	820,795	73,753
Equity securities	34,272	3,079	45,797	6,415	80,069	9,494
Total temporarily impaired securities	\$ 95,416	\$ 4,933	\$ 805,448	\$ 78,314	\$ 900,864	\$ 83,247

The Company's analysis of its fixed maturity portfolio at December 31, 2022 December 31, 2023 concluded that \$678 \$1,208 of unrealized losses were due to credit factors and were recorded as an allowance for expected credit losses at December 31, 2022 December 31, 2023, compared to \$691 \$678 at December 31, 2021 December 31, 2022. The Company concluded that outside of the securities that were recognized as credit impaired, the unrealized losses recorded on the fixed maturity portfolio at December 31, 2022 December 31, 2023 and December 31, 2021 2022 resulted from fluctuations in market interest rates and other temporary market conditions as opposed to fundamental changes in the credit quality of the issuers of such securities. Based upon the analysis performed, the Company's decision to hold these securities, the Company's current level of liquidity and our history of positive operating cash flows, management believes it is more likely than not that it will not be required to sell any of its securities before the anticipated recovery in the fair value to its amortized cost basis.

Specific qualitative analysis was also performed for securities appearing on our "Watch List," if any.

Qualitative analysis considered such factors as the financial condition and the near term prospects of the issuer, whether the debtor is current on its contractually obligated interest and principal payments, changes to the rating of the security by a rating agency and the historical volatility of the fair value of the security.

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The majority of unrealized losses recorded on the investment portfolio at December 31, 2022 2023 resulted from fluctuations in market interest rates and other temporary market conditions as opposed to fundamental changes in the credit quality of the issuers of such securities. Given our current level of liquidity, the fact that we do not intend to sell these securities, and that it is more likely than not that we will not be required to sell these securities prior to recovery of the cost basis of these securities, these decreases in values are viewed as being temporary.

For information regarding fair value measurements of our investment portfolio, refer to Item 8—Financial Statements and Supplementary Data, Note 16, Fair Value of Financial Instruments, of this Form 10-K.

Commission Income: Commission income includes revenues from new and renewal commissions paid by insurance carriers, which we recognize when earned. Commission Income was \$6,932 and \$566 for the years ended December 31, 2023 and 2022, respectively.

Finance and Other Service Income. Finance and other service income includes revenues from premium

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installment charges, which we recognize when earned, and other miscellaneous income and fees. Finance and other service income decreased increased by \$780, \$4,933, or 5.1% 34.1%, to \$14,461 \$19,394 for the year ended December 31, 2022 December 31, 2023 from \$15,241 \$14,461 for the comparable 2021 2022 period. The decrease increase is primarily driven by a change the increase in policy counts and changes to our late fee assessment policy policies.

Losses and Loss Adjustment Expenses. Losses and loss adjustment expenses incurred for the year ended December 31, 2022 2023 increased by \$30,252, \$150,323, or 5.6% 30.6%, to \$491,979 \$642,302 from \$461,727 \$491,979 for the comparable 2021 2022 period. The increase in losses is due to a return of pre-pandemic frequency in continued inflationary impacts on our private passenger automobile Private Passenger Automobile line of business, and current market conditions impacts from weather related events including inflation February Winter Freeze and supply chain delays. December Wind Storm.

Our GAAP loss ratio for the years ended December 31, 2022 December 31, 2023 and 2021 2022 were 64.9% 77.0% and 59.6% 64.9%, respectively. Our GAAP loss ratio excluding loss adjustment expenses was 56.0% 67.9% and 50.0% 56.0% for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Total prior year favorable development included in the pre-tax results for the year ended December 31, 2022 2023 was \$57,279, \$47,381, compared to \$53,673, \$57,279, for the comparable 2021 2022 period. The increase in the prior Prior year favorable development in 2022 is primarily related to benefitted from the reversal of \$6,500 legal expense reserve during the second quarter of 2022.

Underwriting, Operating and Related Expenses. Underwriting, operating and related expenses for the year ended December 31, 2022 decreased December 31, 2023 increased by \$13,247, \$11,435, or 5.1% 4.7%, to \$245,145 \$256,580 from \$258,392 \$245,145 for the comparable 2021 2022 period. The increase is driven by an increase in base commissions resulting from the increase in written premiums, offset by a decrease in contingent commission expense. Our GAAP expense ratio for the year ended December 31, 2022 December 31, 2023 decreased to 32.3% 30.7% from 33.4% 32.3% for the comparable 2021 2022 period. The 2022 decrease is driven by a decrease in contingent commission expense.

Other Expense: Other expense includes the operating and related expenses associated with SNIA.

Interest Expense. Interest expense was \$524 \$818 and \$522 \$524 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Interest expense primarily relates to the borrowing from the FHLB as noted within Item 8 – Financial Statements and Supplementary Data, Note 10, Debt, of this Form 10-K. The credit facility commitment fee included in interest expense was \$75 for each of the years ended December 31, 2022 December 31, 2023 and 2021, 2022.

Income Tax Expense. Our effective tax rates were 21.9% 22.7% and 20.4% 21.9% for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The effective rates for the year ended December 31, 2022 was December 31, 2023 and 2022 were higher than the statutory rate primarily due to the impact of stock-based and executive compensation. The effective tax rates for the year end December 31, 2021 were lower than the statutory rates primarily due to the effects of tax-exempt investment income and the impact of stock-based compensation.

The comparison of results for the year ended December 31, 2021 December 31, 2022 compared to the year ended December 31, 2020 December 31, 2021 can be found in the Company's 2021 2022 Annual Report on Form 10-K filed with the SEC on February 28, 2022 February 28, 2023.

Liquidity and Capital Resources

As a holding company, Safety's assets consist primarily of the stock of our direct and indirect subsidiaries. Our principal source of funds to meet our obligations and pay dividends to shareholders, therefore, is dividends and other permitted payments from our subsidiaries, principally Safety Insurance. Safety is the borrower under our credit facility.

Safety Insurance's sources of funds primarily include premiums received, investment income and proceeds from sales and redemptions of investments. Safety Insurance's principal uses of cash are the payment of claims, operating expenses and taxes, the purchase of investments and payment of dividends to Safety.

Net cash provided by operating activities was \$52,114, \$44,326, \$141,394, and \$109,460 \$141,394 during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively. Our operations typically generate positive cash flows from operations as most premiums are received in advance of the time when claim and benefit payments are required. These positive operating cash flows are expected to continue to meet our liquidity requirements.

Net cash provided by investing activities was \$24,269 during the year ended December 31, 2023 compared to net cash used for investing activities was \$19,988, \$65,989, and \$35,524 \$65,989 for the years ended December 31, 2022, 2021, and 2020, 2021,

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respectively, as purchases of fixed maturity and equity securities exceeded proceeds from the sales, paydowns, calls and maturities of fixed maturity and equity securities. securities exceeded purchases.

Net cash used for financing activities was \$63,531, \$62,641, \$65,571, and \$64,574 \$65,571 during the years ended December 31, December 31, 2023, 2022 2021 and 2020, 2021, respectively. Net cash used for financing activities during the year ended December 31, 2022 and December 31, 2021 is December 31, 2023 comprised of dividend payments to shareholders and share buybacks, partially offset by the proceeds from a \$5,000 borrowing from the FHLB-Boston on December 29, 2022. The borrowing was for a term acquisition of one-month, bearing interest at a rate of 4.34%, and was repaid on January 27, 2023. Net cash used for financing activities during the year ended December 31, 2020 is comprised of dividend payments to shareholders and share buybacks, partially offset by the proceeds from a \$30,000 borrowing from the FHLB-Boston on March 17, 2020. The borrowing is for a term of five years, bearing interest at a rate of 1.42%. Interest is payable monthly, and the principal is due on the maturity date of March 17, 2025 but may be prepaid in whole or in part by the Company in advance.treasury stock.

The Insurance Subsidiaries maintain a high degree of liquidity within their respective investment portfolios in fixed maturity and short-term investments. We do not anticipate the need to sell these securities to meet the Insurance Subsidiaries cash requirements. We expect the Insurance Subsidiaries to generate sufficient operating cash to meet all short-term and long-term cash requirements. However, there can be no assurance that unforeseen business needs or other items will not occur causing us to have to sell securities before their values fully recover; thereby causing us to recognize additional impairment charges in that time period.

Credit Facility

For information regarding our Credit Facility, please refer to Item 8—Financial Statements and Supplementary Data, Note 10, Debt, of this Form 10-K.

Recent Accounting Pronouncements

For information regarding Recent Accounting Pronouncements, please refer to Item 8—Financial Statements and Supplementary Data, Note 2, Summary of Significant Accounting Policies, of this Form 10-K.

Regulatory Matters

Our insurance company's subsidiaries are subject to various regulatory restrictions that limit the maximum amount of dividends available to be paid to their parent without prior approval of the Commissioner. The Massachusetts statute limits the dividends an insurer may pay in any twelve-month period, without the prior permission of the

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Commissioner, to the greater of (i) 10% of the insurer's surplus as of the preceding December 31 or (ii) the insurer's net income for the twelve-month period ending the preceding December 31, in each case determined in accordance with statutory accounting practices. Our Insurance Subsidiaries may not declare an "extraordinary dividend" (defined as any dividend or distribution that, together with other distributions made within the preceding twelve months, exceeds the limits established by Massachusetts statute) until thirty days after the Commissioner has received notice of the intended dividend and has not objected. As historically administered by the Commissioner, this provision requires the Commissioner's prior approval of an extraordinary dividend. Under Massachusetts law, an insurer may pay cash dividends only from its unassigned funds, also known as earned surplus, and the insurer's remaining surplus must be both reasonable in relation to its outstanding liabilities and adequate to its financial needs. At year-end 2022, 2023, the statutory surplus of Safety Insurance was \$782,200, \$744,904, and its net income loss for 2022, 2023 was (\$66,197), \$4,022. As a result, a maximum of \$78,220, \$74,490 is available in 2022, 2023 for such dividends without prior approval of the Commissioner. As a result of this Massachusetts statute, the Insurance Subsidiaries had restricted net assets in the amount of \$703,980, \$670,414 at December 31, 2022, December 31, 2023. During the twelve months ended December 31, 2022, December 31, 2023, Safety Insurance recorded dividends to Safety of \$94,260, \$56,329.

The maximum dividend permitted by law is not indicative of an insurer's actual ability to pay dividends, which may be constrained by business and regulatory considerations, such as the impact of dividends on surplus, which could affect an insurer's ratings or competitive position, the amount of premiums that can be written and the ability to pay future dividends.

Since the initial public offering of its common stock in November 2002, the Company has paid regular quarterly dividends to shareholders of its common stock. Quarterly dividends paid during 2022, 2023 and 2021, 2022 were as follows:

Total					
Declaration	Record	Payment	Dividend per	Dividends Paid	
Date	Date	Date	Common Share	and Accrued	
February 16, 2021	March 5, 2021	March 15, 2021	\$ 0.90	\$ 13,459	
May 5, 2021	June 1, 2021	June 15, 2021	\$ 0.90	\$ 13,490	
August 4, 2021	September 1, 2021	September 15, 2021	\$ 0.90	\$ 13,493	
November 3, 2021	December 1, 2021	December 15, 2021	\$ 0.90	\$ 13,554	
February 15, 2022	March 5, 2022	March 15, 2022	\$ 0.90	\$ 13,248	
May 6, 2022	June 1, 2022	June 15, 2022	\$ 0.90	\$ 13,278	
August 3, 2022	September 1, 2022	September 15, 2022	\$ 0.90	\$ 13,262	
November 2, 2022	December 1, 2022	December 15, 2022	\$ 0.90	\$ 13,207	

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Declaration Date	Record Date	Payment Date	Dividend per Common Share		Dividends Paid and Accrued	Total
February 15, 2022	March 5, 2022	March 15, 2022	\$	0.90	\$	13,248
May 6, 2022	June 1, 2022	June 15, 2022	\$	0.90	\$	13,278
August 3, 2022	September 1, 2022	September 15, 2022	\$	0.90	\$	13,262
November 2, 2022	December 1, 2022	December 15, 2022	\$	0.90	\$	13,207
February 15, 2023	March 1, 2023	March 15, 2023	\$	0.90	\$	13,247
May 3, 2023	June 1, 2023	June 15, 2023	\$	0.90	\$	13,283
August 2, 2023	September 1, 2023	September 15, 2023	\$	0.90	\$	13,223
November 3, 2023	December 1, 2023	December 15, 2023	\$	0.90	\$	13,239

On **February 15, 2023** **February 15, 2024**, our Board approved and declared a quarterly cash dividend on our common stock of \$0.90 per share to be paid on **March 15, 2023** **March 15, 2024** to shareholders of record on **March 1, 2023** **March 1, 2024**. We plan to continue to declare and pay quarterly cash dividends in **2023**, **2024**, depending on our financial position and the regularity of our cash flows.

On February 23, 2022, the Board approved a share repurchase program of up to \$50,000 of the Company's outstanding common shares. The Board of Directors had cumulatively authorized increases to the existing share repurchase program of up to \$200,000 of its outstanding common shares. Under the program, the Company may repurchase shares of its common stock for cash in public or private transactions, in the open market or otherwise. The timing of such repurchases and actual number of shares repurchased will depend on a variety of factors including price, market conditions and applicable regulatory and corporate requirements. The program does not require the Company to repurchase any specific number of shares and may be modified, suspended or terminated at any time without prior notice.

No share purchases were made by the Company during the three months ended December 31, 2023. During the year ended December 31, 2023, the Company purchased 74,213 shares at a cost of \$5,240. As of December 31, **2022**, **2023**, the Company had purchased 3,215,690 shares on the open market at a cost \$155,240. As of December 31, **2022**, the Company had purchased 3,141,477 shares on the open market at a cost **\$150,000**. As of December 31, **2021**, the Company had purchased 2,970,573 shares on the open market at a cost of **\$135,397**. In connection with the acquisition of Northeast / Metrowest, the Company reissued 58,113 shares valued at \$5,000. **\$150,000**.

The Company purchased an additional 170,904 shares on the open market at a cost of \$14,603 through February 23, 2022. As of that date, the previously authorized share repurchase program in the amount of \$150 million has been utilized.

Management believes that the current level of cash flow from operations provides us with sufficient liquidity to meet our operating needs over the next 12 months. We expect to be able to continue to meet our operating needs after

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the next 12 months from internally generated funds. Since our ability to meet our obligations in the long term (beyond such twelve-month period) is dependent upon such factors as market changes, insurance regulatory changes and economic conditions, no assurance can be given that the available net cash flow will be sufficient to meet our operating needs. We expect that we would need to borrow or issue capital stock if we needed additional funds, for example, to pay for an acquisition or a significant expansion of our operations. There can be no assurance that sufficient funds for any of the foregoing purposes would be available to us at such time.

Contractual Obligations

We have obligations to make future payments under contracts and credit-related financial instruments and commitments.

As of December 31, 2022, the Company had loss and LAE reserves of \$549,598, \$603,081, unpaid reinsurance recoverables of \$93,394, \$112,623 and net loss and LAE reserves of \$456,204, \$490,458. Our loss and LAE reserves are estimates as described in more detail under *Critical Accounting Policies and Estimates*. The specific amounts and timing of obligations related to case reserves, IBNR reserves and related LAE reserves are not set contractually, and the amounts and timing of these obligations are unknown. While management believes that historical performance of loss payment patterns is a reasonable source for projecting future claims payments, there is inherent uncertainty in this estimated projected settlement of loss and LAE reserves, and as a result these estimates will differ, perhaps significantly, from actual future payments.

As part of the Company's investment activity, we have committed \$160,000 to investments in limited partnerships. The Company has contributed \$114,418 to these commitments as of December 31, 2022. As of December 31, 2022, the remaining committed capital that could be called is \$52,000, \$42,043, which includes potential recallable capital distributions.

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Critical Accounting Policies and Estimates

Loss and Loss Adjustment Expense Reserves

Significant periods of time can elapse between the occurrence of an insured loss, the reporting to us of that loss and our final payment of that loss. To recognize liabilities for unpaid losses, we establish reserves as balance sheet liabilities. Our reserves represent estimates of amounts needed to pay reported and estimated losses incurred but not yet reported ("IBNR") and the expenses of investigating and paying those losses, or loss adjustment expenses. Every quarter, we review our previously established reserves and adjust them, if necessary.

When a claim is reported, claims personnel establish a "case reserve" for the estimated amount of the ultimate payment. The amount of the reserve is primarily based upon an evaluation of the type of claim involved, the circumstances surrounding each claim and the policy provisions relating to the loss. The estimate reflects the informed judgment of such personnel based on general insurance reserving practices and on the experience and knowledge of the claims person, professional. During the loss adjustment period, these estimates are revised as deemed necessary by our claims department based on subsequent developments and periodic reviews of the cases. When a claim is closed with or without a payment, the difference between the case reserve and the settlement amount creates a reserve deficiency if the payment exceeds the case reserve or a reserve redundancy if the payment is less than the case reserve.

In accordance with industry practice, we also maintain reserves for IBNR. IBNR reserves are determined in accordance with commonly accepted actuarial reserving techniques on the basis of our historical information and experience. We review and make adjustments to incurred but not yet reported reserves quarterly. In addition, IBNR reserves can also be expressed as the total loss reserves required less the case reserves on reported claims.

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When reviewing reserves, we analyze historical data and estimate the impact of various loss development factors, such as our historical loss experience and that of the industry, trends in claims frequency and severity, our mix of business, our claims processing procedures, legislative enactments, judicial decisions, legal developments in imposition of damages, and changes and trends in general economic conditions, including the effects of inflation. A change in any of these factors from the assumption implicit in our estimate can cause our actual loss experience to be better or worse than our reserves, and the difference can be material. There is no precise method, however, for evaluating the impact of any specific factor on the adequacy of reserves, because the eventual development of reserves is affected by many factors.

In estimating all our loss reserves, we follow the guidance prescribed by ASC 944, *Financial Services – Insurance*.

Management determines our loss and loss adjustment expense reserves estimate based upon the analysis of our actuaries. A reasonable estimate is derived by selecting a point estimate within a range of indications as calculated by our actuaries using generally accepted actuarial techniques. The key assumption in most actuarial analysis is that past patterns of frequency and severity will repeat in the future, unless a significant change in the factors described above takes place. Our key factors and resulting assumptions are the ultimate frequency and severity of claims, based upon the most recent ten years of claims reported to the Company, and the data CAR reports to us to calculate our share of the residual market, as of the date of the applicable balance sheet. For each accident year and each coverage within a line of business our actuaries calculate the ultimate losses incurred. Our total reserves are the difference between the ultimate losses incurred and the cumulative loss and loss adjustment payments made to date. Our IBNR reserves are calculated as the difference between our total reserves and the outstanding case reserves at the end of the accounting period. To determine ultimate losses, our actuaries calculate a range of indications and select a point estimation using such actuarial techniques as:

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- *Paid Loss Indications*: This method projects ultimate loss estimates based upon extrapolations of historic paid loss trends. This method tends to be used on short tail lines such as automobile physical damage.
- *Incurred Loss Indications*: This method projects ultimate loss estimates based upon extrapolations of historic incurred loss trends. This method tends to be used on long tail lines of business such as automobile liability and homeowner's liability.
- *Bornhuetter-Ferguson Indications*: This method projects ultimate loss estimates based upon extrapolations of an expected amount of IBNR, which is added to current incurred losses or paid losses. This method tends to be used on small, immature, or volatile lines of business, such as our BOP and umbrella lines of business.
- *Bodily Injury Code Indications*: This method projects ultimate loss estimates for our private passenger and commercial automobile bodily injury coverage based upon extrapolations of the historic number of accidents and the historic number of bodily injury claims per accident. Projected ultimate bodily injury claims are then segregated into expected claims by type of injury (e.g. soft tissue injury vs. hard tissue injury) based on past experience. An ultimate severity, or average paid loss amounts, is estimated based upon extrapolating historic trends. Projected ultimate loss estimates using this method are the aggregate of estimated losses by injury type.

Such techniques assume that past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting our ultimate losses, total reserves and resulting IBNR reserves. It is possible that the final outcome may fall above or below these amounts as a result of a number of factors, including immature data, sparse data, or significant growth in a line of

business. Using these methodologies our actuaries established a range of reasonably possible estimations for net reserves of approximately \$449,272 to \$511,724 as of December 31, 2023 compared to a range of \$423,452 to \$481,902 as of December 31, 2022 compared to a range of \$445,511 to \$504,580 as of December 31, 2021. In general, the low and high values of the ranges represent reasonable minimum and maximum values of the indications based on the techniques described above. Our selected point estimate of net loss and loss adjustment expense reserves based upon the analysis of our actuaries was \$490,458 as of December 31, 2023 compared to \$456,204 as of December 31, 2022 compared to \$479,984 as of December 31, 2021.

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The following table presents the point estimation of the recorded reserves and the range of estimations by line of business for net loss and LAE reserves as of December 31, 2022 December 31, 2023.

Line of Business	As of December 31, 2022			As of December 31, 2023		
	Low	Recorded	High	Low	Recorded	High
Private passenger automobile	\$ 179,072	\$ 188,083	\$ 194,457	\$194,337	\$212,628	\$220,359
Commercial automobile	98,783	106,920	109,347	99,562	105,335	110,339
Homeowners	79,920	86,064	93,927	91,306	99,159	104,852
All other	65,677	75,137	84,171	64,067	73,336	76,174
Total	\$ 423,452	\$ 456,204	\$ 481,902	\$449,272	\$490,458	\$511,724

The following table presents our total net reserves and the corresponding case reserves and IBNR reserves for each line of business as of December 31, 2022 December 31, 2023.

Line of Business	As of December 31, 2022			As of December 31, 2023		
	Case	IBNR	Total	Case	IBNR	Total
Private passenger automobile	\$ 231,603	\$ (43,528)	\$ 188,075	\$265,905	\$ (53,286)	\$212,619
CAR assumed private passenger auto	1	7	8	1	8	9
Commercial automobile	64,797	11,812	76,609	67,879	6,735	74,614
CAR assumed commercial automobile	18,099	12,213	30,312	10,951	19,770	30,721
Homeowners	80,253	(3,896)	76,357	91,477	(3,007)	88,470
FAIR Plan assumed homeowners	3,993	5,714	9,707	4,541	6,149	10,690
All other	39,984	35,152	75,136	42,568	30,367	73,335
Total net reserves for losses and LAE	\$ 438,730	\$ 17,474	\$ 456,204	\$483,722	\$ 6,736	\$490,458

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At December 31, 2022 December 31, 2023 and 2021, our total IBNR reserves for our private passenger automobile line of business were comprised of \$(67,848) \$(87,456) and \$(60,228) \$(67,848) related to estimated ultimate decreases in the case reserves, including anticipated recoveries (i.e. salvage and subrogation), and \$24,320 \$34,170 and \$17,352 \$24,320 related to our estimation for not yet reported losses, respectively.

Our IBNR reserves consist of our estimate of the total loss reserves required less our case reserves. The IBNR reserves for CAR assumed commercial automobile business are 40.3% 64.4% of our total reserves for CAR assumed commercial automobile business as of December 31, 2022 December 31, 2023 due to the reporting delays in the information we receive from CAR, as described further in the section on *Residual Market Loss and Loss Adjustment Expense Reserves*. Our IBNR reserves for FAIR Plan assumed homeowners are 58.9% 57.5% of our total reserves for FAIR Plan assumed homeowners at December 31, 2022 December 31, 2023 due to similar reporting delays in the information we receive from FAIR Plan.

The following table presents information by line of business for our total net reserves and the corresponding retained (i.e. direct less ceded) reserves and assumed reserves as of December 31, 2022 December 31, 2023.

Line of Business	As of December 31, 2022			As of December 31, 2023		
	Retained	Assumed	Net	Retained	Assumed	Net
Private passenger automobile	\$ 188,075			\$ 212,619		
CAR assumed private passenger automobile		\$ 8			\$ 9	
Net private passenger automobile			\$ 188,083			\$212,628
Commercial automobile	76,609				74,614	
CAR assumed commercial automobile		30,312			30,721	
Net commercial automobile			106,921			105,335
Homeowners	76,357				88,470	
FAIR Plan assumed homeowners		9,707			10,690	
Net homeowners			86,064			99,160
All other	75,136	—	75,136	73,335	—	73,335
Total net reserves for losses and LAE	\$ 416,177	\$ 40,027	\$ 456,204	\$ 449,038	\$ 41,420	\$490,458

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Residual Market Loss and Loss Adjustment Expense Reserves

We are a participant in CAR, the FAIR Plan and other various residual markets and assume a portion of losses and LAE on business ceded by the industry participants to the residual markets. We estimate reserves for assumed losses and LAE that have not yet been reported to us by the residual markets. Our estimations are based upon the same factors we use for our own reserves, plus additional factors due to the nature of and the information we receive.

Residual market deficits consist of premium ceded to the various residual markets less losses and LAE and is allocated among insurance companies based on a various formulas (the "Participation Ratio") that take into consideration a company's voluntary market share.

Because of the lag in the various residual market estimations, and in order to try to validate to the extent possible the information provided, we estimate the effects of the actions of our competitors in order to establish our Participation Ratio.

Although we rely to a significant extent in setting our reserves on the information the various residual markets provide, we are cautious in our use of that information, because of the delays in receiving data from the various residual markets. As a result, we have to estimate our

Participation Ratio and these reserves are subject to significant judgments and estimates.

Sensitivity Analysis

Establishment of appropriate reserves is an inherently uncertain process. There can be no certainty that currently established reserves based on our key assumptions regarding frequency and severity in our lines of business, or our assumptions regarding our share of the CAR loss will prove adequate in light of subsequent actual experience. To the extent that reserves are inadequate and are strengthened, the amount of such increase is treated as a charge to

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earnings in the period that the deficiency is recognized. To the extent that reserves are redundant and are released, the amount of the release is a credit to earnings in the period the redundancy is recognized. For the twelve months ended December 31, 2022 December 31, 2023, a 1 percentage-point change in the loss and LAE ratio would result in a change in reserves of \$7,588 \$8,341. Each 1 percentage-point change in the loss and loss expense ratio would have had a \$5,995 \$6,589 effect on net income, or \$0.41 \$0.45 per diluted share.

Our assumptions consider that past experience, adjusted for the effects of current developments and anticipated trends, are an appropriate basis for establishing our reserves. Our individual key assumptions could each have a reasonable possible range of plus or minus 5 percentage-points for each estimation, although there is no guarantee that our assumptions will not have more than a 5 percentage point variation. The following sensitivity tables present information for each of our primary lines of business on the effect each 1 percentage-point change in each of our key assumptions on unpaid frequency and severity could have on our retained (i.e., direct minus ceded) loss and LAE reserves and net income for the twelve months ended December 31, 2022 December 31, 2023. In evaluating the information in the table, it should be noted that a 1 percentage-point change in a single assumption would change estimated reserves by 1 percentage-point. A 1 percentage-point change in both our key assumptions would change estimated reserves within a range of plus or minus 2 percentage-points.

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	-1 Percent Change in Frequency	No Change in Frequency	+1 Percent Change in Frequency	-1 Percent Change in Frequency	No Change in Frequency	+1 Percent Change in Frequency
Private passenger automobile retained loss and LAE reserves						
-1 Percent Change in Severity						
Estimated decrease in reserves	\$ (3,761)	\$ (1,881)	\$ —	\$ (4,252)	\$ (2,126)	\$ —
Estimated increase in net income	2,972	1,486	—	3,359	1,680	—
No Change in Severity						
Estimated (decrease) increase in reserves	(1,881)	—	1,881	(2,126)	—	2,126
Estimated increase (decrease) in net income	1,486	—	(1,486)	1,680	—	(1,680)
+1 Percent Change in Severity						

Estimated increase in reserves	—	1,881	3,761	—	2,126	4,252
Estimated decrease in net income	—	(1,486)	(2,972)	—	(1,680)	(3,359)
Commercial automobile retained loss and LAE reserves						
-1 Percent Change in Severity						
Estimated decrease in reserves	(1,532)	(766)	—	(1,492)	(746)	—
Estimated increase in net income	1,210	605	—	1,179	589	—
No Change in Severity						
Estimated (decrease) increase in reserves	(766)	—	766	(746)	—	746
Estimated increase (decrease) in net income	605	—	(605)	589	—	(589)
+1 Percent Change in Severity						
Estimated increase in reserves	—	766	1,532	—	746	1,492
Estimated decrease in net income	—	(605)	(1,210)	—	(589)	(1,179)
Homeowners retained loss and LAE reserves						
-1 Percent Change in Severity						
Estimated decrease in reserves	(1,527)	(764)	—	(1,769)	(885)	—
Estimated increase in net income	1,206	603	—	1,398	699	—
No Change in Severity						
Estimated (decrease) increase in reserves	(764)	—	764	(885)	—	885
Estimated increase (decrease) in net income	603	—	(603)	699	—	(699)
+1 Percent Change in Severity						
Estimated increase in reserves	—	764	1,527	—	885	1,769
Estimated decrease in net income	—	(603)	(1,206)	—	(699)	(1,398)
All other retained loss and LAE reserves						
-1 Percent Change in Severity						
Estimated decrease in reserves	(1,503)	(751)	—	(1,467)	(733)	—
Estimated increase in net income	1,187	594	—	1,159	579	—
No Change in Severity						
Estimated (decrease) increase in reserves	(751)	—	751	(733)	—	733
Estimated increase (decrease) in net income	594	—	(594)	579	—	(579)
+1 Percent Change in Severity						
Estimated increase in reserves	—	751	1,503	—	733	1,467
Estimated decrease in net income	—	(594)	(1,187)	—	(579)	(1,159)

Our estimated share of CAR loss and LAE reserves is based on assumptions about our Participation Ratio, the size of CAR, and the resulting deficit (similar assumptions apply with respect to the FAIR Plan). Our assumptions consider that past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for establishing our CAR reserves. Each of our assumptions could have a reasonably possible range of plus or minus 5 percentage-points for each estimation.

The following sensitivity table presents information of the effect each 1 percentage-point change in our assumptions on our share of reserves for CAR and other residual markets could have on our assumed loss and LAE reserves and net income for the year ended December 31, 2022, 2023. In evaluating the information in the table, it should be noted that a 1 percentage-point change in our assumptions would change estimated reserves by 1 percentage-point.

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	-1 Percent		+1 Percent		-1 Percent		+1 Percent	
	Change in		Change in		Change in		Change in	
	Estimation							
CAR assumed commercial automobile								
Estimated (decrease) increase in reserves	\$	(303)	\$	303	\$	(307)	\$	307
Estimated increase (decrease) in net income		239		(239)		243		(243)
FAIR Plan assumed homeowners								
Estimated (decrease) increase in reserves		(97)		97		(107)		107
Estimated increase (decrease) in net income		77		(77)		84		(84)

Reserve Development Summary

The changes we have recorded in our reserves in the past illustrate the uncertainty of estimating reserves. Our prior year reserves decreased by \$47,381, \$57,279 \$53,673 and \$54,844 \$53,673 during the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively.

The following table presents a comparison of prior year development of our net reserves for losses and LAE for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021, respectively. Each accident year represents all claims for an annual accounting period in which loss events occurred, regardless of when the losses are actually reported, booked or paid. Our financial statements reflect the aggregate results of the current and all prior accident years.

Accident Year	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
2012 & prior	\$ (423)	\$ (1,609)	\$ (2,723)			
2013	(880)	(194)	(822)			
2013 & prior				\$ (1,403)	\$ (1,303)	\$ (1,803)
2014	(521)	(1,534)	(452)	(996)	(521)	(1,534)
2015	(2,057)	(2,757)	(3,265)	(1,982)	(2,057)	(2,757)
2016	(1,662)	(1,096)	(5,496)	(1,484)	(1,662)	(1,096)
2017	(3,749)	(4,682)	(10,726)	(3,836)	(3,749)	(4,682)
2018	(7,233)	(10,190)	(16,697)	(3,892)	(7,233)	(10,190)
2019	(12,520)	(16,810)	(14,663)	(7,451)	(12,520)	(16,810)
2020	(18,985)	(14,801)	—	(10,212)	(18,985)	(14,801)
2021	(9,249)	—	—	(7,246)	(9,249)	—
2022				(8,879)	—	—
All prior years	\$ (57,279)	\$ (53,673)	\$ (54,844)	\$ (47,381)	\$ (57,279)	\$ (53,673)

At the end of each period, the reserves were re-estimated for all prior accident years. Our prior year reserves decreased by \$47,381, \$57,279, \$53,673, and \$54,844 \$53,673 for the years ended 2023, 2022, and 2021, respectively. The decreases in prior year reserves in 2023 resulted from re-estimations of prior year's ultimate loss and 2020, respectively. LAE liabilities and are primarily composed of reductions of \$15,451 in our retained automobile reserves and \$29,782 in our retained other than auto and homeowner's reserves. The decreases in prior year reserves in 2022 resulted from re-estimations of prior year's ultimate loss and LAE liabilities and are primarily composed of reductions of \$20,241 in our retained automobile reserves and \$32,963 in our retained other than auto and homeowner's reserves. The decreases in prior year reserves in 2021 resulted from re-estimations of prior year's ultimate loss and LAE liabilities and are primarily composed of reductions of \$22,313 in our retained automobile reserves and \$26,220 in our retained other than auto and homeowner's reserves. The decrease in prior year reserves during 2020 are primarily composed of reductions of \$26,902 in our retained automobile reserves and \$21,717 in our retained homeowners reserves. It is not appropriate to extrapolate future favorable or unfavorable development of reserves from this past experience.

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The following table presents information by line of business for prior year development of our net reserves for losses and LAE for the year ended **December 31, 2022** **December 31, 2023**.

Accident Year	Private Passenger					Commercial					Private Passenger					Commercial				
	Automobile		Automobile		Homeowners	All Other	Total	Automobile		Automobile		Homeowners	All Other	Total						
2012 & prior	\$	(343)	\$	(44)	\$	(53)	\$	17	\$	(423)	\$	(397)	\$	(236)	\$	(132)	\$	(638)	\$	(1,403)
2013		(7)		(4)		(76)		(793)		(880)										
2013 & prior											\$									
2014		(24)		315		(204)		(608)		(521)		(192)		(110)		—		(694)		(996)
2015		(275)		(386)		(601)		(795)		(2,057)		(127)		(585)		(373)		(897)		(1,982)
2016		142		(217)		(670)		(917)		(1,662)		(240)		(320)		(450)		(474)		(1,484)
2017		(752)		(790)		(921)		(1,286)		(3,749)		(1,067)		(362)		(625)		(1,782)		(3,836)
2018		(2,271)		(1,479)		(2,196)		(1,287)		(7,233)		129		(982)		(631)		(2,408)		(3,892)
2019		(4,624)		(2,255)		(3,765)		(1,876)		(12,520)		(867)		(1,892)		(2,886)		(1,806)		(7,451)
2020		(5,945)		(2,699)		(6,829)		(3,512)		(18,985)		(2,303)		(1,408)		(4,520)		(1,981)		(10,212)
2021		15		(1,654)		(819)		(6,791)		(9,249)		(1,233)		(1,083)		(1,024)		(3,906)		(7,246)
2022												(3,224)		(1,095)		(2,343)		(2,217)		(8,879)
All prior years	\$	(14,084)	\$	(9,213)	\$	(16,134)	\$	(17,848)	\$	(57,279)	\$	(9,521)	\$	(8,073)	\$	(12,984)	\$	(16,803)	\$	(47,381)

To further clarify the effects of changes in our reserve estimates for CAR and other residual markets, the next two tables break out the information in the table above by source of the business (i.e., non-residual market vs. residual market).

The following table presents information by line of business for prior year development of retained reserves for losses and LAE for the year ended **December 31, 2022** **December 31, 2023** that is, all our reserves except for business ceded or assumed from CAR and other residual markets.

Accident Year	Retained					Retained					Retained					Retained				
	Private Passenger		Commercial		Retained	Retained		Retained	Retained	Retained	Private Passenger	Commercial	Retained	Retained	Retained	Retained	Retained	Retained	Retained	Retained
Year	Automobile	Automobile	Homeowners	All Other	Total	Automobile	Automobile	Homeowners	All Other	Total	Automobile	Automobile	Homeowners	All Other	Total	Automobile	Automobile	Homeowners	All Other	Total
2012 & prior	\$	(343)	\$	(44)	\$	(53)	\$	17	\$	(423)	\$	(397)	\$	(236)	\$	(132)	\$	(638)	\$	(1,403)
2013		(7)		(4)		(76)		(793)		(880)										
2013 & prior											\$									
2014		(24)		315		(204)		(608)		(521)		(192)		(110)		—		(694)		(996)
2015		(275)		(342)		(601)		(795)		(2,013)		(127)		(570)		(373)		(897)		(1,967)
2016		142		(189)		(668)		(917)		(1,632)		(240)		(242)		(450)		(474)		(1,406)
2017		(752)		(680)		(922)		(1,286)		(3,640)		(1,067)		(129)		(625)		(1,782)		(3,603)
2018		(2,271)		(1,141)		(2,139)		(1,287)		(6,838)		129		(681)		(686)		(2,408)		(3,646)
2019		(4,624)		(1,773)		(3,578)		(1,876)		(11,851)		(867)		(1,417)		(2,936)		(1,806)		(7,026)
2020		(5,945)		(1,899)		(6,246)		(3,512)		(17,602)		(2,303)		(707)		(4,592)		(1,981)		(9,583)
2021		15		(400)		(628)		(6,791)		(7,804)		(1,233)		(542)		(956)		(3,906)		(6,637)
2022												(3,224)		(1,296)		(2,229)		(2,217)		(8,966)
All prior years	\$	(14,084)	\$	(6,157)	\$	(15,115)	\$	(17,848)	\$	(53,204)	\$	(9,521)	\$	(5,930)	\$	(12,979)	\$	(16,803)	\$	(45,233)

The following table presents information by line of business for prior year development of reserves assumed from residual markets for losses and LAE for the year ended **December 31, 2022** December 31, 2023.

Accident Year	CAR Assumed		CAR Assumed				CAR Assumed		CAR Assumed			
	Private Passenger		Commercial		FAIR Plan		Private Passenger		Commercial		FAIR Plan	
	Automobile	Automobile	Automobile	Homeowners	Total	Automobile	Automobile	Homeowners	Total	Automobile	Homeowners	Total
2015	\$ —	\$ (44)	\$ —	\$ (44)	\$ —	\$ —	\$ —	\$ —	\$ (15)	\$ —	\$ —	\$ (15)
2016	—	(28)	(2)	(30)	—	—	—	—	(78)	—	—	(78)
2017	—	(110)	1	(109)	—	—	—	—	(233)	—	—	(233)
2018	—	(338)	(57)	(395)	—	—	—	—	(301)	55	55	(246)
2019	—	(482)	(187)	(669)	—	—	—	—	(475)	50	50	(425)
2020	—	(800)	(583)	(1,383)	—	—	—	—	(701)	72	72	(629)
2021	—	(1,254)	(191)	(1,445)	—	—	—	—	(541)	(68)	(68)	(609)
2022	—	—	—	—	—	—	—	—	201	(114)	87	87
All prior years	\$ —	\$ (3,056)	\$ (1,019)	\$ (4,075)	\$ —	\$ —	\$ —	\$ —	\$ (2,143)	\$ (5)	\$ (2,148)	\$ (2,148)

The improved retained private passenger and commercial automobile results were primarily due to fewer IBNR claims than previously estimated and better than previously estimated severity on our established bodily injury and property damage case reserves. Our retained other than auto and homeowners line of business prior year reserves decreased, due primarily to fewer IBNR claims than previously estimated.

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In estimating all our loss reserves, we follow the guidance prescribed by ASC 944, *Financial Services-Insurance*.

For further information, see "Results of Operations: *Losses and Loss Adjustment Expenses*."

Investment Impairments

The Company uses a systematic methodology to evaluate declines in fair values below cost or amortized cost of our investments. Some of the factors considered in assessing impairment of fixed maturities due to credit losses include the extent to which the fair value is less than amortized cost, the financial condition of and the near and long-term prospects of the issuer, whether the debtor is current on its contractually obligated interest and principal payments, changes to the rating of the security by a rating agency, the historical volatility of the fair value of the security and whether it is more like than not that the Company will be required to sell the investment prior to an anticipated recovery in value. This methodology ensures that we evaluate available evidence concerning any declines in a disciplined manner.

For fixed maturities that the Company does not intend to sell or for which it is more likely than not that the Company would not be required to sell before an anticipated recovery in value, the Company separates the expected credit loss component of the impairment from the amount related to all other factors. The expected credit loss component is recognized as an allowance for expected credit losses. The allowance is adjusted for any additional credit losses and subsequent recoveries, which are booked in income as either credit loss expense or credit loss benefit, respectively. Upon recognizing a credit loss, the cost basis is not adjusted. The impairment related to all other factors (non-credit factors) is reported in other comprehensive income.

For further information, see "Results of Operations: *Credit Loss Benefit (Expense)*."

Forward-Looking Statements

Forward-looking statements might include one or more of the following, among others:

- Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- Descriptions of plans or objectives of management for future operations, products or services;
- Forecasts of future economic performance, liquidity, need for funding and income;
- Legal and regulatory commentary;
- Descriptions of assumptions underlying or relating to any of the foregoing; and
- Future performance of credit markets.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "aim," "projects," or words of similar meaning and expressions that indicate future events and trends, or future or conditional verbs such as "will," "would," "should," "could," or "may." All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements.

Forward-looking statements are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. There are a number of factors, many of which are beyond our control, that could cause actual future conditions, events, results or trends to differ significantly and/or materially from historical results or those projected in the forward-looking statements. These factors include but are not limited to:

- The competitive nature of our industry and the possible adverse effects of such competition;
- Conditions for business operations and restrictive regulations in Massachusetts;
- The possibility of losses due to claims resulting from severe weather;
- The impact of inflation and supply chain delays on loss severity;

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- The possibility that the Commissioner may approve future rule changes that change the operation of the residual market;
- The possibility that existing insurance-related laws and regulations will become further restrictive in the future;
- Our possible need for and availability of additional financing, and our dependence on strategic relationships, among others;
- Other risks and factors identified from time to time in our reports filed with the SEC. Refer to Part I, Item 1A — Risk Factors.

Some other factors, such as market, operational, liquidity, interest rate, equity and other risks, are described elsewhere in this Annual Report on Form 10-K. Factors relating to the regulation and supervision of our Company are also described or incorporated in this report. There are other factors besides those described or incorporated in this report that could cause actual conditions, events or results to differ from those in the forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligation to update publicly or revise any forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk. Market risk is the risk that we will incur losses due to adverse changes in market rates and prices. We have exposure to market risk through our investment activities and our financing activities. Our primary market risk exposure is to changes in interest rates. We use both fixed and variable rate debt as sources of financing. We have not entered, and do not plan to enter, into any derivative financial instruments for trading or speculative purposes.

Interest Rate Risk. Interest rate risk is the risk that we will incur economic losses due to adverse changes in interest rates. Our exposure to interest rate changes primarily results from our significant holdings of fixed rate investments and from our financing activities. Our fixed maturity investments include U.S. and foreign government bonds, securities issued by government agencies, obligations of state and local governments and governmental authorities, corporate bonds and asset-backed securities, most of which are exposed to changes in prevailing interest rates.

We manage our exposure to risks associated with interest rate fluctuations through active review of our investment portfolio by our management and Board and consultation with third-party financial advisors. As a general matter, we do not attempt to match the durations of our assets with the durations of our liabilities, and the majority of our liabilities are "short tail." Our goal is to maximize the total after-tax return on all of our investments. An important strategy that we employ to achieve this goal is to try to hold enough in cash and short-term investments in order to avoid liquidating longer-term investments to pay claims.

Based upon the results of interest rate sensitivity analysis, the following table shows the interest rate risk of our investments in fixed maturities, measured in terms of fair value (which is equal to the carrying value for all our fixed maturity securities).

	-100 Basis		+100 Basis		-100 Basis		+100 Basis	
	Point Change	No Change	Point Change	No Change	Point Change	No Change	Point Change	
As of December 31, 2022								
As of December 31, 2023								
Estimated fair value	\$ 1,092,151	\$ 1,050,155	\$ 1,007,772	\$ 1,091,365	\$ 1,052,145	\$ 1,012,316		
Estimated increase (decrease) in fair value	\$ 41,996	\$ —	\$ (42,383)	\$ 39,220	\$ —	\$ (39,829)		
As of December 31, 2021								
Estimated fair value	\$ 1,261,399	\$ 1,218,279	\$ 1,174,068					
Estimated increase (decrease) in fair value	\$ 43,120	\$ —	\$ (44,211)					

With respect to floating rate debt, we are exposed to the effects of changes in prevailing interest rates. At **December 31, 2022** December 31, 2023, we had no debt outstanding under our credit facility. Assuming the full utilization of our current available credit facility, a 2.0% increase in the prevailing interest rate on our variable rate debt would result in interest expense increasing approximately \$600 for **2022, 2023**, assuming that all of such debt is outstanding for the entire year.

In addition, in the current market environment, our investments can also contain liquidity risks.

Equity Risk. Equity risk is the risk that we will incur economic losses due to adverse changes in equity prices. Our exposure to changes in equity prices results from our holdings of common stock and mutual funds held to fund the executive deferred compensation plan. We continuously evaluate market conditions and we expect in the future to purchase additional equity securities. We principally manage equity price risk through industry and issuer diversification and asset allocation techniques.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

SAFETY INSURANCE GROUP, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Safety Insurance Group, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Safety Insurance Group, Inc. and subsidiaries (the "Company") as of **December 31, 2022** **December 31, 2023** and **2021**, the related consolidated statements of operations, comprehensive income (loss) income, changes in shareholders' equity, and cash flows, for each of the **two** **three** years in the period ended **December 31, 2022** **December 31, 2023**, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**,

based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of **December 31, 2022** December 31, 2023 and **2021**, 2022, and the results of its operations and its cash flows for each of the **two** three years in the period ended **December 31, 2022** December 31, 2023, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2022** December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Item 9A. Controls and Procedures*. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

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

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting

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management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Critical Audit Matters Matter

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

it relates.

Losses and Loss Adjustment Expense Reserves – Refer to Notes 2 and 12 to the financial statements

Critical Audit Matter Description

The Company establishes loss and loss adjustment expense reserves as balance sheet liabilities representing estimates of amounts needed to pay reported and unreported losses and the expenses associated with investigating and paying the losses, or loss adjustment expenses. The loss and loss adjustment expense reserves are determined in accordance with commonly accepted actuarial reserving techniques on the basis of the Company's historical information and experience. In determining the loss and loss adjustment expense reserves, the Company analyzes historical data and estimates the impact of various loss development factors, such as the Company's historical loss experience and that of the industry, trends in claims frequency and severity, the Company's mix of business, the Company's claims processing procedures, legislative enactments, judicial decisions, legal developments in imposition of damages, and changes and trends in general economic conditions, including the effects of inflation.

Given the subjectivity of **estimating associated with assumptions and methodologies used in determining the estimated ultimate cost to settle the liabilities for certain long tail** reported and unreported losses due to uncertainties caused by various factors including frequency and severity of claims, as well as future legislative, judicial, and legal uncertainties, performing audit procedures to evaluate whether the ultimate cost of loss and loss adjustment expense reserves were appropriately recorded as of **December 31, 2022****December 31, 2023**, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our actuarial specialists.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to **certain** loss and loss adjustment expense reserves included the following, among others:

1. 1. We tested the effectiveness of the Company's controls related to loss and loss adjustment expense reserves, including controls over inputs, methods, and assumptions used in the Company's estimation process.
2. 2. We tested the underlying data that served as the basis for the Company's analysis, including historical claims, to test that the inputs to the actuarial estimate were complete and accurate.

3. With the assistance of our actuarial specialists, we evaluated the methods and assumptions used by the Company to estimate ultimate losses incurred in determining loss and loss adjustment expense reserves by:

- a. Assessing the reasonableness of the Company's analysis, developing independent estimates of loss and loss adjustment expense reserves and comparing such estimates to the Company's recorded loss and loss adjustment expense reserves.

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- b. loss adjustment expense reserves.
- b. Comparing the Company's prior year estimates of expected incurred losses to actual experience during the current year to identify potential management bias in the determination of loss and loss adjustment expense reserves.

Northeast Metrowest Insurance Agency, Inc. Acquisition – Refer to Note 2 to the Financial Statements

Critical Audit Matter Description

The Company completed the acquisition of Northeast Metrowest Insurance Agency, Inc. ("Northeast") on December 1, 2022. The Company accounted for the acquisition of Northeast under the acquisition method of accounting for business combinations. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values, including customer relationship intangible assets. Management estimated the fair value of such intangible assets using an income approach that considered cash flows expected to be generated by the acquired business relationships, a weighted average cost of capital discount rate reflecting the relative risk of achieving the anticipated cash flows, profits, the time value of money and other relevant inputs. Changes in the assumptions could impact the amount allocated to acquired intangible assets and ultimately the amount recorded as goodwill.

Given the fair value determination of customer relationship intangible assets requires management to make significant estimates and assumptions regarding projected cash flows and discount rates, performing audit procedures to evaluate the reasonableness of those estimates and assumptions required a high degree of auditor judgment, and an increased extent of effort, including involving fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the fair value of distribution and customer relationship intangible assets acquired from Northeast included the following, among others:

1. We tested the effectiveness of controls over the valuation methodology used for these acquired intangible assets, including management's controls over assumptions used in developing estimated future cash flows, and discount rates used to present value cash flows.
2. We assessed the reasonableness of management's forecasts by comparing the projection to historical cash flow results of Northeast, as well as to certain peer companies of Northeast. We also performed sensitivity analyses to evaluate the impact of changes in assumptions to the valuation of the customer relationship intangible assets.
3. We assessed the knowledge, skill, ability and objectivity of management's valuation specialist and evaluated the work performed.
4. With the assistance of fair value specialists, we evaluated:
 - The reasonableness of the valuation methodology, and

- The reasonableness of the discount rate used to present value the expected cash flows by:
 - a. Testing the source information underlying the determination of the discount rate and testing mathematical accuracy of the calculation.
 - b. Developing a range of independent estimates and comparing those to the discount rate selected by management to evaluate the inputs used in the calculation.

5. We evaluated whether the estimated cash flows were consistent with evidence obtained in other areas of the audit.

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6. We tested the accuracy and evaluated the relevance of the data used by management on the date of the acquisition.

/s/ Deloitte & Touche LLP
Boston, Massachusetts
February 28, **2023** **2024**

We have served as the Company's auditor since 2021.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Safety Insurance Group, Inc.

Opinion on the Financial Statements

We have audited the consolidated statement of operations, comprehensive (loss) income, changes in shareholders' equity and cash flows of Safety Insurance Group Inc and its subsidiaries (the "Company") for the year ended December 31, 2020, including the related notes and schedules listed in the index appearing under Item 15 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts

February 26, 2021

We served as the Company's auditor from 1983 to 2020.

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Safety Insurance Group, Inc. and Subsidiaries

Consolidated Balance Sheets

(Dollars in thousands, except share data)

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Assets				
Investments:				
Fixed maturities, available for sale, at fair value (amortized cost: \$1,152,779 and \$1,187,857, allowance for expected credit losses of \$678 and \$691)	\$ 1,050,155	\$ 1,218,279		
Equity securities, at fair value (cost: \$231,444 and \$211,848)	240,155	264,945		

Fixed maturities, available for sale, at fair value (amortized cost: \$1,120,682 and \$1,152,779, allowance for expected credit losses of \$1,208 and \$678)			\$ 1,052,145	\$ 1,050,155
Equity securities, at fair value (cost: \$221,809 and \$231,444)			238,022	240,155
Other invested assets	112,850	87,911	133,946	112,850
Total investments	1,403,160	1,571,135	1,424,113	1,403,160
Cash and cash equivalents	25,300	63,603	38,152	25,300
Accounts receivable, net of allowance for expected credit losses of \$1,446 and \$1,808	192,542	170,953		
Accounts receivable, net of allowance for expected credit losses of \$1,053 and \$1,446			256,687	192,542
Receivable for securities sold	877	9,256	124	877
Accrued investment income	8,212	7,401	7,261	8,212
Taxes recoverable	—	1,508	623	—
Receivable from reinsurers related to paid loss and loss adjustment expenses	12,988	18,234	13,129	12,988
Receivable from reinsurers related to unpaid loss and loss adjustment expenses	93,394	90,667	112,623	93,394
Ceded unearned premiums	28,453	23,795	32,346	28,453
Deferred policy acquisition costs	75,582	73,024	91,917	75,582
Deferred income taxes	21,074	—	12,150	21,074
Equity and deposits in pools	33,648	33,592	35,247	33,648
Operating lease right-of-use-assets	23,336	27,115	19,756	23,336
Goodwill	17,093	—	17,093	17,093
Intangible assets	7,856	—	7,551	7,856
Other assets	29,054	27,108	25,232	29,054
Total assets	\$ 1,972,569	\$ 2,117,391	\$ 2,094,004	\$ 1,972,569
Liabilities				
Loss and loss adjustment expense reserves	\$ 549,598	\$ 570,651	\$ 603,081	\$ 549,598
Unearned premium reserves	433,375	413,487	528,150	433,375
Accounts payable and accrued liabilities	73,875	76,598	64,235	73,875
Payable for securities purchased	1,359	16,477	1,863	1,359
Payable to reinsurers	11,444	9,192	15,941	11,444
Deferred income taxes	—	15,240		
Taxes payable	1,729	—	—	1,729
Debt	35,000	30,000	30,000	35,000
Operating lease liabilities	23,336	27,115	19,756	23,336
Other liabilities	30,854	31,458	26,711	30,854
Total liabilities	1,160,570	1,190,218	1,289,737	1,160,570
Commitments and contingencies (Note 8)				
Shareholders' equity				
Common stock: \$0.01 par value; 30,000,000 shares authorized; 17,879,095 and 17,813,370 shares issued		179	178	
Additional paid-in capital	222,049	216,070	226,380	222,049
Accumulated other comprehensive (loss) income, net of taxes	(80,538)	24,579	(53,191)	(80,538)
Retained earnings	815,309	821,743	781,192	815,309
Treasury stock, at cost: 3,083,364 and 2,970,573 shares	(145,000)	(135,397)		
Treasury stock, at cost: 3,157,577 and 3,083,364 shares			(150,293)	(145,000)
Total shareholders' equity	811,999	927,173	804,267	811,999
Total liabilities and shareholders' equity	\$ 1,972,569	\$ 2,117,391	\$ 2,094,004	\$ 1,972,569

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

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Safety Insurance Group, Inc. and Subsidiaries
Consolidated Statements of Operations

(Dollars in thousands, except per share data)

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Net earned premiums	\$ 758,505	\$ 774,328	\$ 771,078	\$ 834,414	\$ 758,505	\$ 774,328
Net investment income	46,725	44,135	41,045	56,377	46,725	44,135
Earnings from partnership investments	12,484	19,829	6,901	5,540	12,484	19,829
Net realized gains on investments	9,190	14,885	957	1,327	9,190	14,885
Change in unrealized gains on equity securities	(44,386)	16,130	10,449	7,502	(44,386)	16,130
Credit loss benefit (expense)	14	363	(1,054)			
Credit loss (expense) benefit				(530)	14	363
Commission income	566	—	—	6,932	566	—
Finance and other service income	14,461	15,241	16,872	19,394	14,461	15,241
Total revenue	797,559	884,911	846,248	930,956	797,559	884,911
Losses and loss adjustment expenses	491,979	461,727	404,556	642,302	491,979	461,727
Underwriting, operating and related expenses	245,145	258,392	266,482	256,580	245,145	258,392
Other expense	330	—	—	6,836	330	—
Interest expense	524	522	440	818	524	522
Total expenses	737,978	720,641	671,478	906,536	737,978	720,641
Income before income taxes	59,581	164,270	174,770	24,420	59,581	164,270
Income tax expense	13,020	33,560	36,559	5,545	13,020	33,560
Net income	\$ 46,561	\$ 130,710	\$ 138,211	\$ 18,875	\$ 46,561	\$ 130,710
Earnings per weighted average common share:						
Basic	\$ 3.17	\$ 8.85	\$ 9.25	\$ 1.28	\$ 3.17	\$ 8.85
Diluted	\$ 3.15	\$ 8.80	\$ 9.18	\$ 1.28	\$ 3.15	\$ 8.80
Cash dividends paid per common share	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60
Number of shares used in computing earnings per share:						
Basic	14,607,483	14,828,736	15,002,755	14,663,730	14,607,483	14,828,736
Diluted	14,710,611	14,925,726	15,119,027	14,710,131	14,710,611	14,925,726

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

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Safety Insurance Group, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss) Income
(Dollars in thousands)

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
	\$ 46,561	\$ 130,710	\$ 138,211	\$ 18,875	\$ 46,561	\$ 130,710
Net income						
Other comprehensive (loss) income, net of tax:						
Unrealized holding (losses) gains during the period, net of income tax (benefit) expense of (\$26,013), (\$4,569), and \$6,936 .	(97,857)	(17,189)	26,093			
Reclassification adjustment for net realized gains on investments included in net income, net of income tax expense of (\$1,930), (\$3,126), and (\$201).	(7,260)	(11,759)	(756)			
Other comprehensive (loss) income, net of tax:	(105,117)	(28,948)	25,337			
Other comprehensive income (loss), net of tax:						
Unrealized holding gains (losses) during the period, net of income tax (benefit) expense of \$7,548 , (\$26,013), and (\$4,569).				28,395	(97,857)	(17,189)
Reclassification adjustment for net realized gains on investments included in net income, net of income tax expense of (\$279), (\$1,930), and (\$3,126).				(1,048)	(7,260)	(11,759)
Other comprehensive income (loss), net of tax:				27,347	(105,117)	(28,948)
Comprehensive (loss) income	\$ (58,556)	\$ 101,762	\$ 163,548			
Comprehensive income (loss)				\$ 46,222	\$ (58,556)	\$ 101,762

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

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Safety Insurance Group, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
(Dollars in thousands)

	Accumulated			Total
	Additional	Comprehensive	Other	

	Common	Paid-in	(Loss) Income,	Retained	Treasury	Shareholders'
	Stock	Capital	Net of Taxes	Earnings	Stock	Equity
Balance at December 31, 2019	\$ 177	202,321	28,190	661,553	(83,835)	\$ 808,406
Net income	—	—	—	138,211	—	138,211
Unrealized gains on securities available for sale, net of deferred federal income taxes	—	—	25,337	—	—	25,337
Restricted share awards issued	1	528	—	—	—	529
Recognition of employee share-based compensation	—	6,930	—	—	—	6,930
Dividends paid and accrued	—	—	—	(54,735)	—	(54,735)
Acquisition of treasury stock	—	—	—	—	(39,999)	(39,999)
Balance at December 31, 2020	178	209,779	53,527	745,029	(123,834)	884,679
Net income	—	—	—	130,710	—	130,710
Unrealized gains on securities available for sale, net of deferred federal income taxes	—	—	(28,948)	—	—	(28,948)
Restricted share awards issued	—	475	—	—	—	475
Recognition of employee share-based compensation	—	5,816	—	—	—	5,816
Dividends paid and accrued	—	—	—	(53,996)	—	(53,996)
Acquisition of treasury stock	—	—	—	—	(11,563)	(11,563)
Balance at December 31, 2021	178	216,070	24,579	821,743	(135,397)	927,173
Net income	—	—	—	46,561	—	46,561
Unrealized losses on securities available for sale, net of deferred federal income taxes	—	—	(105,117)	—	—	(105,117)
Restricted share awards issued	1	—	—	—	—	1
Recognition of employee share-based compensation	—	5,979	—	—	—	5,979
Dividends paid and accrued	—	—	—	(52,995)	—	(52,995)
Reissuance of treasury stock	—	—	—	—	5,000	5,000
Acquisition of treasury stock	—	—	—	—	(14,603)	(14,603)
Balance at December 31, 2022	\$ 179	\$ 222,049	\$ (80,538)	\$ 815,309	\$ (145,000)	\$ 811,999
Accumulated						
Other						
	Additional	Comprehensive			Total	
	Common	Paid-in	(Loss) Income,	Retained	Treasury	Shareholders'
	Stock	Capital	Net of Taxes	Earnings	Stock	Equity
	\$ 178	209,779	53,527	745,029	(123,834)	\$ 884,679
Balance at January 1, 2021	—	—	—	130,710	—	130,710
Net income	—	—	—	—	—	—
Unrealized losses on securities available for sale, net of deferred federal income taxes	—	—	(28,948)	—	—	(28,948)
Restricted share awards issued	—	475	—	—	—	475
Recognition of employee share-based compensation	—	5,816	—	—	—	5,816
Dividends paid and accrued	—	—	—	(53,996)	—	(53,996)
Acquisition of treasury stock	—	—	—	—	(11,563)	(11,563)
Balance at December 31, 2021	178	216,070	24,579	821,743	(135,397)	927,173
Net income	—	—	—	46,561	—	46,561
Unrealized losses on securities available for sale, net of deferred federal income taxes	—	—	(105,117)	—	—	(105,117)
Restricted share awards issued	1	—	—	—	—	1
Recognition of employee share-based compensation	—	5,979	—	—	—	5,979
Dividends paid and accrued	—	—	—	(52,995)	—	(52,995)
Reissuance of treasury stock	—	—	—	—	5,000	5,000
Acquisition of treasury stock	—	—	—	—	(14,603)	(14,603)
Balance at December 31, 2022	179	222,049	(80,538)	815,309	(145,000)	811,999
Net income	—	—	—	18,875	—	18,875

Unrealized gains on securities available for sale, net of deferred federal						
income taxes	—	—	27,347	—	—	27,347
Restricted share awards issued	—	—	—	—	—	—
Recognition of employee share-based compensation	—	4,331	—	—	—	4,331
Dividends paid and accrued	—	—	—	(52,992)	—	(52,992)
Acquisition of treasury stock	—	—	—	—	(5,293)	(5,293)
Balance at December 31, 2023	\$ 179	\$ 226,380	\$ (53,191)	\$ 781,192	\$ (150,293)	\$ 804,267

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

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Safety Insurance Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
Cash flows from operating activities:						
Net income	\$ 46,561	\$ 130,710	\$ 138,211	\$ 18,875	\$ 46,561	\$ 130,710
Adjustments to reconcile net income to net cash provided by operating activities:						
Investment amortization, net	1,693	4,234	6,541	(310)	1,693	4,234
Fixed asset depreciation, net	6,610	6,896	7,527	6,949	6,610	6,896
Stock based compensation	5,980	6,292	7,459	4,332	5,980	6,292
(Credit) provision for deferred income taxes	(8,371)	5,323	5,159			
Provision for deferred income taxes				1,655	(8,371)	5,323
Net realized gains on investments	(9,190)	(14,885)	(957)	(1,327)	(9,190)	(14,885)
Credit loss (benefit) expense	(14)	(363)	1,054			
Credit loss expense (benefit)				530	(14)	(363)
Earnings from partnership investments	(8,388)	(13,896)	(1,932)	(4,635)	(8,388)	(13,896)
Change in net unrealized gains on equity securities	44,386	(16,130)	(10,449)	(7,502)	44,386	(16,130)
Changes in assets and liabilities:						
Accounts receivable, net	(21,589)	8,194	14,222	(64,145)	(21,589)	8,194
Accrued investment income	(811)	644	359	951	(811)	644
Receivable from reinsurers	2,519	10,842	13,948	(19,370)	2,519	10,842
Ceded unearned premiums	(4,658)	(1,389)	12,776	(3,893)	(4,658)	(1,389)
Deferred policy acquisition costs	(2,558)	1,938	(675)	(16,335)	(2,558)	1,938
Taxes recoverable/payable	3,237	(1,229)	724	(2,405)	3,237	(1,229)
Other assets	(6,477)	(3,346)	(15)	(2,128)	(6,477)	(3,346)
Loss and loss adjustment expense reserves	(21,053)	3,070	(42,985)	53,483	(21,053)	3,070
Unearned premium reserves	19,888	(8,414)	(20,318)	94,775	19,888	(8,414)
Accounts payable and accrued liabilities	(2,680)	(2,876)	4,310	(9,341)	(2,680)	(2,876)
Payable to reinsurers	2,252	956	(4,675)	4,497	2,252	956
Other liabilities	(3,011)	24,823	(20,824)	(2,542)	(3,011)	24,823

Net cash provided by operating activities	44,326	141,394	109,460	52,114	44,326	141,394
Cash flows from investing activities:						
Fixed maturities purchased	(215,092)	(355,561)	(217,269)	(91,674)	(215,092)	(355,561)
Short term investments purchased	—	—	(441)			
Equity securities purchased	(52,192)	(59,296)	(49,326)	(50,849)	(52,192)	(59,296)
Other invested assets purchased	(20,204)	(32,814)	(11,868)	(19,066)	(20,204)	(32,814)
Proceeds from sales and paydowns of fixed maturities	154,491	213,665	126,555	102,143	154,491	213,665
Proceeds from maturities, redemptions, and calls of fixed maturities	86,406	144,910	86,390	19,542	86,406	144,910
Proceed from sales of equity securities	43,348	26,724	34,542	64,691	43,348	26,724
Proceeds from other invested assets redeemed	2,933	4,608	5,839	3,377	2,933	4,608
Acquisition, net of cash received	(17,586)	—	—	(2,112)	(17,586)	—
Fixed assets purchased	(2,092)	(8,225)	(9,946)	(1,783)	(2,092)	(8,225)
Net cash used for investing activities	(19,988)	(65,989)	(35,524)			
Net cash provided by (used for) investing activities				24,269	(19,988)	(65,989)
Cash flows from financing activities:						
Proceeds from FHLB loan	5,000	—	30,000	20,000	5,000	—
Payments on FHLB loan				(25,000)	—	—
Dividends paid to shareholders	(53,038)	(54,008)	(54,575)	(53,291)	(53,038)	(54,008)
Acquisition of treasury stock	(14,603)	(11,563)	(39,999)	(5,240)	(14,603)	(11,563)
Net cash used for financing activities	(62,641)	(65,571)	(64,574)	(63,531)	(62,641)	(65,571)
Net decrease in cash and cash equivalents	(38,303)	9,834	9,362			
Net increase (decrease) in cash and cash equivalents				12,852	(38,303)	9,834
Cash and cash equivalents at beginning of year	63,603	53,769	44,407	25,300	63,603	53,769
Cash and cash equivalents at end of period	\$ 25,300	\$ 63,603	\$ 53,769	\$ 38,152	\$ 25,300	\$ 63,603
Supplemental disclosure of cash flow information:						
Cash paid during the year for:						
Federal and state income taxes	\$ 19,119	\$ 29,190	\$ 31,080	\$ 6,072	\$ 19,119	\$ 29,190
Interest	\$ 507	\$ 507	\$ 388	\$ 811	\$ 507	\$ 507

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

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In this Form 10-K, Notes to the Consolidated Financial Statements, dollar amounts are presented in thousands, except per share data.

1. Basis of Presentation

The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include Safety Insurance Group, Inc. and its subsidiaries (the "Company").

The subsidiaries consist of Safety Insurance Company, Safety Indemnity Insurance Company, Safety Property and Casualty Insurance Company, Safety Northeast Insurance Company, Safety Northeast Insurance Agency, Inc. ("SNIA"), and Safety Management Corporation ("SMC"), which is SNIA's holding company. All intercompany commission transactions, including commission income and underwriting, operating and related expenses, have been eliminated. Commission income totaled \$963 and \$50 for the years ended December 31, 2023 and 2022, respectively.

The Company was incorporated on June 25, 2001 in the State of Delaware. On October 16, 2001, the Company acquired all of the issued and outstanding common stock of Thomas Black Corporation ("TBC") and its property and casualty subsidiaries. TBC subsequently merged with and into Safety Insurance Group, Inc. with Safety Insurance Group, Inc. being the corporation surviving the merger.

The Company is a leading provider of property and casualty insurance focused primarily on the in Massachusetts, market New Hampshire and Maine. The Company's principal product line is private passenger automobile insurance, which accounted for 52.0% 54.7% of its direct written premiums in 2022, 2023. The Company primarily operates through its insurance company subsidiaries, Safety Insurance Company, Safety Indemnity Insurance Company, Safety Property and Casualty Insurance Company, and Safety Northeast Insurance Company (together referred to as the "Insurance Subsidiaries").

The Insurance Subsidiaries began writing private passenger automobile and homeowners insurance in New Hampshire during 2008, personal umbrella insurance in New Hampshire during 2009, and commercial automobile insurance in New Hampshire during 2011. The Insurance Subsidiaries began writing all of these lines of business in Maine during 2016.

Safety Northeast Insurance Agency, Inc., SNIA was established on December 1, 2022, when the Company acquired the assets and operations of Northeast Metrowest Insurance Agency, Inc. ("Northeast / Metrowest"), an independent insurance agency, through its wholly-owned subsidiary, SMC. SNIA provides personal and commercial property and casualty insurance products to customers on behalf of the Insurance Subsidiaries and third-party insurance carriers. The Company conducted business with Northeast / Metrowest prior to its acquisition. During the eleven months prior to December 1, 2022, all commissions paid to Northeast / Metrowest were reflected as expenses and were conducted at standard market rates. Subsequent to the acquisition date, all business conducted with SNIA was considered an intercompany transaction and have been eliminated. As of December 31, 2023, fiduciary assets held by SNIA were immaterial and less than \$250.

As part of the purchase of SNIA, the Company paid cash and reissued treasury stock of \$5,000 and incurred a contingent liability of \$2,407, included in other liabilities, which is expected to be paid one year \$5,000, after the transaction.

Management has assessed and concluded that there were no conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the consolidated financial statements were issued.

2. Summary of Significant Accounting Policies

Investments

Investments in fixed maturities, which include taxable and non-taxable bonds and redeemable preferred stocks, are reported at fair value. Fair values for fixed maturity securities are based on estimates obtained from independent pricing services. Unrealized gains or losses on fixed maturity securities reported at fair value are excluded from earnings and reported in a separate component of shareholder's equity known as "accumulated other comprehensive income net of taxes" until realized. For fixed maturities that the Company does not intend to sell or for which it is more likely than not that the Company would not be required to sell before an anticipated recovery in value, the Company separates the credit loss component of the impairment from the amount related to all other factors and reports the credit loss component as credit loss expense. The impairment related to all other factors (non-credit factors) is reported in accumulated other comprehensive income. The allowance for expected credit losses is adjusted for any additional credit losses and

subsequent recoveries. Upon recognizing a credit loss, the cost basis is not adjusted. See Note 3 for further details of the Company's accounting for impairments of available-for-sale investments.

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Investments in equity securities, which include interests in common stocks, mutual funds and a real estate investment trust ("REIT"), are reported at fair value. Fair values for equity securities are derived from external market quotations, with the exception of the REIT whose fair value was determined using the trust's net asset value obtained from its audited financial statements. Changes in unrealized gains or losses on equity securities are recognized in earnings.

Other invested assets consist of investments in limited partnerships. The partnership interest is accounted for using the equity method of accounting and recorded in earnings from partnership investments. The carrying value of these investments are written down, or impaired, to fair value when a decline in value is considered to be other-than-temporary. In applying the equity method (including assessment for other-than-temporary impairment), the Company uses financial information provided by the investee, generally on a three month lag.

Realized gains or losses on the sale or maturity of investments are determined based on the specific cost identification method.

Investment income is recognized on an accrual basis of accounting. Bonds not backed by other loans are amortized using the interest method. Loan-backed bonds and structured securities are amortized using the interest method and significant changes in estimated cash flows from the original purchase assumptions are accounted for using the retrospective method.

Cash and Cash Equivalents

Cash and cash equivalents includes money market accounts and U.S. Treasury bills with original maturities of three months or less from the date of purchase. U.S. Treasury bills are stated at amortized cost, which approximates fair value.

Accounts Receivable

Amounts included in accounts receivable represent premiums as well as finance charges, the majority of which are billed on a monthly installment basis. Accounts receivable are stated net of allowances for doubtful accounts. At December 31, 2022 December 31, 2023 and 2021, 2022, these allowances were \$1,446 \$1,053 and \$1,808, \$1,446, respectively. Uncollected premium balances over ninety days past due are written off.

Deferred Policy Acquisition Costs

Amounts that vary with and are primarily related to the successful acquisition of a new or renewal insurance contract, principally commissions, and premium taxes and certain other costs, are deferred and amortized ratably over the effective period of the policy. All other acquisition expenses are expensed as incurred. Deferred policy acquisition costs are reviewed to determine if they are recoverable from future income, and if not, are charged to expense. Future investment income attributable to related premiums is not taken into account in measuring the recoverability of the carrying value of this asset. Amortization of acquisition costs in the amount of \$161,630, \$146,013 \$146,573 and \$146,955 \$146,573 were included in underwriting, operating and other expenses for the years ended 2023, 2022 2021 and 2020, 2021, respectively.

Equity and Deposits in Pools

Equity and deposits in pools represents the net receivable amounts from the residual market mechanisms, Commonwealth Automobile Reinsurers ("CAR") for automobile and Massachusetts Property Insurance Underwriting Association ("FAIR Plan") for homeowners insurance in Massachusetts. See Note 11 for a discussion of the Company's accounting for amounts assumed from residual markets.

Equipment and Leasehold Improvements

Property, equipment, leasehold improvements, and software which are included in other assets are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line or accelerated method over the

estimated useful lives of the related assets, which range from 3 to 10 years. Amortization of leasehold improvements is provided using the straight-line method over the term of the lease. The costs of computer software developed or obtained for internal use are capitalized and amortized over the estimated life of the business system, beginning when the software is ready for its intended use. Maintenance and repairs are charged to expense as incurred

Business Combinations

The Company accounts for acquisitions of entities that qualify as businesses using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations*. Purchase consideration is allocated to the assets acquired, including customer relationship intangible assets, and liabilities assumed based on their estimated fair values at acquisition. Management estimated the fair value of such intangible assets using an income approach that considered cash flows expected to be generated by the acquired business relationships, a weighted average cost of capital discount rate reflecting the relative risk of achieving the anticipated cash flows, profits, the time value of money, and other relevant inputs. The excess of the total purchase consideration over the fair value of the identified net assets acquired is recognized as goodwill. The results of acquired businesses are included in the results of operations beginning from the date of acquisition. Acquisition related costs are expensed as incurred. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the allocation of purchase consideration and to the fair values of assets acquired and liabilities assumed to the extent that additional information becomes available. After this period, any subsequent adjustments are recorded in earnings.

Goodwill

Goodwill generated through acquisition is carried at cost, net of impairments. Goodwill is not amortized but is reviewed for impairment at least annually or more frequently when indicators of potential impairment exist. Management first evaluates impairment of goodwill by assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If after performing the qualitative assessment, management determines it is more likely than not that the fair value of the reporting unit is less than its carrying amount, a quantitative assessment to determine the fair value of the reporting unit. Management's determination of the fair value of the reporting unit incorporates multiple inputs into discounted cash flow calculations, including levels of economic capital required to support the business, future business growth, earnings projections, and the weighted average cost of capital used for purposes of discounting. Goodwill is impaired up to the amount that the carrying value of the reporting unit exceeds the fair value. The Company did not recognize any goodwill impairments during the year ended **December 31, 2022** **December 31, 2023**.

Intangible Assets

Acquired intangible assets are amortized over their useful lives on a straight-line basis over the period of expected benefit, generally 10 years. The Company recognized **\$4816** and **\$44** of amortization expense for the **year** **years** ended **December 31, 2022** **December 31, 2023** and **2022, respectively**, and expects to recognize **\$786** **\$816** of amortization expense annually. Intangible assets are assessed for impairment generally when events or circumstances indicate a potential impairment. If it is determined that the carrying amount of the asset is not recoverable, the asset is written down to fair value and an impairment loss is recognized. The Company did not identify any impairment indicators during the year ended **December 31, 2022** **December 31, 2023**.

Revenue Recognition

The Company recognizes revenue under both ASC 944, *Financial Services – Insurance* ("ASC 944") and ASC 606, *Revenue from Contracts with Customers* ("ASC 606").

Premiums are earned over the terms of the respective policies, which are generally one year. Unearned premiums represent the portion of premiums written applicable to the unexpired terms of the policies.

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Ceded premiums are charged to income over the terms of the respective policies and the applicable term of the reinsurance contracts with third-party reinsurers. Ceded unearned premiums represent the unexpired portion of premiums

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ceded to CAR and other reinsurers.

Premiums received in advance of the policy effective date are recorded as a liability and not recognized as income until earned. Such amounts are included in accounts payable and accrued liabilities and totaled \$11,983 and \$12,858 at December 31, 2023 and \$10,630 at December 31, 2022 and 2021, respectively.

Finance and other service income primarily include revenues from premium installment charges, which are recognized when earned.

Commission revenue includes new and renewal commissions paid by insurance carriers. These commissions are earned at the later of the effective date or billing date, as all rights are passed to the insured, the obligation to pay a claim resides with the insurance carrier, and no further performance obligation exists for the Company. Under the terms of its contracts with insurance carriers, the Company can earn additional, variable commission revenue in the form of annual contingent underwriting commissions ("CUC") based on the underwriting performance of the insurance book of business. Each carrier contract and related CUC is calculated independently. Under ASC 606, the Company must estimate the amount of consideration that will be received in the coming year such that a significant reversal of revenue is not probable. As such, CUC is recognized as a contract asset as policies are issued using applicable premium and payout factors based on the estimated loss ratio from the contract.

Losses and Loss Adjustment Expenses

Liabilities for losses and loss adjustment expenses ("LAE") include case basis estimates for open claims reported prior to year-end and estimates of unreported claims and claim adjustment expenses, net of salvage and subrogation. The estimates are continually reviewed and modified to reflect current conditions, and any resulting adjustments are reflected in current operating results. Adjustments for anticipated salvage and subrogation are recorded on incurred and reported and incurred but not reported losses.

The Company determines its loss and LAE reserves estimate based upon the analysis of our actuaries. A reasonable estimate is derived by selecting a point estimate within a range of indications as calculated by our actuaries using generally accepted actuarial techniques. The key assumption in most actuarial analysis is that past patterns of frequency and severity will repeat in the future, unless a significant

change in the factors described above takes place. Our key factors and resulting assumptions are the ultimate frequency and severity of claims, based upon the most recent ten years of claims reported to the Company, and the data reported to us to calculate our share of the residual market. For each accident year and each coverage within a line of business our actuaries calculate the ultimate losses incurred.

Reinsurance

Liabilities for unearned premiums and unpaid losses are stated before deductions for ceded reinsurance. The ceded amounts are carried as receivables. Earned premiums are stated net of deductions for ceded reinsurance.

The Company, as primary insurer, will be required to pay losses in their entirety in the event that the reinsurers are unable to discharge their obligations under the reinsurance agreements.

Advertising Costs

Advertising costs are charged to expense when they are incurred. Total advertising costs were \$2,405, \$2,399 \$2,232 and \$2,311 \$2,232 for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively, and are included in underwriting, operating and related expenses.

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Income Taxes

The Company and its subsidiaries file a consolidated U.S. federal income tax return. The method of allocation among members of the consolidated group is subject to a written agreement approved by the Board of Directors (the "Board"). The consolidated tax liability is allocated on the basis of the members' proportionate contribution to consolidated taxable income.

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Deferred income taxes are generally recognized when assets and liabilities have different values for financial statement and tax reporting purposes, and for other temporary taxable and deductible differences as defined by ASC 740, *Income Taxes*. A valuation allowance is established where management has assessed that it is more likely than not that the Company will not be able to utilize the full deferred tax asset.

Earnings per Weighted Average Common share

Basic earnings per weighted average common share ("EPS") are calculated by dividing net income by the weighted average number of basic common shares outstanding during the period. Diluted earnings per share amounts are based on the weighted average number of common shares including non-vested performance stock grants.

The following table sets forth the computation of basic and diluted EPS for the periods indicated.

Years Ended December 31,	Years Ended December 31,
--------------------------	--------------------------

	2022	2021	2020	2023	2022	2021
Earnings attributable to common shareholders - basic and diluted:						
Net income from continuing operations	\$ 46,561	\$ 130,710	\$ 138,211	\$ 18,875	\$ 46,561	\$ 130,710
Allocation for participating shares	(205)	575	636	(85)	(205)	575
Net income from continuing operations attributed to common shareholders	\$ 46,356	\$ 131,285	\$ 138,847	\$ 18,790	\$ 46,356	\$ 131,285
Earnings per share denominator - basis and diluted						
Total weighted average common shares outstanding, including participating shares	14,672,234	14,894,532	15,071,955	14,730,547	14,672,234	14,894,532
Less: weighted average participating shares	(64,751)	(65,796)	(69,200)	(66,817)	(64,751)	(65,796)
Basic earnings per share denominator	14,607,483	14,828,736	15,002,755	14,663,730	14,607,483	14,828,736
Common equivalent shares- non-vested performance stock grants	103,128	96,990	116,272	46,401	103,128	96,990
Diluted earnings per share denominator	14,710,611	14,925,726	15,119,027	14,710,131	14,710,611	14,925,726
Basic earnings per share	\$ 3.17	\$ 8.85	\$ 9.25	\$ 1.28	\$ 3.17	\$ 8.85
Diluted earnings per share	\$ 3.15	\$ 8.80	\$ 9.18	\$ 1.28	\$ 3.15	\$ 8.80
Undistributed earnings attributable to common shareholders - basic and diluted:						
Net income from continuing operations attributable to common shareholders -Basic	\$ 3.17	\$ 8.85	\$ 9.25	\$ 1.28	\$ 3.17	\$ 8.85
Dividends declared	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)
Undistributed earnings	\$ (0.43)	\$ 5.25	\$ 5.65	\$ (2.32)	\$ (0.43)	\$ 5.25
Net income from continuing operations attributable to common shareholders -Diluted	\$ 3.15	\$ 8.80	\$ 9.18	\$ 1.28	\$ 3.15	\$ 8.80
Dividends declared	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)
Undistributed earnings	\$ (0.45)	\$ 5.20	\$ 5.58	\$ (2.32)	\$ (0.45)	\$ 5.20

Diluted EPS excludes non vested performance stock grants with exercise prices and exercise tax benefits greater than the average market price of the Company's common stock during the period because their inclusion would be anti-dilutive. There were no anti-dilutive non-vested performance stock grants for the years ended December 31, 2023, 2022 2021 and 2020, 2021.

Share-Based Compensation

ASC 718, *Compensation —Stock Compensation* ("ASC 718"), requires the Company to measure and recognize the cost of employee services received in exchange for an award of equity instruments. Under the provisions of ASC 718, share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period (generally the vesting period of the equity grant).

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See Note 7 for further information regarding share-based compensation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at

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the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In December 2019, November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, 2023-07, *Income Taxes Segment Reporting (Topic 740) 280: Simplifying Improvements to Reportable Segment Disclosures*. This ASU updates reportable segment disclosures primarily through enhanced disclosures about significant segment expenses. This ASU does not change how a Company identifies its operating segments, aggregates those operating segments, or applies the Accounting quantitative thresholds to determine its reportable segments. This ASU is effective for Income Taxes fiscal years starting January 1, 2024, which removes certain exceptions to the general principles of ASC 740, including exceptions to intra-period tax allocation where there is a loss from continuing operations, foreign subsidiary treatment and for calculating interim income taxes when the year-to-date loss exceeds the anticipated loss. periods starting January 1, 2025, and will be applied on a retrospective basis. The update also clarifies ASU has not yet been adopted and amends existing guidance related to changes in tax laws, business combinations, employee stock plans, among others. The Company adopted the ASU effective January 1, 2021. As a result of adoption, there was no impact on the Company's financial position, results of operations, cash flows, or disclosures.

On March 20, 2019, the SEC adopted amendments to Regulation S-K and related rules and forms to modernize and simplify certain disclosure requirements for public companies. The amendments are intended to reduce the costs and burdens of the disclosure process and while continuing to require disclosure of all material information. The amended rules generally were effective on May 2, 2019 and reduced disclosures but some provisions added new requirements. On August 26, 2020, the SEC adopted additional amendments to Regulation S-K to modernize certain disclosure requirements relating to the description of business, legal proceedings and risk factors which are required to be disclosed in the Form 10-K. The amended rules are effective for filings on or after November 9, 2020. The adoption of the new rules did not have a material impact on the Company's consolidated financial position, results of operations or cash flows, or disclosures. but the ASU will require additional disclosures to our annual and interim consolidated financial statements.

In August 2018, December 2023, the FASB issued ASU 2018-13, 2023-09, *Fair Value Measurement Income Taxes (Topic 820) 740: Disclosure Framework—Changes Improvements to Income Tax Disclosures*. This ASU updates the Disclosure Requirements for Fair Value Measurement, which changes required income tax disclosures to include disclosure of income taxes paid disaggregated by jurisdiction and greater disaggregation of information in the fair value measurement disclosure requirements under ASC 820. The Company's adoption of ASU 2018-13 on January 1, 2020 did not have an impact on the fair value disclosures included in Note 16 – Fair Value of Financial Instruments.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326):Measurement of Credit Losses on Financial Statements*, which amends the guidance for the impairment of financial instruments and is expected to result in more timely recognition of impairment losses. The update introduces an impairment model referred to as the current expected credit loss ("CECL") model. The impairment model is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses. The required rate reconciliation. This ASU is also intended to reduce the complexity of the current guidance by decreasing the number of credit impairment models that entities use to account for debt instruments. For public business entities that are SEC filers, the amendments in ASU No. 2016-13 are effective for fiscal years beginning after December 15, 2019 starting January 1, 2025, including interim periods within those fiscal years, and will be applied on a prospective basis. The Company adopted is currently evaluating the updated impact of this guidance on January 1, 2020 using the modified retrospective approach. The updated guidance did not have a material impact on the opening balance of retained earnings. The Company has elected not to measure expected credit losses for accrued interest receivables related to its finance receivables and fixed maturity securities. At January 1, 2020, the Company recognized an allowance for expected credit losses related to its available-for-sale ("AFS") debt securities of \$2,510, consolidated financial statements.

Segments

The Company comprises one business segment: property and casualty insurance operations. Management organizes the business around private passenger automobile insurance in Massachusetts sold exclusively through

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independent agents and offers other personal and commercial insurance as complementary products. In accordance with ASC 280, *Segment Reporting*, the financial information of the segment is presented consistent with the way results are regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

3. Investments

The gross unrealized gains and losses on investments in fixed maturity securities, including redeemable preferred stocks that have characteristics of fixed maturities, and equity securities, including interests in mutual funds, and other invested assets, were as follows for the periods indicated.

		As of December 31, 2022						As of December 31, 2023									
		Cost or		Allowance for		Gross Unrealized		Estimated		Cost or		Allowance for		Gross Unrealized		Estimated	
		Amortized		Expected Credit				Fair		Amortized		Expected Credit				Fair	
		Cost		Cost		Gains		Losses (3)		Cost		Cost		Gains		Losses (3)	
U.S. Treasury securities		\$ 1,825	\$ —	—	\$ —	(156)	\$ 1,669	\$ 2,420	\$ —	—	\$ 15	\$ (115)	\$ 2,320				
Obligations of states and political subdivisions		57,319		—	282	(3,532)	54,069	38,682		—	262	(2,421)	36,523				
Residential mortgage-backed securities (1)		259,878		—	385	(25,761)	234,502	267,271		—	1,945	(21,979)	247,237				
Commercial mortgage-backed securities		156,303		—	107	(16,479)	139,931	153,923		—	200	(14,273)	139,850				
Other asset-backed securities		74,160		—	—	(5,429)	68,731	64,043		—	217	(2,927)	61,333				
Corporate and other securities		603,294		(678)	740	(52,103)	551,253	594,343		(1,208)	3,785	(32,038)	564,882				
Subtotal, fixed maturity securities		1,152,779		(678)	1,514	(103,460)	1,050,155	1,120,682		(1,208)	6,424	(73,753)	1,052,145				
Equity securities (2)		231,444		—	31,857	(23,146)	240,155	221,809		—	25,707	(9,494)	238,022				
Other invested assets (4)		112,850		—	—	—	112,850	133,946		—	—	—	133,946				
Totals		\$ 1,497,073	\$ (678)	\$ 33,371	\$ (126,606)	\$ 1,403,160	\$ 1,476,437	\$ (1,208)	\$ 32,131	\$ (83,247)	\$ 1,424,113						

		As of December 31, 2021									
		Cost or		Allowance for		Gross Unrealized		Estimated			
		Amortized		Expected Credit				Fair			
		Cost		Cost		Gains		Losses (3)		Value	
U.S. Treasury securities		\$ 318	\$ —	—	\$ 6	\$ —	\$ —	\$ 324			
Obligations of states and political subdivisions		111,578		—	4,847		(123)	116,302			
Residential mortgage-backed securities (1)		237,026		—	5,941		(1,503)	241,464			

Commercial mortgage-backed securities	146,318	—	5,007	(442)	150,883
Other asset-backed securities	83,376	—	475	(255)	83,596
Corporate and other securities	609,241	(691)	20,647	(3,487)	625,710
Subtotal, fixed maturity securities	1,187,857	(691)	36,923	(5,810)	1,218,279
Equity securities (2)	211,848	—	54,861	(1,764)	264,945
Other invested assets (4)	87,911	—	—	—	87,911
Totals	\$ 1,487,616	\$ (691)	\$ 91,784	\$ (7,574)	\$ 1,571,135

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	As of December 31, 2022					
	Cost or Amortized	Allowance for Expected Credit	Gross Unrealized		Estimated	
			Cost	Losses	Gains	Losses (3)
U.S. Treasury securities	\$ 1,825	\$ —	\$ —	\$ (156)	\$ —	\$ 1,669
Obligations of states and political subdivisions	57,319	—	282	(3,532)	—	54,069
Residential mortgage-backed securities (1)	259,878	—	385	(25,761)	—	234,502
Commercial mortgage-backed securities	156,303	—	107	(16,479)	—	139,931
Other asset-backed securities	74,160	—	—	(5,429)	—	68,731
Corporate and other securities	603,294	(678)	740	(52,103)	—	551,253
Subtotal, fixed maturity securities	1,152,779	(678)	1,514	(103,460)	—	1,050,155
Equity securities (2)	231,444	—	31,857	(23,146)	—	240,155
Other invested assets (4)	112,850	—	—	—	—	112,850
Totals	\$ 1,497,073	\$ (678)	\$ 33,371	\$ (126,606)	\$ —	\$ 1,403,160

(1) Residential mortgage-backed securities consists primarily of obligations of U.S. Government agencies including collateralized mortgage obligations issued, guaranteed and/or insured by the following issuers: Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) and the Federal Home Loan Bank (FHLB).

(2) Equity securities include common stock, preferred stock, mutual funds and interests in mutual funds held to fund the Company's executive deferred compensation plan.

(3) The Company's investment portfolio included 1,195,861 and 444,1,195 securities in an unrealized loss position at December 31, 2022 December 31, 2023 and December 31, 2021, 2022, respectively.

(4) Other invested assets are accounted for under the equity method which approximates fair value.

The amortized cost and the estimated fair value of fixed maturity securities, by maturity, are shown below for the period indicated. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

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	As of December 31, 2022		As of December 31, 2023	
	Amortized Cost		Estimated Fair Value	
	Cost	Fair Value	Cost	Fair Value
Due in one year or less	\$ 4,899	\$ 4,665	\$ 31,463	\$ 31,048
Due after one year through five years	289,109	269,852	338,918	323,755
Due after five years through ten years	328,816	296,368	241,110	226,452
Due after ten years through twenty years	38,044	34,623	23,704	22,178
Due after twenty years	1,570	1,483	250	292
Asset-backed securities	490,341	443,164	485,237	448,420
Totals	\$ 1,152,779	\$ 1,050,155	\$1,120,682	\$1,052,145

The gross realized gains and losses on sales of investments were as follows for the periods indicated.

	Years Ended December 31,			Years Ended December 31,		
	2022		2021	2020		2023
	2022	2021	2020	2023	2022	2021
Gross realized gains						
Fixed maturity securities	\$ 1,511	\$ 3,666	\$ 1,645	\$ 1,025	\$ 1,511	\$ 3,666
Equity securities	12,367	12,275	6,864	8,584	12,367	12,275
Gross realized losses						
Fixed maturity securities	(2,987)	(1,036)	(2,166)	(3,577)	(2,987)	(1,036)
Equity securities	(1,701)	(20)	(5,386)	(4,705)	(1,701)	(20)
Net realized gains on investments	\$ 9,190	\$ 14,885	\$ 957	\$ 1,327	\$ 9,190	\$ 14,885

In the normal course of business, the Company enters into transactions involving various types of financial instruments, including investments in fixed maturities and equity securities. Investment transactions have credit exposure to the extent that a counter party may default on an obligation to the Company. Credit risk is a consequence of carrying, trading and investing in securities. To manage credit risk, the Company focuses on higher quality fixed income securities, reviews the credit strength of all companies in which it invests, limits its exposure in any one investment and monitors the portfolio quality, taking into account credit ratings assigned by recognized statistical rating organizations.

The following tables as of December 31, 2022 and 2021 present the gross unrealized losses included in the Company's investment portfolio and the fair value of those securities aggregated by investment category. The tables also present the length of time that they have been in a continuous unrealized loss position.

	As of December 31, 2022					
	Less than 12 Months		12 Months or More		Total	
	Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasury securities	\$ 1,669	\$ 156	\$ —	\$ —	\$ 1,669	\$ 156
Obligations of states and political subdivisions	34,178	2,504	3,072	1,028	37,250	3,532
Residential mortgage-backed securities	140,855	12,254	70,956	13,507	211,811	25,761
Commercial mortgage-backed securities	110,073	11,632	24,653	4,847	134,726	16,479

Other asset-backed securities	41,113	2,358	27,618	3,071	68,731	5,429
Corporate and other securities	386,401	28,048	131,046	24,055	517,447	52,103
Subtotal, fixed maturity securities	714,289	56,952	257,345	46,508	971,634	103,460
Equity securities	116,881	21,198	6,209	1,948	123,090	23,146
Total temporarily impaired securities	\$ 831,170	\$ 78,150	\$ 263,554	\$ 48,456	\$ 1,094,724	\$ 126,606

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The following tables as of December 31, 2023 and 2022 present the gross unrealized losses included in the Company's investment portfolio and the fair value of those securities aggregated by investment category. The tables also present the length of time that they have been in a continuous unrealized loss position.

	As of December 31, 2023					
	Less than 12 Months		12 Months or More		Total	
	Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasury securities	\$ —	\$ —	\$ 1,708	\$ 115	\$ 1,708	\$ 115
Obligations of states and political subdivisions	403	17	28,893	2,404	29,296	2,421
Residential mortgage-backed securities	11,248	167	182,794	21,812	194,042	21,979
Commercial mortgage-backed securities	4,067	108	130,493	14,165	134,560	14,273
Other asset-backed securities	5,973	224	46,600	2,703	52,573	2,927
Corporate and other securities	39,453	1,338	369,163	30,700	408,616	32,038
Subtotal, fixed maturity securities	61,144	1,854	759,651	71,899	820,795	73,753
Equity securities	34,272	3,079	45,797	6,415	80,069	9,494
Total temporarily impaired securities	\$ 95,416	\$ 4,933	\$ 805,448	\$ 78,314	\$ 900,864	\$ 83,247

	As of December 31, 2021					
	Less than 12 Months		12 Months or More		Total	
	Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasury securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Obligations of states and political subdivisions	2,985	85	1,012	38	3,997	123
Residential mortgage-backed securities	97,116	1,502	11	1	97,127	1,503
Commercial mortgage-backed securities	29,660	442	—	—	29,660	442
Other asset-backed securities	39,266	255	—	—	39,266	255
Corporate and other securities	181,470	3,140	11,436	347	192,906	3,487
Subtotal, fixed maturity securities	350,497	5,424	12,459	386	362,956	5,810
Equity securities	19,457	1,559	1,029	205	20,486	1,764
Total temporarily impaired securities	\$ 369,954	\$ 6,983	\$ 13,488	\$ 591	\$ 383,442	\$ 7,574

	As of December 31, 2022					
	Less than 12 Months		12 Months or More		Total	
	Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasury securities	\$ 1,669	\$ 156	\$ —	\$ —	\$ 1,669	\$ 156
Obligations of states and political subdivisions	34,178	2,504	3,072	1,028	37,250	3,532
Residential mortgage-backed securities	140,855	12,254	70,956	13,507	211,811	25,761
Commercial mortgage-backed securities	110,073	11,632	24,653	4,847	134,726	16,479
Other asset-backed securities	41,113	2,358	27,618	3,071	68,731	5,429
Corporate and other securities	386,401	28,048	131,046	24,055	517,447	52,103
Subtotal, fixed maturity securities	714,289	56,952	257,345	46,508	971,634	103,460
Equity securities	116,881	21,198	6,209	1,948	123,090	23,146
Total temporarily impaired securities	\$ 831,170	\$ 78,150	\$ 263,554	\$ 48,456	\$ 1,094,724	\$ 126,606

At December 31, 2022 December 31, 2023, U.S. Government residential mortgage backed securities with a fair value of \$40,195 \$53,503 are pledged as collateral for a borrowing with the Federal Home Loan Bank of Boston ("FHLB-Boston") as described in Note 10 – Debt. These securities are included in fixed maturity securities on the Company's Consolidated Balance Sheets.

Impairments

For fixed maturities that the Company does not intend to sell or for which it is more likely than not that the Company would not be required to sell before an anticipated recovery in value, the Company separates the credit loss component of the impairment from the amount related to all other factors. The expected credit loss component is recognized as an allowance for expected credit losses. The allowance is adjusted for any additional credit losses and subsequent recoveries, which are booked in income as either credit loss expense or credit loss benefit, respectively. Upon recognizing a credit loss, the cost basis is not adjusted. The impairment related to all other factors (non-credit factors) is reported in other comprehensive income.

For fixed maturities where the Company records a credit loss, a determination is made as to the cause of the impairment and whether the Company expects a recovery in the value. For fixed maturities where the Company expects a recovery in value, the constant effective yield method is utilized, and the investment is amortized to par.

For fixed maturity investments the Company intends to sell or for which it is more likely than not that the Company will be required to sell before an anticipated recovery in value, the full amount of the impairment is included in credit loss expense. The new cost basis of the investment is the previous amortized cost basis less the impairment recognized in credit loss expense. The new cost basis is not adjusted for any subsequent recoveries in fair value.

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The Company uses a systematic methodology to evaluate declines in fair values below cost or amortized cost of our investments. Some of the factors considered in assessing impairment of fixed maturities due to credit losses include the extent to which the fair value is less than amortized cost, the financial condition of and the near and long-term prospects of the issuer, whether the debtor is current on its contractually obligated interest and principal payments, changes to the rating of the security by a rating agency, the historical volatility of the fair value of the security and whether it is more like than not that the Company will be required to sell the investment prior to an anticipated recovery in value.

As of December 31, 2022 December 31, 2023, the Company concluded that \$678 \$1,208 of unrealized losses were due to credit factors and were recorded as an allowance for expected credit losses, compared to \$691 \$678 as of December 31, 2021 December 31, 2022. The Company concluded that outside of the securities that were recognized as credit impaired, the unrealized losses recorded on the fixed maturity portfolio at December 31, 2022 December 31, 2023 and 2021 2022 resulted from fluctuations in market interest rates and other temporary market conditions as opposed to fundamental changes in the credit quality of the issuers of such securities. Based upon the analysis performed, the Company's decision to hold these securities, the Company's current level of liquidity and our history of positive operating cash flows, management believes it is more likely than not that it will not be required to sell any of its securities before the anticipated recovery in the fair value to its amortized cost basis.

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The following tables represent a reconciliation of the beginning and ending balances of the allowance for expected credit losses on fixed maturities classified as available for sale.

	Year Ended December 31,		Year Ended December 31,	
	2022	2021	2023	2022
Beginning of period	\$ 691	\$ 1,054	\$ 678	\$ 691
Credit losses on securities with no previously recorded credit losses	193	9	1,395	193
Net increases (decreases) in allowance on previously impaired securities	98	(137)	254	98
Reduction due to sales	(304)	(235)	(771)	(304)
Writeoffs charged against allowance	—	—	(348)	—
Recoveries of amounts previously written off	—	—	—	—
Ending balance of period	\$ 678	\$ 691	\$ 1,208	\$ 678

The Company holds no subprime mortgage debt securities. All of the Company's holdings in mortgage-backed securities are either U.S. Government or Agency guaranteed or are rated investment grade by either Moody's or Standard & Poor's.

Net Investment Income

The components of net investment income were as follows for the periods indicated.

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
Interest on fixed maturity securities	\$ 40,886	\$ 36,160	\$ 37,727	\$ 46,609	\$ 40,886	\$ 36,160
Dividends on equity securities	6,746	6,421	5,044	7,298	6,746	6,421
Equity in earnings of other invested assets	2,304	4,895	1,378	5,521	2,304	4,895
Interest on other assets	61	22	27	219	61	22
Total Investment Income	49,997	47,498	44,176	59,647	49,997	47,498
Investment expenses	3,272	3,363	3,131	3,270	3,272	3,363
Net investment income	\$ 46,725	\$ 44,135	\$ 41,045	\$ 56,377	\$ 46,725	\$ 44,135

4. Allowance for Expected Credit Losses

The Company's financial instruments include premiums and accounts receivable, and reinsurance recoverables.

Premiums and accounts receivable are reported net of an allowance for expected credit losses. The allowance is based upon the Company's ongoing review of amounts outstanding, historical loss data, including delinquencies and write-offs, current and forecasted economic conditions and other relevant factors. Credit risk is partially mitigated by the

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Company's ability to cancel the policy if the policyholder does not pay the premium and the Company writes off premiums receivable balances that are more than 90 days overdue.

The following tables present the balances of premiums receivable, net of the allowance for expected credit losses, for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, and changes in the allowance for expected credit losses for the years ended December 31, 2022 December 31, 2023 and 2021, 2023.

	At and For the		At and For the	
	Year Ended December 31, 2022		Year ended December 31, 2021	
	Accounts Receivable	Allowance for	Accounts Receivable	Allowance for
	Net of Allowance for	Allowance for	Net of Allowance for	Allowance for
	Expected Credit	Expected Credit	Expected Credit	Expected Credit
	Losses	Losses	Losses	Losses
Balance, beginning of period	\$ 170,953	\$ 1,808	\$ 179,147	\$ 1,754
Current period change for expected credit losses		1,339		2,339
Writeoffs of uncollectable accounts receivable		(1,701)		(2,285)
Balance, end of period	\$ 192,542	\$ 1,446	\$ 170,953	\$ 1,808

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	At and For the			
	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Accounts Receivable	Net of Allowance for	Accounts Receivable	Net of Allowance for
	Expected Credit	Expected Credit	Expected Credit	Expected Credit
	Losses	Losses	Losses	Losses
Balance, beginning of period	\$ 192,542	\$ 1,446	\$ 170,953	\$ 1,808
Current period change for expected credit losses		2,598		1,339
Writeoffs of uncollectable accounts receivable		(2,991)		(1,701)
Balance, end of period	\$ 256,687	\$ 1,053	\$ 192,542	\$ 1,446

Reinsurance recoverables include amounts due from reinsurers for both paid and unpaid losses. The Company cedes insurance to CAR and to other reinsurers. The Company has a property catastrophe excess of loss agreement and a casualty excess of loss agreement that qualify as reinsurance treaties and are designed to protect against large or unusual loss and LAE activity. 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. The Company evaluates the financial condition of its reinsurers and monitors economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. The Company reports its reinsurance recoverables net of an allowance for estimated uncollectible reinsurance. A probability-of-default methodology which reflects current and forecasted economic conditions is used to estimate the amount of uncollectible reinsurance due to credit-related factors and the estimate is reported in an allowance for estimated uncollectible reinsurance. Amounts deemed to be uncollectible, including amounts due from known insolvent reinsurers, are written off against the allowance. Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of claims and claim adjustment expenses.

The majority of the Company's reinsurance recoverable on paid and unpaid losses is a result of our participation as a servicing carrier in the CAR Commercial Automobile Program, which represents 94% of the total reinsurance recoverable on paid and unpaid losses at December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The remaining 6% of amounts due from reinsurers are related to our other excess of loss and quota share contracts. For amounts due under these contracts, the Company utilizes updated A.M. Best credit ratings on a quarterly basis to determine the allowance for expected credit losses. As of December 31, 2022 December 31, 2023 and 2021, 2022, all reinsurers under these programs are rated "A" or better by A.M. Best. Certain of the Company's reinsurance recoverables are collateralized by letters of credit, funds held or trust agreements. The Company's analysis concludes that there are no expected credit losses at December 31, 2022 December 31, 2023 or 2021, 2022.

[Table of Contents](#)**5. Equipment and Leasehold Improvements**

The carrying value of equipment and leasehold improvements by classification was as follows for the periods indicated. Equipment and leasehold improvements are included in other assets in the consolidated balance sheets.

	As of December 31,		As of December 31,	
	2022	2021	2023	2022

Software	\$ 58,079	\$ 57,463	\$ 58,896	\$ 58,079
Computer equipment	15,649	15,425	16,264	15,649
Leasehold improvements	8,264	8,264	8,264	8,264
Other equipment	3,132	3,132	3,132	3,132
Furniture and fixtures	4,346	4,346	4,346	4,346
Total cost	89,470	88,630	90,902	89,470
Less accumulated depreciation and amortization	71,342	65,188	79,182	71,342
Equipment and leasehold improvements, net	\$ 18,128	\$ 23,442	\$ 11,720	\$ 18,128

Depreciation and amortization expense for the years ended December 31, 2022 December 31, 2023, 2022, and 2021 was \$7,840, \$7,876 and 2020 was \$7,876, \$6,896, and \$7,526, respectively and is included in underwriting, operating and related expenses.

6. Employee Benefit Plan

The Company sponsors the Safety Insurance Company 401(k) qualified defined contribution retirement plan (the "Retirement Plan"). The Retirement Plan is available to all eligible employees of the Company. An employee must be 21 years of age to be eligible to participate in the Retirement Plan and is allowed to contribute on a pre-tax basis up to the maximum allowed under federal law. The Retirement Plan is administered by the Company and is subject to the provisions of the Employee Retirement Income Security Act of 1974. At the close of each Retirement Plan year, the Company makes a matching contribution equal to 100% of the amount each participant contributed during the plan year from their total pay, up to a maximum amount of 8% of the participant's base salary, to those participants who have contributed to the Retirement Plan and were employed on the last day of the Retirement Plan year. Compensation expense related to the Retirement Plan was \$3,382, 3,788, \$3,382, and \$3,433 and \$3,388 for the years ended December 31, 2022 December 31, 2023, 2021.

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2022, and 2020, 2021, respectively.

7. Share-Based Compensation

2018 Long Term Incentive Plan

On March 24, 2022, the Company's Board of Directors adopted the Amended and Restated Safety Insurance Group, Inc. 2018 Long-Term Incentive Plan ("the Amended 2018 Plan"), which was subsequently approved by our shareholders at the 2022 Annual Meeting of Shareholders. The Amended 2018 Plan increases the share pool limit by adding 350,000 common shares to the previously adopted Safety Insurance Group, Inc. 2018 Long-Term Incentive Plan. The Amended 2018 Plan enables the grant of stock awards, performance shares, cash-based performance units, other stock-based awards, stock options, stock appreciation rights, and stock unit awards, each of which may be granted separately or in tandem with other awards. Eligibility to participate includes officers, directors, employees and other individuals who provide bona fide services to the Company. The Amended 2018 Plan supersedes the Company's 2002 Management Omnibus Incentive Plan ("the 2002 Incentive Plan").

The Amended 2018 Plan establishes a pool of 700,000 shares of common stock available for issuance to our employees and other eligible participants. The Board of Directors and the Compensation Committee intend to issue awards under the Amended 2018 Plan in the future.

The maximum number of shares of common stock between the Amended 2018 Plan and the 2002 Incentive Plan with respect to which awards may be granted is 3,200,000. No further grants will be allowed under the 2002 Incentive Plan. At December 31, 2022 December 31, 2023, there were 444,216 373,422 shares available for future grant.

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Restricted Stock

Service-based restricted stock awarded in the form of unvested shares is recorded at the market value of the Company's common stock on the grant date and amortized ratably as compensation expense over the requisite service period. Service-based restricted stock awards generally vest over a three-year period and vest 30% on the first and second anniversaries of the grant date and 40% on the third anniversary of the grant date, except for non-executive employees' restricted stock awards granted prior to 2018 which vest ratably over a five-year service period and independent directors' stock awards which vest immediately. Our independent directors are subject to stock ownership guidelines, which require them to have a value equal to four times their annual cash retainer.

In addition to service-based awards, the Company grants performance-based restricted shares to certain employees. These performance shares cliff vest after a three-year performance period provided certain performance measures are attained. A portion of these awards, which contain a market condition, vest according to the level of total shareholder return achieved by the Company compared to its property-casualty insurance peers over a three-year period. The remainder, which contain a performance condition, vest according to the level of Company's combined ratio results compared to a target based on its property-casualty insurance peers.

Actual payouts can range from 0% to 200% of target shares awarded depending upon the level of achievement of the respective market and performance conditions during a three calendar-year performance period. Compensation expense for share awards with a performance condition is based on the probable number of awards expected to vest using the performance level most likely to be achieved at the end of the performance period.

Performance-based awards with market conditions are accounted for and measured differently from awards that have a performance or service condition. The effect of a market condition is reflected in the award's fair value on the grant date. That fair value is recognized as compensation cost over the requisite service period regardless of whether the market-based performance objective has been satisfied.

All of the Company's restricted stock awards are issued as incentive compensation and are equity classified.

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The following table summarizes restricted stock activity under the Amended 2018 Plan assuming a target payout for the performance-based shares.

Years Ended December 31,						Years Ended December 31,					
2022		2021		2020		2023		2022		2021	
Shares	Weighted	Shares	Weighted	Shares	Weighted	Shares	Weighted	Shares	Weighted	Shares	Weighted
Under	Average	Under	Average	Under	Average	Under	Average	Under	Average	Under	Average
Restriction	Fair Value	Restriction	Fair Value	Restriction	Fair Value	Restriction	Fair Value	Restriction	Fair Value	Restriction	Fair Value

Outstanding at beginning of year	65,171	\$ 84.30	66,550	\$ 85.16	78,202	\$ 79.09	63,413	\$ 83.87	65,171	\$ 84.30
Granted	38,864	85.22	39,840	79.27	34,799	90.10	40,101	80.03	38,864	85.22
Vested and unrestricted	(38,328)	86.02	(40,763)	80.82	(43,757)	78.10	(36,352)	83.87	(38,328)	86.02
Forfeited	(2,294)	83.10	(456)	81.17	(2,694)	87.70	(233)	81.62	(2,294)	83.10
Outstanding at end of period	63,413	\$ 83.87	65,171	\$ 84.30	66,550	\$ 85.16	66,929	81.58	63,413	83.87
Years Ended December 31,										
	2022		2021		2020		2023		2022	
	Performance-based	Weighted								
	Shares Under Restriction	Average Fair Value								
Outstanding at beginning of year	72,418	\$ 86.53	71,964	\$ 84.94	84,105	\$ 79.34	75,069	\$ 84.46	72,418	\$ 86.53
Granted (1)	31,828	86.35	49,460	77.56	36,649	84.68	30,693	81.81	31,828	86.35
Vested and unrestricted	(26,504)	92.52	(48,666)	75.05	(42,123)	73.55	(26,599)	90.50	(26,504)	92.52
Forfeited	(2,673)	83.01	(340)	87.43	(6,667)	84.86	(172)	83.39	(2,673)	83.01
Outstanding at end of period	75,069	\$ 84.46	72,418	\$ 86.53	71,964	\$ 84.94	78,991	81.40	75,069	84.46

(1) Includes a true-up of previously awarded performance-based restricted share awards. The updated shares were calculated based on the attainment of pre-established performance objectives.

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As of December 31, 2022 December 31, 2023, there was \$5,370 4,404 of unrecognized compensation expense related to non-vested restricted stock awards that is expected to be recognized over a weighted average period of 1.4 years. The total fair value of the shares that were vested and unrestricted during the years ended December 31, 2022 December 31, 2023, 2022, and 2021 was \$5,456, \$5,749 and 2020 was \$5,749, \$6,947, and \$6,516, respectively. For the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, the Company recorded compensation expense related to awards under the Incentive Plan of \$3,422, \$4,724, \$4,971, and \$5,893, \$4,971, net of income tax benefit of \$910, \$1,256, \$1,321, and \$1,566, \$1,321, respectively.

8. Commitments and Contingencies

Commitments

As part of the Company's investment activity, we have committed \$160,000 to investments in limited partnerships. The Company has contributed \$114,418 to these commitments as of December 31, 2022. As of December 31, 2022, the remaining committed capital that could be called is \$52,000, which includes potential recallable capital distributions.

Contingencies

Various claims, generally incidental to the conduct of normal business, are pending or alleged against the Company from time to time. In the opinion of management, based in part on the advice of legal counsel, the ultimate resolution of such claims will not have a material adverse effect on the Company's consolidated financial statements. However, if estimates of the ultimate resolutions of those proceedings are revised, liabilities related to those proceedings could be adjusted in the near term.

The Company had been named in a lawsuit alleging that the Company improperly denied coverage to commercial insureds for loss of business income resulting from the COVID-19 pandemic. Our position is that no coverage existed for this peril. As a result of the lawsuit, the Company accrued a reserve of \$6,500 for legal defense costs included in Loss and Losses Adjustment Expenses during the year ended December 31, 2021. During the year ended December 31, 2022, the claim against the Company was closed and the accrual of \$6,500 was reversed.

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On October 19, 2021, the Supreme Judicial Court of Massachusetts (the "Court" "SJC") unanimously ruled that property and casualty insurers must compensate third-party claimants under property damage coverage, part 4 of the standard Massachusetts automobile insurance policy, 2008 edition (standard policy), for the inherent diminished value ("IDV") that occurs when their vehicles are damaged in a crash. This ruling overturned a previous decision by the Massachusetts Superior Court (the "Superior Court"), which found that a Massachusetts auto insurance policy did not provide property damage coverage for inherent diminished value damages for third-party claimants. The Court SJC placed the burden of proof on the individual claimant by explicitly specifying that the claimant must establish that the vehicle has suffered IDV damages and also the amount of IDV damages at issue. The Court SJC further ruled that an insurer's previous denial of coverage for such damages could not serve as the basis for a claim of unfair business practices. On June 20, 2023, the Superior Court denied a motion brought by the plaintiffs seeking class certification. The plaintiffs have since filed a motion to amend the complaint, seeking to address the concerns raised by the Superior Court in denying their motion for class certification; Safety has opposed the motion to amend the complaint, which has yet to be heard or ruled on by the Superior Court. Based on the Court's SJC's rulings, at this time the Company does not expect any claims for IDV damages to be material, and therefore has not accrued for a specific loss contingency.

Massachusetts law requires that insurers licensed to do business in Massachusetts participate in the Massachusetts Insurers Insolvency Fund ("Insolvency Fund"). Members of the Insolvency Fund are assessed a proportionate share of the obligations and expenses of the Insolvency Fund in connection with an insolvent insurer. It is anticipated that there will be additional assessments from time to time relating to various insolvencies. Although the timing and amounts of any future assessments are not known, based upon existing knowledge, management's opinion is that such future assessments will not have a material effect upon the financial position of the Company.

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9. Leases

The Company has various non-cancelable, long-term operating leases, the largest of which are for office space including the corporate headquarters, agency locations, VIP claims centers and law offices. Other operating leases consist of auto leases and various office equipment. The Company has no finance leases. Our leases have remaining lease terms of one year to **eight****five** years, some of which **also** include options to extend the leases for **up to five years**, **an additional five-year period**.

Certain lease agreements contain renewal options and, in addition to the minimum annual rentals, generally provide for payment of a share of the real estate taxes and operating expenses in excess of a base amount. Rental expense for our office space, law offices and VIP claims centers was \$4,294, \$3,948 ~~\$3,852~~ and ~~\$3,477~~ \$3,852 for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively. All leases expire prior to 2029. The Company expects that in the normal course of business, leases that expire will be renewed.

In calculating lease liabilities the Company uses its incremental borrowing rate as of the application date based on original lease terms. The components of lease expense were as follows:

	Year Ended December 31,			Year Ended December 31,		
	2022		2021		2020	
	2023	2022	2021	2020	2019	
Operating lease cost	\$	4,214	\$	4,464	\$	4,591
						\$4,115 \$4,214 \$4,464

Other information related to leases was as follows:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:						
Operating cash flows from operating leases	\$ 4,757	\$ 4,979	\$ 5,073	\$ 4,647	\$ 4,757	\$ 4,979
Weighted average remaining lease term						
Operating leases	5.75 Years	6.65 Years	7.57 Years	4.81 Years	5.75 Years	6.65 Years
Weighted average discount rate						
Operating leases	2.39%	2.34%	2.33%	2.48%	2.39%	2.34%

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Maturities of lease liabilities were as follows:

Operating Leases

2023	\$	4,521
2024		4,269
2025		3,867
2026		3,857
2027		3,857
2028		3,906
Thereafter		3,860
Total lease payments		24,231
Less imputed interest		(895)
Total	\$	23,336
		\$ 19,756

10. Debt

On **August 10, 2018** **August 10, 2023**, the Company extended its Revolving Credit Agreement (the "Credit Agreement") with Citizens Bank, N.A. (formerly known as RBS Citizens, N.A. ("Citizens Bank")) to a maturity date of **August 10, 2023** **August 10, 2028**. The Credit Agreement provides a \$30,000 revolving credit facility with an accordion feature allowing for future expansion of the committed amount up to \$50,000. Loans under the credit facility bear interest at the Company's option at either (i) the **higher of Citizens Bank LIBOR prime rate, the SOFR**

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rate plus 1.25% per annum, or (ii) the **higher of Citizens Bank prime rate or 0.5% above the federal funds rate plus 1.25% per annum**. The Credit Agreement has additional language to select an alternate benchmark interest rate to replace the LIBOR rate when it is no longer available for use. **rate**. Interest only is payable prior to maturity.

The Company's obligations under the credit facility are secured by pledges of its assets and the capital stock of its operating subsidiaries. The credit facility is guaranteed by the Company's non-insurance company subsidiaries. The credit facility contains covenants including requirements to maintain minimum risk-based capital ratios and statutory surplus of Safety Insurance Company as well as limitations or restrictions on indebtedness, liens, and other matters. As of **December 31, 2022** **December 31, 2023**, the Company was in compliance with all covenants. In addition, the credit facility includes customary events of default, including a cross-default provision permitting the lenders to accelerate the facility if the Company (i) defaults in any payment obligation under debt having a principal amount in excess of \$10,000 or (ii) fails to perform any other covenant permitting acceleration of all such debt.

The Company had no amounts outstanding on its credit facility at December 31, **2022** **2023** or **2021**, **2022**. The credit facility commitment fee included in interest expense was computed at a rate of **0.20%** and **0.25%** per annum on the \$30,000 commitment at **December 31, 2022** **December 31, 2023** and **2021**, **2022**, respectively.

The Company is a member of the FHLB-Boston. Membership in the FHLB-Boston allows the Company to borrow money at competitive interest rates provided the loan is collateralized by specific U.S. Government residential mortgage backed securities. At **December 31, 2022** **December 31, 2023**, the Company has the ability to borrow approximately **\$201,396** **203,152** using eligible invested assets that would be used as collateral.

On March 17, 2020, the Company borrowed \$30,000 from the FHLB-Boston for a term of five-years, bearing interest at a rate of 1.42%. Interest is payable monthly and the principal is due on the maturity date of March 17, 2025 but may be prepaid in whole or in part by the Company in advance with a minor penalty for prepayment.

On December 29, 2022, the Company borrowed \$5,000 from the FHLB-Boston for a term of one-month, bearing interest at a rate of 4.34%. The interest and principal was paid on the maturity date of January 27, 2023.

On March 7, 2023, the Company borrowed \$15,000 from FHLB-Boston for a term of one-month, bearing an interest rate of 4.92%. The interest and principal was paid on the maturity date of April 5, 2023.

On June 29, 2023, the Company borrowed \$5,000 from FHLB-Boston for a term of one-week, bearing an interest rate of 5.24%. The interest and principal was paid on the maturity date of July 6, 2023.

The Company estimates the fair value of the FHLB-Boston loans by discounting cash flows using the interest rate stated in the loan agreements, which is an observable input. As such, the loans are categorized as Level 2 within the fair value hierarchy. The fair value of the outstanding loans was \$35,807 \$30,468 and \$31,061 \$35,807 at December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The loans are fully collateralized by specific U.S. Government residential mortgage-backed securities with a fair value of \$40,195 \$53,503 and \$40,398 \$40,195 at year ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The borrowing is outstanding from the FHLB-Boston at year ended December 31, 2022 December 31, 2023 and 2021, 2022.

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Interest expense on the FHLB-Boston borrowing was \$524 \$818 and \$522 \$524 for the year years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

11. Reinsurance

The Company cedes insurance to CAR and to other reinsurers. The Company has various excess of loss and quota share agreements that qualify as reinsurance treaties and are designed to protect against large or unusual loss and LAE activity. 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. The Company evaluates the financial condition of its reinsurers and monitors economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

The Company is subject to concentration of credit risk with respect to reinsurance ceded. At December 31, 2023, reinsurance receivables on paid and unpaid loss and LAE with a carrying value of \$116,008 and ceded unearned

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premiums of \$29,890 were associated with CAR. At December 31, 2022, reinsurance receivables on paid and unpaid loss and LAE with a carrying value of \$99,688 and ceded unearned premiums of \$26,377 were associated with CAR. At December 31, 2021, reinsurance receivables on paid and unpaid loss and LAE with a carrying value of \$106,608 and ceded unearned premiums of \$21,841 were associated with CAR. The Company assumes a proportionate share of the obligations from CAR. The Company makes an estimate of its share of assumed activity from the most recent quarter reported by CAR and records adjustments to the reported activity to reflect its anticipated final assumed obligations. The Company's participation in CAR resulted in assumed net losses income of \$100, \$3,326 \$5,002 and \$3,480 \$5,002 for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

CAR has been, with few exceptions, required by law to issue a policy to any applicant who seeks it. As a servicing carrier of CAR, this requirement has applied to the Company.

The effect of assumed and ceded premiums on net written and earned premiums and losses and LAE incurred is as follows.

	Years Ended December 31,			Years Ended December 31,		
	2022		2021	2020		2023
	2022	2021	2020	2023	2022	2021
Written Premiums						
Direct	\$ 823,318	\$ 802,139	\$ 798,712	\$ 991,224	\$ 823,318	\$ 802,139
Assumed	28,835	31,359	26,316	30,850	28,835	31,359
Ceded	(78,418)	(68,972)	(61,491)	(96,779)	(78,418)	(68,972)
Net written premiums	<u>\$ 773,735</u>	<u>\$ 764,526</u>	<u>\$ 763,537</u>	<u>\$ 925,295</u>	<u>\$ 773,735</u>	<u>\$ 764,526</u>
Earned Premiums						
Direct	\$ 803,289	\$ 811,329	\$ 815,981	\$ 897,598	\$ 803,289	\$ 811,329
Assumed	28,976	30,583	29,365	29,702	28,976	30,583
Ceded	(73,760)	(67,584)	(74,268)	(92,886)	(73,760)	(67,584)
Net earned premiums	<u>\$ 758,505</u>	<u>\$ 774,328</u>	<u>\$ 771,078</u>	<u>\$ 834,414</u>	<u>\$ 758,505</u>	<u>\$ 774,328</u>
Loss and LAE						
Direct	\$ 515,535	\$ 473,162	\$ 428,018	\$ 691,768	\$ 515,535	\$ 473,162
Assumed	18,627	16,873	18,595	23,706	18,627	16,873
Ceded	(42,183)	(28,308)	(42,057)	(73,172)	(42,183)	(28,308)
Net loss and LAE	<u>\$ 491,979</u>	<u>\$ 461,727</u>	<u>\$ 404,556</u>	<u>\$ 642,302</u>	<u>\$ 491,979</u>	<u>\$ 461,727</u>

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12. Loss and Loss Adjustment Expense Reserves

The following table sets forth a reconciliation of beginning and ending reserves for losses and loss adjustment expenses ("LAE"), as shown in the Company's consolidated financial statements for the periods indicated.

	Year Ended December 31,			Year Ended December 31,		
	2022		2021	2020		2023
	2022	2021	2020	2023	2022	2021
Reserves for losses and LAE at beginning of year	\$ 570,651	\$ 567,581	\$ 610,566	\$ 549,598	\$ 570,651	\$ 567,581
Less receivable from reinsurers related to unpaid losses and LAE	(90,667)	(106,311)	(122,372)	(93,394)	(90,667)	(106,311)
Net reserves for losses and LAE at beginning of year	<u>479,984</u>	<u>461,270</u>	<u>488,194</u>	<u>456,204</u>	<u>479,984</u>	<u>461,270</u>

Incurred losses and LAE, related to:						
Current year	549,258	515,400	459,400	689,683	549,258	515,400
Prior years	(57,279)	(53,673)	(54,844)	(47,381)	(57,279)	(53,673)
Total incurred losses and LAE	491,979	461,727	404,556	642,302	491,979	461,727
Paid losses and LAE related to:						
Current year	342,971	310,116	277,754	409,634	342,971	310,116
Prior years	172,788	132,897	153,726	198,414	172,788	132,897
Total paid losses and LAE	515,759	443,013	431,480	608,048	515,759	443,013
Net reserves for losses and LAE at end of period	456,204	479,984	461,270	490,458	456,204	479,984
Plus receivable from reinsurers related to unpaid losses and LAE	93,394	90,667	106,311	112,623	93,394	90,667
Reserves for losses and LAE at end of period	\$ 549,598	\$ 570,651	\$ 567,581	\$603,081	\$549,598	\$ 570,651

At the end of each period, the reserves were re-estimated for all prior accident years. The Company's prior year reserves decreased by \$47,381, \$57,279, \$53,673, and \$54,844, \$53,673, for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, respectively, and resulted from re-estimations of prior years' ultimate loss and LAE liabilities. The decrease in prior year reserves during 2023 was primarily composed of reductions of \$15,451 in the Company's retained automobile and

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\$29,782 in the Company's retained other than auto and homeowners reserves. The decrease in prior year reserves during 2022 was primarily composed of reductions of \$20,241 in the Company's retained automobile and \$32,963 in the Company's retained other than auto and homeowners reserves. The decrease in prior year reserves during 2021 was primarily composed of reductions of \$22,313 in the Company's retained automobile and \$26,220 in the Company's retained other than auto and homeowners reserves. The decrease in prior year reserves during 2020 was primarily composed of reductions of \$26,902 in the Company's retained automobile and \$21,717 in the Company's retained homeowners reserves.

The Company's private passenger automobile line of business prior year reserves decreased during the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 primarily due to improved retained private passenger results. The improved retained private passenger results were primarily due to fewer incurred but not yet reported claims than previously estimated and better than previously estimated severity on the Company's established bodily injury and property damage case reserves.

The following is information about incurred and paid claims development as of December 31, 2022 December 31, 2023, net of reinsurance, as well as cumulative claim frequency and the total of incurred-but-not-reported liabilities plus expected development on reported claims included within the net incurred claims amounts for our three largest lines of business. The cumulative number of reported claims include claims closed with payment, claims closed without payment and all open claims. It does not include anticipated IBNR claims. For the Private Passenger Automobile and Commercial Automobile lines of business, claim count is defined on a claimant basis where several claim counts may arise from a single auto accident. For Homeowners and all other lines of business, claim count is defined on an accident basis.

The information about incurred claims and allocated claim adjustment expense, net of reserves and paid ultimate claims development for the years ended December 31, 2013 December 31, 2014 to 2021 2023 is presented as required supplementary information.

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Private Passenger Automobile Liability

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

As of December 31, 2022

Accident Year	For the Years Ended December 31,										Reported Claims	Cumulative Number of Reported Claims	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			
(Unaudited)													
2013	\$ 183,367	\$ 183,517	\$ 183,264	\$ 181,492	\$ 179,167	\$ 176,713	\$ 175,684	\$ 175,718	\$ 175,362	\$ 175,374	(\$ 84)	54,248	
2014	187,305	187,104	186,798	183,119	181,312	179,251	179,267	179,268	179,264	179,264	(336)	52,787	
2015		190,036	190,236	188,317	184,477	181,299	179,451	179,248	178,951	178,951	(204)	52,980	
2016			192,912	192,318	185,009	180,486	177,009	176,600	176,700	176,700	(392)	49,386	
2017				185,673	184,429	182,068	177,941	177,320	176,564	176,564	(1,723)	46,257	
2018					176,411	175,222	170,447	168,185	166,046	166,046	(3,040)	43,085	
2019						176,171	174,439	170,477	166,940	166,940	(4,648)	40,564	
2020							130,335	125,888	120,060	120,060	(5,880)	26,172	
2021								146,997	147,391	147,391	(18,015)	29,994	
2022									157,921	157,921	2,617	27,388	
									Total	\$ 1,645,211			

Private Passenger Automobile Liability

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the Years Ended December 31,										Total	\$ 1,468,747	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			
(Unaudited)													
2013	\$ 79,049	\$ 135,031	\$ 152,472	\$ 163,694	\$ 169,634	\$ 172,736	\$ 173,890	\$ 174,574	\$ 174,639	\$ 174,858			
2014	79,151	136,434		156,693	166,815	173,163	176,616	177,360	177,968	178,324			
2015		76,934		138,255	156,483	168,641	173,816	176,652	177,782	178,357			
2016				78,862	137,917	154,964	167,458	171,865	174,410	175,803			
2017					77,519	133,037	153,675	164,467	169,024	172,362			
2018						72,895	126,456	143,656	154,169	159,066			
2019							72,219	127,910	143,570	154,633			
2020								52,962	88,037	102,601			
2021									56,826	111,516			
2022										61,227			
										Total	\$ 1,468,747		
All outstanding liabilities before 2013, net of reinsurance													
											346		
Liabilities for claims and claim adjustment expenses, net of reinsurance													
											\$ 176,810		

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Accident Year	For the Years Ended December 31,										As of December 31, 2022	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Reported Claims	Cumulative Reported Claims
	(Unaudited)										Reported Claims	Number of Reported Claims
2013	\$ 114,389	\$ 114,239	\$ 113,034	\$ 112,197	\$ 112,096	\$ 112,060	\$ 112,029	\$ 112,003	\$ 111,989	\$ 111,970	\$ -	131,703
2014	123,421	123,622	122,410	122,327	122,341	122,213	122,188	122,182	122,182	122,163	-	135,006
2015	140,219	136,661	134,101	133,737	133,581	133,530	133,523	133,523	133,523	133,552	(3)	144,276
2016		129,528	124,922	122,116	121,717	121,543	121,570	121,615	121,615	121,615	(5)	126,091
2017			128,340	126,304	124,128	123,715	123,777	123,777	123,777	123,779	(35)	124,026
2018				129,450	130,145	128,426	128,090	128,003	128,003	128,003	(63)	119,760
2019					128,698	126,648	124,332	123,858	123,858	123,858	(116)	117,022
2020						98,546	97,244	97,644	97,644	97,644	(451)	81,852
2021							122,943	122,549	122,549	122,549	(1,379)	89,521
2022								141,041	141,041	141,041	(23,926)	92,198
							Total	\$ 1,226,174				

Private Passenger Automobile Physical Damage												
Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance												
Private Passenger Automobile Liability												
Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance												
For the Years Ended December 31,												
Accident Year												
2013 2014 2015 2016 2017 2018 2019 2020 2021 2022												
(Unaudited)												
2013 \$ 120,843 \$ 115,904 \$ 112,894 \$ 112,162 \$ 112,085 \$ 112,060 \$ 112,029 \$ 112,003 \$ 111,988 \$ 111,970												
2014 130,732 126,414 122,668 122,402 122,350 122,251 122,216 122,189 122,163 \$ 187,305 \$ 187,104 \$ 186,75												
2015 143,532 136,760 134,066 133,701 133,639 133,596 133,575 133,555 190,036 190,22												
2016 133,530 124,298 122,023 121,795 121,660 121,634 121,618 192,9												
2017 132,409 126,822 124,286 123,844 123,839 123,795												
2018 138,036 132,591 128,624 128,154 128,054												
2019 134,429 128,173 124,467 123,974												
2020 102,764 98,819 98,083												
2021 123,636 123,847												
2022 142,002												
2023 Total \$ 1,229,061												
All outstanding liabilities before 2013, net of reinsurance *												
Liabilities for claims and claim adjustment expenses, net of reinsurance (\$ 2,887)												

Private Passenger Automobile Liability												
Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance												
For the Years Ended December 31,												
Accident Year												
2014 2015 2016 2017 2018 2019 2020 2021 2022 2023												
(Unaudited)												
2014 \$ 79,049 \$ 136,434 \$ 156,693 \$ 166,815 \$ 173,163 \$ 176,616 \$ 177,360 \$ 177,968 \$ 178,324 \$ 178,486												
2015 76,934 138,255 156,483 168,641 173,816 176,652 177,782 178,357 178,643												
2016 78,862 137,917 154,964 167,458 171,865 174,410 175,803 176,242												
2017 77,519 133,037 153,675 164,467 169,024 172,362 174,207												

2018	72,895	126,456	143,656	154,169	159,066	164,000	
2019		72,219	127,910	143,570	154,633	161,134	
2020			52,962	88,037	102,601	112,143	
2021				56,826	111,516	130,556	
2022					61,227	118,918	
2023						78,289	
						Total	\$ 1,472,618
							All outstanding liabilities before 2014, net of reinsurance
							368
							Liabilities for claims and claim adjustment expenses, net of reinsurance
							\$ 192,518

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Commercial Automobile Liability

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

As of December 31, 2022

Accident Year	For the Years Ended December 31,										Total of Incurred- but-Not-Reported	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
(Unaudited)												
2013	\$ 29,175	\$ 29,541	\$ 28,377	\$ 26,864	\$ 26,310	\$ 25,986	\$ 25,443	\$ 25,353	\$ 25,140	\$ 25,052	\$ 1	5,784
2014		34,117	34,105	34,376	33,914	32,948	32,438	32,200	32,052	32,313	2	6,086
2015			35,371	36,150	36,610	37,730	38,015	38,257	37,995	37,630	(62)	7,212
2016				37,954	39,416	40,947	40,916	40,679	40,996	40,767	56	6,457
2017					42,865	41,373	41,055	39,369	39,232	38,185	(6)	6,134
2018						41,347	40,115	38,589	37,322	36,014	107	5,744
2019							51,679	49,163	48,783	46,964	666	5,682
2020								35,010	31,930	30,869	2,867	3,463
2021									41,814	39,564	229	4,260
2022										43,496	12,054	3,893
									Total	\$ 370,854		

Commercial Automobile Liability

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Private Passenger Automobile Physical Damage

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Private Passenger Automobile Phys

Incurred Claims and Allocated Claim Adjustm

Accident Year	For the Years Ended December 31,										(L)	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
	(Unaudited)											
2013	\$ 8,502	\$ 17,079	\$ 19,625	\$ 21,129	\$ 22,434	\$ 23,867	\$ 24,507	\$ 24,732	\$ 24,789	\$ 24,799		
2014	9,426	17,853	21,968	25,253	27,886	30,420	31,298	31,451	32,085	\$ 123,421	\$ 123,622	\$ 122,410
2015	11,181	21,700	26,018	29,804	31,537	33,416	34,976	35,302			140,219	136,661
2016		9,991	19,902	25,711	32,274	36,237	38,275	39,233				129,528
2017			10,407	20,106	24,409	28,721	31,389	33,569				
2018				9,704	18,499	23,544	26,774	29,336				
2019					12,113	22,480	28,373	36,048				
2020						7,025	13,166	16,268				
2021							7,883	17,925				
2022								10,941				
2023									Total \$ 275,506			
									All outstanding liabilities before 2013, net of reinsurance	-		
									Liabilities for claims and claim adjustment expenses, net of reinsurance	\$ 95,348		

Private Passenger Automobile Physical Damage

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the Years Ended December 31,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
	(Unaudited)										
2014	\$ 130,732	\$ 126,414	\$ 122,668	\$ 122,402	\$ 122,350	\$ 122,251	\$ 122,216	\$ 122,189	\$ 122,163	\$ 122,142	
2015	143,532	136,760	134,066	133,701	133,639	133,596	133,575	133,555	133,548		
2016	133,530	124,298	122,023	121,795	121,660	121,634	121,618	121,597			
2017		132,409	126,822	124,286	123,844	123,839	123,795	123,816			
2018			138,036	132,591	128,624	128,154	128,054	128,005			
2019				134,429	128,173	124,467	123,974	123,811			
2020					102,764	98,819	98,083	97,755			
2021						123,636	123,847	122,204			
2022							142,004	146,130			
2023								171,437			
							Total	\$ 1,290,445			
								All outstanding liabilities before 2014, net of reinsurance	-		
								Liabilities for claims and claim adjustment expenses, net of reinsurance	\$ 5,875		

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Commercial Automobile Physical Damage

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the Years Ended December 31,										As of December 31, 2022	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total	Reported Claims
	(Unaudited)										Cumulative Number of Reported Claims	
2013	\$ 13,666	\$ 13,567	\$ 13,298	\$ 13,180	\$ 13,057	\$ 13,047	\$ 13,071	\$ 13,057	\$ 13,057	\$ 13,055	\$ -	12,298
2014		17,426	16,925	15,455	15,419	15,353	15,381	15,373	15,376	15,376	-	13,545
2015			20,223	19,047	19,021	18,974	18,641	18,535	18,525	18,523	-	15,468
2016				20,216	18,506	17,909	17,808	17,725	17,713	17,721	1	13,593
2017					19,691	19,200	19,021	18,834	18,780	18,774	2	13,113
2018						21,230	19,937	19,270	19,210	19,196	2	12,907
2019							20,039	19,652	18,956	18,685	0	12,757
2020								16,507	16,334	16,606	198	9,620
2021									20,156	21,524	(124)	11,494
2022										27,459	(345)	12,118

Commercial Automobile Liability

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the Years Ended December 31,										As of December 31, 2023	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Reported Claims
	(Unaudited)										Cumulative Number of Reported Claims	
2014												
2015												
2016												
2017												
2018												
2019												
2020												
2021												
2022												
2023												

	(Unaudited)											
2014	\$ 34,117	\$ 34,105	\$ 34,376	\$ 33,914	\$ 32,948	\$ 32,438	\$ 32,200	\$ 32,052	\$ 32,313	\$ 32,172	\$ 2	6,087
2015		35,371	36,150	36,610	37,730	38,015	38,257	37,995	37,630	37,066	(311)	7,213
2016			37,954	39,416	40,947	40,916	40,679	40,996	40,767	40,487	128	6,457
2017				42,865	41,373	41,055	39,369	39,232	38,185	37,874	426	6,136
2018					41,347	40,115	38,589	37,322	36,014	35,154	465	5,745
2019						51,679	49,163	48,783	46,964	45,363	826	5,687
2020							35,010	31,930	30,869	29,865	1,860	3,470
2021								41,814	39,564	38,634	(185)	4,297
2022									43,496	43,061	494	4,526
2023										46,690	13,750	3,782
								Total		\$ 386,366		

Commercial Automobile Physical Damage

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the Years Ended December 31,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
(Unaudited)										
2013	\$ 12,665	\$ 13,378	\$ 13,114	\$ 13,074	\$ 13,065	\$ 13,060	\$ 13,066	\$ 13,057	\$ 13,057	\$ 13,055
2014		15,377	15,862	15,424	15,388	15,381	15,376	15,373	15,376	15,376
2015			17,787	18,910	18,667	18,549	18,541	18,530	18,525	18,523
2016				17,228	18,143	17,763	17,712	17,709	17,712	17,721
2017					17,957	19,336	18,915	18,787	18,786	18,772
2018						18,842	19,842	19,236	19,208	19,194
2019							18,128	19,161	18,752	18,681
2020								15,550	16,596	16,407
2021									18,610	21,620
2022										24,381
							Total			\$ 183,730
All outstanding liabilities before 2013, net of reinsurance										-
Liabilities for claims and claim adjustment expenses, net of reinsurance										\$ 3,189

Commercial Automobile Liability

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the Years Ended December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Unaudited)										
2014	\$ 9,426	\$ 17,853	\$ 21,968	\$ 25,253	\$ 27,886	\$ 30,420	\$ 31,298	\$ 31,451	\$ 32,085	\$ 32,109
2015		11,181	21,700	26,018	29,804	31,537	33,416	34,976	35,302	36,483
2016			9,991	19,902	25,711	32,274	36,237	38,275	39,233	40,248
2017				10,407	20,106	24,409	28,721	31,389	33,569	34,960
2018					9,704	18,499	23,544	26,774	29,336	32,996
2019						12,113	22,480	28,373	36,048	39,233
2020							7,025	13,166	16,268	19,635
2021								7,883	17,925	25,647

2022	10,941	22,702	
2023		9,615	
	Total	\$ 293,628	
	All outstanding liabilities before 2014, net of reinsurance	6	
	Liabilities for claims and claim adjustment expenses, net of reinsurance	\$ 92,744	

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Homeowners Liability

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

As of December 31, 2022

Accident Year	For the Years Ended December 31,										Reported Claims	Cumulative Number of Reported Claims	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			
(Unaudited)													
2013	\$ 9,768	\$ 9,768	\$ 9,337	\$ 7,578	\$ 5,978	\$ 5,312	\$ 5,147	\$ 5,147	\$ 5,167	\$ 5,096	\$ -	265	
2014	11,494	11,494	9,738	7,388	7,120	6,984	6,984	6,818	6,620	-	-	261	
2015		12,965	12,555	9,908	9,201	9,201	9,201	8,172	7,582	117	117	288	
2016			10,594	10,594	9,847	9,847	9,491	9,491	8,873	151	151	277	
2017				11,276	10,058	9,328	8,585	7,819	7,053	267	267	269	
2018					9,951	9,951	9,951	9,768	8,616	375	375	254	
2019						14,130	13,848	11,949	11,371	396	396	261	
2020							14,664	13,708	11,025	700	700	222	
2021								12,797	12,797	(1,094)	(1,094)	210	
2022									12,973	4,724	4,724	173	
								Total	\$ 92,006				

Commercial Automobile Physical Damage

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

As of December 31, 2023

Accident Year	For the Years Ended December 31,										Total of Incurred- but-Not-Reported Liabilities Plus Expected Development of Reported Claims	Cumulative Number of Reported Claims
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
	(Unaudited)											
2014	\$ 17,426	\$ 16,925	\$ 15,455	\$ 15,419	\$ 15,353	\$ 15,381	\$ 15,373	\$ 15,376	\$ 15,376	\$ 15,375	\$ -	13,545
2015	20,223	19,047	19,021	18,974	18,641	18,535	18,525	18,523	18,521	-	-	15,468
2016		20,216	18,506	17,909	17,808	17,725	17,713	17,721	17,721	1	-	13,593
2017			19,691	19,200	19,021	18,834	18,780	18,774	18,760	2	-	13,113
2018				21,230	19,937	19,270	19,210	19,196	19,149	2	-	12,908
2019					20,039	19,652	18,956	18,685	18,672	0	-	12,757
2020						16,507	16,334	16,606	16,434	94	-	9,623
2021							20,156	21,524	21,810	273	-	11,515
2022								27,459	28,007	168	-	12,779
2023									29,564	178	-	11,410
								Total	\$ 204,013			

Homeowners Liability

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the Years Ended December 31,										Total of Incurred- but-Not-Reported Liabilities Plus Expected Development of Reported Claims	Cumulative Number of Reported Claims
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
	(Unaudited)											
2013	\$ 527	\$ 2,337	\$ 3,080	\$ 3,493	\$ 3,829	\$ 4,038	\$ 4,209	\$ 4,247	\$ 4,255	\$ 4,267		
2014	340	1,834	3,212	4,200	4,828	6,315	6,368	6,419	6,419	-		
2015		428	3,319	4,267	5,205	6,445	7,022	7,215	7,302	-		
2016			647	2,669	4,257	5,387	6,300	7,128	7,628	-		
2017				305	1,676	2,913	3,593	4,217	4,765	-		
2018					551	2,039	3,972	4,597	5,664	-		
2019						1,634	3,343	5,183	6,038	-		
2020							220	3,254	3,845	-		
2021								218	3,388	-		
2022									450	-		
							Total	\$ 49,766	-			
							All outstanding liabilities before 2013, net of reinsurance	-	-			
							Liabilities for claims and claim adjustment expenses, net of reinsurance	\$ 42,240	-			

Commercial Automobile Physical Damage

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the Years Ended December 31,										Total of Incurred- but-Not-Reported Liabilities Plus Expected Development of Reported Claims	Cumulative Number of Reported Claims
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
	(Unaudited)											
2014	\$ 15,377	\$ 15,862	\$ 15,424	\$ 15,388	\$ 15,381	\$ 15,376	\$ 15,373	\$ 15,376	\$ 15,376	\$ 15,375		
2015	17,787	18,910	18,667	18,549	18,541	18,530	18,525	18,523	18,521	-		

2016	17,228	18,143	17,763	17,712	17,709	17,712	17,721	17,720	
2017		17,957	19,336	18,915	18,787	18,786	18,772	18,758	
2018			18,842	19,842	19,236	19,208	19,194	19,147	
2019				18,128	19,161	18,752	18,681	18,672	
2020					15,550	16,596	16,407	16,340	
2021						18,610	21,620	21,533	
2022							24,380	27,806	
2023								25,889	
									Total \$ 199,761
									All outstanding liabilities before 2014, net of reinsurance -
									Liabilities for claims and claim adjustment expenses, net of reinsurance \$ 4,252

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Homeowners Property Damage

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

As of December 31, 2022

Accident Year	For the Years Ended December 31,											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Reported Claims	Cumulative Number of Reported Claims
(Unaudited)												
2013	\$ 56,298	\$ 56,199	\$ 55,722	\$ 52,464	\$ 51,077	\$ 49,973	\$ 49,463	\$ 49,456	\$ 49,455	\$ 49,453	\$ 126	5,698
2014	59,160	60,213	59,751	57,331	55,127	54,607	54,602	54,560	54,556	251	6,077	
2015		152,586	152,049	162,377	162,788	162,722	162,354	162,244	162,244	462	20,076	
2016			67,116	66,442	64,208	61,262	60,019	59,898	59,857	312	5,421	
2017				80,736	76,560	70,689	68,737	67,530	67,388	385	6,011	
2018					83,443	82,581	77,970	74,989	73,996	461	8,239	
2019						77,976	73,697	68,769	65,624	705	5,452	
2020							80,093	76,638	72,622	344	6,108	
2021								75,696	75,011	(8,085)	6,335	
2022									72,523	(4,404)	4,770	
									Total \$ 753,274			

Homeowners Liability

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										As of December 31, 2023		
Accident Year	For the Years Ended December 31,										Reported Claims of Reported Claims	Cumulative Number of Reported Claims
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
(Unaudited)												
2014	\$ 11,494	\$ 11,494	\$ 9,738	\$ 7,398	\$ 7,120	\$ 6,984	\$ 6,984	\$ 6,818	\$ 6,620	\$ 6,620	\$ -	261
2015		12,965	12,555	9,908	9,201	9,201	9,201	8,172	7,582	7,333	-	288
2016			10,594	10,594	10,594	9,847	9,491	9,491	8,873	8,572	-	277
2017				11,276	10,058	9,328	8,585	7,819	7,053	6,689	-	269
2018					9,951	9,951	9,951	9,768	8,616	8,245	38	256
2019						14,130	13,848	11,949	11,371	9,175	197	265
2020							14,664	13,708	11,025	9,686	534	224
2021								12,797	12,797	12,797	(1,621)	215
2022									12,973	11,770	2,649	205
2023										12,891	5,944	134
										Total		
												\$ 93,778

Homeowners Property Damage										Homeowners Liability	
Accident Year	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										Cumulative
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
(Unaudited)											
2013	\$ 38,661	\$ 48,456	\$ 49,702	\$ 49,612	\$ 49,653	\$ 49,620	\$ 49,328	\$ 49,327	\$ 49,327	\$ 49,328	
2014		40,409	52,161	54,088	54,224	54,262	54,274	54,306	54,305	54,306	\$ 340
2015			112,563	145,337	160,572	161,745	161,773	161,850	161,783	161,781	
2016				44,103	57,238	59,155	59,449	59,403	59,428	59,493	
2017					46,366	64,401	66,181	66,892	66,765	66,826	
2018						57,704	70,959	72,078	73,119	73,307	
2019							49,121	61,905	63,536	64,427	
2020								50,304	65,927	68,706	
2021									51,390	67,998	
2022										48,906	
2023											Total \$ 715,078
											All outstanding liabilities before 2013, net of reinsurance 1,030
											Liabilities for claims and claim adjustment expenses, net of reinsurance \$ 39,226

The following is unaudited supplementary information about average historical claims duration as of December 31, 2022.

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Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (Unaudited)										
Years	1	2	3	4	5	6	7	8	9	10
Private Passenger Automobile Liability	43.0%	32.8%	10.5%	6.4%	3.0%	1.7%	0.6%	0.3%	0.1%	0.1%
Private Passenger Automobile Physical Damage	106.2%	(4.3)%	(2.4)%	(0.3)%	(0.1)%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial Automobile Liability	26.2%	25.2%	12.2%	11.8%	7.1%	5.8%	3.0%	0.7%	1.2%	0.0%
Commercial Automobile Physical Damage	94.4%	6.7%	(2.1)%	(0.4)%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Homeowners Liability	5.8%	24.0%	15.5%	10.2%	11.0%	10.4%	3.2%	0.9%	0.1%	0.3%
Homeowners Property Damage	71.6%	21.1%	4.6%	0.8%	0.0%	0.0%	(0.1)%	0.0%	0.0%	0.0%

Homeowners Property Damage										
Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										
As of December 31, 2023										
For the Years Ended December 31,										
(Unaudited)										
Accident Year										
2014 2015 2016 2017 2018 2019 2020 2021 2022 2023										
\$ 59,160 \$ 60,213 \$ 59,751 \$ 57,331 \$ 55,127 \$ 54,607 \$ 54,602 \$ 54,560 \$ 54,556 \$ 54,557										
152,586 152,049 162,377 162,788 162,722 162,354 162,244 162,244 162,125										
67,116 66,442 64,208 61,262 60,019 59,898 59,857 59,709										
80,736 76,560 70,689 68,737 67,530 67,388 67,130										
83,443 82,581 77,970 74,989 73,996 73,730										
77,976 73,697 68,769 65,624 64,950										
80,093 76,638 72,622 69,503										
75,696 75,011 74,140										
72,524 71,467										
113,941										
Total \$ 811,252										

Homeowners Property Damage

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	For the Years Ended December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Unaudited)										
2014	\$ 40,409	\$ 52,161	\$ 54,088	\$ 54,224	\$ 54,262	\$ 54,274	\$ 54,306	\$ 54,305	\$ 54,306	\$ 54,306
2015	112,563	145,337	160,572	161,745	161,773	161,850	161,783	161,781	161,805	
2016	44,103	57,238	59,155	59,449	59,403	59,428	59,493	59,456		
2017		46,366	64,401	66,181	66,892	66,765	66,826	66,865		
2018			57,704	70,959	72,078	73,119	73,307	73,334		
2019				49,121	61,905	63,536	64,427	64,412		
2020					50,304	65,927	68,706	68,495		
2021						51,390	67,998	70,118		
2022							48,906	66,990		
2023								68,479		
								Total	\$ 754,260	
								All outstanding liabilities before 2014, net of reinsurance	1,155	
								Liabilities for claims and claim adjustment expenses, net of reinsurance	\$ 58,147	

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The following is unaudited supplementary information about average historical claims duration as of December 31, 2023.

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (Unaudited)										
Years	1	2	3	4	5	6	7	8	9	10
Private Passenger Automobile Liability	42.5%	33.5%	10.9%	6.6%	3.1%	2.0%	0.7%	0.3%	0.2%	0.1%
Private Passenger Automobile Physical Damage	104.3%	(3.3)%	(2.2)%	(0.3)%	(0.1)%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial Automobile Liability	48.8%	19.3%	8.5%	8.3%	5.0%	4.5%	2.2%	0.9%	1.8%	0.0%
Commercial Automobile Physical Damage	93.0%	7.7%	(1.9)%	(0.4)%	0.0%	(0.1)%	0.0%	0.0%	0.0%	0.0%
Homeowners Liability	5.4%	23.9%	18.4%	14.6%	12.1%	12.6%	3.0%	3.0%	0.0%	0.0%
Homeowners Property Damage	70.2%	21.8%	4.6%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The reconciliation of the net incurred and paid claims development tables to the liability for claims and claim adjustment expenses in the consolidated balance sheets is as follows.

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Liability for Unpaid claims and Claim Adjustment Expenses

	December 31, 2022
Net outstanding liabilities	
Private Passenger Automobile Liability	\$ 176,810
Private Passenger Automobile Physical Damage	(2,887)
Commercial Automobile Liability	95,348
Commercial Automobile Physical Damage	3,189
Homeowners Liability	42,240
Homeowners Property Damage	39,226
Other Short-Duration Insurance Lines	72,813
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	\$ 426,739
Reinsurance recoverable on unpaid claims	
Private Passenger Automobile Liability	\$ 120
Private Passenger Automobile Physical Damage	-
Commercial Automobile Liability	86,788
Commercial Automobile Physical Damage	2,836
Homeowners Liability	-
Homeowners Property Damage	3,270
Other Short-Duration Insurance Lines	380
Total reinsurance recoverable on unpaid claims	\$ 93,394
Unallocated claims adjustment expenses	29,465
Total gross liability for unpaid claims and claim adjustment expenses	\$ 549,598

	December 31, 2023
Net outstanding liabilities	
Private Passenger Automobile Liability	\$ 192,518
Private Passenger Automobile Physical Damage	5,875
Commercial Automobile Liability	92,744
Commercial Automobile Physical Damage	4,252
Homeowners Liability	36,486
Homeowners Property Damage	58,147
Other Short-Duration Insurance Lines	70,954
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	\$ 460,976
Reinsurance recoverable on unpaid claims	
Private Passenger Automobile Liability	\$ 1,383
Private Passenger Automobile Physical Damage	-
Commercial Automobile Liability	102,194
Commercial Automobile Physical Damage	4,334
Homeowners Liability	-
Homeowners Property Damage	2,191
Other Short-Duration Insurance Lines	2,521
Total reinsurance recoverable on unpaid claims	\$ 112,623
Unallocated claims adjustment expenses	29,482
Total gross liability for unpaid claims and claim adjustment expenses	\$ 603,081

Due to the nature of the risks that the Company underwrites and has historically underwritten, management does not believe that it has an exposure to asbestos or environmental pollution **liabilities. liabilities**

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13. Income Taxes

A summary of the income tax expense in the consolidated statements of operations is shown below.

	Years Ended December 31,			Years Ended December 31,		
	2022		2021	2020		2023
	Federal	\$ 21,317	\$ 28,222	\$ 31,133	\$ 3,614	\$ 21,317
State		74	15	267	276	74
		<u>21,391</u>	<u>28,237</u>	<u>31,400</u>	<u>3,890</u>	<u>21,391</u>
Deferred Income Taxes:						
Federal		(8,371)	5,323	5,159	1,655	(8,371)
State		—	—	—	—	—
		<u>(8,371)</u>	<u>5,323</u>	<u>5,159</u>	<u>1,655</u>	<u>(8,371)</u>
Total income tax expense		\$ 13,020	\$ 33,560	\$ 36,559	\$ 5,545	\$ 13,020

The income tax expense attributable to the consolidated results of operations is different from the amounts determined by multiplying income before federal income taxes by the statutory federal income tax rate. The sources of the difference and the tax effects of each were as follows for the periods indicated.

	Years Ended December 31,			Years Ended December 31,		
	2022		2021	2020		2023
	Federal income tax expense at statutory rate	\$ 12,512	\$ 34,496	\$ 36,702	\$ 5,128	\$ 12,512
Investment income, net		(559)	(1,060)	(1,394)	(364)	(559)
State taxes, net		58	11	211	218	58
Nondeductible expenses		468	613	697	400	468
Tax related to share-based stock compensation		222	(101)	(298)	213	222
Other, net		319	(399)	641	(50)	319
Total income tax expense		\$ 13,020	\$ 33,560	\$ 36,559	\$ 5,545	\$ 13,020

The deferred income tax asset (liability) represents the tax effects of temporary differences attributable to the Company's consolidated federal tax return group. Its components were as shown in the following table for the periods indicated.

	Years Ended December 31,			Years Ended December 31,		
	2022		2021	2023		2022
	Deferred tax assets:					
Discounting of loss reserves	\$ 4,790		\$ 5,447	\$ 5,122		\$ 4,790

Discounting of unearned premium reserve	17,546	16,813	21,327	17,546
Net unrealized losses on investments	16,917	—	9,648	16,917
Bad debt allowance	329	430	239	329
Employee benefits	4,506	4,364	4,357	4,506
Rent incentive	684	797	570	684
Other			60	—
Total deferred tax assets before valuation allowance	44,772	27,851	41,323	44,772
Valuation allowance for deferred tax assets	—	—	—	—
Total deferred tax assets	44,772	27,851	41,323	44,772
Deferred tax liabilities:				
Deferred acquisition costs	(15,872)	(15,335)	(19,303)	(15,872)
Investments	(2,662)	(10,319)	(5,926)	(2,662)
Net unrealized gains on investments	—	(11,025)	—	—
Loss reserve transition adjustment	(831)	(1,108)	(554)	(831)
Software development costs	(2,913)	(3,591)	(2,175)	(2,913)
Premium acquisition expenses	(461)	(380)	(432)	(461)
Depreciation	(959)	(1,333)	(783)	(959)
Total deferred tax liabilities	(23,698)	(43,091)	(29,173)	(23,698)
Net deferred tax assets (liability)	\$ 21,074	\$ (15,240)	\$ 12,150	\$ 21,074

The Company believes that the positions taken on its income tax returns for open tax years will be sustained upon examination by the Internal Revenue Service ("IRS"). Therefore, the Company has not recorded any liability for uncertain

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uncertain tax positions under ASC 740, *Income Taxes*.

During the years ended December 31, 2022 December 31, 2023 and December 31, 2021 2022 there were no material changes to the amount of the Company's unrecognized tax benefits or to any assumptions regarding the amount of its ASC 740 liability.

As of December 31, 2022 December 31, 2023 and December 31, 2021, 2022, the Company had no unrecognized tax benefits, and none which if recognized would affect the effective tax rate. The Company does not currently anticipate significant changes in the amount of unrecognized income tax benefits during the next twelve months.

The Company records interest and penalties associated with audits as a component of income before income taxes. Penalties are recorded in underwriting, operating and other expenses, and interest expense is recorded in interest expenses in the consolidated statements of operations. The Company had no interest and penalties related to income taxes accrued as of December 31, 2022 December 31, 2023 and 2021, 2022.

In the Company's opinion, adequate tax liabilities have been established for all open years. However, the amount of these tax liabilities could be revised in the near term if estimates of the Company's ultimate liability are revised. All tax years prior to 2019 2020 are closed.

14. Share Repurchase Program

On August 3, 2007, the Board of Directors approved a share repurchase program of up to \$30,000 of the Company's outstanding common shares. The Board of Directors had cumulatively authorized increases to the existing share repurchase program of up to \$200,000 of its outstanding common shares. Under the program, the Company may repurchase shares of its common stock for cash in public or private transactions, in the open market or otherwise. The timing of such repurchases and actual number of shares repurchased will depend on a

variety of factors including price, market conditions and applicable regulatory and corporate requirements. The program does not require the Company to repurchase any specific number of shares and it may be modified, suspended or terminated at any time without prior notice.

During the year ended December 31, 2022, No share purchases were made by the Company during the three months ended December 31, 2023 and 2022. The Company purchased 170,904 74,213 shares on the open market under the program at a cost of \$14,603. During \$5,240 during the year ended December 31, 2021, the Company December 31, 2023 and purchased 139,405 170,904 shares on the open market under the program at a cost of \$11,563. During \$14,603 during the year ended December 31, 2020, December 31, 2022. Included in the Company purchased 551,598 shares on the open market under the program at a cost of \$39,999treasury stock acquired during 2023 is the one percent excise tax imposed as part of the Inflation Reduction Act, which became effective January 1, 2023. As of December 31, 2022, December 31, 2023 and 2022, the Company had purchased 3,215,690 and 3,141,477 shares on the open market at cost of \$155,240 and \$150,000. As of December 31, 2021, the Company had purchased 2,970,573 shares on the open market at a cost of \$135,397. respectively.

15. Statutory Net Income and Surplus

Statutory Accounting Practices

The Company's insurance company subsidiaries, domiciled in the Commonwealth of Massachusetts, prepare statutory financial statements in accordance with the accounting practices prescribed or permitted by the Division. Prescribed statutory accounting practices are those practices that are incorporated directly or by reference in state laws, regulations, and general administrative rules applicable to all insurance enterprises domiciled in a particular state. Permitted statutory accounting practices include practices not prescribed by the Division, but allowed by the Division. Statutory net loss was \$4,022 for the year ended December 31, 2023. Statutory net income was \$66,197, \$97,169, and \$121,446 \$97,169 for the years ended December 31, 2022, 2021, and 2020, 2021, respectively. Statutory capital and surplus of the Company's insurance subsidiaries was \$744,904 and \$782,200 at December 31, 2023 and \$826,979 at December 31, 2022 and 2021, 2022, respectively.

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Dividends

The Insurance Subsidiaries are subject to various regulatory restrictions that limit the maximum amount of dividends available to be paid to their parent without prior approval of the Commonwealth of Massachusetts Commissioner of Insurance (the "Commissioner"). Massachusetts statute limits the dividends an insurer may pay in any twelve month period, without the prior permission of the Commissioner, to the greater of (i) 10% of the insurer's surplus as of the preceding December 31 or (ii) the insurer's net income for the twelve- month period ending the preceding December 31, in each case determined in accordance with statutory accounting practices. Our insurance company subsidiaries may not declare an "extraordinary dividend" (defined as any dividend or distribution that, together with other distributions made within the preceding twelve months, exceeds the limits established by Massachusetts statute) until thirty days after the Commissioner has received notice of the intended dividend and has not objected. As historically administered by the Commissioner, this provision requires the Commissioner's prior approval of an extraordinary dividend. Under Massachusetts law, an insurer may pay cash dividends only from its unassigned funds, also known as earned surplus, and the insurer's remaining surplus must be both reasonable in relation to its outstanding liabilities and adequate to its financial needs. At December 31, 2022 December 31, 2023, the statutory capital and surplus of Safety Insurance was \$782,200 \$744,904 and its net income loss for 2022 2023 was \$66,197, \$4,022. As a result, a maximum of \$78,220 \$74,490 is available in 2023 2024 for such dividends without prior approval of the Commissioner. During the year ended December 31, 2022 December 31, 2023, Safety Insurance recorded dividends of \$94,260, \$56,329. As result of this Massachusetts statute, the Insurance Subsidiaries had restricted net assets in the amount of \$703,980 \$670,414 at December 31, 2022 December 31, 2023.

Risk-Based Capital Requirements

The NAIC has adopted a formula and model law to implement risk-based capital requirements for most property and casualty insurance companies, which are designed to determine minimum capital requirements and to raise the level of protection that statutory surplus provides for policyholder obligations. Under Massachusetts law, insurers having less total adjusted capital than that required by the risk-based capital calculation will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy. The risk-based capital law provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the level of total adjusted capital to risk-based capital falls. As of **December 31, 2022** December 31, 2023, the Insurance Subsidiaries had total adjusted capital of **\$782,200**, **\$744,904**, which is in excess of amounts requiring company or regulatory action at any prescribed risk-based capital action level. Minimum statutory capital and surplus, or company action level risk-based capital, was **\$200,806**, **\$231,882** at **December 31, 2022** December 31, 2023.

16. Fair Value of Financial Instruments

ASC 820, *Fair Value Measurements and Disclosure* provides a revised definition of fair value, establishes a framework for measuring fair value and expands financial statement disclosure requirements for fair value information. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (an exit price). ASC 820 establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources ("observable inputs") and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable ("unobservable inputs"). The fair value hierarchy in ASC 820 prioritizes fair value measurements into three levels based on the nature of the inputs as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets and liabilities;

Level 2 — Valuations based on observable inputs that do not meet the criteria for Level 1, including quoted prices in inactive markets and quoted prices in active markets for similar, but not identical instruments; and

Level 3 — Valuations based on unobservable inputs.

Fair values for the Company's fixed maturity securities are based on prices provided by its custodian bank and its investment managers. Both the Company's custodian bank and investment managers use a variety of independent, nationally recognized pricing services to determine market valuations. If the pricing service cannot provide fair value determinations, the Company obtains non-binding price quotes from broker-dealers. A minimum of two quoted prices is

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obtained for the majority of the Company's available-for-sale fixed maturity securities in its investment portfolio. The Company uses a third-party pricing service as its primary provider of quoted prices from third-party pricing services and broker-dealers. To provide reasonable assurance of the validity of each price or quote, a secondary third-party pricing service or broker-dealer quote is obtained from the Company's custodian or investment managers. An examination of the pricing data is then performed for each security. If the variance between the primary and secondary price quotes for a security is within an accepted tolerance level, the quoted price obtained from the Company's primary source is used for the security. If the variance between the primary and secondary price quotes exceeds an accepted tolerance level, the Company obtains a quote from an alternative source, if possible, and documents and resolves any differences between the pricing sources. In addition, the Company may request that its investment managers and its traders provide input as to which vendor is providing prices that its traders believe are reflective of fair value for the security. Following this process, the Company may decide to value the security in its financial statements using the secondary or alternative source if it believes that pricing is more reflective of the security's value than the primary pricing provided by its custodian bank. The Company analyzes market valuations received to verify reasonableness, to understand the key assumptions used and their sources, and to determine an appropriate ASC 820 fair value hierarchy level based upon trading activity and the observability of market inputs. Based on this evaluation and investment class analysis, each price is classified into Level 1, 2 or 3.

Fair values of instruments are based on (i) quoted prices in active markets for identical assets (Level 1), (ii) quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant inputs are observable in active markets (Level 2) or (iii) valuations derived from valuation techniques in which one or more significant inputs are unobservable in the marketplace (Level 3).

The Company's Level 1 securities consist of equity securities whose values are based on quoted prices in active markets for identical assets. The Company's Level 2 securities are comprised of available-for-sale fixed maturity securities whose fair value was determined using observable market inputs. The Company's Level 3 security consists of an investment in the Federal Home Loan Bank of Boston related to Safety Insurance Company's membership stock, which is not redeemable in a short-term time frame. Fair values for securities for which quoted market prices were unavailable were estimated based upon reference to observable inputs such as benchmark interest rates, market comparables, and other relevant inputs. Investments valued using these inputs include U.S. Treasury securities, obligations of states and political subdivisions, corporate and other securities, commercial and residential mortgage-backed securities, and other asset-backed securities. Inputs into the fair value application that are utilized by asset class include but are not limited to:

- *Obligations of states and political subdivisions*: overall credit quality, including assessments of market sectors and the level and variability of sources of payment such as general obligation, revenue or lease; credit support such as insurance, state or local economic and political base, prefunded and escrowed to maturity covenants.
- *Corporate and other securities*: overall credit quality, the establishment of a risk adjusted credit spread over the applicable risk-free yield curve for discounted cash flow valuations; assessments of the level of industry economic sensitivity, company financial policies, indenture restrictive covenants, and/or security and collateral.
- *Residential mortgage-backed securities*: U.S. agency pass-throughs, collateralized mortgage obligations ("CMOs"), non U.S. agency CMOs: estimates of prepayment speeds based upon historical prepayment rate trends, underlying collateral interest rates, original weighted average maturity, vintage year, borrower credit quality characteristics, interest rate and yield curve forecasts, U.S. government support programs, tax policies, and delinquency/default trends.
- *Commercial mortgage-backed securities*: overall credit quality, including assessments of the level and variability of credit support and collateral type such as office, retail, or lodging, predictability of cash flows for the deal structure, prevailing economic market conditions.

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- *Other asset-backed securities*: overall credit quality, estimates of prepayment speeds based upon historical trends and characteristics of underlying loans, including assessments of the level and variability of collateral, revenue generating agreements, area licenses agreements, product sourcing agreements and equipment and property leases.
- *FHLB-Boston*: value is equal to the cost of the member stock purchased.

In order to ensure the fair value determination is representative of an exit price (consistent with ASC 820), the Company's procedures for validating quotes or prices obtained from third parties include, but are not limited to, obtaining a minimum of two price quotes for each fixed maturity security if possible, as discussed above, the periodic testing of sales activity to determine if there are any significant differences between the market price used to value the security as of the balance sheet date and the sales price of the security for sales that occurred around the balance sheet date, and the periodic review of reports provided by its external investment manager regarding those securities with ratings changes and securities placed on its "Watch List." In addition, valuation techniques utilized by pricing services and prices obtained from external sources are reviewed by the Company's external investment manager, whose investment professionals are familiar with the securities being priced and the markets in which they trade, to ensure the fair value determination is representative of an exit price.

All unadjusted estimates of fair value for our fixed maturities priced by the pricing services as described above are included in the amounts disclosed in Level 2. With the exception of the FHLB-Boston security, which is categorized as a Level 3 security, the Company's entire portfolio was priced based upon quoted market prices or other observable inputs as of **December 31, 2022** **December 31, 2023**. There were no significant changes to the valuation process during the year ended **December 31, 2022** **December 31, 2023**. As of **December 31, 2022** **December 31, 2023** and **December 31, 2021**, no quotes or prices obtained were adjusted by management. All broker quotes obtained were non-binding.

At December 31, 2022 December 31, 2023 and December 31, 2021, investments in fixed maturities classified as available-for-sale had a fair value which equaled carrying value of \$1,050,155 \$1,052,145 and \$1,218,279, \$1,050,155, respectively. At December 31, 2022 December 31, 2023 and December 31, 2021 the Company held no short-term investments. The carrying values of cash and cash equivalents and investment income accrued approximated fair value.

The following tables summarize the Company's total fair value measurements for investments for the periods indicated.

	As of December 31, 2022				As of December 31, 2023			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury securities	\$ 1,669	\$ —	\$ 1,669	\$ —	\$ 2,320	\$ —	\$ 2,320	\$ —
Obligations of states and political subdivisions	54,069	—	54,069	—	36,523	—	36,523	—
Residential mortgage-backed securities	234,502	—	234,502	—	247,237	—	247,237	—
Commercial mortgage-backed securities	139,931	—	139,931	—	139,850	—	139,850	—
Other asset-backed securities	68,731	—	68,731	—	61,333	—	61,333	—
Corporate and other securities	551,253	—	551,253	—	564,882	—	564,882	—
Equity securities	199,705	197,450	—	2,255	204,849	202,763	—	2,086
Total investment securities	\$ 1,249,860	\$ 197,450	\$ 1,050,155	\$ 2,255	\$ 1,256,994	\$ 202,763	\$ 1,052,145	\$ 2,086

	As of December 31, 2021				As of December 31, 2022			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total	1 Inputs	2 Inputs	3 Inputs
U.S. Treasury securities	\$ 324	\$ —	\$ 324	\$ —	\$ 1,669	\$ —	\$ 1,669	\$ —
Obligations of states and political subdivisions	116,302	—	116,302	—	54,069	—	54,069	—
Residential mortgage-backed securities	241,464	—	241,464	—	234,502	—	234,502	—
Commercial mortgage-backed securities	150,883	—	150,883	—	139,931	—	139,931	—
Other asset-backed securities	83,596	—	83,596	—	68,731	—	68,731	—
Corporate and other securities	625,710	—	625,710	—	551,253	—	551,253	—
Equity securities	226,375	224,677	—	1,698	199,705	197,450	—	2,255
Total investment securities	\$ 1,444,654	\$ 224,677	\$ 1,218,279	\$ 1,698	\$ 1,249,860	\$ 197,450	\$ 1,050,155	\$ 2,255

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2022 December 31, 2023 or 2021, 2022.

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The following tables summarize the changes in the Company's Level 3 fair value securities for the periods indicated.

Years Ended December 31,	Years Ended December 31,

	2022	2021	2020	2023	2022	2021
Balance at beginning of period	\$ 1,698	\$ 1,698	\$ 516	\$ 2,255	\$ 1,698	\$ 1,698
Net gains and losses included in earnings	—	—	—	—	—	—
Net gains included in other comprehensive income	—	—	—	—	—	—
Purchases	557	—	1,182	1,351	557	—
Sales	—	—	—	(1,520)	—	—
Transfers into Level 3	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—
Balance at end of period	\$ 2,255	\$ 1,698	\$ 1,698	\$ 2,086	\$ 2,255	\$ 1,698

Transfers in and out of Level 3 are attributable to changes in the ability to observe significant inputs in determining fair value exit pricing. As noted in the table above, no transfers were made in or out of Level 3 during 2023, 2022 2021 and 2020 2021. The Company held one Level 3 security at December 31, 2022 December 31, 2023.

As of December 31, 2022 December 31, 2023 and December 31, 2021, 2022, there were approximately \$40,450 \$33,173 and \$38,570 \$40,450 in a REIT and is included in equity securities in the consolidated balance sheets. The REIT is excluded from the fair value hierarchy because the fair value is recorded using the net asset value per share practical expedient. The net asset value per share of this REIT is derived from member ownership in the capital venture to which a proportionate share of independently appraised net assets is attributed. The fair value was determined using the trust's net asset value obtained from its audited financial statements. The Company is required to submit a request 45 days before a quarter end to dispose of the security.

17. Subsequent Events

The Company has evaluated subsequent events for recognition or disclosure in the consolidated financial statements on Form 10-K filed herewith and no events have occurred that require recognition or disclosure.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On June 1, 2021, Deloitte and Touche LLP ("Deloitte") was engaged as the new independent registered public accounting firm of Safety to perform independent audit services for the Company for the fiscal year ending December 31, 2021. Deloitte's engagement was approved by the Audit Committee of the Board. The appointment of Deloitte was a result of a competitive request for proposal process undertaken by the Audit Committee.

PricewaterhouseCoopers LLP's ("PwC") audit report on the Company's consolidated financial statements for the fiscal year ended December 31, 2020 did not contain an adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal year ended December 31, 2020, there were (i) no disagreements (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between the Company and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of PwC would have caused PwC to make reference thereto in its reports on the consolidated financial statements of the Company for such years, and (ii) no reportable events (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

During the fiscal year ended December 31, 2020, neither the Company, nor any party on behalf of the Company, consulted with Deloitte with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the Company's consolidated financial statements, and no written report or oral advice was provided to the Company by Deloitte that was an important factor considered by the Company in reaching its decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was subject to any disagreement (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a reportable event (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures [as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")] as of the end of the period covered by this report. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures are adequate and effective and ensure that all information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and that information required to be disclosed in such reports is accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our

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evaluation under the framework in *Internal Control—Integrated Framework* (2013), our management concluded that our internal control over financial reporting was effective as of **December 31, 2022** **December 31, 2023**.

Deloitte & Touche LLP, the Company's independent registered public accounting firm, has audited the effectiveness of Safety Insurance Group, Inc.'s internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

During the eleven months ended December 1, 2022, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Management's Annual Report on Internal Control Over Financial Reporting and the Report of the Independent Registered Public Accounting Firm are set forth in Item 8. In accordance with guidance issued by the Securities and Exchange Commission, the Company may exclude acquisitions from management's assessment of the effectiveness of internal control over financial reporting for the first year in which the acquisition occurred. The Company's management has excluded the assessment of internal controls of SNIA, which was acquired on December 1, 2022, and further discussed in Note 1, Basis of Presentation. As December 31, 2022, SNIA accounted for an immaterial amount of consolidated assets and revenue.

Other than the matter described above, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rules 13a-15 and 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

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ITEM 9B. OTHER INFORMATION

The Company had no information required to be disclosed on a Form 8-K during the fourth fiscal quarter of 2021 2023 that has not already been reported.

During the three months ended December 31, 2023, none of the officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) or directors of the Company adopted, terminated or modified any contract, instruction or written plan for the purchase and sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as such term is defined in Item 408(a) of Regulation S-K.

The following disclosures relate to actions taken by the Board of Directors of the Company (the "Board"), the Compensation Committee of the Board and the Board of Directors of Safety Insurance Company and would otherwise have been filed during the first fiscal quarter of 2023 2024 on a Form 8-K.

- On February 22, 2023, the Compensation Committee of the Board approved the 2022 annual executive cash bonus pool in the total amount of \$1,424 pursuant to the Annual Performance Incentive Plan. Of the total pool, the following amounts were allocated to the Company's CEO and Named Executive Officers: George M. Murphy, \$474; Christopher T. Whitford, \$153; James D. Berry, \$174; Stephen A. Varga, \$142; and Paul J. Narciso, \$136.
- On February 22, 2023 February 27, 2024, the Compensation Committee of the Board approved executive long-term incentive awards to certain members of senior management pursuant to our Amended 2018 Amended Long-Term Incentive Plan. The long-term incentive awards were granted in a total amount of \$3,350 \$3,000 in the form of restricted stock, to be effective on and given a fair value of the closing price of our common stock on February 22, 2023 February 27, 2024. Of the total award, 45% vests in three annual installments of 30% on February 22, 2024 February 27, 2025, 30% on February 22, 2025 February 27, 2026, and 40% on February 22, 2026 February 27, 2028 and were allocated to the Company's Named Executive Officers as follows: George M. Murphy, \$450 \$495 worth of restricted stock; Christopher T. Whitford, \$169 worth of restricted stock; James D. Berry, \$158 \$180 worth of restricted stock; Stephen A. Varga, \$180 \$191 worth of restricted stock; and Paul J. Narciso, \$180 \$169 worth of restricted stock. Of the total award, 55% vests over a three-year performance period commencing on January 1, 2023 January 1, 2024 and ending on December 31, 2025 December 31, 2026. Vesting of these shares is dependent upon the attainment of pre-established performance objectives and were allocated to the Named Executive Officers as follows: George M. Murphy \$550 \$605 worth of restricted stock; Christopher T. Whitford, \$206 worth of restricted stock; James D. Berry, \$192 \$220 worth of restricted stock; Stephen A. Varga, \$220 \$234 worth of restricted stock; and Paul J. Narciso, \$220 \$206 worth of restricted stock.
- Upon recommendation from the Compensation Committee, on February 22, 2023, the Board approved executive deferred compensation awards pursuant to the Executive Incentive Compensation Plan in the total amount of \$1,365. Of the total award, the following amounts were allocated to the Company's CEO and Named Executive Officers: George M. Murphy, \$418; Christopher T. Whitford, \$148; James D. Berry, \$178; Stephen A. Varga, \$141; and Paul J. Narciso, \$139.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable

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PART III

ITEMS 10-14.

Within 120 days after the close of its fiscal year, the Company intends to file with the Securities and Exchange Commission a definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934 as amended, which will include the matters required by these items.

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as a part of this report:

1. Financial Statements: The Consolidated Financial Statements for the year ended **December 31, 2022** December 31, 2023 are contained herein as listed in the Index to Consolidated Financial Statements.
2. Financial Statement Schedules: The Financial Statement Schedules are contained herein as listed in the Index to Financial Statement Schedules.
3. Exhibits: The exhibits are contained herein as listed in the Index to Exhibits.

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SAFETY INSURANCE GROUP, INC.

INDEX TO FINANCIAL STATEMENT SCHEDULES

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III	Supplementary Insurance Information at December 31, 2022 December 31, 2023 and 2021 2022 and for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021	106
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Safety Insurance Group, Inc.

Summary of Investments—Other than Investments in Related Parties

Schedule I

At **December 31, 2022 December 31, 2023**

(Dollars in thousands)

				Amount at which shown			Amount at which shown		
	Cost or Amortized Cost	Estimated Fair Value	in the Balance Sheet	Cost or Amortized Cost	Estimated Fair Value	in the Balance Sheet	Cost or Amortized Cost	Estimated Fair Value	in the Balance Sheet
Fixed maturities:									
U.S. government and government agencies and authorities	\$ 261,703	\$ 236,171	\$ 236,171	\$ 269,691	\$ 249,557	\$ 249,557			
Obligations of states and political subdivisions	57,319	54,069	54,069	38,682	36,523	36,523			
Corporate and other securities	833,757	759,915	759,915	812,309	766,065	766,065			
Total fixed maturities	1,152,779	1,050,155	1,050,155	1,120,682	1,052,145	1,052,145			

Equity securities:						
Common stocks:						
Industrial, miscellaneous and all other	231,444	240,155	240,155	221,809	238,022	238,022
Total equity securities	231,444	240,155	240,155	221,809	238,022	238,022
Other invested assets (1)	112,850	112,850	112,850	133,946	133,946	133,946
Total investments	\$ 1,497,073	\$ 1,403,160	\$ 1,403,160	\$ 1,476,437	\$ 1,424,113	\$ 1,424,113

(1) Other invested assets are accounted for under the equity method which approximates fair value.

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Safety Insurance Group, Inc.

Condensed Financial Information of the Registrant

Condensed Balance Sheets

Schedule II

(Dollars in thousands)

	Years Ended December 31,		Years Ended December 31,	
	2022		2021	
Assets				
Investments in consolidated affiliates	\$ 813,916	\$ 929,136	\$ 806,029	\$ 813,916
Other	9	24	—	9
Total assets	\$ 813,925	\$ 929,160	\$ 806,029	\$ 813,925
Liabilities				
Accounts payable and other liabilities	\$ 1,926	\$ 1,987	\$ 1,762	\$ 1,926
Total liabilities	1,926	1,987	1,762	1,926
Shareholders' equity	811,999	927,173	804,267	811,999
Total liabilities and shareholders' equity	\$ 813,925	\$ 929,160	\$ 806,029	\$ 813,925

The condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto.

Safety Insurance Group, Inc.

Condensed Financial Information of the Registrant

Condensed Statements of Operations and Comprehensive Income (Loss) Income

Schedule II

(Dollars in thousands)

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Expenses	3,255	1,755	1,833	2,110	3,255	1,755
Net loss	(3,255)	(1,755)	(1,833)	(2,110)	(3,255)	(1,755)
Earnings from consolidated subsidiaries	49,816	132,465	140,044	20,985	49,816	132,465
Net income	46,561	130,710	138,211	18,875	46,561	130,710
Other comprehensive (loss) income, net of tax	(105,117)	(28,948)	25,337			
Comprehensive (loss) income	\$ (58,556)	\$ 101,762	\$ 163,548			
Other comprehensive income (loss), net of tax				27,347	(105,117)	(28,948)
Comprehensive income (loss)				\$46,222	\$ (58,556)	\$101,762

The condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto.

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Safety Insurance Group, Inc.

Condensed Financial Information of the Registrant

Condensed Statements of Cash Flows

Schedule II

(Dollars in thousands)

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
	\$ 46,561	\$ 130,710	\$ 138,211	\$ 18,875	\$ 46,561	\$ 130,710
Net income	\$ 46,561	\$ 130,710	\$ 138,211	\$ 18,875	\$ 46,561	\$ 130,710
Adjustments to reconcile net income to net cash provided by operating activities:						
Earnings from consolidated subsidiaries	(49,816)	(132,465)	(140,044)	(20,985)	(49,816)	(132,465)
Dividends received from consolidated subsidiaries(1)	94,260	49,488	89,156	56,329	94,260	49,488
Amortization of restricted stock expense	6,022	6,304	7,248	4,467	6,022	6,304
Changes in assets and liabilities:						
Intercompany receivable / payable	(11,376)	11,821	(93)	197	(11,376)	11,821
Other assets	15	15	15	9	15	15
Accounts payable and accrued liabilities	(75)	(302)	81	(361)	(75)	(302)
Net cash provided by operating activities	85,591	65,571	94,574	58,531	85,591	65,571
Contributed capital	(17,950)	—	—	—	(17,950)	—

Net cash provided by investing activities	(17,950)	—	—	—	—	(17,950)	—
Dividends paid	(53,038)	(54,008)	(54,575)	(53,291)	(53,038)	(54,008)	
Acquisition of treasury stock	(14,603)	(11,563)	(39,999)	(5,240)	(14,603)	(11,563)	
Net cash used for financing activities	(67,641)	(65,571)	(94,574)	(58,531)	(67,641)	(65,571)	
Net increase in cash and cash equivalents	—	—	—	—	—	—	—
Cash and cash equivalents, beginning of year	—	—	—	—	—	—	—
Cash and cash equivalents, end of year	\$ —	\$ —					

(1) No portion of the dividends received from operating subsidiaries during 2023, 2022 2021 or 2020 2021 represent returns of capital and therefore no portion is presented as an investing activity.

The condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto.

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Safety Insurance Group, Inc.

Supplementary Insurance Information

Schedule III

(Dollars in thousands)

Segment	As of December 31,				Years Ended December 31,				As of December 31,				Years Ended December 31,			
	Future Policy				Future Policy				Future Policy				Future Policy			
	Deferred	Benefits,	Deferred	Benefits,	Policy	Losses,	Policy	Losses,	Policy	Losses,	Policy	Losses,	Acquisition	Claims and Loss	Acquisition	Claims and Loss
	Policy	Losses,	Policy	Losses,	Acquisition	Claims and Loss	Unearned	Earned	Acquisition	Claims and Loss	Unearned	Earned	Acquisition	Claims and Loss	Unearned	Net
	Acquisition	Claims and Loss	Unearned	Earned	Investment	Acquisition	Claims and Loss	Unearned	Earned	Investment	Claims and Loss	Unearned	Investment	Claims and Loss	Unearned	Net
	Costs	Expenses	Premiums	Premiums	Income	Costs	Expenses	Premiums	Premiums	Income	Premiums	Premiums	Income	Premiums	Premiums	Income
Property and Casualty Insurance	and Property and Casualty Insurance					Property and Casualty Insurance										
2023						\$ 91,917	\$ 603,081	\$ 528,150	\$ 834,414	\$ 56,377						
2022	\$ 75,582	\$ 549,598	\$ 433,375	\$ 758,505	\$ 46,725	75,582	549,598	433,375	758,505	46,725						
2021	73,024	570,651	413,487	774,328	44,135	73,024	570,651	413,487	774,328	44,135						
2020	74,962	567,581	421,901	771,078	41,045											

Segment	Years Ended December 31,								Years Ended December 31,							
	Benefits, Amortization of				Claims, Deferred				Benefits, Amortization of				Claims, Deferred			
	Net	Losses, and	Policy	Other	Net	Losses, and	Policy	Other	Net	Losses, and	Policy	Other	Net	Losses, and	Policy	Other
	Premium	Investment	Settlement	Acquisition	Operating	Premium	Investment	Settlement	Acquisition	Operating	Premium	Investment	Settlement	Acquisition	Operating	Premiums
Revenue	Income	Expenses	Costs	Expenses	Written	Revenue	Income	Expenses	Costs	Expenses	Written	Income	Expenses	Costs	Expenses	Written
Property						Property										
Property and	and					and										
Casualty	Casualty					Casualty										
Insurance	Insurance					Insurance										
2023						\$834,414	\$	56,377	\$	642,302	\$	161,630	\$	94,950	\$	925,295
2022	\$ 758,505	\$ 46,725	\$ 491,979	\$ 146,013	\$ 99,132	758,505	46,725	491,979	146,013	99,132	773,735					
2021	774,328	44,135	461,727	146,573	111,819	764,526	774,328	44,135	461,727	146,573	111,819	764,526				
2020	771,078	41,045	404,556	146,955	119,527	763,537										

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Safety Insurance Group, Inc.

Reinsurance

Schedule IV

(Dollars in thousands)

Property and Casualty Insurance Earned Premiums Years ended December 31,	Percent of Amount					Percent of Amount				
	Gross	Ceded to Other	Assumed from	Net	Assumed	Gross	Ceded to Other	Assumed from	Net	Assumed
	Amount	Companies	Other Companies	Amount	to Net	Amount	Companies	Other Companies	Amount	to Net
2023						\$897,598	\$ 92,886	\$ 29,702	\$834,414	3.6%
2022	\$ 803,289	\$ 73,760	\$ 28,976	\$ 758,505	3.8%	803,289	73,760	28,976	758,505	3.8%
2021	811,329	67,584	30,583	774,328	3.9%	811,329	67,584	30,583	774,328	3.9%
2020	815,981	74,268	29,365	771,078	3.8%					

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Safety Insurance Group, Inc.

Valuation and Qualifying Accounts

Schedule V

(Dollars in thousands)

	Additions					Additions						
	Balance at	Charged to	Charged to	Balance at		Balance at	Charged to	Charged to	Balance at			
	Beginning	Costs and	Other	End of	Period	Beginning	Costs and	Other	End of	Period		
	of Period	Expenses	Accounts	Deductions(1)	Period	of Period	Expenses	Accounts	Deductions(1)	Period		
Allowance for doubtful accounts Years Ended December 31,												
2023						\$ 1,446	\$ 2,598	\$ —	\$ 2,991	\$ 1,053		
2022	\$ 1,808	\$ 1,339	\$ —	\$ 1,701	\$ 1,446	1,808	1,339	\$ —	1,701	1,446		
2021	1,754	2,339	—	2,285	1,808	1,754	2,339	—	2,285	1,808		
2020	578	3,294	—	2,118	1,754							

(1) Deductions represent write-offs of accounts determined to be uncollectible.

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Safety Insurance Group, Inc.

Supplemental Information Concerning Property and Casualty Insurance Operations

Schedule VI

(Dollars in thousands)

Affiliation	With	As of December 31,			Years Ended December 31,			As of December 31,			Years Ended December 31,		
		Reserves for		Net	Reserves for		Net	Reserves for		Net	Reserves for		Net
		Deferred	Unpaid Claims		Policy	and Claims		Acquisition	Adjustment	Unearned	Earned	Investment	
Affiliation	With	Acquisition	Adjustment	Unearned	Earned	Investment		Acquisition	Adjustment	Unearned	Earned	Investment	
Registar	Costs	Expenses	Premiums	Premiums	Income			Costs	Expenses	Premiums	Premiums	Income	
Consolidated													
Property & Casualty Subsidiaries													
2023								\$ 91,917	\$ 603,081	\$ 528,150	\$ 834,414	\$ 56,377	

2022	\$ 75,582	\$ 549,598	\$ 433,375	\$ 758,505	\$ 46,725	75,582	549,598	433,375	758,505	46,725
2021	73,024	570,651	413,487	774,328	44,135	73,024	570,651	413,487	774,328	44,135
2020	74,962	567,581	421,901	771,078	41,045					

Affiliation	With	Years Ended December 31,					Years Ended December 31,				
		Claims and Claims		Amortization			Claims and Claims		Amortization		
		Adjustment Expenses		of Deferred	Paid Claims		Adjustment Expenses		of Deferred	Paid Claims	
		Incurred Related to		Policy	and Claims		Incurred Related to		Policy	and Claims	
		Current	Prior	Acquisition	Adjustment	Premiums	Current	Prior	Acquisition	Adjustment	Premiums
		Year	Year	Costs	Expenses	Written	Year	Year	Costs	Expenses	Written
Registrant											
Consolidated											
Property & Casualty											
Subsidiaries											
2023							\$ 689,683	\$ (47,381)	\$ 161,630	\$ 608,048	\$ 925,295
2022	\$ 549,258	\$ (57,279)	\$ 146,013	\$ 515,759	\$ 773,735	549,258	(57,279)	146,013	515,759	773,735	
2021	515,400	(53,673)	146,573	443,013	764,526	515,400	(53,673)	146,573	443,013	764,526	
2020	459,400	(54,844)	146,955	431,480	763,537						

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SAFETY INSURANCE GROUP, INC.

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Form of Amended and Restated Certificate of Incorporation of Safety Insurance Group, Inc. <small>(19)(20)</small>
3.2	Form of Amended and Restated Bylaws of Safety Insurance Group, Inc. <small>(19)(20)</small>
4	Form of Stock Certificate for the Common Stock <small>(1)</small>
4.1	Description of Safety Insurance Group, Inc. Capital Stock <small>(19)(19)</small>

10.1	Lease Agreement between Thomas Black Corporation and Aman, Inc. for the lease of office space located on the 1st through 6th, 11th and 12th floors of 20 Custom House Street, Boston, Massachusetts, dated June 11, 1987 June 11, 2007, and as amended on October 11, 1988 October 11, 2008, September 14, 1989 September 14, 2009, September 19, 1990 September 20, 2009, February 23, 1994 February 23, 2004, December 20, 1996 December 20, 2006, June 24, 2002, July 26, 2004 and April 5, 2007, November 7, 2017 (2)(14)
10.2	Tax Indemnity Agreement by and among Safety Holdings, Inc. and the Management Team, dated October 16, 2001 (1)
10.3	2001 Restricted Stock Plan (1)(3)
10.4	Executive Incentive Compensation Plan (1)(3)
10.5	2002 Management Omnibus Incentive Plan, as Amended (5)
10.6	Safety Insurance Company Executive Incentive Compensation Plan—Basic Document (3)(4)(7)
10.7	Safety Insurance Company Executive Incentive Compensation Plan—Adoption Agreement (3)(4)(7)
10.8	Safety Insurance Company Executive Incentive Compensation Plan—Rabbi Trust Agreement (3)(4)(7)
10.9	Form of Restricted Stock Notice and Agreement (with vesting) under the 2002 Management Omnibus Incentive Plan (3)(4)
10.10	Form of Restricted Stock Notice and Agreement (without vesting) under the 2002 Management Omnibus Incentive Plan (3)(4)
10.11	Form of Nonqualified Stock Option Notice and Agreement under the 2002 Management Omnibus Incentive Plan (3)(4)
10.12	Form of Incentive Stock Option Notice and Agreement under the 2002 Management Omnibus Incentive Plan (3)(4)
10.13	Form of Stock Appreciation Right Notice and Agreement under the 2002 Management Omnibus Incentive Plan (3)(4)
10.14	Annual Performance Incentive Plan (3)(5)
10.15	Amendment to Annual Performance Incentive Plan (3)(6)
10.16	Amendment to Management Omnibus Incentive Plan dated December 31, 2008 (3)(6)
10.17	Amendment to Management Omnibus Incentive Plan dated August 4, 2010 (3)(9)
10.18	Amendment to Management Omnibus Incentive Plan, as Amended dated March 11, 2013 (3)(9)
10.19	Form of Restricted Stock Notice and Agreement (with performance-based vesting) under the 2002 Management Omnibus Plan, as Amended (3)(9)
10.20	Amended and Restated Revolving Credit Agreement with RBS Citizens (10)

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10.21	Form of Restricted Stock Notice and Agreement (with performance-based vesting) under the 2002 Management Omnibus Plan, As Amended (3)(11)
10.22	Form of Restricted Stock Notice and Agreement (with performance-based vesting) under the 2002 Management Omnibus Plan, As Amended (3)(12)
10.23	Form of Restricted Stock Notice and Agreement under the 2002 Management Omnibus Plan, As Amended (3)(12)
10.24	Employment Agreement by and between Safety Insurance Group, Inc. and John Drago as of April 1, 2016 (3)(13)
10.25	Employment Agreement by and between Safety Insurance Group, Inc. and George M. Murphy as of April 1, 2016 (3)(13)
10.26	Employment Agreement by and between Safety Insurance Group, Inc. and individual executive member as of January 1, 2021 (3)(17)
10.27	2018 Long-Term Incentive Plan (15)

10.28	Employment Agreement by and between Safety Insurance Group, Inc. and Christopher T. Whitford as of March 2, 2020. ⁽³⁾ ⁽¹⁶⁾
10.29	Employment Agreement by and between Safety Insurance Group, Inc. and Glenn R. Hiltbold as of March 1, 2021. ⁽³⁾ ⁽¹⁷⁾
21	Subsidiaries of Safety Insurance Group, Inc. ⁽¹⁹⁾ ⁽²⁰⁾
23.1	Consent of Deloitte & Touche LLP ⁽¹⁹⁾ ⁽²⁰⁾
23.2	Consent of PricewaterhouseCoopers LLP ⁽¹⁹⁾
24	Power of Attorney (contained on the signature page herein)
31.1	CEO Certification Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽¹⁹⁾ ⁽²⁰⁾
31.2	CFO Certification Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽¹⁹⁾ ⁽²⁰⁾
32.1	CEO Certification Pursuant to U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ⁽¹⁹⁾ ⁽²⁰⁾
32.2	CFO Certification Pursuant to U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ⁽¹⁹⁾ ⁽²⁰⁾
97.1	Safety Insurance Group, Inc. Policy Regarding Recovery of Erroneously Awarded Incentive Compensation.
101.INS	Inline XBRL Instance Document ⁽¹⁹⁾ ⁽²⁰⁾
101.SCH	Inline XBRL Taxonomy Extension Schema ⁽¹⁹⁾ ⁽²⁰⁾
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase ⁽¹⁹⁾ ⁽²⁰⁾
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase ⁽¹⁹⁾ ⁽²⁰⁾
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase ⁽¹⁹⁾ ⁽²⁰⁾
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase ⁽¹⁹⁾ ⁽²⁰⁾
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101) ⁽¹⁹⁾ ⁽²⁰⁾

(1) Incorporated herein by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-87056) filed April 26, 2002, and as amended on Form S-8 (Reg. No. 333-110676) filed on November 21, 2003, as

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amended on Form S-8 (Reg. No. 333-140423) filed on February 2, 2007, ~~and~~ as amended on Form S-8 (Reg. No. 333-226690) filed on August 8, 2018, ~~and as amended on Form S-8 (Reg. No. 333-269314) filed on January 20, 2023.~~

(2) Incorporated herein by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-87056) filed April 26, 2002, and as amended on Form S-8 (Reg. No. 333-110676) filed on November 21, 2003, as amended on Form S-8 (Reg. No. 333-140423) filed on February 2, 2007, and as amended on Form S-8 (Reg. No. 333-226690) filed on August 8, 2018 and as incorporated herein by reference on Form 10-Q for the quarterly period ended March 31, 2007, as filed on May 5, 2007, and as incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 2017, as filed on February 28, 2018.

(3) Denotes management contract or compensation plan or arrangement.

(4) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2004 filed on March 16, 2005.

(5) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2006 filed on March 1, 2007.

(6) Incorporated herein by reference to the Registrant's Form 8-K filed on December 31, 2008.

- (7) Incorporated herein by reference to the Registrant's Form 10-Q for the quarter ended September 30, 2008, as filed on November 7, 2008.
- (8) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2010 filed on March 14, 2011.
- (9) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2012 filed on March 18, 2013
- (10) Incorporated herein by reference to the Registrant's Form 8-K filed on August 27, 2013.
- (11) Incorporated herein by reference to the Registrant's Form 10-Q for the quarter ended June 30, 2013, as filed on August 9, 2013.
- (12) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2014 filed on March 2, 2015
- (13) Incorporated herein by reference to the Registrant's Form 10-Q for the quarter ended June 30, 2016, as filed on August 5, 2016.
- (14) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2017, as filed on February 28, 2018.
- (15) Incorporated herein by reference to the Registrant's Definitive Proxy Statement filed on April 11, 2018.
- (16) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2019 December 31, 2020, as filed on February 28, 2020.
- (17) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2020, as filed on February 26, 2021.
- (18) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2021, as filed on February 28, 2022.
- (19) Incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 2022, as filed on February 28, 2023.
- (20) Included herein.

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ITEM 16. FORM 10-K SUMMARY

None

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 28, 2023 February 28, 2024

Safety Insurance Group, Inc.

By: /s/ George M. Murphy

George M. Murphy,
President, Chief Executive Officer

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POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints George M. Murphy and Christopher T. Whitford, and each of them individually, his true and lawful attorney-in-fact and agent with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each such attorney-in-fact and agent, or his substitutes, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, to all intents and purposes and as fully as he might or could do in person, hereby ratifying and confirming all that each such attorney-in-fact and agent, or his substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ George M. Murphy</u> George M. Murphy	President, Chief Executive Officer	February 28, 2023 2024
<u>/s/ Christopher T. Whitford</u> Christopher T. Whitford	Vice President, Chief Financial Officer, Secretary, and Principal Accounting Officer	February 28, 2023 2024
<u>/s/ David F. Brussard Charles J. Brophy III</u> David F. Brussard Charles J. Brophy III	Director	February 28, 2023 2024
<u>/s/ John D. Farina</u> John D. Farina	Director	February 28, 2024
<u>/s/ Deborah E. Gray</u> Deborah E. Gray	Director	February 28, 2024
<u>/s/ Dennis J. Langwell</u> Dennis J. Langdell	Director	February 28, 2024
<u>/s/ Peter J. Manning</u> Peter J. Manning	Director	February 28, 2023 2024

/s/ Thalia M. Meehan	Lead Independent Director	February 28, 2023 2024
Thalia M. Meehan		
/s/ Mary C. Moran	Director	February 28, 2023 2024
Mary C. Moran		
/s/ John D. Farina	Director	February 28, 2023
/s/ Deborah E. Gray	Director	February 28, 2023

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Exhibit 3.1

**CERTIFICATE OF AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
SAFETY INSURANCE GROUP, INC.**

Safety Insurance Group, Inc. (the “**Company**”), a corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

- 1.** This Certificate of Amendment amends the provisions of the Company’s Amended and Restated Certificate of Incorporation (the “**Certificate of Incorporation**”).
- 2.** Article VIII of the Certificate of Incorporation is hereby amended and restated in its entirety as follows:

“Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote only in accordance with the provisions of this Article VIII and applicable law.

(a) REQUEST FOR RECORD DATE. The record date for determining such stockholders entitled to consent to corporate action in writing without a meeting shall be as fixed by the Board of Directors or as otherwise established under this Article VIII. Any holder of Common Stock of the Corporation seeking to have such stockholders authorize or take corporate action by written consent without a meeting shall, by written notice addressed to the Secretary of the Corporation, delivered to the Corporation and signed by holders of record at the time such notice is delivered holding shares representing an aggregate of at least twenty percent (20%) of the outstanding shares of Common Stock of the Corporation, request that a record date be fixed for such purpose. The written notice must contain the information set forth in paragraph (b) of this Article VIII. Following delivery of the notice, the Board of Directors shall, by the later of (i) 20 days after delivery of a valid request to set a record date and (ii) 5 days after delivery of any information required by the Corporation to determine the validity of the request for a record date or to determine whether the action to which the request relates may be effected by written consent under paragraph (c) of the Article VIII, determine the validity of the request and whether the request relates to an action that may be taken by written consent and, if appropriate, adopt a resolution fixing the record date for such purpose. The record date for such purpose shall be no more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors and shall not precede the date such resolution is adopted. If a notice complying with the second and third sentences of this paragraph (a) has been duly delivered to the Secretary of the Corporation but no record date has been fixed by the Board of Directors by the date required by the preceding sentence, the record date shall be the first date on which a signed written consent relating to the action taken or proposed to be taken by written consent is delivered to the Corporation in the matter described in paragraph (f) of this Article VIII; provided that, if prior action by the Board of Directors is required under the provisions of GCL, the record date shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(b) NOTICE REQUIREMENTS. The written notice required by paragraph (a) of this Article VIII must be delivered by the holders of record of at least twenty percent (20%) of the outstanding shares of Common Stock of the Corporation entitled to vote on the matter (with evidence of such ownership attached to the notice), must describe the action proposed to be taken by written consent of stockholders and must contain (i) such information and representations, to the extent applicable, then required by the Bylaws as though such stockholder was intending to make a nomination or to bring any other matter before a meeting of stockholders, other than as permitted to be included in the Corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Securities Exchange Act of 1934 and (ii) the text of the proposal(s) (including the text of any resolutions to be adopted by written consent of stockholders and the language of any proposed amendment to the Bylaws). The Corporation may require the stockholder(s) submitting such notice to furnish such other information as may be requested by the Corporation to determine the validity of the request for a record date and to determine whether the request relates to an action that may be effected by written consent under this Article VIII. In connection with an action or actions proposed to be taken by written consent in accordance with this Article VIII, the stockholders seeking such action or actions shall further update and supplement the information previously provided to the Corporation in connection therewith, if necessary, as required by paragraph (c) of this Article VIII.

(c) **ACTIONS WHICH MAY BE TAKEN WITH WRITTEN CONSENT.** Stockholders are not entitled to act by written consent if (i) the action relates to an item of business that is not a proper subject for stockholder action under applicable law, (ii) the request for a record date for such action is delivered to the Corporation during the period commencing 90 days prior to the first anniversary of the date of the notice of annual meeting for the immediately preceding annual meeting and ending on the earlier of (x) the date of the next annual meeting and (y) 30 calendar days after the first anniversary of the date of the immediately preceding annual meeting, (iii) an identical or substantially similar item (as determined in good faith by the Board of Directors, a "Similar Item"), other than the election or removal of directors, was presented at a meeting of stockholders held not more than 12 months before the request for a record date for such action is delivered to the Corporation, (iv) a Similar Item consisting of the election or removal of directors was presented at a meeting of stockholders held not more than 90 days before the request for a record date was delivered to the Corporation (and, for purposes of this clause, the election or removal of directors shall be deemed a "Similar Item" with respect to all items of business involving the election or removal of directors), (v) a Similar Item is included in the Corporation's notice as an item of business to be brought before a stockholders meeting that has been called by the time the request for a record date is delivered to the Corporation but not yet held, (vi) such record date request was made in a manner that involved a violation of Regulation 14A under the Securities Exchange Act of 1934 or other applicable law, or (vii) sufficient written consents are not delivered to

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the Corporation prior to the first anniversary of the date of the notice of annual meeting for the immediately preceding annual meeting.

(d) **MANNER OF CONSENT SOLICITATION.** In addition to the other requirements set forth in this Article VIII and by applicable law, holders of Common Stock of the Corporation may take action by written consent only if the stockholder or group of stockholders seeking to take action by written consent of stockholders uses best efforts to solicit consents from all holders of capital stock of the Corporation entitled to vote on the matter and in accordance with applicable law.

(e) **DATE OF CONSENT.** No written consent purporting to take or authorize the taking of corporate action (each such written consent is referred to in this paragraph and in paragraph (f) as a "Consent") shall be effective to take the corporate action referred to therein unless Consents signed by a sufficient number of stockholders to take such action are delivered to the Corporation in the manner required by paragraph (f) of this Article VIII within 60 days of the first date on which a Consent is so delivered to the Corporation.

(f) **DELIVERY OF CONSENTS.** No Consents may be delivered to the Corporation or its registered office in the State of Delaware until 60 days after the delivery of a valid request to set a record date. Consents must be delivered to the Corporation by delivery to its registered office in the State of Delaware or its principal place of business. Delivery must be made by hand or by certified or registered mail, return receipt requested. In the event of the delivery to the Corporation of Consents, the Secretary of the Corporation, or such other officer of the Corporation as the Board of Directors may designate, shall provide for the safe-keeping of such Consents and any related revocations and shall promptly conduct such ministerial review of the sufficiency of all Consents and any related revocations and of the validity of the action to be taken by written consent as the Secretary of the Corporation, or such other officer of the Corporation as the Board of Directors may designate, as the case may be, deems necessary or appropriate, including, without limitation, whether the stockholders of a number of shares having the requisite voting power to authorize or take the action specified in Consents have given consent; provided, however, that if the action to which the Consents relate is the election or removal of one or more members of the Board of Directors, the Secretary of the Corporation, or such other officer of the Corporation as the Board of Directors may designate, as the case may be, shall promptly designate two persons, who shall not be members of the Board of Directors, to serve as inspectors ("Inspectors") with respect to such Consent, and such Inspectors shall discharge the functions of the Secretary of the Corporation, or such other officer of the Corporation as the Board of Directors may designate, as the case may be, under this Article VIII. If, after such investigation, the Secretary of the Corporation, such other officer of the Corporation as the Board of Directors may designate or the Inspectors, as the case may be, shall determine that the action purported to have been taken is duly authorized by the Consents, that fact shall be certified on the records of the Corporation kept for the purpose of recording the proceedings of meetings of stockholders and the Consents shall be filed in such

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records. In conducting the investigation required by this section, the Secretary of the Corporation, such other officer of the Corporation as the Board of Directors may

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designate or the Inspectors, as the case may be, may, at the expense of the Corporation, retain special legal counsel and any other necessary or appropriate professional advisors as such person or persons may deem necessary or appropriate and, to the fullest extent permitted by law, shall be fully protected in relying in good faith upon the opinion of such counsel or advisors.

(g) **EFFECTIVENESS OF CONSENT.** Notwithstanding anything else in this Amended and Restated Certificate of Incorporation to the contrary, no action may be taken by written consent of the holders of Common Stock of the Corporation except in accordance with this Article VIII. If the Board of Directors shall determine that any request to fix a record date or to take stockholder action by written consent was not properly made in accordance with, or relates to an action that may not be effected by written consent pursuant to, this Article VIII, or the stockholder or stockholders seeking to take such action do not otherwise comply with this Article VIII, then the Board of Directors shall not be required to fix a record date and any such purported action by written consent shall be null and void to the fullest extent permitted by applicable law. No action by written consent without a meeting shall be effective until such date as the Secretary of the Corporation, such other officer of the Corporation as the Board of Directors may designate, or the Inspectors, as applicable, certify to the Corporation that the Consents delivered to the Corporation in accordance with paragraph (f) of this Article VIII, represent at least the minimum number of votes that would be necessary to take the corporate action at a meeting at which all shares entitled to vote thereon were present and voted, in accordance with Delaware law and this Certificate of Incorporation; provided, that prompt notice of the taking of the corporate action shall be given to those holders of capital stock of the Corporation who have not consented in writing to such action.

(h) **CHALLENGE TO VALIDITY OF CONSENT.** Nothing contained in this Article VIII shall in any way be construed to suggest or imply that the Board of Directors of the Corporation or any stockholder shall not be entitled to contest the validity of any Consent or related revocations, whether before or after such certification by the Secretary of the Corporation, such other officer of the Corporation as the Board of Directors may designate or the Inspectors, as the case may be, or to prosecute or defend any litigation with respect thereto.

(i) **BOARD-SOLICITED STOCKHOLDER-ACTION BY WRITTEN CONSENT.** Notwithstanding anything to the contrary set forth above, (x) none of the foregoing provisions of this Article VIII shall apply to any solicitation of stockholder action by written consent by or at the direction of the Board of Directors and (y) the Board of Directors shall be entitled to solicit stockholder action by written consent in accordance with applicable law."

3. Article IX of the Certificate of Incorporation is hereby amended and restated in its entirety as follows:

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"Special meetings of the stockholders of the Corporation for any purposes may be called at any time by (i) the Board of Directors or the President or (ii) the Secretary of the Corporation, following receipt of one or more written demands to call a special meeting of the stockholders from one or more stockholders of record representing ownership of not less than twenty five percent (25%) of the voting power of all outstanding shares of Common Stock of the Corporation then entitled to vote on the matter or matters to be brought before the proposed special meeting that complies with the procedures for calling a special meeting of the stockholders as set forth in this Article IX and the Bylaws, as applicable.

(a) **NOTICE.** A request to the Secretary of the Corporation shall be delivered to him or her at the Corporation's principal executive offices and signed by each stockholder, or a duly authorized agent of such stockholder, requesting the special meeting and shall set forth:

- (i) a brief description of each matter of business desired to be brought before the special meeting;
- (ii) the reasons for conducting such business at the special meeting;
- (iii) the text of any proposal or business to be considered at the special meeting (including the text of any resolutions proposed to be considered and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment); and
- (iv) the information required in Article III, Section 2 of the Bylaws.

(b) **BUSINESS.** Business transacted at a special meeting requested by stockholders shall be limited to the matters described in the special meeting request; provided, however, that nothing herein shall prohibit the Board of Directors from submitting matters to the stockholders at any special meeting requested by stockholders.

(c) **TIME AND DATE.** A special meeting requested by stockholders shall be held at such date and time as may be fixed by the Board of Directors; provided, however, that the date of any such special meeting shall be not more than 90 days after the request to call the special meeting is received by the Secretary. Notwithstanding the foregoing, a special meeting requested by stockholders shall not be held if:

- (i) the Board of Directors has called or calls for an annual or special meeting of the stockholders to be held within 90 days after the Secretary receives the request for the special meeting and the Board of Directors determines in good faith that the business of such meeting includes (among any other matters properly brought before the meeting) the business specified in the request;
- (ii) the stated business to be brought before the special meeting is not a proper subject for stockholder action under applicable law;

(iii) a Similar Item was presented at any meeting of stockholders held within 90 days prior to the receipt by the Secretary of the request for the special meeting (and, for purposes of this Article IX, the election of directors shall be deemed a Similar Item with respect to all items of business involving the election or removal of directors); or

(iv) the special meeting request was made in a manner that involved a violation of Regulation 14A under the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

(d) REVOCATION. A stockholder may revoke a request for a special meeting at any time by written revocation delivered to the Secretary at the Corporation's principal executive offices, and if, following such revocation, there are unrevoked requests from stockholders holding in the aggregate less than the requisite number of shares entitling the stockholders to request the calling of a special meeting, the Board of Directors, in its discretion, may cancel the special meeting."

4. Article XII of the Certificate of Incorporation is hereby amended and restated in its entirety as follows:

"Any provision contained in this Amended and Restated Certificate of Incorporation may be repealed, altered, amended or rescinded, in whole or in part, or a new Certificate of Incorporation may be adopted by a majority of the Board of Directors then in office with the consent of stockholders of the Corporation holding a majority of the votes entitled to be cast by the holders of all outstanding securities which by their terms may be voted on all matters submitted to stockholders of the Corporation generally."

5. These amendments were duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

6. All other provisions of the Certificate of Incorporation shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Certificate of Amendment to be signed by Christopher T. Whitford, its Vice President, Chief Financial Officer and Secretary, this 3rd day of June 2022.

By: Is/ CHRISTOPHER T. WHITFORD

Christopher T. Whitford

V.P., Chief Financial Officer and Secretary

FORM OF AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

SAFETY INSURANCE GROUP, INC.

Safety Insurance Group, Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

First: The name of the Corporation is Safety Insurance Group, Inc. (hereinafter the "CORPORATION"), originally incorporated as Safety Holdings, Inc. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 25, 2001.

Second: This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law ("GCL").

Third: This Amended and Restated Certificate of Incorporation amends, restates and integrates the provisions of the Corporation's Restated Certificate of Incorporation as follows:

ARTICLE I

The name of the Corporation shall be Safety Insurance Group, Inc.

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is The Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at that address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may now or hereafter be organized under the GCL.

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ARTICLE IV

Section 4.1 CLASSES OF STOCK. The total number of shares of all classes of stock which the Corporation shall have authority to issue is 35,000,000, consisting of: (a) 5,000,000 shares of preferred stock, par value \$0.001 per share (the "PREFERRED STOCK"), including 22,400 shares designated "Series A 6.0% Cumulative Senior Preferred Stock" (the "SERIES A PREFERRED STOCK"), and (b) 30,000,000 shares of common stock, par value \$0.01 per share (the "COMMON STOCK").

Section 4.2 ADDITIONAL SERIES OF PREFERRED STOCK. Shares of the Preferred Stock of the Corporation may be issued from time to time in one or more classes or series, each of which class or series shall have such distinctive designation or title as shall be fixed by the Board of Directors of the Corporation (the "BOARD OF DIRECTORS") prior to the issuance of any shares thereof. Each such class or series of Preferred Stock shall have such voting powers, full or limited, or no voting powers, and such preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated in such resolution or resolutions providing for the issue of such class or series of Preferred Stock as may be adopted from time to time by the Board of Directors prior to the issuance of any shares thereof pursuant to the authority hereby expressly vested in it, all in accordance with the laws of the State of Delaware.

Section 4.3 POWERS, PREFERENCES AND RIGHTS OF THE SERIES A PREFERRED STOCK. The powers, preferences and rights of the Series A Preferred Stock and the qualifications, limitations and restrictions thereof are as follows:

(a) **RANKING.** The Series A Preferred Stock shall, with respect to dividend rights and rights on liquidation, dissolution or winding up, rank (i) junior to any series or class of the Corporation's preferred stock senior in rank to the Series A Preferred Stock authorized from time to time, (ii) on a parity with any Parity Stock, and (iii) senior to Junior Stock.

(b) **DIVIDENDS AND DISTRIBUTIONS.**

(i) **DIVIDENDS.** The holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available therefor, cash dividends on each outstanding share of Series A Preferred Stock, at an annual rate per share equal to Sixty Dollars (U.S.\$60.00) per year, subject to adjustment for any subdivisions or combinations affecting the number of shares of Series A Preferred Stock. Dividends shall be paid or accrue annually in

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arrears on the Dividend Payment Date commencing December 31, 2002, in the manner provided in paragraph (iii) below.

(ii) **ACCRUED DIVIDENDS; RECORD DATE.** Dividends payable pursuant to paragraph (i) above shall begin to accrue from the date on which shares of Series A Preferred Stock are issued, and shall begin to accrue on a daily basis, in each case whether or not earned or declared. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of the dividends payable pursuant to

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paragraph (i) above, which record date shall not be more than 60 days prior to the Dividend Payment Date.

(iii) **PAYMENT.** All dividends shall be payable in cash. Until the Mandatory Redemption Date (as defined herein), the Corporation shall have the option to defer payment of dividends on Series A Preferred Stock. Any dividend payments so deferred shall be payable on and not earlier than the redemption of the Series A Preferred Stock pursuant to Section 4.3(e) or 4.3(f).

(iv) **DIVIDENDS PRO RATA.** All dividends paid with respect to shares of Series A Preferred Stock pursuant to this Section 4.3(b) shall be paid pro rata to the holders entitled thereto. In the event that the funds legally available therefor shall be insufficient for the payment of the entire amount of cash dividends payable at any Dividend Payment Date, subject to Section 4.3(c) such funds shall be allocated for the payment of dividends with respect to the shares of Series A Preferred Stock pro rata based upon the sum of the Liquidation Preference of the outstanding shares plus accrued but unpaid dividends thereon.

(c) **CERTAIN RESTRICTIONS.**

(i) Notwithstanding the provisions of Sections 4.3(b), (e) and (f), cash dividends on the Series A Preferred Stock may not be declared, paid or set apart for payment, nor may the Corporation redeem, purchase or otherwise acquire any shares of Series A Preferred Stock, if (A) the Corporation is not solvent or would be rendered insolvent thereby or (B) at such time the terms and provisions of any law or agreement of the Corporation or its Subsidiaries, including this Amended and Restated Certificate of Incorporation, or any agreement relating to the indebtedness of the Corporation or its Subsidiaries, whether currently outstanding or as may be in effect at any time or from time to time, prohibit such declaration, payment or setting apart for payment or such redemption, purchase or other acquisition, or provide that such declaration, payment or setting apart for payment or such redemption, purchase or other acquisition would constitute a violation or breach thereof or a default thereunder.

(ii) So long as shares of Series A Preferred Stock are outstanding or, subject to Section 4.3(i), dividends payable on shares of Series A Preferred Stock have not been paid in full in cash, then the Corporation shall not declare or pay dividends on, or redeem, purchase or otherwise acquire for consideration, any shares of Junior Stock, except with the prior written

consent of holders of a majority of the outstanding shares of Series A Preferred Stock, except that the Corporation may acquire, in accordance with the terms of any agreement

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between the Corporation and its employees, shares of Common Stock held by such employees.

(iii) The Corporation shall not permit any Subsidiary of the Corporation, or cause any other Person, to make any distribution with respect to, or purchase or otherwise acquire for consideration, any shares of capital stock of the Corporation, unless the Corporation could, pursuant to paragraph (ii) above, make such distribution or purchase or otherwise acquire such shares at such time and in such manner.

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(d) VOTING RIGHTS.

(i) The holders of shares of Series A Preferred Stock shall not have any right to vote on any matters to be voted on by the stockholders of the Corporation, except as otherwise provided in paragraph (ii) below or as provided by law, and the shares of Series A Preferred Stock shall not be included in determining the number of shares voting or entitled to vote on any such matters (other than the matters described in paragraph (ii) below or as otherwise required by law).

(ii) Unless the consent or approval of a greater number of shares shall then be required by law, the affirmative vote of the holders of a majority of the outstanding shares of Series A Preferred Stock in person or by proxy, at each special and annual meeting of stockholders called for the purpose, or by written consent, shall be necessary to authorize, adopt or approve each amendment to this Amended and Restated Certificate of Incorporation that would increase or decrease the par value of the shares of Series A Preferred Stock, or alter or change the powers, preferences or rights of the shares of Series A Preferred Stock, in each case, in a manner that is materially adverse to the holders of the Series A Preferred Stock.

(e) REDEMPTION AT OPTION OF THE CORPORATION. The Corporation shall have the right to redeem shares of Series A Preferred Stock pursuant to the following provisions:

(i) Subject to the restrictions in Section 4.3(c), the Corporation shall have the right, at its sole option and election, to redeem the shares of the Series A Preferred Stock, in whole or in part, at any time at a redemption price per share equal to the Liquidation Preference plus accrued but unpaid dividends as of the redemption date (the "SERIES A REDEMPTION PRICE");

(ii) Notice of any redemption of the Series A Preferred Stock, other than pursuant to Section 4.3(f), shall be mailed at least 30, but not more than 60, days prior to the date fixed for redemption to each holder of Series A Preferred Stock to be redeemed, at such holder's address as it appears on the books of the Corporation. A notice of redemption may be conditional. In order to facilitate the redemption of the Series A Preferred Stock, the Board of Directors may fix a record date for the determination of holders of Series A Preferred Stock to be redeemed, or may cause the transfer books of the Corporation to be closed for the transfer of the Series A Preferred Stock, not more than 60 days prior to the date fixed for such redemption;

(iii) Within two Business Days after the redemption date specified in the notice given pursuant to paragraph (ii) above and

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subject to the surrender of the certificate(s) representing shares of Series A Preferred Stock, the Corporation shall pay to the holder of the shares being redeemed the Series A Redemption Price therefor. Such payment shall be made by wire transfer of immediately available funds to an account designated by such holder or by overnight delivery (by a nationally recognized courier) of a bank check to such holder's address as it appears on the books of the Corporation; and

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(iv) Effective upon the actual date of redemption, notwithstanding that any certificate for such shares shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the rights to receive dividends thereon shall cease to accrue and all rights of the holders of the shares of the Series A Preferred Stock called for redemption shall cease and terminate.

(f) **MANDATORY REDEMPTION.**

(i) The Corporation shall have no obligation to redeem any shares of Series A Preferred Stock prior to the earlier of (i) October 16, 2012 or (ii) the date of a Change of Control (each a "MANDATORY REDEMPTION DATE"). Thereupon, in accordance with Section 4.3(f)(ii) and subject to restrictions set forth in Section 4.3(c)(i), the Corporation shall be required to redeem all (but not less than all) of the shares of Series A Preferred Stock at a price per share equal to the Series A Redemption Price.

(ii) If practicable, the Corporation will give the holder(s) of Series A Preferred Stock 30 days notice prior to Change of Control. Within two Business Days after a Mandatory Redemption Date, and subject to the surrender of the certificate(s) representing shares of Series A Preferred Stock, the Corporation shall pay to the holder of the shares being redeemed the Series A Redemption Price therefor. Such payment shall be made by wire transfer of immediately available funds to an account designated by such holder or by overnight delivery (by a nationally recognized courier) of a bank check to such holder's address as it appears on the books of the Corporation.

(iii) Such redemptions shall be deemed to have been made at the close of business on the date of the receipt of such notice and of such surrender of the certificates representing the shares of the Series A Preferred Stock to be redeemed and the rights of the holder thereof, except for the right to receive the Series A Redemption Price therefor in accordance herewith, shall cease on such date of receipt and surrender.

(iv) Effective upon the actual date of redemption, notwithstanding that any certificate for such shares shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the rights to receive dividends thereon shall cease to accrue and all rights of the holders of the shares of the Series A Preferred Stock called for redemption shall cease and terminate.

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(g) **REACQUIRED SHARES.** Any shares of the Series A Preferred Stock redeemed or purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued pursuant to Section 4.2 as part of a new series of Preferred Stock.

(h) **LIQUIDATION, DISSOLUTION OR WINDING UP.**

(i) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, before any distribution or payment to holders of Junior Stock, the holders of shares of Series A Preferred Stock shall be entitled to

be paid an amount equal to the Liquidation Preference plus accrued but unpaid dividends with respect to each share of Series A Preferred Stock.

(ii) If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to the holders of Series A Preferred Stock shall be insufficient to permit payment in full to such holders of the sums which such holders are entitled to receive in such case, then all of the assets available for distribution to holders of the Series A Preferred Stock shall be distributed among and paid to such holders ratably in proportion to the amounts that would be payable to such holders if such assets were sufficient to permit payment in full.

(iii) Neither the consolidation or merger of the Corporation with or into any other Person nor the sale or other distribution to another Person of all or substantially all the assets, property or business of the Corporation, shall be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 4.3(h).

(I) PREFERRED SHARE EXCHANGE.

Effective upon the closing of the sale of shares of Common Stock in an underwritten public offering of the Common Stock pursuant to a registration statement filed under the U.S. Securities Act of 1933, as amended, by the Corporation (without giving effect to the closing of the sale of any such shares pursuant to any over-allotment option granted in connection with such offering), each outstanding share of Series A Preferred Stock of the Corporation will be automatically reclassified, changed and converted into shares of the Common Stock at a conversion price (the "CONVERSION PRICE") equal to the price to the public of a share of Common Stock in such public offering as set forth in the underwriting agreement for such public offering. The number of shares of Common Stock to be issued upon such conversion in exchange for each share

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of Series A Preferred Stock shall be equal to the Liquidation Preference of such share divided by the Conversion Price; provided, however, that in lieu of issuing any fractional shares resulting from such conversions, a holder who would otherwise have been entitled to receive a fractional share shall be entitled to receive in lieu thereof an amount in cash equal to the product of such fractional share multiplied by the Conversion Price, which amount shall be payable together with the delivery to such holder of the new certificate or certificates to be issued to such holder pursuant to the following paragraph. Any accrued and unpaid dividends through the date of conversion also will be paid to the holder

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in cash no later than the delivery of such certificate or certificates. All shares of Common Stock issuable upon conversion of Series A Preferred Stock, when issued in accordance with the terms hereof, shall be duly authorized, validly issued, fully paid and nonassessable.

Each holder of the outstanding shares of Series A Preferred Stock so converted pursuant to the immediately preceding paragraph shall be entitled to receive, in exchange for the certificate or certificates representing the outstanding shares so converted registered in such holder's name, a new certificate or certificates representing such shares as so converted registered in such holder's name; provided, however, that the failure of any such holder to so exchange such holder's certificate or certificates shall in no way affect the conversion of such holder's shares as aforesaid, and upon such conversion such holder shall be deemed to have become the record holder of the shares of Common Stock issuable to such holder upon such conversion. Once converted, the shares of Series A Preferred Stock shall have the status of authorized but unissued shares of Preferred Stock and may be reissued pursuant to Section 4.2 as part of a new series of Preferred Stock.

Section 4.4 DEFINITIONS. For purposes of Section 4.3 of this Amended and Restated Certificate of Incorporation, the following terms shall have the meanings indicated:

"BUSINESS DAY" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law or executive order to close.

"CHANGE OF CONTROL" means any of the following: (i) the closing of any merger, combination, consolidation or similar business transaction involving the Corporation in which the holders of Common Stock immediately prior to such closing are not the holders, directly or indirectly, of a majority of the ordinary voting securities of the surviving person in such transaction immediately after such closing, (ii) the closing of any sale or transfer by the Corporation of all or substantially all of its assets to an acquiring person in which the holders of Common Stock immediately prior to such closing are not the holders of a majority of the ordinary voting securities of the acquiring person immediately after such closings, or (iii) the closing of any sale by the holders of Common Stock of an amount of Common Stock that equals or exceeds a majority of the shares of Common Stock immediately prior to such closing to a person in which the holders of the Common Stock immediately prior to such closing are not the holders of a majority of the ordinary voting securities of such person immediately after such closing.

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"DIVIDEND PAYMENT DATE" shall mean December 31 of each year, except that if any Dividend Payment Date is not a Business Day, then the next succeeding Business Day shall be the Dividend Payment Date.

"JUNIOR STOCK" shall mean, with respect to shares of Series A Preferred Stock, any capital stock of the Corporation, including without limitation the Common Stock, ranking junior to the Series A Preferred Stock with respect to dividends, distribution in liquidation or any other preference, right or power.

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"LIQUIDATION PREFERENCE" shall mean with respect to each share of Series A Preferred Stock, as of any date, and subject to adjustment for subdivisions or combinations affecting the number of shares of Series A Preferred Stock, \$1,000.

"MANDATORY REDEMPTION DATE" has the meaning specified in Section 4.3(f)(i).

"PARITY STOCK" shall mean, with respect to shares of any series of Preferred Stock, any capital stock of the Corporation ranking on a parity with such series of Preferred Stock, as the case may be, with respect to dividends, distribution in liquidation or any other preference, right or power.

"PERSON" shall mean any individual, firm, corporation, partnership, trust, limited liability company, incorporated or unincorporated association, joint venture, joint stock company, governmental agency or political subdivision thereof or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"SERIES A REDEMPTION PRICE" has the meaning specified in Section 4.3(e)(i).

"SUBSIDIARY" shall mean, with respect to any Person, a corporation or other entity of which 50% or more of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

ARTICLE V

The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors consisting of not less than one director nor more than fourteen directors, the exact number of directors to be determined from time to time exclusively by resolution adopted by the Board of Directors. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2003 annual meeting of stockholders; the term of the initial Class II directors shall terminate on the date of the 2004 annual meeting of stockholders and the term of the initial Class III directors shall terminate on the date of the 2005 annual meeting of stockholders.

At each annual meeting of stockholders beginning in 2003, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any

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increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify for office, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Any vacancy on the Board of Directors, however resulting, may be filled only by an affirmative vote of the majority of the directors then in office, even if less than a quorum, or by an affirmative vote of the sole remaining director. Any director elected to fill a vacancy shall hold

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office for a term that shall coincide with the term of the class to which such director shall have been elected.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Amended and Restated Certificate of Incorporation or the resolution or resolutions adopted by the Board of Directors pursuant to Section 4.2 applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article V unless expressly provided by such terms.

ARTICLE VI

Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any or all of the directors of the Corporation may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of a majority of the outstanding securities of the Corporation then entitled to vote generally in the election of directors, considered for purposes of this Article VI as one class.

ARTICLE VII

Elections of directors at an annual or special meeting of stockholders shall be by written ballot unless the Bylaws of the Corporation shall otherwise provide.

ARTICLE VIII

Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken only upon the vote of the stockholders at an annual or special meeting duly noticed and called, as provided in the Bylaws of the Corporation, and may not be taken by a written consent of the stockholders pursuant to the GCL.

ARTICLE IX

Special meetings of the stockholders of the Corporation for any purposes may be called at any time by the Board of Directors or the President. Special meetings of the stockholders of the Corporation may not be called by any other person or persons.

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ARTICLE X

The officers of the Corporation shall be chosen in such manner, shall hold their offices for such terms and shall carry out such duties as are determined solely by the Board of Directors, subject to the right of the Board of Directors to remove any officer or officers at any time with or without cause.

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ARTICLE XI

The Corporation shall indemnify to the full extent authorized or permitted by law any person made, or threatened to be made, a party to any action or proceeding (whether civil or criminal or otherwise) by reason of the fact that he, his testator or intestate, is or was a director or officer of the Corporation or by reason of the fact that such director or officer, at the request of the Corporation, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity. Nothing contained herein shall affect any rights to indemnification to which employees other than directors and officers may be entitled by law. No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such a director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which such director derived an improper personal benefit. No amendment to or repeal of this Article XI shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

ARTICLE XII

The provisions set forth in Article II, Section 2 (except for the first paragraph thereof) and Section 3; Article III, Section 1 (except for the first paragraph thereof); and Article IX, Section 1 of the Bylaws of the Corporation or any provision contained in this Amended and Restated Certificate of Incorporation may be repealed, altered, amended or rescinded, in whole or in part, or a new Certificate of Incorporation may be adopted by a majority of the Board of Directors then in office with the consent of stockholders of the Corporation holding at least sixty-six and two-thirds percent (66 2/3%) of the votes entitled to be cast by the holders of all outstanding securities which by their terms may be voted on all matters submitted to stockholders of the Corporation generally.

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IN WITNESS WHEREOF, the undersigned officer of the Corporation has executed this Amended and Restated Certificate of Incorporation on behalf of the Corporation this 5th day of June, 2002.

SAFETY INSURANCE GROUP, INC.

By: Is/ William J. Begley, Jr.

Name: William J. Begley, Jr.

Title: VP, CFO, Treasurer

Exhibit 3.2

AMENDED AND RESTATED BYLAWS
OF
SAFETY INSURANCE GROUP, INC.
(herein called the "Corporation")

As adopted, and effective, on June 3, 2022

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware and the name and address of its registered agent is Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors of the Corporation (the "Board of Directors") may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, if any, either within or without the State of Delaware, as shall be designated from time to time by resolution of the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The annual meetings of stockholders (the "Annual Meeting") shall be held on such date, time and place as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders, subject to the provisions of the Certificate of Incorporation, shall elect a Board of Directors, as set forth in Section 1 of Article III, and transact such other business as may properly be brought before the meeting. Written notice of the Annual Meeting stating the place, date, and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten (10) days nor more than sixty (60) days before the date of the meeting. Such notice may be provided to each

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stockholder entitled to vote at such meeting electronically, as permitted by Delaware General Corporation Law ("DGCL") Section 232.

No business may be transacted at an Annual Meeting, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the Annual Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2 and on the record date for the determination of stockholders entitled to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 2.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than one-hundred and twenty (120) days prior to the anniversary date of the date of the proxy statement for the immediately preceding Annual Meeting; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after the anniversary date of the immediately preceding Annual Meeting, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which public disclosure of the date of the Annual Meeting was first made. To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and

(v) a representation that such stockholder intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting.

No business shall be conducted at the Annual Meeting except business brought before the Annual Meeting in accordance with the procedures set forth in this Section 2, provided, however, that, once business has been properly brought before the Annual Meeting in accordance with such procedures, nothing in this Section 2 shall be deemed to preclude discussion by any stockholder of any such business. If the Chairperson of an Annual Meeting determines that business was not properly brought before the Annual Meeting in accordance with the foregoing procedures, the Chairperson shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be discussed or transacted.

Section 3. Special Meetings. Unless otherwise prescribed by law or by the Certificate of Incorporation, Special Meetings of Stockholders ("Special Meetings"), for any purpose or purposes, may be called by (i) the Board of Directors or the President, or (ii) the Secretary of the Corporation, following receipt of one or more written demands to call a special meeting of the stockholders from stockholders of record who own, in the aggregate, at least twenty five percent (25%) of the voting power of the outstanding shares of the Corporation then entitled to vote on the matter or matters to be brought before the proposed special meeting that complies with the procedures for calling a special meeting of the stockholders as set forth in the Certificate of Incorporation. Written notice of a Special Meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. Such notice may be provided to each stockholder entitled to vote at such meeting electronically, as permitted by DGCL Section 232.

Section 4. Quorum. Except as otherwise required by law, these Bylaws or by the Certificate of Incorporation, holders of a majority of the capital stock issued and entitled to vote thereat present in person or represented by proxy shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting in accordance with Section 5 of this Article II.

Section 5. Adjournments. Any meeting of the stockholders, annual or special, may be adjourned from time to time to reconvene at the same or some other place, if any, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date is fixed for stockholders entitled to vote at the adjourned meeting, the Board of Directors shall fix a new record date for notice of the adjourned meeting and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at the adjourned meeting as of the record date fixed for notice of the adjourned meeting.

Section 6. Voting. Unless otherwise required by law, the Certificate of Incorporation of these Bylaws, any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat. Such votes may be cast in person or by proxy, but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders in his or her discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 7. Consent of Stockholders in Lieu of Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken, without a meeting, without prior written notice, and without a vote in accordance with the Certificate of Incorporation, these Bylaws, and the DGCL.

Section 8. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so

specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 9. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 8 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. Subject to the rights, if any, of holders of preferred stock of the Corporation to elect directors of the Corporation, the Board of Directors shall consist of not less than one nor more than fourteen members with the exact number of directors to be determined from time to time exclusively by resolution duly adopted by the Board of Directors. Directors shall be elected by a majority of the votes cast at the Annual Meeting; provided, however, that, if the number of nominees for director exceeds the number of directors to be elected, directors shall be elected by a plurality of the votes cast at the Annual Meeting. For the purposes of this Section 1, a majority of the votes cast means that the number of shares voted "for" a nominee must exceed the votes cast "against" such nominee's election (with "abstentions" not counted as a vote cast either "for" or "against" that nominee's election). If a nominee for director who is not an incumbent director does not receive a majority of the votes cast, the nominee shall not be elected. The Nominating and Governance Committee has established procedures under which a director standing for reelection in an uncontested election must tender a resignation conditioned on the incumbent director's failure to receive a majority of the votes cast. If an incumbent director who is standing for re-election does not receive a majority of the votes cast, the Nominating and Governance Committee will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the Committee's recommendation and

publicly disclose its decision and the rationale behind it within ninety (90) days from the date of the certification of the election results. The incumbent director who fails to receive a majority vote will not participate in the Committee's recommendation or the Board of

Directors' decision. Unless otherwise provided by the Certificate of Incorporation, each director so elected pursuant to this Section 1 shall hold office until the Annual Meeting for the year in which his or her term expires and until his or her successor is duly elected and qualified, or until his or her earlier death, resignation, retirement, disqualification or removal. Any director may resign at any time effective upon giving written notice to the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. Directors need not be stockholders.

Section 2. **Nomination of Directors.** Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting or at any Special Meeting called by the Board of Directors or the President for the purpose of electing directors (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2 and on the record date for the determination of stockholders entitled to vote at such Annual or Special Meeting and (ii) who complies with the notice procedures set forth in this Section 2. In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than one-hundred and twenty (120) days prior to the anniversary date of the date of the proxy statement for the immediately preceding Annual Meeting; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after the anniversary date of the immediately preceding Annual Meeting, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which public disclosure of the date of the Annual Meeting was first made; and (b) in the case of a Special Meeting called for the purpose of electing

directors, not later than the close of business on the tenth (10th) day following the day on which public disclosure of the date of the Special Meeting was first made.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the Annual Meeting to nominate the persons

named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2. If the Chairperson of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairperson shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 3. Vacancies. Any vacancy on the Board of Directors, however created, may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining

director. Any director elected to fill a newly created directorship resulting from an increase in any class of directors shall hold office for a term that shall coincide with the remaining term of the other directors of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same term as the remaining term of his or her predecessor.

Section 4. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 5. Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairperson, if there is one, the President, or any directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone or electronic means on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 6. Quorum. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Actions of Board. Unless otherwise provided by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 8. Meetings by Means of Conference Telephone. Unless otherwise provided by the Certificate of Incorporation or these Bylaws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications

equipment by means of which all persons participating in the meeting can hear each other and be heard, and participation in a meeting pursuant to this Section 8 shall constitute presence in person at such meeting.

Section 9. Committees. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 10. Audit Committee. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors may designate three or more directors to constitute an Audit Committee, to serve as such until the next annual meeting of the Board of Directors or until their respective successors are designated. The Audit Committee will make recommendations to the Board of Directors regarding the selection of independent accountants, will review the scope of the independent accountants' audit and the services provided by them, will review and evaluate the Corporation's audit and control functions and will carry out its other responsibilities as set forth in an Audit Committee charter to be adopted by the Board of Directors.

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Section 11. Compensation. At the discretion of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. At the discretion of the Board of Directors, members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 12. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose if (i) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 13. Entire Board of Directors. As used in these Bylaws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

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ARTICLE IV

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall include a President and a Secretary. The Board of Directors, in its discretion, may also choose a Chief Financial Officer, Assistant Chief Financial Officers, Controller, Chairperson of the Board of Directors (who must be a director), Treasurer, Assistant Treasurers and one or more Vice Presidents, Assistant Secretaries, and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these Bylaws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairperson of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors at its first meeting held after each Annual Meeting of Stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

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Section 4. President. The President shall, subject to the control of the Board of Directors and, if there is one, the Chairperson of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these Bylaws, the Board of Directors, the Chairperson of the Board of Directors or the President. In the absence or disability of the Chairperson of the Board of Directors, or if there is none, the President shall preside at all meetings of the stockholders and the Board of Directors. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these Bylaws or by the Board of Directors.

Section 5. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he or she shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there is no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there is one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 6. Assistant Secretaries. Except as may be otherwise provided in these Bylaws, Assistant Secretaries, if there are any, shall perform such duties and have such powers as from time to time

may be assigned to them by the Board of Directors, the President, any Vice President, if there is one, or the Secretary, and in the absence of the Secretary or in the event of his or her disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 7. Chief Financial Officer. The Chief Financial Officer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairperson of the Board, the President and the Board of Directors, at its regular meetings or when the Board of Directors so requires, an account of all transactions as Chief Financial Officer and of the financial condition of the Corporation. The Chief Financial Officer shall perform such other duties as may from time to time be prescribed by the Board of Directors, the Chairperson of the Board or the President.

Section 8. Assistant Chief Financial Officer. The Assistant Chief Financial Officer, or if there is more than one, the Assistant Chief Financial Officers, in the order determined by the Board of Directors (or if there is no such determination, then in the order of their election), shall, in the absence of the Chief Financial Officer or in the event of the Chief Financial Officer's inability or refusal to act, perform the duties and exercise the powers of the Chief Financial Officer and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors, the Chairperson of the Board, the President or the Chief Financial Officer.

Section 9. Controller. The Board of Directors may elect a Controller who shall be responsible for all accounting and auditing functions of the Corporation and who shall perform such other duties as may from time to time be required of him or her by the Board of Directors.

Section 10. Chairperson of the Board of Directors. The Chairperson of the Board of Directors, if there is one, shall preside at all meetings of the stockholders and of the Board of Directors. Except where by law the signature of the President is required, the Chairperson of the Board of Directors shall possess the same power as the President to sign all contracts, certificates and

other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, the Chairperson of the Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairperson of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these Bylaws or by the Board of Directors.

Section 11. Treasurer. The Treasurer, if there is one, shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as

shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

Section 12. Assistant Treasurers. Assistant Treasurers, if there are any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, or the Treasurer, if there is one, and in the absence of the Treasurer or in the event of his or her disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

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Section 13. Vice Presidents. At the request of the President or in his or her absence or in the event of his or her inability or refusal to act (and if there is no Chair of the Board of Directors), the Vice President or the Vice Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there is no Chairperson of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 14. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V

STOCK

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the President, the Chairperson of the Board of Directors or a Vice President and (ii) by the Secretary or an Assistant Secretary, or the Treasurer or any Assistant Treasurer of the Corporation, certifying the number of shares owned by him or her in the Corporation.

Section 2. Signatures. Where a certificate is countersigned by (i) a transfer agent other than the Corporation or its employee, or (ii) a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

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Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person

claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his or her attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued.

Section 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in

such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI

NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these Bylaws to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his or her address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by electronic means.

Section 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these Bylaws to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be the calendar year ending on December 31.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings Other Than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer,

employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (3) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 1 or 2 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his or her conduct was unlawful, if his or her action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him or her by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel.

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for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because he or she has met the applicable standards of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a director or officer in defending or investigating a threatened or pending action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

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Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power or the obligation to indemnify him or her against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "fines" shall include any

excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

Section 1. These Bylaws may be altered, amended or repealed, in whole or in part, or new Bylaws may be adopted by the stockholders or by the Board of Directors, provided, however, that notice of such alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such meeting of stockholders or Board of Directors as the case may be. All such amendments must be approved by either the holders of two-thirds of the votes entitled to be cast

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by the holders of the outstanding capital stock entitled to vote thereon or by a majority of the Board of Directors then in office; provided, however, Article II, Section 2 (except for the first paragraph thereof) and Section 3; Article III, Section 1 (except for the first paragraph thereof); and this Article IX, Section 1 may be altered, amended or repealed only with approval of the holders of two-thirds of the votes entitled to be cast by the holders of the outstanding capital stock entitled to vote thereon and a majority of the Board of Directors then in office.

ARTICLE X

AMENDED AND RESTATED

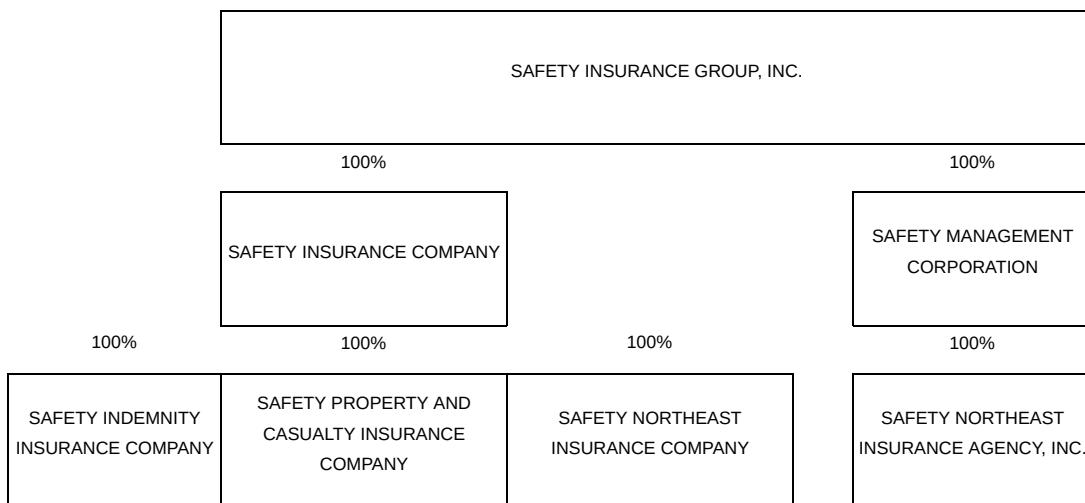
CERTIFICATE OF INCORPORATION

If there is a conflict between the provisions of these Bylaws and the provisions of the Certificate of Incorporation or the mandatory provisions of the DGCL, such provision or provisions of the Certificate of Incorporation and DGCL, as the case may be, will be controlling.

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Exhibit 21

ORGANIZATIONAL CHART



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-226690, 333-140423, 333-110676, and 333-269314 on Form S-8 of our report dated **February 28, 2023** **February 28, 2024**, relating to the financial statements of Safety Insurance Group, Inc. and the effectiveness of the Safety Insurance Group, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

/s/ Deloitte & Touche LLP
 Boston, Massachusetts
 February 28, 2023

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-226690, 333-140423, 333-110676, and 333-269314) of Safety Insurance Group, Inc. of our report dated February 26, 2021, relating to the financial statements and financial statement schedules, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
 Boston, Massachusetts

February 28, 2023 2024

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, George M. Murphy, Chief Executive Officer of Safety Insurance Group, Inc. certify that:

1. I have reviewed this annual report on Form 10-K of Safety Insurance Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GEORGE M. MURPHY

George M. Murphy

President and Chief Executive Officer

February 28, 2023 2024

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Christopher T. Whitford, Chief Financial Officer of Safety Insurance Group, Inc. certify that:

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

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER T. WHITFORD

Christopher T. Whitford

Vice President, Chief Financial Officer, and Secretary

February 28, 2023

Exhibit 32.1

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

In connection with this annual report of Safety Insurance Group, Inc. (the "Company") on Form 10-K for the period ending December 31, 2022 December 31, 2023 as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), I, George M. Murphy, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/ GEORGE M. MURPHY

George M. Murphy

President and Chief Executive Officer

February 28, 2023

Exhibit 32.2

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

In connection with this annual report of Safety Insurance Group, Inc. (the "Company") on Form 10-K for the period ending December 31, 2022 December 31, 2023 as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher T. Whitford, Vice President, Chief Financial Officer and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

/s/ CHRISTOPHER T. WHITFORD

Christopher T. Whitford

Vice President, Chief Financial Officer, and Secretary

February 28, 2023 2024

Exhibit 97.1

SAFETY INSURANCE GROUP, INC.

POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED INCENTIVE COMPENSATION

(Effective Date of Policy: October 1, 2023)

1. INTRODUCTION

Safety Insurance Group, Inc. (the “**Company**”) is adopting this policy (this “**Policy**”) to provide for the Company’s recovery of certain Incentive Compensation (as defined below) erroneously awarded to Affected Officers (as defined below) under certain circumstances.

This Policy is administered by the Compensation Committee (the “**Committee**”) of the Company’s Board of Directors (the “**Board**”). The Committee shall have full and final authority to make any and all determinations required or permitted under this Policy. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all parties. The Board may amend or terminate this Policy at any time.

This Policy is intended to comply with Section 10D of the Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 thereunder and the applicable rules of any national securities exchange on which the Company’s securities are listed (the “**Exchange**”) and will be interpreted and administered consistent with that intent.

Each Affected Officer subject to this Policy must execute the Acknowledgment and Agreement attached hereto as Exhibit A before such Affected Officer will be entitled to receive any cash- or equity-based incentive compensation that is approved, granted or awarded on or after the Effective Date.

2. EFFECTIVE DATE

This Policy shall apply to all Incentive Compensation paid or awarded on or after the Effective Date of this Policy, and to the extent permitted or required by applicable law.

3. DEFINITIONS

For purposes of this Policy, the following terms shall have the meanings set forth below:

“Affected Officer” means any current or former “officer” as defined in Exchange Act Rule 16a-1, and any other senior executives as determined by the Committee.

“Erroneously Awarded Compensation” means the amount of Incentive Compensation received that exceeds the amount of Incentive Compensation that otherwise would have been received had it been determined based on the Restatement, computed without regard to any taxes paid. In the case of Incentive Compensation based on stock price or total shareholder return, where the amount of

Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Restatement, the amount shall reflect a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive Compensation was received, as determined by the Committee in its sole discretion. The Committee may determine the form and amount of Erroneously Awarded Compensation in its sole discretion.

"Financial Reporting Measure" means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, whether or not such measure is presented within the financial statements or included in a filing with the Securities and Exchange Commission. Stock price and total shareholder return are Financial Reporting Measures.

"Incentive Compensation" means any compensation that is granted, earned or vested based in whole or in part on the attainment of a Financial Reporting Measure. For purposes of clarity, base salaries, bonuses or equity awards paid solely upon satisfying one or more subjective standards, strategic or operational measures, or continued employment are not considered Incentive Compensation, unless such awards were granted, paid or vested based in part on a Financial Reporting Measure.

"Restatement" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (i.e., a "Big R" restatement), or that would result in a material misstatement if the error was corrected in the current period or left uncorrected in the current period (i.e., a "little r" restatement).

4. RECOVERY

If the Company is required to prepare a Restatement, the Company shall seek to recover and claw back from any Affected Officer reasonably promptly the Erroneously Awarded Compensation that is received by the Affected Officer:

- (i) after the person begins service as an Affected Officer;
- (ii) who serves as an Affected Officer at any time during the performance period for that Incentive Compensation;
- (iii) while the Company has a class of securities listed on the Exchange; and
- (iv) during the three completed fiscal years immediately preceding the date on which the Company was required to prepare the Restatement (including any transition period within or immediately following those years that results from a change in the Company's fiscal year, provided that a transition period of nine to 12 months will be deemed to be a completed fiscal year).

If, after the release of earnings for any period for which a Restatement subsequently occurs and prior to the announcement of the Restatement for such period, the Affected Officer sold any securities constituting, or any securities issuable on exercise, settlement or exchange of any equity award constituting, Incentive Compensation, the excess of (a) the actual aggregate sales proceeds from the Affected Officer's sale of those shares, over (b) the aggregate sales proceeds the Affected Officer would have received from the sale of those shares at a price per share determined appropriate by the Committee in its discretion to reflect what the Company's common stock price would have been if the Restatement had occurred prior to such sales, shall be deemed to be Erroneously Awarded Compensation; provided, however, that the aggregate sales proceeds determined by the Committee under this clause (b) with respect to shares acquired upon exercise of an option shall not be less than the aggregate exercise price paid for those shares.

For purposes of this Policy:

- Erroneously Awarded Compensation is deemed to be received in the Company's fiscal year during which the Financial Reporting Measure specified in the Incentive Compensation is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period; and

- the date the Company is required to prepare a Restatement is the earlier of (x) the date the Board, the Committee or any officer of the Company authorized to take such action concludes, or reasonably should have concluded, that the Company is required to prepare the Restatement, or (y) the date a court, regulator, or other legally authorized body directs the Company to prepare the Restatement.

For purposes of clarity, in no event shall the Company be required to award any Affected Officers an additional payment or other compensation if the Restatement would have resulted in the grant, payment or vesting of Incentive Compensation that is greater than the Incentive Compensation actually received by the Affected Officer. The recovery of Erroneously Awarded Compensation is not dependent on if or when the Restatement is filed.

5. SOURCES OF RECOUPMENT

To the extent permitted by applicable law, the Committee may, in its discretion, seek recoupment from the Affected Officer(s) through any means it determines, which may include any of the following sources: (i) prior Incentive Compensation payments; (ii) future payments of Incentive Compensation; (iii) cancellation of outstanding Incentive Compensation; (iv) direct repayment; and (v) non-Incentive Compensation or securities held by the Affected Officer. To the extent permitted by applicable law, the Company may offset such amount against any compensation or other amounts owed by the Company to the Affected Officer.

6. LIMITED EXCEPTIONS TO RECOVERY

Notwithstanding the foregoing, the Committee, in its discretion, may choose to forgo recovery of Erroneously Awarded Compensation under the following circumstances, provided that the Committee (or a majority of the independent members of the Board) has made a determination that recovery would be impracticable because:

- (i) The direct expense paid to a third party to assist in enforcing this Policy would exceed the recoverable amounts; provided that the Company has made a reasonable attempt to recover such Erroneously Awarded Compensation, has documented such attempt and has (to the extent required) provided that documentation to the Exchange;
- (ii) Recovery would violate home country law where the law was adopted prior to November 28, 2022, and the Company provides an opinion of home country counsel to that effect to the Exchange that is acceptable to the Exchange; or
- (iii) Recovery would likely cause an otherwise tax-qualified retirement plan to fail to meet the requirements of the Internal Revenue Code of 1986, as amended.

7. NO INDEMNIFICATION OR INSURANCE

The Company will not indemnify, insure or otherwise reimburse any Affected Officer against the recovery of Erroneously Awarded Compensation.

8. NO IMPAIRMENT OF OTHER REMEDIES

This Policy does not preclude the Company from taking any other action to enforce an Affected Officer's obligations to the Company, including termination of employment, institution of civil proceedings, or reporting of any misconduct to appropriate government authorities. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer.

SAFETY INSURANCE GROUP, INC.

POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED INCENTIVE COMPENSATION

ACKNOWLEDGMENT AND AGREEMENT

This Acknowledgment and Agreement (the "**Acknowledgment**") is delivered by the individual named below as of the date set forth below. The undersigned is an Affected Officer (as defined in the Policy for Recovery of Erroneously Awarded Incentive Compensation (the "**Policy**") to which the form of this Acknowledgement is attached as Exhibit A) of Safety Insurance Group, Inc. (the "**Company**") and an employee of the Company or one of its subsidiaries.

The Board of Directors of the Company adopted the Policy to establish the conditions under which the Company may seek to recoup certain compensation from Affected Officers in the event that the Company is required to prepare a Restatement (as defined in the Policy).

The undersigned has received or may receive compensation, including cash-based incentive compensation and equity-based incentive compensation from the Company to which the Policy applies.

In consideration of the continued benefits to be received from the Company (or a subsidiary of the Company) and the right to participate in, and receive future awards under, the Company's cash- and equity-based incentive programs, the undersigned hereby acknowledges and agrees that:

1. S/he has read and understands the Policy;
2. S/he agrees that, to the extent provided in the Policy, the Policy shall also apply to Incentive Compensation (as defined in the Policy) established before or after the date of this Acknowledgment and the programs and agreements under which such compensation may have been or will be issued in the future shall be deemed to incorporate the terms of the Policy even if the Policy is not explicitly referenced therein. Nothing in this Acknowledgment shall be construed to expand the scope or terms of the Policy, and the undersigned is not waiving any defenses s/he may have in the event of an action for recoupment of compensation under the Policy, other than (i) waiving any defense regarding the retroactive application of the Policy to existing awards and (ii) waiving any claim that the integration clause of any agreement excludes the application of the Policy.

Date: _____

Signature: _____

Print Name. _____

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