Statutory Financial Statements and Report of Independent Certified Public Accountants

Massachusetts Catholic Self-Insurance Group, Inc.

March 31, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Massachusetts Catholic Self-Insurance Group, Inc.

Opinion
We have audited the statutory financial statements of Massachusetts Catholic Self-Insurance Group, Inc. (the "Group"), which comprise the statutory statements of admitted assets, liabilities, and policyholders surplus as of March 31, 2023 and 2022, and the related statutory statements of operations, changes in policyholders' surplus, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying statutory financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with the basis of accounting described in Note 2.

Basis for opinion
We conducted our audits of the statutory financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 the Group 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.

Basis for adverse opinion on US generally accepted accounting principles
As described in Note 2 of the financial statements, the financial statements are prepared using accounting practices prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance. The statutory financial statements are prepared by the Group in accordance with accounting practices prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the statutory financial statements in accordance with the financial reporting provisions of statutory basis prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise

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substantial doubt about the Group's ability to continue as a going concern for one year after 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 statutory 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 US 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 statutory financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory 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 the Group'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 statutory financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group'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.

Restriction on use

Our report is intended solely for the information and use of the Board of Directors and management of the Massachusetts Catholic Self-Insurance Group, Inc. and the Commonwealth of Massachusetts Division of Insurance and is not intended to be, and should not be, used by anyone other than these specified parties.

Grant Thornton LLP

Boston, Massachusetts
August 16, 2023

Massachusetts Catholic Self-Insurance Group, Inc.

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND POLICYHOLDERS' SURPLUS

As of March 31,

	2023	2022
ADMITTED ASSETS		
Cash and short-term investments	$ 1,313,530	$ 911,782
Restricted cash	411,542	411,028
Investments, at amortized cost (Note 4)	12,334,295	12,729,340
Other receivables - related parties	6,285	9,518
Total admitted assets	$ 14,065,652	$ 14,061,668
LIABILITIES AND POLICYHOLDERS' SURPLUS		
LIABILITIES		
Reserves for losses and loss adjustment expenses (Note 5)	$ 4,658,448	$ 4,786,597
Accounts payable and accrued expenses	123,365	107,421
Prepaid assessments	869,881	837,403
Due to policyholders - dividend distributions	568,018	565,433
Due to policyholders - other	436,558	428,575
Total liabilities	6,656,270	6,725,429
Policyholders' surplus	7,409,382	7,336,239
Total liabilities and policyholders' surplus	$ 14,065,652	$ 14,061,668

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

Massachusetts Catholic Self-Insurance Group, Inc.

STATUTORY STATEMENTS OF OPERATIONS

For the years ended March 31,

	2023	2022
Premiums earned, net (Note 7)	$ 3,268,793	$ 3,354,493
Other assessments	160,340	139,729
Total underwriting income	3,429,133	3,494,222
Losses and loss adjustment expenses (Note 5)	1,971,173	2,422,355
Other underwriting expenses (Note 9)	814,633	861,568
Massachusetts Department of Industrial Accidents Assessments	173,034	162,295
Total underwriting expenses	2,958,840	3,446,218
Net underwriting gain	470,293	48,004
Investment income	99,951	127,099
Realized gain on investments	5,830	7,892
Net gain before dividends to policyholders	576,074	182,995
Dividends to policyholders	500,000	500,000
NET GAIN/(LOSS)	$ 76,074	$ (317,005)

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

Massachusetts Catholic Self-Insurance Group, Inc.

STATUTORY STATEMENTS OF CHANGES IN POLICYHOLDERS' SURPLUS

For the years ended March 31,

	2023	2022
Policyholders' surplus at beginning of year	$ 7,336,239	$ 7,872,217
Return of DFSIG assets (see Note 10)	-	(286,850)
Net income/(loss)	76,074	(317,005)
Change in non-admitted assets	(2,931)	67,877
Policyholders' surplus at end of year	$ 7,409,382	$ 7,336,239

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

Massachusetts Catholic Self-Insurance Group, Inc.

STATUTORY STATEMENTS OF CASH FLOWS

For the years ended March 31,

	2023	2022
Operating activities		
Premiums and assessments collected, net of reinsurance	$ 3,268,793	$ 3,353,458
Investment income, net of expenses	99,951	127,099
Other assessments collected	160,340	139,729
Losses and loss adjustment expenses paid, net	(2,099,322)	(2,902,538)
Underwriting expenses and MDIA assessments paid	(978,668)	(1,030,457)
Distributions to policyholders	(497,416)	(496,322)
Net cash used in operating activities	(46,322)	(809,031)
Investing activities		
Sales of investments	405,569	375,837
Net cash provided in investing activities	405,569	375,837
Financing and miscellaneous activities		
Prepaid assessments	32,479	41,029
Return of surplus (Note 10)	-	(286,850)
Other liabilities - related parties	10,536	196,770
Net cash (used in)/provided by financing and miscellaneous activities	43,015	(49,051)
Net change in cash, short-term investments, and restricted cash	402,262	(482,245)
Cash, short-term investments and restricted cash at beginning of year	1,322,810	1,805,055
Cash, short-term investments and restricted cash at end of year	$ 1,725,072	$ 1,322,810

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

NOTE 1 - ORGANIZATION

Massachusetts Catholic Self-Insurance Group, Inc. (the “Group”) was organized in March 1990 as a workers’ compensation self-insurance group under Massachusetts General Law Chapter 152 and writes workers’ compensation insurance in Massachusetts for its members, which include schools, institutions and parishes which operate under the auspices of the Archdiocese of Boston (the “Archdiocese”), and other Catholic organizations located in Massachusetts.

In December 2017, following meetings and approvals of the Boards of Directors of the Group and the Diocesan Facilities Self-Insurance Group, Inc. (the “DFSIG”) of the Diocese of Fall River, the members of the DFSIG voted to become members of the Group effective January 1, 2018 and pursue the future merger of the two corporations. In December 2017, the concept of said future merger was proposed to the Commonwealth of Massachusetts Division of Insurance, and the Deputy Commissioner verbally approved and supported the pursuit of the future merger. Accordingly, effective January 1, 2018, the eight former health care and social service agency members of the DFSIG became members of the Group, the DFSIG ceased writing workers compensation coverage and the Group and DFSIG subsequently engaged in the process of due diligence in pursuit of the eventual future merger of the two corporations. On December 31, 2019, the Massachusetts Commissioner of Insurance approved the merger. The structure of the merger included the transfer of assets and liabilities of the DFSIG to the Group. In accordance with Statements of Standard Accounting Practice (“SSAP”) 68, Business Combinations and Goodwill, this transaction was treated as a statutory merger.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying statutory financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance (the “Division of Insurance”). “Prescribed” statutory accounting practices (“SAP”) are interspersed throughout the state insurance laws and regulations, the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual and a variety of other NAIC publications. “Permitted” SAP encompass all accounting practices that are not prescribed; such practices may differ from state to state and company to company within a state and may change in the future.

In accordance with a permitted practice, the Group discounts its reserves for losses and loss adjustment expenses.

Reconciliation of the Group's net loss and policyholders' surplus between NAIC SAP and practices permitted by the Commonwealth of Massachusetts for self-insurance groups for the years ended March 31 is as follows:

	2023	2022
Net gain/(loss), Massachusetts statutory basis	$ 76,074	$ (317,005)
Effect of permitted practice - discounting reserves for losses and loss-adjustment expenses	(2,500)	16,200
Net gain (loss), NAIC SAP	$ 73,574	$ (300,805)
Policyholders' surplus, Massachusetts statutory basis	$ 7,409,382	$ 7,336,239
Effect of permitted practice - discounting reserves for losses and loss-adjustment expenses	(211,300)	(213,800)
Policyholders' surplus, NAIC SAP	$ 7,198,082	$ 7,122,439

NAIC SAP differ from accounting principles generally accepted in the United States of America ("U.S. GAAP") in several respects, which causes differences in reported assets, liabilities, stockholders' equity (policyholders' surplus), net income, and cash flows. The principal differences include the following:

- Reserves are reported net of ceded reinsurance, while under U.S. GAAP, reserves are generally reported gross with a corresponding reinsurance receivable;
- NAIC SAP prescribe limitations to the admissibility of certain assets while, under U.S. GAAP, such amounts are carried at cost with appropriate valuation allowances;
- Investments in bonds are carried at amortized cost for NAIC SAP, while U.S. GAAP generally requires that all investment securities be carried at fair value, with unrealized gains and losses included in income; and
- Under statutory accounting, the statement of cash flows is presented on the direct method. Under U.S. GAAP, the statement of cash flows is presented on the indirect method or, if presented on the direct method, a reconciliation to the cash flows calculated using the indirect method is required to be presented. For purposes of the statutory statement of cash flows, cash and short-term investments include investments with maturities of one year or less at the date of acquisition. Under U.S. GAAP, cash and cash equivalents include investments with original maturities three months or less.

The Group's significant accounting policies are as follows:

Cash and Short-Term Investments

Cash and short-term investments, which are accounted for at cost, consist of funds held in bank accounts and money market mutual funds. Investments with maturities of one year or less at the date of purchase are considered short-term investments. The Group also maintains a restricted cash balance under statutory requirements (see Note 3). Cash and short-term investments are stated at cost, which approximates fair value.

Generally, the Group's cash and cash equivalents in interest bearing accounts exceed the Federal Deposit Insurance Corporation's current depository insurance limits of $250,000. However, the largest holding is not subject to this limit. The Group has not experienced any losses in the accounts subject to the insurance limits of $250,000 and believes that its cash and cash equivalents are not exposed to significant credit risk.

Investments

The Group's investments at March 31, 2023 and 2022 consist of funds invested in the Roman Catholic Archbishop of Boston Fixed Income Fund, (the "Fixed Income Fund") and the Roman Catholic Archbishop of Boston Common Investment Fund (the "Common Investment Fund"). Both are related organizations in which Catholic organizations may participate to maximize long-term total return by investing in investment grade debt and fixed income securities. These investments are recorded at amortized cost.

Non-Admitted Assets

Under statutory accounting, certain assets designated as "non-admitted" are excluded from the statement of admitted assets, liabilities and policyholders' surplus and directly charged or credited to undistributed policyholders' surplus. Under statutory accounting, receivables over 90 days past due are non-admitted, whereas under U.S. GAAP, such receivables would be recorded as an asset net of specific reserves. Under statutory accounting, a prepaid asset is non-admitted whereas under U.S. GAAP, a prepaid asset would be recorded as an asset and amortized over periods during which the related benefit is realized. As of March 31, 2023 and 2022, the Group holds non-admitted premiums and other receivables over 90 days totaling $3,325 and $60, respectively, and non-admitted assets totaling $23,407 and $23,740, respectively. The net change in non-admitted assets (charged)/credited to undistributed policyholders' surplus totaled $(2,931) and $67,877 for the years ended March 31, 2023 and 2022, respectively.

Reinsurance

Reserves for losses and loss-adjustment expenses are reported net of estimated unpaid reinsurance recoverables.

Reserves for Losses and Loss Adjustment Expenses

Reserves for losses and loss adjustment expenses represent the estimated ultimate net cost of all losses incurred, reported and unreported, but unpaid through the end of the year, net of estimated losses ceded to the Group's reinsurer. The reserves for unpaid losses and loss adjustment expenses are estimated by management using individual case basis valuations and statistical analyses as determined by an independent actuary and are recorded net of anticipated salvage and subrogation recoveries. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable uncertainty is inherent in such estimates, management believes that the reserves for losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as experience develops or new information becomes known and any necessary adjustments are reflected in operations in the period in which the change in estimate occurs.

Reserves for losses and loss adjustment expenses are recorded on a discounted basis using an interest rate set by the Board of Directors. The approved rate, which under state regulations cannot exceed discount rates prescribed by the Internal Revenue Service, was set at 3% at both March 31, 2023 and 2022, respectively.

Premium Revenue

Premiums are established annually based on rates for workers' compensation established by the Commonwealth of Massachusetts and adjusted for individual experience. Premium rates are intended to be sufficient to cover all operating costs and to maintain and continue the program in full force and effect.

Premiums are recorded as earned on a pro rata basis over the terms of the policies, net of premiums ceded for reinsurance with third parties. All policies issued by the Group expire each year on March 31.

Premiums resulting from final payroll adjustments are recognized as revenue in the year in which the related payroll audits are completed and the related adjustment has been billed or credited to the customer's account.

Dividend Distributions

The declaration of dividend distributions to policyholders and former policyholders is at the discretion of the Group's Board of Directors. In accordance with applicable Massachusetts regulations, dividend distributions will not begin until 24 months after the end of the policy year in which the related surplus was earned, at which point 25% of the distribution can be made. Thereafter, up to an accumulated 33%, 50% and 100% of the declared distribution may be made in each of the successive years.

Income Taxes

The Group is a Massachusetts not-for-profit corporation formed for the purpose of forming self-insured workers compensation groups pursuant to Massachusetts General Law Chapter 152. The Group is included in the United States Conference of Catholic Bishops Group Ruling and in the official Catholic Directory and is generally not subject to federal or state income taxes. The Group is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements.

Use of Estimates

The preparation of the statutory financial statements in conformity with accounting practices prescribed or permitted by the Division of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period. The determination of reserves for losses and loss adjustment expenses represents a significant estimate made by the Group's management. Actual results could vary from this estimate.

Liquidity and Availability

The Group's current assets are primarily what management considers to be available for its general expenditures, liabilities, and other obligations that become due. In addition, the Group invests cash in excess of daily requirements in short-term investments.

NOTE 3 - STATUTORY REQUIREMENTS

The Group is in compliance with the following minimum statutory financial requirements as of March 31, 2023 and 2022.

Liquidity

The Group is required to provide security to the Commissioner of Insurance of the Commonwealth of Massachusetts to the extent the undiscounted loss reserves and unearned premiums exceed liquid assets. This condition did not exist at either March 31, 2023 or 2022.

Member Net Worth

The combined net worth of all the members of the Group is required to exceed the greater of 400% of the Group's standard premium or $1,000,000. As of March 31, 2023 and 2022, the Group was in compliance with the member net worth requirement.

Reinsurance/Excess Insurance

The Group is required to maintain excess reinsurance coverage of at least $5,000,000 per occurrence and aggregate excess insurance attaching at 105% of standard premium. The retention limit for the Group's excess reinsurance coverage shall not be more than 30% of the net premium of the Group, up to a maximum of $500,000. Reinsurers shall be licensed, admitted or otherwise authorized to transact insurance or reinsurance in the Commonwealth of Massachusetts and have acceptable ratings (noted in parentheses) from at least two of the following rating agencies: A.M. Best & Company (A), Duff & Phelps (AA), Moody's Investors Services (AA2), and Standard & Poor's Corporation (A).

Security

The Group is required to provide to the Commissioner of Insurance of the Commonwealth of Massachusetts security equal to the greater of 10% of the Group's standard premium or $100,000. Such security is provided through the maintenance of a restricted bank account of $411,542 and $411,028 as of March 31, 2023 and 2022.

NOTE 4 - INVESTMENTS

At March 31, 2023 the Group's investment in the Fixed Income Fund had an amortized cost of $9,825,614 and an estimated fair value of $9,669,109 resulting in a cumulative unrealized loss of $156,505. At March 31, 2022 the Group's investment in the Fixed Income Fund had an amortized cost of $10,319,784 and an estimated fair value of $10,077,988 resulting in a cumulative unrealized loss of $241,796. Such unrealized losses are not reflected in the statutory statements of admitted assets, liabilities and policyholders' surplus or the statutory statements of income, in accordance with NAIC SAP.

At March 31, 2023 the Group's investment in the Common Investment Fund had an amortized cost of $2,508,681 and an estimated fair value of $2,526,196 resulting in a cumulative unrealized gain of $17,516. At March 31, 2022 the Group's investment in the Common Investment Fund had an amortized cost of $2,409,556 and an estimated fair value of $2,706,592 resulting in a cumulative unrealized gain of $297,036. Such unrealized gains and losses are not reflected in the statutory statements of admitted assets, liabilities and policyholders' surplus or the statutory statements of income, in accordance with NAIC SAP.

SAP 100 establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The Group classifies assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The investments in the Fixed Income Fund and Common Investment Fund are the only assets or liabilities measured at fair value (for disclosure purposes only). The fair values of these investments are determined using the net asset value ("NAV") per share. The investments, which are redeemable at year end at NAV per share, are not classified within the fair value hierarchy.

NOTE 5 - RESERVES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

The Group uses an independent actuary to assist in determining its reserves for losses and loss adjustment expenses. A summary of activity in the reserves for losses and loss adjustment expenses for the years ended March 31 is as follows:

	2023	2022
Beginning discounted balance	$ 4,786,597	$ 5,266,780
Incurred:		
Current year	2,678,336	2,870,874
Prior years	(707,163)	(448,519)
Total incurred	1,971,173	2,422,355
Paid related to:		
Current year	605,178	747,198
Prior years	1,494,144	2,155,340
Total paid	2,099,322	2,902,538
Ending discounted balance	$ 4,658,448	$ 4,786,597

As a result of changes in estimates of insured events in prior years, incurred claims and claim adjustment expenses decreased by $707,163 and $448,519 in 2023 and 2022, respectively due to favorable loss development for prior year claims.

NOTE 6 - CONTINGENCIES

The Group is engaged in litigation in the ordinary course of business principally related to the defense of various liability and other claims. Liabilities are recorded to cover estimated losses and related expenses associated with these matters in setting the reserves for losses and loss adjustment expenses.

NOTE 7 - REINSURANCE

To help manage exposure to loss and comply with regulations, the Group has entered into a specific and aggregate loss reinsurance agreement. The coverage under this agreement is subject to specific retentions and limits as defined by the contract. The Group remains primarily liable for its obligations under its insurance contracts. In the event the reinsurer becomes unable to meet its obligations under the reinsurance agreement, the Group would become liable and would then be required to recognize such obligations in its financial statements.

The following table presents information relative to the Group's reinsurance agreement:

	2023	2022
Premiums earned for the year ended March 31:		
Premiums written	$ 3,564,383	$ 3,697,469
Reinsurance premiums	(294,815)	(342,616)
Loss control	(775)	(360)
Premiums earned	$ 3,268,793	$ 3,354,493

NOTE 8 - DUE TO POLICYHOLDERS - DIVIDEND DISTRIBUTIONS

In February 2023, the Group's Board of Directors declared an ordinary dividend distribution of $500,000 relating to previous policy years and for which payments or reductions of premiums due began to be made in the fiscal year ended March 31, 2023. In January 2022, the Group's Board of Directors declared an ordinary dividend distribution of $500,000 relating to previous policy years and for which payments or reductions of premiums due began to be made in the fiscal year ended March 31, 2022. Such dividend distributions were made in compliance with the related state regulations.

Without prior approval of the Commissioner, dividends to policyholders are limited to the greater of (i) net income excluding realized capital gains or (ii) 10% of statutory surplus as of the preceding March 31 with such amount not to exceed the Group's earned surplus. Within the limitation of the preceding and the regulation discussed in Note 2, there are no restrictions placed on the portion of the Group's profits that may be paid as ordinary dividends to policyholders.

Due to policyholders - other represents dividends which have been declared but remain unpaid, which eventually will be either paid directly or used to reduce premiums due for future policy years.

NOTE 9 - RELATED-PARTY TRANSACTIONS

All insurance written and claims paid originate with organizations meeting the criteria for membership. This includes any Catholic agency or educational, charitable or religious organization operating within the Commonwealth of Massachusetts. However, the majority of all premium billings originate with organizations that operate under the auspices of the Archdiocese.

The Group shares the cost of facilities and employees with the Archdiocese. Included in other underwriting expenses incurred are $150,000 for service fees charged by the Archdiocese for the years ended March 31, 2023 and 2022.

In July 2017, the Fides Insurance Group, Inc. ("Fides"), a captive insurance company of the Archdiocese, established a subsidiary servicing company, Ratio Risk Services, LLC ("Ratio"). Ratio was established to provide administrative and management services as well as claims and risk management services related publishing, consulting, loss control and other services to Fides, the Group, the Archdiocese and other organizations. Ratio entered into a servicing agreement with the Group to provide the services previously provided by the Archdiocese's Office of Risk Management. Included in other underwriting expenses incurred are $220,000 for service fees charged by Ratio for the years ended March 31, 2023 and 2022.

Other liabilities - related parties reflects amounts owed to various related entities associated with cash receipts attributable to such related entities.

All investment activity is held with related parties (see Note 2).

NOTE 10 - RETURN OF SURPLUS ASSETS

In July 2021, the Group returned a portion of the DFSIG surplus assets to the former eight health care and social service agency members of the DFSIG. The total amount remitted to former DFSIG members was $286,850.

NOTE 11 - RISK AND UNCERTAINTIES

The Group's operating results and financial condition are affected by numerous factors and circumstances unique to the insurance industry, some of which it can neither predict nor control. Among them are (1) statutorily imposed regulatory capital requirements can limit the Group's ability to underwrite new business or retain otherwise desirable risks; (2) the Group's ability to enter into suitable reinsurance agreements is subject to prevailing conditions in reinsurance markets; (3) fluctuations in interest rates affect the value and income yield of the Group's investment portfolio in the short term, and often affect default and prepayment rates over time; and (4) inflationary pressures and medical costs affect the magnitude of claims and claim adjustment expenses.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events were evaluated through August 16, 2023, which is the date the statutory financial statements were available to be issued. There were no events that occurred that required disclosure in the statutory financial statements.