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DELTA REPORT

10-Q

GLOBAL INDEMNITY GROUP, L

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1473
CHANGES	298
DELETIONS	815
ADDITIONS	360

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

FORM 10-Q

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

For the Quarterly Period Ended **March 31, June 30, 2024**

OR

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

For the Transition Period from to

001-34809

Commission File Number

GLOBAL INDEMNITY GROUP, LLC

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

85-2619578
(I.R.S. Employer Identification No.)

112 S. French Street, Suite 105
Wilmington, DE 19801
(Address of principal executive office including zip code)

Registrant's telephone number, including area code: (302) 691-6276

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 registrant was required to submit such files.). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or 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.:

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Shares	GBLI	New York Stock Exchange

As of **April 29, 2024** **July 24, 2024**, the registrant had outstanding **9,810,763** **9,870,674** Class A Common Shares and 3,793,612 Class B Common Shares.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

GLOBAL INDEMNITY GROUP, LLC

Consolidated Balance Sheets

(In thousands, except share amounts)

	(Unaudited)		(Unaudited)	
	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
ASSETS				
Fixed maturities:				
Available for sale, at fair value (amortized cost: \$1,250,975 and \$1,322,092; net of allowance for expected credit losses of \$0 at March 31, 2024 and December 31, 2023)	\$ 1,226,309	\$ 1,293,793		
Available for sale, at fair value (amortized cost: \$1,362,384 and \$1,322,092; net of allowance for expected credit losses of \$0 at June 30, 2024 and December 31, 2023)	\$ 1,340,046	\$ 1,293,793		
Equity securities, at fair value	17,045	16,508	14,657	16,508
Other invested assets	34,021	38,236	33,710	38,236
Total investments	1,277,375	1,348,537	1,388,413	1,348,537
Cash and cash equivalents	38,857	38,037	46,731	38,037
Premium receivables, net of allowance for expected credit losses of \$4,423 at March 31, 2024 and \$4,796 at December 31, 2023	92,440	102,158		
Reinsurance receivables, net of allowance for expected credit losses of \$8,992 at March 31, 2024 and December 31, 2023	77,664	80,439		
Premium receivables, net of allowance for expected credit losses of \$4,043 at June 30, 2024 and \$4,796 at December 31, 2023	80,587	102,158		
Reinsurance receivables, net of allowance for expected credit losses of \$8,992 at June 30, 2024 and December 31, 2023	75,643	80,439		
Funds held by ceding insurers	17,395	16,989	27,114	16,989
Deferred federal income taxes	33,224	36,802	30,201	36,802
Deferred acquisition costs	40,231	42,445	41,109	42,445
Intangible assets	14,368	14,456	14,280	14,456
Goodwill	4,820	4,820	4,820	4,820

Prepaid reinsurance premiums	3,229	4,958	3,498	4,958
Receivable for securities matured	101,091	3,858		
Receivable for securities	65	3,858		
Federal income tax receivable	899	—		
Lease right of use assets	9,288	9,715	8,978	9,715
Other assets	18,260	26,362	16,211	26,362
Total assets	<u>\$ 1,728,242</u>	<u>\$ 1,729,576</u>	<u>\$ 1,738,549</u>	<u>\$ 1,729,576</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities:				
Unpaid losses and loss adjustment expenses	\$ 853,602	\$ 850,599	\$ 844,206	\$ 850,599
Unearned premiums	176,630	182,852	181,834	182,852
Ceded balances payable	1,651	2,642	948	2,642
Federal income tax payable	1,600	1,595	—	1,595
Contingent commissions	2,598	5,632	3,599	5,632
Lease liabilities	11,910	12,733	11,448	12,733
Other liabilities	20,756	24,770	29,024	24,770
Total liabilities	<u>\$ 1,068,747</u>	<u>\$ 1,080,823</u>	<u>\$ 1,071,059</u>	<u>\$ 1,080,823</u>
Commitments and contingencies (Note 10)	—	—	—	—
Shareholders' equity:				
Series A cumulative fixed rate preferred shares, \$1,000 par value; 100,000,000 shares authorized, shares issued and outstanding: 4,000 and 4,000 shares, respectively, liquidation preference: \$1,000 per share and \$1,000 per share, respectively	4,000	4,000	4,000	4,000
Common shares: no par value; 900,000,000 common shares authorized; class A common shares issued: 11,082,004 and 11,042,670 respectively; class A common shares outstanding: 9,810,763 and 9,771,429, respectively; class B common shares issued and outstanding: 3,793,612 and 3,793,612, respectively	—	—		
Common shares: no par value; 900,000,000 common shares authorized; class A common shares issued: 11,158,442 and 11,042,670, respectively; class A common shares outstanding: 9,870,674 and 9,771,429, respectively; class B common shares issued and outstanding: 3,793,612 and 3,793,612, respectively	—	—		
Additional paid-in capital	456,179	454,791	457,550	454,791
Accumulated other comprehensive income (loss), net of tax	(19,995)	(22,863)	(18,051)	(22,863)
Retained earnings	251,474	244,988	256,683	244,988
Class A common shares in treasury, at cost: 1,271,241 and 1,271,241 shares, respectively	(32,163)	(32,163)		
Class A common shares in treasury, at cost: 1,287,768 and 1,271,241 shares, respectively	(32,692)	(32,163)		
Total shareholders' equity	<u>659,495</u>	<u>648,753</u>	<u>667,490</u>	<u>648,753</u>
Total liabilities and shareholders' equity	<u>\$ 1,728,242</u>	<u>\$ 1,729,576</u>	<u>\$ 1,738,549</u>	<u>\$ 1,729,576</u>

See accompanying notes to consolidated financial statements.

GLOBAL INDEMNITY GROUP, LLC

Consolidated Statements of Operations

(In thousands, except shares and per share data)

	(Unaudited) Quarters Ended March 31,		(Unaudited) Quarters Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Revenues:						
Gross written premiums	\$ 93,488	\$ 122,985	\$ 100,706	\$ 110,100	\$ 194,194	\$ 233,085
Ceded written premiums	(1,403)	(7,124)	(2,955)	(4,104)	(4,358)	(11,228)
Net written premiums	92,085	115,861	97,751	105,996	189,836	221,857
Change in net unearned premiums	4,494	24,211	(4,937)	23,160	(443)	47,371
Net earned premiums	96,579	140,072	92,814	129,156	189,393	269,228
Net investment income	14,520	12,008	15,311	13,216	29,831	25,224
Net realized investment gains (losses)	847	(1,520)	205	(761)	1,052	(2,281)
Other income	345	354	357	282	702	636
Total revenues	112,291	150,914	108,687	141,893	220,978	292,807
Losses and Expenses:						
Net losses and loss adjustment expenses	53,384	88,001	53,662	78,082	107,046	166,083
Acquisition costs and other underwriting expenses	38,269	53,478	35,968	47,101	74,237	100,579
Corporate and other operating expenses	6,373	6,368	6,366	4,990	12,739	11,358
Interest expense	17	12	17	12		
Income before income taxes	14,265	3,067	12,674	11,708	26,939	14,775
Income tax expense	2,899	573	2,581	2,371	5,480	2,944
Net income	\$ 11,366	\$ 2,494	\$ 10,093	\$ 9,337	\$ 21,459	\$ 11,831
Less: preferred stock distributions	110	110	110	110	220	220
Net income available to common shareholders	\$ 11,256	\$ 2,384	\$ 9,983	\$ 9,227	\$ 21,239	\$ 11,611
Per share data:						
Net income available to common shareholders						
Basic	\$ 0.83	\$ 0.17	\$ 0.73	\$ 0.68	\$ 1.56	\$ 0.86
Diluted	\$ 0.82	\$ 0.17	\$ 0.73	\$ 0.67	\$ 1.55	\$ 0.84
Weighted-average number of shares outstanding						
Basic	13,579,210	13,670,732	13,609,618	13,478,014	13,594,414	13,573,841
Diluted	13,687,412	13,929,146	13,677,908	13,707,984	13,659,154	13,794,221
Cash distributions declared per common share	\$ 0.35	\$ 0.25	\$ 0.35	\$ 0.25	\$ 0.70	\$ 0.50

See accompanying notes to consolidated financial statements.

GLOBAL INDEMNITY GROUP, LLC

Consolidated Statements of Comprehensive Income (In thousands)

(Unaudited)
Quarters Ended March 31,

	2024	2023
Net income	\$ 11,366	\$ 2,494
Other comprehensive income, net of tax:		
Unrealized holding gains	2,914	8,157
Reclassification adjustment for losses included in net income	22	487
Unrealized foreign currency translation losses	(68)	(201)
Other comprehensive income, net of tax	2,868	8,443
Comprehensive income, net of tax	\$ 14,234	\$ 10,937

	(Unaudited) Quarters Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 10,093	\$ 9,337	\$ 21,459	\$ 11,831
Other comprehensive income (loss), net of tax:				
Unrealized holding gains (losses)	1,887	(3,077)	4,801	5,080
Reclassification adjustment for losses included in net income	10	479	32	966
Unrealized foreign currency translation gains (losses)	47	42	(21)	(159)
Other comprehensive income (loss), net of tax	1,944	(2,556)	4,812	5,887
Comprehensive income, net of tax	\$ 12,037	\$ 6,781	\$ 26,271	\$ 17,718

See accompanying notes to consolidated financial statements.

GLOBAL INDEMNITY GROUP, LLC

Consolidated Statements of Changes in Shareholders' Equity

(In thousands, except share amounts)

	(Unaudited) Quarters Ended March 31,		(Unaudited) Quarters Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Number of Series A Cumulative Fixed Rate Preferred Shares						
Number at beginning and end of period	4,000	4,000	4,000	4,000	4,000	4,000
Number of class A common shares issued:						
Number at beginning of period	11,042,670	10,876,041	11,082,004	10,928,380	11,042,670	10,876,041
Common shares issued under share incentive plans, net of forfeitures	13,889	25,913	51,293	49,628	65,182	75,541
Common shares issued to directors	25,445	26,426	25,145	22,279	50,590	48,705
Number at end of period	11,082,004	10,928,380	11,158,442	11,000,287	11,158,442	11,000,287
Number of class B common shares issued:						

Number at beginning and end of period	3,793,612	3,793,612	3,793,612	3,793,612	3,793,612	3,793,612
Par value of Series A Cumulative Fixed Rate Preferred Shares						
Balance at beginning and end of period	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Additional paid-in capital:						
Balance at beginning of period	\$ 454,791	\$ 451,305	\$ 456,179	\$ 452,385	\$ 454,791	\$ 451,305
Share compensation plans	1,388	1,080	1,371	1,042	2,759	2,122
Balance at end of period	\$ 456,179	\$ 452,385	\$ 457,550	\$ 453,427	\$ 457,550	\$ 453,427
Accumulated other comprehensive income (loss), net of deferred income tax:						
Balance at beginning of period	\$ (22,863)	\$ (43,058)	\$ (19,995)	\$ (34,615)	\$ (22,863)	\$ (43,058)
Other comprehensive income:						
Change in unrealized holding gains	2,936	8,644				
Unrealized foreign currency translation losses	(68)	(201)				
Other comprehensive income	2,868	8,443				
Change in unrealized holding gains (losses)	1,897	(2,598)	4,833	6,046		
Unrealized foreign currency translation gains (losses)	47	42	(21)	(159)		
Other comprehensive income (loss)	1,944	(2,556)	4,812	5,887		
Balance at end of period	\$ (19,995)	\$ (34,615)	\$ (18,051)	\$ (37,171)	\$ (18,051)	\$ (37,171)
Retained earnings:						
Balance at beginning of period	\$ 244,988	\$ 233,468	\$ 251,474	\$ 232,506	\$ 244,988	\$ 233,468
Net income	11,366	2,494	10,093	9,337	21,459	11,831
Preferred share distributions	(110)	(110)	(110)	(110)	(220)	(220)
Distributions to shareholders (\$0.35 and \$0.25 per share per quarter in 2024 and 2023, respectively)	(4,770)	(3,346)	(4,774)	(3,418)	(9,544)	(6,764)
Balance at end of period	\$ 251,474	\$ 232,506	\$ 256,683	\$ 238,315	\$ 256,683	\$ 238,315
Number of treasury shares:						
Number at beginning of period	1,271,241	802,381	1,271,241	1,055,683	1,271,241	802,381
Class A common shares purchased	—	253,302	16,527	215,558	16,527	468,860
Number at end of period	1,271,241	1,055,683	1,287,768	1,271,241	1,287,768	1,271,241
Treasury shares, at cost:						
Balance at beginning of period	\$ (32,163)	\$ (19,486)	\$ (32,163)	\$ (26,038)	\$ (32,163)	\$ (19,486)
Class A common shares purchased, at cost	—	(6,552)	(529)	(6,125)	(529)	(12,677)
Balance at end of period	\$ (32,163)	\$ (26,038)	\$ (32,692)	\$ (32,163)	\$ (32,692)	\$ (32,163)
Total shareholders' equity	\$ 659,495	\$ 628,238	\$ 667,490	\$ 626,408	\$ 667,490	\$ 626,408

See accompanying notes to consolidated financial statements.

GLOBAL INDEMNITY GROUP, LLC

Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)	(Unaudited)
Quarters Ended March 31,	Six Months Ended June 30,

	2024	2023	2024	2023
Cash flows from operating activities:				
Net income	\$ 11,366	\$ 2,494	\$ 21,459	\$ 11,831
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization and depreciation	1,305	1,687	2,659	3,342
Restricted stock and stock option expense	1,388	1,080	2,759	2,122
Deferred federal income taxes	2,899	573	5,480	2,944
Amortization of bond premium and discount, net	(4,258)	(547)	(11,375)	(1,725)
Net realized investment losses (gains)	(847)	1,520	(1,052)	2,281
Loss (income) from equity method investments, net of distributions	(390)	82	(22)	106
Changes in:				
Premium receivables, net	9,718	14,119	21,571	27,245
Reinsurance receivables, net	2,775	(1,051)	4,796	(9,895)
Funds held by ceding insurers	(492)	1,598	(10,152)	2,330
Unpaid losses and loss adjustment expenses	3,003	25,116	(6,393)	34,547
Unearned premiums	(6,222)	(27,408)	(1,018)	(54,166)
Ceded balances payable	(991)	(11,244)	(1,694)	(13,397)
Other assets and liabilities	2,508	(7,386)	11,647	(7,679)
Contingent commissions	(3,034)	(5,044)	(2,033)	(5,385)
Federal income tax payable	5	—	(2,494)	—
Deferred acquisition costs	2,214	6,540	1,336	12,875
Prepaid reinsurance premiums	1,729	3,197	1,460	6,795
Net cash provided by operating activities	22,676	5,326	36,934	14,171
Cash flows from investing activities:				
Proceeds from sale of fixed maturities	20,759	44,381	51,491	96,890
Proceeds from sale of equity securities	—	24	—	—
Proceeds from maturity of fixed maturities	125,566	17,515	346,119	50,685
Proceeds from maturity of preferred stock	334	270	2,934	270
Proceeds from other invested assets	4,604	425	4,548	789
Purchases of fixed maturities	(168,208)	(60,426)	(422,767)	(135,826)
Purchases of equity securities	—	(19)	—	(28)
Net cash provided by (used for) investing activities	(16,945)	2,146	(17,675)	12,804
Cash flows from financing activities:				
Distributions paid to common shareholders	(4,801)	(3,919)	(9,816)	(7,477)
Distributions paid to preferred shareholders	(110)	(110)	(220)	(220)
Purchases of class A common shares	—	(6,552)	(529)	(12,677)
Net cash used for financing activities	(4,911)	(10,581)	(10,565)	(20,374)
Net change in cash and cash equivalents	820	(3,109)	8,694	6,601
Cash and cash equivalents at beginning of period	38,037	38,846	38,037	38,846
Cash and cash equivalents at end of period	\$ 38,857	\$ 35,737	\$ 46,731	\$ 45,447

See accompanying notes to consolidated financial statements.

1. Principles of Consolidation and Basis of Presentation

Global Indemnity Group, LLC ("Global Indemnity", "GBLI", or "the Company"), a Delaware limited liability company formed on June 23, 2020, replaced Global Indemnity Limited, incorporated in the Cayman Islands as an exempted company with limited liability, as the ultimate parent company of the Global Indemnity group of companies as a result of a redomestication transaction completed on August 28, 2020. Global Indemnity Group, LLC's class A common shares are publicly traded on the New York Stock Exchange under the ticker symbol GBLI. Global Indemnity Group, LLC's predecessors have been publicly traded since 2003.

The interim consolidated financial statements are unaudited, but have been prepared in conformity with United States of America generally accepted accounting principles ("GAAP"), which differs in certain respects from those principles followed in reports to insurance regulatory authorities. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The unaudited consolidated financial statements include all adjustments that are, in the opinion of management, of a normal recurring nature and are necessary for a fair statement of results for the interim periods. Results of operations for the quarters and six months ended March 31, 2024 June 30, 2024 and 2023 are not necessarily indicative of the results of a full year. The accompanying notes to the unaudited consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements contained in the Company's 2023 Annual Report on Form 10-K.

The consolidated financial statements include the accounts of Global Indemnity Group, LLC and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

2. Restructuring

The Company restructured its insurance operations to strengthen its market presence and enhance its focus on GBLI's core products. As a result, the Company exited its four brokerage divisions: Professional Liability, Excess Casualty, Environmental, and Middle Market Property. The Company ceased writing new business and non-renewed existing policies for these four divisions. The restructuring plan, which was initiated in the fourth quarter of 2022, was completed in the first quarter of 2023.

In connection with the restructuring plan, the Company incurred restructuring costs of \$3.4 million in 2022 and \$2.0 million in 2023 for total restructuring costs of \$5.4 million. No additional restructuring costs were incurred during the quarter and six months ended March 31, 2024 June 30, 2024. The liability related to the restructuring plan was less than \$0.1 million at December 31, 2023. This liability was paid during the first quarter ended March 31, 2024, of 2024.

3. Investments

The amortized cost and estimated fair value of the Company's fixed maturities securities were as follows as of March 31, 2024 June 30, 2024 and December 31, 2023:

(Dollars in thousands)	Amortized	Allowance for Expected	Gross	Gross	Estimated	Amortized	Allowance for	Gross	Gross	Estimated
	Cost	Credit Losses	Unrealized	Unrealized	Fair Value	Cost	Expected Credit	Unrealized	Unrealized	Fair Value
			Gains	Losses			Losses	Gains	Losses	
As of March 31, 2024										
As of June 30, 2024										
Fixed maturities:										
U.S. treasuries	\$ 547,350	\$ —	\$ 36	\$ (2,843)	\$ 544,543	\$ 764,718	\$ —	\$ 18	\$ (2,585)	\$ 762,151
Obligations of states and political subdivisions	24,280	—	—	(1,188)	23,092	20,449	—	—	(1,068)	19,381
Mortgage-backed securities	61,200	—	486	(4,144)	57,542	58,825	—	510	(3,972)	55,363
Asset-backed securities	203,449	—	687	(4,441)	199,695	178,730	—	638	(3,750)	175,618

Commercial mortgage-backed securities	82,027	—	15	(4,271)	77,771	76,904	—	16	(4,159)	72,761
Corporate bonds	230,387	—	168	(5,891)	224,664	180,833	—	188	(5,152)	175,869
Foreign corporate bonds	102,282	—	45	(3,325)	99,002	81,925	—	36	(3,058)	78,903
Total fixed maturities	<u>\$ 1,250,975</u>	<u>\$ —</u>	<u>\$ 1,437</u>	<u>\$ (26,103)</u>	<u>\$ 1,226,309</u>	<u>\$ 1,362,384</u>	<u>\$ —</u>	<u>\$ 1,406</u>	<u>\$ (23,744)</u>	<u>\$ 1,340,046</u>

	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
(Dollars in thousands)					
As of December 31, 2023					
Fixed maturities:					
U.S. treasuries	\$ 497,099	\$ —	\$ 515	\$ (3,391)	\$ 494,223
Obligations of states and political subdivisions	27,326	—	—	(1,176)	26,150
Mortgage-backed securities	63,173	—	229	(4,475)	58,927
Asset-backed securities	207,375	—	668	(5,091)	202,952
Commercial mortgage-backed securities	84,062	—	12	(4,994)	79,080
Corporate bonds	298,526	—	116	(6,929)	291,713
Foreign corporate bonds	144,531	—	40	(3,823)	140,748
Total fixed maturities	<u>\$ 1,322,092</u>	<u>\$ —</u>	<u>\$ 1,580</u>	<u>\$ (29,879)</u>	<u>\$ 1,293,793</u>

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company's investments in equity securities consist of preferred stock in the amounts of **\$17.0** **14.7** million and \$16.5 million, respectively.

Excluding U.S. treasuries and limited partnerships, the Company did not hold any debt or equity investments in a single issuer in excess of **2.0** **1.7**% and 2.1% of shareholders' equity at **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively.

The amortized cost and estimated fair value of the Company's fixed maturities portfolio classified as available for sale at **March 31, 2024** **June 30, 2024**, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
(Dollars in thousands)				
Due in one year or less	\$ 632,837	\$ 630,760	\$ 828,600	\$ 826,276
Due in one year through five years	247,306	238,850	196,138	189,204
Due in five years through ten years	12,694	11,330	11,812	10,491
Due after ten years	11,462	10,361	11,375	10,333
Mortgage-backed securities	61,200	57,542	58,825	55,363
Asset-backed securities	203,449	199,695	178,730	175,618
Commercial mortgage-backed securities	82,027	77,771	76,904	72,761
Total	<u>\$ 1,250,975</u>	<u>\$ 1,226,309</u>	<u>\$ 1,362,384</u>	<u>\$ 1,340,046</u>

The following table contains an analysis of the Company's fixed income securities with gross unrealized losses that are not deemed to have credit losses, categorized by the period that the securities were in a continuous loss position as of **March 31, 2024** **June 30, 2024**. The fair value amounts reported in the table are estimates that are prepared using the process described in Note 4.

(Dollars in thousands)	Less than 12 months		12 months or longer		Total		Less than 12 months		12 months or longer		Total	
	Gross		Gross		Gross		Gross		Gross		Gross	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities:												
U.S. treasuries	\$ 301,942	\$ (816)	\$ 148,120	\$ (2,027)	\$ 450,062	\$ (2,843)	\$ 549,749	\$ (719)	\$ 149,715	\$ (1,866)	\$ 699,464	\$ (2,585)
Obligations of states and political subdivisions	—	—	20,092	(1,188)	20,092	(1,188)	—	—	19,381	(1,068)	19,381	(1,068)
Mortgage-backed securities	5,770	(67)	37,528	(4,077)	43,298	(4,144)	6,072	(97)	34,795	(3,875)	40,867	(3,972)
Asset-backed securities	46,385	(474)	84,010	(3,967)			19,742	(168)	80,809	(3,582)		
Commercial mortgage-backed securities					130,395	(4,441)					100,551	(3,750)
Corporate bonds	23,798	(45)	150,118	(5,846)			8,827	(54)	128,858	(5,098)		
Foreign corporate bonds	4,702	(6)	81,790	(3,319)	86,492	(3,325)	3,993	(7)	60,196	(3,051)	64,189	(3,058)
Total fixed maturities	\$ 382,597	\$ (1,408)	\$ 596,865	\$ (24,695)	\$ 979,462	\$ (26,103)	\$ 588,383	\$ (1,045)	\$ 544,052	\$ (22,699)	\$ 1,132,435	\$ (23,744)

The following table contains an analysis of the Company's fixed income securities with gross unrealized losses that are not deemed to have credit losses, categorized by the period that the securities were in a continuous loss position as of December 31, 2023. The fair value amounts reported in the table are estimates that are prepared using the process described in Note 4.

(Dollars in thousands)	Less than 12 months		12 months or longer		Total	
	Gross		Gross		Gross	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities:						
U.S. treasuries	\$ 55,447	\$ (342)	\$ 239,254	\$ (3,049)	\$ 294,701	\$ (3,391)
Obligations of states and political subdivisions	—	—	26,150	(1,176)	26,150	(1,176)
Mortgage-backed securities	12,432	(406)	39,734	(4,069)	52,166	(4,475)
Asset-backed securities	38,828	(469)	108,947	(4,622)	147,775	(5,091)
Commercial mortgage-backed securities	13	(2)	76,467	(4,992)	76,480	(4,994)
Corporate bonds	34,658	(264)	231,816	(6,665)	266,474	(6,929)
Foreign corporate bonds	7,096	(13)	111,750	(3,810)	118,846	(3,823)
Total fixed maturities	\$ 148,474	\$ (1,496)	\$ 834,118	\$ (28,383)	\$ 982,592	\$ (29,879)

The Company regularly performs various analytical valuation procedures with respect to its investments, including reviewing each available for sale debt security in an unrealized loss position to assess whether the decline in fair value below amortized cost basis has resulted from a credit loss or other factors. In assessing whether a credit loss exists, the Company compares the present value of the cash flows expected to be collected from the security to the amortized cost basis of the security. If the present value of the cash

flows expected to be collected is less than the amortized cost basis of the security, a credit loss exists and an allowance for expected credit losses is recorded. Subsequent changes in the allowances are recorded in the period of change as either credit loss expense or reversal of credit loss expense. Any declines in value related to factors other than credit losses and the intent to sell are recorded through other comprehensive income, net of taxes.

For fixed maturities, the factors considered in reaching the conclusion that a credit loss exists include, among others, whether:

- (1) the extent to which the fair value is less than the amortized cost basis;
- (2) the issuer is in financial distress;
- (3) the investment is secured;
- (4) a significant credit rating action occurred;
- (5) scheduled interest payments were delayed or missed;
- (6) changes in laws or regulations have affected an issuer or industry;
- (7) the investment has an unrealized loss and was identified by the Company's investment manager as an investment to be sold before recovery or maturity;
- (8) the investment failed cash flow projection testing to determine if anticipated principal and interest payments will be realized; and
- (9) changes in US Treasury rates and/or credit spreads since original purchase to identify whether the unrealized loss is simply due to interest rate movement.

According to accounting guidance for debt securities in an unrealized loss position, the Company is required to assess whether it has the intent to sell the debt security or more likely than not will be required to sell the debt security before the anticipated recovery. If either of these conditions is met, any allowance for expected credit losses is written off and the amortized cost basis is written down to the fair value of the fixed maturity security with any incremental impairment reported in earnings. That new amortized cost basis shall not be adjusted for subsequent recoveries in fair value. Subject to the risks and uncertainties in evaluating the potential impairment of a security's value, the impairment evaluation conducted by the Company as of **March 31, 2024**, **June 30, 2024** and December 31, 2023 concluded the unrealized losses in the tables above are non-credit losses on securities where management does not intend to sell, and it is more likely than not that the Company will not be required to sell the security before recovery.

The Company elected the practical expedient to exclude accrued interest from both the fair value and the amortized cost basis of the available for sale debt securities for the purposes of identifying and measuring an impairment and to not measure an allowance for expected credit losses for accrued interest receivables. Accrued interest receivable is written off through net realized investment gains (losses) at the time the issuer of the bond defaults or is expected to default on payment. The Company made an accounting policy election to present the accrued interest receivable balance with other assets on the Company's consolidated statements of financial position. Accrued interest receivable related to fixed maturities was **\$5.4**, **4.9** million and \$7.5 million as of **March 31, 2024**, **June 30, 2024** and December 31, 2023, respectively.

The following is a description, by asset type, of the methodology and significant inputs that the Company used to measure the amount of credit loss recognized in earnings, if any:

U.S. treasuries – As of **March 31, 2024**, **June 30, 2024**, gross unrealized losses related to U.S. treasuries were **\$2.843**, **2.585** million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, macroeconomic and market analysis is conducted in evaluating these securities. Consideration is given to the interest rate environment, duration and yield curve management of the portfolio, sector allocation and security selection. Based on the analysis performed, the Company did not recognize a credit loss on U.S. treasuries during the period.

Obligations of states and political subdivisions – As of **March 31, 2024**, **June 30, 2024**, gross unrealized losses related to obligations of states and political subdivisions were **\$1.188**, **1.068** million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, elements that may influence the performance of the municipal bond market are considered in evaluating these securities such as investor expectations, supply and demand patterns, and current versus historical yield and spread relationships. The analysis relies on the output of fixed income credit analysts, as well as dedicated municipal bond analysts who perform extensive in-house fundamental analysis on each issuer, regardless of their rating by the major agencies. Based on the analysis performed, the Company did not recognize a credit loss on obligations of states and political subdivisions during the period.

Mortgage-backed securities (“MBS”) – As of **March 31, 2024** **June 30, 2024**, gross unrealized losses related to mortgage-backed securities were **\$4.144** **3.972** million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, mortgage-backed securities are modeled to project principal losses under downside, base, and upside scenarios for the economy and home prices. The primary assumption that drives the security and loan level modeling is the Home Price Index (“HPI”) projection. These forecasts incorporate not just national macro-economic trends, but also regional impacts to arrive at the most granular and accurate projections. These assumptions are incorporated into the model as a basis to generate delinquency probabilities, default curves, loss severity curves, and voluntary prepayment curves at the loan level within each deal. The model utilizes HPI-adjusted current loan to value, payment history, loan terms, loan modification history, and borrower characteristics as inputs to generate expected cash flows and principal loss for each bond under various scenarios. Based on the analysis performed, the Company did not recognize a credit loss on mortgage-backed securities during the period.

Asset backed securities (“ABS”) - As of **March 31, 2024** **June 30, 2024**, gross unrealized losses related to asset backed securities were **\$4.441** **3.750** million. The weighted average credit enhancement for the Company's asset backed portfolio is **37.0** **36.3**. This represents the percentage of pool losses that can occur before an asset backed security will incur its first dollar of principal losses. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, every ABS transaction is analyzed on a stand-alone basis. This analysis involves a thorough review of the collateral, prepayment, and structural risk in each transaction. Additionally, the analysis includes an in-depth credit analysis of the originator and servicer of the collateral. The analysis projects an expected loss for a deal given a set of assumptions specific to the asset type. These assumptions are used to calculate at what level of losses the deal will incur its first dollar of principal loss. The major assumptions used to calculate this ratio are loss severities, recovery lags, and no advances on principal and interest. Based on the analysis performed, the Company did not recognize a credit loss on asset backed securities during the period.

Commercial mortgage-backed securities (“CMBS”) - As of **March 31, 2024** **June 30, 2024**, gross unrealized losses related to the CMBS portfolio were **\$4.271** **4.159** million. The weighted average credit enhancement for the Company's CMBS portfolio is **48.5** **46.1**. This represents the percentage of pool losses that can occur before a commercial mortgage-backed security will incur its first dollar of principal loss. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, a loan level analysis is utilized where every underlying CMBS loan is re-underwritten based on a set of assumptions reflecting expectations for the future path of the economy. Each loan is analyzed over time using a series of tests to determine if a credit event will occur during the life of the loan. Inherent in this process are several economic scenarios and their corresponding rent/vacancy and capital market states. The five primary credit events that frame the analysis include loan modifications, term default, balloon default, extension, and ability to pay off the balloon. The resulting output is the expected loss adjusted cash flows for each bond under the base case and distressed scenarios. Based on the analysis performed, the Company did not recognize a credit loss on commercial mortgage-backed securities during the period.

Corporate bonds - As of **March 31, 2024** **June 30, 2024**, gross unrealized losses related to corporate bonds were **\$5.891** **5.152** million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, analysis for this asset class includes maintaining detailed financial models that include a projection of each issuer's future financial performance, including prospective debt servicing capabilities, capital structure composition, and the value of the collateral. The analysis incorporates the macroeconomic environment, industry conditions in which the issuer operates, the issuer's current competitive position, its vulnerability to changes in the competitive and regulatory environment, issuer liquidity, issuer commitment to bondholders, issuer creditworthiness, and asset protection. Part of the process also includes running downside scenarios to evaluate the expected likelihood of default as well as potential losses in the event of default. Based on the analysis performed, the Company did not recognize a credit loss on corporate bonds during the period.

Foreign bonds – As of **March 31, 2024** **June 30, 2024**, gross unrealized losses related to foreign bonds were **\$3.325** **3.058** million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, detailed financial models are maintained that include a projection of each issuer's future financial performance, including prospective debt servicing capabilities, capital structure composition, and the value of the collateral. The analysis incorporates the macroeconomic environment, industry conditions in which the issuer operates, the issuer's current competitive position, its vulnerability to changes in the competitive and regulatory environment, issuer liquidity, issuer commitment to bondholders, issuer creditworthiness, and asset protection. Part of the process also includes running downside scenarios to evaluate the expected likelihood of default as well as potential losses in the event of default. Based on the analysis performed, the Company did not recognize a credit loss on foreign bonds during the period.

The Company has evaluated its investment portfolio and has determined that an allowance for expected credit losses on its investments is not required.

Accumulated Other Comprehensive Income (Loss), Net of Tax

Accumulated other comprehensive income (loss), net of tax, as of **March 31, 2024** **June 30, 2024** and December 31, 2023 was as follows:

(Dollars in thousands)	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Net unrealized gains (losses) from:				
Fixed maturities	\$ (24,666)	\$ (28,299)	\$ (22,338)	\$ (28,299)
Foreign currency fluctuations	(273)	(187)	(214)	(187)
Deferred taxes	4,944	5,623	4,501	5,623
Accumulated other comprehensive income (loss), net of tax	<u>\$ (19,995)</u>	<u>\$ (22,863)</u>	<u>\$ (18,051)</u>	<u>\$ (22,863)</u>

The following tables present the changes in accumulated other comprehensive income (loss), by components, for the quarters **and six months** ended **March 31, 2024** **June 30, 2024** and 2023:

Quarter Ended March 31, 2024 (Dollars in thousands)	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)			
Quarter Ended June 30, 2024 (Dollars in thousands)	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)			
Beginning balance, net of tax	\$ (22,715)	\$ (148)	\$ (22,863)	\$ (19,779)	\$ (216)	\$ (19,995)
Other comprehensive income (loss) before reclassification, before tax	3,608	(86)	3,522	2,321	59	2,380
Amounts reclassified from accumulated other comprehensive income, before tax	25	—	25	7	—	7
Other comprehensive income (loss), before tax	3,633	(86)	3,547	2,328	59	2,387
Income tax benefit (expense)	(697)	18	(679)	(431)	(12)	(443)
Ending balance, net of tax	<u>\$ (19,779)</u>	<u>\$ (216)</u>	<u>\$ (19,995)</u>	<u>\$ (17,882)</u>	<u>\$ (169)</u>	<u>\$ (18,051)</u>

Quarter Ended March 31, 2023 (Dollars in thousands)	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)			
Quarter Ended June 30, 2023 (Dollars in thousands)	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)			
Beginning balance, net of tax	\$ (42,958)	\$ (100)	\$ (43,058)	\$ (34,314)	\$ (301)	\$ (34,615)
Other comprehensive income (loss) before reclassification, before tax	10,128	(254)	9,874	(3,757)	53	(3,704)
Amounts reclassified from accumulated other comprehensive income, before tax	606	—	606	587	—	587
Other comprehensive income (loss), before tax	10,734	(254)	10,480	(3,170)	53	(3,117)
Income tax benefit (expense)	(2,090)	53	(2,037)	572	(11)	561
Ending balance, net of tax	<u>\$ (34,314)</u>	<u>\$ (301)</u>	<u>\$ (34,615)</u>	<u>\$ (36,912)</u>	<u>\$ (259)</u>	<u>\$ (37,171)</u>

Six Months Ended June 30, 2024 (Dollars in thousands)	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)
Beginning balance, net of tax	\$ (22,715)	\$ (148)	\$ (22,863)
Other comprehensive (loss) before reclassification, before tax	5,929	(27)	5,902
Amounts reclassified from accumulated other comprehensive income, before tax	32	—	32
Other comprehensive income (loss), before tax	5,961	(27)	5,934
Income tax benefit (expense)	(1,128)	6	(1,122)
Ending balance, net of tax	<u>\$ (17,882)</u>	<u>\$ (169)</u>	<u>\$ (18,051)</u>

Six Months Ended June 30, 2023 (Dollars in thousands)	Unrealized Gains and Losses on Available for		Accumulated Other Comprehensive Income
	Sale Securities	Foreign Currency Items	(Loss)
Beginning balance, net of tax	\$ (42,958)	\$ (100)	\$ (43,058)
Other comprehensive income (loss) before reclassification, before tax	6,371	(201)	6,170
Amounts reclassified from accumulated other comprehensive income, before tax	1,193	—	1,193
Other comprehensive income (loss), before tax	7,564	(201)	7,363
Income tax benefit (expense)	(1,518)	42	(1,476)
Ending balance, net of tax	\$ (36,912)	\$ (259)	\$ (37,171)

The reclassifications out of accumulated other comprehensive income (loss) for the quarters and six months ended **March 31, 2024** **June 30, 2024** and 2023 were as follows:

(Dollars in thousands)	Affected Line Item in the Consolidated Statements of Operations	Amounts Reclassified from Accumulated Other Comprehensive Income Quarters Ended March 31,	
		2024	2023
Unrealized gains and losses on available for sale securities	Other net realized investment losses	\$ 25	\$ 606
	Income tax benefit	(3)	(119)
	Total reclassifications, net of tax	\$ 22	\$ 487

(Dollars in thousands)	Affected Line Item in the Consolidated Statements of Operations	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) Quarters Ended June 30,	
		2024	2023
Unrealized gains and losses on available for sale securities	Other net realized investment losses	\$ 7	\$ 587
	Income tax expense (benefit)	3	(108)
	Total reclassifications, net of tax	\$ 10	\$ 479

(Dollars in thousands)		Six Months Ended June 30,	
Details about Accumulated Other Comprehensive Income Components	Affected Line Item in the Consolidated Statements of Operations	2024	2023
Unrealized gains and losses on available for sale securities	Other net realized investment (gains) losses	\$ 32	\$ 1,193
	Income tax benefit	—	(227)
	Total reclassifications, net of tax	\$ 32	\$ 966

Net Realized Investment Gains (Losses)

The components of net realized investment gains (losses) for the quarters and six months ended **March 31, 2024**, **June 30, 2024** and 2023 were as follows:

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Fixed maturities:						
Gross realized gains	\$ 6	\$ 5	\$ 43	\$ 9	\$ 49	\$ 14
Gross realized losses	(31)	(611)	(50)	(596)	(81)	(1,207)
Net realized gains (losses)	(25)	(606)	(7)	(587)	(32)	(1,193)
Equity securities:						
Gross realized gains	875	627	214	209	1,089	784
Gross realized losses	(3)	(1,541)	(2)	(383)	(5)	(1,872)
Net realized gains (losses)	872	(914)	212	(174)	1,084	(1,088)
Total net realized investment gains (losses)	\$ 847	\$ (1,520)	\$ 205	\$ (761)	\$ 1,052	\$ (2,281)

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The following table shows the calculation of the portion of realized gains and losses related to equity securities held as of **March 31, 2024**, **June 30, 2024** and 2023:

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Net gains (losses) recognized during the period on equity securities	\$ 872	\$ (914)	\$ 212	\$ (174)	\$ 1,084	\$ (1,088)
Less: net gains (losses) recognized during the period on equity securities sold during the period	(11)	18	(255)	—	(266)	18
Unrealized gains (losses) recognized during the reporting period on equity securities still held	\$ 883	\$ (932)	\$ 467	\$ (174)	\$ 1,350	\$ (1,106)

The proceeds from sales and redemptions of available for sale and equity securities resulting in net realized investment gains (losses) for the **quarters** **March 31, 2024**, **June 30, 2024** and 2023 were as follows:

(Dollars in thousands)	Quarters Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Fixed maturities	\$ 20,759	\$ 44,381	\$ 51,491	\$ 96,890
Equity securities	—	—	—	24

Net Investment Income

The sources of net investment income for the quarters and six months ended **March 31, 2024** **June 30, 2024** and 2023 were as follows:

(Dollars in thousands)	Quarters Ended March 31,	
	2024	2023
Fixed maturities	\$ 13,578	\$ 11,460
Equity securities	189	190
Cash and cash equivalents	659	263
Other invested assets	597	467
Total investment income	15,023	12,380
Investment expense	(503)	(372)
Net investment income	\$ 14,520	\$ 12,008

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(Dollars in thousands)	Quarters Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Fixed maturities	\$ 14,582	\$ 12,313	\$ 28,160	\$ 23,773
Equity securities	245	257	434	447
Cash and cash equivalents	662	300	1,321	563
Other invested assets	334	697	931	1,164
Total investment income	15,823	13,567	30,846	25,947
Investment expense	(512)	(351)	(1,015)	(723)
Net investment income	\$ 15,311	\$ 13,216	\$ 29,831	\$ 25,224

The Company's total investment return on a pre-tax basis for the quarters and six months ended **March 31, 2024** **June 30, 2024** and 2023 were as follows:

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Net investment income	\$ 14,520	\$ 12,008	\$ 15,311	\$ 13,216	\$ 29,831	\$ 25,224
Net realized investment gains (losses)	847	(1,520)	205	(761)	1,052	(2,281)
Change in unrealized holding gains	3,547	10,480	2,387	(3,117)	5,934	7,363
Net realized and unrealized investment returns	4,394	8,960	2,592	(3,878)	6,986	5,082
Total investment return	\$ 18,914	\$ 20,968	\$ 17,903	\$ 9,338	\$ 36,817	\$ 30,306
Total investment return % ⁽¹⁾	1.3 %	1.6 %	1.3 %	0.7 %	2.6 %	2.3 %
Average investment portfolio ⁽²⁾	\$ 1,403,878	\$ 1,344,886	\$ 1,426,266	\$ 1,345,235	\$ 1,412,821	\$ 1,343,024

⁽¹⁾ Not annualized.

⁽²⁾ Average of total cash and invested assets, net of receivable/payable for securities, as of the beginning and end of the period.

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company did not own any fixed maturity securities that were non-income producing for the preceding twelve months.

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Insurance Enhanced Asset-Backed and Credit Securities

As of March 31, 2024 June 30, 2024, the Company held insurance enhanced municipal bonds with a market value of approximately \$4.9 4.3 million which represented 0.3% of the Company's total cash and invested assets, net of receivable for securities matured. securities. The financial guarantors of the Company's \$4.9 4.3 million municipal bonds include Assured Guaranty Corporation (\$3.7 3.4 million) and Ambac Financial Group (\$1.2 0.9 million).

The Company had no direct investments in the entities that have provided financial guarantees or other credit support to any security held by the Company at March 31, 2024 June 30, 2024.

Bonds Held on Deposit

Certain cash and cash equivalents and bonds available for sale were deposited with various governmental authorities in accordance with statutory requirements, were held as collateral, or were held in trust. The fair values were as follows as of March 31, 2024 June 30, 2024 and December 31, 2023:

(Dollars in thousands)	Estimated Fair Value		Estimated Fair Value	
	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
On deposit with governmental authorities	\$ 19,089	\$ 19,262	\$ 19,102	\$ 19,262
Held in trust pursuant to third party requirements	152,896	150,796	154,567	150,796
Total (1)	\$ 171,985	\$ 170,058	\$ 173,669	\$ 170,058

(1) Includes cash and cash equivalents of \$9.9 10.7 million and \$9.0 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively, with the remainder related to bonds available for sale.

Variable Interest Entities

A Variable Interest Entity ("VIE") refers to an investment in which an investor holds a controlling interest that is not based on the majority of voting rights. Under the VIE model, the party that has the power to exercise significant management influence and maintain a controlling financial interest in the entity's economics is said to be the primary beneficiary, and is required to consolidate the entity within their results. Other entities that participate in a VIE, for which their financial interests fluctuate with changes in the fair value of the investment entity's net assets but do not have significant management influence and the ability to direct the VIE's significant economic activities are said to have a variable interest in the VIE but do not consolidate the VIE in their financial results.

The Company has interests in three limited partnership investments with a carrying value approximating fair value of \$34.0 33.7 million and \$38.2 million as of March 31, 2024 June 30, 2024 and December 31, 2023. The Company has a variable interest in two of these

limited partnership investments, for which it is not the primary beneficiary. These investments are accounted for under the equity method since its ownership interest exceeds 3%.

The carrying value of one of the Company's VIE's, which invests in distressed securities and assets, was \$3.8 million and \$4.0 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The Company's maximum exposure to loss from this VIE, which factors in future funding commitments of \$14.2 million, was \$18.2 18.0 million and \$18.3 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Since the investment period has concluded, the Company does not expect any capital calls will be made prospectively. The carrying value and maximum exposure to loss of a second VIE that invests in Real Estate Investment Trust ("REIT") qualifying assets was \$8.6 8.4 million and \$8.2 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The Company's investment in VIEs is included in other invested assets on the consolidated balance sheets with changes in carrying value recorded in the consolidated statements of operations.

4. Fair Value Measurements

The accounting standards related to fair value measurements define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. These standards do not change existing guidance as to whether or not an instrument is carried at fair value. The Company has determined that its fair value measurements are in accordance with the requirements of these accounting standards.

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The Company's invested assets are carried at their fair value and are categorized based upon a fair value hierarchy:

- Level 1 – inputs utilize quoted prices (unadjusted) in active markets for identical assets that the Company has the ability to access at the measurement date.
- Level 2 – inputs utilize other than quoted prices included in Level 1 that are observable for similar assets, either directly or indirectly.
- Level 3 – inputs are unobservable for the asset, and include situations where there is little, if any, market activity for the asset.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset.

The following table presents information about the Company's invested assets measured at fair value on a recurring basis as of **March 31, 2024**, **June 30, 2024** and December 31, 2023 and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value.

	Fair Value Measurements				Fair Value Measurements			
	Level 1	Level 2	Level 3	Total				
As of March 31, 2024								
(Dollars in thousands)								
As of June 30, 2024								
(Dollars in thousands)								
Assets:								
Fixed maturities:								
U.S. treasuries	\$ 544,543	\$ —	\$ —	\$ 544,543	\$ 762,151	\$ —	\$ —	\$ 762,151
Obligations of states and political subdivisions	—	23,092	—	23,092	—	19,381	—	19,381
Mortgage-backed securities	—	57,542	—	57,542	—	55,363	—	55,363
Commercial mortgage-backed securities	—	77,771	—	77,771	—	72,761	—	72,761
Asset-backed securities	—	199,695	—	199,695	—	175,618	—	175,618
Corporate bonds	—	224,664	—	224,664	—	175,869	—	175,869
Foreign corporate bonds	—	99,002	—	99,002	—	78,903	—	78,903
Total fixed maturities	544,543	681,766	—	1,226,309	762,151	577,895	—	1,340,046
Equity securities	—	17,045	—	17,045	—	14,657	—	14,657
Total assets measured at fair value	\$ 544,543	\$ 698,811	\$ —	\$ 1,243,354	\$ 762,151	\$ 592,552	\$ —	\$ 1,354,703

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Fair Value Measurements

As of December 31, 2023

(Dollars in thousands)

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities:				
U.S. treasuries	\$ 494,223	\$ —	\$ —	\$ 494,223
Obligations of states and political subdivisions	—	26,150	—	26,150
Mortgage-backed securities	—	58,927	—	58,927
Commercial mortgage-backed securities	—	79,080	—	79,080
Asset-backed securities	—	202,952	—	202,952
Corporate bonds	—	291,713	—	291,713
Foreign corporate bonds	—	140,748	—	140,748
Total fixed maturities	494,223	799,570	—	1,293,793
Equity securities	—	16,508	—	16,508
Total assets measured at fair value	\$ 494,223	\$ 816,078	\$ —	\$ 1,310,301

The securities classified as Level 1 in the above tables consist of U.S. treasuries actively traded on an exchange.

The securities classified as Level 2 in the above tables consist primarily of fixed maturities and preferred stocks. Based on the typical trading volumes and the lack of quoted market prices for fixed maturities and preferred stocks, security prices are

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derived through recent reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. If there are no recent reported trades, matrix or model processes are used to develop a security price where future cash flow expectations are developed based upon collateral performance and discounted at an estimated market rate. Included in the pricing of asset-backed securities, collateralized mortgage obligations, and mortgage-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the characteristics of the underlying structure and prepayment speeds previously experienced at the interest rate levels projected for the underlying collateral.

The following table presents changes in Level 3 investments measured at fair value on a recurring basis for the quarters and six months ended March 31, 2024 June 30, 2024 and 2023:

(Dollars in thousands)	Quarters Ended		Six Months			
	March 31,		Quarters Ended		Ended	
	2024	2023	2024	2023	2024	2023
Beginning balance	\$ —	\$ 4,571	\$ —	\$ 4,335	\$ —	\$ 4,571
Total gains (realized / unrealized):						
Total gains / (losses) (realized / unrealized):						
Included in accumulated other comprehensive income (loss)	—	10	—	(3)	—	7
Included in earnings attributable to realized gains / losses	—	(59)	—	(113)	—	(172)
Transfers into level 3	—	—	—	—	—	—
Transfers out of level 3	—	—	—	—	—	—
Amortization of bond premium and discount, net	—	2	—	2	—	4
Purchases	—	74	—	39	—	113
Sales	—	(263)	—	(473)	—	(736)

Ending balance	\$ —	\$ 4,335	\$ —	\$ 3,787	\$ —	\$ 3,787
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) related to assets still held at end of reporting period	\$ —	\$ (59)	\$ —	\$ (103)	\$ —	\$ (162)

There were no transfers into or out of Level 3 during the quarters and six months ended March 31, 2024 June 30, 2024 or 2023.

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Fair Value of Alternative Investments

Other invested assets consist of limited partnerships whose carrying value approximates fair value. The following table provides the fair value and future funding commitments related to these investments at March 31, 2024 June 30, 2024 and December 31, 2023.

(Dollars in thousands)	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
	Future Funding		Future Funding		Future Funding		Future Funding	
	Fair Value	Commitment	Fair Value	Commitment	Fair Value	Commitment	Fair Value	Commitment
European Non-Performing Loan Fund, LP ⁽¹⁾	\$ 3,990	\$ 14,214	\$ 4,048	\$ 14,214	\$ 3,796	\$ 14,214	\$ 4,048	\$ 14,214
Mortgage Debt Fund, LP ⁽²⁾	8,619	—	8,172	—	8,356	—	8,172	—
Global Debt Fund, LP ⁽³⁾	21,412	—	26,016	—	21,558	—	26,016	—
Total	\$ 34,021	\$ 14,214	\$ 38,236	\$ 14,214	\$ 33,710	\$ 14,214	\$ 38,236	\$ 14,214

- (1) This limited partnership invests in distressed securities and assets through senior and subordinated, secured and unsecured debt and equity, in both public and private large-cap and middle-market companies. The Company does not have the ability to sell or transfer its limited partnership interest without consent from the general partner. The Company does not have the contractual option to redeem its limited partnership interest but receives distributions based on the liquidation of the underlying assets. As of June 30, 2024, the Company has funded \$35.8 million of this commitment leaving \$14.2 million as unfunded. Since the investment period has concluded, the Company does not expect any capital calls will be made prospectively.
- (2) This limited partnership invests in REIT qualifying assets such as mortgage loans, investor property loans, and commercial mortgage loans. The Company does not have the ability to sell or transfer its limited partnership interest without consent from the general partner. The Company does not have the contractual option to redeem its limited partnership interest but receives distributions based on the liquidation of the underlying assets.
- (3) This limited partnership invests in performing, stressed or distressed securities and loans across the global fixed income markets. The Company does have the contractual option to withdraw all or a portion of its limited partnership interest by providing notice to the fund. On July 31, 2023, the Company provided the Global Debt Fund, LP with a formal withdrawal request to fully redeem the partnership interest. Partial redemption proceeds of \$4.3 million were received during the quarter six months ended March 31, 2024 June 30, 2024.

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Limited Partnerships with ownership interest exceeding 3%

The Company uses the equity method to account for investments in limited partnerships where its ownership interest exceeds 3%. The equity method of accounting for an investment in limited partnerships requires that its cost basis be updated to account for the income or loss earned on the investment. In the Fair Value of Alternative Investments table above, all of the investments are booked on a one quarter lag due to non-availability of data at the time the financial statements are prepared. The investment income (loss) associated with the limited partnerships whose ownership interest exceeds 3% is reflected in the consolidated statements of operations in the amounts of \$0.40.2 million and \$0.10.5 million for the quarters ended March 31, 2024 June 30, 2024 and 2023, respectively. respectively, and \$0.6 million for the six months ended June 30, 2024 and 2023.

Pricing

The Company's pricing vendors provide prices for all investment categories except for investments in limited partnerships. Two primary vendors are utilized to provide prices for equity and fixed maturity securities.

The following is a description of the valuation methodologies used by the Company's pricing vendors for investment securities carried at fair value:

- Equity security prices are received from primary and secondary exchanges.
- Corporate and agency bonds, as well as preferred stock, are evaluated by utilizing a spread to a benchmark curve. Bonds with similar characteristics are grouped into specific sectors. Inputs for both asset classes consist of trade prices, broker quotes, the new issue market, and prices on comparable securities.
- Data from commercial vendors is aggregated with market information, then converted into an option adjusted spread ("OAS") matrix and prepayment model used for collateralized mortgage obligations ("CMO"). CMOs are categorized with mortgage-backed securities in the tables listed above. For asset-backed securities, spread data is derived from trade prices, dealer quotations, and research reports. For both asset classes, evaluations utilize standard inputs plus new issue data, and collateral performance. The evaluated pricing models incorporate cash flows, broker quotes, market trades, historical prepayment speeds, and dealer projected speeds.
- For obligations of state and political subdivisions, an attribute-based modeling system is used. The pricing model incorporates trades, market clearing yields, market color and fundamental credit research.

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- U.S. treasuries are evaluated by obtaining feeds from a number of live data sources including primary and secondary dealers as well as inter-dealer brokers.
- For mortgage-backed securities, various external analytical products are utilized and purchased from commercial vendors.

The Company performs certain procedures to validate whether the pricing information received from the pricing vendors is reasonable, to ensure that the fair value determination is consistent with accounting guidance, and to ensure that its assets are properly classified in the fair value hierarchy. The Company's procedures include, but are not limited to:

- Reviewing periodic reports provided by the Investment Manager that provides information regarding rating changes and securities placed on watch. This procedure allows the Company to understand why a particular security's market value may have changed or may potentially change.
- Understanding and periodically evaluating the various pricing methods and procedures used by the Company's pricing vendors to ensure that investments are properly classified within the fair value hierarchy.
- On a quarterly basis, the Company corroborates investment security prices received from its pricing vendors by obtaining pricing from a second pricing vendor for a sample of securities.

During the quarters and six months ended March 31, 2024, June 30, 2024 and 2023, the Company has not adjusted quotes or prices obtained from the pricing vendors.

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5. Allowance for Expected Credit Losses - Premium Receivables and Reinsurance Receivables

For premium receivables, the allowance is based upon the Company's ongoing review of key aspects of amounts outstanding, including but not limited to, length of collection periods, direct placement with collection agencies, solvency of insured, agents, or reinsurers on assumed reinsurance, terminated agents, and other relevant factors.

The following table is an analysis of the allowance for expected credit losses related to the Company's premium receivables for the quarters and six months ended March 31, 2024, June 30, 2024 and 2023:

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023

Beginning balance	\$ 4,796	\$ 3,322	\$ 4,423	\$ 3,379	\$ 4,796	\$ 3,322
Current period provision for expected credit losses	194	348	(367)	1,369	(173)	1,717
Write-offs	(567)	(291)	(13)	(692)	(580)	(983)
Ending balance	<u>\$ 4,423</u>	<u>\$ 3,379</u>	<u>\$ 4,043</u>	<u>\$ 4,056</u>	<u>\$ 4,043</u>	<u>\$ 4,056</u>

For reinsurance receivables, the allowance is based upon the Company's ongoing review of key aspects of amounts outstanding, including but not limited to, length of collection periods, disputes, applicable coverage defenses, insolvent reinsurers, financial strength of solvent reinsurers based on AM Best Ratings and other relevant factors.

The allowance for expected credit losses related to the Company's reinsurance receivables was \$9.0 million at **March 31, 2024** **June 30, 2024** and December 31, 2023.

6. Income Taxes

Global Indemnity Group, LLC is a publicly traded partnership for U.S. federal income tax purposes and meets the qualifying income exception to maintain partnership status. As a publicly traded partnership, Global Indemnity Group, LLC is generally not subject to federal income tax and most state income taxes. However, income earned by the subsidiaries of Global Indemnity Group, LLC is subject to corporate tax in the United States and certain foreign jurisdictions.

As of **March 31, 2024** **June 30, 2024**, the Company conducts business in the United States where the statutory income tax rate is 21% and in Ireland where the statutory income tax rate is 25% on non-trading income, 33% on capital gains, and 12.5% on trading

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income. The statutory income tax rate of each country is applied against the expected annual taxable income of the Company in each country to estimate the annual income tax expense.

The Company's income before income taxes is derived from its U.S. subsidiaries for the quarters and six months ended **March 31, 2024** **June 30, 2024** and 2023.

The following table summarizes the components of income tax expense:

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Deferred income tax expense:						
U.S. Federal	\$ 2,899	\$ 573	\$ 2,581	\$ 2,371	\$ 5,480	\$ 2,944
Total income tax expense	<u>\$ 2,899</u>	<u>\$ 573</u>	<u>\$ 2,581</u>	<u>\$ 2,371</u>	<u>\$ 5,480</u>	<u>\$ 2,944</u>

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The weighted average expected tax provision has been calculated using income before income taxes in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. The following table summarizes the differences between the tax provision for financial statement purposes and the expected tax provision at the weighted average tax rate:

Quarters Ended March 31,		Quarters Ended June 30,	
2024	2023	2024	2023

(Dollars in thousands)	% of Pre-		% of Pre-		% of Pre-		% of Pre-	
	Amount	Tax Income	Amount	Tax Income	Amount	Tax Income	Amount	Tax Income
Expected tax provision at weighted average tax rate	\$ 2,996	21.0%	\$ 644	21.0%	\$ 2,662	21.0%	\$ 2,459	21.0%
Adjustments:								
Non-deductible executive compensation	105	0.7	53	1.7	105	0.8	52	0.4
Dividend exclusion	(16)	(0.1)	(17)	(0.5)	(22)	(0.2)	(21)	(0.2)
Parent income treated as partnership for tax	(194)	(1.3)	(196)	(6.4)	(172)	(1.3)	(146)	(1.2)
Meals & Entertainment	17	0.1	66	2.2	20	0.2	63	0.5
Other	(9)	(0.1)	23	0.7	(12)	(0.1)	(36)	(0.2)
Effective income tax expense	\$ 2,899	20.3%	\$ 573	18.7%	\$ 2,581	20.4%	\$ 2,371	20.3%

(Dollars in thousands)	Six Months Ended June 30,			
	2024		2023	
	% of Pre-		% of Pre-	
	Amount	Tax Income	Amount	Tax Income
Expected tax provision at weighted average tax rate	\$ 5,657	21.0%	\$ 3,103	21.0%
Adjustments:				
Non-deductible executive compensation	210	0.8	105	0.7
Dividend exclusion	(38)	(0.1)	(38)	(0.3)
Parent income treated as partnership for tax	(366)	(1.4)	(342)	(2.3)
Meals & Entertainment	37	0.1	129	0.9
Other	(20)	(0.1)	(13)	(0.1)
Effective income tax expense	\$ 5,480	20.3%	\$ 2,944	19.9%

The Company has a net operating loss ("NOL") carryforward of \$66.9 million as of March 31, 2024, which begins to expire in 2038 based on when the original NOL was generated. The Company's NOL carryforward as of December 31, 2023 was \$78.8 million.

7. Liability for Unpaid Losses and Loss Adjustment Expenses

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

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Balance at beginning of period	\$ 850,599	\$ 832,404	\$ 853,602	\$ 857,520	\$ 850,599	\$ 832,404
Less: Ceded reinsurance receivables	72,829	73,021	71,814	73,665	72,829	73,021
Net balance at beginning of period	777,770	759,383	781,788	783,855	777,770	759,383
Incurred losses and loss adjustment expenses related to:						
Current year	53,383	88,001	53,744	78,031	107,127	166,032
Prior years	1	—	(82)	51	(81)	51
Total incurred losses and loss adjustment expenses	53,384	88,001	53,662	78,082	107,046	166,083
Paid losses and loss adjustment expenses related to:						
Current year	5,597	9,617	18,489	24,565	24,086	34,184
Prior years	43,769	53,912	43,147	44,354	86,916	98,264
Total paid losses and loss adjustment expenses	49,366	63,529	61,636	68,919	111,002	132,448
Net balance at end of period	781,788	783,855	773,814	793,018	773,814	793,018
Plus: Ceded reinsurance receivables	71,814	73,665	70,392	73,933	70,392	73,933
Balance at end of period	\$ 853,602	\$ 857,520	\$ 844,206	\$ 866,951	\$ 844,206	\$ 866,951

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When analyzing loss reserves and prior year development, the Company considers many factors, including the frequency and severity of claims, loss trends, case reserve settlements that may have resulted in significant development, and any other additional or pertinent factors that may impact reserve estimates.

During the first second quarter of 2024, the Company's adjustments to prior accident year loss reserves netted to \$1 thousand. This consisted a decrease of a less than \$0.1 million.

- Penn-America had a decrease of \$0.5million increase consisting of (i) \$0.4 million decrease for property lines related to Penn-America the 2020 through 2022 accident years and a less than (ii) \$0.1 million decrease related to for casualty lines across various accident years.
- Non-Core Operations. Operations had an increase of \$0.4 million driven by its casualty lines across various accident years.

During the first second quarter of 2023, the Company's adjustments to prior accident year loss reserves netted to zero. This consisted an increase of a \$2.2 0.1 million.

- Penn-America had an increase of \$0.9 million consisting of (i) \$1.2 million increase in aggregate for casualty lines resulting from increases of \$4.7 million primarily related to Penn-America the 2019 through 2021 accident years partially offset by favorable development of \$3.5 million mainly due to accident years prior to 2006 and (ii) a \$2.2 0.3 million decrease in aggregate on its property lines resulting from favorable development of \$0.7 million primarily related to the 2020 accident year partially offset by unfavorable development of \$0.4 million from various accident years.
- Non-Core Operations had a decrease of \$0.8 million consisting of (i) a \$5.3 million decrease related to Non-Core Operations.

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The reinsurance across various accident years, (ii) a \$2.2 3.9 million increase in prior accident year loss reserves related to Penn-America casualty lines primarily consisted of the following:

- **Property:** A \$0.6 million decrease primarily recognizes lower driven by higher than expected claims severity in the 2021 and 2022 accident years, and (iii) a \$0.6 million net increase in property lines primarily related to the 2020 through 2022 accident years.

During the first six months of 2024, the Company's adjustments to prior accident year loss reserves netted to a decrease of \$0.1 million.

- Penn-America had a decrease of \$0.4 million consisting of (i) \$0.3 million decrease for property lines related to the 2020 and 2021 accident years and (ii) \$0.1 million decrease for casualty lines across various accident years.
- Non-Core Operations had an increase of \$0.3 million consisting of (i) \$0.5 million increase for property lines in the 2019, 2020 and 2022 accident years, (ii) a \$0.5 million increase in aggregate for casualty lines across various accident years, and (iii) \$0.7 million decrease in reinsurance across various accident years.

During the first six months of 2023, the Company's adjustments to prior accident year loss reserves netted to an increase of \$0.1 million.

- Penn-America had an increase of \$3.1 million consisting of (i) \$3.9 million increase in aggregate for casualty lines resulting from increases of \$6.9 million primarily related to the 2017 through 2021 accident years partially offset by increases favorable development of \$3.0 million mainly due to accident years prior to 2006, (ii) \$0.1 million increase in professional lines and (iii) a \$0.9 million net decrease in property lines primarily related to the 2020 and through 2022 accident years.
- **General Liability:** A Non-Core Operations had a decrease of \$2.8 3.0 million increase mainly reflects higher than expected claims severity in the 2013, 2015 through 2019, 2021 and 2022 accident years.

The consisting of (i) a \$2.2 6.3 million decrease in prior aggregate for reinsurance resulting from favorable development of \$7.4 million primarily related to the 2017 through 2021 accident years partially offset by unfavorable development of \$1.1 million in the 2022 accident year, loss reserves related to Non-Core Operations primarily consisted of the following:

- **Property:** A (ii) a \$0.8 1.9 million increase for casualty lines across various accident years, and (iii) a \$1.4 million increase in aggregate for property lines resulting from unfavorable development of \$2.4 million mainly recognizes higher than expected claims severity in due to the 2019, 2021 and 2022 accident years partially offset by decreases favorable development of \$1.0 million primarily in the 2016 and 2018 2020 accident years.
- **General Liability:** A \$1.9 million decrease primarily recognizes lower than expected claims severity in the 2011, 2017, 2018, 2021 and 2022 accident years.

Reinsurance:

A \$
1.1

million decrease in the property lines from one reinsurance treaty in the 2017 and 2020 accident years based on the reported information from the cedant.

8. Shareholders' Equity

Repurchases of the Company's class A common shares

On October 21, 2022, Global Indemnity Group, LLC announced it commenced a share repurchase program beginning in the fourth quarter of 2022. Global Indemnity Group, LLC's Board of Directors has authorized share repurchases of up to \$135 million in aggregate under this program that expires on December 31, 2027. The timing and actual number of shares repurchased, if any, will depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities. As of **March 31, 2024** **June 30, 2024**, the Company's remaining authorization to repurchase shares is \$101.0 million.

In addition, Global Indemnity Group, LLC allows employees to surrender class A common shares as payment for the tax liability incurred upon the vesting of restricted stock that was issued under the Company's share incentive plan in effect at the time of issuance.

No class A common shares were surrendered or repurchased during the quarter ended March 31, 2024.

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The following table provides information with respect to the class A common shares that were surrendered or repurchased during the **quarter** **six months** ended **March 31, 2023** **June 30, 2024**:

Period (1)	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
January 1-31, 2023	3,302	(3)	\$ 23.31	—	—
January 1-31, 2023	250,000	(4)	\$ 25.90	250,000	31,604,066
Total	253,302		\$ 25.82		

(Dollars in thousands,
except share and per share data)

Period (1)	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
June 1-30, 2024	16,527	(3)	\$ 32.00	—	\$ 101,004
Total	16,527		\$ 32.00		

(1) Based on settlement date.

(2) Based on the \$60 135 million share repurchase authorization.

(3) Surrendered by employees as payment of taxes withheld on the vesting of restricted stock and/or restricted stock units.

The following table provides information with respect to the class A common shares that were surrendered or repurchased during the six months ended June 30, 2023:

(Dollars in thousands,
except share and per share data)

Period (1)	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
January 1-31, 2023	3,302	(3)	\$ 23.31	—	\$ —
January 1-31, 2023	250,000	(4)	\$ 25.90	250,000	\$ 106,604
April 1-30, 2023	200,000	(4)	\$ 28.00	200,000	\$ 101,004
June 1-30, 2023	15,558	(3)	\$ 33.74	—	\$ 101,004

Total	468,860	\$	27.04
(1)	Based on settlement date.		
(2)	Based on the \$135 million share repurchase authorization.		
(3)	Surrendered by employees as payment of taxes withheld on the vesting of restricted stock and/or restricted stock units.		
(4)	Purchased as part of the stock repurchase program which commenced announced in 4th quarter of October 2022.		

There were no class B common shares that were surrendered or repurchased during the quarters and six months ended March 31, 2024 June 30, 2024 or 2023.

Each class A common share has one vote and each class B common share has ten votes.

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As of March 31, 2024 June 30, 2024, Global Indemnity Group, LLC's class A common shares were held by approximately 140 shareholders of record. There were two holders of record of Global Indemnity Group, LLC's class B common shares, all of whom are affiliated investment funds of Fox Paine & Company, LLC, as of March 31, 2024 June 30, 2024. Global Indemnity Group, LLC's preferred shares were held by 1 holder of record, an affiliate of Fox Paine & Company, LLC, as of March 31, 2024 June 30, 2024.

Please see Note 15 of the notes to the consolidated financial statements in Item 8 Part II of the Company's 2023 Annual Report on Form 10-K for more information on the Company's repurchase program.

Distributions

Distribution payments of \$0.35 per common share were declared during the quarter six months ended March 31, 2024 June 30, 2024 as follows:

Approval Date	Record Date	Payment Date	Total Distributions Declared (Dollars in thousands)	Record Date	Payment Date	Total Distributions Declared (Dollars in thousands)
March 6, 2024	March 21, 2024	March 28, 2024	\$ 4,752	March 21, 2024	March 28, 2024	\$ 4,752
June 6, 2024	June 21, 2024	June 28, 2024	4,774			
Various (1)	Various	Various	18	Various	Various	18
Total			\$ 4,770			\$ 9,544

(1) Represents distributions declared on unvested shares, net of forfeitures.

Distribution payments of \$0.25 per common share were declared during the quarter six months ended March 31, 2023 June 30, 2023 as follows:

Approval Date	Record Date	Payment Date	Total Distributions Declared (Dollars in thousands)	Record Date	Payment Date	Total Distributions Declared (Dollars in thousands)
March 2, 2023	March 24, 2023	March 31, 2023	\$ 3,410	March 24, 2023	March 31, 2023	\$ 3,410
June 1, 2023	June 23, 2023	June 30, 2023	3,375			
Various (1)	Various	Various	(64)	Various	Various	(21)
Total			\$ 3,346			\$ 6,764

(1) Represents distributions declared on unvested shares, net of forfeitures.

In addition, distributions paid to Global Indemnity Group, LLC's preferred shareholder were \$0.1 million in each of the quarters ended March 31, 2024 June 30, 2024 and 2023 and \$0.2 million in each of the six months ended June 30, 2024 and 2023.

Accrued distributions on unvested shares, which were included in other liabilities on the consolidated balance sheets, were \$0.2 million and was \$0.3 million as of March 31, 2024 and December 31, 2023, respectively. There were no accrued distributions on unvested shares as of June 30, 2024. Accrued preferred distributions

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were less than \$0.1 million as of both **March 31, 2024** **June 30, 2024** and December 31, 2023 and were included in other liabilities on the consolidated balance sheets.

Please see Note 15 of the notes to the consolidated financial statements in Item 8 Part II of the Company's 2023 Annual Report on Form 10-K for more information on the Company's distribution program.

9. Related Party Transactions

Fox Paine Entities

Pursuant to Global Indemnity Group, LLC's Limited Liability Company Agreement ("LLCA"), Fox Paine Capital Fund II International, L.P. (the "Fox Paine Fund"), together with Fox Mercury Investments, L.P. and certain of its affiliates (the "FM Entities"), and Fox Paine & Company LLC (collectively, the "Fox Paine Entities") currently constitute a Class B Majority Shareholder (as defined in the LLCA) and, as such, have the right to appoint a number of Global Indemnity Group, LLC's directors equal in aggregate to the pro rata percentage of the voting power in Global Indemnity Group, LLC beneficially held by the Fox Paine Entities, rounded up to the nearest whole number of directors. The Fox Paine Entities beneficially own shares representing approximately **83.8** **83.7**% of the voting power of Global Indemnity Group, LLC as of **March 31, 2024** **June 30, 2024**. The Fox Paine Entities control the appointment or election of all of Global Indemnity Group, LLC's Directors due to the LLCA and their controlling share ownership. Global Indemnity Group, LLC's Chairman is the Chief Executive and founder of Fox Paine & Company, LLC.

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Management fee expense of \$0.8 million was incurred during each of the quarters ended **March 31, 2024** **June 30, 2024** and **2023**. **2023 and management fee expense of \$1.6 million and \$1.5 million was incurred during the six months ended June 30, 2024 and 2023, respectively.** Prepaid management fees, which were included in other assets on the consolidated balance sheets, were **\$1.4** **0.6** million and \$2.1 million as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively.

In addition, Fox Paine & Company, LLC may also propose and negotiate transaction fees with the Company subject to the provisions of the Company's related party transaction and conflict matter policies, including approval of Global Indemnity Group, LLC's Conflicts Committee of the Board of Directors, for those services from time to time. Each of the Company's transactions with Fox Paine & Company, LLC are reviewed and approved by Global Indemnity Group, LLC's Conflicts Committee, which is composed of independent directors, and the Board of Directors (other than Saul A. Fox, Chairman of the Board of Directors of Global Indemnity Group, LLC and Chief Executive of Fox Paine & Company, LLC, who is not a member of the Conflicts Committee and recused himself from the Board of Directors' deliberations related to fees paid to Fox Paine & Company, LLC or its affiliates).

Greenberg Traurig, LLP's

The Company incurred \$0.2 million for legal services rendered by Greenberg Traurig, LLP during both the quarter and six months ended June 30, 2024. Fred Karlinsky, Shareholder and Co-Chair of Greenberg Traurig, LLP, has been a member of Global Indemnity Group, LLC's Board of Directors since December 5, 2023.

10. Commitments and Contingencies

Legal Proceedings

The Company is, from time to time, involved in various legal proceedings in the ordinary course of business. The Company maintains insurance and reinsurance coverage for such risks in amounts that it considers adequate. However, there can be no assurance that the insurance and reinsurance coverage that the Company maintains is sufficient or will be available in adequate amounts or at a reasonable cost. The Company does not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material adverse effect on its business, results of operations, cash flows, or financial condition.

There is a greater potential for disputes with reinsurers who are in runoff. Some of the Company's reinsurers have operations that are in runoff, and therefore, the Company closely monitors those relationships. The Company anticipates that, similar to the rest of the insurance and reinsurance industry, it will continue to be subject to litigation and arbitration proceedings in the ordinary course of business.

Commitments

In 2014, the Company entered into a \$50 million commitment to purchase an alternative investment vehicle which is comprised of European non-performing loans. As of March 31, 2024 June 30, 2024, the Company has funded \$35.8 million of this commitment leaving \$14.2 million as unfunded. Since the investment period has concluded, the Company does not expect any capital calls will be made prospectively.

Other Commitments

The Company is party to a Management Agreement, as amended, with Fox Paine & Company, LLC, whereby in connection with certain management services provided to it by Fox Paine & Company, LLC, the Company agreed to pay an annual management fee to Fox Paine & Company, LLC. See Note 9 above for additional information pertaining to this management agreement.

11. Share-Based Compensation Plans

Options

During the quarter six months ended March 31, 2024 June 30, 2024, the Company granted 550,000 Time-Based Stock Options at an average strike price of \$30.73. Of this amount, 200,000 Time-Based Stock Options will vest in four equal tranches of 25% on the first business day of each quarter in 2024. The remaining 350,000 Time-Based Stock Options will vest one-third on each of

March 6, 2025, March 6, 2026, and March 6, 2027. No stock options were granted during the quarter ended March 31, 2023 June 30, 2024 or the quarter and six months ended June 30, 2023. No unvested stock options were forfeited during the quarters and six months ended March 31, 2024 June 30, 2024 or 2023.

Restricted Shares / Restricted Stock Units

There were no restricted class A common shares or restricted stock units granted to key employees during the quarters and six months ended March 31, 2024 June 30, 2024 and 2023. There were no restricted class A common shares or restricted stock units forfeited during the quarters and six months ended March 31, 2024 June 30, 2024 and 2023.

There were 13,889 51,293 and 25,913 49,628 restricted stock units that vested during the quarters ended March 31, 2024 June 30, 2024 and 2023, respectively, and 65,182 and 75,541 restricted stock units that vested during the six months ended June 30, 2024 and 2023, respectively. Upon vesting, the restricted stock units converted to restricted class A common shares.

During the quarters ended March 31, 2024 June 30, 2024 and 2023, the Company granted 25,445 25,145 and 26,426 22,279 class A common shares, respectively, at a weighted average grant date value of \$29.88 31.23 and \$25.46 30.20 per share, respectively, to non-employee directors of the Company under the Plan. During the six months ended June 30, 2024 and 2023, the Company granted 50,590 and 48,705 class A common shares, respectively, at a weighted average grant date value of \$30.55 and \$27.63 per share, respectively, to non-employee directors of the Company under the Plan. All shares granted to non-employee directors of the Company are fully vested but are subject to certain restrictions.

Rule 10b5-1 Trading Plans

The Company did not have any Rule 10b5-1 Trading Plans in place during the **quarters** **six months** ended **March 31, 2024** **June 30, 2024** and 2023.

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12. Earnings Per Share

Earnings per share have been computed using the weighted average number of common shares and common share equivalents outstanding during the period.

The following table sets forth the computation of basic and diluted earnings per share:

	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
(Dollars in thousands, except share and per share data)						
Numerator:						
Net income	\$ 11,366	\$ 2,494	\$ 10,093	\$ 9,337	\$ 21,459	\$ 11,831
Less: preferred stock distributions	110	110	110	110	220	220
Net income available to common shareholders	<u>\$ 11,256</u>	<u>\$ 2,384</u>	<u>\$ 9,983</u>	<u>\$ 9,227</u>	<u>\$ 21,239</u>	<u>\$ 11,611</u>
Denominator:						
Weighted average shares for basic earnings per share	13,579,210	13,670,732	13,609,618	13,478,014	13,594,414	13,573,841
Non-vested restricted stock units	47,335	103,407	—	61,579	—	58,571
Options	60,867	155,007	68,290	168,391	64,740	161,809
Weighted average shares for diluted earnings per share	<u>13,687,412</u>	<u>13,929,146</u>	<u>13,677,908</u>	<u>13,707,984</u>	<u>13,659,154</u>	<u>13,794,221</u>
Earnings per share - Basic	<u>\$ 0.83</u>	<u>\$ 0.17</u>	<u>\$ 0.73</u>	<u>\$ 0.68</u>	<u>\$ 1.56</u>	<u>\$ 0.86</u>
Earnings per share - Diluted	<u>\$ 0.82</u>	<u>\$ 0.17</u>	<u>\$ 0.73</u>	<u>\$ 0.67</u>	<u>\$ 1.55</u>	<u>\$ 0.84</u>

The weighted average shares outstanding used to determine dilutive earnings per share does not include 550,000 options for both the quarter and six months ended June 30, 2024 and 346,667 options for both the **quarters** **quarter and six months** ended **March 31, 2024 and 2023, respectively**, **June 30, 2023** which were deemed to be anti-dilutive.

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13. Segment Information

During the fourth quarter of 2023, the Company restructured its insurance operations to strengthen its market presence and enhance GBLI's focus on core products and made the decision to manage the business through two segments, Penn-America and Non-Core Operations. Management believes these segments allow users of the Company's financial statements to better understand the Company's performance, better assess prospects for future net cash flows, and make more informed judgments about the Company as a whole. Segment results for prior years have been revised to reflect these changes.

The Company manages the distribution of its core product offerings through Penn-America. Penn-America offers specialty property and casualty products designed for GBL's Wholesale Commercial, Programs, InsurTech, and Assumed Reinsurance product offerings. The Company also has a Non-Core Operations segment that contains lines of business that have been de-emphasized or are no longer being written.

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The following are tabulations of business segment information for the quarters and six months ended March 31, 2024 June 30, 2024 and 2023. Corporate information is included to reconcile segment data to the consolidated financial statements.

Quarter Ended March 31, 2024 (Dollars in thousands)	Penn- America	Non-Core Operations	Total			
Quarter Ended June 30, 2024 (Dollars in thousands)	Penn- America	Non-Core Operations	Total			
Revenues:						
Gross written premiums	\$ 94,048	\$ (560)	\$ 93,488	\$ 100,552	\$ 154	\$ 100,706
Net written premiums	\$ 92,596	\$ (511)	\$ 92,085	\$ 97,602	\$ 149	\$ 97,751
Net earned premiums	\$ 89,132	\$ 7,447	\$ 96,579	\$ 89,353	\$ 3,461	\$ 92,814
Other income	339	6	345	344	13	357
Total revenues	89,471	7,453	96,924	89,697	3,474	93,171
Losses and Expenses:						
Net losses and loss adjustment expenses	48,909	4,475	53,384	51,126	2,536	53,662
Acquisition costs and other underwriting expenses	34,927	3,342	38,269	33,898	2,070	35,968
Income (loss) from segments	\$ 5,635	\$ (364)	\$ 5,271	\$ 4,673	\$ (1,132)	\$ 3,541
Unallocated Items:						
Net investment income			14,520			15,311
Net realized investment gains			847			205
Corporate and other operating expenses			(6,373)			(6,366)
Interest expense			(17)			
Income before income taxes			14,265			12,674
Income tax expense			(2,899)			(2,581)
Net income			\$ 11,366			\$ 10,093
Segment assets	\$ 983,495	\$ 597,601	\$ 1,581,096	\$ 1,013,413	\$ 578,864	\$ 1,592,277
Corporate assets			147,146			146,272
Total assets			\$ 1,728,242			\$ 1,738,549

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Quarter Ended March 31, 2023 (Dollars in thousands)	Penn- America	Non-Core Operations	Total
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Revenues:			
Gross written premiums	\$ 95,412	\$ 27,573	\$ 122,985
Net written premiums	\$ 91,148	\$ 24,713	\$ 115,861
Net earned premiums	\$ 90,612	\$ 49,460	\$ 140,072
Other income	267	87	354
Total revenues	90,879	49,547	140,426
Losses and Expenses:			
Net losses and loss adjustment expenses	59,278	28,723	88,001
Acquisition costs and other underwriting expenses	34,709	18,769	53,478
Income (loss) from segments	\$ (3,108)	\$ 2,055	\$ (1,053)
Unallocated Items:			
Net investment income			12,008
Net realized investment losses			(1,520)
Corporate and other operating expenses			(6,368)
Income before income taxes			3,067
Income tax expense			(573)
Net income			\$ 2,494
Segment assets	\$ 940,617	\$ 740,750	\$ 1,681,367
Corporate assets			95,911
Total assets			\$ 1,777,278
Quarter Ended June 30, 2023			
	Penn-		
(Dollars in thousands)	America	Non-Core Operations	Total
Revenues:			
Gross written premiums	\$ 95,027	\$ 15,073	\$ 110,100
Net written premiums	\$ 91,593	\$ 14,403	\$ 105,996
Net earned premiums	\$ 92,685	\$ 36,471	\$ 129,156
Other income	266	16	282
Total revenues	92,951	36,487	129,438
Losses and Expenses:			
Net losses and loss adjustment expenses	52,427	25,655	78,082
Acquisition costs and other underwriting expenses	34,392	12,709	47,101
Income (loss) from segments	\$ 6,132	\$ (1,877)	\$ 4,255
Unallocated Items:			
Net investment income			13,216
Net realized investment losses			(761)
Corporate and other operating expenses			(4,990)
Interest expense			(12)
Income before income taxes			11,708
Income tax expense			(2,371)
Net income			\$ 9,337
Segment assets	\$ 950,240	\$ 718,095	\$ 1,668,335
Corporate assets			105,667
Total assets			\$ 1,774,002
Six Months Ended June 30, 2024			
	Penn-		
(Dollars in thousands)	America	Non-Core Operations	Total
Revenues:			

Gross written premiums	\$ 194,600	\$ (406)	\$ 194,194
Net written premiums	\$ 190,198	\$ (362)	\$ 189,836
Net earned premiums	\$ 178,485	\$ 10,908	\$ 189,393
Other income	683	19	702
Total revenues	179,168	10,927	190,095
Losses and Expenses:			
Net losses and loss adjustment expenses	100,035	7,011	107,046
Acquisition costs and other underwriting expenses	68,825	5,412	74,237
Income (loss) from segments	\$ 10,308	\$ (1,496)	\$ 8,812
Unallocated Items:			
Net investment income			29,831
Net realized investment gains			1,052
Corporate and other operating expenses			(12,739)
Interest expense			(17)
Income before income taxes			26,939
Income tax expense			(5,480)
Net income			\$ 21,459
Segment assets	\$ 1,013,413	\$ 578,864	\$ 1,592,277
Corporate assets			146,272
Total assets			\$ 1,738,549

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Six Months Ended June 30, 2023			
(Dollars in thousands)			
	Penn-		
	America	Non-Core Operations	Total
Revenues:			
Gross written premiums	\$ 190,439	\$ 42,646	\$ 233,085
Net written premiums	\$ 182,741	\$ 39,116	\$ 221,857
Net earned premiums	\$ 183,297	\$ 85,931	\$ 269,228
Other income	533	103	636
Total revenues	183,830	86,034	269,864
Losses and Expenses:			
Net losses and loss adjustment expenses	111,705	54,378	166,083
Acquisition costs and other underwriting expenses	69,101	31,478	100,579
Income from segments	\$ 3,024	\$ 178	\$ 3,202
Unallocated Items:			
Net investment income			25,224
Net realized investment losses			(2,281)
Corporate and other operating expenses			(11,358)
Interest expense			(12)
Income before income taxes			14,775
Income tax expense			(2,944)
Net income			\$ 11,831

Segment assets	\$ 950,240	\$ 718,095	\$ 1,668,335
Corporate assets			105,667
Total assets			\$ 1,774,002

14. New Accounting Pronouncements

The Company did not adopt any new accounting pronouncements during the quarter six months ended March 31, 2024 June 30, 2024.

Please see Note 25 of the notes to the consolidated financial statements in Item 8 Part II of the Company's 2023 Annual Report on Form 10-K for more information on accounting pronouncements issued but not yet adopted.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying notes of the Company included elsewhere in this report. Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to the Company's plans and strategy, constitutes forward-looking statements that involve risks and uncertainties. Please see "Cautionary Note Regarding Forward-Looking Statements" at the end of this Item 2 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained herein. For more information regarding the Company's business and operations, please see the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Financial Highlights

2024 First Quarter Results of Operations for Six Months

- Net income of \$11.4 million \$21.5 million, or \$0.82 \$1.55 per share diluted, in 2024 is \$8.9 million \$9.6 million higher than the same period in 2023.
- Net earned premiums of \$96.6 million \$189.4 million (Property: 41% 42% and Casualty: 59% 58%) in 2024 is lower than net earned premiums of \$140.1 million \$265 million (Property 33% 32% and Casualty 67% 68%) in 2023 primarily due to the run off of Non-Core business.
- Underwriting income was \$5.3 million \$8.8 million in 2024 which is better higher than a \$1.1 million loss \$3.2 million in underwriting income for the same period in 2024 due to strong underwriting results on for the Company's property business. Penn-America segment.
- Penn-America accident year combined ratio was 94.0% 94.8% in 2024 compared to 101.2% 96.8% for the same period in 2023. Consolidated accident year combined ratio was 94.9% 95.8% in 2024 compared to 100.6% 99.1% for the same period in 2023.
- Net investment income of \$14.5 million \$29.8 million in 2024 was 21% 18.3% better than the same period in 2023. Book yield on the fixed maturities portfolio was 4. and 3.6% increased to 4.5% at March 31, 2024 and 2023, respectively June 30, 2024 from 3.8% at June 30, 2023.
- Operating cash flows was \$22.7 million \$36.9 million in 2024 compared to \$5.3 million \$14.2 million for the same period in 2023.

2024 First Second Quarter Consolidated Financial Condition

- On August 1, 2024, AM Best affirmed the Financial Strength Rating of A (Excellent) for the U.S. operating subsidiaries of Global Indemnity Group, LLC.
- Total cash and investments including receivable for securities matured, of \$1.4 billion at March 31, 2024 June 30, 2024 increased 2% 3.2% compared to December 2023; fixed maturities and cash comprise 96% 97% of total investments.
- Total assets of \$1.7 billion at March 31, 2024 June 30, 2024 and December 31, 2023.
- No debt at March 31, 2024 June 30, 2024 and December 31, 2023.
- Since the Company's initial public offering in 2003, the total capital returned to shareholders was \$614.4 million \$619.3 million, comprising \$522.2 million of share repurchases and \$92.2 million \$97.1 million of distributions / dividends. This includes \$4.9 million \$9.8 million of distributions during 2024.
- Shareholders' equity increased 1.7% 2.9% from December 31, 2023 to \$659.5 million \$667.5 million at March 31, 2024 June 30, 2024.
- Dividends paid per share increased 40% to \$0.35 \$0.70 in 2024 compared to the same period in 2023.
- Book value per common share increased 1.4% 2.2% from December 31, 2023 to \$48.18 \$48.56 at March 31, 2024 June 30, 2024.

Results of Operations

The Company realized net income of \$11.4 million \$10.1 million and \$2.5 million \$9.3 million during the quarters ended March 31, 2024 June 30, 2024 and 2023, respectively, and realized net income of \$21.5 million and \$11.8 million during the six months ended June 30, 2024 and 2023, respectively.

Net investment income increased by \$2.5 million \$2.1 million and \$4.6 million during the quarter and six months ended March 31, 2024 June 30, 2024 as compared to the same period periods in 2023. This increase in net investment income was primarily due to strategies employed by the Company to take advantage of rising interest rates which resulted in a 19% 18% increase in book yield on the fixed maturities portfolio to 4.3% 4.5% at March 31, 2024 June 30, 2024 from 3.6% 3.8% at March 31, 2023 June 30, 2023. The weighted average duration of the fixed maturities portfolio was 1.1 1.0 years as of March 31, 2024 June 30, 2024.

The Company generated strong underwriting income of \$5.3 million \$8.8 million for the quarter six months ended March 31, 2024 June 30, 2024 compared to an underwriting loss income of \$1.1 million \$3.2 million for the same period in 2023. This improvement increase in underwriting income is primarily driven by strong property underwriting results during within the Company's Penn-America segment mainly due to a 3.0 point improvement in its current accident year loss ratio. Underwriting income for the quarter ended March 31, 2024, was \$3.5 million in 2024 compared to \$4.3 million in 2023. This decrease was predominantly due to a decline in earned premium volume related to Non-Core Operations. Overall, the combined ratio for the quarter improved to 96.6 in 2024 from 96.9 in 2023.

The following table summarizes the Company's results for the quarters and six months ended March 31, 2024 June 30, 2024 and 2023:

	Quarters Ended		Quarters Ended			Six Months Ended		
	March 31,		June 30,		%	June 30,		%
(Dollars in thousands)	2024	2023	2024	2023	Change	2024	2023	Change
Gross written premiums	\$ 93,488	\$ 122,985	\$ 100,706	\$ 110,100	(8.5 %)	\$ 194,194	\$ 233,085	(16.7 %)
Net written premiums	\$ 92,085	\$ 115,861	\$ 97,751	\$ 105,996	(7.8 %)	\$ 189,836	\$ 221,857	(14.4 %)
Net earned premiums	\$ 96,579	\$ 140,072	\$ 92,814	\$ 129,156	(28.1 %)	\$ 189,393	\$ 269,228	(29.7 %)
Other income	345	354	357	282	26.6 %	702	636	10.4 %
Total revenues	96,924	140,426	93,171	129,438	(28.0 %)	190,095	269,864	(29.6 %)
Losses and expenses:								
Net losses and loss adjustment expenses	53,384	88,001	53,662	78,082	(31.3 %)	107,046	166,083	(35.5 %)
Acquisition costs and other underwriting expenses	38,269	53,478	35,968	47,101	(23.6 %)	74,237	100,579	(26.2 %)
Underwriting income (loss)	5,271	(1,053)						
Underwriting income	3,541	4,255	(16.8 %)	8,812	3,202	175.2 %		
Net investment income	14,520	12,008	15,311	13,216	15.9 %	29,831	25,224	18.3 %
Net realized investment gains (losses)	847	(1,520)	205	(761)	(126.9 %)	1,052	(2,281)	(146.1 %)
Corporate and other operating expenses	(6,373)	(6,368)	(6,366)	(4,990)	27.6 %	(12,739)	(11,358)	12.2 %
Interest expense	(17)	(12)	41.7 %	(17)	(12)	41.7 %		
Income before income taxes	14,265	3,067	12,674	11,708	8.3 %	26,939	14,775	82.3 %
Income tax expense	2,899	573	2,581	2,371	8.9 %	5,480	2,944	86.1 %
Net income	\$ 11,366	\$ 2,494	\$ 10,093	\$ 9,337	8.1 %	\$ 21,459	\$ 11,831	81.4 %
Underwriting Ratios:								
Loss ratio ⁽¹⁾ :	55.3 %	62.8 %	57.8 %	60.5 %		56.5 %	61.7 %	

Expense ratio ⁽²⁾	39.6 %	38.2 %	38.8 %	36.4 %	39.2 %	37.3 %
Combined ratio ⁽³⁾	94.9 %	101.0 %	96.6 %	96.9 %	95.7 %	99.0 %

- (1) The loss ratio is a GAAP financial measure that is generally viewed in the insurance industry as an indicator of underwriting profitability and is calculated by dividing net losses and loss adjustment expenses by net earned premiums.
- (2) The expense ratio is a GAAP financial measure that is calculated by dividing the sum of acquisition costs and other underwriting expenses by net earned premiums.
- (3) The combined ratio is a GAAP financial measure and is the sum of the Company's loss and expense ratios.

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Premiums

The following table summarizes the change in premium volume by business segment:

(Dollars in thousands)	Quarters Ended March 31,			Quarters Ended June 30,			Six Months Ended June 30,		
	2024	2023	% Change	2024	2023	% Change	2024	2023	% Change
Gross written premiums ⁽¹⁾									
Penn-America	\$ 94,048	\$ 95,412	(1.4 %)	\$ 100,552	\$ 95,027	5.8 %	\$ 194,600	\$ 190,439	2.2 %
Non-Core Operations	(560)	27,573	(102.0 %)	154	15,073	(99.0 %)	(406)	42,646	(101.0 %)
Total gross written premiums	\$ 93,488	\$ 122,985	(24.0 %)	\$ 100,706	\$ 110,100	(8.5 %)	\$ 194,194	\$ 233,085	(16.7 %)
Ceded written premiums									
Penn-America	\$ 1,452	\$ 4,264	(65.9 %)	\$ 2,950	\$ 3,434	(14.1 %)	\$ 4,402	\$ 7,698	(42.8 %)
Non-Core Operations	(49)	2,860	(101.7 %)	5	670	(99.3 %)	(44)	3,530	(101.2 %)
Total ceded written premiums	\$ 1,403	\$ 7,124	(80.3 %)	\$ 2,955	\$ 4,104	(28.0 %)	\$ 4,358	\$ 11,228	(61.2 %)
Net written premiums ⁽²⁾									
Penn-America	\$ 92,596	\$ 91,148	1.6 %	\$ 97,602	\$ 91,593	6.6 %	\$ 190,198	\$ 182,741	4.1 %
Non-Core Operations	(511)	24,713	(102.1 %)	149	14,403	(99.0 %)	(362)	39,116	(100.9 %)
Total net written premiums	\$ 92,085	\$ 115,861	(20.5 %)	\$ 97,751	\$ 105,996	(7.8 %)	\$ 189,836	\$ 221,857	(14.4 %)
Net earned premiums									
Penn-America	\$ 89,132	\$ 90,612	(1.6 %)	\$ 89,353	\$ 92,685	(3.6 %)	\$ 178,485	\$ 183,297	(2.6 %)
Non-Core Operations	7,447	49,460	(84.9 %)	3,461	36,471	(90.5 %)	10,908	85,931	(87.3 %)
Total net earned premiums	\$ 96,579	\$ 140,072	(31.1 %)	\$ 92,814	\$ 129,156	(28.1 %)	\$ 189,393	\$ 269,228	(29.7 %)

- (1) Gross written premiums represent the amount received or to be received for insurance policies written without reduction for reinsurance costs, ceded premiums or other deductions.
- (2) Net written premiums equal gross written premiums less ceded written premiums.
- (3) External business only, excluding business assumed from affiliates.

Gross written premiums decreased by 24.0% 8.5% and 16.7% for the quarter and six months ended March 31, 2024 June 30, 2024 as compared to same period periods in 2023. The decrease in gross written premiums is mainly due to a reduction in premiums within Non-Core Operations for lines of business that have been de-emphasized or no longer written. In addition, within Penn-America, the gross written premiums for Programs decreased primarily due to actions taken in 2023 to improve underwriting results through increased rates and form changes. These reductions in premiums were partially offset by continued growth of 7.1% 10.5% and 8.8% in aggregate for Penn-America's Wholesale Commercial, InsurTech, and Assumed Reinsurance divisions, divisions during the quarter and six months ended June 30, 2024, respectively. The growth in Wholesale

Commercial and InsurTech is driven by premium rate increases, new agency appointments, organic growth of existing agents, and new products. The growth in Assumed Reinsurance is primarily due to three new treaties entered into during 2023 and 2024 and increased participation on one treaty, or organic growth from existing treaties.

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Net Retention

The ratio of net written premiums to gross written premiums is referred to as the Company's net premium retention. The Company's net premium retention is summarized by segments as follows:

(Dollars in thousands)	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		Point	June 30,		Point	June 30,		Point
	2024	2023		2024	2023		2024	2023	
			Change			Change			Change
Penn-America	98.5 %	95.5 %	3.0	97.1 %	96.4 %	0.7	97.7 %	96.0 %	1.7
Non-Core Operations	91.3 %	89.6 %	1.7	96.8 %	95.6 %	1.2	89.2 %	91.7 %	(2.5)
Total	98.5 %	94.2 %	4.3	97.1 %	96.3 %	0.8	97.8 %	95.2 %	2.6

The net premium retention for the quarter and six months ended March 31, 2024 June 30, 2024 increased by 4.3 0.8 points and 2.6 points, respectively, as compared to the same period periods in 2023. Penn-America's retention increased by 3.0 0.7 points and 1.7 points for the quarter and six months ended June 30, 2024, respectively, primarily due to the termination of two quota share agreements and lower cost on the Company's catastrophe reinsurance treaty. Cessions on Non-Core Operations were significantly reduced

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due to sale of manufactured home and dwelling business in 2021 and the Farm, Ranch and Stable business in 2022. See Note 2 of the notes to the consolidated financial statements in Item 8 of Part II of the Company's 2023 Annual Report on Form 10-K for additional information on the sale of renewal rights related to the Company's manufactured and dwelling homes business and the Company's Farm, Ranch & Stable business.

Net Earned Premiums

Net earned premiums within the Penn-America segment decreased by 1.6% 3.6% and 2.6% for the quarter and six months ended March 31, 2024 June 30, 2024, respectively, as compared to the same period periods in 2023 primarily due to the reduction in premiums written for Programs as a result of underwriting actions taken in 2023 to improve underwriting profitability partially offset by continued premium growth in Penn-America's Wholesale Commercial, InsurTech and Assumed Reinsurance divisions. Property net earned premiums were \$39.9 million \$39.1 million and \$37.6 million \$35.4 million for the quarters ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$79.0 million and \$73.0 million for the six months ended June 30, 2024 and 2023, respectively. Casualty net earned premiums were \$49.2 million \$50.2 million and \$53.0 million \$57.2 million for the quarters ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$99.5 million and \$110.3 million for the six months ended June 30, 2024 and 2023, respectively.

Net earned premiums within the Non-Core Operations segment decreased by 84.9% 90.5% and 87.3% for the quarter and six months ended March 31, 2024 June 30, 2024, respectively, as compared to the same period periods in 2023 primarily due to the non-renewal of a casualty treaty as well as a reduction in earned premiums due to the sale of Farm, Ranch & Stable renewal rights on August 8, 2022. There were no property earned premiums for the quarter and six months ended June 30, 2024. Property net earned premiums were less than \$0.1 million \$4.4 million and \$8.8 million \$13.2 million for the quarters quarter and six months ended March 31, 2024 and 2023, June 30, 2023, respectively. Casualty net earned premiums were \$7.4 million \$3.6 million and \$40.7 million \$32.1 million for the quarters ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$10.9 million and \$72.8 million for the six months ended June 30, 2024 and 2023, respectively.

Reserves

Amounts recorded for unpaid losses and loss adjustment expenses represent management's best estimate at **March 31, 2024** **June 30, 2024**. Management's best estimate is as of a particular point in time and is based upon known facts, the Company's actuarial analyses, current law, and the Company's judgment. This resulted in carried gross and net reserves of **\$853.6 million** **\$844.2 million** and **\$781.8 million** **\$773.8 million**, respectively, as of **March 31, 2024** **June 30, 2024**. A breakout of the Company's gross and net reserves, as of **March 31, 2024** **June 30, 2024**, is as follows:

(Dollars in thousands)	Gross Reserves			Gross Reserves		
	Case	IBNR ⁽¹⁾	Total	Case	IBNR ⁽¹⁾	Total
Penn-America	\$ 132,147	\$ 296,078	\$ 428,225	\$ 135,841	\$ 299,677	\$ 435,518
Non-Core Operations	118,526	306,851	425,377	118,360	290,328	408,688
Total	\$ 250,673	\$ 602,929	\$ 853,602	\$ 254,201	\$ 590,005	\$ 844,206

(Dollars in thousands)	Net Reserves ⁽²⁾			Net Reserves ⁽²⁾		
	Case	IBNR ⁽¹⁾	Total	Case	IBNR ⁽¹⁾	Total
Penn-America	\$ 131,735	\$ 284,913	\$ 416,648	\$ 135,590	\$ 287,463	\$ 423,053
Non-Core Operations	84,746	280,394	365,140	83,144	267,617	350,761
Total	\$ 216,481	\$ 565,307	\$ 781,788	\$ 218,734	\$ 555,080	\$ 773,814

(1) Losses incurred but not reported, including the expected future emergence of case reserves.

(2) Does not include reinsurance receivables on paid losses.

Each reserve category has an implicit frequency and severity for each accident year as a result of the various assumptions made. If the actual levels of loss frequency and severity are higher or lower than expected, the ultimate losses will be different than management's best estimate. For most of its reserve categories, the Company believes that frequency can be predicted with greater accuracy than severity. Therefore, the Company believes management's best estimate is more likely influenced by changes in severity than frequency. The following table, which the Company believes reflects a reasonable range of variability around its best estimate based on historical loss experience and management's judgment, reflects the

impact of changes (which could be favorable or unfavorable) in frequency and severity on the Company's current accident year net loss estimate of **\$53.4 million** **\$107.1 million** for claims occurring during the **quarter** **six months** ended **March 31, 2024** **June 30, 2024**:

(Dollars in thousands)	(Dollars in thousands)	Severity Change					(Dollars in thousands)	Severity Change				
		-10%	-5%	0%	5%	10%		-10%	-5%	0%	5%	10%
Frequency Change	-5%	(7,741)	(5,205)	(2,669)	(133)	2,402	-5%	(15,533)	(10,445)	(5,356)	(268)	4,821
	-3%	(6,780)	(4,191)	(1,601)	988	3,577	-3%	(13,605)	(8,409)	(3,214)	1,982	7,178
	-2%	(6,299)	(3,683)	(1,068)	1,548	4,164	-2%	(12,641)	(7,392)	(2,143)	3,107	8,356

-1%	(5,819)	(3,176)	(534)	2,109	4,751	-1%	(11,677)	(6,374)	(1,071)	4,232	9,534
0%	(5,338)	(2,669)	—	2,669	5,338	0%	(10,713)	(5,356)	—	5,356	10,713
1%	(4,858)	(2,162)	534	3,230	5,926	1%	(9,749)	(4,339)	1,071	6,481	11,891
2%	(4,377)	(1,655)	1,068	3,790	6,513	2%	(8,784)	(3,321)	2,143	7,606	13,069
3%	(3,897)	(1,148)	1,601	4,351	7,100	3%	(7,820)	(2,303)	3,214	8,731	14,248
5%	(2,936)	(133)	2,669	5,472	8,274	5%	(5,892)	(268)	5,356	10,981	16,605

The Company's net reserves for losses and loss adjustment expenses of \$781.8 million \$773.8 million as of March 31, 2024 June 30, 2024 relate to multiple accident years. Therefore, the impact of changes in frequency and severity for more than one accident year could be higher or lower than the amounts reflected above.

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Underwriting Results

Penn-America

The components of income (loss) from the Company's Penn-America segment and corresponding underwriting ratios are as follows:

(Dollars in thousands)	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,			June 30,			June 30,		
	2024	2023	Change	2024	2023	%	2024	2023	%
Gross written premiums	\$ 94,048	\$ 95,412	(1.4 %)	\$ 100,552	\$ 95,027	5.8 %	\$ 194,600	\$ 190,439	2.2 %
Net written premiums	\$ 92,596	\$ 91,148	1.6 %	\$ 97,602	\$ 91,593	6.6 %	\$ 190,198	\$ 182,741	4.1 %
Net earned premiums	\$ 89,132	\$ 90,612	(1.6 %)	\$ 89,353	\$ 92,685	(3.6 %)	\$ 178,485	\$ 183,297	(2.6 %)
Other income	339	267	27.0 %	344	266	29.3 %	683	533	28.1 %
Total revenues	89,471	90,879	(1.5 %)	89,697	92,951	(3.5 %)	179,168	183,830	(2.5 %)
Losses and expenses:									
Net losses and loss adjustment expenses	48,909	59,278	(17.5 %)	51,126	52,427	(2.5 %)	100,035	111,705	(10.4 %)
Acquisition costs and other underwriting expenses	34,927	34,709	0.6 %	33,898	34,392	(1.4 %)	68,825	69,101	(0.4 %)
Underwriting income (loss)	\$ 5,635	\$ (3,108)	281.3 %	\$ 4,673	\$ 6,132	(23.8 %)	\$ 10,308	\$ 3,024	240.9 %
Underwriting Ratios:									
Loss ratio:									
Current accident year	54.8 %	63.0 %	(8.2)	57.7 %	55.6 %	2.1	56.3 %	59.3 %	(3.0)
Prior accident year	0.1 %	2.4 %	(2.3)	(0.5 %)	1.0 %	(1.5)	(0.3 %)	1.6 %	(1.9)
Calendar year loss ratio	54.9 %	65.4 %	(10.5)	57.2 %	56.6 %	0.6	56.0 %	60.9 %	(4.9)
Expense ratio	39.2 %	38.3 %	0.9	38.0 %	37.1 %	0.9	38.6 %	37.7 %	0.9
Combined ratio	94.1 %	103.7 %	(9.6)	95.2 %	93.7 %	1.5	94.6 %	98.6 %	(4.0)
Accident year combined ratio ⁽¹⁾	94.0 %	101.2 %		95.7 %	92.6 %		94.8 %	96.8 %	

(1) The accident year combined ratio excludes the impact of prior accident year losses and loss adjustment expenses and prior accident year contingent commission expenses.

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Premiums

See "Results of Operations" above for a discussion on consolidated premiums.

Other Income

Other income was \$0.3 million for each of the quarters ended **March 31, 2024** **June 30, 2024** and **2023**. 2023 and \$0.7 million and \$0.5 million for six months ended **June 30, 2024** and **2023**, respectively. Other income is primarily comprised of fee income.

Loss Ratio

The calendar year loss ratio for the quarter and six months ended **March 31, 2024** **June 30, 2024** was **54.9%** and includes an increase **57.2%** (includes a decrease of **less than \$0.1 million** **\$0.5 million**, or **0.1** **0.5** percentage **points** **points**), and was **56.0%** (includes a decrease of **\$0.4 million**, or **0.3** percentage **points**), respectively, related to reserve development on prior accident years. The calendar year loss ratio for the quarter and six months ended **March 31, 2023** **June 30, 2023** was **65.4%** and includes **56.6%** (includes an increase of **\$2.2 million** **\$0.9 million**, or **2.4** **1.0** percentage **points** **points**), and was **60.9%** (includes an increase of **\$3.1 million**, or **1.6** percentage **points**), respectively, related to reserve development on prior accident years. Please see Note 7 of the notes to the consolidated financial statements in Item 1 of Part I of this report for further discussion on prior accident year development.

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The current accident year loss ratio **improved** **increased** by **8.2** **2.1** points from **63.0%** **55.6%** for the quarter ended **March 31, 2023** **June 30, 2023** to **54.8%** **57.7%** for the quarter ended **March 31, 2024** **June 30, 2024** and improved by 3.0 points from 59.3% for the six months ended **June 30, 2023** to 56.3% for the six months ended **June 30, 2024**. The current accident year losses and loss ratio is summarized as follows:

(Dollars in thousands)	Quarters Ended			Quarters Ended			Quarters Ended			Quarters Ended		
	March 31,			March 31,			June 30,			June 30,		
	2024	2023	% Change	2024	2023	Point Change	2024	2023	% Change	2024	2023	Point Change
Property losses												
Non-catastrophe	\$ 16,730	\$ 22,526	(25.7 %)	41.9 %	59.9 %	(18.0)	\$ 18,461	\$ 16,113	14.6 %	47.2 %	45.5 %	1.7
Catastrophe	3,269	3,305	(1.1 %)	8.2 %	8.8 %	(0.6)	3,518	4,087	(13.9 %)	9.0 %	11.5 %	(2.5)
Property losses	19,999	25,831	(22.6 %)	50.1 %	68.7 %	(18.6)	21,979	20,200	8.8 %	56.2 %	57.0 %	(0.8)
Casualty losses	28,869	31,244	(7.6 %)	58.6 %	58.9 %	(0.3)	29,612	31,343	(5.5 %)	59.0 %	54.7 %	4.3
Total accident year losses	\$ 48,868	\$ 57,075	(14.4 %)	54.8 %	63.0 %	(8.2)	\$ 51,591	\$ 51,543	0.1 %	57.7 %	55.6 %	2.1

- The current accident year non-catastrophe property loss ratio **improved** **increased** by **18.0** **1.7** points during the quarter ended **March 31, 2024** **June 30, 2024** as compared to the same period in 2023 **mainly** reflecting **lower** **higher** claims severity in the **first accident** **calendar** quarter compared to last year.
- The current accident year catastrophe loss ratio improved by **0.6** **2.5** points during the quarter ended **March 31, 2024** **June 30, 2024** as compared to the same period in 2023 recognizing lower claims frequency in the **first accident** **calendar** quarter compared to last year.

- The current accident year casualty loss ratio improved increased by 0.3 4.3 points during the quarter ended March 31, 2024 June 30, 2024 as compared to the same period in 2023. 2023 primarily due to higher claims severity in the calendar quarter compared to last year.

(Dollars in thousands)	Six Months Ended			Six Months Ended		
	June 30,		% Change	June 30,		Point Change
	2024	2023		2024	2023	
Property losses						
Non-catastrophe	\$ 35,191	\$ 38,639	(8.9 %)	44.5 %	52.9 %	(8.4)
Catastrophe	6,787	7,392	(8.2 %)	8.6 %	10.1 %	(1.5)
Property losses	41,978	46,031	(8.8 %)	53.1 %	63.0 %	(9.9)
Casualty losses	58,481	62,587	(6.6 %)	58.8 %	56.8 %	2.0
Total accident year losses	\$ 100,459	\$ 108,618	(7.5 %)	56.3 %	59.3 %	(3.0)

- The current accident year non-catastrophe property loss ratio improved by 8.4 points during the six months ended June 30, 2024 as compared to the same period in 2023 reflecting lower claims frequency and severity in the first six months compared to last year.
- The current accident year catastrophe loss ratio improved by 1.5 points during the six months ended June 30, 2024 as compared to the same period in 2023 recognizing lower claims frequency in the first six months compared to last year.
- The current accident year casualty loss ratio increased by 2.0 points during the six months ended June 30, 2024 as compared to the same period in 2023 due to higher claims severity in the first six months compared to last year.

Expense Ratios

The expense ratio for the Company's Penn-America segment increased by 0.9 points from 38.3% 37.1% for the quarter ended March 31, 2023 June 30, 2023 to 39.2% 38.0% for the quarter ended March 31, 2024 primarily June 30, 2024 and increased by 0.9 points from 37.7% for the six months ended June 30, 2023 to 38.6% for the six months ended June 30, 2024. The increase in the expense ratio is predominantly due to a reduction of earned premiums in earned premiums. 2024 as well as a one time recovery of expenses related to employee medical benefits in 2023 which did not repeat.

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Reconciliation of non-GAAP financial measures and ratios

The table below reconciles the non-GAAP measures or ratios, which excludes the impact of prior accident year adjustments, to its most directly comparable GAAP measure or ratio. The Company believes the non-GAAP measures or ratios are useful to investors when evaluating the Company's underwriting performance as trends within Penn-America may be obscured by prior accident year adjustments. These non-GAAP measures or ratios should not be considered as a substitute for its most directly comparable GAAP measure or ratio and does not reflect the overall underwriting profitability of the Company.

(Dollars in thousands)	Quarters Ended				Quarters Ended				Six Months Ended			
	March 31,				June 30,				June 30,			
	2024		2023		2024		2023		2024		2023	
	Losses	Ratio	Losses	Ratio	Losses	Ratio	Losses	Ratio	Losses	Ratio	Losses	Ratio
Property												
Non catastrophe property losses and ratio excluding the effect of prior accident year ⁽¹⁾	\$ 16,730	41.9 %	\$ 22,526	59.9 %	\$ 18,461	47.2 %	\$ 16,113	45.5 %	\$ 35,191	44.5 %	\$ 38,639	52.9 %
Effect of prior accident year	105	0.3 %	(1,562)	(4.2 %)	(577)	(1.5 %)	(660)	(1.9 %)	(472)	(0.6 %)	(2,222)	(3.0 %)
Non catastrophe property losses and ratio ⁽²⁾	\$ 16,835	42.2 %	\$ 20,964	55.7 %	\$ 17,884	45.7 %	\$ 15,453	43.6 %	\$ 34,719	43.9 %	\$ 36,417	49.9 %
Catastrophe												
Catastrophe losses and ratio excluding the effect of prior accident year ⁽¹⁾	\$ 3,269	8.2 %	\$ 3,305	8.8 %	\$ 3,518	9.0 %	\$ 4,087	11.5 %	\$ 6,787	8.6 %	\$ 7,392	10.1 %
Effect of prior accident year	(44)	(0.1 %)	977	2.6 %	191	0.5 %	332	0.9 %	147	0.2 %	1,309	1.8 %
Catastrophe losses and ratio ⁽²⁾	\$ 3,225	8.1 %	\$ 4,282	11.4 %	\$ 3,709	9.5 %	\$ 4,419	12.4 %	\$ 6,934	8.8 %	\$ 8,701	11.9 %

Total property losses and ratio excluding the effect of prior accident year ⁽¹⁾	\$ 19,999	50.1 %	\$ 25,831	68.7 %	\$ 21,979	56.2 %	\$ 20,200	57.0 %	\$ 41,978	53.1 %	\$ 46,031	63.0 %
Effect of prior accident year	61	0.2 %	(585)	(1.6 %)	(386)	(1.0 %)	(328)	(1.0 %)	(325)	(0.4 %)	(913)	(1.2 %)
Total property losses and ratio ⁽²⁾	\$ 20,060	50.3 %	\$ 25,246	67.1 %	\$ 21,593	55.2 %	\$ 19,872	56.0 %	\$ 41,653	52.7 %	\$ 45,118	61.8 %
Casualty												
Total casualty losses and ratio excluding the effect of prior accident year ⁽¹⁾	\$ 28,869	58.6 %	\$ 31,244	58.9 %	\$ 29,612	59.0 %	\$ 31,343	54.7 %	\$ 58,481	58.8 %	\$ 62,587	56.8 %
Effect of prior accident year	(20)	(— %)	2,788	5.3 %	(79)	(0.2 %)	1,212	2.1 %	(99)	(0.1 %)	4,000	3.6 %
Total casualty losses and ratio ⁽²⁾	\$ 28,849	58.6 %	\$ 34,032	64.2 %	\$ 29,533	58.8 %	\$ 32,555	56.8 %	\$ 58,382	58.7 %	\$ 66,587	60.4 %
Total												
Total net losses and loss adjustment expense and total loss ratio excluding the effect of prior accident year ⁽¹⁾	\$ 48,868	54.8 %	\$ 57,075	63.0 %	\$ 51,591	57.7 %	\$ 51,543	55.6 %	\$ 100,459	56.3 %	\$ 108,618	59.3 %
Effect of prior accident year	41	0.1 %	2,203	2.4 %	(465)	(0.5 %)	884	1.0 %	(424)	(0.3 %)	3,087	1.6 %
Total net losses and loss adjustment expense and total loss ratio ⁽²⁾	\$ 48,909	54.9 %	\$ 59,278	65.4 %	\$ 51,126	57.2 %	\$ 52,427	56.6 %	\$ 100,035	56.0 %	\$ 111,705	60.9 %

- (1) Non-GAAP measure / ratio
(2) Most directly comparable GAAP measure / ratio

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Non-Core Operations

The components of income (loss) from the Company's Non-Core Operations segment and corresponding underwriting ratios are as follows:

(Dollars in thousands)	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,			June 30,			June 30,		
	2024	2023	Change	2024	2023	%	2024	2023	%
Gross written premiums	\$ (560)	\$ 27,573	(102.0 %)	\$ 154	\$ 15,073	(99.0 %)	\$ (406)	\$ 42,646	(101.0 %)
Net written premiums	\$ (511)	\$ 24,713	(102.1 %)	\$ 149	\$ 14,403	(99.0 %)	\$ (362)	\$ 39,116	(100.9 %)
Net earned premiums	\$ 7,447	\$ 49,460	(84.9 %)	\$ 3,461	\$ 36,471	(90.5 %)	\$ 10,908	\$ 85,931	(87.3 %)
Other income	6	87	(93.1 %)	13	16	(18.8 %)	19	103	(81.6 %)
Total revenues	7,453	49,547	(85.0 %)	3,474	36,487	(90.5 %)	10,927	86,034	(87.3 %)
Losses and expenses:									
Net losses and loss adjustment expenses	4,475	28,723	(84.4 %)	2,536	25,655	(90.1 %)	7,011	54,378	(87.1 %)
Acquisition costs and other underwriting expenses	3,342	18,769	(82.2 %)	2,070	12,709	(83.7 %)	5,412	31,478	(82.8 %)
Underwriting income (loss)	\$ (364)	\$ 2,055	(117.7 %)	\$ (1,132)	\$ (1,877)	(39.7 %)	\$ (1,496)	\$ 178	NM
Underwriting Ratios:									
Loss ratio:									

Current accident year	60.6%	62.5%	(1.9)	62.2%	72.6%	(10.4)	61.1%	66.8%	(5.7)
Prior accident year	(0.5%)	(4.4%)	3.9	11.1%	(2.3%)	13.4	3.2%	(3.5%)	6.7
Calendar year loss ratio	60.1%	58.1%	2.0	73.3%	70.3%	3.0	64.3%	63.3%	1.0
Expense ratio	44.9%	37.9%	7.0	59.8%	34.9%	24.9	49.6%	36.6%	13.0
Combined ratio	105.0%	96.0%	9.0	133.1%	105.2%	27.9	113.9%	99.9%	14.0
Accident year combined ratio ⁽¹⁾	105.5%	99.7%		122.0%	109.3%		110.7%	103.8%	

NM - not meaningful

(1) The accident year combined ratio excludes the impact of prior accident year losses and loss adjustment expenses and prior accident year contingent commission expenses.

Premiums

See "Results of Operations" above for a discussion on consolidated premiums.

Other Income

The Company recognized income of less than \$0.1 million for each of the quarters ended March 31, 2024 June 30, 2024 and 2023, 2023 and income of less than \$0.1 million and \$0.1 million for the six months ended June 30, 2024 and 2023, respectively. Other income is primarily comprised of fee income net of bank fees.

Loss Ratio

The calendar year loss ratio for the quarter and six months ended March 31, 2024 June 30, 2024 was 60.1% and includes a decrease 73.3% (includes an increase of less than \$0.1 million \$0.4 million, or 0.5 11.1 percentage points points), and was 64.3% (includes an increase of \$0.3 million, or 3.2 percentage points), respectively, related to reserve development on prior accident years. The calendar year loss ratio for the quarter and six months ended March 31, 2023 June 30, 2023 was 58.1% and includes 70.3% (includes a decrease of \$2.2 million \$0.8 million, or 4.4 2.3 percentage points points), and was 63.3% (includes a decrease of \$3.0 million, or 3.5 percentage points), respectively, related to reserve development on prior accident years. Please see Note 7 of the notes to the consolidated financial statements in Item 1 of Part I of this report for further discussion on prior accident year development.

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The current accident year loss ratio improved by 1.9 10.4 points from 62.5% 72.6% for the quarter ended March 31, 2023 June 30, 2023 to 60.6% 62.2 for the quarter ended March 31, 2024 June 30, 2024 and improved by 5.7 points from 66.8% for the six months ended June 30, 2023 to 61.1% for the six months ended June 30, 2024. The current accident year losses and loss ratio is summarized as follows:

Quarters Ended June 30,				Quarters Ended June 30,								
(Dollars in thousands)	Quarters Ended March 31,			Quarters Ended March 31,			2024	2023	% Change	2024	2023	Point Change
	2024	2023	% Change	2024	2023	Point Change						
Property losses												
Non-catastrophe	\$ 17	\$ 3,703	(99.5 %)	27.1%	42.1%	(15.0)	\$ 39	\$ 3,412	(98.9 %)	(42.1 %)	77.9 %	(120.0)
Catastrophe	4	2,165	(99.8 %)	6.5%	24.6%	(18.1)	5	1,013	(99.5 %)	(5.4 %)	23.1 %	(28.5)
Property losses	21	5,868	(99.6 %)	33.6%	66.7%	(33.1)	44	4,425	(99.0 %)	(47.5 %)	101.0 %	(148.5)
Casualty losses	4,494	25,058	(82.1 %)	60.9%	61.6%	(0.7)	2,109	22,063	(90.4 %)	59.3 %	68.7 %	(9.4)
Total accident year losses	\$ 4,515	\$ 30,926	(85.4 %)	60.6%	62.5%	(1.9)	\$ 2,153	\$ 26,488	(91.9 %)	62.2 %	72.6 %	(10.4)

- The property loss ratio decreased by 33.1 points during the quarter ended March 31, 2024 as compared to the same period in 2023 reflecting a significant reduction in premiums and current accident year losses due to exiting various lines of business.

(Dollars in thousands)	Six Months Ended			Six Months Ended		
	June 30,		% Change	June 30,		Point Change
	2024	2023		2024	2023	
Property losses						
Non-catastrophe	\$ 56	\$ 7,115	(99.2 %)	(180.6 %)	54.0 %	(234.6)
Catastrophe	9	3,178	(99.7 %)	(29.0 %)	24.1 %	(53.1)
Property losses	65	10,293	(99.4 %)	(209.6 %)	78.1 %	(287.7)
Casualty losses	6,603	47,121	(86.0 %)	60.4 %	64.8 %	(4.4)
Total accident year losses	\$ 6,668	\$ 57,414	(88.4 %)	61.1 %	66.8 %	(5.7)

- The current accident year casualty loss ratio improved by 0.7 9.4 points and 4.4 points during the quarter and six months ended March 31, 2024 June 30, 2024, respectively, as compared to the same period periods in 2023 reflecting mix of business changes.

Expense Ratio

The expense ratio for the Company's Non-Core Operations increased by 7.0 24.9 points from 37.9% 34.9% for the quarter ended March 31, 2023 June 30, 2023 to 44.9% 59.8% for the quarter ended March 31, 2024 June 30, 2024 and increased by 13.0 points from 36.6% for the six months ended June 30, 2023 to 49.6% for the six months ended June 30, 2024 primarily due to lower earned premiums as a result of exiting various lines of business.

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Reconciliation of non-GAAP financial measures and ratios

The table below reconciles the non-GAAP measures or ratios, which excludes the impact of prior accident year adjustments, to its most directly comparable GAAP measure or ratio. The Company believes the non-GAAP measures or ratios are useful to investors when evaluating the Company's underwriting performance as trends within Non-Core Operations may be obscured by prior accident year adjustments. These non-GAAP measures or ratios should not be considered as a substitute for its most directly comparable GAAP measure or ratio and does not reflect the overall underwriting profitability of the Company.

(Dollars in thousands)	Quarters Ended				Quarters Ended				Six Months Ended			
	March 31,				June 30,				June 30,			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Losses	Ratio	Losses	Ratio	Losses	Ratio	Losses	Ratio	Losses	Ratio	Losses	Ratio
Property												
Non catastrophe property losses and ratio excluding the effect of prior accident year ⁽¹⁾	\$ 17	27.1 %	\$ 3,703	42.1 %	\$ 39	(42.1 %)	\$ 3,412	77.9 %	\$ 56	(180.6 %)	\$ 7,115	54.0 %
Effect of prior accident year	(241)	(388.7 %)	(885)	(10.1 %)	(274)	294.6 %	(1,060)	(24.2 %)	(515)	NM	(1,945)	(14.8 %)
Non catastrophe property losses and ratio ⁽²⁾	\$ (224)	(361.6 %)	\$ 2,818	32.0 %	\$ (235)	252.5 %	\$ 2,352	53.7 %	\$ (459)	NM	\$ 5,170	39.2 %
Catastrophe losses and ratio excluding the effect of prior accident year ⁽¹⁾	\$ 4	6.5 %	\$ 2,165	24.6 %	\$ 5	(5.4 %)	\$ 1,013	23.1 %	\$ 9	(29.0 %)	\$ 3,178	24.1 %
Effect of prior accident year	(14)	(22.6 %)	621	7.1 %	235	(252.7 %)	(4,408)	(100.7 %)	221	NM	(3,787)	(28.7 %)
Catastrophe losses and ratio ⁽²⁾	\$ (10)	(16.1 %)	\$ 2,786	31.7 %	\$ 240	(258.1 %)	\$ (3,395)	(77.6 %)	\$ 230	NM	\$ (609)	(4.6 %)
Total property losses and ratio excluding the effect of prior accident year ⁽¹⁾	\$ 21	33.6 %	\$ 5,868	66.7 %	\$ 44	(47.5 %)	\$ 4,425	101.0 %	\$ 65	(209.6 %)	\$ 10,293	78.1 %

Effect of prior accident year	(255)	(411.3 %)	(264)	(3.0 %)	(39)	41.9 %	(5,468)	(124.9 %)	(294)	NM	(5,732)	(43.5 %)
Total property losses and ratio ⁽²⁾	\$ (234)	(377.7 %)	\$ 5,604	63.7 %	\$ 5	(5.6 %)	\$ (1,043)	(23.9 %)	\$ (229)	NM	\$ 4,561	34.6 %
Casualty												
Total casualty losses and ratio excluding the effect of prior accident year ⁽¹⁾	\$ 4,494	60.9 %	\$ 25,058	61.6 %	\$ 2,109	59.3 %	\$ 22,063	68.7 %	\$ 6,603	60.4 %	\$ 47,121	64.8 %
Effect of prior accident year	215	2.9 %	(1,939)	(4.8 %)	422	11.9 %	4,635	14.4 %	637	5.8 %	2,696	3.7 %
Total casualty losses and ratio ⁽²⁾	\$ 4,709	63.8 %	\$ 23,119	56.8 %	\$ 2,531	71.2 %	\$ 26,698	83.1 %	\$ 7,240	66.2 %	\$ 49,817	68.5 %
Total												
Total net losses and loss adjustment expense and total loss ratio excluding the effect of prior accident year ⁽¹⁾	\$ 4,515	60.6 %	\$ 30,926	62.5 %	\$ 2,153	62.2 %	\$ 26,488	72.6 %	\$ 6,668	61.1 %	\$ 57,414	66.8 %
Effect of prior accident year	(40)	(0.5 %)	(2,203)	(4.4 %)	383	11.1 %	(833)	(2.3 %)	343	3.2 %	(3,036)	(3.5 %)
Total net losses and loss adjustment expense and total loss ratio ⁽²⁾	\$ 4,475	60.1 %	\$ 28,723	58.1 %	\$ 2,536	73.3 %	\$ 25,655	70.3 %	\$ 7,011	64.3 %	\$ 54,378	63.3 %

NM - not meaningful

- (1) Non-GAAP measure / ratio
(2) Most directly comparable GAAP measure / ratio

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Unallocated Corporate Items

The Company's fixed income portfolio, excluding cash, continues to maintain high quality with an AA- average rating and a duration of 1.1 1.0 years.

Net Investment Income

(Dollars in thousands)	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		%	June 30,		%	June 30,		%
	2024	2023	Change	2024	2023	Change	2024	2023	Change
Gross investment income ⁽¹⁾	\$ 15,023	\$ 12,380	21.3 %	\$ 15,823	\$ 13,567	16.6 %	\$ 30,846	\$ 25,947	18.9 %
Investment expenses	(503)	(372)	35.2 %	(512)	(351)	45.9 %	(1,015)	(723)	40.4 %
Net investment income	\$ 14,520	\$ 12,008	20.9 %	\$ 15,311	\$ 13,216	15.9 %	\$ 29,831	\$ 25,224	18.3 %

- (1) Excludes realized gains and losses

Net investment income increased by 20.9% 15.9% and 18.3% for the quarter and six months ended March 31, 2024 June 30, 2024, respectively, as compared to the same period periods in 2023. This increase in net investment income was primarily due to strategies employed by the Company to take advantage of rising interest rates which resulted in a 19% 18% increase in book yield on the fixed maturities portfolio to 4.3% 4.5% at March 31, 2024 June 30, 2024 from 3.6% 3.8% at March 31, 2023 June 30, 2023.

At March 31, 2024 June 30, 2024, the Company held asset-backed, mortgage-backed, commercial mortgage-backed and collateralized mortgage obligations with a market value of \$335.0 million \$303.7 million. Excluding the asset-backed, mortgage-backed, commercial mortgage-backed and collateralized mortgage obligations, the average duration of the Company's fixed maturities portfolio was 0.9 0.8 years as of March 31, 2024 June 30, 2024, compared with 1.4 1.2 years as of March 31, 2023 June 30, 2023. Changes in interest rates can cause principal payments on certain investments to extend or shorten which can impact duration. The Company's embedded book yield on its fixed maturities, not including cash, was 4.3% 4.5% as of March 31, 2024 June 30, 2024, compared to 3.6% 3.8% as of March 31, 2023 June 30, 2023. The embedded book yield on the \$23.1

million \$19.4 million of taxable municipal bonds in the Company's portfolio was 2.9% at March 31, 2024 June 30, 2024, compared to an embedded book yield of 3.1% 3.0% on the Company's taxable municipal bonds of \$31.9 million \$30.6 million at March 31, 2023 June 30, 2023.

Net Realized Investment Gains (Losses)

The components of net realized investment gains (losses) for the quarters and six months ended March 31, 2024 June 30, 2024 and 2023 were as follows:

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Equity securities	\$ 872	\$ (914)	\$ 212	\$ (174)	\$ 1,084	\$ (1,088)
Fixed maturities	(25)	(606)	(7)	(587)	(32)	(1,193)
Net realized investment gains (losses)	\$ 847	\$ (1,520)	\$ 205	\$ (761)	\$ 1,052	\$ (2,281)

See Note 3 of the notes to the consolidated financial statements in Item 1 of Part I of this report for an analysis of total investment return on a pre-tax basis for the quarters and six months ended March 31, 2024 June 30, 2024 and 2023.

Corporate and Other Operating Expenses

Corporate and other operating expenses consist of outside legal fees, other professional fees, directors' fees, management fees & and advisory fees, salaries and benefits for holding company personnel, development costs for new products, impairment losses, and taxes incurred which are not directly related to operations. Corporate and other operating expenses were \$6.4 million and \$5.0 million during each of the quarters ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$12.7 million and \$11.4 million during the six months ended June 30, 2024 and 2023, respectively. This increase was primarily due to an increase in professional fees.

Income Tax Expense

Income tax expense was \$2.6 million and \$2.4 million for the quarters ended June 30, 2024 and 2023, respectively, and \$5.5 million and \$2.9 million for the quarter six months ended March 31, 2024 compared with income tax expense of \$0.6 million for the quarter ended March 31, 2023. June 30, 2024 and 2023, respectively. The increase in income tax expense is primarily due to higher taxable income in the Company's U.S. Subsidiaries during the quarter and six months ended March 31, 2024 June 30, 2024 as compared to the same period periods in 2023.

See Note 6 of the notes to the consolidated financial statements in Item 1 of Part I of this report for a comparison of income tax between periods.

Net Income

The factors described above resulted in net income of \$11.4 million \$10.1 million and \$2.5 million \$9.3 million for the quarters ended March 31, 2024 June 30, 2024 and 2023, respectively, and net income of \$21.5 million and \$11.8 million for the six months ended June 30, 2024 and 2023, respectively.

Critical Accounting Estimates and Policies

The Company's consolidated financial statements are prepared in conformity with GAAP, which require it to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates and assumptions.

The most critical accounting policies involve significant estimates and include those used in determining the liability for unpaid losses and loss adjustment expenses, recoverability of reinsurance receivables, investments, fair value measurements, goodwill and intangible assets, deferred acquisition costs, and taxation. For a detailed discussion on each of these policies, please see the Company's Annual Report on Form 10-K for the year ended December 31, 2023. There have been no significant changes to any of these policies or underlying methodologies during the current year.

Liquidity and Capital Resources

Sources and Uses of Funds

Global Indemnity Group, LLC is a holding company. Its principal asset is its ownership of the shares of its direct and indirect subsidiaries, including those of its insurance companies: United National Insurance Company, Diamond State Insurance Company, Penn-America Insurance Company, Penn-Star Insurance Company, and Penn-Patriot Insurance Company.

Global Indemnity Group, LLC's current short term and long term liquidity needs include but are not limited to the payment of corporate expenses, distributions to shareholders, and share repurchases. The Company also has commitments in the form of operating leases, commitments to fund limited liability investments, and unpaid losses and loss expense obligations. In order to meet its current short term and long term needs, Global Indemnity Group, LLC's principal sources of cash includes investment income, dividends from subsidiaries, other permitted disbursements from its direct and indirect subsidiaries, reimbursement for equity awards granted to employees and intercompany borrowings. The principal sources of funds at these direct and indirect subsidiaries include underwriting operations, investment income, proceeds from sales and redemptions of investments, capital contributions, intercompany borrowings, and dividends from subsidiaries. Funds are used principally by these operating subsidiaries to pay claims and operating expenses, to make intercompany debt payments, to purchase investments, and to make distribution payments. In addition, the Company periodically reviews opportunities related to business acquisitions, and as a result, liquidity may be needed in the future.

GBLI Holdings, LLC is a holding company which is a wholly-owned subsidiary of Penn-Patriot Insurance Company. GBLI Holdings, LLC's principal asset is its ownership of the shares of its direct and indirect subsidiaries which include United National Insurance Company, Diamond State Insurance Company, Penn-America Insurance Company, and Penn-Star Insurance Company. GBLI Holdings, LLC is dependent on dividends from its subsidiaries as well as reimbursements from its subsidiaries for utilization of net operating losses and other tax attributes in order to meet its corporate expense obligations and intercompany financing obligations.

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As of March 31, 2024 June 30, 2024, the Company also had future funding commitments of \$14.2 million related to one of the Company's investments that are currently in their harvest a limited partnership. Since the investment period and it is unlikely that a has concluded, the Company does not expect any capital call calls will be made. made prospectively.

The future liquidity of Global Indemnity Group, LLC is dependent on the ability of its subsidiaries to generate income to pay dividends and to pay intercompany debt due to Global Indemnity Group, LLC. The future liquidity of GBLI Holdings, LLC is dependent on the ability of its subsidiaries to generate income to pay dividends as well as receiving reimbursements from its subsidiaries for utilization of net operating losses. Global Indemnity Group, LLC and GBLI Holdings, LLC's insurance

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companies are restricted by statute as to the amount of dividends that they may pay without the prior approval of regulatory authorities. The dividend limitations imposed by state laws are based on the statutory financial results of each insurance company that are determined by using statutory accounting practices that differ in various respects from accounting principles used in financial statements prepared in conformity with GAAP. See "Regulation - Statutory Accounting Principles" in Item 1 of Part I of the Company's 2023 Annual Report on Form 10-K. Key differences relate to, among other items, deferred acquisition costs, limitations on deferred income taxes, reserve calculation assumptions and surplus notes. See Note 21 of the notes to the consolidated financial statements in Item 8 of Part II of the Company's 2023 Annual Report on Form 10-K for further information on dividend limitations related to the Insurance Companies. There were no dividends declared or paid by the Company's insurance subsidiaries during the quarter and six months ended March 31, 2024 June 30, 2024.

Cash Flows

Sources of operating funds consist primarily of net written premiums and investment income. Funds are used primarily to pay claims and operating expenses and to purchase investments. As a result of the distribution policy, funds may also be used to pay distributions to shareholders of the Company.

The Company's reconciliation of net income to net cash provided by operations is generally influenced by the following:

- the fact that the Company collects premiums, net of commissions, in advance of losses paid;
- the timing of the Company's settlements with its reinsurers; and
- the timing of the Company's loss payments.

Net cash provided by operating activities was \$22.7 million \$36.9 million and \$5.3 million \$14.2 million for the quarters six months ended March 31, 2024 June 30, 2024 and 2023, respectively. The increase in operating cash flows of approximately \$17.4 million \$22.8 million from the prior year was primarily a net result of the following items:

(Dollars in thousands)	Quarters Ended March 31,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
Net premiums collected	\$ 101,493	\$ 120,397	\$ (18,904)	\$ 199,646	\$ 237,847	\$ (38,201)
Net losses paid	(47,606)	(63,936)	16,330	(108,643)	(141,431)	32,788
Underwriting and corporate expenses	(43,187)	(64,116)	20,929	(72,568)	(105,981)	33,413
Net investment income	11,976	12,981	(1,005)	21,010	23,748	(2,738)
Net federal income taxes paid	(2,494)	—	(2,494)			
Interest paid	(17)	(12)	(5)			
Net cash provided by operating activities	\$ 22,676	\$ 5,326	\$ 17,350	\$ 36,934	\$ 14,171	\$ 22,763

See the consolidated statements of cash flows in the consolidated financial statements in Item 1 of Part I of this report for details concerning the Company's investing and financing activities.

Liquidity

The Board of Directors approved a distribution payment of \$0.35 per common share to all shareholders of record on the close of business on March 21, 2024 and June 21, 2024. Distributions paid to common shareholders were \$4.8 million \$9.8 million during the quarter six months ended March 31, 2024 June 30, 2024. In addition, distributions of \$0.1 million \$0.2 million were paid to Global Indemnity Group, LLC's preferred shareholder during the quarter six months ended March 31, 2024 June 30, 2024.

Investment Portfolio

On July 31, 2023, the Company provided the Global Debt Fund, LP with a formal withdrawal request to fully redeem the partnership interest. Partial redemption proceeds of \$4.3 million were received during the quarter six months ended March 31, 2024 June 30, 2024. The Global Debt Fund, LP had a fair market value of \$21.4 million \$21.6 million at March 31, 2024 June 30, 2024.

Other than the items discussed in the preceding paragraphs, there have been no material changes to the Company's liquidity during the quarter and six months ended March 31, 2024 June 30, 2024. Please see Item 7 of Part II in the Company's 2023 Annual Report on Form 10-K for information regarding the Company's liquidity.

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Capital Resources

There have been no material changes to the Company's capital resources during the quarter and six months ended March 31, 2024 June 30, 2024. Please see Item 7 of Part II in the Company's 2023 Annual Report on Form 10-K for information regarding the Company's capital resources.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Cautionary Note Regarding Forward-Looking Statements

Some of the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report may include forward-looking statements within the meaning of Section 21E of the Security Exchange Act of 1934, as amended, that reflect the Company's current views with respect to future events and financial performance. Forward-looking statements are statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "believe," "expect," "may," "will," "should," "project," "plan," "seek," "intend," or "anticipate" or the negative thereof or comparable terminology, and include discussions of strategy, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, expectations or consequences of identified transactions or natural disasters, and statements about the future performance, operations, products and services of the companies.

The Company's business and operations are and will be subject to a variety of risks, uncertainties and other factors. Consequently, actual results and experience may materially differ from those contained in any forward-looking statements. See "Risk Factors" in Item 1A of Part I in the Company's 2023 Annual Report on Form 10-K for risks, uncertainties and other factors that could cause actual results and experience to differ from those projected. The Company's forward-looking statements speak only as of the date of this report or as of the date they were made. The Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of economic losses due to adverse changes in the estimated fair value of a financial instrument as the result of changes in interest rates, equity prices, credit risk, illiquidity, foreign exchange rates and commodity prices. The Company's consolidated balance sheets includes the estimated fair values of assets that are subject to market risk. The Company's primary market risks are interest rate risk and credit risks associated with investments in fixed maturities, equity price risk associated with investments in equity securities, and foreign exchange risk associated with premium received that is denominated in foreign currencies. The Company has no commodity risk.

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There have been no material changes to the Company's market risk since December 31, 2023. The Company's investment grade fixed income portfolio continues to maintain high quality with an AA- average rating and a duration of 1.1 1.0 years.

Please see Item 7A of Part II in the Company's 2023 Annual Report on Form 10-K for information regarding the Company's market risk.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has

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evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2024 June 30, 2024. Based upon that evaluation, and subject to the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024 June 30, 2024, the design and operation of the Company's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting that occurred during the quarter ended March 31, 2024 June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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PART II-OTHER INFORMATION

Item 1. Legal Proceedings

The Company is, from time to time, involved in various legal proceedings in the ordinary course of business. The Company maintains insurance and reinsurance coverage for risks in amounts that it considers adequate. However, there can be no assurance that the insurance and reinsurance coverage that the Company maintains is sufficient or will be available in adequate amounts or at a reasonable cost. The Company does not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material adverse effect on its business, results of operations, cash flows, or financial condition.

There is a greater potential for disputes with reinsurers who are in runoff. Some of the Company's reinsurers' have operations that are in runoff, and therefore, the Company closely monitors those relationships. The Company anticipates that, similar to the rest of the insurance and reinsurance industry, it will continue to be subject to litigation and arbitration proceedings in the ordinary course of business.

Item 1A. Risk Factors

The Company's results of operations and financial condition are subject to numerous risks and uncertainties described in Item 1A of Part I in the Company's 2023 Annual Report on Form 10-K, filed with the SEC on March 15, 2024. The risk factors identified therein have not materially changed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company's Share Incentive Plan allows employees to surrender the Company's class A common shares as payment for the tax liability incurred upon the vesting of restricted stock. There were no 16,527 shares surrendered by the Company's employees during the quarter and six months ended March 31, 2024 June 30, 2024.

Global Indemnity Group, LLC did not repurchased repurchase any shares from third parties under its repurchase program during the quarter and six months ended March 31, 2024 June 30, 2024.

All class A common shares surrendered by the Company's employees or repurchased from third parties under its repurchase program are held as treasury stock and recorded at cost until formally retired.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

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Item 6. Exhibits

10.1+	Executive Employment Agreement with Brian J. Riley dated October 14, 2004
31.1+	Certification of Chief Executive Officer pursuant to Rule 13a-14 (a) / 15d-14 (a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Chief Financial Officer pursuant to Rule 13a-14 (a) / 15d-14 (a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

+ Filed or furnished herewith, as applicable.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL INDEMNITY GROUP, LLC
Registrant

Dated: May 8, 2024 August 8, 2024

By: /s/ Brian J. Riley
Brian J. Riley
Chief Financial Officer
(Authorized Signatory and Principal Financial and Accounting Officer)

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Exhibit 10.1

EXECUTIVE EMPLOYMENT AGREEMENT

THIS AGREEMENT ("Agreement"), made as of the 14th day of October 2004, effective on the Effective Date (as defined herein), between Penn-America Group, Inc. and its insurance subsidiaries (the "Company" or "Penn-America"), a Pennsylvania corporation, having its principal place of business at 420 South York Road, Hatboro, Pennsylvania, and Brian J. Riley (the "Executive").

WITNESSETH:

WHEREAS, the importance of Executive's contributions to the Company is hereby acknowledged;

WHEREAS, the Company desires to secure the continuing services of Executive beyond the date on which a merger agreement between the Company and United National Group, Ltd. and its affiliates ("UNGL") (such agreement, the "Merger Agreement") is signed, and Executive is willing to continue in the employment of the Company, upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, Executive possesses knowledge and skills that will contribute to the continued success of the Company's business;

WHEREAS, the Company believes that Executive's knowledge and skills will prove to be crucial in both effectuating a successful merger and integrating the operations of UNGL and the operations of the Company;

WHEREAS, the Company is prepared to enhance the terms and conditions of employment currently applicable to Executive; and

WHEREAS, the recitals set forth above are hereby incorporated into and made a part of this Agreement.

NOW, THEREFORE, intending to be legally bound, the Company agrees to employ Executive, and Executive hereby agrees to be employed by the Company, upon the following terms and conditions:

ARTICLE I

EMPLOYMENT

1.01. Position and Duties. Executive is hereby employed as the Vice-President, Chief Financial Officer, Controller and Treasurer of the Company, and will use his best energies and abilities in the performance of his duties, related to and consistent with his position, as may be assigned to him from time to time by the Board of Directors of the Company (the "Board"), or by the Chief Executive Officer of the Company. Executive's duties shall include managing the financial direction of the Company and duties of comparable status and responsibility that the Board determines are necessary to conduct the business of the Company.

1.02. Location. Executive's place of work shall be in Hatboro, Pennsylvania, provided that Executive shall be obligated to travel as business needs require.

1.03. Term. This Agreement shall be effective as of the "Closing" (as defined below) (the date on which the Closing occurs, the "Effective Date"); provided that in the event the Closing does not occur on or before March 31, 2005 (or June 30, 2005, as may be required by applicable regulatory bodies) (the "Deadline Date"), the Company may elect to terminate this Agreement. The initial term of this Agreement shall commence on the Effective Date and shall continue for an initial term (the "Initial Term") of three years from the Effective Date. The Initial Term will extend automatically for one three year period and then for consecutive one year periods thereafter (each such extension, an "Extension Term") unless either Executive or the Company provides at least 90 days' advance written notice prior to the expiration of the Initial Term or an Extension Term, as applicable, to the other stating that the term will not be extended.

1.04. Compensation.

1.04.1. Salary. Executive shall receive an annual base salary in the gross amount of \$165,000, subject to applicable tax and payroll withholding, which may be adjusted upward or downward from time to time at the Company's sole discretion, subject to the provisions of Section 2.06(iii). The base salary shall be payable in accordance with the Company's generally applicable payroll practices and policies.

1.04.2. Bonus Opportunity. Executive shall be eligible to participate in the Company's 2004 KEIC Bonus Plan, a copy of which is attached as Exhibit A, which Plan was established for 2004 performance and payable in 2005. The Company may not amend such Plan as respects any 2004 bonus compensation to which Executive is entitled. Commencing in 2005, Executive shall be eligible to participate in a key employee cash bonus incentive plan to be adopted by the Company and similar to the 2004 KEIC Bonus Plan, pursuant to the terms of which Executive shall be eligible to receive 30% of his then annual base salary as a cash bonus for each calendar year during which Executive is employed by the Company.

The Company and its affiliates reserve the right to amend or substitute the plan referenced in Section 1.04.2 for any fiscal years after fiscal year 2004, and except as provided below, to make any other

adjustments deemed necessary by the Chairman of the Board, as approved by the Compensation Committee, to account for the consummation of the Merger Agreement and business activities after the Effective Date. In any case, the Board, in its reasonable discretion, shall determine that such adjustments shall (x) not impose any burden or reduce any benefits, bonuses or awards that otherwise would be provided or paid to Executive as a result of any costs or expenses incurred by the Company and its affiliates in connection with (i) any out-of-pocket expenses directly incurred in 2004 by Penn-America or its affiliates in any registration or sale of securities related to (I) the Closing (as defined below) or (II) the withdrawal or cessation of registrations or sales that were a direct result of the Merger Agreement, (ii) any out-of-pocket expenses directly incurred by Penn-America and/or the Company or their respective affiliates related to the Merger Agreement, the transactions provided for in the Merger Agreement, or the closing and consummation of the transactions provided for in the Merger Agreement ("Closing"), or (iii) payment of the Annual Integration Bonuses, the Signing Bonuses, and any other expenses or extraordinary charges incurred in connection with the Merger Transaction (the expenses and payments set forth in subclauses (i)-(iii) collectively referred to as the "Excluded Expenses"), and (y) exclude the Excluded Expenses from the actual performance results associated with any performance cycles underlying any applicable bonus arrangements or awards.

1.04.3. Equity Compensation. Executive shall be eligible to participate in the Company's Performance Based Long-Term Equity Compensation Plan (the "Restricted Share Plan"), a copy of which is attached as Exhibit B, which Plan was established and adopted for 2004 performance and provides for awards of restricted stock under certain circumstances in 2005. The Company may not amend such Restricted Share Plan with respect to any 2004 bonus award to which Executive is entitled; provided however that grants of shares under the Restricted Share Plan shall be grants of Class A common shares of UNGL ("UNGL Shares"), and the number of UNGL Shares to be awarded shall be based on the number of Penn-America shares that would otherwise be due to Executive, with an adjustment based on the price of UNGL Shares, as provided for in the Merger Agreement (\$15.375 per share) (such price, the "Merger Price"). Commencing in 2005, Executive shall be eligible to participate in a performance-based restricted share plan to be adopted by the Company prior to or at the time of the Closing that is similar to the Restricted Share Plan, and which shall provide that the achievement of mid-point performance objectives (as such objectives are specified in Exhibit B) shall result in a target opportunity of 30% of Executive's then current base salary, payable in UNGL Shares, valued at the closing price of UNGL Shares on the date of grant.

The Company and its affiliates reserve the right to amend or substitute the Restricted Share Plan for any fiscal years after fiscal year 2004, and except as provided below, to make any other adjustments deemed necessary by the Chairman of the Board, as approved by the Compensation Committee, to account for the consummation of the Merger Agreement and business activities after the Effective Date. In any case, the Board, in its reasonable discretion, shall determine that such adjustments shall (x) not impose any burden or reduce any benefits, bonuses or awards that otherwise would be provided or paid to Executive as a result of any out-of-pocket costs or expenses incurred by the Company and its affiliates in connection with any Excluded Expenses, and (y) exclude the Excluded Expenses from the actual performance results associated with any performance cycles underlying any applicable awards under the Restricted Share Plan and any successor thereto.

1.04.4. Car Allowance. Executive shall receive a car allowance of \$500 per month. The car allowance shall be payable, or credited to, Executive in accordance with the Company's applicable practices and policies.

1.04.5. Signing Bonus. Upon Closing, Executive shall receive a cash payment in the amount of \$125,000 (the "Signing Bonus"), subject to applicable tax and payroll withholding.

1.04.6. Successful Integration Bonus. Upon the completion of each of the Company's 2005 and 2006 fiscal years, Executive shall, to the extent then actively employed, be paid a total (over two years) of \$165,000 (the "Target Integration Bonus"), but only upon the satisfaction of those integration milestones set forth in Exhibit C hereto, as determined in good faith by the Chairman of the Board of Directors of UNGL and approved by UNGL's Compensation Committee (such resulting figure, the "Annual Integration Bonus"). If Executive is not actively employed at the time such Annual Integration Bonus would be payable, Executive nonetheless shall be entitled to receive the Annual Integration Bonus, if any, that is payable to him under the provisions of Section 3.05. The Target Integration Bonus shall be payable in UNGL Shares as provided for below. The UNGL Shares comprising the Annual Integration Bonus shall be subject to a shareholder-approved plan, which plan shall have been approved prior to or at the time of the approval of the Merger Transaction, and available for resale under an S-8 filed with the Securities and Exchange Commission. Payment of such UNGL Shares shall be made in two installments, the first installment on or before April 1, 2006; and the second installment on or before April 1, 2007; or with respect to each such year at such later date as the financial statements for such years have been completed and certified by the Company's outside auditors. The UNGL Shares comprising the Annual Integration Bonus shall be subject to Stock Ownership Guidelines, in the form attached hereto as Exhibit D, and shall otherwise be free of any and all restrictions on sale or resale, except as such sale or resale may be restricted under applicable securities laws and regulations. The conversion of the Target Integration Bonus into UNGL Shares shall be based on the Merger Price. Notwithstanding any other provision of this Agreement to the contrary, UNGL Shares paid in satisfaction of the Annual integration Bonus shall not be sold, transferred or otherwise disposed of by Executive for a period of eighteen (18) months following the payment of such shares, except to the extent necessary to satisfy any tax liability associated with such payment.

1.04.7. Equity Rollover.

(i) Any options (whether vested or unvested) held by Executive in Penn-America prior to the Effective Date ("Old Options") shall be cancelled as of the Effective Date and Executive shall be issued and fully vested in an aggregate number of options in UNGL Shares with the same aggregate value as the Old Options, as determined in accordance with the Merger Agreement. Executive may exercise the options to be granted under this Section 1.04.7(i) at any time after the Closing. Executive shall be solely responsible for any taxes payable by reason of such issuance and/or exercise. Executive may, prior to the Closing and consistent with the Company's policies and applicable securities regulations, exercise any vested Old Options and/or sell securities issued thereunder prior to the Closing.

(ii) Any vested, and unvested restricted, shares held by Executive in Penn-America prior to the Effective Date ("Old Shares") shall be converted as of the Effective Date into vested UNGL Shares and the fixed cash payment in accordance with the Merger Agreement. The shares shall be subject to the Stock Ownership Guidelines.

1.04.8. Equity Grant. Upon the Closing and Executive's execution of a form of restricted share grant agreement, the Company shall grant Executive 2,000 restricted UNGL Shares. The agreement shall provide that such shares will vest in equal installments over five years beginning on the first anniversary of the date of grant, subject to Executive's continued employment with the Company.

1.05. Benefits and Expenses.

1.05.1. Benefits. Until the first anniversary of the Effective Date, Executive will be covered by such group insurance and other benefit plans (including life insurance policies issued to the Executive for the benefit of a named beneficiary) and shall be eligible for such paid vacation and holidays, at least equal to those benefits afforded Executive through Penn-America. A list of the current benefits to be provided to Executive is attached to

this Agreement as Exhibit E. Such benefits may be amended from time to time by the Company to increase or add benefits during the first year following the Effective Date, and thereafter for any reason in connection with across-the-board modifications, or to comply with any legal requirements applicable to such benefits, or necessary to maintain the deductibility for tax purposes of amounts paid by the Company to provide or maintain such benefits. During the first year following the Effective Date, the Company shall not terminate or eliminate any such benefit plans or reduce benefits provided under such plans, unless a change in the law applicable to such benefits shall cause the continued provision of such benefits to be contrary to applicable law, or shall cause the amounts paid by the Company to provide or maintain such benefits, which amounts formerly were deductible for tax purposes by the Company, to no longer be deductible for such purposes under applicable law; provided however that the Company shall continue the existing payment arrangements for supplemental life insurance policies purchased for Executive and in effect as of the date of the execution of this Agreement during the Initial Term and the Extension Terms (if any).

1.05.2. **Business Expenses.** The Company shall pay or reimburse Executive for all reasonable expenses incurred or paid by Executive in the performance of Executive's duties hereunder, upon presentation of expense statements or vouchers and such other information as the Company may require in accordance with the generally applicable policies and procedures of the Company.

ARTICLE II

TERMINATION

2.01. **Incapacity.** If during the term of Executive's employment, Executive is prevented from effectively performing the essential functions of his job, with reasonable accommodation (if such reasonable accommodation can be provided by Company), for a period of 180 days within any twelve (12) month period by reason of illness or Disability, the Company, by written notice to Executive, may terminate Executive's employment. Upon delivery to Executive of such notice, together with payment of any salary accrued under Section 1.04.1, any awarded but unpaid bonuses applicable to any prior period, and any other amounts as may be due under Sections 1.04 and 1.05 up to the date of termination, Executive's employment and all obligations of the Company will terminate and this Agreement shall end. For purposes of this Agreement, "Disability" is defined as Executive being eligible for disability insurance benefits under the Company's long term disability insurance policy, or in the absence of such disability insurance coverage, "Disability" shall be defined as the inability to provide the executive level services provided for hereunder, as determined by an outside physician selected by the Company.

2.02. **Retirement.** This Agreement shall end, without notice to terminate being required, upon Executive's voluntary election to retire at any time after Executive reaches age 65. Upon retirement, Executive's employment shall terminate and Executive shall be entitled to payment of any salary accrued under Section 1.04.1, and any awarded but unpaid bonuses applicable to any prior period, together with any other amounts as may be due under Sections 1.04 and 1.05 up to the date of termination, following which all obligations of the Company will terminate.

2.03. **Death.** If Executive dies during the term of his employment, Executive's employment will terminate, the Agreement shall end, and all Company's obligations, other than any obligations with respect to the payment of accrued but unpaid salary under Section 1.04.1, and any awarded but unpaid bonuses applicable to any prior period, together with any other amounts as may be due under Sections 1.04 and 1.05 up to the date of death, will cease.

2.04. **Termination For Cause.** If the Company terminates Executive for Cause, this Agreement and all obligations of the Company shall terminate effective upon notice of termination for

Cause, other than (x) any obligations with respect to the payment of accrued but unpaid salary under Section 1.04.1, (y) in the case of a termination under Section 2.04(i) only, certain, Limited Severance Benefits (as provided in Section 3.07), and (z) any other amounts as may be due under Section 1.05 up to the date of termination. For purposes of this Agreement, "Cause" shall mean:

(i) Executive's failure to perform duties (other than as a result of incapacity as described in Section 2.01) in any material respect that remains uncured for 30 days after written notice thereof is given

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to Executive, such written notice will be provided to the extent that the Board reasonably determines such failure is curable;

(ii) Executive's willful misconduct or gross negligence or any willful material misrepresentation to the directors or officers of the Company (including any willful material misrepresentation made in this Agreement);

(iii) Executive's willful failure to conduct the business of the Company in accordance with the lawful directives of the Board or Company officers to whom Executive reports;

(iv) any material breach by Executive of any of the covenants, terms or conditions of this Agreement that remains uncured for 30 days after written notice thereof is given to Executive, such written notice will be provided to the extent that the Board reasonably determines such failure is curable;

(v) Executive's engagement in conduct which is dishonest or disloyal, which has injured or would injure the business or reputation of the Company or otherwise adversely affects its interests in any material respect; or

(vi) Executive's engagement in fraud or embezzlement, or a good faith determination by the Board that Executive's arraignment for a felony charge or other serious crime involving moral turpitude is based on facts and actions of Executive that are likely to result in the successful criminal prosecution of Executive and that such arraignment and prosecution would be likely to adversely affect the business, operations or prospects of the Company or its affiliates, or Executive's plea of nolo contendere to a felony. This provision shall not apply to any arraignment, conviction or plea of nolo contendere to any traffic (driving) offenses.

2.04.1. Any notice given by the Company under the subsections of Section 2.04 shall specifically state the manner in which Executive has not performed his duties, or has breached any of the covenants, terms or conditions of this Agreement, that the notice is given under this Section 2.04, and that failure to correct such breach will result in termination of employment under this Agreement. For the purpose of the above definition of Cause, no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that his action or omission was in the best interest of the Company. Failure of the Company, the Penn-America business or Executive to achieve or satisfy any target, milestone or other performance goal or hurdle, in and of itself, shall not be deemed Cause for termination under Sections 2.04(ii) through (vi) above.

2.04.2. Notwithstanding the foregoing termination by the Company for Cause shall not be effective until and unless a notice to terminate for Cause has been given by the Company within (i)

180 days after the Company learns of the act, failure or event constituting "Cause" under Section 2.04(i) (which is not cured by Executive within any time period permitted for such cure) or (ii) 90 days after the Company learns of the act, failure or event constituting "Cause" under any of Sections 2.04(ii)-(vi) (which is not cured by Executive within any time period permitted for such cure), and other than in connection with any activity by Executive that has been concealed or is of a fraudulent nature. If Executive has commenced arbitration in the manner prescribed in this Agreement within 15 days after receipt of such notice of termination, disputing the Company's right under this Agreement to terminate for Cause, and the Arbitrator shall thereafter have determined that Executive was not terminated for Cause, Executive shall be entitled, in addition to any amount otherwise due to Executive under this Agreement, to receive interest on any payments that should have otherwise been due him, commencing from the date of the Company's notice of termination, at the Company's then long term borrowing rate.

2.05. Termination Without Cause. Executive's employment is at-will, and this Agreement may be terminated at any time by the Company without Cause upon 30 days' notice to Executive. If the Company terminates Executive without Cause hereunder, the Company shall pay to Executive accrued but unpaid salary under Section 1.04.I, together with any other amounts as may have been due and payable under Sections 1.04 and 1.05 up to the date of termination, any awarded but unpaid bonuses applicable to any prior period, together with Severance Benefits in accordance with Article 111, and Executive shall be entitled to retain all restricted stock awards and options that were vested as of such termination date, and unless a longer period is otherwise provided for in the

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underlying award or plan or under any Company policy or applicable securities laws, shall have thirty (30) days from the date of such termination to exercise and/or sell such shares or options. Executive's right to receive Severance Benefits listed in Section 3.05 or Limited Severance Benefits under Section 3.07 is subject to Executive's complying with the obligations set forth in Section 3.02. The Company's provision of written notice not to extend either the Initial Term or an Extension Term of this Agreement pursuant to Section 1.03 shall be deemed to be a termination of Executive by the Company without Cause hereunder.

2.06. Executive Termination for Good Reason. If Executive terminates his employment for Good Reason, this Agreement and all obligations of the Company shall terminate effective upon Executive's provision of notice of termination, and Executive shall receive the same salary, benefits and Severance Benefits as would be provided or payable to him in connection with a termination without Cause under Section 2.05 hereof. For purposes of this Agreement, "Good Reason" shall mean:

- (i) an assignment to Executive of any duties or responsibilities that comprise a significant reduction or change by the Company (or its successor) in the nature or scope of the authority of, such duties or responsibilities assigned to or held by Executive as of the Effective Date; provided that a good faith assignment by the Board to a position within the Company or one of its affiliates with similar responsibility, title and compensation is not considered to be Good Reason;
- (ii) any removal of Executive from the officer positions with the Company (or its successor) and its affiliates held by him as of the Effective Date; provided that a good faith assignment by the Board to a position within the Company or one of its affiliates with similar responsibility, title and compensation is not considered to be Good Reason;
- (iii) a reduction by the Company (or its successor) and its subsidiaries in Executive's

base salary as of the Effective Date or, if greater, at any time thereafter;

(iv) a transfer or relocation of the site of employment of Executive, without his express written consent, to a location more than 35 miles from the location of his principal place of business immediately preceding the Effective Date; or

(v) any failure of the Company to comply with and satisfy its material obligations under this Agreement (other than those specified in clauses (i) through (iv) above, as to which no notice and opportunity to cure shall be provided) that remains uncured for 30 days after written notice thereof is given to the Company.

ARTICLE III

SEVERANCE BENEFITS

3.01 Benefits Payable Upon Termination without Cause, Non-Renewal or Termination for Good Reason. If, during the Initial Term or any Extension Term, (i) the Company terminates Executive without Cause, (ii) in connection with the expiration of the initial Term or any Extension Term, the Company gives notice of non-renewal of this Agreement, or (iii) Executive terminates his employment for Good Reason, Executive shall be paid Severance Benefits, as hereafter defined, in addition to all other amounts payable to Executive as referenced in Section 2.05.

3.02. Release/Compliance with Obligations. Notwithstanding the foregoing provisions, payment of Severance Benefits or Limited Severance Benefits is conditioned upon Executive's execution of the form of release in Exhibit F-2.

3.03. Limitation on Payments. Notwithstanding anything to the contrary in this Agreement, in no event shall Severance Benefits be paid more than once to Executive under this Agreement.

3.04. Timing of Payments. Severance Benefits shall be paid or provided in monthly installments, with the first monthly installment payable within 10 days after the release referenced in Section 3.02 becomes

irrevocable; provided, however, that the portion of any Severance Benefits representing the pro-rated amount of any cash bonus or performance-based long-term equity compensation award shall not be paid until such amounts are otherwise normally payable pursuant to the plan or arrangement under which such amounts are paid.

3.05. Severance Benefits. "Severance Benefits" means amounts and/or benefits as follows:

(i) Executive's annual base salary set forth in Section 1.04.1 or, if greater, the annual base salary as in effect immediately prior to Executive's termination of employment, to be paid in equal monthly installments over a 12-month period;

(ii) the pro-rated amount of any cash bonus which Executive otherwise would have received under the Company's KEIC bonus plan, or its successor, as set forth in Section 1.04.2, for each whole or partial calendar quarter of employment during the partial year in which Executive's employment is terminated, provided that any Company performance goals under such plan are achieved for the year in which termination of employment occurs;

(iii) the pro-rated amount of any performance based long-term equity compensation award which Executive would have otherwise received, as set forth in Section 1.04.3, for each whole or partial calendar quarter of employment during the partial year in which Executive's employment is terminated, provided that any Company performance goals under such plan are achieved for the year in which termination of employment occurs;

(iv) vesting of any awarded but unvested restricted stock and non-qualified stock options in accordance with the vesting schedule established in the applicable plan or agreement, which vesting will continue in accordance with its terms following termination of employment until fully vested;

(v) provision of twelve (12) months of Executive's then current medical and dental benefits, or the cash equivalent payment thereof, as set forth in Section 1.05.1;

(vi) provision of twelve (12) months of Executive's life insurance premiums on any policy of life insurance issued to Executive on Executive's life for the benefit of a named beneficiary, as set forth in Section 1.05.1;

(vii) any earned but unpaid Annual Integration Bonus (the Annual Integration Bonus shall be deemed earned if Executive is employed with the Company or its affiliates on the last day of the fiscal year for which such Annual integration Bonus is payable), which shall be payable within 90 days after the close of the Company's fiscal year to which it relates, provided that any Company performance goals listed under Exhibit C have been achieved for the year for which such bonus relates.

3.06. No Severance Payable. Notwithstanding any contrary provision herein, no Severance Benefits or Limited Severance Benefits (as defined below) shall be payable (except as otherwise specifically provided in Sections 2.01, 2.02 and 2.03) if:

3.06.1 Executive voluntarily resigns from his position for any reason other than for Good Reason in accordance with Section 2.06;

3.06.2 Executive's employment is terminated for reasons described in Section 2.01 ("Incapacity"), Section 2.02 ("Retirement"), or Section 2.03 ("Death");

3.06.3. Executive violates the applicable provisions of Sections 4.02, 4.03, 4.04 and 4.05 in any material respect after the date of termination of Executive's employment under this Agreement. If Executive violates the applicable provisions of Sections 4.02, 4.03, 4.04 and 4.05 in any material respect after any Severance Benefits or Limited Severance Benefits have been paid, no further payments will be due to Executive and Executive shall be required to reimburse the Company for any and all such payments previously made; or

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3.06.4. Executive's employment is terminated for Cause, other than under Section 2.04(i).

3.07. Limited Severance Benefits. If Executive's employment is terminated for Cause under Section 2.04(i), Executive shall be entitled to receive six (6) months of Executive's then current annual base salary and medical and dental benefits (such salary and benefits, "Limited Severance Benefits"). Executive shall not be entitled to any other Severance Benefits listed in Section 3.05.

3.08. **Preservation of Vested Equity Awards.** Upon Executive's termination of employment for any reason hereunder, Executive shall (i) retain all restricted stock awards and options that were vested as of such termination date; and (ii) have (or his estate or legal representative shall have) thirty (30) days from the date of such termination to exercise such options; provided that such time period may be extended by provisions in the underlying award or plan or under any Company policy or applicable securities laws.

3.09. **Damage Limitation.** Executive understands and agrees that he is entitled exclusively to the compensation and benefits as stated in Article II and Article III (as applicable) in the event of a termination and that any claim for damages by Executive arising out of this Agreement and his employment by Employer will be limited exclusively to the compensation and benefits as set forth in Article II and Article IJJ (as applicable) in the event of termination; provided that this Section 3.09 shall not limit Executive's entitlement, if any, to attorneys' fees under Section 5.011.

ARTICLE IV

EXECUTIVE'S REPRESENTATIONS AND WARRANTIES

4.01. **Duties.** Executive agrees that, in addition to all other obligations commensurate with his employment with the Company, he shall devote his full business time, energies and talents to the business of the Company, and comply with each of the Company's corporate governance and ethics guidelines, conflict of interests policies and code of conduct applicable to all Company employees or senior Executives as adopted by the Board and by the UNGL Board from time-to-time. Executive first shall obtain the consent of the Board in writing before engaging in any other business or commercial activities, duties or pursuits. Notwithstanding the foregoing, nothing shall preclude Executive from (i) engaging in charitable activities and community affairs, (ii) acting as a member, director or officer of any industry trade association or group, (iii) serving as a trustee, director or advisor to any family companies or trusts, and (iv) managing his personal investments and affairs, provided such activities do not, in the reasonable judgment of the Board, materially interfere with the proper performance of his duties and responsibilities hereunder. Executive also agrees that he will advise the Board of any corporate opportunities and not usurp such opportunities.

4.02. **Noncompetition.** Executive acknowledges and agrees that the insurance business and operations of the Company are national in scope, and that the Company operates in multiple locations and business segments in the course of conducting its business. In consideration of this Agreement and the equity interests being made available to Executive hereunder, Executive covenants and agrees that during his employment with the Company, and for a period of six (6) months following the termination of such employment for any reason, unless if the termination entitles the Executive to receive Severance Benefits from the Company under Section 3.01, in which case such period shall be twelve (12) months (such period, the "Restrictive Period"), Executive shall not (i) engage, whether as owner, manager, operator or otherwise, directly or indirectly, in any property and/or casualty insurance company (or holding company which controls such company) that is based in the United States or does a substantial amount of its business in the United States and that writes more than 15% of its written premium by issuing commercial insurance policies for businesses through a network of wholesale general agents on a binding authority basis; provided however that the restrictions herein shall not prohibit or prevent Executive from acting as an owner, manager, operator or employee of any wholesale general agent, (ii) use any information obtained in the course of Executive's employment by the Company for the purpose of notifying individuals of Executive's willingness to provide services after such termination in competition with the Company or in breach of this Agreement, or (iii) otherwise solicit for competitive purposes any person who is, or at any time during the term of Executive's employment by the Company was, a customer of the Company; provided that Executive shall not be subject to the above restrictions if the Company fails to pay (i) Severance Benefits due to Executive, if any, pursuant to Section 3.01 (other than as provided for under Section 3.06.3). Ownership of less than 5% of the securities of any publicly traded company will not violate this Section 4.02. In the event that this paragraph shall be determined by any court

of competent jurisdiction to be unenforceable in part by reason of its being too great a period of time or covering too great a geographical area, it shall be in full force and in effect as to that period of time or geographical area determined to be reasonable by the court

4.03. Executive Nonsolicitation. Executive covenants and agrees that during the Restrictive Period, Executive shall not solicit or induce, or attempt to solicit or induce, any employee of the Company or its affiliates, other than any administrative assistant, to terminate such employment for any reason whatsoever or hire any employee of the Company or its affiliates, other than any administrative assistant.

4.04. Non-Disclosure. Executive shall not, during or after his employment with the Company, (i) disclose, in whole or in part, any Company Confidential Information, as hereinafter defined, to any person, firm, corporation, association or other entity for any reason or purpose whatsoever unless authorized in writing to do so by the Company or required by law, order of any court or court process, or (ii) use any Company Confidential Information for Executive's own purpose or for the benefit of any person, firm, corporation, association or other entity other than the Company; except in the proper performance of Executive's duties as instructed by the Company. Company Confidential Information shall not include (x) information in the public domain or generally known in the industry (unless Executive is responsible, directly or indirectly, for such Company Confidential Information entering the public domain or becoming known in the industry without the Company's consent), (y) information and know-how derived or known by Executive from experience in the industry generally and not specific to Company, and (z) information disclosed by the Company to third parties without any duty or obligation of confidentiality or non-disclosure.

4.04.1 Confidential Information. For purposes of this Agreement, Company Confidential Information shall mean the knowledge and information acquired by Executive concerning the Company's confidential and proprietary information regarding its business plans, software, formatting, programs, client prospects, client lists, supplier and vendor information, client contacts, client information and data, marketing plans, data processing systems and information contained therein, products, proposals to clients and potential clients, account reports, plans, studies, price lists, financial statements and records, files and other trade secrets, know-how, or other private, confidential or proprietary information of or about the Company which is not already available to the public or known generally in the industry.

4.05. Inventions. Executive shall disclose promptly in writing to the Company, all inventions, including discoveries, concepts and ideas, patentable or not, hereafter made or conceived solely or jointly by Executive during employment with the Company, or within six months after termination of Executive's employment, if based on or related to proprietary information of the Company known by Executive, provided such invention, discovery, concepts and ideas relate in some manner to the business or activities of the Company.

4.05.1. Assignment of Invention. Executive agrees that in connection with any invention covered by Section 4.05, Executive shall, on request of the Company, promptly execute a specific assignment of title to the Company and do anything else reasonably necessary to enable the Company to secure a patent therefor in the United States and foreign countries.

4.05.2. Work For Hire. if the Company deems such execution to be necessary, Executive shall execute and deliver the Company's standard "work for hire" agreement regarding ownership by the Company of all rights in its confidential and business materials. A copy of such "work for hire" agreement is attached hereto as Exhibit G.

4.06. Duty to Cooperate after Termination. In the event of Executive's termination of employment during the twelve (12) month period immediately following the Effective Date, Executive agrees to be available to Company from time to time to answer questions or provide information relating to Company matters that he worked on during his employment at the Company. The Company shall make reasonable efforts to minimize any burden placed on Executive by reason of the provisions of this Section 4.06, and shall not unreasonably interfere in Executive's obligations to any subsequent employer. In the event that Executive would reasonably be required to incur any cost or expense to communicate with the Company or travel to any location requested by the Company, Company shall advance any such travel or other costs reasonably incurred by Executive to comply with and perform his obligations under this Section 4.06.

4.07. Review by Counsel. Executive represents and warrants that he has been provided a full and otherwise fair opportunity to have legal counsel for Executive review this Agreement and to verify from counsel that the terms and provisions of this Agreement are reasonable and enforceable.

4.08. Acknowledgment. Executive acknowledges and agrees that the terms of this Article IV: (i) are reasonable in light of all of the circumstances; (ii) are sufficiently limited to protect the legitimate interests of the Company and its subsidiaries; (iii) impose no undue hardship on Executive; and (iv) are not injurious to the public. Executive further acknowledges and agrees that (x) Executive's breach of the provisions of this Article IV will cause the Company irreparable harm, which cannot be adequately compensated by money damages, and (y) if the Company elects to prevent Executive from breaching such provisions by obtaining an injunction against Executive, there is a reasonable probability of the Company's eventual success on the merits. Executive consents and agrees that if Executive commits any such breach or threatens to commit any breach, the Company shall (at its election and notwithstanding Section 5.011 hereof) be entitled to temporary and permanent injunctive relief from a court of competent jurisdiction, without posting any bond or other security and without the necessity of proof of actual damage, in addition to, and not in lieu of, such other remedies as may be available to the Company for such breach, including the recovery of money damages.

ARTICLE V

GENERAL PROVISIONS

5.01. Authorization to Modify Restrictions. The provisions of this Agreement will be enforceable to the fullest extent permissible under applicable law, and the unenforceability (or modification to conform to law) of any provision will not render unenforceable, or impair, the remainder of this Agreement. If any provision will be found invalid or unenforceable, in whole or in part, this Agreement will be considered amended to delete or modify, as necessary, the offending provision or provisions and to alter its bounds to render it valid and enforceable.

5.02. No Waiver. The failure of either the Company or Executive to insist upon the performance of any term in this Agreement, or the waiver of any breach of any such term, shall not waive any such term or any other term of this Agreement. Instead, this Agreement shall remain in full force and effect as if no such forbearance or waiver had occurred.

5.03. Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior agreement between Executive and the Company (or any of its predecessors or affiliates). Executive acknowledges that he has executed a letter agreement under which he has waived any rights to any payments and benefits under any change of

control agreements with respect to the Closing that were in effect prior to the Closing, and acknowledges that upon the Closing, such change of control agreements shall be null and void, and without force and effect. This Agreement may be amended only by a writing signed by each of the parties. This Agreement may be assigned by Company, provided that Company complies with the provisions of Section 5.09. This Agreement may not be assigned by Executive.

5.04. Governing Law. This Agreement will be governed by and construed in accordance with the law of the Commonwealth of Pennsylvania.

5.05. Consent to Jurisdiction. Executive hereby irrevocably submits to the personal jurisdiction of the United States District Court for the Eastern District of Pennsylvania or any Pennsylvania state court with jurisdiction in any action or proceeding seeking to enforce or interpret this Agreement, so long as said action or proceeding does not conflict with Section 5.011.

5.06. Service of Process. Executive irrevocably consents to the service of any summons and complaint and any other process which may be served in any action or proceeding arising out of or related to this Agreement brought in the United States District Court for the Eastern District of Pennsylvania or any Pennsylvania state court with jurisdiction by the mailing by certified or registered mail of copies of such process to Executive at his address as set forth on the signature page of this Agreement.

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5.07. Venue. Executive irrevocably waives any objection which he now or hereafter may have to the laying of venue of any action or proceeding arising out of or relating to this Agreement brought in the United States District Court for the Eastern District of Pennsylvania or any Pennsylvania state court and any objection on the ground that any such action or proceeding in either of such courts has been brought in an inconvenient forum. Nothing in this Section 5.07 will affect the right of the Company to bring any action or proceeding against Executive or his property in the courts of other jurisdictions.

5.08. Agreement Binding. The obligations of Executive under this Agreement will continue after the termination of his employment with the Company for any reason, to the extent provided herein, and will be binding on his heirs, executors, legal representatives, and assigns.

5.09. Successor Corporation. The Company shall require any successor or successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to acknowledge expressly that this Agreement is binding upon and enforceable against the Company in accordance with the terms hereof, and to become jointly and severally obligated with the Company to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or successions had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession, and to the extent that Executive resigns as a result thereof, shall entitle Executive to all Severance Benefits referenced in Section 3.05. As used in this Agreement, the Company shall mean the Company as hereinbefore defined and any such successor or successors to its business and/or assets, jointly and severally.

5.010. Counterparts, Section Headings. This Agreement may be executed in any number of counterparts. Each will be considered an original, but all will constitute one and the same instrument. The section headings of this Agreement are for convenience of reference only and will not affect the construction or interpretation of any of its provisions.

5.011. Arbitration. In the event that any disagreement or dispute whatsoever shall arise between the parties concerning this Agreement, such disagreement or dispute shall be submitted to the Judicial Arbitration and Mediation Services, Inc ("JAMS") for resolution in a confidential private arbitration in accordance with the comprehensive rules and procedures of JAMS, including the internal appeal process provided for in Rule 34 of the JAMS rules with respect to any initial judgment rendered in an arbitration. Any such arbitration proceeding shall take place in Philadelphia Pennsylvania New York, New York or Washington D.C. (as selected by Executive) before a single arbitrator (rather than a panel of arbitrators). The parties agree that the arbitrator shall have no authority to award any punitive or exemplary damages and waive, to the full extent permitted by law, any right to recover such damages in such arbitration. Each party shall each bear their respective costs (including attorney's fees, and there shall be no award of attorney's fees); provided that the Company shall bear the cost of any arbitrator selected by the parties (unless such arbitrator shall determine that Executive has commenced a frivolous action, in which case arbitrator fees shall be split between the parties), except in the case of an appeal, in which case the appealing party shall bear the costs of the appeal. To the extent that Executive is the prevailing party in any final judgment by the arbitrator on any case commenced in arbitration by Executive the Company shall pay or reimburse Executive for all reasonable attorneys' fees incurred by Executive in such matter. Nothing herein shall prevent the Company from seeking injunctive relief as provided for in Article 4 of this Agreement. Judgment upon the final award rendered by such arbitrator, after giving effect to the JAMS internal appeal process, may be entered in any court having jurisdiction thereof. If JAMS is not in business or is no longer providing arbitration services, then the American Arbitration Association shall be substituted for JAMS for the purposes of the foregoing provisions. Each party agrees that it shall maintain absolute confidentiality in respect to any dispute between them.

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5.012. Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed as follows:

<u>If to Executive:</u>	Brian Riley 43 Windsor Court Lansdale, PA 19446
<u>If to the Company:</u>	Board of Directors Penn-America Group, Inc. 420 South York Road Hatboro, PA 19040
<u>With a Copy To:</u>	United National Group, Ltd. Walker House 87 Mary Street P.O. Box 908GT George Town Grand Cayman Cayman Islands Attn: General Counsel

or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

5.013. **Condition of Effectiveness.** The occurrence of the Closing on or before the Deadline Date and the execution and delivery by Executive of the Release attached hereto as Exhibit F-1 shall be a condition precedent for the effectiveness and unforceability of this Agreement.

5.014. **Employee Manuals and Handbooks.** Executive acknowledges that from time to time the Company or its affiliates may establish, maintain and distribute employee manuals or handbooks or personnel policy manuals, and officers or other representatives of the Company shall be expected to comply fully with the policies and procedures provided for therein, to the extent not inconsistent with the provisions of this Agreement. No policies, procedures or statements of any nature by or on behalf of the Company (whether written or oral, and whether or not contained in any employee manual or handbook, as the same may exist from time to time, or personnel policy manual), and no acts or practices of any nature, shall be construed to modify the terms of this Agreement.

5.015. **Insurance and Indemnity.** The Company shall, to the fullest extent permitted by law and its by-laws and charter, defend and indemnify Executive. The Company shall also provide Executive with coverage as a named insured under a directors and officers liability insurance policy to be maintained for the Company's directors and officers. The Company shall continue to maintain directors and officers liability insurance for the benefit of Executive during the term of this Agreement and for at least six (6) years following the termination of Executive's employment with the Company, provided that such insurance is available on commercially reasonable terms. This obligation to provide insurance and indemnify Executive shall survive expiration or termination of this Agreement with respect to proceedings or threatened proceedings based on acts or omissions of Executive occurring during Executive's employment with the Company or with any affiliated company. Such obligations shall be binding upon the Company's successors and assigns and shall inure to the benefit of Executive's heirs and personal representatives.

EXECUTIVE ACKNOWLEDGES THAT HE HAS READ AND UNDERSTANDS THE FOREGOING PROVISIONS AND THOSE SUCH PROVISIONS ARE REASONABLE AND ENFORCEABLE.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of 14th day of October, 2004.

EXECUTIVE

/s/ Brian J. Riley

Brian J. Riley

PENN-AMERICA GROUP, INC.

By: /s/ Joseph F. Morris

Joseph F. Morris

Sr. Vice President, CFO & Treasurer

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EXHIBIT A

2004 KEIC Bonus Plan

2004 KEY EMPLOYEE INCENTIVE COMPENSATION PLAN

Penn-America Insurance Company
Hatboro, PA

Effective January 1, 2004

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Penn-America Insurance Company 2004 KEY EMPLOYEE INCENTIVE COMPENSATION PLAN

Plan Description

I. Compensation Philosophy

Penn-America Insurance Company ("Penn-America" or the "Company") wishes to provide a comprehensive, competitive compensation program for its management and professional personnel. The Key Employee Incentive Compensation Plan (the "Plan") is intended to be an integral part of the total compensation opportunity offered by the Company to its key employees. The Plan is an adjunct, not an offset, to other forms of compensation provided by Penn-America.

II. Plan Purposes

The purposes of the Plan are two-fold: to foster achievement of corporate performance objectives and to recognize participants' contributions to corporate success. Participating employees realize current operating period awards when their performances result in attainment of pre-determined Company goals for growth, profitability, and efficiency.

While performance-based variable compensation is intended to be an ongoing element of key employee compensation, the Plan as constituted herein is intended to operate for calendar year 2004 only.

III. Participation

Participation in the Plan is open, in the President's discretion, to any employee of Penn-America actively employed with Penn-America on the date payment is made, who is deemed to have significant positive impact on the business and a high potential for long-term professional growth within the Penn-America organization. Typically, participation will be limited to those senior level positions (managers and higher) who have broad responsibilities for product line and employee management, revenue generation, client relationship management, support system management, or project management responsibilities, and have demonstrated their ability to contribute to the business over time.

The President of Penn-America will, at his discretion, identify employees for participation, and ultimately confirm eligible participants at the time payment is made. Changes in organizational responsibilities and/or personal performance levels may affect ultimate individual participation in the Plan.

Officers and other key employees who may be considered insiders under the Securities Exchange Act of 1934, as amended (the "Act") will participate in the Plan under the same eligibility guidelines defined for all other participants.

IV. Incentive Awards

The Plan is an annual incentive program, running coincident with the Company's fiscal (calendar) year, providing opportunities for participants to earn cash based on overall Company and individual performance. The goal of the Plan is to be simple and predictable, yet to provide significant monetary incentives to participants. The Plan is designed to allow participants to share in the Company's success by providing additional annual cash compensation for participants.

V. Criteria for Annual Incentive Awards

The President has determined that any bonus awarded for calendar year 2004 shall be calculated as a percentage of base salary as of December 31, 2004, based on the Company's achievement of GAAP underwriting income, before taxes, of \$14,984,000.

A sample calculation follows:

Sample 2004 Bonus Calculation

Employee's base salary on December 31, 2004		\$25,000.00
Employee's bonus participation percentage		15%
Eligible base bonus		\$3,750.00
Bonus earned based upon Company's achievement of 2004 GAAP underwriting income goal of \$14,984,000:	% of Eligible Base Bonus	
Examples (Using GAAP Underwriting Income Goal):		
\$4,000,000	0%	\$0.00
\$7,500,000	85%	\$3,187.50
\$14,984,000	100%	\$3,750.00
\$18,500,000	125%	\$4,687.50

VI. Distribution of Incentive Awards

1. Determination of Incentive Award

Annually, before the payment date, the President will make a determination of the corporate performance against the criteria established, will finalize the participants and will calculate the appropriate award for each participant.

2. Distribution of Incentive Award

All compensation payable under the Plan shall be paid on or before March 15, 2005 in a lump sum distribution, subject to tax withholding and other regular payroll deductions.

3. **Active Employee Contingency**

Subject to the President's discretion, participants must be actively employed with the Company on the payment date to qualify for receipt of an incentive award.

VII. **Miscellaneous Provisions**

If any provision of this Plan is determined to be invalid or unenforceable, said invalid or unenforceable provision shall be deemed null and void, this Plan shall continue and shall be construed in all respect to the extent possible to fulfill the purposes of the Plan as if such invalid or unenforceable provision was omitted.

	04/01/04 Salary (2)	Participation Percentage	2004 KEIC Cash Bonus (1)			
			< Plan		Plan	> Plan
GAAP Underwriting Income Target			Above	\$7,500,000	\$14,984,000	\$18,500,00
GAAP Combined Ratio			95.9	95.9	91.9	90.0
Return on Equity				10.0%	13.8%	15.0%
<i>Percentage Earned</i>			0%	85%	100%	125%
Brian J. Riley	\$125,000	30%	\$0.00	\$31,875.00	\$37,500.00	\$46,875.00

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EXHIBIT B

Performance Based Long-Term Equity Compensation Plan

2004 Equity Compensation Plan Summary of Parameters

- Restricted stock, if earned, will be issued under the 2002 Stock Incentive Plan.
- Financial triggers:
 - o 50% will be awarded based upon a three-year calendar year combined ratio.
 - o 50% will be awarded based upon the achievement of a three-year return on equity, which shall be calculated by dividing the Company's net income (after taxes) by the Company's shareholders' account (as defined under GAAP) ("ROE")
 - o Subject to three "knock out" provisions.
 - If the three-year ROE is below 10%, then no award will be made under either component.
 - If the three-year calendar year combined ratio is greater than 97.0, then no award will be made under either component.
 - If the 2004 calendar year combined ratio is greater than 100.0, then no award will be made under either component.
- Aggregate and officer/manager level of restricted stock awarded was recommended by Watson.

- Targeted aggregate incentive payout to Key Employees (cash and restricted stock) – 7.5% of Pre-tax income.
- Targeted aggregate incentive payout to all employees – 10% of pre-tax income.
- Five-year vesting of shares.
- The Company will pay a cash bonus (grass-up) for the payment of state, federal and local income taxes due at the time of vesting as a result of the award.
- The President and CEO will have a discretionary pool of 10,000 shares of restricted stock per year available to attract new employees as necessary.
- The President and CEO will have a discretionary pool of \$100,000 available annually to award cash bonuses to direct reports of CEO, as long as total incentive compensation (including the discretionary pool) does not exceed 10% of annual pre-tax income.
- Ownership guidelines:
 - o CEO - three times annual base salary
 - o Direct reports of CEO – one times annual base salary
 - o Direct reports of Direct Reports of CEO – ½ times annual base salary
 - o Guidelines become effective June 30, 2006.

**Penn-America
Group, Inc.
Key Employee Incentive
Compensation Plan
2004 Restricted Stock Key
Employee Incentive Plan**

										2004 Plan							
Financial Measurement																	
Triggers:																	
Three-Year Calendar Combined Ratio (GAAP Basis)										Below						Value of Award at Plan	
Three-Year Calendar Year Return on Equity										Below						% of \$ Salary	
Percentage of 04/01/04 Salary Restricted Stock Pool																	
Targeted Restricted Stock																	

Key Employee Restricted Share Incentive Plan ⁽²⁾

2005 Metrics

Three-Year Calendar Combined Ratio (GAAP Basis)	97.0	95.3	94.2	93.7	91.9	90.9	89.5
Three-Year Calendar Year Return on Equity	10.0	11.0	12.0	13.1	14.0	15.0	16.0
2005 Salary	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000
Target Opportunity as Percentage of Base Salary	8.8%	15.7%	24.4%	30.0%	35.9%	40.7%	45.2%
Dollar Value of Target Opportunity	\$14,553	\$25,938	\$40,293	\$49,500	\$59,301	\$67,221	\$74,547
Assumed Market Price at Time (1)	\$16.00						
Restricted Shares Awarded	910	1,621	2,518	3,094	3,706	4,201	4,659

(1) Illustrative price only. The conversion price will be market value of UNGL's Class A Common Shares at time of grant.

(2) The Company will pay a cash bonus (gross-up) for the payment of state, federal and local income taxes due at the time of vesting as a result of the award.

EXHIBIT C

INTEGRATION BONUS OBJECTIVES

The following objectives and Percentages (as defined below) shall be used to calculate the amount of Executive's Annual Integration Bonus. The Annual Integration Bonus with respect to a given fiscal year (e.g., 2005 or 2006) (the "Bonus Determination Year") shall be equal to the product of (i) 50% of the Target Integration Bonus and (ii) the sum of Percentage 1 and Percentage 2, subject to any other provisions of this Agreement governing such Bonus. The Board shall retain the sole and exclusive authority and discretion to administer and interpret the terms of this Integration Bonus arrangement, including without limitation, the determination of whether the targets and objectives set forth below have been satisfied, and its determination and judgment shall be made in good faith.

1. Income Targets – "Percentage 1"

Pre-tax operating income of the Company for the Bonus Determination Year before giving effect to any transactions with Wind River Insurance Company, Ltd.

75% of the Target Income (as defined below) or less

Greater than 75% but less than 100% of the Target Income

100% of the Target Income or greater

The Target Income shall be equal to \$36,483,000 for 2005 and \$40,131,000 for 2006.

Percentage

1

Equals

0%

pro-rata (in a linear manner)

75%

2. Retention Targets – "Percentage 2"

Percentage 2 shall equal the product of (i) 25% and (ii) the lower of Percentages 2(a) and 2(b) below, but in no event shall Percentage 2 exceed 25%.



- (a) Percentage 2(a) shall be equal to (i) the rate of retention of the Company's managing general agents for the Bonus Determination Year divided by (ii) the average rate of retention of the Company's managing general agents over the three fiscal years beginning with 2002 and ending with 2004.
- (b) Percentage 2(b) shall be equal to (i) the rate of retention of the Company's vice-presidents and assistant vice-presidents for the Bonus Determination Year divided by (ii) the average rate of the retention of the Company's vice-presidents and assistant vice-presidents over the three fiscal years beginning with 2002 and ending with 2004.

For purposes of this Section 2, retention rates shall not take into account any terminations of managing general agents, vice-presidents and assistant vice-presidents initiated by the Company, or new hires or new managing general agent relationships until one year has passed since the date of such hire or the date of such formal commencement of such relationship. For purposes solely of calculating Percentage 2, the 2004 fiscal year period shall take into account only that portion of 2004 that preceded the Effective Date and the 2005 fiscal year period shall take into account all of 2005 and that portion of 2004 that fell on or after the Effective Date.

The Board shall retain the sole discretion to increase Percentage 2 as it deems appropriate.

EXHIBIT D

STOCK OWNERSHIP GUIDELINES

D-1 Beginning on March 31, 2007, Executives who hold the position of Vice President with the Company shall own Class A Common shares of UNGL ("UNGL Shares") equal in value to one-half times Executive's then current annual base salary.

D-2. Executives who hold the position of Assistant Vice President with the Company or any position that is similar or less prestigious in stature shall not be subject to this Exhibit D.

D-3. For all other Executives:

- (1) As of the Effective Date, Executive shall own UNGL Shares equal in value to one (1) times Executive's then current annual base salary.
- (2) By March 31, 2007, Executive shall own UNGL Shares equal in value to two (2) times Executive's then current annual base salary.

EXHIBIT E

LIST OF GENERAL BENEFITS TO WHICH EXECUTIVE IS ENTITLED

Paid Vacation
Paid Sick Time
Paid Holidays
Personal Day
Cafeteria Reflex Plan
Employee Group Medical Plans
Employee Group Dental Plan
Employee Group Vision Plan
Medical and Dependent Care Flexible Spending Accounts
Company provided Life Insurance
Supplemental personal insurance on file with Penn-America
Accidental Death and Dismemberment
Long Term Disability
Short Term Disability
Long Term Care Insurance
Incentive Savings and Retirement Plan
Employee Assistance Program
Education Reimbursement
Red Cross CPR and First Aid
Direct Deposit of Paycheck
PNC Bank Workplace Banking Program
Finder's Fee
Memberships to the Hatboro Area YMCA

EXHIBIT F-1

INITIAL RELEASE

R-1. Effective at Closing (the "Effective Date"), and otherwise subject to the terms and conditions, including but not limited to effectiveness of the new Employment Agreement dated October 14, 2004 (the "Employment Agreement"), Executive hereby irrevocably consents to the termination of any agreements regarding employment and compensation (including change-of-control compensation) between himself and Penn-America Group, Inc. and its affiliates and insurance subsidiaries (the "Company") (such agreements, the "Existing Agreements"), and hereby agrees that the entry of the Company and Executive into the Employment Agreement will not give rise to any liability on the part of the Company or any of its affiliates under the Existing Agreements. Executive on behalf of himself and his affiliates, heirs, executors and successors hereby remises, releases and forever discharges, and by these present does release and forever discharge the Company and its subsidiaries, parents and affiliates, and their respective successors and assigns of and from any and all actions, causes of action, suits, debts, accounts, bonds, bills, covenants, contracts, controversies, agreements, liabilities, damages, costs, expenses, demands, judgments, executions, variances, claims and other obligations of whatever kind or nature, in law or in equity, known or unknown, including without limitation, arising from or connected with or related to the Existing Agreements or any employment by or other matter relating to the Company or any claim to compensation or benefits arising from or related to his employment (collectively, the "Claims"), including without limitation, any Claims related to or in connection with Fox Paine & Company, LLC, Fox Paine Capital Fund, L.P., FPC Investors, LP., Fox Paine Capital, LLC; Fox Paine Capital Fund II GP, LLC, Fox Paine Capital Fund II, L.P., Fox Paine Capital Fund II International, L.P., Fox Paine Capital Fund II Co-Investors International, L.P., FPC Investment GP, and all corporate entities that are partners in any such

related entities and each of their past and present directors, members, managers, officers, employees, servants, divisions, owners, shareholders and successors (all collectively referred to hereinafter for purposes of this paragraph R-1 as the "Company"), including any Claims, under local, state, or federal law based on:

- (i) claims of discrimination on the basis of race, age, religion, sex, sexual harassment, sexual orientation, national origin, marital status, or disability including without limitation, any claims arising under the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended, the Older Workers Benefit Protection Act, the Civil Rights Act of 1866, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, each as amended;
- (ii) infliction of any tort;
- (iii) breach of contract, whether actual or implied, written or oral; and
- (iv) any violation of any pension or welfare plans or any other benefit plan or arrangement (including without limitation, ERISA).

R-2. Executive further represents that he has not, at any time up to and including the Effective Date, commenced, and will not in the future commence, to the full extent permitted by law, any action or proceeding, or file any charge or complaint, of any nature against the Company relating to the matters released above and Executive waives to the fullest extent permitted by law, any right to any monetary or equitable relief in any proceeding that may relate to the matters released above.

R-3. Executive agrees that in the event of a breach by him or his heirs of this Release, and in addition to any other rights or remedies the Company may have hereunder or otherwise: (i) the Company will, with respect to paragraph R-1 hereof, be irreparably damaged and will have no adequate remedy at law, and will be entitled to an injunction as a matter of right from any court of competent jurisdiction restraining any further breach of this Release; (ii) the Company will, with respect to a breach by Executive of paragraph R-1, be indemnified and held harmless from and against any and all damages or losses incurred by the Company (including reasonable attorneys' fees and expenses) as a result of such breach; and (iii) the Company may offset against any amounts otherwise owed Executive damages or losses incurred as a result of a breach of this Release. Executive further agrees that this

Release may and shall be pleaded as a full and complete defense to any action, suit or other proceeding covered by the terms of this Release, which is or may be instituted, prosecuted or maintained by Executive and his heirs.

R-4. In full and complete settlement of any claims that the Company may have against Executive, other than the fulfillment of Executive's obligations hereunder and Executive's remaining obligations under the Old Employment Agreement, if any, and for and in consideration of the undertakings of Executive, the Company does hereby remise, release, and forever discharge Executive and Executive's heirs, executors and administrators (hereinafter all included within the term "Executive"), of and from any and all manner of actions and causes of actions, suits, debts, liabilities, claims and demands whatsoever in law or in equity, which the Company ever had, now has, or hereafter may have, by reason of any civil (but specifically not any criminal act or fraud, embezzlement or dishonest conduct) matter, cause or thing within the scope of Executive's employment by the Company from the beginning of Executive's employment with the Company to the Effective Date of this Release; and particularly, but without limitation of the foregoing general terms, any claims arising from or relating in any way to actions taken by

Executive within the scope of Executive's employment relationship and the termination of that employment relationship with the Company (all such items, "Claims").

THE FOREGOING RELEASE IS HEREBY AGREED TO ON THIS 14th OF OCTOBER, 2004.
THIS RELEASE SHALL BE OF NO FORCE AND EFFECT IF THE MERGER TRANSACTION
ANTICIPATED BETWEEN UNGL AND THE COMPANY IS NOT CONSUMMATED.

/s/ Brian J. Riley

Brian J. Riley

PENN-AMERICA GROUP, INC.

/s/ Joseph F. Morris

Joseph F. Morris

Sr. Vice President, CFO & Treasurer

EXHIBIT F-2

POST-EMPLOYMENT RELEASE

R-1. Pursuant to Section 3.02 of the employment agreement between Brian J. Riley ("Executive") and Penn-America Group, Inc. and its insurance subsidiaries (the "Company") dated as of the 14th of October, 2004 (the "New Employment Agreement"), Executive hereby irrevocably consents to the termination of any agreements regarding employment and compensation between himself and the Company (or its affiliates) ("Existing Agreements"). Executive on behalf of himself and his affiliates, heirs, executors and successors hereby remises, releases and forever discharges, and by these present does release and forever discharge the Company and its subsidiaries, parents and affiliates, and their respective successors and assigns of and from any all actions, causes of action, suits, debts, accounts, bonds, bills, covenants, contracts, controversies, agreements, liabilities, damages, costs, expenses, demands, judgments, executions, variances, claims and other obligations of whatever kind or nature, in law or in equity, known or unknown, including without limitation, arising from or connected with or related to the Existing Agreements or any employment by or other matter relating to the Company or any claim to compensation or benefits arising from or related to his employment (collectively, the "Claims"), including without limitation, any Claims related to or in connection with Fox Paine & Company, LLC, Fox Paine Capital Fund, L.P., FPC Investors, LP., Fox Paine Capital, LLC; Fox Paine Capital Fund II GP, LLC, Fox Paine Capital Fund II, L.P., Fox Paine Capital Fund II International, L.P., Fox Paine Capital Fund II Co-Investors International, L.P., FPC Investment GP, and all corporate entities that are partners in any such related entities and each of their past and present directors, members, managers, officers, employees, servants, divisions, owners, shareholders and successors (all collectively referred to hereinafter for purposes of this paragraph R-1 as the "company"), including any Claims, under local, state, or federal law based on:

- (i) claims of discrimination on the basis of race, age, religion, sex, sexual harassment, sexual orientation, national origin, marital status, or disability including without limitation, any claims arising under the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended, the Older Workers Benefit Protection Act, the Civil Rights Act of 1866, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, each as amended;
- (ii) infliction of any tort;
- (iii) breach of contract, whether actual or implied, written or oral; and
- (iv) any violation of any pension or welfare plans or any other benefit plan or arrangement (including without limitation, ERISA).

The foregoing Release shall not act as a release of (i) the obligations of the company under the New Employment Agreement, to provide Executive with the payments, benefits and Severance Benefits specified therein to be provided to Executive in connection with the termination of Executive's employment with the Company, (ii) any vested benefits under any employee retirement or welfare plan or program, (iii) any rights as a shareholder or owner of any equity interest in the Company (subject to any changes or modifications that may be made therein pursuant to the provisions of the documentation relating to the merger transaction between United National Group, Ltd. and its affiliates and the Company and the provisions of the New Employment Agreement), (iv) any rights Executive may have to receive unemployment compensation, and (v) Executive's right to be indemnified by the Company, pursuant to charter, certificate, by-laws or other constituent documents of the Company, or under any insurance maintained by or for the benefit of the Company (and/or its predecessor), for any liability, cost or expense for which Executive would have been indemnified for actions taken by Executive on behalf of the Company prior to the date of this Release.

R-2. Executive further represents that he has not, at any time up to and including the Effective Date, commenced, and will not in the future commence, to the full extent permitted by law, any action or proceeding, or file any charge or complaint, of any nature against the Company relating to the matters released above and Executive waives to the full extent permitted by law, any right to any monetary or equitable relief in any proceeding that may relate to the matters released above.

R-3. Executive agrees that in the event of a breach by him or his heirs of this Agreement, and in addition to any other rights or remedies the Company may have hereunder or otherwise: (i) the Company will, with respect to paragraph R-1 hereof, be irreparably damaged and will have no adequate remedy at law, and will be entitled to an injunction as a matter of right from any court of competent jurisdiction restraining any further breach of this Agreement; (ii) the Company will, with respect to a breach by Executive of paragraph R-1, be indemnified and held harmless from and against any and all damages or losses incurred by the Company (including reasonable attorneys' fees and expenses) as a result of such breach; and (iii) the Company may offset against any amounts otherwise owed Executive damages or losses incurred as a result of a breach of this Release. Executive further agrees that this Agreement may and shall be pleaded as a full and complete defense to any action, suit or other proceeding covered by the terms of this Agreement which is or may be instituted, prosecuted or maintained by Executive and his heirs.

R-4. In full and complete settlement of any claims that the Company may have against Executive, other than the fulfillment of Executive's obligations hereunder and Executive's obligations under the New Employment Agreement, including, without limitation, Executive's obligations under Article IV of the New Employment Agreement, and for and in consideration of the undertakings of Executive, the Company does hereby remise, release, and forever discharge Executive and Executive's heirs, executors and administrators (hereinafter all included within the term "Executive"), of and from any and all manner of actions and causes of actions, suits, debts, liabilities, claims and demands whatsoever in law or in equity, which the Company ever had, now has, or hereafter may have, by reason of any civil (but specifically not any criminal act or fraud, embezzlement, or dishonest conduct) matter, cause or thing within the scope of Executive's employment by the Company from the beginning of Executive's employment with the Company and its affiliates to the date of this Agreement; and particularly, but without limitation of the foregoing general terms, any claims arising from or relating in any way to actions taken by Executive within the scope of Executive's employment relationship and the termination of that employment relationship with the Company and its affiliates (all such items, "Claims").

THE FOREGOING RELEASE IS HEREBY AGREED TO ON THIS _____ OF _____ 2004:

EXECUTIVE _____

Brian J. Riley

PENN-AMERICA GROUP, INC. _____

Joseph F. Morris

Sr. Vice President, CFO & Treasurer

EXHIBIT G

WORK FOR HIRE AGREEMENT

As a condition of my employment with Penn-America Group, Inc. and its insurance subsidiaries, affiliates, successors or assigns (collectively, the "Company"), and in consideration of my employment with the Company and my receipt of the compensation and benefits now and hereafter provided to me by the Company, I agree to the following:

1. Inventions.

(a) Assignment of Inventions. I shall disclose to the Company, and hereby sell, transfer and assign to the Company, or its designee, all right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements or trade secrets, whether or not patentable or registrable under copyright or similar laws, and other intellectual property which I have or may solely or jointly conceive or develop or reduce to practice during the period of time I have been and shall remain in the employ of the Company (collectively referred to as "Inventions"), except as provided in Section I(c) below. All original works of authorship which have been or are made by me within the scope of and during the period of my employment with the Company and which are protectable by copyright are "works made for hire" and the Company or its designee shall own all rights therein. Any Invention relating to the business of the Company and its affiliates that is developed or disclosed by me within six (6) months following the termination of my employment with the Company shall be deemed to fall within the provisions of this Section I(a) unless proved to have been first conceived and made following such termination.

(b) Patent and Copyright Registrations. I shall assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's or its designee's rights in the Inventions and any copyrights, patents or other intellectual property rights relating thereto in any and all countries. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to do all other lawfully permitted acts to protect Inventions with the same legal force and effect as if executed by me.

(c) Exception to Assignments. I understand that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any Inventions made by me prior to my employment with the Company (as demonstrated by written evidence and listed in G-1) and that is not used with my permission by the Company or any of its designees. I also shall retain ownership of any Inventions made by me while employed by the Company if such Inventions are made without use of any Company equipment, supplies, facilities or trade secret information and are developed entirely on my own

time, and (a) do not relate (1) to the business of the Company or (2) to the Company's actual or demonstrably anticipated research or development, or (b) do not result from any work performed by me for the Company or its clients.

2. **Representations.** I agree to execute or verify any proper document required to carry out the terms of this Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any oral or written agreement in conflict with this Agreement.

3. **Injunctive Relief and Other Remedies.** I acknowledge and agree that my failure to comply with any of the terms of this Agreement shall irreparably harm the business of the Company and that the Company shall not have an adequate remedy at law in the event of such non-compliance. I further acknowledge and agree that, notwithstanding any arbitration provisions in any agreement that I may otherwise have with the Company, the Company shall be entitled to obtain a court order preventing me from committing, threatening, or continuing any acts of material

non-compliance with this Agreement. All of the Company's remedies for breach of this Agreement shall be cumulative and the pursuit of one remedy shall not be deemed to exclude any other remedies.

4. **Successors and Assigns.** This Agreement shall be binding upon, and shall inure to the benefit of, the Company and me, and our respective successors and assigns. The Company shall have the right to assign its rights hereunder to any successor in interest, whether by merger, consolidation, sale of assets, or otherwise.

5. **Entire Agreement.** This Agreement is the complete agreement between the parties concerning the subject matter hereof and supersedes any prior such agreements. This Agreement may not be amended or in any way modified except in writing signed by both parties.

6. **Severability.** If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions shall continue in full force and effect.

7. **Governing Law; Consent to Jurisdiction.** I hereby expressly agree that the validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Pennsylvania without regard to its conflicts of law principles.

8. **Effect of Waiver.** No waiver by the Company of any breach by me of any provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions at the same or at any prior or subsequent time.

Date October 14, 2004

;

/s/ Brian J. Riley

Signature

Brian J. Riley

Name of Employee (typed or printed)

EXHIBIT G-1

List of Prior Inventions and Original Works of Authorship

Title	Date	Identifying Number or Brief Description
<input checked="" type="checkbox"/> No inventions or improvements		
Additional Sheets Attached		
Signature of	/s/ Brian J. Riley	
Employee:		
Print Name of	Brian J. Riley	
Employee:		
Date	October 14, 2004	

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PENN-AMERICA GROUP, INC.

Penn-America Insurance Company

Penn-Star Insurance Company

October 14, 2004

Brian J. Riley
420 S. York Road
Hatboro, PA 19040
Dear Brian:

Reference is made to the Executive Change-In-Control Employment Continuation Agreement dated as of January 1, 2003 by and among Penn-America Group, Inc., Penn-America Insurance Company, Penn-Star Insurance Company (collectively, the "Company") and you (the "Agreement").

By signing and returning this letter, you hereby agree to, as of the date of this letter, waive any right to payment under the Agreement as a result of the occurrence of a Change of Control or Potential Change of Control (as such terms are defined in the Agreement) due to the merger contemplated by the Agreement and Plan of Merger ("Merger Agreement"), dated as of the date hereof, by and among United National Group, Ltd., Cheltenham Acquisition Corp., U.N. Holdings II, Inc. (collectively, "UNGL") and the Company (the "Transaction"). In addition, in the event of consummation of the Transaction, and the conditions in the following paragraph becoming satisfied, the Agreement shall be deemed terminated, null and void, and of no further force and effect as of the date hereof. By signing this letter, you are also acknowledging that the Company is not required to cause any successor entity to assume obligations with respect to the Agreement ("Assumption Waiver").

It is understood that your waiver of any rights that you may have under the Agreement, and termination of the Agreement (other than the Assumption Waiver), shall be conditioned on the consummation and closing of the Transaction and the payment of all merger consideration required under the Merger Agreement (satisfaction of such conditions being referred to herein as the "Closing"), and the effectiveness of your new employment agreement with UNGL as of the date hereof, such new employment agreement to take effect at the Effective Time (as defined in the Merger Agreement).

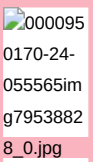
Sincerely,

Penn-America Group, Inc.	Penn-America Insurance Company	Penn-Star Insurance Company
/s/ Joseph F. Morris	/s/ Joseph F. Morris	/s/ Joseph F. Morris
Name Joseph F. Morris	Nam Joseph F. Morris	Nam Joseph F. Morris
e:	e:	e:
Title: Sr. Vice President, CFO & Treasurer	Title: Sr. Vice President, CFO & Treasurer	Title: Sr. Vice President, CFO & Treasurer

Agreed and Accepted:

/s/ Brian J. Riley
Brian J. Riley

420 S. York Road • Hatboro, PA 19040 • Tel: 215-443-3600 • Fax: 215-443-3603
www.penn-america.com



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PENN-AMERICA GROUP, INC.
Penn-America Insurance Company
Penn-Star Insurance Company

October 14, 2004

Brian J. Riley
420 S. York Road
Hatboro, PA 19040

Dear Brian:

Reference is made to Executive Employment Agreement dated as of October 14, 2004 (the "Agreement") between you and Penn-America Group, Inc. and its insurance subsidiaries (the "Company"). Capitalized terms not otherwise defined herein shall have the same meaning as their counterparts in the Agreement.

If the Company terminates Executive's employment on or before the first anniversary date of the Closing, and if it shall be determined that as a result of such termination that any amount or benefit paid or distributed to the Executive pursuant to the Agreement, taken together with any amounts or benefits otherwise paid or distributed to the Executive in connection with the merger contemplated by the Agreement and Plan of Merger ("Merger Agreement"), dated as of the date hereof, by and among United National Group, Ltd., Cheltenham Acquisition Corp., U.N. Holdings II, Inc. (collectively, "UNGL") and the Company (collectively, the "Covered Payments"), would be an "excess parachute payment" as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and would thereby subject the Executive to the tax (the "Excise Tax") imposed under Section 4999 of the Code (or any similar tax that may hereafter be imposed), then the Company will reimburse the Executive in an amount equal to the "Tax Gross-Up Amount" (as defined in the next sentence). The Tax Gross-Up Amount means an

amount equal to the sum of the Excise Tax, any other similar federal tax and the amount of any other additional federal, state and/or local tax, including but not limited to any additional income tax, arising as a result of any payment pursuant to this letter, which sum may be due and payable by the Executive or withheld by the Company (collectively, the "Total Taxes") so that the Executive receives actual payments or benefits, after payment or withholding, in an amount no less than that which would have been received by him if no obligation for Total Taxes had arisen.

In addition to the foregoing, all of the reasonable fees and expenses of any accounting firm or other firm selected by the Company in performing the determinations and valuations referred to in the preceding paragraph shall be borne solely by the Company. The Company shall control all proceedings relating to any contest of any alleged Excise Tax. Executive shall promptly return to the Company a refund of any amount previously advanced by the Company as part of the Tax Gross-up Amount.

420 S. York Road • Hatboro, PA 19040 • Tel: (215) 443-3600 • Fax: (215) 443-3603

Brian J. Riley
October 14, 2004
Page 2

You agree at all times, both during and after your employment, to cooperate fully with the Company in connection with any inquiries or proceedings regarding matters relating to the obligations described in this letter, including any payments or benefits provided to you under the Agreement, and you agree further to coordinate your positions and responses in advance with the Company so as to eliminate or minimize to the maximum degree possible any basis for the Covered Payments.

Please indicate your acceptance to the terms above by signing below.

Sincerely,
PENN-AMERICA GROUP, INC.
/s/ Joseph F. Morris
Joseph F. Morris
Sr. Vice President, CFO & Treasurer

Agreed and Accepted:
/s/ Brian J. Riley 10-14-04
Brian J. Riley Date

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph W. Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Global Indemnity Group, LLC;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly 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 Quarterly Report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-1 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 Quarterly 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 Quarterly Report based on such evaluation; and
 - d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm 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.

Dated: May 8, 2024 August 8, 2024

/s/ Joseph W. Brown

Joseph W. Brown

Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian J. Riley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Global Indemnity Group, LLC;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly 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 Quarterly Report;

results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-1 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 Quarterly 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 Quarterly Report based on such evaluation; and
 - d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm 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.

Dated: May 8, 2024 August 8, 2024

/s/ Brian J. Riley

Brian J. Riley

Chief Financial Officer

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 the Quarterly Report of Global Indemnity Group, LLC (the "Company") on Form 10-Q for the quarterly period ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph W. Brown, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

Dated: May 8, 2024 August 8, 2024

/s/ Joseph W. Brown
Joseph W. Brown
Chief Executive Officer

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 the Quarterly Report of Global Indemnity Group, LLC (the "Company") on Form 10-Q for the quarterly period ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian J. Riley, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

Dated: May 8, 2024 August 8, 2024

/s/ Brian J. Riley
Brian J. Riley
Chief Financial Officer

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