

National Legacy Insurance Company
Pro Forma Statutory Balance Sheet - Hanover
(in \$000s)

	<u>2023 F</u>	<u>2024 F</u>	<u>2025 F</u>	<u>2026 F</u>
Balance Sheet				
Admitted Assets				
1. Bonds	54,802	53,596	52,400	51,242
2. Common Stock	0	0	0	0
3. Real Estate/Mortgage Loans	0	0	0	0
4. Affiliated Investments	0	0	0	0
5. Affiliated Receivables	0	0	0	0
6. Cash/Cash Equivalents	2,000	2,000	2,000	2,000
7. All assets other than investments	0	0	0	0
8. Total Admitted Assets	56,802	55,596	54,400	53,242
Liabilities				
9. Losses (Case & IBNR)	32,558	30,711	28,896	27,141
10. Loss Adjustment Expenses	46	46	46	46
11. Unearned Premiums	0	0	0	0
12. Ceded Reinsurance Payable	0	0	0	0
13. Payable to Parents, Subsidiaries & Affiliates	0	0	0	0
14. All Other Liabilities	141	141	141	141
15. Total Liabilities(9+10+11+12+13+14)	32,745	30,898	29,083	27,328
Capital and Surplus				
16. Capital Stock	100	100	100	100
17. Gross Paid in and Contributed Surplus	22,200	22,200	22,200	22,200
18. Surplus Notes	0	0	0	0
19. Unassigned Surplus	1,757	2,398	3,017	3,614
20. Other Items(elaborate)	0	0	0	0
21. Total Capital and Surplus(16+17+18+19+20)	24,057	24,698	25,317	25,914
22. Total Liabilities and Capital and Surplus	56,802	55,596	54,400	53,242

National Legacy Insurance Company
Pro Forma Statutory Profit & Loss - Hanover
(in \$000s)

	2023 F	2024 F	2025 F	2026 F
Income Statement				
1. Net Premiums Earned	-1,069	0	0	0
2. Net Losses Incurred (Case & IBNR)	0	0	0	0
3. Net Loss Adjustment Expenses Incurred	0	0	0	0
4. Direct and Assumed Commissions & Brokerage	0	0	0	0
5. Reinsurance Ceding Commissions	0	0	0	0
6. Net Commissions Incurred (4-5)	0	0	0	0
7. Other Contractual Agreements*	0	0	0	0
8. Other Underwriting Expenses Incurred**	1,230	1,208	1,188	1,169
9. Underwriting Gain (Loss) (1-(2+3+6+7+8))	-2,299	-1,208	-1,188	-1,169
10. Net Investment Income	1,625	2,020	1,972	1,924
11. Other Income	0	0	0	0
12. Income Taxes Incurred	-141	170	165	159
13. Net Operating Income (Loss) after taxes	-532	641	619	596
14. Prior YE Surplus	8,288	24,056	24,698	25,317
15. Net Income	-532	641	619	596
16. Capital Increases	16,300	0	0	0
17. Other Increases (Decreases)	0	0	0	0
18. Dividends to Stockholders	0	0	0	0
19. YE Surplus	24,056	24,698	25,317	25,913

National Legacy Insurance Company
Pro Forma Statutory Cash Flow Statement - Hanover
(in \$000s)

	<u>2023 F</u>	<u>2024 F</u>	<u>2025 F</u>	<u>2026 F</u>
Cashflow Statement				
Cash From Operations				
1. Premiums Collected Net of Reinsurance	-1,069	0	0	0
2. Loss and Loss Adjustments Expenses Paid	1,887	1,847	1,815	1,755
3. Underwriting Expenses Paid	0	0	0	0
4. Other Underwriting Income(expenses)	-1,230	-1,208	-1,188	-1,169
5. Total Cash From Underwriting(1-2-3+4)	-4,185	-3,055	-3,003	-2,924
6. Net Investment Income	1,625	2,020	1,972	1,924
7. Other Income	0	0	0	0
8. Dividends to Policyholders	0	0	0	0
9. Federal and Foreign Income Taxes (Paid) Recovered	141	-170	-165	-159
10. Net Cash From Operations(5+6+7-8+9)	-2,419	-1,205	-1,196	-1,159
Cash From Investments				
11. Net Cash from Investments	-13,881	1,205	1,196	1,159
Cash From Financing and Misc Sources				
12. Capital and Paid in Surplus	16,300	0	0	0
13. Surplus Notes	0	0	0	0
14. Borrowed Funds	0	0	0	0
15. Dividends	0	0	0	0
16. Other Cash Provided (applied)	0	0	0	0
17. Net Cash from Financing and Misc. Sources	16,300	0	0	0
18. Net Change in Cash, Cash Equivalents and Short-Term Investments(10+11+17)	<u>0</u>	<u>-0</u>	<u>0</u>	<u>0</u>

National Legacy Insurance Company
Pro Forma Statutory RBC - Hanover
(in \$000s)

RBC	2023 F	2024 F	2025 F	2026 F
R0: Asset Risk - Subsidiaries	-	-	-	-
R1: Asset Risk - Fixed Income	6,405	6,264	6,125	6,033
R2: Asset Risk - Equity	-	-	-	100
R3: Asset Risk - Credit	-	-	-	-
R4: Underwriting Risk - Loss Reserves	12,642	11,926	11,222	10,541
R5: Underwriting Risk - Net Premium Written	49	-	-	-
Total RBC After Covariance Before Basic Operational Risk	14,172	13,471	12,784	12,146
Operational Risk Charge	425	404	384	364
Total RBC After Covariance including Basic Operational Risk	14,597	13,875	13,168	12,511
Authorized Control Level RBC including Basic Operational Risk	7,298	6,937	6,584	6,255
Total Adjusted Capital (Post-Deferred Tax)	24,057	24,698	25,317	25,914
RBC %	330%	356%	385%	414%

In Q1 2023, Global Reinsurance Corporation of America ("Global Re") with a surplus of \$77,470 and a reported risk based capital ratio of 415% as of December 31, 2022, became a wholly owned subsidiary of National Legacy Insurance Company ("NLIC"). The pro forma financial statements do not reflect the consolidation of Global Re with NLIC.