California Casualty Management Co.

ANNUAL REPORT TO SHAREHOLDERS

2024

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"People who commit to make a difference for our communities deserve financial protection with the highest levels of care, service, compassion and understanding...

Which is Why We Exist."

In 2024, California Casualty Management Company ("CCMC") and California Casualty Group ("CCG") executed on the second year of a three-year "Shrink to Strength" plan. The plan's central theme is achieving profitability within a smaller footprint consisting of seven core states: California, Arizona, Colorado, Idaho, Kansas, Oregon and Wyoming. While California Casualty Indemnity Exchange ("CCIE") and three of its subsidiaries continued in 2024 to be subject to regulatory monitoring, requiring submission of monthly statutory financial reports to the California Department of Insurance ("CDI") and Oregon Division of Financial Regulation ("OR DFR"), we were encouraged by solid 2024 CCG profitability and surplus growth. CCG's 2024 financial results, and an enhanced reinsurance program effective January 1, 2025, put CCG in a better position to withstand the impact of the devastating Eaton and Palisades fires.

The January 2025 wildfire/wind catastrophe in Los Angeles County is the largest gross loss catastrophe event in CCG's history, with over 240 policyholder claims, 46 of which are total home losses. All of our employees stand behind the CCMC property claims adjusters assigned to policyholders that have suffered losses, and we are all incredibly grateful to the first responders who rushed into danger as 100 mph winds drove flames through Altadena and Pacific Palisades.

We are also grateful to our reinsurance broker team, as well as to the global reinsurers that stand behind CCG to bear a large portion of policyholder losses from the January wildfires.

The California insurance market began to show signs of recovery in 2024. The CDI's Sustainable Insurance Strategy, including important new home regulations promulgated in December 2024, was a critically important step in the right direction.

In the aftermath of the Eaton and Palisades fires, the California property insurance market is reeling, and repairing the marketplace will take skilled application by the CDI of flexible provisions in new regulations that allow insurers to 1) include a net cost of reinsurance in ratemaking, 2) use forward-looking catastrophe models, and 3) pass a portion of FAIR Plan assessments to policyholders. These three changes will significantly increase premiums paid by Californians but are necessary to stabilize the insurance market. The January fires highlight the uncertainty and risk posed by climate change. It is critical that our regulators continue to make quality decisions, as they did in 2024, to protect and stabilize the insurance market during a very difficult time.

In addition to a dependency on regulators, CCG faces uncertainty and risk around the ability to maintain reinsurance at price and retention levels that will enable surplus growth. As a result of the Eaton and Palisades fires, CCG used three of the four layers of its property catastrophe reinsurance "tower" comprised of $110 million of limit in excess of a $10 million retention ("110x10"). By paying required premiums for a contractual single reinstatement of coverage, CCG has ensured that its reinsurance "tower" is available for a second 2025 event. We anticipate the costs of CCG's reinsurance to increase significantly in 2026, and we expect that CCG may not be able to secure the same levels of reinsurance coverage.

We thank CCMC's employees for their achievements in 2024. Without their perseverance and dedication, CCG would not have achieved the improved financial position it attained in 2024. As of December 31, 2024, CCIE's risk-based capital ("RBC") ratio was 633 percent, compared to 407 percent at year-end 2023 and 300 percent at year-end 2022. Additionally, we thank our group partners for their faith in California Casualty during a uniquely difficult period in the company's history.

Challenges

CCMC's progress was mixed relative to four challenges highlighted in recent years in the CCMC Annual Report to Shareholders:

- CCG Profitability
- Guidewire Deployment
- California Property Exposure
- Pension Liability

Challenge: CCG Profitability

CCG profitability in 2024 was favorable to plan, with CCG's surplus of $144.2 million at year-end 2024 exceeding planned surplus of $132.2 million by $12.0 million. Exceeding plan boosted CCG's surplus prior to the January 2025 wildfire event, which net of reinsurance recoveries and including reinstatement premiums will cost CCG approximately $17 million.

CCG's 2024 reported combined ratio of 98.8 percent and 2024 financial-basis combined ratio of 96.6 percent were both favorable to plan. The two combined ratios do not match due to the difference between net written premium and net earned premium caused primarily by state exits.

By mid-April 2025, CCG will have non-renewed all policies in 36 "exit states" and the District of Columbia. Exiting states has supported CCG's capital adequacy ratio improvement by reducing premium as surplus has increased.

Profitability exceeded plan due to low catastrophe losses in the second half of 2024, better-than-plan non-catastrophe home losses, and lower-than-plan CCMC expenses. All lines underwriting income was $12.8 million. Personal lines underwriting income was $9.8 million.

Claims management continued to identify opportunities to reduce cycle times, improve customer experience, and increase accuracy and efficiency.

In August 2024, the CDI approved important late-2024 CCG California rate increases: 16.3 percent for Home effective November 1, 2024, and 11.4 percent for Auto effective December 1, 2024. CCG must continue to pursue rate increases to sustain profitability and build additional surplus to withstand the risk of larger net catastrophe losses and future inflationary periods.

Challenge: Guidewire Deployment

CCG's remaining seven core states are fully deployed on Guidewire. CCMC is on Guidewire Cloud for claims management. In January 2025, CCMC and a vendor started the process of migrating policy processing and billing modules from Guidewire "on-premises" to Guidewire Cloud. This migration project has well-defined objectives and pricing. It is scheduled for completion by December 31, 2025.

CCG no longer has active policies running on legacy systems as of February 2025. CCMC will decommission primary legacy systems in spring 2025.

CCMC recovers amounts invested in Guidewire from CCG as they are amortized into expense over the life of the system. Those amounts represent a significant source of cash flow for CCMC through mid-2026. Remaining Guidewire amortization is $12.8 million as of December 31, 2024.

Challenge: California Property Exposure

CCG estimates ultimate gross losses to be slightly above $60 million for January 2025 wildfire claims. In mid-February 2025 CCG received and paid a FAIR Plan assessment of $4.88 million, which is included in this gross loss estimate.

In 2024, CCG carried $65.08 million of reinsurance, comprised of 100 percent placement of its 20x20 and 40x40 layers, and 50.8 percent placement of a 10x10 layer. As the marketplace began to assess new Verisk v12 wildfire modelling, CCMC and the CCIE Advisory Board decided to purchase $110.0 million of reinsurance for 2025, comprised of 100 percent placement of the following layers: 10x10, 20x20, 60x40 and 20x100.

CCMC will continue to mitigate CCG's wildfire risk through 1) focused management of property exposure concentrations, 2) refinement of pricing and underwriting standards, 3) recognition of policyholder efforts to create defensible space and use non-combustible building materials, and 4) reinsurance. A key CCMC initiative during the remainder of 2025 will be to structure CCG's reinsurance going forward.

Challenge: Pension Liability

CCMC substantially improved the funded status of CCMC's qualified defined benefit pension plan (the "Pension Plan") by making $7.2 million in contributions to the plan in 2024. The Pension Plan's funded status improved from 95.7 percent as of December 31, 2023, to 101.8 percent as of December 31, 2024.

Rising interest rates and lump sum cashouts were the primary drivers of a reduction in the Pension Plan's liabilities by $23.8 million from $183.2 million as of December 31, 2023, to $159.4 million as of December 31, 2024. Pension Plan assets decreased from $175.3 million as of December 31, 2023, to $162.2 million as of December 31, 2024, with CCMC contributions, investment returns, lump sum cashout distributions and benefits paid netting to a $13.1 million reduction in Pension Plan assets.

CCMC, with advice from partner SEI, further mitigated potential Pension Plan volatility by increasing long duration fixed income investments to over ninety percent (90%) of Pension Plan assets as of year-end 2024 compared to eighty-seven percent (87%) as of year-end 2023.

CCMC Financial Performance

CCMC net income in 2024 was $2.1 million, compared to negative $0.2 million in 2023. Pre-tax income was $2.7 million in 2024, compared to negative $0.1 million in 2023. CCMC's 2024 total revenue was $100.2 million, compared to $113.4 million in 2023. CCMC did not record an incentive fee in 2024 or 2023. CCMC recorded no markup in 2024 or 2023. In 2013 to 2019 and in 2021, CCMC recorded a reduced markup to support CCG. CCMC has unresolved issues with the CDI related to CCMC's markup and incentive fee structure.

CCMC implemented a $0.6 million management fee reduction in the first quarter of 2024 compared to actual expenses incurred to help protect CCG's surplus and improve CCG's Best's Capital Adequacy Ratio ("BCAR"). Planned management fee reductions of the same magnitude in the final three quarters of 2024 were not implemented due to CCG results that were ahead of plan as of June 30, 2024.

As of December 31, 2024, the adjusted book value per share of CCMC common stock was $65.24, up $6.63 from $58.61 as of December 31, 2023. When the CCMC Board approved the calculation of adjusted book value as of December 31, 2024, it approved the calculation for the limited purpose of allowing CCMC's management to implement the terms of CCMC's executive incentive plans. The CCMC Board did not opine on the fair market value of CCMC stock as of December 31, 2024.

On a GAAP basis, CCMC had shareholders' equity of $9.5 million and a book value per share of $9.97 on December 31, 2024, compared to a shareholders' deficit on December 31, 2023, of $1.0 million and a book value per share of negative $1.09.

Notes 8 and 10 of CCMC's financial statements explain how cumulative charges, resulting from recognition of the funded status of employee benefit plans in the balance sheet as required by pension accounting standards implemented on December 31, 2007, are removed to generate CCMC's adjusted book value of $65.24. Actuarial losses and gains for CCMC's non-qualified Supplemental Executive Retirement Plan and Excess Plan ("SERP and Excess Plans") impact both CCMC's GAAP book value per share and adjusted book value per share. A $4.2 million credit to other comprehensive income due to actuarial gains for CCMC's SERP and Excess Plans increased both CCMC's GAAP book value per share and CCMC's adjusted book value per share by $4.42 in 2024.

CCMC paid no dividends in 2024. CCMC had $10.5 million in cash and investment securities on December 31, 2024, up from $4.0 million on December 31, 2023. CCMC's cash fluctuates seasonally.

CCMC contributed $7.2 million to the Pension Plan in 2024. It made no contributions in 2016 to 2023. In 2013, 2014 and 2015, CCMC made voluntary contributions totaling $39.0 million to the Pension Plan. The Pension Plan was frozen effective December 31, 2015. The Pension Plan was 101.8 percent funded on December 31, 2024, with $162.2 million in assets compared to $159.4 million in liabilities.

CCMC's non-qualified "SERP and Excess Plans" are unfunded (see Note 10).

CCMC manages its pension obligations in consultation with trusted pension experts, including our investment manager and solution provider SEI, our pension actuaries, our auditors and our ERISA attorneys.

CCG Operating and Financial Performance

CCG produced net income of $22.1 million in 2024 compared to a net loss of $24.4 million in 2023. CCG's surplus as of December 31, 2024, was $144.2 million, a $22.1 million increase compared to $122.1 million as of December 31, 2023.

CCG's auto underwriting income was negative $7.2 million in 2024 compared to negative $18.1 million in 2023. CCG's homeowners underwriting income was $17.0 million in 2024 compared to negative $25.3 million in 2023. Based on an actuarial review of loss data, CCG added to auto bulk reserves and reduced home and workers' compensation bulk reserves as of December 31, 2024. CCG's 2024 personal lines combined ratio was 99.5 percent, compared to 109.8 percent in 2023.

CCG's direct written premium decreased due to state exits as expected from $470.0 million in 2023 to $386.6 million in 2024. Reduced further by the quota share reinsurance agreement between CCIE and SCOR Reinsurance Company ("SCOR Re") on 17.5 percent of CCIE's California auto and home premium, CCG's net written premium decreased from $440.2 million as of December 31, 2023, to $324.9 million as of December 31, 2024. The decline in net written premium contributed significantly to improved 2024 RBC and BCAR ratios.

CCG's 2024 auto net earned premium was $265.3 million, compared to $316.8 million in 2023. CCG's 2024 home net earned premium was $101.4 million, compared to $120.1 million in 2023.

CCG's personal lines incurred loss ratio improved to 68.3 percent in 2024, compared to 78.4 percent in 2023. CCG's 2024 auto incurred loss ratio was 74.7 percent, unchanged from 74.7 percent in 2023. CCG's 2024 home incurred loss ratio was 51.3 percent, compared to 88.1 percent in 2023. Based on actuarial analyses, CCMC increased CCG's direct personal lines bulk reserves by $3 million in 2024, compared to a decrease of $11.2 million in 2023.

CCG's 2024 total expense ratio, as a percentage of net earned premium, decreased to 29.0 percent, compared to 31.5 percent for 2023. CCG's personal lines underwriting expense ratio, as a percentage of net written premium, was 19.3 percent in 2024 compared to 20.2 percent in 2023. CCG's total expense ratio benefited by approximately 0.5 percentage points in 2024 and 1.2 percentage points in 2023 from the SCOR Re quota share reinsurance agreement.

CCG's core state customer-based renewal retention for 2024, including California, was 88.2 percent compared to 92.2 percent in 2023. California retention for 2024 was 90.8 percent compared to 93.0 percent in 2023. Aggressive rate increases and the impact of CCG's Best's Financial Strength Rating of "B" negatively impacted retention. Exit state retention for 2024 was 4.0 percent compared to 78.3 percent in 2023.

CCG core state customers-in-force declined by 9,180 from 106,615 on December 31, 2023, to 97,435 on December 31, 2024.

Unrealized gains and losses on bonds are not reported for statutory purposes as a component of an insurer's surplus. CCG's bond portfolio unrealized losses declined from $20.6 million as of December 31, 2023, to $17.8 million as of December 31, 2024. On December 31, 2024, the duration of CCG's fixed income portfolio was 2.72 years compared to a duration of 2.46 years on December 31, 2023, due to the prioritization of liquidity.

CCG's liquidity position permitted the rapid and large cash outflows after the January 2025 fires, as well as a cash transfer of $4.88 million to swiftly remit CCG's mid-February 2025 California FAIR Plan assessment. In turn, reinsurers have advanced CCG cash, as provided for in reinsurance agreements, within a 30-day prescribed window.

If CCIE exercised its right to put 186,000 shares back to CCMC, CCMC would be required to purchase the shares at an 85 percent premium to adjusted book value. That would produce a corresponding decline in adjusted book value for all other shareholders of approximately 20.6 percent. Note 3 of CCMC's financial statements, "Related Party Transactions", describes the details of CCIE's investment in CCMC.

CCG's 2024 operating cash flow ratio was 93.2 percent while its underwriting cash flow ratio was 90.4 percent, compared to 91.1 percent and 88.7 percent, respectively, in 2023.

In July 2024, AM Best confirmed its Best's Financial Strength Rating for CCIE and its three personal lines subsidiaries of "B" (Fair) with Stable Outlook.

Additional Financial Comments

The CCMC Board regularly monitors CCMC's ability to repurchase shares, and when CCMC returns to a financial position where it can legally redeem shares, CCMC will notify shareholders with redemption rights to provide all shareholders with redemption rights an equal opportunity to exercise those rights.

CCMC has worked closely with the CDI during the process of restoring CCG's financial condition. CCIE will submit monthly statutory accounting statements to the CDI until the CDI gives CCIE permission to end monthly reporting. The CDI and OR DFR recently notified CCMC that in 2025 they no longer require monthly statutory accounting statements for CCIE's three "shell" subsidiaries. In its broad power to regulate entities within insurance holding company structures, the CDI reviews CCMC's audited financial statements each year and seeks clarification when necessary.

After receiving required approvals from the CDI, CCIE made first-year interest payments to CCMC in late-2024 on $10 million of CCIE surplus notes held by CCMC. The surplus notes, issued in late-2023, enabled CCG rate increases to earn-in, supporting a turnaround in CCG's profitability and financial condition in 2024.

CCIE applied for a securities permit in April 2024 to issue up to $10 million of additional surplus notes to CCMC, to be determined by review of the CCIE Advisory Board and the CCMC Board, in the event of a significant catastrophe or a succession of smaller catastrophes or an exceptionally large trial verdict. The application is pending approval with the CDI. During the application process, CCMC made representations to the CDI stating CCMC's ability in 2025 to fund the additional notes if CCG's surplus were to decrease by fifteen percent or more. Based on CCMC's assessment of the net impact of the January 2025 catastrophe event on CCG's surplus, CCIE will not need to consider issuing additional surplus notes as a result of the January 2025 event.

When CCMC has demonstrated to the CDI that CCG and CCMC are financially stable, CCMC will be able to prioritize further improving CCMC's balance sheet and liquidity. CCG's financial position in the aftermath of the January 2025 fires demonstrates that CCG has attained a degree of stability that it did not have 18 months ago, and at the same time the anticipated hardening reinsurance market represents a significant challenge for CCG, requiring a higher level of surplus in coming years.

CCMC, with its advisors and the CCIE Advisory Board, continues to evaluate financial options and has determined that the Shrink to Strength plan remains the best opportunity to pay creditors and provide shareholders with a substantial return. As stated previously, it is important to understand that the strategy relies on CCMC's ability to successfully operate the business over several years. CCMC continues to believe that a primary focus on maintaining CCG as a going concern offers CCMC shareholders the best opportunity for generating shareholder value.

CCMC made excellent progress in 2024 towards increasing CCG's surplus and reducing the risk of higher levels of regulatory intervention. In the remainder of 2025, as CCG re-stabilizes and as reinsurance availability and pricing become known, CCMC will continue to evaluate whether it can legally repurchase shares.

2025 – Building Resiliency

CCMC must continue to build CCG's surplus to offset anticipated greater exposure to catastrophes in a hard reinsurance environment. As we focus on building additional surplus, CCMC must execute on the high standards we commit to CCG's policyholders and our group partners.

Thank you to CCMC's shareholders for your continued patience and support.

Carl B. Brown

Carl B. (Beau) Brown, CPCU
Chairman
President and CEO

To the Board of Directors of
California Casualty Management Company

Opinion

We have audited the financial statements of California Casualty Management Company, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income (loss) and comprehensive income (loss), changes in shareholders' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of California Casualty Management Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Information

Management is responsible for the other information included in the annual report to shareholders. The other information comprises the information included in the annual report to shareholders but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CROWE LLP

Crowe LLP

BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(DOLLARS IN THOUSANDS)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,459	$ 3,990
Receivables	732	943
Income taxes recoverable	89	158
Prepaid expenses and other	4,375	4,284
Total current assets	15,655	9,375
Surplus note receivable	10,000	10,000
Property and equipment, net	19,256	31,489
Operating lease assets	10,136	14,741
Net pension asset	2,806	-
Deferred income taxes, net	6,621	9,006
Other noncurrent assets	1,069	355
Total assets	$ 65,543	$ 74,966
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued expenses	$ 2,213	$ 3,619
Accrued employee compensation	8,262	4,741
Accrued benefit liability	3,106	3,489
Taxes payable	490	136
Operating lease obligations	3,378	3,862
Other liabilities	534	1,191
Total current liabilities	17,983	17,038
Operating lease obligations	7,871	12,983
Accrued benefit liability	29,393	43,129
Noncurrent employee compensation	371	263
Other noncurrent liabilities	411	2,587
Total liabilities	56,029	76,000
Shareholders' equity (deficit)		
Common stock - no par value	11,362	11,358
Common stock with put right (Note 3)	22,450	20,168
Accumulated other comprehensive loss	(58,304)	(66,740)
Retained earnings	34,006	34,180
Total shareholders' equity (deficit)	9,514	(1,034)
Total liabilities and shareholders' equity (deficit)	$ 65,543	$ 74,966

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

STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

YEARS ENDED DECEMBER 31, 2024 AND 2023
(DOLLARS IN THOUSANDS)

	2024	2023
Revenue		
Management fee	$ 97,528	$ 111,380
Other	2,714	2,065
Total revenue	100,242	113,445
Operating expenses		
Personnel	45,125	47,800
Acquisition and professional services	15,701	29,730
Facility and equipment	29,499	27,121
Communications	3,040	2,935
Other	509	2,177
Total operating expenses	93,874	109,763
Operating income	6,368	3,682
Investment income	538	41
Interest expense	(2)	(14)
Pension expense	(4,253)	(3,761)
Income (loss) before provision for income taxes	2,651	(52)
Provision for income taxes	543	120
Net income (loss)	2,108	(172)
Other comprehensive income (loss), net of tax		
Change in employee retirement benefit plans (net of tax of $2,242 and $18 for 2024 and 2023, respectively) (Note 10)	8,436	67
Other comprehensive income	8,436	67
Comprehensive income (loss)	$ 10,544	$ (105)

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

STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

YEARS ENDED DECEMBER 31, 2024 AND 2023

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

2024

	Common Stock	Common Stock with Put Right	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balances at January 1, 2023	$ 11,384	$ 20,337	$ (66,807)	$ 34,188	$ (898)
Net loss	-	-	-	(172)	(172)
Change in carrying value of common stock with put right (Note 3)	-	(169)	-	169	-
Common stock retired (1,130 shares)	(51)	-	-	(5)	(56)
Stock issued in long-term executive incentive plan (420 shares)	25	-	-	-	25
Change in employee retirement benefit plans, net of deferred tax of $18 (Note 10)	-	-	67	-	67
Balances at December 31, 2023	11,358	20,168	(66,740)	34,180	(1,034)
Net income	-	-	-	2,108	2,108
Change in carrying value of common stock with put right (Note 3)	-	2,282	-	(2,282)	-
Stock issued in long-term executive incentive plan (70 shares)	4	-	-	-	4
Change in employee retirement benefit plans, net of deferred tax of $2,242 (Note 10)	-	-	8,436	-	8,436
Balances at December 31, 2024	$ 11,362	$ 22,450	$ (58,304)	$ 34,006	$ 9,514

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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

(DOLLARS IN THOUSANDS)

	2024	2023
Cash flows from operating activities		
Net income (loss)	$ 2,108	$ (172)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization on property and equipment including leased assets	18,221	17,118
Net loss on sale and disposal of property and equipment	66	101
Provision for deferred income taxes	142	(160)
Employee retirement plan contributions	(3,345)	(3,496)
Pension plan contributions	(7,200)	-
Changes in:		
Receivables and other assets	(1,967)	2,647
Payables, accrued expenses, and other liabilities	2,835	(9,248)
Net cash provided by operating activities	10,860	6,790
Cash flows from investing activities		
Advances on surplus note to CCIE	-	(10,000)
Purchases of property and equipment	(2,812)	(402)
Net cash used in investing activities	(2,812)	(10,402)
Cash flows from financing activities		
Payments on notes payable	(1,583)	(300)
Common stock issued	4	-
Common stock retired	-	(420)
Net cash used in financing activities	(1,579)	(720)
Net change in cash and cash equivalents	6,469	(4,332)
Cash and cash equivalents at the beginning of the year	3,990	8,322
Cash and cash equivalents at the end of the year	$ 10,459	$ 3,990
Supplemental disclosure of cash flow information		
Cash paid during the year for income taxes	$ 234	$ 488
Supplemental schedule of noncash investing and financing activities		
Property and equipment purchased but not yet paid for	$ 2	$ 11
Common stock issued through employee stock plans	$ 4	$ 25

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

NOTE 1 - NATURE OF OPERATIONS

California Casualty Management Company ("CCMC") is the attorney-in-fact for the California Casualty Indemnity Exchange ("CCIE"), a reciprocal insurance exchange, and manager for CCIE's wholly owned subsidiaries. CCIE and its subsidiaries are collectively referred to as the California Casualty Group ("CCG").

CCMC operates in the insurance services segment. CCG is a personal lines insurance group headquartered in San Mateo, California, writing nonassessable full coverage automobile and homeowner insurance policies. Some directors and officers of CCMC are nonvoting members of the Boards and/or are officers of CCG.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America ("GAAP").

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

Allowance for Credit Losses: The Company measures expected credit losses in accordance with FASB ASC 326 "Financial Instruments - Credit losses." The current expected credit losses apply to financial assets measured at amortized cost. It also applies to off-balance sheet credit exposures not accounted for as insurance (financial guarantees and other similar instruments). As of December 31, 2024 and 2023, management determined no allowance was necessary for its in-scope instruments.

Cash Equivalents: Cash equivalents are certain highly liquid investments with insignificant interest rate risk which have original maturities of three months or less. CCMC's cash equivalents are stated at cost which approximates fair value and generally consist of money market funds and high quality short-term fixed income securities.

Fair Value Option: CCMC has adopted current authoritative accounting guidance which permits entities to elect to measure eligible items at fair value at specified dates. CCMC did not elect to apply the fair value option to any eligible financial assets or financial liabilities upon adoption, or during the years ended December 31, 2024 and 2023. CCMC may elect to account for selected financial assets and financial liabilities at fair value. Such an election could be made at the time an eligible financial asset, financial liability or firm commitment is recognized or when certain specified reconsideration events occur.

Receivables: Receivables consists of management fees billed to CCG and not collected as of year-end. The Company uses the allowance method to record an allowance for any expected credit losses. The Company records an expected credit loss in an allowance account against its outstanding receivables, which is based on management estimation of expected credit losses in the near term. No allowance was recorded as of December 31, 2024 and 2023, as balances were considered fully collectible.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment: Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation is recognized principally using a straight-line method over the estimated useful lives of the assets. Estimated lives range from three to ten years for equipment and automobiles. Leasehold improvements are amortized over the useful life of the improvement or the applicable lease term, whichever is shorter. Cost of property and equipment retired or otherwise disposed of and the related accumulated depreciation and amortization are removed from the accounts, and the resulting gains or losses are included in the statements of income (loss) in the period disposed.

Computer software developed or obtained for internal use is capitalized. Upon project completion, these costs are amortized over the estimated useful life, ranging from three to ten years of the software on a straight-line basis.

Revenue Recognition: The Company recognizes revenue in accordance with FASB ASC 606 *Revenue from Contracts with Customers* (ASC 606). CCMC's revenues primarily come from management fees earned from CCG and commissions earned on premiums for specialty types of insurance coverage placed with CCMC's strategic underwriting partners. Revenue from management fees is recognized as earned when performance obligations are met. CCMC considers the management of the insurance program to be the sole performance obligation of its contract with CCG. As discussed further in Note 3 CCMC is compensated based on expenses incurred, plus in certain years a markup and an annual incentive fee can be earned by CCMC. The base management fee is recognized as earned when the underlying services are performed and the performance obligation has been met which correlates with CCMC's recognition of expenses. The markup and annual incentive fees are recognized as revenue in the period that they are earned and approved by the board of directors. All compensation earned related to the management fees is typically settled in the month subsequent to when it is recognized as revenue.

Other revenue is comprised of commissions earned on premiums for specialty types of insurance coverage provided to CCG's policyholders through CCMC's strategic underwriting partners. Commissions are earned when performance obligations are met which is typically on the effective date or billing date of the policy depending on the underlying program. Payment is typically due within 30 days of billing date.

Income Taxes: CCMC accounts for income taxes using a balance sheet approach. Under this method, the provision for income taxes is based on pretax financial statement income and includes amounts that are deferred. Deferred income tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts using enacted rates.

Accounting for Unrecognized Tax Benefits: Current authoritative accounting guidance for unrecognized tax benefits requires a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. CCMC records a liability for the difference between the benefit recognized and measured pursuant to the guidance that is more likely than not to be sustained upon settlement and the tax position taken or expected to be taken on CCMC's tax return. A liability is established when CCMC believes that certain tax return positions may be challenged despite CCMC's belief that the positions are fully supportable. The liability may be adjusted in light of revised assessments of a tax return position, or in the case of changing facts and circumstances, such as the outcome of a tax audit. Adjustments to the liability are recorded in the period in which the determination is made. The provision for income taxes includes the impact of initial liability recognition and any subsequent adjustments to those liabilities that are considered appropriate. Accrued interest and penalties related to unrecognized tax benefits are also recognized in the provision for income tax.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Variable Interest Entities: Current authoritative accounting guidance for the consolidation of variable interest entities ("VIEs") requires a qualitative assessment of whether an entity has the power to direct the VIE's activities and whether the entity has the obligation to absorb losses or the right to receive benefits that could be significant to the VIE. The guidance also requires an ongoing reassessment of whether an entity is the primary beneficiary of a VIE. CCMC has evaluated its relationship with CCG to determine whether or not consolidation is required under this guidance.

Management's assessment included consideration of CCG's surplus, which is more than adequate to finance its ongoing operations, as well as the governance and organizational structure of both CCMC and CCG. Management concluded that CCG's Advisory Board holds and exercises the power to direct the activities that most significantly impact the economic performance of CCG. CCMC's Board of Directors does not have the power to direct the activities of CCG. Additionally, CCMC has no obligation to absorb losses or the right to receive benefits from CCG. Therefore, management has concluded CCMC is not the primary beneficiary and consolidation is not required.

CCMC has no loss exposure as a result of its relationship with CCG (Note 1, Note 3).

Leases: CCMC accounts for its leases in accordance with FASB ASC 842 *Leases* (ASC 842). In accordance with ASC 842, lessees recognize all leases (other than short-term leases) on the balance sheets, by recording a right-of-use ("ROU") asset and lease liability, equal to the present value of lease payments. The expense recognition and amortization of the leased assets vary depending on the classification of the lease as either an operating lease or a finance lease. For operating leases, the standard requires recognizing a single lease expense on a straight-line basis. For finance leases, interest expense and a straight-line amortization expense are required to be reflected separately in the income statement, with the total expense declining throughout the lease term.

At the inception of an arrangement, management determines whether the arrangement is or contains a lease based on the unique facts and circumstances present. Operating and finance leases are included in leased assets and lease obligations in the balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease obligations represent CCMC's obligation to make lease payments arising from the lease. Operating lease ROU assets and obligations are recognized at commencement date based on the present value of lease payments over the lease term. As CCMC's leases do not provide an implicit rate, CCMC has elected to use the practical expedient provided by ASC 842 and utilize a U.S. Treasury rate with a similar duration to the lease at commencement date in determining the present value of lease payments. CCMC uses the implicit rate when readily determinable.

The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that CCMC will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

CCMC has elected not to recognize on the balance sheets leases with terms of one-year or less. Leases with a term greater than one-year are recognized on the balance sheets as ROU assets, lease obligations and, if applicable, long-term lease obligations.

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Although separation of lease and non-lease components is required, certain practical expedients are available to entities. CCMC has lease agreements with lease and non-lease components, which are generally accounted for separately. Operating expenses and property taxes due for leased facilities are accounted for as non-lease components.

NOTE 3 - RELATED PARTY TRANSACTIONS

Management Fee and Reimbursements: CCMC is the attorney-in-fact for CCIE and manager for CCIE's wholly owned subsidiaries under various management agreements. CCMC is paid a fee consisting of expenses incurred on behalf of CCG plus a markup not to exceed 25% of expenses. In establishing the markup, CCMC's management considers several factors, including CCG's financial strength, operating results, and the competitiveness of CCG's insurance products. CCG's 2024 earned premium and surplus are approximately $366,672 and $144,240, respectively. CCG's 2023 earned premium and surplus are approximately $436,901 and $122,079, respectively. An annual incentive fee of up to 10% of CCG's calendar year pre-tax income, calculated after giving effect to such incentive fee, may also be paid to CCMC. No incentive fee was paid to CCMC in 2024 or 2023. CCMC reimburses CCG for the annual savings in state income taxes that are attributable to managing CCG's operations, or charges CCG for any adjustments to true-up prior years.

The management fee earned for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Expenses incurred	$ 98,128	$ 113,380
Board approved fee reduction	(600)	(2,000)
Net management fee	$ 97,528	$ 111,380
Maximum markup allowed (25% of expenses incurred)	$ 24,532	$ 28,345
Markup allowed but not taken	$ 24,532	$ 28,345

Effective March 5, 2024, CCMC's Board of Directors approved a reduction of CCMC's 2024 management fee by $600.

Effective December 29, 2023, CCMC's Board of Directors approved a reduction of CCMC's 2023 management fee by $2,000.

Other Transactions: In accordance with the management agreements, generally all expenses incurred by CCMC that relate to the management of CCG shall be paid by CCMC and reimbursed through the management fee. Exceptions include the following, which shall be paid by CCG or if paid by CCMC, reimbursed separately from the management fee: losses, allocated claims expense, governmental charges, premium taxes, federal and all other taxes of CCG, reinsurance, CCG Directors' expenses and specific expenses authorized by the Advisory Board of CCIE. CCMC billed CCG $302 and $267 for expenses incurred under this provision in 2024 and 2023, respectively. These transactions are shown as a reduction of CCMC expense, rather than revenue.

NOTE 3 - RELATED PARTY TRANSACTIONS (Continued)

At December 31, 2024 and 2023, CCMC had a receivable due from CCG of $297 and $825, respectively, included in receivables on the balance sheets. Related party balances are settled monthly.

CCIE Investment in CCMC: In 2004, CCIE purchased 186,000 shares of CCMC common stock from existing shareholders (158,722 Series A and 27,278 Series B) at a price of $99.09 per share. CCIE's interest in CCMC is 19.5% at December 31, 2024 and 2023. In accordance with the acquisition agreement, CCIE has the right to put the shares back to CCMC at a purchase price equal to the CCMC adjusted book value per share (Note 8) at the time the put right is exercised, multiplied by the same book value multiple used in the original purchase, 1.85. If CCIE were to exercise its put right on the 186,000 shares, at its ownership level as of December 31, 2024 and 2023, the resulting adjusted book value to the remaining shareholders will be reduced by approximately 20.6% for both years. At December 31, 2024 and 2023, the carrying value of the common stock with put rights was $22,450 and $20,168, respectively, and is reported as a separate component of shareholders' equity (deficit). There is a corresponding reduction to retained earnings and, therefore, no net impact to total shareholders' deficit. In March of 2020, CCMC's Board voted to temporarily cease dividends. The Board will re-evaluate the continuation of dividend payments on a quarterly basis. There were no dividends paid by CCMC to CCIE or to any shareholder during 2024 or 2023.

Surplus Note Receivable with CCIE: During 2023, the Company entered into a surplus note agreement (Surplus Note) with CCIE whereby CCMC loaned $10,000 to CCIE. Interest on the Surplus Note shall accrue at the annual rate equal to 3.79%, not compounded. Interest is calculated upon the unpaid balance of the Surplus Note. The payment of interest on the Surplus Note may only be made out of CCIE's surplus funds with the prior written approval of the Insurance Commissioner of the State of California. This Surplus Note is subordinated to all existing and future claims of policyholders, claimants or beneficiaries of CCIE (Policy Claims) and all existing and future indebtedness of CCIE for borrowed money, any expense or any claim or amount owed, and all liabilities (Senior Indebtedness), but senior to any dividends to subscribers. All Policy Claims and Senior Indebtedness of CCIE must be paid as they become due before any payment may be made on this Surplus Note. During 2024, CCIE obtained State approval and paid the Company $379 in interest payments during 2024.

NOTE 4 - INVESTMENT SECURITIES

Current authoritative accounting guidance applies to all assets and liabilities measured at fair value on a recurring or nonrecurring basis, and establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value.

The guidance clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability. Fair value measurements assume the asset or liability is exchanged in an orderly manner; the exchange is in the principal market for that asset or liability (or in the most advantageous market when no principal market exists); and the market participants are independent, knowledgeable, able and willing to transact an exchange. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

CCMC has categorized its financial instruments into a fair value hierarchy of three levels, as follows:

Level 1 - When available, CCMC uses unadjusted, quoted prices in active markets for identical instruments at the measurement date. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 includes active exchange-traded equity and certain U.S. Treasury securities.

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 4 - INVESTMENT SECURITIES (Continued)

Level 2 - When quoted market prices in active markets are not available, CCMC uses quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are derived principally from or corroborated by observable market data by correlation or other means. These quotes come from independent pricing vendors and may be based on recently reported trading activity and other relevant information including benchmark yields, market interest rate curves, referenced credit spreads and estimated prepayment rates where applicable. Level 2 includes certain corporate, municipal and asset backed bonds.

Level 3 - Valuations are derived principally from inputs that are unobservable in the market. These unobservable inputs reflect CCMC's own subjective estimates of assumptions that market participants would use in pricing the instrument.

Certain assets held by the Defined Benefit Pension Plan (Note 10) are measured at Net Asset Value.

CCMC had no investment holdings as of December 31, 2024 or 2023 other than those held within the Pension Plan as further described in Note 10.

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2024 and 2023 is as follows:

	2024	2023
Cost:		
Capitalized software	$ 95,249	$ 95,179
Work in progress	2,927	605
EDP equipment	11,304	11,344
Office equipment	3,743	4,661
Leasehold improvements	6,700	6,449
Equipment held under finance and capital leases	1,946	1,946
	121,869	120,183
Less: accumulated amortization on capitalized software	(81,912)	(68,652)
Less: other accumulated depreciation and amortization	(20,701)	(20,043)
Property and equipment, net	$ 19,256	$ 31,489
Depreciation and amortization expense on property and equipment	$ 14,980	$ 13,030

In 2017, CCMC commenced implementation of the underwriting, policy center, data hub and billing software for CCG. Software development costs included in work in progress were $2,927 and $605 as of December 31, 2024 and 2023, respectively. During 2024 and 2023, the Company wrote off approximately $390 and $650, respectively, related to certain projects related to the data hub and billing software for CCG as management determined the projects were no longer viable.

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 5 - PROPERTY AND EQUIPMENT (Continued)

In August 2019, CCMC entered into an installment payment agreement in connection with the acquisition of certain equipment. The term of the agreement is for 60 months with monthly payments of $26 and bears interest at a rate of 4.08%. As of December 31, 2024, the principal balance was paid in full. As of December 31, 2023, the unpaid principal balance amounted to $181 included as a current liability within finance lease obligations and other.

NOTE 6 - LEASE COMMITMENTS

CCMC has various lease agreements for office buildings, equipment, and software. Certain leases have renewal options and certain office buildings and equipment have purchase options. Leases with an initial term of 12 months or less are not recorded on the balance sheets; CCMC recognizes lease expense on these leases on a straight-line basis over the lease term.

CCMC commenced a lease on a new home office on June 1, 2018. The term of the lease is 7 years and 10 months, with one option to extend the lease for a period of 5 years. The rent was abated during the first 10 months of the lease term. CCMC received a lease incentive of $2,820 associated with this lease.

In 2018, CCMC sold the property located at 1650 Telstar Drive, Colorado Springs, CO, 80920 and leased it back from the buyer, Oak Real Estate Capital, for 12 years with 4 options to extend the lease for a period of 5 years each. CCIE is a guarantor on the lease for CCMC. If CCMC is unable to honor its future lease payments, then CCIE would be liable to pay these obligations.

CCMC rents or subleases space in its offices to third parties. CCMC has one sublease in its Colorado Springs office, with the expected total payments of $440 over the next 3 years.

In 2024, CCMC made one-time payments of $1,400 and $100 to buyout the ASC and West Sacramento leases, respectively. Upon those payments, the leases were terminated. In 2023, CCMC made a one-time payment of $250 to buyout the KSC lease. Upon that payment, the lease was terminated.

A summary of lease assets and liabilities at December 31 is as follows:

	2024	2023
Assets		
Operating lease assets	$ 10,136	$ 14,741
Total lease assets	$ 10,136	$ 14,741
Liabilities		
Current		
Operating	$ 3,378	$ 3,862
Finance	-	-
Non-current		
Operating	7,871	12,983
Finance	-	-
Total lease liabilities	$ 11,249	$ 16,845

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 6 - LEASE COMMITMENTS (Continued)

Lease costs for the years ended December 31 are as follows:

	2024	2023
Operating lease cost	$ 3,241	$ 4,088
Finance lease cost		
Amortization of leased assets	-	29
Lease termination costs, net	1,184	242
Sublease income	(144)	(671)
Net lease cost	$ 4,281	$ 3,688

A summary of maturities for operating and finance leases at December 31, 2024 is as follows:

	Operating Leases
2025	$ 3,659
2026	2,214
2027	1,792
2028	1,806
2029	1,807
Thereafter	752
Total lease payments	12,030
Less: Amount representing interest	(781)
Present value of lease liabilities	$ 11,249

A summary of remaining lease terms and discount rates at December 31, 2024 and 2023 is as follows:

	2024	2023
Weighted-average remaining lease term:		
Operating leases	4.55 years	5 years
Finance leases	N/A	N/A
Weighted-average discount rate:		
Operating leases	2.85%	2.85%
Finance leases	N/A	N/A

Supplemental cash flow information related to leases for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ (5,596)	$ (3,814)

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 7 - INCOME TAXES

A reconciliation of CCMC's effective income tax rate for the years ended December 31, 2024 and 2023 is as follows:

	2024		2023	
	Amount	Percentage	Amount	Percentage
U.S. federal tax (statutory tax rate)	$ 557	21.0 %	$ (11)	21.0 %
All other items	(14)	(0.5)	131	(247.7)
Provision for income taxes (effective tax rate)	$ 543	20.5 %	$ 120	(226.7) %

The significant components of the provision for income taxes for the years ended December 31, 2024 and 2023 are summarized below:

	2024	2023
Current provision	$ 401	$ 280
Deferred provision, noncurrent	142	(160)
Provision for income taxes	$ 543	$ 120

The significant components of the net deferred tax assets (liabilities) recorded on the balance sheets at December 31 are as follows:

	2024	2023
Deferred tax assets:		
Employee benefits	$ 6,623	$ 10,215
Operating and capital leases	532	1,723
Rent expense	7	23
Net operating loss	870	2,350
Fed charitable contributions carryforward	33	56
Foreign credit carryforward	15	26
All other	94	98
Total deferred income tax assets	8,174	14,491
Deferred tax liabilities:		
Operating and capital leases	(298)	(1,379)
Depreciation	(1,145)	(3,993)
Prepaid expenses	(110)	(113)
Total deferred income tax liabilities	(1,553)	(5,485)
Deferred income taxes, net	$ 6,621	$ 9,006

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 7 - INCOME TAXES (Continued)

As of December 31, 2024, the Company had $4,143 of net operating loss carryforwards available and $4,143 can be carried forward indefinitely.

Realization of these assets is primarily dependent upon generating sufficient future taxable income to utilize these assets. CCMC will establish a valuation allowance if it is more likely than not that these items will either expire before CCMC is able to realize their benefits, or that future deductibility is uncertain. There was no valuation allowance required at December 31, 2024 and 2023.

CCMC adjusts its tax liabilities when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined. CCMC has no material uncertain tax positions at December 31, 2024 and 2023.

CCMC files income tax returns in the United States federal jurisdiction (Internal Revenue Service, or IRS) and various state jurisdictions. In the normal course of business, CCMC is subject to examination by taxing authorities from any of these jurisdictions. With few exceptions, CCMC is no longer subject to income tax examinations for years before 2021. CCMC is not currently under a federal income tax audit by the IRS.

NOTE 8 - SHAREHOLDERS' EQUITY

CCMC has authorized 1,800,000 and 1,000,000 shares of Series A and Series B common stock, respectively. Shares issued and outstanding, book value per share, and common stock issued and outstanding at December 31 are as follows:

	2024	2023
Shares issued and outstanding		
Series A	786,173	786,173
Series B	167,722	167,652
Total shares issued and outstanding	953,895	953,825
Book value per share	$ 9.97	$ (1.09)

	2024	2023
Common stock issued and outstanding		
Series A	$ 3,804	$ 3,804
Series B	7,558	7,554
Total common stock	$ 11,362	$ 11,358

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 8 - SHAREHOLDERS' EQUITY (Continued)

Adjusted book value per share is calculated as follows: total shareholders' equity (deficit) as determined under GAAP, plus the shareholder equity charges resulting from pension accounting (Note 10), divided by total outstanding shares of common stock. The calculation is as follows:

	2024	2023
Total shareholders' equity (deficit)	$ 9,514	$ (1,034)
AOCI balance related to pension plan	52,719	56,937
Adjusted shareholders' equity	$ 62,233	$ 55,903
Total shares issued and outstanding	953,895	953,825
Adjusted book value per share	$ 65.24	$ 58.61

CCMC expects to recover employee retirement benefit plan funding shortfalls over time as pension expense is recognized in accordance with GAAP and reimbursed by CCG through the management fee. (Note 3).

The rights, privileges and restrictions of Series A and B are identical except holders of Series A shares have exclusive voting rights and power to vote upon election of Directors or upon any other matters. CCIE's put right is discussed in Note 3.

Effective April 2020, the Board elected to discontinue stock repurchases. During 2022, the Board voted to resume stock repurchases and retired common stock in the amount of $3,577. CCMC paid $2,118 in cash with the remaining $1,459 payable to selling shareholders on an equal installment basis payable over the next four years. As of December 31, 2024 and 2023 CCMC has recorded $365 and $729, respectively, within other noncurrent liabilities and $365 and $365, respectively, recorded within current liabilities. There were no repurchases during 2024. During 2023, CCMC repurchased and retired common stock in the amount of $56.

NOTE 9 - STOCK-BASED COMPENSATION PLANS

CCMC has two stock-based compensation plans: the Long Term Executive Incentive Plan ("LTEIP") and the Executive Stock Plan ("ESP"). The key provisions of each plan are described below. Both written plan documents are subject to review and approval by the California Department of Insurance, which requires, among other things, that CCMC annually report on all transactions made under the plans. Under both plans, if a plan participant's employment terminates because of death, disability, or retirement, CCMC has the right to repurchase that participant's shares at the most recently computed adjusted book value at the expiration of ten years after the termination of employment. If a plan participant's employment terminates for any other reason, CCMC has the right to repurchase that participant's shares for a period of 60 days after termination of employment. With the exception of ESP shares subject to a five-year holding period, plan participants have the right at any time to cause CCMC to repurchase all or any portion of their shares at adjusted book value by providing written notice to CCMC. Generally, to be eligible to receive an award under either plan, a participant must be a CCMC employee at the end of a plan performance period. However, under both plans, participants or their successors receive a prorated award if the participant dies, becomes disabled, or retires during a performance period. The fair value of the restricted shares of common stock issued under both plans is considered equal to adjusted book value, as described in Note 8.

NOTE 9 - STOCK-BASED COMPENSATION PLANS (Continued)

Key Provisions of LTEIP: The LTEIP provides key executives with incentive awards consisting of common stock and/or cash compensation, based on the attainment of specific annual profitability and other measures over a three-year performance period. A new three-year performance period commences on January 1st of each year. In order for participants to be eligible for an award, CCMC must meet its threshold performance measures. The LTEIP requires that participants elect to receive at least 50% of their earned LTEIP award in shares of common stock, with the remainder paid in cash. The number of shares of common stock to be issued to each plan participant is based on the adjusted book value as of December 31 of the year prior to the date the stock is issued.

Awards are paid annually and are based on the preceding three-year performance period. Shares of stock are issued immediately following the award, so there are no shares awarded but un-issued. Stock is issued prior to March 15th each year. Compensation expense under the LTEIP is measured during the performance period based on a best estimate of performance against the goals. Compensation expense (benefit) under the LTEIP was $432 and ($346) in 2024 and 2023, respectively. CCMC assumes no forfeitures during the payout period when determining compensation expense over the performance period. There were no awarded shares forfeited for the 2024 plan year. There were $96 awarded shares forfeited for the 2023 plan year. Under the LTEIP, 300,000 shares of Series B common stock have been reserved for issuance. Total shares issued under the LTEIP were 70 and 420 in 2024 and 2023, respectively.

The accrued liability for the LTEIP is comprised of $402 in current employee compensation liability on the balance sheet at December 2023.

Effective June 6, 2023 the LTEIP was replaced with a Long-Term Incentive Plan (LTIP) to reward key senior management employees for their contributions to the Company's long term financial performance, with cash incentive awards based on a time-based vesting component and performance-based component measured over a rolling three year performance period. Each performance period commences on January 1st of each year and ends on December 31 of the third year. Half of the target award percentage for each performance period shall vest at the end of each performance period based on three-year performance against performance-based measures established by the Board of Directors for the performance period and continued employment with the Company. The target award is based on a percentage of the participant's base salary. One half of the target award applies to the performance-based component and the other half is applied to the time-based vesting component and will be divided equally among each year of the performance period.

Each payment for the LTIP will be made as soon as administratively practicable after the end of the applicable calendar year of vesting for time-based vesting component or performance period for the performance-based component, in each case, no later than March 15 of the applicable year of payment. All payments under the LTIP shall be made in cash and subject to tax withholding.

The accrued liability for the LTIP is comprised of $421 in current employee compensation liability and $371 in noncurrent employee compensation liability on the balance sheet at December 31, 2024. The accrued liability for the LTIP is comprised of $263 in current employee compensation liability and $263 in noncurrent employee compensation liability on the balance sheet at December 31, 2023.

Key Provisions of ESP: The ESP provides all officers on the executive payroll with common stock and/or cash compensation based on the attainment of specific profitability and other measures over a one-year performance period, with a new performance period commencing on January 1st of each year. In order for participants to be eligible for an award, CCMC must meet its threshold performance measures. The ESP requires that participants elect to receive at least 60% of their earned ESP awards in shares of common stock, with the remainder paid in cash. The number of shares of common stock to be issued to each plan participant is based on the adjusted book value as of December 31st of the year prior to the date the stock is issued.

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 9 - STOCK-BASED COMPENSATION PLANS (Continued)

Awards are made annually and are based on the preceding one-year performance period. Shares of stock are issued immediately following the award, so there are no shares awarded but un-issued. Stock is issued prior to March 15th each year. Participants are required to hold all shares of common stock issued under the ESP for a minimum of five years from the date of issuance before exercising repurchase rights.

Effective January 1, 2023, the ESP was terminated, and no additional shares will be issued.

NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLANS

CCMC provides defined contribution plans as well as both funded and unfunded noncontributory defined benefit pension plans. Substantially all of its employees participate in one or more of these plans. The funded plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). All plans are described below.

Savings Investment Plans (the “SIPs”): CCMC sponsors a plan for hourly employees and a plan for salaried employees. The SIPs are qualified under section 401(k) of the Internal Revenue Code (the “Code”). Participating employees may elect to contribute a percentage of their annual compensation to the applicable SIP, limited to a maximum annual dollar amount as provided by the Code. These employees are eligible to receive a matching contribution from CCMC. Those matching contributions were $843 and $1,011 for the years ended December 31, 2024 and 2023, respectively.

Effective January 1, 2004, the SIPs were amended to add a new defined contribution feature. Employees hired, or employees rehired following a break in service of 12 months or more, on or after January 1, 2004 receive an annual service-based CCMC contribution of 1.5% to 3.5% of annual compensation depending on length of service. On December 28, 2022, the CCMC Board passed a resolution to make the annual service-based CCMC contribution discretionary. Prior to 2020, the contribution rate was 3% to 7%. The expense for the defined contribution portion of the SIPs was $558 and $0 in 2024 and 2023, respectively.

Matching contributions and service-based contributions are vested to the employee on the following schedule:

Years of Service	Vested Percentage
Less than two	0 %
Two	25 %
Three	50 %
Four	75 %
Five	100 %

Defined Benefit Pension Plan (the “Pension Plan”): The Pension Plan is qualified under Section 401(a) of the Code. The Pension Plan was amended in 2003 to exclude employees hired on or after January 1, 2004. Employees rehired on or after January 1, 2004, following a break in service of 12 months or more, are also excluded. Generally, benefits are based on length of service and the average of the highest earnings for five consecutive calendar years, or sixty months, whichever is greater. A participant is 100% vested after completion of five years of service.

Effective December 31, 2015, the Board of Directors adopted an amendment instituting a “hard freeze” of the Pension Plan so that no further benefits will accrue under the plan. All Pension Plan participants were enrolled in the Service-Based Contribution feature of the Savings Investment Plans (the “SIP”) effective January 1, 2016.

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

Given the Pension Plan's freeze to future benefit accruals as of December 31, 2015, the amortization period for actuarial gains and losses was updated from the average future working lifetime of participants to the average life expectancy of participants effective January 1, 2016.

Effective as of June 20, 2024, the Board of Directors adopted an amendment to provide a one-time lump sum payment window for eligible terminated and vested Plan participants. The lump sum amount per participant to be paid out shall not exceed $158. As of December 31, 2024, $7,438 was paid out which is below the settlement threshold of $8,517.

Pension Plan Benefits:

	2024	2023
Change in benefit obligation		
Benefit obligation at beginning of year	$ 183,154	$ 184,391
Service cost	-	-
Interest cost	8,517	8,812
Benefits paid	(20,206)	(12,268)
Actuarial (gain) loss	(12,062)	2,219
Benefit obligation at end of year	159,403	183,154
Change in plan assets		
Fair value of plan assets at beginning of year	175,310	177,430
Actual (return) loss on plan assets	(95)	10,148
Employer contribution	7,200	-
Benefits paid	(20,206)	(12,268)
Fair value of plan assets at end of year	162,209	175,310
Funded status at end of year	$ 2,806	$ (7,844)
Amounts recognized in the balance sheets consist of:		
Net current pension asset (liability)	$ 2,806	$ (7,844)
Net amount recognized	$ 2,806	$ (7,844)
Amounts recognized in accumulated other comprehensive loss (pretax) consist of:		
Net loss	$ 66,689	$ 72,028
Accumulated other comprehensive loss	$ 66,689	$ 72,028
Information for pension plans with an accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	$ 159,403	$ 183,154
Accumulated benefit obligation	$ 159,403	$ 183,154
Fair value of plan assets	$ 162,209	$ 175,310

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

	2024	2023
Components of net periodic benefit cost and other amounts recognized in other comprehensive income		
Net periodic benefit cost		
Service cost	$ -	$ -
Interest cost	8,517	8,812
Expected return on assets	(8,132)	(8,516)
Amortization of net actuarial loss	1,504	1,060
Total pension expense included in pension expense on the statements of income (loss)	1,889	1,356
Other changes in plan assets and benefit obligations recognized in other comprehensive income (pretax)		
Net (gain) loss	(3,835)	587
Amortization of net actuarial loss	(1,504)	(1,060)
Total recognized in other comprehensive income (loss)	(5,339)	(473)
Total recognized in net periodic benefit expense and other comprehensive income (loss)	$ (3,450)	$ 883

	2024	2023
Weighted-average assumptions used to determine benefit obligation at December 31:		
Discount rate	5.38 %	4.74 %
Rate of compensation increase	N/A	N/A
Cost of living	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate - projected benefit obligation	4.74 %	4.94 %
Discount rate - interest cost	4.83 %	4.98 %
Rate of compensation increase	N/A	N/A
Expected return on plan assets	4.25 %	4.25 %
Cost of living	N/A	N/A

The estimated net actuarial loss that will be amortized from accumulated other comprehensive loss into net periodic benefit cost (income) over the next fiscal year is $1,562.

CCMC selects its discount rate by using the expected cash flows of future benefit payments applied against the full yield curve provided by the FTSE Pension Liability Index.

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

As of January 1, 2016, CCMC changed the approach to measuring service and interest costs as part of the Pension Plan. CCMC elected to measure expense by applying the specific spot rates along that yield curve to the plans' liability cash flows. The new approach provides a more precise measurement of service and interest costs by aligning the timing of the plan's liability cash flows to the corresponding spot rates on the yield curve. This change does not affect the measurement of CCMC's plan obligations nor the funded status of the plan.

Pension Plan Assets: Fair value, asset allocations and target allocations at December 31 are as follows:

	2024 Fair Value	2024 Allocation	2023 Fair Value	2023 Allocation	2024 Target Allocation
Equity funds					
Global Large-Stock Value	$ 9,997	6%	$ 15,923	9%	
Total equity funds	9,997	6%	15,923	9%	10%
Fixed income					
US government agencies	21,503	13%	23,286	13%	
Fixed income funds					
Long duration bond fund	45,772	28%	45,961	26%	
Intermediate duration bond fund	79,453	49%	81,591	47%	
Total fixed income	146,728	77%	150,838	73%	90%
Real estate fund	3,881	2%	7,308	4%	0%
Cash and accrued income	1,603	2%	1,241	1%	0%
	$ 162,209	100%	$ 175,310	100%	100%

US government agencies are in Level 1 of the fair value hierarchy; See Note 4 for a description of Levels in the fair value hierarchy.

Equity, fixed income funds, and real estate fund investments are measured at Net Asset Value (NAV) of the units held by the Plan at year-end. The NAV, as provided by the trustee of the fund, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Were the Plan to initiate a full redemption of the real estate fund, the issuer reserves the right to require sixty-five business days' notification in order to ensure that securities liquidation will be carried out in an ordinary business manner. The Plan initiated a full redemption of the real estate fund in 2023, and the redemption amounts are being paid in increments by the fund according to permitted procedures.

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

Investment Policies, Strategies and Target Asset Allocations: The CCMC Board of Directors has delegated authority for setting, monitoring, and adjusting the investment policy with respect to investment funds of the Pension Plan to the Pension Plan Committee ("Committee"). The Committee selects and retains investment managers who are responsible for managing the Pension Plan assets in accordance with the objectives and guidelines set forth in the Pension Plan's Investment Policy Statement ("IPS"). Investment managers are expected to comply with all laws, regulations, and standards of ethical conduct.

Investment guidelines and the Pension Plan's asset allocation targets are based upon long-term perspectives, so that interim fluctuations in investment markets should be viewed with appropriate perspective. Consistent with the desire for adequate asset diversification, the IPS is based upon the expectation that the volatility (the standard deviation of returns) of the total Pension Plan assets will be similar to that of the investment market.

The target asset allocation is designed to provide an optimal asset mix for the portfolio, which emphasizes diversification and maximizes return for relative risk. The IPS also sets guidelines to minimize investment risk by disallowing certain transactions or investments in certain securities. Transactions that would jeopardize the tax-exempt status of the Pension Plan are not allowed. Performance objectives are set by the IPS for each asset category listed above, and are reviewed at least annually by the Committee to determine if the established objectives are appropriate.

The expected return on Pension Plan assets is an assumption primarily determined by the investment strategy adopted to meet the objectives of the Pension Plan. This assumption is developed from investment manager capital market projections which include future returns by asset category, expected volatility of returns and correlation among asset classes. Consideration is also given to the expenses of active management. Judgment is applied to the quantitative measures derived from the capital market projections to arrive at the selected return on Pension Plan assets assumption. A change in the asset allocation could significantly impact the expected rate of return on plan assets.

Cash Flows:

Contributions: The Company contributed $7,200 to the pension plan during the 2024. There were no contributions made during 2023.

Expected Future Benefit Payments: The following benefit payments, which reflect expected future service, are expected to be paid:

	Pension Benefits
2025	$ 13,029
2026	13,018
2027	13,053
2028	12,994
2029	12,906
Years 2030 to 2034	61,284
	$ 126,285

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

Supplemental Executive Retirement Plan and Excess Plan (the "SERP and Excess Plans"): The SERP and Excess Plans cover employees with earnings and/or benefits which exceed the limitations set out in the Pension Plan and/or the Code. Benefits are based on formulas similar to those of the Pension Plan.

The Excess Plan was frozen effective December 31, 2015. Effective January 1, 2016, CCMC adopted a new Service-Based Contribution Excess Benefit Plan (the "SBC Excess Plan") to cover earnings and/or benefits that exceed the limits imposed by the Code for the Service-Based Contribution feature of the SIP. Benefits for the new SBC Excess Plan are based on the formula used for the SIP. On December 28, 2022, the CCMC Board passed a resolution to make the annual service-based CCMC contribution discretionary. CCMC had no accrued contribution to the plan in 2024 and 2023. Earnings (losses) on investments in the SBC Excess Plan were $227 and $222 in 2024 and 2023, respectively.

Given the SERP & Excess Plans' freeze to future benefits accruals as of December 31, 2015, the amortization period for actuarial gains and losses has been updated from the average future working lifetime of participants to the average life expectancy of participants effective January 1, 2016.

SERP and Excess Benefits:

	2024	2023
Change in benefit obligation		
Benefit obligation at beginning of year	$ 37,623	$ 38,325
Service cost	-	-
Interest cost	1,765	1,829
Benefits paid	(3,345)	(3,496)
Actuarial (gain) loss	(4,724)	965
Benefit obligation at end of year	31,319	37,623
Change in plan assets		
Fair value of plan assets at beginning of year	-	-
Employer contributions	3,345	3,496
Benefits paid	(3,345)	(3,496)
Fair value of plan assets at end of year	-	-
Funded status at end of year	$ (31,319)	$ (37,623)
Amounts recognized in the balance sheets consist of:		
Current liabilities	$ (3,106)	$ (3,489)
Noncurrent liabilities	(28,213)	(34,134)
Net amount recognized	$ (31,319)	$ (37,623)

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

	2024	2023
Amounts recognized in accumulated other comprehensive loss (pretax) consist of		
Net actuarial loss	$ 8,327	$ 13,667
Accumulated other comprehensive loss	$ 8,327	$ 13,667
Information for pension plans with an accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	$ 31,301	$ 37,623
Accumulated benefit obligation	$ 31,301	$ 37,623
Components of net periodic benefit cost and other amounts recognized in other comprehensive income (loss)		
Net periodic benefit cost		
Service cost	$ -	$ -
Interest cost	1,747	1,829
Amortization of net actuarial loss	616	576
Total pension expense included on the statements of income (loss)	$ 2,363	$ 2,405
Other changes in plan assets and benefit obligations recognized in other comprehensive (income) loss (pretax)		
Net (loss) gain	$ (4,724)	$ 964
Amortization of net actuarial loss	(616)	(576)
Total recognized in other comprehensive (income) loss	(5,340)	388
Total recognized in net periodic benefit cost and other comprehensive (income) loss	$ (2,977)	$ 2,793

The estimated net actuarial loss that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year is $339.

	2024	2023
Weighted-average assumptions used to determine benefit obligation at December 31:		
Discount rate	5.31 %	4.68 %
Rate of compensation increase	N/A	N/A
Cost of living	N/A	N/A

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

	2024	2023
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate - projected benefit obligation	4.68 %	4.88 %
Discount rate - interest cost	4.87 %	5.00 %
Rate of compensation increase	N/A	N/A
Cost of living	N/A	N/A

CCMC selects its discount rate by using the expected cash flows of future benefit payments applied against the full yield curve provided by the Citigroup Pension Liability Index. CCMC measures service and interest costs as part of SERP and Excess Plans expense by applying the specific spot rates along the yield curve to the plans' liability cash flows.

Cash Flows:

Contributions: Since the plan is unfunded, no contributions are made. However, benefit payments are treated as contributions.

Expected Future Benefit Payments: The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	SERP and Excess Benefits
2025	$ 3,106
2026	3,066
2027	3,010
2028	2,938
2029	2,851
Years 2030-2034	12,642
	$ 27,613

Accumulated Other Comprehensive Income (Loss) ("AOCI"): The AOCI amounts related to employee retirement benefit plans recognized in the balance sheets, on an after-tax basis, were $59,269 and $67,705 at December 31, 2024 and 2023, respectively.

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SHARE AMOUNTS)

NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

The following table summarizes the after-tax AOCI on employee retirement benefit plans:

	Pension Plan(1)	SERP & Excess Plans(2)	Total
AOCI balances, at December 31, 2022	$ 57,311	$ 10,461	$ 67,772
2023 activity			
Pension accounting charges	(374)	-	(374)
SERP and Excess Plans	-	307	307
Total 2023 activity	(374)	307	(67)
AOCI balances, at December 31, 2023	56,937	10,768	67,705
2024 activity			
Pension accounting charges	(4,218)	-	(4,218)
SERP and Excess Plans	-	(4,218)	(4,218)
Total 2024 activity	(4,218)	(4,218)	(8,436)
AOCI balances, at December 31, 2024	$ 52,719	$ 6,550	$ 59,269

(1) These after-tax GAAP pension plan accounting charges are utilized in the adjusted book value calculation (Note 8).

(2) These SERP and Excess Plan adjustments are excluded from the adjusted book value calculation (Note 8). They represent the cumulative difference between the accumulated benefit obligation and accrued benefit liability in the balance sheets.

The AOCI balances of $52,719 and $56,937 as of December 31, 2024 and 2023, respectively, are utilized in the calculation of the adjusted book value as described in Note 8 and exclude impacts from tax rate changes which have not been recognized in AOCI.

NOTE 11 - CONCENTRATION OF CREDIT RISK

CCMC's financial instruments exposed to concentration of credit risk consist of cash equivalents. CCMC maintains its cash accounts primarily with banks. Cash balances are insured by the Federal Deposit Insurance Company ("FDIC") up to $250 per depositor. CCMC had cash on deposit with three and two banks at December 31, 2024 and 2023, respectively, that exceeded the balance insured by the FDIC in the amount of $9,709 and $3,388, respectively. CCMC has not experienced any losses related to these balances, and management believes its credit risk to be minimal.

NOTE 12 - SUBSEQUENT EVENTS

CCMC has evaluated subsequent events through April 7, 2025, which is the date that the financial statements were available to be issued.

Jeffrey G. Berry
Director

Todd A. Brickel, CPCU
Senior Vice President
Product Management,
Compliance & Corporate
Secretary

Carl B. (Beau) Brown, CPCU
Director
Chairman of the Board
President and CEO

Thomas R. Brown, CLU
Director
Chairman Emeritus

Fong-Yee Judy Jao, FCAS, MAAA
Chief Financial Officer
and Treasurer
Actuary

Rose M. Lorentzen
Senior Vice President
Human Resources

Mark D. Pitchford
Executive Vice President
Chief Operating Officer

Thomas M. Tongue, Esq.
Director

Transfer Agent/Shareholder Services:
EQ Shareowner Services
P.O. Box 64874
St. Paul, MN 55164-0874

Contact EQ Shareowner Services for CCMC shareholder services, including address changes, dividend issues, and share balance information:

Write: EQ Shareowner Services
P.O. Box 64874
St. Paul, MN 55164-0874
Call: 1(800) 401-1957

Contact CCMC on other shareholder issues:

Beau Brown	Theresa Martin
bbrown@calcas.com	tmartin@calcas.com

We invite you to try our Shareholder Relations website:
https://www.calcas.com/shareholder

We look forward to seeing you there!

California Casualty Management Co.
1875 S. Grant Street, Suite 800
San Mateo, CA 94402

(650) 574-4000

www.calcas.com