



SEMIANNUAL REPORT TO THE STAKEHOLDERS OF THE
INSURORS INDEMNITY COMPANIES
August 30, 2021

We are pleased to provide our stakeholders this report on the operational results of Insurors Indemnity Companies through the first six months of 2021.

Corporate Restructuring and Acquisition Activity

Exciting events occurred in the first half of the year. In April we completed the conversion of Insurors Indemnity Lloyds to a stock company named Insurors Indemnity Select Insurance Company and its designation as a Domestic Surplus Lines Insurer. This will allow us to write coverage for our agents and insureds without rate or form regulation by the state. The result will be that Insurors can write policies that we may have previously declined for price or underwriting reasons, because, as a Surplus Lines Insurer the company will be able to charge more premium or add exclusions for perils that can't be assumed. Select will have the same A- (Excellent) A.M. Best rating.

In May Insurors entered an agreement to purchase Colonial Lloyds Insurance Company of Fort Worth and its related agency activities. We have filed with the Texas Department of Insurance for approval of the acquisition and expect it to close in the 3rd quarter of 2021.

These 2 events will allow us to grow our residential business through relationships with experienced managing general agents, Atlas General Agency and iMGA, which complements our in-house commercial underwriting operation.

As discussed last year, Insurors Indemnity Company submitted the filings required to gain admittance into five additional states in 2020 to position itself for continued growth post pandemic and has been admitted to all except California. This adds Nevada, Utah, Kansas and Louisiana to our existing states of Texas, New Mexico, Oklahoma, Arkansas and Arizona.

Financial Discussion

For the 6 months ending June 30, 2021, Insurors Indemnity Companies recorded a net loss from operations after tax of \$ 113,475 versus a slightly larger 6-month loss in 2020 of \$261,286. Insurors has suffered an operating loss at 6 months in 7 of the last 10 years due the preponderance of active weather in the first half of the year. In every case we have recovered to an annual profit at 12 months and are hoping the past repeats itself this year.

Capital and Surplus of all entities increased to \$32,104,391 from \$31,840,681, due to continued success in our stock portfolio. Unfortunately, our invested assets decreased during the first half due to our commitment to paying claims from the February ice storm as rapidly as possible while waiting for reimbursement from reinsurance partners. All were collected in July and we have now returned to an increased invested asset position, even though our return on assets has decreased due to the continuing low earnings on our fixed asset portfolio. You can find the most recently filed quarterly and annual statements of Insurors Indemnity Company and Insurors Indemnity Select on our website at www.insurorsindemnity.com in the "About" section.

Premiums and Losses

Written premium increased 13.7% to \$20,955,984 through June. Through organic growth as well as the acquisition of Colonial, Insurors is projected to end the year at approximately \$49.1 million, a 26.2%, \$10.2 million increase over year-end 2020. Earned premium grew 7.6% to \$10,418,774 as of June 30th.

Surety premium writings increased 13.7% from last year to date and are forecasted to end the year at \$6.6 million, a very nice increase over the Covid affected 2020 period. Public construction has rebounded well and we are looking forward to additional infrastructure improvements with the expected passage of the \$1 trillion federal infrastructure bill.

Our surety loss ratio YTD is an outstanding –16.4% due to adjusted claims that were not realized. Thanks to our surety team’s consistent underwriting of the excellent business submitted by our agents. Commercial property and casualty premium increased 16.1% over last June and is expected to reach \$19.1 million this year, an increase of about 11.7%. Residential property and liability premium produced via Insurors’ MGA agreement with Atlas General Agency reached \$7.9 million through six months, an increase of 10.8%. Under this agreement, IIC retains 10% of the risk with the remainder ceded to a panel of A rated reinsurers. Our relationship with iMGA began in April with iMGA utilizing our Select company for their non-admitted residential property program.

The February freeze and ice storm produced the largest gross loss in the company’s history. Fortunately, our catastrophic reinsurance program limited our net loss before tax to \$1,000,000. As discussed above, if this year continues like our history, we should produce a nice profit by year end. However, we fully understand this is highly dependent on the ever-changing weather patterns.

Competitive Advantage

We talk in every report of our dedication to the highest levels of service to policyholders and agents. Our “Service Meter” posted monthly on our public and agent websites outlining the statistics around our customer service endeavors continue to show that we are adhering to our contact time standards and our prompt attention to requests from agents and insureds. In addition to our Policy Renewal Rate (88.4%), Average Time to Customer Contact after a Claim (30 minutes) and Average Time to first claim payment (8 days), we have added technology to measure how fast we return telephone calls. This new software has continued to focus our team’s attention on adhering to high service standards. Please visit our website at InsurorsIndemnity.com and look around.

Affirmation

In affirming the companies’ A- (Excellent) rating, A.M. Best emphasized Insurors’ “Strongest level of capitalization...”, “favorable calendar and accident year reserve development..” and “strong operating profitability with return metrics that outperform the commercial property composite and the overall property/casualty industry...”. In addition, the Department of the Treasury renewed IIC’s authority as a surety on Federal bonds, increasing its underwriting limit to \$2.89 million. Receiving the confidence of these important entities is a crucial byproduct of our commitment to strong controls and high financial benchmarks.

Conclusion

We remain focused on long-term profitability and controlled growth through disciplined underwriting, efficient claims and expense management, and high impact customer service. Insurors Indemnity is comprised of employees and agents who strive daily to exceed customer expectations and fulfill the company's mission. If you have any suggestions or comments, (or complaints), please don't hesitate to contact anyone at Insurors to give us your opinion.

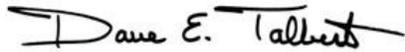
Thank you for your support.



Tom Chase, Chairman

254 759 3737

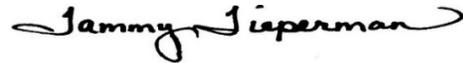
tchase@insurorsindemnity.com



Dave E. Talbert, President and CEO

254-759-3711

dtalbert@insurorsindemnity.com



Tammy Tieperman, Chief Accounting Officer

254-759-3727

ttieperman@insurorsindemnity.com