



REPORT OF THE ANNUAL MEETING

April 16, 2025

WEST VIRGINIA ESSENTIAL PROPERTY INSURANCE ASSOCIATION

190 N. Independence Mall West
Philadelphia, PA 19106-1554

Board of Directors

2024-2025

Mr. Nick Piekarski, Chairman	Westfield Companies
Mr. Foster Sirbaugh, Vice Chairman	Farmers and Mechanics Insurance Cos
Ms. Kortney Williams	Erie Insurance Group
Ms. Angela Clark	State Farm Insurance Companies
Mr. Tom Mathes... ..	Allstate Insurance Company
Mr. Brian Taylor	Municipal Mutual Ins Co of WV.
Ms. Sabrina Wang	Nationwide Insurance
Mr. Kyle McGee., Esq., General Counsel	Margolis Edelstein, Pittsburgh, PA
Ms. Susan Erney- Gleason, President	West Virginia Essential Property Insurance Association



WEST VIRGINIA ESSENTIAL PROPERTY INSURANCE ASSOCIATION
190 N. Independence Mall W | Suite 301| Philadelphia, PA 19106

AGENDA FOR THE ANNUAL MEETING
OF THE
WEST VIRGINIA ESSENTIAL PROPERTY INSURANCE ASSOCIATION

APRIL 16, 2025 - 8:00 AM

Via Microsoft Teams
Call In: +1 469-480-3882
Phone Conference ID: 204 640 09#

-
1. Call to Order - 8:00 A.M. – Nick Piekarski, Chairman, presiding
 2. Approval of Minutes of Annual Meeting - April 16, 2024
 3. Ratification of Board and Officers Actions
 4. Report of Chairman
 5. Report of President
 6. Treasurer's Report
 7. Appointment of Board of Directors 2025 - 2026
(Appointment by Insurance Commissioner)
 8. New Business
 9. Adjournment



Minutes of the Annual Meeting of the
West Virginia Essential Property Insurance Association
April 16, 2025
Via Video Conference
8:00 a.m.

The Annual Meeting was called to order at 8:00 a.m. with C h a i r m a n , Mr. Nicholas Piekarski presiding, and President Susan A. Erney-Gleason acting as secretary.

Upon motion duly made, seconded, and carried, the Minutes of the April 16, 2024, Annual Meeting were approved as distributed to member companies.

A motion to ratify the actions of the Board of Directors and the Association's Officers for the 2024-2025 term was duly made, seconded, and carried.

Motions were made, seconded, and carried to waive the reading of the Chairman's report, President's report, and the Treasurer's report, as all three reports were included in the pre-meeting agenda packet and will be incorporated into the Annual Report distributed to member companies. Upon motion duly made, seconded, and carried, the reports were accepted as presented.

By notice of the West Virginia Insurance Commissioner, the Honorable Allan L. McVey, the following individuals were appointed to the Board of Directors of the West Virginia Essential Property Insurance Association for the 2025 – 2026 term:

Mr. Nicholas Piekarski
Westfield Companies

Mr. Christopher Estok
Erie Insurance Group

Ms. Angela Bailey
State Farm Insurance Companies

Mr. Tom Mathes
Allstate Insurance Company

Mr. Foster L. Sirbaugh Jr.
Farmers and Mechanics

Mr. Brian Taylor
Municipal Mutual Insurance Company



Minutes of the Annual Meeting of the
West Virginia Essential Property Insurance Association
April 16, 2025
Via Video Conference
8:00 a.m.

Board of Director appointees continued:

Ms. Sabrina (Shiqi) Wang
Nationwide Insurance Company

Chairman Piekarski thanked the Commissioner for the appointments and his ongoing support.

There being no further business and upon motion duly made, seconded, and carried, the meeting was adjourned.

Respectfully submitted by,

Ms. Susan A. Erney-Gleason
MBA, CPCU, AIM API
President

Approved by,

Mr. Nicholas Piekarski
Chairman of the Board

Report of the Chairman
Mr. Nick Piekarski

39th Annual Meeting
West Virginia Essential Property Insurance Association
April 16, 2025

Welcome to the 39th Annual Meeting of the West Virginia Essential Property Insurance Association (WVEPIA). As we approach our 40th year in operation, I am pleased to report the Association continues to meet its primary purpose of making basic property insurance available to those property owners who have been unable to secure such coverage in the voluntary marketplace.

Despite West Virginia's small population and its sizable rural nature, there remains a large number of companies doing business in the State. With many companies active in the State, it is not a surprise that the residual property insurance market remains a very small, but important part of the insurance market. In 2024, the West Virginia Essential Property Insurance Association issued just 303 policies, an increase of 13.06% from 2023, with earned premium of just \$241,575.00.

The lower volumes mean the Association is more susceptible to large losses. In 2024, the West Virginia Essential Property Insurance Association reported 11 losses for a total of \$173,751.27. The Association ended the year with an Underwriting Loss of \$106,591.72

Since inception, much of the Association's business has come from the southwest corner of the state and nothing in 2024 changed that ratio. Notwithstanding, however, the Association still has policies in force in most areas of the state including in the far northern reaches and in the eastern panhandle. Some of that business has been with the Association for many years and some of it will be with the Association for only a very short time. Regardless of where it is located or why it comes to the Association, the Association remains ready and able to meet the needs of the insurance buying public.

As we have done for many years, in 2024, the West Virginia Essential Property Insurance Association continued to act as the sole financial provider for the West Virginia Anti-Arson Hotline program. It is with great satisfaction that I can report that 2024 represented the 28th consecutive year of the reward program was in place for individuals who provided authorities with the critical information that lead to the arrest and conviction of those individuals who committed the crime of arson.

As has been the case since inception, the West Virginia Essential Property Insurance Association continues to operate with the full support and staffing of the Insurance Placement Facility of Pennsylvania. Although that arrangement benefits both organizations, the West Virginia Essential Property Insurance Association, and the West Virginia insurance industry in general, reap the greatest financial benefit as such a small plan could not be efficiently operated with such a small premium base.

In closing, I would like to thank the members of the West Virginia Insurance Department and in particular, Commissioner McVey, for their support of the Association's operation. We are very fortunate to have such an attentive Department of Insurance staffed with some very dedicated and talented individuals.

In addition, my appreciation also goes out to the Staff. Their dedication to the Association is evident in so many ways and I think I speak for all the Board when I say we take great comfort knowing the operation is in such capable hands.

I would also like to recognize the contributions of our General Counsel Mr. Kyle McGee. Mr. McGee's timely and well-thought-out advice has served the Board well during this past year.

To all of those who have served the West Virginia Essential Property Insurance Association in any manner, I would like to offer my personal thanks and gratitude for all their years of service.

I would like to thank all my fellow Board members for their support and dedication. During our meetings, I am constantly amazed at your knowledge and your willingness to take time from your busy schedules to assist in the oversight of the Association. For all your efforts, I am indeed grateful.

Every year it seems the Board of Directors or the Association staff loses some very talented individuals to other assignments or retirement and 2024 was no exception. To all of those who have moved on, I would like to offer my personal thanks and gratitude for all the years of service to the Association.

Respectfully submitted,

Nicholas T. Piekarski

Mr. Nick Piekarski
Chairman of the Board

Report of the President
Ms. Susan A. Erney-Gleason

39th Annual Meeting
West Virginia Essential Property Insurance Association
April 16, 2025

Good morning and welcome to the 39th Annual Meeting of the West Virginia Essential Property Insurance Association.

Since inception, the Plan has been a small niche writer and in 2024 nothing changed that dynamic. With a very small premium base the Association has always been susceptible to large losses. In 2024, with a total of 11 losses reported and a total paid loss amount of \$173,751.27, the Association ended the year with an Underwriting Loss of \$106,591.72

Loss Incurred totaled \$174,251.27, while Loss Adjustment Expenses totaled \$34,182.05 and General Expenses saw a small increase of 3.66%. Considering Investment Income and Other Income and Expenses, the West Virginia Essential Property Insurance Association recorded a 2024 Net Result of Operations loss of \$96,743.78.

West Virginia does not face the annual prospect of a hurricane, nor does it have the same concerns about large scale destructive wildfires. With an improved regulatory climate many companies are active in the West Virginia marketplace and the West Virginia Essential Property Insurance Association continues to be a very small player in the marketplace. Overall, the Plan issued 13.06% more policies in 2024 than it did in 2023, and its New Applications Received increased by 228.13%.

In 2024, as seems to happen every year, the Plan saw some change to those associated with the Board and Staff. Although the loss of knowledge and expertise is difficult, we have been excited to bring in new talent with different skillsets to meet the needs of the evolving organization.

In closing, I would like to thank the members of my management team and the FAIR Plan employees for their efforts over these past 12 months. We depend on their efforts and willingness, but their flexibility to deal with many unusual or different circumstances is the key to the success of this organization. 2024 was certainly a year of continued change and evolution for the organization.

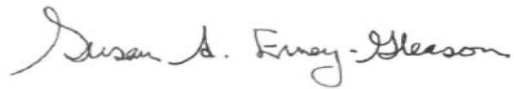
I would also like to thank General Counsel Kyle McGee for his timely and sound legal advice throughout the year. Today's working and social environments are ever changing, and Kyle has helped to navigate the organization through these changes.

Special thanks to the West Virginia State Fire Marshall's office and in particular to Mr. Jason Baltic for the continued efforts to combat arson and fraud. Without their efforts, there would be no candidates for rewards stemming from the Anti-Arson hotline program sponsored by the West Virginia Essential Property Insurance Association.

I also would like to thank the West Virginia Offices of the Insurance Commissioner. Time does not permit me to personally thank all those folks inside the Offices who have lent us their knowledge and expertise, but suffice to say, their efforts are greatly appreciated. Special thanks to Commissioner McVey for his ongoing interest in the Plan.

Lastly, I would like to thank all the members of the Board. Your interest, support and enthusiasm go a long way in running this organization. Whether it has been an email, a phone conversation or a meeting, members repeatedly go to great lengths to be engaged in the operation of the Plan. Your efforts and support are greatly appreciated.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Susan A. Erney-Gleason".

Susan A. Erney-Gleason, MBA, CPCU, AIM, API
President/Secretary

WEST VIRGINIA ESSENTIAL PROPERTY INSURANCE ASSOCIATION**WEST VIRGINIA FAIR PLAN****Treasurer's Report**

December 31, 2024

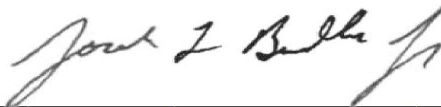
ASSETS

Cash in Bank	235,052.87
Investments, Short term at cost plus accumulated discount	346,974.49
Accrued Investment Income	0.00
Due from Participating Members	0.00
Premiums Receivable	10,852.11
Other Receivables	0.00
Equipment *	0.00
Total Assets	<u>592,879.47</u>

LIABILITIES AND MEMBERS' EQUITY

Unearned Premiums	138,005.00
Unearned Advance Premiums	11,408.16
Outstanding Losses	600.00
Outstanding Loss Adjustment Expenses	94.00
Accrued Expenses	17,032.00
Unpaid Post Retirement Benefits	62,841.00
Unpaid Pension	0.00
Accounts Payable	3,735.67
Claims Checks Payable	6,432.58
Unpaid Premium Tax	4,198.76
Total Liabilities	<u>244,347.17</u>
Members' Equity (Deficit)	348,532.30
Total Liabilities and Members' Equity	<u>592,879.47</u>

Respectfully Submitted,



 Joseph L. Budka Jr.
Accounting Manager

* E. D. P. Equipment



West Virginia Essential Property Insurance Association

**Independent Auditor's Report, Statutory Financial
Statements, and Supplementary Information**

December 31, 2024 and 2023



West Virginia Essential Property Insurance Association
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December 31, 2024 and 2023

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Independent Auditor's Report

Board of Directors
West Virginia Essential Property Insurance Association
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying statutory financial statements of West Virginia Essential Property Insurance Association (the Association), which comprise the statutory statement of admitted assets, liabilities, and members' equity as of December 31, 2024, and the related statutory statements of operations and changes in members' equity, and cash flows for the year then ended, and the related notes to the statutory financial statements.

In our opinion, the accompanying statutory financial statements present fairly, in all material respects, the statutory financial position of the Association as of December 31, 2024, and the statutory results of its operations and its cash flows for the years then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit 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 Statutory Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the statutory financial statements, which describes the basis of accounting. As described in Note 1 to the statutory financial statements, the statutory financial statements are prepared by the Association in accordance with the accounting practices prescribed or permitted by the Offices of the Insurance Commissioner of the State of West Virginia (the Insurance Department), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of West Virginia's statutes. As a result, the statutory financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statutory Financial Statements

Management is responsible for the preparation and fair presentation of the statutory financial statements in accordance with the accounting practices prescribed or permitted by the Insurance Department. Management is also responsible 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 substantial doubt about the Association's ability to continue as a going concern within one year after the date that these statutory financial statements are issued.

Auditor's Responsibilities for the Audit of the Statutory 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 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 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 statutory 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 Association'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 Association'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the statutory financial statements as a whole. The statutory financial statements were prepared on the basis of accounting practices prescribed or permitted by the Insurance Department. The accompanying supplemental schedules, Investment Risk Interrogatories, Summary Investment Schedule, and Reinsurance Interrogatories, as of and for the year ended December 31, 2024, listed in the table of contents are presented for the purpose of complying with the National Association of Insurance Commissioners' *Instructions to Annual Audited Financial Reports* and the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and are presented for purposes of additional analysis and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors, management of the Association, and the Insurance Department and is not intended to be and should not be used by anyone other than these specified parties.

Auditors' Report on the 2023 Statutory Financial Statements

Predecessor auditors performed an audit of the 2023 statutory financial statements of the Association. Their report dated April 24, 2024, indicated that the amounts and disclosures in the 2023 statutory financial statements were presented fairly, in all material respects, in accordance with the accounting practices prescribed or permitted by the Insurance Department. Their report also indicated that the 2023 supplemental schedules were fairly stated, in all material respects, in relation to the 2023 statutory financial statements as a whole.

Forvis Mazars, LLP

**New York, New York
April 17, 2025**

West Virginia Essential Property Insurance Association

Statutory Statements of Admitted Assets, Liabilities, and Members' Equity December 31, 2024 and 2023

	2024	2023
Admitted Assets		
Cash and cash equivalents	\$ 582,027	\$ 634,030
Premiums receivable	10,852	9,175
Assessments receivable	-	17,664
Total admitted assets	<u>\$ 592,879</u>	<u>\$ 660,869</u>
Liabilities and Members' Equity		
Liabilities		
Unearned premiums	\$ 138,005	\$ 105,678
Unpaid losses and loss adjustment expenses	694	279
Due to related parties	7,028	9,414
Advance premiums	11,408	8,864
Postretirement benefits payable	62,841	69,334
Other liabilities	24,371	21,465
Total liabilities	244,347	215,034
Members' equity	<u>348,532</u>	<u>445,835</u>
Total liabilities and members' equity	<u>\$ 592,879</u>	<u>\$ 660,869</u>

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

West Virginia Essential Property Insurance Association

Statutory Statements of Operations and Members' Equity Years Ended December 31, 2024 and 2023

	2024	2023
Underwriting:		
Premiums earned	\$ 241,575	\$ 206,161
Losses incurred	174,250	11,586
Loss adjustment expenses incurred	34,181	20,872
Underwriting and other expenses incurred	139,730	134,803
Total underwriting expenses	348,161	167,261
Net underwriting gain	(106,586)	38,900
Interest income	9,691	6,660
Other income	157	105
Net income	(96,738)	45,665
Members' equity, beginning of year	445,835	402,818
Change in nonadmitted assets	(2,390)	(32,024)
Change in pension and postretirement benefits liability	1,825	29,376
Members' equity, end of year	\$ 348,532	\$ 445,835

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

West Virginia Essential Property Insurance Association

Statutory Statements of Cash Flows Years Ended December 31, 2024 and 2023

	2024	2023
Cash from operations		
Premiums collected, net	\$ 274,414	\$ 194,345
Benefit and loss related payments	(173,751)	(11,586)
Commissions, expenses paid and aggregate write-in for deductions	(172,316)	(154,115)
Interest income	9,691	6,660
Other income	157	105
Net cash from (used in) operations	(61,805)	35,409
Cash from financing and miscellaneous sources		
Other cash provided (applied)	9,802	(89,827)
Net decrease in cash and cash equivalents	(52,003)	(54,418)
Cash and cash equivalents, beginning of year	634,030	688,448
Cash and cash equivalents, end of year	\$ 582,027	\$ 634,030

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

West Virginia Essential Property Insurance Association

Notes to Statutory Financial Statements Years Ended December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

The statutory financial statements of West Virginia Essential Property Insurance Association (the "Association") have been prepared, except as to form, in conformity with statutory accounting principles ("SAP") as promulgated by the National Association of Insurance Commissioners ("NAIC") and as prescribed or permitted by the Offices of the Insurance Commissioner of the State of West Virginia (the "Insurance Department"). The Association does not have any prescribed or permitted accounting practices by the Insurance Department that are different than NAIC SAP. Such practices differ in certain respects from accounting principles generally accepted in the United States of America ("GAAP"). The more significant accounting policies are as follows:

Premiums

Premiums are recognized as revenues ratably over the terms of the policies. Unearned premiums are computed on the monthly pro rata basis.

Commissions

Commissions and other costs of acquiring business are charged to operations as incurred.

Non-admitted Assets

Certain assets designated as "non-admitted" are not reflected in the statutory statements of admitted assets, liabilities, and members' equity. Non-admitted assets include uncollected premiums and agents' balances in the course of collection and prepaid pension and are charged directly against members' equity. The portion of unassigned surplus represented by non-admitted assets was \$34,677 and \$32,287 as of December 31, 2024 and 2023, respectively.

Unpaid Losses and Loss Adjustment Expenses

Unpaid losses and loss adjustment expenses are estimated based on losses reported and the Association's past experience for losses incurred but not yet reported. Management believes that such provisions are adequate to cover the ultimate liability. However, such estimates could differ from the amounts ultimately paid when claims are settled. Subsequent changes in estimates are reflected in earnings currently.

Use of Estimates

The preparation of statutory financial statements in conformity with statutory accounting principles 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 statutory financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and other highly liquid temporary investments with maturities of one year or less from the acquisition date. The carrying value of cash equivalents approximates fair value. Interest and dividend income from cash and cash equivalents is included in interest income on the statutory statements of operations. Interest earned on cash and equivalents was \$9,691 and \$6,660 at December 31, 2024 and 2023, respectively.

The Association maintains cash balances and a money market account at one bank that is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. During the normal course of business, balances are maintained above the FDIC insurance limit.

West Virginia Essential Property Insurance Association

Variances from GAAP

Certain of the prescribed or permitted insurance accounting practices followed by the Association differ from GAAP. The principal differences are as follows:

- Under GAAP, commissions and other acquisition costs, if recoverable from future operations, would be deferred and charged against operations on the same basis that related premiums are recognized as revenues.
- Under GAAP, certain assets designated as “non-admitted” would be reflected in the statutory statement of admitted assets, liabilities, and members’ equity.
- Under GAAP, as required under ASC 326, assets are evaluated for expected credit losses and assets are reported net of any such expected credit losses.
- Under GAAP, leases are classified as either finance or operating and are required to be recognized as right-of-use assets and lease liabilities on the balance sheet.

The effects on the statutory financial statements of these differences have not been determined.

2. General

The Association was created by an act of the Legislature of the State of West Virginia (“The West Virginia Essential Insurance Coverage Act”) to make available basic property insurance against fire and other perils for residential and business properties located in the state. All insurers (“Member Company”) doing any insurance business in West Virginia of the kinds covered by the Association are required to be a member. Each member participates in the profits and losses of the Association in the proportion that the net direct premiums of the member insurer for the second previous year bear to the net direct premiums written by all members for the second preceding calendar year and is subject to future cash assessments, if required.

There was neither a closeout nor assessment commenced during 2024. During 2023, the Association approved a closeout of policy years 2018, 2019, and 2020 in the amount of \$557,848 with an assessment against the 2021 and 2023 policy years in the amount of \$557,848 for a net impact of \$0. This amount has been charged directly to members’ equity. There was an assessment receivable from member companies of \$0 and \$17,664 at December 31, 2024 and 2023, respectively.

The Association shares office space and the services of certain employees with the Insurance Placement Facility of Pennsylvania and the Insurance Placement Facility of Delaware and pays a portion of such joint expenses based on estimates of actual usage. All expenses are allocated except for direct expenses relating to a specific entity.

3. Federal Income Taxes

The Association files as a partnership for federal income tax purposes. Consequently, the Association provides each Member Company with an annual statement of its relative share of the Association’s annual results of operations for inclusion in each participating member’s tax return.

4. Employee Benefits

The Association, in conjunction with the Insurance Placement Facility of Pennsylvania and the Insurance Placement Facility of Delaware and other unaffiliated organizations, is a participant in the Principal Financial Group Pension Plan for Insurance Organizations (the “pension plan”), which covers all of its employees. The pension plan qualifies under the provisions of Section 501(a) of the Internal Revenue Code and is exempt from federal income taxes. The pension plan provides retirement income based upon employee average annual compensation and years of service. The pension plan is funded through the trustee by contributions to group annuity contracts.

The Association provides life insurance for active employees upon the date of hire. The amount of insurance provided is equal to two times the employee’s basic annual salary. For employees who retire at age 65 or older, the Association pays the full cost of life insurance with coverage limited to \$10,000.

Eligible employees that elect to retire at, or after, normal retirement age may elect to receive Medicare supplemental benefits of their choosing using an employer level funded HRA.

West Virginia Essential Property Insurance Association

The Association uses a December 31 measurement date for its pension and postretirement benefits plan. Assets, liabilities and expenses of the plan are allocated to the Association based on its underwriting activity. The allocation percentage used for the Association was 2.55% in 2024 and 2.70% in 2023.

The following table sets forth the year-end status of the plan:

	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
Change in projected benefit obligation:				
Projected benefit obligation at January 1	\$ 16,789,252	\$ 16,485,417	\$ 2,567,911	\$ 2,551,709
Service cost	189,203	152,923	44,178	35,171
Interest cost	828,037	851,683	128,063	129,165
Actuarial (gain) loss	(580,521)	516,460	(140,668)	16,970
Benefits paid	(1,222,816)	(1,217,231)	(135,116)	(165,104)
Projected benefit obligation at December 31	<u>\$ 16,003,155</u>	<u>\$ 16,789,252</u>	<u>\$ 2,464,368</u>	<u>\$ 2,567,911</u>
	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
Change in plan assets:				
Fair value of plan assets at January 1	\$ 17,977,953	\$ 16,342,490	\$ -	\$ -
Actual return on plan assets	236,453	2,502,694	-	-
Employer contributions	350,000	350,000	135,116	165,104
Benefits paid	(1,222,816)	(1,217,231)	(135,116)	(165,104)
Fair value of plan assets at December 31	<u>\$ 17,341,590</u>	<u>\$ 17,977,953</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of unassigned surplus:				
Funded status	\$ 1,338,435	\$ 1,188,701	\$ (2,464,368)	\$ (2,567,911)
Unrecognized net actuarial loss	<u>2,000,460</u>	<u>1,873,659</u>	<u>(622,558)</u>	<u>(504,740)</u>
Prepaid assets or (accrued) liabilities in unassigned surplus	<u>\$ 3,338,895</u>	<u>\$ 3,062,360</u>	<u>\$ (3,086,926)</u>	<u>\$ (3,072,651)</u>

The net periodic benefit cost for the plan includes the following components:

	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
Components of net periodic benefit cost:				
Service cost	\$ 189,203	\$ 152,923	\$ 44,178	\$ 35,171
Interest cost	828,037	851,683	128,063	129,165
Expected return on plan assets	(963,410)	(874,125)	-	-
Amount of prior service cost recognized	-	-	-	1,434
Amount of loss recognized	19,635	214,154	(22,850)	(36,758)
Net periodic benefit (income) cost	<u>\$ 73,465</u>	<u>\$ 344,635</u>	<u>\$ 149,391</u>	<u>\$ 129,012</u>

Weighted average assumptions used to determine the net periodic benefit cost:

	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
Discount rate	5.10%	5.30%	5.10%	5.30%
Weighted average rate of compensation increase	4.25%	4.00%	4.00%	4.00%
Expected long-term rate of return	5.50%	5.50%	N/A	N/A

Weighted average assumptions used to determine benefit obligations at December 31:

	Pension Benefits		Postretirement Benefits	
	2024	2023	2024	2023
Discount rate	5.55%	5.10%	5.60%	5.10%
Rate of compensation increase	4.25%	4.00%	4.00%	4.00%

The accumulated benefit obligation for the pension plan was \$15,453,700 and \$16,251,777 at December 31, 2024 and 2023, respectively.

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Prepaid pension benefit cost was \$3,338,895 and \$3,062,360 at December 31, 2024 and 2023, respectively.

The expected long-term rate of return on assets assumption is 5.5%. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The pension plan's weighted average asset allocations at December 31, 2024 and 2023, by asset category are as follows:

Asset Category	2024	2023
Equity securities	36.2%	36.8%
Debt securities	57.0%	57.9%
Real estate	4.8%	4.8%
Other Including Cash	2.0%	0.5%

The primary investment objective for the pension plan assets is to achieve maximum rates of return commensurate with safety of principal, given the asset mix, credit quality and diversification guidelines and restrictions approved by the plan administrator's board of directors. The pension asset allocation is reviewed quarterly to determine whether the portfolio mix is within an acceptable range of target allocation. Target asset allocations are based on asset and liability studies with the goal to enhance the expected return of the pension portfolio while maintaining acceptable levels of risk. The target asset allocation is 35% equity securities, public real estate 3%, private credit 4%, private real assets 3% and 55% debt securities.

The plan's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, Fair Value Measurements. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SSAP No. 100 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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The following is a description of the valuation methodologies used for assets measured at fair value. There have been no significant changes in the methodologies used at December 31, 2024 and 2023.

Pooled Separate Accounts: Investments in pooled separate accounts are valued at fair value, based on the applicable percentage of net assets of the pooled separate accounts as of the measurement date, as determined by Principal. In determining fair value, Principal utilizes valuations calculated for the pooled separate accounts. The pooled separate accounts value securities and other financial instruments on a fair value basis of accounting. The pooled separate accounts invest in domestic and foreign stocks, mutual funds, commercial paper and money market funds. The fair values of these investments are based on quoted prices or other observable inputs and are used by Principal in determining the fair value of the pooled separate accounts. The fair value of the plan's investments in pooled separate accounts generally represents the amount the plan would expect to receive if it were to liquidate its investments.

Managed Accounts: Managed accounts that hold individual investments are valued at the closing price of shares for domestic and foreign stocks.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the plan believes that its valuation method is appropriate and consistent with those of other market participants, the use of a different methodology to determine the fair value could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the gross assets of the plan as of December 31, 2024 and 2023. The Association, Insurance Placement Facility of Pennsylvania, and Insurance Placement Facility of Delaware have a total interest in plan assets of approximately 1.57% and 1.60% as of December 31, 2024 and 2023, respectively.

December 31, 2024	Level 1	Level 2	Total
Managed accounts			
Small cap equity	\$ 35,516,771	\$ -	\$ 35,516,771
Mid cap equity	70,857,687	-	70,857,687
Large cap equity	209,197,876	-	209,197,876
Fixed income	-	402,084,667	402,084,667
Private Investment accounts			
Fixed income	-	7,044,150	7,044,150
Pooled separate accounts			-
Collective investment trust	-	26,231,423	26,231,423
Real Estate Security	-	26,826,616	26,826,616
International equity	-	86,890,929	86,890,929
Fixed income	-	231,355,521	231,355,521
Cash	-	11,595,950	11,595,950
Total assets at fair value	<u>\$ 315,572,334</u>	<u>\$ 792,029,256</u>	<u>\$1,107,601,590</u>

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December 31, 2023	Level 1	Level 2	Total
Managed accounts			
Small cap equity	\$ 36,166,598	\$ -	\$ 36,166,598
Mid cap equity	74,482,730	-	74,482,730
Large cap equity	219,998,134	-	219,998,134
Fixed income	-	391,450,684	391,450,684
Pooled separate accounts			-
Collective investment trust	-	28,166,851	28,166,851
Real Estate Security	-	28,004,779	28,004,779
International equity	-	95,933,798	95,933,798
Fixed income	-	241,065,643	241,065,643
Cash	-	8,810,602	8,810,602
Total assets at fair value	<u>\$ 330,647,462</u>	<u>\$ 793,432,357</u>	<u>\$1,124,079,819</u>

Contributions to the pension and postretirement benefits plans are expected to be \$350,000 and \$170,919, respectively, in 2024 and 2023.

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

	Pension Benefits	Postretirement Benefits
2024	\$ 1,263,128	\$ 170,919
2025	1,267,723	172,342
2026	1,263,223	174,499
2027	1,258,840	178,406
2028	1,258,829	181,687
2029-2033	6,308,141	955,587

Flat annual contributions are made to retirees Health Reimbursement Accounts and the retiree is responsible for securing health insurance. Contributions are expected to grow with general inflation and are around 3% but are not tied to health care trend rates.

The employees of the Association are eligible to participate in the Insurance Company Supported Organizations 401(k) Savings Plan, a defined contribution plan. The plan is administered by Voya Financial. Participation in the plan is voluntary. Employees are vested in employer contributions upon participation. Employees can contribute up to 100% of their annual compensation subject to the maximum dollar amounts set each year by Federal Law. The Association matched employee contributions up to a maximum of 6% of an employee's annual compensation. Contributions by the Association amounted to \$2,339 and \$2,228 in December 31, 2024 and 2023, respectively. Contributions are net of amounts allocated to the Insurance Placement Facility of Delaware and the Insurance Placement Facility of Pennsylvania.

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5. Liability for Unpaid Losses and Loss Adjustment Expenses

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

	2024	2023
Balance, January 1	\$ 279	\$ 120
Incurring related to:		
Current year	208,712	27,752
Prior years	(281)	4,706
Total incurred	208,431	32,458
Paid related to:		
Current year	208,016	27,473
Prior years	-	4,826
Total paid	208,016	32,299
Balance, December 31	\$ 694	\$ 279

As a result of changes in estimates for anticipated losses and loss adjustment expenses related to insured events of prior years, the liability for losses and loss adjustment expenses decreased by \$281 and increased by \$4,706 in December 31, 2024 and 2023, respectively. The favorable and unfavorable loss reserve developments during December 31, 2024 and 2023 are based on loss expense reserves settling for amounts different than those estimated and is not attributable to any specific event or occurrence. Paid amounts above are net of salvage and subrogation recoveries.

6. Lease Commitments

The Insurance Placement Facility of Pennsylvania signed a new 10.5-year lease effective May 1, 2015. The Insurance Placement Facility of Pennsylvania has the option to renew its lease for an additional five-year period. At December 31, 2024, minimum rental commitments under this noncancelable lease is as follows:

Years Ending December 31:

2025	\$ 5,683
Total payments	\$ 5,683

Total rental expense was \$6,836 and \$7,098 in December 31, 2024 and 2023, respectively.

The Insurance Placement Facility of Pennsylvania allocates rentals paid for common facilities among the insurance affiliates. Rentals included above represent the Association's allocated rental amounts.

7. Related Party Transactions

The Insurance Placement Facility of Pennsylvania issues all checks for claims and other payables for the Association and is then reimbursed by the Association. Throughout December 31, 2024 and 2023, \$331,031 and \$155,067, respectively, was paid by the Insurance Placement Facility of Pennsylvania on behalf of the Association. At December 31, 2024 and 2023, \$7,028 and \$9,414, respectively, is due to the Insurance Placement Facility of Pennsylvania. These advances do not bear interest and are payable on demand.

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8. Annual Statement Reconciliation

There are no material differences between net income and capital and surplus as reported herein and the Annual Statement as previously filed with the Insurance Department for the years ended December 31, 2024 and 2023.

9. Subsequent Events

Management has evaluated subsequent events through April 17, 2025, the date these financial statements were available for issuance. The Insurance Placement Facility of Pennsylvania signed an amendment to the original lease on January 9, 2025. This amendment changed the end date of the initial term of the lease from October 31, 2025 to March 31, 2025. The extended term of the lease commences April 1, 2025 and expires on September 30, 2035.

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Supplemental Risk Interrogatories December 31, 2024 and 2023

Total admitted assets at December 31, 2024 \$ 592,879

1. State by investment category the 10 largest exposures to a single issuer/borrower/investment, excluding (i) U.S. government, U.S. government agency securities, and those U.S. government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt; (ii) property occupied by the Association; and (iii) policy loans.

Investment Category	Amount	Percentage of Total Admitted Assets
None	\$ -	0.00%

2. State the amount and percentages of the reporting entity's total admitted assets held in bonds and Preferred stocks by NAIC rating.

Bonds		Preferred Stocks	
None	\$ -	None	\$ -

3. The Association holds no foreign investments.
4. The Association holds no Canadian investments.
5. The Association holds no investments with contractual sales restrictions.
6. State the amounts and percentages of admitted assets held in the largest 10 equity interests (including investments in shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities, and excluding money market and bond mutual funds listed in the Appendix to the SVO Practices and Procedures Manual as exempt or Class 1).

Investment Category	Amount	Percentage of Total Admitted Assets
None	\$ -	0.00%

7. The Association holds no nonaffiliated, privately placed equities.
8. The Association holds no general partnership interests.
9. The Association holds no mortgage loans.
10. The Association holds no real estate.
11. The Association has no repurchase agreements.
12. The Association does not hold warrants.
13. The Association does not have exposure to collars, swaps, or forwards.
14. The Association does not have exposure for futures contracts.
15. The Association does not have amounts in the Write-Ins for Invested Assets category on the Summary Investment Schedule.

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Summary Investment Schedule December 31, 2024 and 2023

Investment Categories	Gross Investment Holdings*		Admitted Assets as Reported in the Annual Statement			
Cash and short-term investments	\$	582,027	100.00%	\$	582,027	100.00%
Total invested assets	\$	582,027	100.00%	\$	582,027	100.00%

*Gross investment holdings as valued in compliance with NAIC Accounting Practices and Procedures Manual.

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Reinsurance Interrogatories December 31, 2024 and 2023

Provided below are management's responses to certain reinsurance interrogatories required by NAIC Statutory Accounting Principles:

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes () No (X)

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) An unconditional or unilateral right by either or both parties to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes () No (X)

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:

- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

Yes () No (X)

Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R—Property and Casualty Reinsurance, disclose if the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes () No (X)