

The Year in Review

The year 2024 was a good year for RAM with a return to profitability. We experienced a very mild winter with no winter peril loss events. The second quarter was relatively quiet with tolerable severe convective storm activity. The third quarter was similar to the second quarter with no catastrophe loss events. RAM wrapped up the year with a favorable fourth quarter. The improved weather we experienced in 2024 was much appreciated after two extremely challenging years.

For the year, RAM posted a pre-tax and after tax profit of \$4,342,000. Our net income along with statutory adjustments to surplus, and the addition of \$2,625,000 in new Guaranty Fund Certificates purchased by our membership, increased our surplus by \$8,381,000 to \$66,632,000. Our combined ratio ended at 94.6% and consisted of loss and LAE at 70.8% and operating expense at 23.8%.

Our profitable operating performance allowed RAM to pay the guaranty fund interest due for 2022, 2023, and 2024. Upon receiving permission from the Minnesota Department of Commerce interest checks were sent out on March 20, 2025. Thank you to our member companies for your patience and strong support of RAM.

Our member company assumed reinsurance program experienced an excellent year with good results in all loss layers. Our surplus share reinsurance facility ran off during 2024 and our new excess of loss reinsurance program provides excellent capacity for RAM and our membership. Our roster of member companies stands at 51 due to the loss of Sweet Township Mutual to merger with a non-member and the merger of Prairie Pine and Sverdrup Mutuals into Prairie Lakes Mutual.

RAM has continued to respond to the industry challenges by taking appropriate actions in the form of rate increases, coverage restrictions, and increased policy deductibles. We also continued with growth restrictions and strict underwriting requirements along with moratoriums on direct homeowner and dwelling fire business in Minnesota.

RAM's direct lines premiums increased by 16.5% due to the rate increases and inflations factors. Our assumed reinsurance premiums increased by 20.7% due to the implementation of our new excess of loss reinsurance program and the addition of one new member company in 2024. Overall, our gross written premium increased by approximately 17.1%. Our direct lines policy count decreased by 3,243 with a loss of 3,197 in Minnesota and a reduction of 46 in North Dakota.

In my opinion, the property and casualty insurance industry made significant progress in 2024 and reflected an underwriting profit for the first time in several years. While Severe Convective Storms (SCS) were prevalent again across the United States, our experience in the Midwest was much improved in 2024. There were 19 billion dollar SCS loss events across the United States in 2024, down from 28 in 2023. Inflation, while still impactful, is slowing and has allowed for improved operating performance by our industry. For RAM, our direct lines losses decreased from 8,473 in 2023 to 7,295 in 2024. This represents a 14% overall reduction in frequency.

I would like to extend my sincere appreciation to our member companies, agents, and policyholders for your continued loyalty and support of RAM. On behalf of our board of directors and staff, we wish you a happy, healthy, and prosperous 2025.

Steve Knutson
President/CEO

STATUTORY INCOME STATEMENT (in thousands)

FOR YEARS ENDING DECEMBER 31, 2023 AND 2024

<u>Underwriting Operations</u>	<u>2024</u>	<u>2023</u>
Net Premiums Earned:		
Direct Premiums Earned	\$ 103,369	\$ 89,183
Reinsurance Assumed	19,067	14,453
Reinsurance Ceded	(57,181)	(28,038)
	<u>65,255</u>	<u>75,598</u>
Net Losses Incurred:		
Direct Lines Losses Incurred	58,870	69,417
Reinsurance Assumed	4,220	9,747
Reinsurance Recoveries	(22,524)	(12,756)
	<u>40,566</u>	<u>66,408</u>
Operating Expenses Incurred:		
Loss Adjustment Expenses	5,667	6,008
Commissions	8,418	11,119
Other Underwriting Expenses	<u>9,557</u>	<u>9,412</u>
	<u>23,642</u>	<u>26,539</u>
Underwriting Income	<u>1,047</u>	<u>(17,349)</u>
<u>Investment and Other Income</u>		
Net Investment Income	3,015	3,022
Other Income	<u>216</u>	<u>211</u>
Investment and Other Income	3,231	3,233
Pre-Tax Net Income	4,278	(14,116)
Federal Income Tax Expense	<u>(64)</u>	<u>(92)</u>
Net Income	<u>\$ 4,342</u>	<u>\$(14,024)</u>

STATUTORY BALANCE SHEET (in thousands)

FOR YEARS ENDING DECEMBER 31, 2023 AND 2024

<u>Admitted Assets</u>	<u>2024</u>	<u>2023</u>
Bonds	\$ 56,761	\$ 62,037
Common and Preferred Stocks	14,787	13,840
Cash	31,825	28,488
Other Invested Assets	<u>5,072</u>	<u>5,218</u>
Cash and Invested Assets	<u>108,445</u>	<u>109,583</u>
Premiums Receivable	15,400	13,211
Other Assets	<u>12,769</u>	<u>10,615</u>
Total Admitted Assets	<u>\$136,614</u>	<u>\$133,409</u>
<u>Liabilities and Surplus</u>		
Liabilities:		
Unpaid Losses and Loss Adjustment Expenses	\$ 22,881	\$ 32,632
Unearned Premiums	36,859	26,531
Other Liabilities	<u>10,241</u>	<u>15,995</u>
Total Liabilities	<u>69,981</u>	<u>75,158</u>
Surplus:		
Guaranty Fund Certificates	19,745	17,120
Unassigned Surplus	<u>46,888</u>	<u>41,131</u>
Total Surplus	<u>66,633</u>	<u>58,251</u>
Total Liabilities and		
Policyholders' Surplus	<u>\$136,614</u>	<u>\$133,409</u>

RAM BOARD OF DIRECTORS

DOUG OACHS	CHAIRMAN	TIM IVERSON	VICE CHAIRMAN
JIM SVIR	SECRETARY	STEVE KNUTSON	PRESIDENT/CEO
AARON GROVE	DIRECTOR	NICK HAGER	DIRECTOR
GARY SWEARINGEN	DIRECTOR	BRAD KULLOT	DIRECTOR

RAM OFFICERS

JIM WILLIAMS	VP—ACCOUNTING
CARI LAMIRANDE	VP—AUTO
JOSH LOWE	EXEC. VICE PRESIDENT
ANGIE SALMI	CHIEF INFORMATION OFFICER