
MUNICH RE AMERICA CORPORATION

Quarterly Report For The Period Ended September 30, 2025

(Pursuant to Section 4.04 of the
Indenture between the Company and the
holders of the Company's 7.45% Senior Notes)

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*IN MARCH 2002 THE COMPANY DEREGISTERED THE NOTES IN ACCORDANCE WITH THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE ACT OF 1934. THIS FINANCIAL REPORT IS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

November 12, 2025

MUNICH RE AMERICA CORPORATION

FINANCIAL INFORMATION

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FINANCIAL INFORMATION

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (Dollars in millions, except share amounts)

	September 30, 2025	December 31, 2024
Assets:		
Investments		
Fixed income securities		
Available for sale, at fair value (net of allowance for credit loss of \$29.4 and \$51.6, respectively); and amortized cost: \$17,833.1 and \$17,289.3, respectively)	\$ 16,805.5	\$ 15,736.8
Trading, at fair value	-	0.8
Equity securities	70.5	61.8
Other invested assets (net of allowance for credit loss of \$0.7 and \$1.0, respectively)	1,713.1	1,747.2
Short term investments	237.3	136.6
Cash and cash equivalents	1,588.7	1,162.7
Total investments and cash	20,415.1	18,845.9
Accrued investment income	107.1	110.1
Premiums and other receivables (net of allowance for credit loss of \$10.9)	2,986.2	2,344.2
Deferred policy acquisition costs	1,168.0	1,011.2
Reinsurance recoverables on paid and unpaid losses	3,747.6	3,357.4
Funds held by ceding companies	262.1	292.5
Prepaid reinsurance premiums	271.1	75.3
Goodwill	2,122.0	237.3
Deferred federal income taxes	73.2	417.2
Other assets	1,726.3	1,214.2
Total assets	\$ 32,878.7	\$ 27,905.3
Liabilities:		
Loss and loss adjustment expense reserves	\$ 16,733.6	\$ 16,200.3
Unearned premium reserve	3,891.9	3,312.2
Total insurance reserves	20,625.5	19,512.5
Loss balances payable	460.5	503.7
Funds held under reinsurance treaties	453.2	446.2
Deferred underwriting revenue	1,221.0	1,367.7
Senior notes	230.1	264.0
Other liabilities	2,453.4	1,712.3
Total liabilities	25,443.7	23,806.4
Stockholder's Equity:		
Common stock, par value: \$0.01 per share; authorized: 1,000 shares; issued and outstanding: 149.49712 shares at September 30, 2025 and December 31, 2024	-	-
Additional paid-in capital	10,083.2	7,369.2
Accumulated deficit	(1,765.9)	(1,991.8)
Accumulated other comprehensive loss	(882.3)	(1,278.5)
Total stockholder's equity	7,435.0	4,098.9
Total liabilities and stockholder's equity	\$ 32,878.7	\$ 27,905.3

See accompanying notes to consolidated interim financial statements.

FINANCIAL INFORMATION

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Dollars in millions) (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenue:				
Premiums written	\$ 2,361.4	\$ 2,261.8	\$ 5,876.6	\$ 6,189.3
Change in unearned premium reserve	(506.3)	(423.9)	(325.3)	(673.3)
Premiums earned	1,855.1	1,837.7	5,551.3	5,516.0
Net commission income	51.7	-	51.7	-
Net investment income	149.6	123.2	478.8	461.2
Net realized capital gains	1.4	14.0	13.7	10.4
Other income	24.9	11.3	58.6	42.4
Total revenue	<u>2,082.7</u>	<u>1,986.2</u>	<u>6,154.1</u>	<u>6,030.0</u>
Losses and expenses:				
Losses and loss adjustment expenses	1,131.4	1,387.5	3,337.3	4,055.9
Commission expense	531.1	507.7	1,594.5	1,550.9
Operating expense	115.1	84.1	327.6	291.5
Interest expense	18.0	14.7	59.5	51.2
Interest on ceded funds held balances	5.1	5.2	15.2	15.2
Other expense	88.1	4.8	117.0	18.2
Total losses and expenses	<u>1,888.8</u>	<u>2,004.0</u>	<u>5,451.1</u>	<u>5,983.0</u>
Income (loss) before income taxes	193.9	(17.8)	703.0	47.0
Federal and foreign income taxes	287.7	15.7	365.7	36.4
Net income (loss)	<u>(93.8)</u>	<u>(33.5)</u>	<u>337.3</u>	<u>10.6</u>
Other comprehensive loss, net of tax:				
Unrealized appreciation (depreciation) of investments	122.6	410.5	386.3	276.4
Provision for credit loss expense	(9.4)	(11.1)	(17.5)	(9.0)
Reclassification adjustment for losses included in operations	10.2	11.1	26.2	23.7
Defined benefit plan reclassification adjustment for losses included in operations	0.4	0.5	1.2	1.4
Other comprehensive income	<u>123.8</u>	<u>411.0</u>	<u>396.2</u>	<u>292.5</u>
Comprehensive income	<u>\$ 30.0</u>	<u>\$ 377.5</u>	<u>\$ 733.5</u>	<u>\$ 303.1</u>

See accompanying notes to consolidated interim financial statements.

FINANCIAL INFORMATION

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholder's Equity (Dollars in millions) (unaudited)

	Common stock	Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance at June 30, 2025	\$ -	\$ 7,369.2	\$ (1,672.1)	\$ (1,006.1)	\$ 4,691.0
Net loss	-	-	(93.8)	-	(93.8)
Other comprehensive income	-	-	-	123.8	123.8
Capital contribution	-	2,714.0	-	-	2,714.0
Balance at September 30, 2025	<u>\$ -</u>	<u>\$10,083.2</u>	<u>\$ (1,765.9)</u>	<u>\$ (882.3)</u>	<u>\$ 7,435.0</u>

	Common stock	Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance at June 30, 2024	\$ -	\$ 6,941.3	\$ (2,158.9)	\$ (1,315.7)	\$ 3,466.7
Net loss	-	-	(33.5)	-	(33.5)
Other comprehensive income	-	-	-	411.0	411.0
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 6,941.3</u>	<u>\$ (2,192.4)</u>	<u>\$ (904.7)</u>	<u>\$ 3,844.2</u>

	Common stock	Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2025	\$ -	\$ 7,369.2	\$ (1,991.8)	\$ (1,278.5)	\$ 4,098.9
Net income	-	-	337.3	-	337.3
Other comprehensive income	-	-	-	396.2	396.2
Capital contribution	-	2,714.0	-	-	2,714.0
Dividend to parent company	-	-	(111.4)	-	(111.4)
Balance at September 30, 2025	<u>\$ -</u>	<u>\$10,083.2</u>	<u>\$ (1,765.9)</u>	<u>\$ (882.3)</u>	<u>\$ 7,435.0</u>

	Common stock	Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2024	\$ -	\$ 6,941.3	\$ (2,115.5)	\$ (1,197.2)	\$ 3,628.6
Net income	-	-	10.6	-	10.6
Other comprehensive income	-	-	-	292.5	292.5
Dividend to parent company	-	-	(87.5)	-	(87.5)
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 6,941.3</u>	<u>\$ (2,192.4)</u>	<u>\$ (904.7)</u>	<u>\$ 3,844.2</u>

See accompanying notes to consolidated interim financial statements.

FINANCIAL INFORMATION

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Dollars in millions) (unaudited)

	Nine months ended September 30,	
	2025	2024
Cash Flows From Operating Activities:		
Net income	\$ 337.3	\$ 10.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Accrued investment income	5.6	(9.5)
Trading securities	0.8	4.3
Premiums and other receivables	(355.6)	(1,112.4)
Deferred policy acquisition costs	(156.8)	(292.5)
Reinsurance recoverables on paid and unpaid losses	(229.4)	196.1
Funds held, net	37.4	210.2
Insurance reserves	539.2	1,570.4
Deferred revenue	(163.7)	(13.8)
Current and deferred federal and foreign income taxes, net	208.4	(30.2)
Other assets and liabilities, net	182.5	269.2
Amortization of intangibles	22.8	-
Depreciation expense on property and equipment	2.8	3.1
Net realized capital losses	(13.7)	(10.4)
Equity in income of investees	7.8	9.3
Other, net	(80.2)	(59.9)
Net cash provided by operating activities	345.2	744.5
Cash Flows From Investing Activities:		
Fixed income securities available for sale:		
Purchases	(2,470.4)	(2,819.4)
Maturities	1,226.8	715.4
Sales	1,095.0	823.5
Other invested assets:		
Purchases	(22.8)	(197.9)
Sales	75.2	28.0
Net derivative instrument settlements	-	3.5
Net purchases and sales of short term investments	(6.9)	183.8
Acquisition of business, net of cash	(2,427.0)	-
Net cost of property and equipment	0.2	2.2
Net cash used in investing activities	(2,529.9)	(1,261.0)
Cash Flows From Financing Activities:		
Proceeds from Additional Paid in Capital (APIC)	2,714.0	-
Loan to affiliate	42.0	25.0
Dividend paid to parent company	(111.4)	(87.5)
Partial extinguishment of senior notes	(33.9)	(15.4)
Net cash provided (used) in financing activities	2,610.7	(77.9)
Net increase (decrease) in cash and cash equivalents	426.0	(594.4)
Cash and cash equivalents, beginning of period	1,162.7	1,856.7
Cash and cash equivalents, end of period	\$ 1,588.7	\$ 1,262.3

See accompanying notes to consolidated interim financial statements.

MUNICH RE AMERICA CORPORATION
Notes to Consolidated Interim Financial Statements
September 30, 2025
(Dollars in millions)
(unaudited)

1. Nature of Operations

Munich Re America Corporation (the “Company”) primarily acts as the holding company for five subsidiaries, including four insurance subsidiaries - Munich Reinsurance America, Inc (“MRAm”), American Alternative Insurance Corporation (“AAIC”), The Princeton Excess and Surplus Lines Insurance Company (“Princeton E&S”), and Bridgeway Insurance Company (“Bridgeway”), and one insurance holding entity - Next Insurance, Inc and its subsidiaries (“NEXT”). Collectively, these subsidiaries MRAm, AAIC, Princeton E&S, Bridgeway and NEXT Insurance US Company (“NIUS”), a wholly owned subsidiary of NEXT, form the Company’s insurance group. MRAm underwrites property and casualty reinsurance. AAIC primarily writes primary insurance program business, aviation, collector car, commercial and residential flood, excess liability, surety bonds, and ocean marine business on an admitted basis. Princeton E&S provides insurance coverage on a non-admitted basis in the United States primarily for public entities and the specialty commercial surplus lines market. Bridgeway provides excess and surplus lines insurance coverages on a non-admitted basis in the United States. NEXT through NIUS, is a leading technology-first property and casualty insurer focusing on the specific needs of U.S. small business owners, offering digital insurance coverage, including General Liability and Workers’ Compensation products. NEXT also offers various insurance services through its subsidiaries, including insurance, acting as a managing general agent (MGA), insurance agent and broker for non-affiliated insurance carriers. The Insurance Subsidiaries are domiciled in the State of Delaware. The Delaware Insurance Department (“the Insurance Department”) is the domiciliary regulator for the Insurance Subsidiaries.

The Company is a wholly-owned subsidiary of Munich-American Holding Corporation (“MAHC”), a Delaware holding company, which in turn is wholly-owned by Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (“Munich Re”), a company organized under the laws of Germany.

A. Basis of Presentation

The Company’s primary business is (re)insuring property-casualty risks of domestic and foreign insurance organizations under excess of loss and pro rata (re)insurance contracts and providing specialized insurance products and solutions for small- to medium-size commercial organizations which are distributed through brokers and program administrator partners. The Company and its subsidiaries operate on a calendar year basis.

The information for the interim periods ended September 30, 2025, and 2024, is not reviewed or audited by the Company’s independent auditors. The interim consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of the Company and its subsidiaries. Inter-company accounts and transactions have been eliminated. Investees which represent the Company’s investment in voting interests of 20% to 50% generally are recorded using the equity method. The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These financial statements should be read in conjunction with the consolidated financial statements and related notes in the Company’s 2024 Annual Report.

Subsequent Events

There were no subsequent events requiring adjustment to the financial statements or disclosure through November 12, 2025, the date that the Company’s financial statements were available to be issued.

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2. New Accounting Standards

A. Future Application of Accounting Standards

All recently issued but not yet effective accounting and reporting standards are either not applicable to the Company or not expected to have a material impact on the Company.

3. Business Combinations

On July 1, 2025, the Company completed the acquisition of 100% voting shares in NEXT Insurance Inc, for an aggregated purchase price of \$2,624.2, net of certain escrowed and hold-back amounts retained for post-closing adjustments.

This acquisition was accounted for as a business combination using the acquisition method of accounting. The purchase price was provisionally allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition and are subject to adjustment during a measurement period subsequent to the acquisition date, not to exceed one year, as permitted under U.S. GAAP. The Company expects to complete its purchase price allocation six months from the date of acquisition. These estimates, allocations and calculations are subject to change as we obtain further information; therefore, the final fair values of the assets acquired and liabilities assumed could change from the estimates included in these consolidated financial statements.

The following table summarizes the preliminary allocation of the NEXT's purchase price and the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

	<u>Total</u>	<u>Useful life</u>
Purchase price	\$ 2,624.2	
Assets Acquired		
Cash and investments, at fair value	542.9	
Premium and other receivables	529.4	
Intangible asset - distribution relationships	361.0	13-15 years
Intangible asset - value of business acquired	35.1	1 year
Intangible asset - other	91.0	2-4 years
Deferred tax assets	147.4	
Other assets	135.5	
Total assets acquired	<u>1,842.3</u>	
Liabilities Assumed		
Loss and loss adjustment expense reserves	361.9	
Unearned premiums	210.6	
Premium and other payables	247.9	
Deferred tax liabilities	102.3	
Other liabilities assumed	180.2	
Total liabilities assumed	<u>1,102.9</u>	
Total identifiable net assets acquired	<u>739.4</u>	
Excess purchase price allocated to goodwill	<u><u>1,884.8</u></u>	

The Company recognized goodwill of \$1,884.8 that is primarily attributed to the expanded presence and long-term growth opportunities in the insurance market provided by this strategic acquisition. At the date of the acquisition, the

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Company established a net deferred tax asset of \$45.1 related to the estimated fair value of reserves for losses and loss adjustment expenses and unearned premiums.

Intangible assets resulting from the acquisition are amortized as part of ‘amortization of intangible assets’ in the Company’s consolidated statements of income. The significant fair value adjustments and related future amortization are as follows:

Value of business acquired (“VOBA”) represents the present value of the expected underwriting profit within the unearned premium liability, less costs to service the related policies and a risk premium. The fair value of VOBA was determined after taking into consideration certain key assumptions, including the estimated cost of capital, investment yield, loss ratio and related expenses;

Reserves for losses and loss adjustment expenses reflects a decrease related to the present value of the reserve for losses and loss adjustment expenses based on the estimated payout patterns. The fair value of the reserve for losses and loss adjustment expenses was determined after taking into consideration certain key assumptions, including the estimated cost of capital, and investment yield.

Partnership or Distribution relationship intangible value was determined after taking into consideration certain key assumptions, including the estimated cost of capital, investment yield, retention rates, loss ratios, related expenses and effective tax rates that would impact the expected cash flows from business policies written on a go forward basis.

Post acquisition the Company re-assessed the valuation allowance previously recorded and determined that it is more likely than not a net DTA of \$147.4 will be realized. NEXT will join the MAHC US tax group post -acquisition. The tax attributes of NEXT are more likely than not expected to be utilized by the MAHC US tax group. The valuation allowance \$176.8 previously recorded was reduced by \$150.1 for a net remaining valuation allowance of \$26.7.

The Company has also recorded a deferred tax liability of \$102.3 for the amortization of acquired intangibles.

The results of the NEXT have been included in the Company’s consolidated financial statements beginning as of their acquisition date.

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4. Investments

A. Fixed Income Securities Designated as Available for Sale (AFS)

Investments available for sale were as follows:

	September 30, 2025				
	Amortized cost	Credit loss allowance	Gross unrealized gains	Gross unrealized losses	Fair value
Fixed income securities:					
U.S. Treasury securities and obligations of U.S. government agencies and corporations	\$ 8,170.6	\$ -	\$ 24.2	\$ 804.9	\$ 7,389.9
Foreign government securities	926.5	9.5	12.5	49.1	880.4
Corporate securities	5,512.9	19.7	65.3	148.3	5,410.2
Asset-backed securities	748.8	-	3.6	15.3	737.1
Residential mortgage-backed securities	2,043.3	-	22.6	84.9	1,981.0
Commercial mortgage-backed securities	431.0	0.2	-	23.9	406.9
Total fixed income securities	17,833.1	29.4	128.2	1,126.4	16,805.5
Short term investments	237.3	-	-	-	237.3
Total investments available for sale	<u>\$ 18,070.4</u>	<u>\$ 29.4</u>	<u>\$ 128.2</u>	<u>\$ 1,126.4</u>	<u>\$ 17,042.8</u>
	December 31, 2024				
	Amortized cost	Credit loss allowance	Gross unrealized gains	Gross unrealized losses	Fair value
Fixed income securities:					
U.S. Treasury securities and obligations of U.S. government agencies and corporations	\$ 8,513.7	\$ -	\$ 1.3	\$ 1,027.9	\$ 7,487.1
Foreign government securities	954.0	12.7	2.0	83.8	859.5
Corporate securities	5,208.6	38.8	14.2	248.8	4,935.2
Asset-backed securities	856.9	-	2.5	13.3	846.1
Residential mortgage-backed securities	1,216.8	-	1.5	113.5	1,104.8
Commercial mortgage-backed securities	539.3	0.1	0.1	35.2	504.1
Total fixed income securities	17,289.3	51.6	21.6	1,522.5	15,736.8
Short term investments	136.6	-	-	-	136.6
Total investments available for sale	<u>\$ 17,425.9</u>	<u>\$ 51.6</u>	<u>\$ 21.6</u>	<u>\$ 1,522.5</u>	<u>\$ 15,873.4</u>

Evaluation and Measurement Methodologies of Fixed Income Securities AFS for Credit Loss

Management considers a wide range of factors about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used in the credit loss evaluation process include, but are not limited to: (i) the extent to which the estimated fair value has been below amortized cost, (ii) adverse conditions specifically related to the security, industry sector, geographic area, and changes in the quality of credit enhancement, (iii) payment structure of the security and likelihood of the issuer being able to make payments, (iv) failure of the issuer to make scheduled interest and principal payments, (v) whether the Company has the intent to sell or will more likely than not be required to sell a particular security before the decline in estimated fair value below amortized cost recovers, (vi) with respect to structured products, changes in forecasted cash flows after considering the changes in the financial condition of the underlying loan obligors and quality of underlying collateral, expected prepayment speeds, current and

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(unaudited)

forecasted loss severity, consideration of the payment terms of the underlying assets backing a particular security, and the payment priority within the tranche structure of the security, (vii) changes in the rating of the security by a rating agency, and (viii) other subjective factors, including concentrations and information obtained from regulators.

In periods subsequent to the recognition of an initial allowance for credit losses (“ACL”) on a security, quarterly credit loss assessments are performed. Subsequent increases or decreases in the expected cash flow from the security result in corresponding decreases or increases in the ACL and are reported within net investment gains (losses); however, the previously recorded ACL is not reduced to an amount below zero. Full or partial write-offs are deducted from the ACL in the period the security, or a portion thereof, is considered uncollectible. Recoveries of amounts previously written off are recorded to the ACL in the period received. When the Company has the intent-to-sell the security or it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost, any ACL is written off and the amortized cost is written down to estimated fair value through a charge within net investment gains (losses), which becomes the new amortized cost of the security.

A fixed income security is deemed to be uncollectible if it is delinquent for 90 days. Once the security is considered delinquent, the security is subsequently written off.

Maturities of Fixed Income Securities AFS

The amortized cost and fair value of fixed income securities AFS at September 30, 2025 are shown below by contractual maturity. Actual maturities may differ from contractual maturities because securities may be called or prepaid with or without call or prepayment penalties.

	<u>Amortized cost</u>	<u>Fair value</u>
Due to mature:		
One year or less	\$ 997.2	\$ 987.6
After one year through five years	7,756.6	7,603.9
After five years through ten years	3,682.3	3,620.2
After ten years	3,160.0	2,443.2
Residential mortgage-backed securities	2,043.3	1,981.0
Commercial mortgage-backed securities	431.0	406.9
Total fixed income securities	<u>\$ 18,070.4</u>	<u>\$ 17,042.8</u>

Unrealized Losses on Fixed Maturity Securities AFS

The following tables present the estimated fair value and gross unrealized losses only for those AFS fixed income securities in an unrealized loss position without an ACL at September 30, 2025, and December 31, 2024. The results are shown by sector and aggregated by length of time that the securities have been in a continuous unrealized loss position.

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(unaudited)

	September 30, 2025					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Fixed income securities:						
U.S Treasury securities and obligations of U.S government agencies and corporations	\$ 193.4	\$ 7.5	\$ 5,958.3	\$ 797.4	\$ 6,151.7	\$ 804.9
Foreign government securities	51.4	0.9	319.8	15.7	371.2	16.6
Corporate securities	41.5	0.3	2,143.3	73.8	2,184.8	74.1
Asset-backed securities	25.1	0.3	150.1	15.0	175.2	15.3
Residential mortgage-backed securities	130.7	0.4	563.4	84.5	694.1	84.9
Commercial mortgage-backed securities	16.7	-	338.3	18.3	355.0	18.3
Total temporarily impaired investments	<u>\$ 458.8</u>	<u>\$ 9.4</u>	<u>\$ 9,473.2</u>	<u>\$ 1,004.7</u>	<u>\$ 9,932.0</u>	<u>\$ 1,014.1</u>
	December 31, 2024					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Fixed income securities:						
U.S Treasury securities and obligations of U.S government agencies and corporations	\$ 1,466.9	\$ 57.1	\$ 5,821.9	\$ 970.8	\$ 7,288.8	\$ 1,027.9
Foreign government securities	180.0	6.5	394.8	24.9	574.8	31.4
Corporate securities	838.4	15.6	2,207.8	84.8	3,046.2	100.4
Asset-backed securities	47.6	1.1	224.9	12.2	272.5	13.3
Residential mortgage-backed securities	432.3	11.2	518.0	102.3	950.3	113.5
Commercial mortgage-backed securities	0.9	0.1	435.2	30.1	436.1	30.2
Total temporarily impaired investments	<u>\$ 2,966.1</u>	<u>\$ 91.6</u>	<u>\$ 9,602.6</u>	<u>\$ 1,225.1</u>	<u>\$ 12,568.7</u>	<u>\$ 1,316.7</u>

Management performs additional analysis to assess whether it intends to sell or if it is more likely than not that the Company will be required to sell the investment before its anticipated recovery in value. This analysis is performed on an individual security basis. Management does not intend to sell its fixed income securities that are in loss positions, and believes it is not more likely than not that it will be required to sell the securities that are in an unrealized loss position until such time as they recover in value to the Company's amortized cost or they mature. Based on the Company's current evaluation of its securities in an unrealized loss position without an ACL, the Company concluded that these securities had not incurred a credit loss and should not have an ACL at September 30, 2025.

Future provisions for credit loss will depend primarily on economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), changes in credit ratings and collateral valuation.

The following table shows the rollforward of ACL for fixed income securities AFS by sector for the nine-month period ended September 30, 2025:

	Balance 1/1/2025	Additions New Securities	Additions PCD Assets	Reduction Sales	Reduction Intent to Sell	Change in Securities with Previous Allowance	Balance 9/30/2025
Foreign government securities	\$ 12.7	\$ -	\$ -	\$ -	\$ -	\$ (3.2)	9.5
Corporate securities	38.8	0.2	-	(8.2)	-	(11.1)	19.7
Commercial mortgage-backed securities	0.1	-	-	-	-	0.1	0.2
Total fixed income securities allowance	<u>\$ 51.6</u>	<u>\$ 0.2</u>	<u>\$ -</u>	<u>\$ (8.2)</u>	<u>\$ -</u>	<u>\$ (14.2)</u>	<u>\$ 29.4</u>

Accrued Investment Income

The Company has made the accounting policy election to present accrued interest receivable separately from its fixed income securities. The related accrued interest receivable is recorded in Accrued Investment Income on the accompanying Balance Sheets. Furthermore, the Company has also elected to exclude the applicable accrued interest that is included in the amortized cost basis for its fixed income securities. The amount of excluded accrued interest was

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\$106.4 at September 30, 2025.

The Company has implemented an accounting policy election to not measure an allowance for credit losses for accrued interest receivable. For its fixed income securities, the Company will write off accrued interest receivable by reversing interest income when it becomes 90 days delinquent. The Company did not write off any amounts related to accrued interest receivable for the period ended September 30, 2025.

Proceeds from sales of investments AFS and the related gains and losses realized on those sales were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Proceeds from sales	\$ 699.4	\$ 304.2	\$ 1,095.0	\$ 823.5
Gross gains realized	0.5	-	6.9	0.6
Gross losses realized	(13.6)	(0.3)	(15.3)	(3.4)

The Company holds certain foreign currency denominated securities in portfolios classified as “trading”, and as a result, proceeds from any sales of these securities are not included in cash flows from investing activities.

B. Held to Maturity Investments

The Company classifies the held-to-maturity portfolio as other loans which are primarily comprised of infrastructure debt loans that the Company has the intent and ability to hold for the foreseeable future or until maturity. Other loans are reported at amortized cost, net of the ACL. The Company monitors the credit rating of other loans on an annual basis using an internal risk model. The credit ratings were updated between September 2024 and September 2025.

The Company utilizes the probability of default (“PD”) and loss given default (“LGD”) methods to determine the credit loss for other loans. In the periods presented, there were no significant changes due to write-offs, significant purchases of financial assets, or significant sales or reclassification of loans.

The following table shows the amortized cost of Other loans by credit rating at September 30, 2025.

	<u>Other loans</u>
Rating:	
BBB	\$ 131.6
BB and below	71.8
Total	<u>\$ 203.4</u>

Below is a rollforward of the Company’s allowance for credit losses for its Other loans at September 30, 2025:

	<u>Other loans</u>
Balance as of 1/1/2025	\$ 1.0
Current period provision for credit losses	<u>(0.3)</u>
Balance as of 9/30/2025	<u>\$ 0.7</u>

Accrued Investment Income

The Company has made the accounting policy election to present accrued interest receivable separately from its

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held-to-maturity investments. The related accrued interest receivable is recorded in Accrued Investment Income on the accompanying Balance Sheets. Furthermore, the Company has also elected to exclude the applicable accrued interest that is included in the amortized cost basis for its held-to-maturity. The amount of excluded accrued interest was \$0.7 at September 30, 2025.

The Company has implemented an accounting policy election to not measure an ACL for accrued interest receivable. For its other infrastructure loans, the Company will write off accrued interest receivable by reversing interest income when it becomes 90 days delinquent. The Company did not write off any amounts related to accrued interest receivable for the period ended September 30, 2025.

The Company considers its other loans to be past due after 30 days. If a loan is past due for more than 90 days, the investment is written off. At September 30, 2025, there were no delinquent other loan balances. Held-to-maturity investments are placed on non-accrual status when they are 90 days in arrears, if the Company has concerns regarding the collectability of future payments, or if a loan has matured without being paid or extended. As of a September 30, 2025, the Company had no held-to-maturity investments in non-accrual status. There was no interest income recognized on loans in non-accrual status for the period ended September 30, 2025.

C. Other-than-Temporary Impairment Evaluation

For other invested assets that are deemed to be impaired, management performs additional analysis to assess whether it intends to sell, or if it is more likely than not that the Company will be required to sell, the investment before its anticipated recovery in value. This analysis is performed on an individual security basis. Additionally, for investments in limited partnerships or limited liability companies, the Company regularly monitors the holding for potential impairment indicators. The Company may consider third-party valuations of the investment or its underlying holdings, sales of underlying holdings, lower than expected cash flows, or any other adverse event that may affect the fair value of the investee's stockholders' equity.

The Company holds equity ownership in two commercial real estate entities, one a limited liability company in New York City and the other a limited partnership in Washington, DC. These entities were both impacted by an overall declining US office market, especially regarding vacancy rates and debt availability. In addition, one of the Company's equity ownership interests in a limited partnership, a fiber network provider and developer located in Georgia, has seen impacts from lower power price forecasts. The Company evaluated its investments in these entities for impairment and recorded an impairment of \$21.6 for the period ended September 30, 2025, as the losses are considered to be temporary. These are accounted for within net investment income. There was also \$23.2 impairment recorded in 2024.

D. Fixed Income Securities Designated as Trading

Fixed income securities designated as "trading" include certain foreign currency denominated securities related to an international branch in run-off operations. It is the Company's intent to actively trade these securities. Net gains and losses on trading securities, both realized and unrealized, were included in net investment income as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Unrealized gains recognized on trading securities still held at the reporting date	<u>\$ -</u>	<u>\$ 0.3</u>	<u>\$ -</u>	<u>\$ 0.4</u>

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E. Equity Securities

Net gains and losses on equity securities, both realized and unrealized, were included in net investment income as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net gains recognized on equity securities	\$ 3.2	\$ 3.2	\$ 6.6	\$ 5.9
Less: Net gains recognized on securities sold	0.3	0.1	0.9	1.5
Unrealized gains recognized on securities still held at the reporting date	<u>\$ 2.9</u>	<u>\$ 3.1</u>	<u>\$ 5.7</u>	<u>\$ 4.4</u>

F. Derivative Financial Instruments

Derivatives are financial instruments whose market values are (i) derived from changes in interest rates, foreign exchange rates, credit exposures, or the value of related securities, and (ii) a function of the type of derivative product, the volume of transactions, the terms of the given agreement and market volatility. The Company's derivative portfolio may at times consist of credit default swaps ("CDS"), credit default swap indices ("CDX"), foreign currency forward contracts, and fixed income futures. Derivatives may be exchange-traded or contracted in the over-the-counter market. The Company does not apply hedge accounting in its reporting of derivative instruments. The Company does not use derivatives for speculative purposes.

Derivative transactions are customarily entered into under industry standard master netting agreements. These are agreements between two counterparties who have multiple derivative contracts with each other that provide for the net settlement of all contracts. Cash collateral and security collateral are used to secure the net open exposure of the other party. The risk that counterparties might be unable to fulfill their contractual obligations is mitigated by (i) entering into derivative transactions with highly-rated and creditworthy counterparties, (ii) monitoring counterparty credit exposure to ensure that exposures are within defined limits, and (iii) monitoring collateral values.

A CDS is an over-the-counter derivative instrument representing an agreement between two parties, a seller and a buyer. The seller of the CDS compensates the buyer in the event of a loan default or other credit event pertaining to a reference entity. The reference entity may be a specified entity, a group of single name entities, or an index. In return, the buyer makes a series of premium payments to the seller. If a credit event does not occur, the seller makes no payments to the buyer and receives only the contractually specified premiums. A CDX is an exchange-traded portfolio of single-entity credit default swaps used to hedge credit risk in the form of an index. Unlike a CDS, a CDX is standardized, making it highly liquid, mitigating counterparty credit risk and a primary market vehicle for gaining diversified credit exposure.

The Company, at times, sells CDS contracts referencing single-name exposures written on corporate credit instruments with the intention of earning spread income on credit exposure through asset replication. Asset replication refers to the development of a synthetic financial instrument with similar risk and return characteristics of an actual security, such as a bond issued by a corporation, that is either unavailable in the cash markets or more economical to acquire in the form of a CDS. The Company replicates the investment characteristics of the reference bond using a combination of a credit default swap and one or more highly-rated fixed income securities held in its investment portfolio. The Company's CDS derivative agreements contain credit-rating triggers. If the credit rating of either counterparty to the contract were to fall below a given rating level, as specified in each agreement, the transaction is terminated at the then fair value of the derivative.

The notional amounts specified in a CDS or CDX contract are (i) used to calculate the exchange of contractual payments under the agreements, (ii) generally not representative of the potential for gain or loss on these agreements, and (iii) the maximum amount of potential future payments assuming no recoveries in a credit event with respect to a referenced entity. The Company typically enters into CDS or CDX contracts with a maturity of 5 years. At September

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30, 2025, the Company had no open CDS or CDX contracts.

Foreign currency forwards are commitments to purchase and sell designated currency amounts at an agreed upon price at a specified future date. The Company invests in foreign exchange forward contracts to economically hedge the foreign currency exchange risk associated with certain non-U.S. dollar denominated exposures. These contracts can be with various counterparties. Cash collateral is required to be maintained within a counterparty's unsecured account to cover any loss position in excess of \$0.3 on open contracts. A similar requirement exists for the counterparty, should the open contract reflect a gain position. Foreign currency forward contracts are generally settled by the Company every ninety days. At September 30, 2025, the Company had no open foreign currency forward contracts.

Futures are standardized contracts between two parties, traded on an exchange, to buy or sell an asset for an agreed upon price as of a given date with delivery and payment occurring at a specified future date. The Company has entered into fixed income futures contracts in order to economically hedge the duration of certain fixed income assets in its portfolio due to anticipated changes in the interest rate environment. The daily fair value of the futures contract is determined by the value of an underlying referenced investment. Futures contracts are settled with cash on a daily basis. At September 30, 2025, the Company had no open futures positions.

There were no derivative asset and liability balances, by contract type, at September 30, 2025, and December 31, 2024.

The following table provides information about the earnings (loss) effects of the Company's derivative investments for the three and nine month periods ended September 30, 2025, and 2024.

Location in Statement of Comprehensive Income	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Derivatives not designated as hedging instruments under ASC 815				
Foreign exchange forward contracts	\$ -	\$ (1.6)	\$ -	\$ 4.2
Total	\$ -	\$ (1.6)	\$ -	\$ 4.2

There were no derivative asset and liability balances, including cash collateral paid or received, that are offset together in the Consolidated Balance Sheet at September 30, 2025 and December 31, 2024.

G. Net Realized Capital Gains and Losses

Net realized capital investment gains (losses) were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Capital losses on sales				
Fixed income securities	\$ (10.7)	\$ (0.3)	\$ (8.3)	\$ (2.8)
Other-than-temporary impairments	-	-	(0.5)	-
Change in Allowance	12.1	14.3	22.5	13.2
Net realized capital gains	\$ 1.4	\$ 14.0	\$ 13.7	\$ 10.4

Impairments are due to issuer-specific events occurring that result in a change in the Company's intent to sell a fixed maturity security. The types of events that may result in a sale include significant changes in the economic facts and circumstances related to the invested asset, significant unforeseen changes in liquidity needs, or changes in the Company's investment strategy.

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H. Loans

The Company holds investments in five senior secured fixed term loans with U.S. infrastructure entities. The loans receivable of \$203.4 and \$196.9 at September 30, 2025, and December 31, 2024, respectively, are included in Other invested assets in the Consolidated Balance Sheet. The following table presents a summary of loans terms:

	<u>Contractual Maturity</u>	<u>Coupon Frequency</u>	<u>Coupon</u>	<u>Principal Redemptions</u>
Venture Global Calcasieu Pass (“Venture Global”)	August 2026	Monthly	Floating SOFR	Yes
Bayonne Energy Center	September 2027	Quarterly	Floating SOFR	Yes
Abacus PF Borrower A LLC (“Abacus”)	August 2027	Quarterly	Fixed Coupon	Yes
GR Palmas De Cocalan Spa (“Grenergy”)	December 2027	Semi Annually	Floating SOFR	Yes
NYC Transportation Development Corp	November 2029	Quarterly	Floating SOFR	Yes

5. Fair Value Measurement

The fair value of financial instruments at September 30, 2025, and December 31, 2024, were as follows:

	<u>September 30, 2025</u>		<u>December 31, 2024</u>	
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>
Assets:				
Fixed income securities				
Available for sale	\$ 16,805.5	\$ 16,805.5	\$ 15,736.8	\$ 15,736.8
Trading	-	-	0.8	0.8
Equity securities	70.5	70.5	61.8	61.8
Other invested assets	202.7	210.6	195.9	203.5
Short term investments	237.3	237.3	136.6	136.6
Other assets	815.8	815.8	816.7	816.7
Total	<u>\$ 18,131.7</u>	<u>\$ 18,139.6</u>	<u>\$ 16,948.6</u>	<u>\$ 16,956.2</u>
Liabilities:				
Senior notes	\$ 230.1	\$ 240.0	\$ 264.0	\$ 278.5
Other liabilities	818.0	838.4	818.0	810.9
Total	<u>\$ 1,048.1</u>	<u>\$ 1,078.4</u>	<u>\$ 1,082.0</u>	<u>\$ 1,089.4</u>

Other invested assets includes senior secured loans, which are carried at amortized cost. Other assets include a surplus note received from an affiliated company carried at fair value as Level 3. Liabilities are carried at fair value and categorized as Level 1 in the fair value hierarchy. Other liabilities include a debt issuance note carried at amortized cost. Other invested assets carried under the equity method of accounting are not included in the presentation above.

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The following tables present the Company's financial instruments measured at fair value and the level of the fair value hierarchy of inputs used as of September 30, 2025, and December 31, 2024:

	September 30, 2025			Total
	Level 1	Level 2	Level 3	
Assets:				
Fixed income securities				
Available for sale investments				
U.S Treasury securities and obligations of U.S government agencies and corporations	\$ -	\$ 7,389.9	\$ -	\$ 7,389.9
Foreign government securities	-	880.4	-	880.4
Corporate securities	-	5,168.9	241.3	5,410.2
Asset-backed securities	-	737.1	-	737.1
Residential mortgage-backed securities	-	1,981.0	-	1,981.0
Commercial mortgage-backed securities	-	406.9	-	406.9
Total available for sale investment	-	16,564.2	241.3	16,805.5
Equity securities	70.5	-	-	70.5
Short term investments	215.6	21.7	-	237.3
Total investments carried at fair value	<u>286.1</u>	<u>16,585.9</u>	<u>241.3</u>	<u>17,113.3</u>
Other Assets	-	-	815.8	815.8
Total assets carried at fair value	<u>\$ 286.1</u>	<u>\$ 16,585.9</u>	<u>\$ 1,057.1</u>	<u>\$ 17,929.1</u>
Total investments carried at fair value				17,113.3
Investments carried at cost				202.7
Investments carried at equity				1,510.4
Cash and cash equivalents				1,588.7
Total investments not carried at fair value				<u>3,301.8</u>
Total investments and cash				<u>\$ 20,415.1</u>

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	December 31, 2024			Total
	Level 1	Level 2	Level 3	
Assets:				
Fixed income securities				
Available for sale investments				
U.S Treasury securities and obligations of U.S government agencies and corporations	\$ -	\$ 7,487.1	\$ -	\$ 7,487.1
Foreign government securities	-	859.5	-	859.5
Corporate securities	-	4,695.4	239.8	4,935.2
Asset-backed securities	-	845.2	0.9	846.1
Residential mortgage-backed securities	-	1,104.8	-	1,104.8
Commercial mortgage-backed securities	-	504.1	-	504.1
Total available for sale investment	-	15,496.1	240.7	15,736.8
Trading investments				
Foreign government securities	-	0.8	-	0.8
Equity securities	61.8	-	-	61.8
Short term investments	112.6	24.0	-	136.6
Total investments carried at fair value	174.4	15,520.90	240.70	15,936.0
Other assets	-	-	816.7	816.7
Total assets carried at fair value	\$ 174.4	\$ 15,520.9	\$ 1,057.4	\$ 16,752.7
Total investments carried at fair value				15,936.0
Investments carried at cost				195.9
Investments carried at equity				1,551.3
Cash and cash equivalents				1,162.7
Total investments not carried at fair value				2,909.9
Total investments and cash				\$ 18,845.9

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The following table summarizes financial instruments for which the Company used significant Level 3 inputs to determine fair value measurements for the nine months ended September 30, 2025, and 2024:

	Balance at		Net investment gains (losses)				Transfers		Balance at		Change in earnings due to assets still held
	Jan. 1,		In				into		September 30,		
	2025	2024	earnings ¹	In OCI ²	Purchases	Sales	Settlements	Level 3	Level 3	2025	
Available for sale investments											
Corporate securities	\$ 239.8	\$ 220.0	\$ 0.8	\$ 12.4	\$ -	\$ (10.2)	\$ -	\$ 1.9	\$ -	\$ 241.3	\$ 242.2
Asset-backed securities	0.9	167.8	-	0.9	-	-	-	-	(0.9)	0.0	147.9
Other Assets		550.4		(7.4)							543.0
Total	\$ 240.7	\$ 938.2	\$ 0.8	\$ 5.9	\$ -	\$ (10.2)	\$ -	\$ 1.9	\$ (0.9)	\$ 241.3	\$ 933.1

(1) Includes gains and losses on sales of financial instruments. Impairments and changes in ACL charged to net income (loss) on certain securities are included in net investment gains (losses).

(2) Includes unrealized gains (losses) recognized in comprehensive income for assets still held at the end of the period.

The Company did not invest in any level 3 collateralized loan obligations (CLOs) at September 30, 2025 and December 31, 2024. There were no CLOs transferred from Level 3 to Level 2 during the nine months ended September 30, 2025.

6. Loan to Affiliate Company

The Company has a revolving credit agreement with Munich Re America Services, Inc. (“MRAS”), which allows MRAS to borrow up to \$150.0 from the Company. Outstanding amounts under this agreement bear interest annually at a rate equal to the SOFR, for a period equal in duration to the interest period, plus 25 basis points. The termination date of this agreement is October 1, 2029. There was an outstanding loan between MRAC (lender) and MRAS (borrower) of \$25.0 that originated in June 2024 but has been repaid in February 2025. There was an outstanding loan of \$35.0 that originated in March 2025 and was paid off in August 2025. The Company received \$0.5 of interest for the year ended September 30, 2025.

MRAM has a revolving credit agreement with MAHC which allows MAHC to borrow up to \$350.0 from MRAM. Outstanding amounts under this agreement bear interest at a rate equal to the SOFR, for a period equal in duration to the interest period, plus 35 basis points. The termination date of this agreement is December 6, 2034. There was an outstanding loan between MRAM (lender) and MAHC (borrower) of \$42.0 that originated in December 2024 and was paid off in March 2025. A new loan of \$25.0 was originated in August 2025 and outstanding as of September 2025.

The Company also has a revolving credit agreement with MAHC, which allows MAHC to borrow up to \$225.0 from the Company. Outstanding amounts under this agreement bear interest annually at a rate equal to the SOFR, for a period equal in duration to the interest period, plus 25 basis points. The termination date of this agreement is December 28, 2031. There were no amounts outstanding under this agreement at September 30, 2025. No interest has been received for the period January 1, 2025 to September 30, 2025.

MRAM has a revolving credit agreement with MRAS, which allows MRAS to borrow up to \$150.0 from MRAM.

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Outstanding amounts under this agreement bear interest annually at a rate equal to the SOFR, for a period equal in duration to the interest period, plus 25 basis points. The termination date of this agreement is March 15, 2035. There were no amounts outstanding under this agreement at September 30, 2025. No interest has been received for the period January 1, 2025 to September 30, 2025.

7. Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income (loss) are as follows:

	Net unrealized appreciation (depreciation) of investments	Defined benefit plan adjustment	Total
Balance at December 31, 2023	\$ (1,093.9)	\$ (103.3)	\$ (1,197.2)
Period change	351.3	-	351.3
Tax effect	(74.9)	-	(74.9)
ACL	(11.5)	-	(11.5)
Tax effect	2.5	-	2.5
Reclassification adjustment for losses included in operations	30.1	1.8	31.9
Tax effect	(6.4)	(0.4)	(6.8)
Balance at September 30, 2024	<u>\$ (802.8)</u>	<u>\$ (101.9)</u>	<u>\$ (904.7)</u>
Balance at December 31, 2024	\$ (1,184.9)	\$ (93.6)	\$ (1,278.5)
Period change	489.8	(0.0)	489.8
Tax effect	(103.5)	0.0	(103.5)
ACL	(22.2)	-	(22.2)
Tax effect	4.7	-	4.7
Reclassification adjustment for losses included in operations	33.2	1.6	34.7
Tax effect	(7.0)	(0.3)	(7.3)
Balance at September 30, 2025	<u>\$ (789.9)</u>	<u>\$ (92.4)</u>	<u>\$ (882.3)</u>

Amounts reclassified out of accumulated other comprehensive income from net unrealized appreciation (depreciation) of investments are included in net realized capital gains in the Consolidated Statement of Comprehensive Income. Amounts reclassified from the defined benefit plan adjustment are included in other expense.

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8. Loss and Loss Adjustment Expense Reserves

The reconciliation of loss and loss adjustment expense (“LAE”) reserves for the nine months ended September 30, 2025 and 2024 is shown below:

	Nine months ended September 30,	
	2025	2024
Loss and LAE reserves at beginning of period	\$ 16,200.3	\$ 15,655.5
Reinsurance recoverables on unpaid losses	<u>(3,302.7)</u>	<u>(3,596.0)</u>
Net reserves at beginning of period	12,897.6	12,059.5
Acquired Loss and LAE reserves	361.9	-
Net incurred related to:		
Current period	3,538.0	3,988.4
Prior periods	<u>(200.7)</u>	<u>67.5</u>
Total net incurred	3,337.3	4,055.9
Net paid related to:		
Current period	(1,097.7)	(1,013.6)
Prior periods	<u>(2,282.7)</u>	<u>(1,969.8)</u>
Total net paid	(3,380.4)	(2,983.4)
Deferred underwriting revenue	173.9	13.6
Foreign exchange increase in reserves	<u>2.3</u>	<u>(0.5)</u>
Net reserves at end of period	13,392.6	13,145.1
Reinsurance recoverables on unpaid losses	<u>3,341.0</u>	<u>3,373.6</u>
Loss and LAE reserves at end of period	<u>\$16,733.6</u>	<u>\$16,518.7</u>

9. Related Party Transactions

In February 2023, MRAM entered into a Surplus Note Agreement with a promise to pay MAHC the principal sum of \$305.0 plus simple interest on the unpaid balance of 4.5% annually. Principal and interest is payable upon demand only with prior written approval of the Commissioner of the State of Delaware (“the Commissioner”). No interest has been paid or accrued for the period of January 1, 2025 to September 30, 2025.

The Company issued a senior unsecured note to Munich Life Holding Company (“MLHC”), an affiliate. The principal amount at inception of the senior unsecured note was \$543.0 with a stated maturity date of December 31, 2048. The Company will pay interest equal to 3 months SOFR plus a pre-defined margin on pre-defined interest payment dates. The Company paid \$30.1 of interest for the year ended December 31, 2024. This note was closed December 18, 2024 and immediately reissued to increase the principal amount to \$818.0 with a stated maturity date of December 31, 2049. The Company will pay interest equal to 3 months SOFR plus a pre-defined margin on pre-defined interest payment dates. The Company paid \$37.9 of interest year to date ending September 30, 2025.

The Company received a surplus note with a principal amount of \$543.0 with a stated maturity date of December 31, 2043. The surplus note, issued by MLHC, will be amortized based on a pre-defined schedule. The Company will receive interest equal to 3 months SOFR plus a pre-defined margin and an additional 75 basis points, on pre-defined interest payment dates. The Company received interest of \$34.1 for the year ended December 31, 2024. This note was closed December 18, 2024 and immediately reissued to increase the principal amount to \$818.0 with a stated maturity date of December 31, 2044. The Company will receive interest equal to 3 months SOFR plus a pre-defined margin and an additional 255.2 basis points, on pre-defined interest payment dates. The Company received interest of \$42.8 year to date ending September 30, 2025.

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Effective April 1, 2024, Digital Advantage Insurance Company (“DAIC”), with the approval of the Delaware Department of Insurance, novated all its current and prior assumed reinsurance contracts with all ceding companies. As such, DAIC’s obligations have been completely extinguished resulting in no further exposure to loss arising on the business novated. MRAM, has replaced the Company as reinsurer on the business novated with the consent of the ceding companies.

Effective July 1, 2025, Forward Reinsurance, Ltd (“Forward Re”) novated all its current and prior assumed reinsurance contracts with all ceding companies. As such, Forward Re’s obligations have been completely extinguished resulting in no further exposure to loss arising on the business novated. MRAM, has replaced Forward Re as reinsurer on the business novated with the consent of the ceding companies. Forward Re, a captive reinsurer, is a wholly-owned subsidiary of NEXT.

10. Reinsurance

The Company reinsures certain risks to limit its exposure to catastrophes and large or unusually hazardous risks. Although reinsurance agreements contractually obligate the Company’s reinsurers to reimburse it for the agreed-upon portion of its gross paid losses, they do not discharge the primary liability of the Company. The income statement amounts for premiums written, premiums earned and LAE are net of reinsurance. Direct, assumed, ceded and net amounts for these items are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Premiums written				
Direct	\$ 585.1	\$ 630.1	\$ 1,616.3	\$ 1,651.1
Assumed	2,035.9	1,823.0	4,848.7	4,952.2
Ceded	(259.6)	(191.3)	(588.4)	(414.0)
Net	<u>\$ 2,361.4</u>	<u>\$ 2,261.8</u>	<u>\$ 5,876.6</u>	<u>\$ 6,189.3</u>
Premiums earned				
Direct	521.2	539.7	1,573.4	1,632.4
Assumed	1,572.1	1,479.4	4,465.4	4,263.6
Ceded	(238.2)	(181.4)	(487.5)	(380.0)
Net	<u>\$ 1,855.1</u>	<u>\$ 1,837.7</u>	<u>\$ 5,551.3</u>	<u>\$ 5,516.0</u>
Losses and LAE incurred				
Direct	288.8	384.4	942.9	1,155.3
Assumed	796.9	936.4	3,068.9	2,994.4
Ceded	45.7	66.7	(674.5)	(93.8)
Net	<u>\$ 1,131.4</u>	<u>\$ 1,387.5</u>	<u>\$ 3,337.3</u>	<u>\$ 4,055.9</u>

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11. Revenue from Customers – Net Commission Income

A. Disaggregated Commission Income

NEXT, acting through its subsidiaries as an MGA, insurance agent, and broker, provides insurance services to third-party carriers and earns commission income. The following table present the disaggregated commission income:

	Nine months ended	
	(i) September 30,	
	2025	
Commission income:		
Agency commissions	\$	14.1
Excess ceding commissions		10.5
MGA commissions		27.1
Total commission income:	\$	51.7

(i) Only applicable from the acquisition date of NEXT

Agency Commissions

Agency commission revenue includes base, supplemental, and contingent commissions. Supplemental commissions represent consideration receivable in excess of the standard base commission earned on premium payments, and are recognized at a point in time when sufficient information is available for management to make reasonable estimates. These payments are based on past agency performance as measured by profitability, premium retention, and premium growth. Contingent commissions represent additional consideration receivable based on certain performance metrics, such as the number and dollar value of premiums, premium growth targets, premium renewals, retention rates, and specified loss ratios. NEXT estimates contingent commissions by utilizing historical experience and other relevant factors. Such contingent commissions are typically received after year end. For the business placed on third party carriers, the Company does not make underwriting decisions or carry the risk on its balance sheet.

Excess Ceding Commissions

Ceding commissions represent reimbursement for acquisition related expenses under proportional ceded reinsurance agreements. Any portion of the ceding commission that exceeds deferrable acquisition costs related to the business ceded is recorded as a deferred liability and accreted into income over the same period in which the related premiums are earned. Ceding commissions are subject to adjustment based on the actual performance of the underlying portfolio of insurance policies placed compared to a contractual range of performance targets. Such adjustments are recognized over the same period in which the related premiums are earned.

MGA Commissions

MGA commissions consist of a provisional commission calculated as a percentage of the premium written on the fronting company. Commissions from MGA placement services are recognized at a point in time on the effective date of the insurance policies. MGA commissions on renewals are recognized at the effective date of the renewal.

B. Contract Assets and Liabilities

Contract assets arise when NEXT recognizes commissions and fee revenue for the amounts which have not yet been billed. Contract liabilities relate to amounts received for claims adjudication and other services in advance of providing

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such services to the customer. Contract assets are included in other receivable, net, and contract liabilities are included in other liabilities. As of September 30, 2025, the contract assets and contract liabilities are \$86.3 and \$64.0.

C. Accounts Receivable relating to Customer contracts

As insurance agent, NEXT typically collects premiums from insureds. After deducting the authorized commissions, it remits the net premiums to the appropriate insurance company. Premiums that are receivable from insureds are included in Other receivables. Unremitted net insurance premiums are held in a fiduciary capacity until they are disbursed. These receivable also contain both billed and unbilled revenue in the form of commissions receivable. As of September 30, 2025, unbilled revenue of \$81.9, is included in other receivable on the consolidated balance sheet. The allowance for expected credit losses on these receivables as of September 30, 2025 is \$10.9.

12. Postretirement Benefits

The Company provides retirement benefits to its employees hired prior to 2006 under a qualified non-contributory defined benefit pension plan. It provides additional benefits to certain employees whose retirement benefits exceed maximum amounts permitted by current tax law under an unfunded, nonqualified pension plan. Benefits under both plans are based on years of service and the average of the employee's highest consecutive five years of compensation. Accrued costs represent estimates based upon current information. Those estimates are subject to change due to changes in the underlying information supporting such estimates in the future. These defined benefit pension plans were frozen in 2011, at which time employees in the plans ceased accruing benefits under the plans and commenced participation in the Company's defined contribution retirement savings plan.

The Company also provides post-retirement health care benefits to individuals having attained the age of 55 by March 31, 2018, who also meet service eligibility requirements. The plan cost to the Company is capped at 150% of the cost as of January 1, 2009. Additional costs above the cap are paid by retiree contributions. The Company funds its obligation currently.

Net periodic benefit cost is included in other expense in the Consolidated Statement of Comprehensive Income. The following table provides the components of net periodic benefit cost for the three months ended September 30, 2025, and 2024.

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Interest cost	\$ 7.3	\$ 7.0	\$ 0.3	\$ 0.3
Expected return on plan assets	(5.4)	(7.2)	-	-
Amortization of net loss	0.9	1.0	-	-
Amortization of prior service credit	-	-	(0.4)	(0.4)
Net periodic benefit cost	<u>\$ 2.8</u>	<u>\$ 0.8</u>	<u>\$ (0.1)</u>	<u>\$ (0.1)</u>

The following table provides the components of net periodic benefit cost for the nine months ended September 30, 2025, and 2024.

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Interest cost	\$ 21.9	\$ 21.0	\$ 1.0	\$ 0.9
Expected return on plan assets	(16.2)	(21.8)	-	-
Amortization of net loss	2.9	3.1	-	-
Amortization of prior service credit	-	-	(1.3)	(1.2)
Net periodic benefit cost	<u>\$ 8.6</u>	<u>\$ 2.3</u>	<u>\$ (0.3)</u>	<u>\$ (0.3)</u>

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13. Commitments and Contingencies

Commitments

The following table summarizes the Company's unfunded commitments as of September 30, 2025:

Fixed Term Loans	Total Commitment	Unfunded Commitment	Fulfillment Year
NYC Transportation Development Corp	34.4	5.6	2029

Surety bonds

The Company is contingently obligated as co-surety to certain surety bonds issued by its reinsured clients. In all such cases, an indemnification and hold harmless agreement is executed that limits the Company's exposure to the extent provided under the reinsurance contract in the event of a claim. As co-surety, the Company would only incur a loss in excess of the limits of the reinsurance contract if a default by both the bonded principal and the co-surety occurred. Based upon internal risk modeling, which takes into consideration the financial strength and rating of the co-surety, a co-surety loss on any of these agreements is deemed to be remote. At September 30, 2025, the Company's contingent obligation under all co-surety arrangements is \$819.3.

Financial Guarantees

At September 30, 2025, the Company has provided guarantees in the amount of \$82.1 to certain counterparties of the weather and energy trading operations of an affiliate, Munich Re Trading, LLC ("MRTL") pursuant to a credit support facility between the Company and MRTL (the "Guarantees"). Pursuant to the facility, the Company may, but is not obligated to, issue credit support of up to a maximum of \$350.0 for MRTL in furtherance of MRTL's trading business. The credit support will be in the form of Guarantees wherein the Company guarantees the payment obligations of MRTL arising from certain transactions or contracts relating to the supply of energy services or weather related derivatives. The Guarantees remain in effect until the earlier of (i) the underlying transactions expire and all obligations are satisfied or (ii) the Guarantees are terminated pursuant to their terms. Upon payment of any obligations under the Guarantees, the Company has subrogation rights against MRTL. Based upon internal risk modeling, the current status of the payment risk on the Guarantees is deemed to be remote.

Litigation

The Company is involved in non-claim litigation incidental to its business principally related to insurance company insolvencies or liquidation proceedings in the ordinary course of business. Also, in the ordinary course of business, the Company is sometimes involved in adversarial proceedings incidental to its insurance and reinsurance business. The amounts at risk in these proceedings are taken into account in setting loss reserves. Based upon its familiarity with or review and analysis of such matters, the Company believes that none of the pending litigation matters will have a material adverse effect on the consolidated financial statements of the Company. However, no assurance can be given as to the ultimate outcome of any such litigation matters.

14. Segment Reporting

Management reviews the Company's financial results focusing on its property and casualty ("P&C") business segments, comprised of its Reinsurance and Munich Re Specialty divisions. The underwriting results of the P&C segments are management's key focus in evaluating the underwriting performance of the Company. These results are reviewed on a gross less specific retrocessions basis. Specific retrocessions are those underwritten within the business segment and generally designed to reduce the net liability on individual risks. Total Corporate & Other retrocessional programs underwritten on a corporate basis and designed to protect the overall surplus of the Insurance Subsidiaries

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are not included in the property and casualty underwriting results. These retrocessions, in addition to the underwriting results of business segments in run-off and certain business written on behalf of Munich Re and its affiliated companies, are aggregated to reconcile the P&C segments underwriting results to the consolidated statements of operations. Elements of underwriting results are **bold**.

The Company does not allocate certain items of revenues and expenses, nor are they included in the assessment of the segment results as reviewed by the Company's management. The assets and liabilities of the Company are generally not maintained on a segment or geographical basis. An allocation of such assets and liabilities is considered by the Company to be impracticable.

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Three months ended September 30, 2025

	<u>Reinsurance</u>	<u>Munich Re Specialty</u>	<u>Total Corporate & Other</u>	<u>Total</u>
<u>Revenues</u>				
Gross premiums written	\$ 787.5	\$ 1,511.6	\$ 329.6	\$ 2,628.7
Net premiums written	787.2	1,471.9	102.3	\$ 2,361.4
Premiums earned	600.5	1,238.5	16.1	\$ 1,855.1
Net commission income				51.7
Net investment income				149.6
Net realized capital gains				1.4
Other income				24.9
Total revenue				<u>2,082.6</u>
<u>Losses and Expenses</u>				
Losses and LAE	191.4	704.4	235.6	1,131.4
Underwriting expense	174.5	417.0	54.7	646.1
Interest expense				17.9
Interest on ceded funds held				5.1
Other expense				88.1
Total losses and expenses				<u>1,888.7</u>
Income before income taxes				<u>193.9</u>
Underwriting gain (loss)	<u>\$ 234.6</u>	<u>\$ 117.1</u>	<u>\$ (274.2)</u>	<u>\$ 77.5</u>
Losses and LAE Ratio	31.9 %	56.9 %	N/M %	61.0 %
Underwriting Expense Ratio	29.1	33.7	N/M	34.8
Combined Ratio	<u>61.0</u> %	<u>90.6</u> %	<u>N/M</u> %	<u>95.8</u> %

N/M = not meaningful

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Three months ended September 30, 2024

	<u>Reinsurance</u>	<u>Munich Re Specialty</u>	<u>Total Corporate & Other</u>	<u>Total</u>
<u>Revenues</u>				
Gross premiums written	<u>\$ 810.5</u>	<u>\$ 1,429.8</u>	<u>\$ 212.7</u>	<u>\$ 2,453.0</u>
Net premiums written	<u>810.4</u>	<u>1,418.5</u>	<u>32.8</u>	<u>2,261.8</u>
Premiums earned	<u>648.3</u>	<u>1,176.5</u>	<u>12.9</u>	<u>1,837.7</u>
Net investment income				123.2
Net realized capital gains				14.0
Other income				<u>11.3</u>
Total revenue				<u>1,986.2</u>
<u>Losses and Expenses</u>				
Losses and LAE	316.9	871.3	199.3	1,387.5
Underwriting expense	180.1	388.0	23.7	591.8
Interest expense				14.7
Interest on ceded funds held				5.2
Other expense				<u>4.8</u>
Total losses and expenses				<u>2,004.0</u>
Loss before income taxes				<u>(17.8)</u>
Underwriting gain (loss)	<u>\$ 151.2</u>	<u>\$ (82.8)</u>	<u>\$ (210.1)</u>	<u>\$ (141.6)</u>
Losses and LAE Ratio	48.9 %	74.1 %	N/M %	75.5 %
Underwriting Expense Ratio	<u>27.8</u>	<u>33.0</u>	<u>N/M</u>	<u>32.2</u>
Combined Ratio	<u>76.7 %</u>	<u>107.1 %</u>	<u>N/M %</u>	<u>107.7 %</u>

N/M = not meaningful

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Nine months ended September 30, 2025

	<u>Reinsurance</u>	<u>Munich Re Specialty</u>	<u>Total Corporate & Other</u>	<u>Total</u>
<u>Revenues</u>				
Gross premiums written	<u>\$ 1,834.3</u>	<u>\$ 4,000.0</u>	<u>\$ 638.4</u>	<u>\$ 6,472.7</u>
Net premiums written	<u>1,830.5</u>	<u>3,886.7</u>	<u>159.3</u>	<u>\$ 5,876.6</u>
Premiums earned	1,733.5	3,675.8	142.0	\$ 5,551.3
Net commission income				51.7
Net investment income				478.8
Net realized capital gains				13.7
Other income				58.6
Total revenue				<u>6,154.1</u>
<u>Losses and Expenses</u>				
Losses and LAE	1,239.5	2,257.0	(159.3)	3,337.3
Underwriting expense	516.3	1,294.3	111.4	1,922.1
Interest expense				59.5
Interest on ceded funds held				15.2
Other expense				117.0
Total losses and expenses				<u>5,451.1</u>
Income before income taxes				<u>703.0</u>
Underwriting gain (loss)	<u>\$ (22.3)</u>	<u>\$ 124.4</u>	<u>\$ 189.8</u>	<u>\$ 2,539.3</u>
Losses and LAE Ratio	71.5 %	61.4 %	N/M %	60.1 %
Underwriting Expense Ratio	<u>29.8</u>	<u>35.2</u>	<u>N/M</u>	<u>34.7</u>
Combined Ratio	<u>101.3</u> %	<u>96.6</u> %	<u>N/M</u> %	<u>94.8</u> %

N/M = not meaningful

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Nine months ended September 30, 2024

	<u>Reinsurance</u>	<u>Munich Re Specialty</u>	<u>Total Corporate & Other</u>	<u>Total</u>
<u>Revenues</u>				
Gross premiums written	<u>\$ 1,904.4</u>	<u>\$ 4,223.6</u>	<u>\$ 475.3</u>	<u>6,603.3</u>
Net premiums written	<u>1,902.4</u>	<u>4,199.9</u>	<u>86.9</u>	<u>6,189.3</u>
Premiums earned	1,870.0	3,398.4	247.6	5,516.0
Net investment income				461.2
Net realized capital losses				10.4
Other income				42.4
Total revenue				<u>6,030.0</u>
<u>Losses and Expenses</u>				
Losses and LAE	1,090.8	2559.6	405.5	4,055.9
Underwriting expense	541.3	1194.46	106.6	1,842.4
Interest expense				51.2
Interest on ceded funds held				15.2
Other expense				18.2
Total losses and expenses				<u>5,983.0</u>
Income before income taxes				<u>47.0</u>
Underwriting gain (loss)	<u>\$ 237.8</u>	<u>\$ (355.7)</u>	<u>\$ (264.5)</u>	<u>\$ (382.3)</u>
Losses and LAE Ratio	58.3 %	75.3 %	N/M %	73.5 %
Underwriting Expense Ratio	<u>28.9</u>	<u>35.1</u>	<u>N/M</u>	<u>33.5</u>
Combined Ratio	<u>87.2 %</u>	<u>110.4 %</u>	<u>N/M %</u>	<u>107.0 %</u>

N/M = not meaningful

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2025, COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2024

Underwriting Results and Combined Ratio

A key measure of the financial strength of a (re)insurance company is a positive underwriting result, or an underwriting profit. A major goal of a reinsurance company is to produce an underwriting profit, exclusive of investment income. A company's underwriting result is measured by its premiums earned, net of losses and LAE incurred and underwriting expenses. If underwriting is not profitable, investment income must be used to cover underwriting losses.

Combined ratio is also an industry-wide measure of a (re)insurance company's profitability. Combined ratio is the sum of the loss ratio and the underwriting expense ratio. The combined ratio is calculated on a GAAP basis, as the sum of the losses and LAE incurred and underwriting expenses, divided by net premiums earned. These ratios are relative measurements that describe the cost of losses and expenses for every dollar of net premiums earned. The combined ratio presents the total cost per dollar of premium production. A combined ratio below 100% demonstrates underwriting profit; a combined ratio above 100% demonstrates underwriting loss.

In addition to reviewing the overall underwriting results and ratios of the Company at a consolidated financial statement level, management focuses on the P&C business segments, comprised of the Reinsurance and Munich Re Specialty divisions in evaluating the underwriting performance of the Company. The underwriting results of business segments in run-off, retrocessional programs designed to protect the overall surplus of Munich Reinsurance America, Inc., and certain business written on behalf of Munich Re and its affiliated companies are not included in these P&C underwriting results.

The underwriting results and combined ratios for the Company for the three months ended September 30, 2025, and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
	<u>(Dollars in millions)</u>	
Premiums earned	\$ 1,855.1	\$ 1,837.7
Less: Losses and LAE	1,131.4	1,387.5
Commission expense	531.1	507.7
Operating expense	115.1	84.1
Underwriting gain (loss)	<u>\$ 77.5</u>	<u>\$ (141.6)</u>
Loss ratio	61.0 %	75.5 %
Expense ratio	<u>34.8</u>	<u>32.2</u>
Combined ratio	<u>95.8 %</u>	<u>107.7 %</u>

Financial Statement Results

The Company reported net loss to its common stockholder of \$93.8 for the three months ended September 30, 2025, compared to net loss of \$33.5 for the same period in 2024.

Revenues

Gross Premiums Written, Net Premiums Written, and Earned Premiums. Gross premiums, net premiums written and earned premiums all increased slightly for the three months ended September 30, 2025 from the same period in 2024 primarily attributable to a change in business mix.

Net Realized Capital Gain and Losses. The Company realized net capital gains of \$1.4 for the three months ended September 30, 2025, compared to net capital gains of \$14.0 for the same period in 2024. This is mainly driven by an increase in both net realized losses from fixed income investments and foreign exchange losses related to Canadian branch activities.

Expenses

Losses and Loss Adjustment Expenses. Net losses and LAE incurred decreased 18.5% to \$1,131.4 for the three months ended September 30, 2025, from \$1,387.5 for the same period in 2024. The decrease is primarily driven as a result of the reduction of the net impact of catastrophe losses in the current period.

Underwriting Expense. Underwriting expense, consisting of commission expense plus operating expense, increased 9.2% to \$646.1 for the three months ended September 30, 2025 compared to \$591.8 for the same period in 2024.

NINE MONTHS ENDED SEPTEMBER 30, 2025, COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2024

Underwriting Results and Combined Ratio

The underwriting results and combined ratios for the Company for the nine months ended September 30, 2025, and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
	(Dollars in millions)	
Premiums earned	\$ 5,551.3	\$ 5,515.9
Less: Losses and LAE	3,337.3	4,055.9
Commission expense	1,594.5	1,550.9
Operating expense	327.6	291.5
Underwriting gain (loss)	<u>\$ 291.9</u>	<u>\$ (382.4)</u>
Loss ratio	60.1 %	73.5 %
Expense ratio	34.7	33.5
Combined ratio	<u>94.8 %</u>	<u>107.0 %</u>

Financial Statement Results

The Company reported a net income to its common stockholder of \$337.3 and \$10.6 for the nine months ended September 30, 2025, and 2024, respectively.

Revenues

Gross Premiums Written, Net Premiums Written, and Earned Premiums. Gross written premiums and net premiums written decreased slightly for the nine months ended September, 30, 2025 from the same period in 2024 primarily attributable to a change in business mix.

Net Realized Capital Gain and Losses. The Company realized net capital gains of \$13.7 for the nine months ended September 30, 2025, compared to net capital gains of \$10.4 for the same period in 2024.

Expenses

Losses and Loss Adjustment Expenses. Net losses and LAE incurred decreased 17.7% to \$3,337.3 for the nine months ended September 30, 2025, from \$4,055.9 for the same period in 2024. The decrease is primarily driven by a larger amortization on the loss portfolio transfer deferred gain due to shortening of the payout pattern.

Underwriting Expense. Underwriting expense, consisting of commission expense plus operating expense, increased 4.3% to \$1,922.1 for the nine months ended September 30, 2025 from \$1,842.1 for the same period in 2024.

FINANCIAL CONDITION

Total consolidated assets increased to \$32,878.7 at September 30, 2025, from \$27,905.3 at December 31, 2024. This increase is mainly driven by an increase in investments and cash of \$1,569.2, an increase in goodwill of \$1,884.8, and an increase in premiums and other receivables of \$642.0 related to the NEXT acquisition. Total consolidated liabilities increased to \$25,443.7 at September 30, 2025, from \$23,806.4 at December 31, 2024.

The total financial statement value of investments and cash increased 10.4% to \$20,415.1 at September 30, 2025, from \$18,845.9 at December 31, 2024.

At September 30, 2025 the Company recognized a cumulative unrealized loss of \$789.9 due to the net adjustment to fair value on fixed income investments, after applicable income tax effects, which was reflected in stockholder's equity as a component of accumulated other comprehensive income. This represents a net increase to stockholder's equity of \$3,336.1, from the cumulative unrealized loss on debt and equity securities of \$1,184.9 recognized at December 31, 2024.

The Company may, from time to time, redeem all or part of its 7.45% Senior Notes due in 2026 (the "Notes") pursuant to the terms of the indenture under which the Notes were issued (the "Indenture"), or purchase them in privately negotiated transactions, tender offers or otherwise. The Indenture contains certain covenants, including, but not limited to, covenants imposing limitations on liens, and restrictions on mergers and sale of assets. Throughout 2025, the Company repurchased, and subsequently cancelled, \$34.1 aggregate principal of Notes through privately negotiated transactions. At September 30, 2025, \$230.1 aggregate principal of Notes remain outstanding.

Common stockholder's equity increased 81.4% to \$7,435.0 at September 30, 2025, from \$4,098.9 at December 31, 2024. This increase was primarily the result of an increase of \$2,714.0 in additional paid-in-capital from the purchase of NEXT Inc., and comprehensive income of \$733.5, offset by dividends paid of \$111.4. The statutory surplus of the Company's Insurance Subsidiaries was \$6,105.9 at September 30, 2025, compared to \$5,896.7 at December 31, 2024.

LIQUIDITY AND CAPITAL RESOURCES

The Company is an insurance holding company whose only material investment is in the capital stock of its subsidiaries. The Company has been dependent on management service agreements and dividends from the Insurance Subsidiaries in order to meet its short- and long-term liquidity requirements, including its debt service obligations. The payment of dividends to the Company by the Insurance Subsidiaries is subject to limitations imposed by the Insurance Department, including the requirement that dividends be paid from available unassigned funds, as set forth in the most recent annual statement of the insurer. Based on these restrictions, MRAm cannot pay dividends in 2025 without the prior approval of the Insurance Department. In 2025, AAIC, BIC and Princeton E&S declared and paid dividends to the company of \$29.7, \$32.2 and \$49.5 respectively. In the future, the Company believes that its long-term debt service obligations will be provided for by available cash of the Company, dividends, and/or tax allocation payments from its subsidiaries, and/or through other forms of financing.

The Company's cash flow from operations may be influenced by a variety of other factors, including cyclical changes in the property and casualty reinsurance market, insurance regulatory initiatives, and changes in general economic conditions. Liquidity requirements are met on a short- and long-term basis by funds provided by operations and from the maturity and the sale of investments. Cash provided by operations primarily consists of premiums collected, investment income, and reinsurance recoverable balances collected, less paid claims, retrocessional payments, underwriting and interest expenses, and income tax payments. Cash flows provided by operations were \$345.2 and \$744.5 for the three months ended September 30, 2025, and 2024, respectively.

Cash and cash equivalents of \$1,588.7 and \$1,162.7 at September 30, 2025, and December 31, 2024, respectively, are maintained for liquidity purposes and represented 36.6% and 9.7%, respectively, of total financial statement investments and cash on such dates.

MARKET AND INTEREST RATE RISK

The Company is subject to market risk arising from the potential change in the value of its various financial instruments. These changes may be due to fluctuations in interest and foreign exchange rates, credit spreads, and equity prices. The major components of market risk affecting the Company are interest rate and foreign currency risk.

Interest rate and equity price risk. The Company has both fixed and variable income investments with a value of \$17,042.8 at September 30, 2025, that are subject to changes in value due to market interest rates. In addition to interest rate and foreign exchange risk, the Company's common equity security portfolio of \$70.5 at September 30, 2025, is subject to changes in value based on changes in equity prices.

Foreign currency rate risk. Foreign currency rate risk is the potential change in value, income and cash flow arising from adverse changes in foreign currency exchange rates. Although the majority of the Company's remaining international operations are in run-off, the Company generally maintains investments in local currencies to meet its foreign obligations. The Company's primary foreign currency exposures are the Canadian Dollar and the Euro.

Management of market risk. The Company seeks to minimize its foreign exchange rate exposure by matching the currency and duration of its foreign investments with the corresponding loss reserves. Where such a match cannot be achieved, foreign currency forward contracts may be used. At September 30, 2025, the Company had no open foreign currency forward contracts. To hedge credit risk, the Company may at times purchase or sell credit default swaps in the form of CDS or CDX contracts. At September 30, 2025, the Company had no open CDS or CDX contracts. The Company may also use other derivative instruments, such as futures, to economically hedge the duration of fixed income assets due to anticipated changes in the interest rate environment. At September 30, 2025, the Company had no open futures position. Derivatives, depending on the type of instrument, are inherently at risk to changes in interest rates, foreign exchange rates and price movements. The market valuations are also a function of the volume of transactions and the terms of the given agreement.

FORWARD-LOOKING INFORMATION

The Company has disclosed certain forward-looking statements concerning its operations, economic performance and financial condition, including, in particular the likelihood of the Company's success in developing and expanding its business and the risks related thereto. These statements are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company, and reflect future business decisions that are subject to change. Some of these assumptions inevitably will not materialize, and unanticipated events will occur which will affect the Company's results. Such statements may include, but are not limited to, projections of premium revenue, investment income, other revenue, losses, expenses, earnings, cash flows, plans for future operations, common stockholder's equity, investments, capital plans, dividends, plans relating to products or services of Munich Re America, Inc., estimates concerning the effects of litigation or other disputes, adverse state or federal legislation or regulation, adverse publicity or news coverage or changes in general economic factors as well as the assumptions for any of the foregoing and are generally expressed with words, such as "believes," "estimates," "expects," "anticipates," "plans," "projects," "forecasts," "goals," "could have," "may have" and similar expressions.