Best's Credit Rating Effective Date
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Financial Data Presented

Financial data in this report: (i) includes data of affiliated entities that are not rating unit members where analytics benefit from inclusion; and/or (ii) excludes data of rating unit member entities if they operate in different segments or geographic areas than the Rating Unit generally. See list of companies for details of rating unit members and any such included and/or excluded entities.

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: Best's Financial Report.

ECM Insurance Group

AMB #: 018547
Associated Ultimate Parent: AMB # 058439 - Old Republic International Corporation

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)	Issuer Credit Rating (ICR)
A Excellent	**a+** Excellent
Outlook: **Positive**	Outlook: **Positive**
Action: **Affirmed**	Action: **Upgraded**

Assessment Descriptors

Balance Sheet Strength	**Very Strong**
Operating Performance	**Adequate**
Business Profile	**Neutral**
Enterprise Risk Management	**Appropriate**

Rating Unit - Members

Rating Unit: ECM Insurance Group | AMB #: 018547

AMB #	Rating Unit Members
012427	1st Choice Advantage Ins Co
021629	American Reliable Insurance Co
004351	ECM Insurance Company

Rating Rationale

Balance Sheet Strength: Very Strong

- Strongest level of risk-adjusted capitalization as reflected by Best's Capital Adequacy Ratio (BCAR) at the 99.6% confidence level. BCAR increased materially in the third quarter of 2026 as a result of surplus growth following the capital contribution from the new parent company, Old Republic.
- Net and gross underwriting leverage measures are comparable to the industry composite average.
- Investment portfolio is anchored in fixed-income securities, which generates adequate liquidity.
- Favorable loss reserve development in most recent accident and calendar years due to corrective actions taken by management in earlier years that have started to gain traction. Carried reserves are maintained above the opining actuary's midpoint.

Operating Performance: Adequate

- Operating earnings have been reported in four of the past five years, supported by solid underwriting results and a steady stream of net investment income, driven by a five-year investment yield that is comparable to the commercial property composite.
- Moderately elevated underwriting expense position, driven by strategic use of commissions. This is somewhat offset by the group's generally favorable loss and loss adjustment expense ratio.
- Elevated five-year premium growth reflects greater focus on rate adequacy and continued geographic diversification.

Business Profile: Neutral

- ECM Insurance Group (ECM) is a niche provider that specializes in providing agricultural and Farm/Ag-related insurance products.
- Continued expansion, both geographically and across distribution channels. Acquisition of American Reliable Insurance Company enhances diversification and positions the organization towards a more national scale.
- ECM maintains a strong history and community presence extending over 100 years. Business is distributed through a network of independent agents that support targeted growth initiatives. Multi-distribution channel in place using 1st Choice Advantage Insurance Company to serve the wholesale market.
- Property predominant book of business exposes the group to severe weather-related events; however, this risk is partially mitigated through a comprehensive reinsurance program and continued emphasis on pricing sophistication to more effectively match premium to risk selection.

Enterprise Risk Management: Appropriate

- ECM's enterprise risk management (ERM) program is viewed as appropriate for its size and scope of operations. Formal documentation identifies risks, outlines roles and responsibilities, establishes appropriate measurements, sets priorities, and formalizes mitigation strategies and action plans.
- The ERM program identifies strategic risks, financial risks, operational risks and hazard risks. Risk tolerances are clearly determined, and mitigation strategies are in place for each risk. Strong risk awareness and corporate governance are supported by the board and senior management.
- Qualitative and quantitative risk appetite and tolerance statements have been developed that are closely tied to the group's strategic planning process and regularly monitored for compliance.
- Weather losses are effectively mitigated through a high-quality reinsurance program, extensive exposure management processes, and continued diversification through an expanding footprint.

Rating Lift/Drag

- The rating enhancement reflects the group's strategic position and importance within the Old Republic enterprise.
- The group benefits from its association with Old Republic through capital support, business opportunities and shared services. Old Republic contributed $153 million to ECM in the third quarter of 2026. In addition, Old Republic enhanced ECM's reinsurance protections and plans to include ECM in Old Republic's corporate treaties for 2027.
- The group receives implicit support as a member of the Old Republic enterprise, which reflects the integration within the organization's operations and strategic plans.

Outlook

- The positive outlooks reflect the expectation that ECM will maintain very strong overall balance sheet strength supported by the strongest level of risk-adjusted capitalization with continued favorable loss reserve development trends over the intermediate term. Operating performance is expected to remain in line with the adequately assessed peers and contribute to organic surplus growth to support the expanding book of business. In addition, ECM will continue to benefit from the support of its parent, Old Republic.

Rating Drivers

- Positive rating action could occur if there is successful integration of ECM into the Old Republic organization and growing strategic importance of ECM for Old Republic.
- Negative rating action could occur if there is a decline in the level of support from the parent company, Old Republic.
- Negative rating action could also occur following sustained deterioration in underwriting and operating performance that no longer aligns with the adequate assessment.

Key Financial Indicators

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	**95.0**	**99.0**	**99.5**	**99.6**
BCAR Score	71.0	57.0	51.2	48.2

Source: Best's Capital Adequacy Ratio Model - P/C, US

	3-Months		Year End - December 31				
Key Financial Indicators USD (000)	**2026**	**2025**	**2025**	**2024**	**2023**	**2022**	**2021**
Premiums Written:							
Direct	57,568	58,497	218,901	237,203	249,654	273,602	107,791
Assumed*	25,994	27,609	...	-20	4,634	63,609	4,684
Ceded*	56,099	38,934	59,380	82,574	89,523	138,010	5,076
Net	27,463	47,172	159,522	154,609	164,765	199,201	107,399
Net Operating Income	3,341	-355	13,659	8,762	-9,203	48,849	10,432
Net Income	4,554	170	14,712	12,249	-8,566	20,351	15,476
Total Admitted Assets	328,526	305,943	313,937	290,745	268,963	243,716	217,758
Policyholders' Surplus	125,175	107,259	121,516	107,465	94,603	86,821	110,036

Source: BestLink® - Best's Financial Suite

*Quarterly premiums include affiliated reinsurance premiums that are eliminated in annual assumed and ceded values.

	3-Months		Year End - December 31					
Key Financial Ratios (%)	**2026**	**2025**	**2025**	**2024**	**2023**	**2022**	**2021**	**Weighted Average**
Profitability:								
Combined Ratio	95.6	97.9	92.8	97.5	107.5	108.8	89.1	99.9
Reserve Development Combined Ratio Impact	-32.6	-11.8	-5.6	-3.0	1.7	30.4	-3.4	7.7
Net Investment Yield	2.5	2.5	2.0	1.7	1.4	6.4	1.6	2.6
Pre-Tax Operating Return on Net Earned Premiums	14.9	0.6	10.2	6.3	-7.6	19.6	12.8	9.4
Net Income Return on Policyholders' Surplus	14.8	0.6	12.8	12.1	-9.4	20.7	15.1	10.7
Total Return on Policyholders' Surplus	21.9	-1.1	12.9	13.3	-7.9	18.9	15.0	10.8
Leverage:								
Net	2.7	3.3	2.9	3.1	3.6	4.1	2.0	...
Gross	...	...	3.8	4.6	5.5	7.4	2.0	...
Non-affiliated Investment	29.9	36.0	35.3	37.3	44.9	49.7	54.2	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

ECM Insurance Group's (ECM) balance sheet strength is viewed as very strong, reflective of the strongest level of risk-adjusted capitalization as measured by BCAR at the 99.6% confidence level, which is partially offset by slightly elevated underwriting leverage metrics that are higher than the composite average. The group's balance sheet strength is further protected from severe weather losses by a comprehensive reinsurance program with high quality reinsurers.

ECM's capital position includes a surplus note totaling $15.0 million. The note was issued in 2023 to improve underwriting leverage and to support growth initiatives. The note and accrued interest are payable upon satisfying certain conditions, including minimum unencumbered surplus requirements and compliance with provisions of the Pennsylvania Department of Insurance.

Capitalization

The group's risk-adjusted capitalization, as measured by BCAR, is categorized as strongest. The capital position reflects surplus growth in four out of the past five years generated through generally positive underwriting results, a steady stream of net investment income, capital gains and the issuance of surplus notes. While the surplus position will remain susceptible to weather-related events and equity market sensitivity, ECM's risk-adjusted capitalization is expected to remain at the strongest level, following the recent capital contributions by new parent, Old Republic.

	3-Months		Year End - December 31				
Capital Generation Analysis USD (000)	**2026**	**2025**	**2025**	**2024**	**2023**	**2022**	**2021**
Beginning Policyholders' Surplus	121,516	107,465	107,465	94,603	86,821	110,036	94,735
Net Operating Income	3,341	-355	13,659	8,762	-9,203	48,849	10,432
Net Realized Capital Gains (Losses)	1,212	525	1,052	3,487	637	-28,498	5,044
Net Unrealized Capital Gains (Losses)	2,207	-466	47	1,162	1,389	-1,704	-167
Net Change in Paid-In Capital and Surplus	...	...	...	...	15,000	-8,284	...
Other Changes in Capital and Surplus	-3,101	89	-709	-548	-41	-33,578	-9
Net Change in Policyholders' Surplus	3,659	-206	14,050	12,862	7,782	-23,215	15,301
Ending Policyholders' Surplus	125,175	107,259	121,516	107,465	94,603	86,821	110,036
Net Change in Policyholders' Surplus (%)	3.0	-0.2	13.1	13.6	9.0	-21.1	16.2
Net Change in Policyholders' Surplus (5 yr CAGR)	...	...	5.1	...	...	...	...

Source: BestLink® - Best's Financial Suite

	3-Months		Year End - December 31				
Liquidity Analysis	**2026**	**2025**	**2025**	**2024**	**2023**	**2022**	**2021**
Net Operating Cash Flow USD (000)	4,583	-2,390	4,194	7,114	-1,752	-171,613	18,907
Current Liquidity (%)	110.8	108.2	115.9	119.2	118.3	122.0	175.4

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Investment income has been generated by an investment portfolio that is weighted towards high quality fixed income securities and dividend paying stocks. The majority of the bond investments are in high quality corporates, followed by U.S. and state government bonds, with all holdings categorized as investment grade. ECM's five-year average investment yield remains comparable to the composite average. Common stock leverage has trended lower in recent years and is comparable to the composite average. Furthermore, ECM's equity leverage is within risk tolerances and is primarily invested in dividend yielding stocks with the remainder in mutual funds.

Balance Sheet Strength (Continued...)

Composition of Cash and Invested Assets	3-Months 2026	3-Months 2025	Year End - December 31 2025	2024	2023	2022	2021
Total Cash and Invested Assets USD (000)	231,784	218,367	226,358	221,867	209,496	195,037	192,013
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	14.0	9.8	11.1	10.2	9.6	15.7	5.7
Bonds	67.1	71.2	69.7	71.4	69.8	61.8	63.2
Stocks	17.9	17.8	18.2	17.3	19.5	21.3	30.0
Other Invested Assets	0.7	0.8	0.7	0.8	0.8	0.9	0.7
Total Unaffiliated	99.7	99.7	99.7	99.7	99.7	99.6	99.6
Investments in Affiliates	2.7	1.3	1.3	1.2	1.4	1.4	1.1
Non-Admitted	-2.4	-1.0	-1.0	-1.0	-1.1	-1.0	-0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Composition of Bond Quality (%)	3-Months 2026	3-Months 2025	Year End - December 31 2025	2024	2023	2022	2021
Investment Grades							
Class 1 (Highest Quality)	91.6	90.2	91.5	90.4	91.7	90.0	87.2
Class 2 (High Quality)	8.4	9.8	8.5	9.6	8.3	10.0	12.3
Total Investment Grade	100.0	100.0	100.0	100.0	100.0	100.0	99.4
Non-Investment Grades							
Class 3 (Medium Quality)	...	...	...	...	...	...	0.6
Total Non-Investment Grade	...	...	...	...	...	...	0.6
Below Investment Grade - % of Capital & Surplus	...	...	...	...	...	...	0.6

Source: BestLink® - Best's Financial Suite

Bonds and Short Term Investments	Years 0-1	1-5	5-10	10-20	20+	Average (Years)
Distribution by Maturity (%)						
Total Publicly Traded Bonds	14.6	35.4	41.5	8.5	...	5.5
Total Bonds	14.6	35.4	41.5	8.5	...	5.5

Source: BestLink® - Best's Financial Suite

Bonds by Issuer (%)	Year End - December 31 2025
U.S. Govt & Municipalities - Issuer Credit Obligations	35.3
All other Issuer Credit Obligations - U.S. - Unaffiliated	64.0
All other Issuer Credit Obligations - Foreign - Unaffiliated	0.6
Asset-Backed Securities - U.S. - Unaffiliated	0.1

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

ECM has reported favorable development in four of the five most recent calendar and accident years at year-end 2025. Following some early loss reserve development (driven by greater than expected losses, primarily due to inflationary trends, on the commercial auto liability and commercial multi-peril lines of business), management responded with rate increases in these lines of business.

Balance Sheet Strength (Continued...)

Historically, the capital position was impacted by volatile reserve trends. However, in more recent years, reserve development has generally been favorable as reflected by calendar and accident year redundancies following management's reserve strengthening actions. Being a property heavy book, ECM's reserves are susceptible to weather-related events on a year-to-year basis. The group maintains a generally short tail book of business. ECM's practices are reviewed by management on a regular basis. Top reserve lines are commercial multi-peril, homeowners/farmowners, commercial auto liability and other liability. Overall, loss reserves continue to be maintained above the independent actuarial midpoint.

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	3-Months		Year End - December 31				
	2026	2025	2025	2024	2023	2022	2021
Loss and ALAE* Reserves USD (000)	65,519	71,454	61,194	54,420	54,855	47,856	40,465
Loss and ALAE* Reserves Development USD (000)	-10,764	-4,845	...	-10,221	-4,612	52	-1,162
Development to:							
Original Reserves (%)	...	...	...	-15.8	-7.8	0.1	-2.8
Prior Year End Reserves(%)	-17.1	-7.3	...	...	...	...	...
Prior Year End Surplus (%)	-8.9	-4.5	...	-9.5	-4.9	0.1	-1.1

Source: BestLink® - Best's Financial Suite

* Interim LAE reserves balances displayed include Adjusting and Other Unpaid as well as Defense and Cost Containment Unpaid. Year End LAE balances include Defense and Cost Containment Unpaid only.

Loss and Loss Adjustment Expense Reserves and Development - Accident Year	Year End - December 31				
	2025	2024	2023	2022	2021
Original Loss and ALAE Reserves USD (000)	33,681	35,825	37,600	27,991	24,303
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	33,681	25,140	34,713	27,496	19,703
Development to Original Reserves (%)	...	-29.8	-7.7	-1.8	-18.9
Accident Year Loss and LAE Ratio (%)	64.5	62.3	74.5	62.1	58.0
Accident Year Combined Ratio (%)	98.4	94.6	104.4	111.4	88.6

Source: BestLink® - Best's Financial Suite

Operating Performance

ECM's five-year average combined ratio is near break-even. This position is driven by profitable underwriting results in most years attributed to new state expansions providing a broader spread of risk, improved rate adequacy in the auto programs and continued growth in farm/Ag specialty products.

While the group's core property lines of business remain subject to frequent and severe weather-related events, this exposure is partially mitigated through enhanced pricing initiatives, coastal exposure management and a comprehensive reinsurance program. Prospective results are expected to benefit from improved pricing sophistication and data analytics which are expected to drive performance in commercial automobile. In addition, ECM's "by class" approach to Farm/Ag risks and continued rate increases in the Hog confinement program have gained traction in recent years. Management remains committed to building upon these efforts to ensure sustained improvement in the group's long-term operating performance across all programs.

ECM recorded solid investment income over the most recent five-year period from its high quality investment portfolio. This income has enhanced underwriting profitability in most years. While five-year pre-tax investment yield remains comparable to the composite average, five-year total return on invested assets lagged the composite average. Pre-tax operating income has been reported in four of the past five years. In 2025, the modest increase in net investment income reflected improvement in the interest rate environment and increase in the invested asset base. The high quality investment portfolio is anchored in long-term bonds. As of year-end 2025, fixed income investments are nearly 70% of invested assets. ECM's investment strategy has focused on mutual funds and dividend stocks for its equity exposure.

Operating Performance (Continued...)

Over the most recent five-year period, net investment income has been the main contributor to pre-tax operating income, enhanced by solid underwriting income in four of the past five years.

Operating and Financial Performance Ratios (%) - Company	3-Months		Year End - December 31					
	2026	2025	2025	2024	2023	2022	2021	Weighted Average
Calendar Year Loss and LAE Ratio	62.7	64.1	58.9	65.1	77.7	59.5	58.5	63.7
Expense and Policyholder Dividend Ratio	32.8	33.8	33.9	32.4	29.8	49.3	30.6	36.2
Combined Ratio	95.6	97.9	92.8	97.5	107.5	108.8	89.1	99.9
Reserve Development Ratio Impact	-32.6	-11.8	-5.6	-3.0	1.7	30.4	-3.4	7.7
Net Investment Yield	2.5	2.5	2.0	1.7	1.4	6.4	1.6	2.6
Pre-Tax Operating Return on Net Earned Premiums	14.9	0.6	10.2	6.3	-7.6	19.6	12.8	9.4
Net Income Return on Policyholders' Surplus	14.8	0.6	12.8	12.1	-9.4	20.7	15.1	10.7
Total Return on Policyholders' Surplus	21.9	-1.1	12.9	13.3	-7.9	18.9	15.0	10.8

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%) - Composite	3-Months		Year End - December 31					
	2026	2025	2025	2024	2023	2022	2021	Weighted Average
Calendar Year Loss and LAE Ratio	52.5	54.7	48.3	57.6	59.7	58.5	61.1	56.8
Expense and Policyholder Dividend Ratio	27.2	27.6	37.5	33.5	30.5	31.7	33.8	33.4
Combined Ratio	79.8	82.2	85.7	91.1	90.3	90.2	94.9	90.2
Reserve Development Ratio Impact	-1.2	-2.3	-7.5	-5.2	2.1	-3.4	-2.4	-3.4
Net Investment Yield	2.4	2.5	3.1	3.3	2.9	2.0	2.2	2.7
Pre-Tax Operating Return on Net Earned Premiums	23.2	21.2	23.9	18.3	16.0	15.6	10.6	17.3
Net Income Return on Policyholders' Surplus	10.7	13.8	12.2	9.9	8.2	6.2	6.8	8.9
Total Return on Policyholders' Surplus	8.1	8.0	16.7	13.5	14.5	-0.2	10.3	11.4

Source: BestLink® - Best's Financial Suite

Industry Composite: Commercial Property Composite - BestLink® - Best's Financial Suite

Business Profile

On July 1, 2026, EMC was acquired by Old Republic International Corporation. As part of the transaction, members approved a transition of ECM from mutual to a stock company.

ECM Insurance Group (ECM) consists of Everett Cash Mutual Insurance company (Everett Cash) and its wholly-owned stock subsidiaries, 1st Choice Advantage Insurance Company, Inc. (1CA) and American Reliable Insurance Company (ARIC). ECM provides niche programs for a wide variety of distinct businesses including equine, poultry, including avian influenza, confinement operations, commercial farms, wineries and vineyards as well as farm bed & breakfasts. ECM has remained focused on expanding its niche through new product line offerings and expansion of its geographic footprint. The ARIC acquisition has provided greater diversification of the group's geographic footprint. Currently, ECM has a footprint in 48 states.

ECM is the fourth largest writer of farmowners insurance in its home state of Pennsylvania and the second largest writer of farmowners in the state of North Carolina. The non-correlated nature of ECM's expansion states has proven effective to offset volatility in recent years despite the impact of weather-related events. ECM has remained focused on expanding its niche through new product line offerings and expansion of its geographic footprint. The group has gradually shifted its business mix by de-emphasizing homeowners accounts, which now only makes up a nominal percentage of the overall book. In addition, ECM completed its exit from the personal auto insurance market in 2025. Management has also established new commercial products including agri-business, liquor liability, car washes, wineries/breweries and equipment breakdown, and has been expanding its commercial auto program. Also, the group has offered workers' compensation to its Pennsylvania commercial policyholders since 2009.

Business is primarily distributed through a network of independent agents. However, ECM has multiple distribution channels in place in Texas and Georgia through 1CA to serve the wholesaler market. ECM's long-standing history has helped to develop extensive market knowledge and create well-founded agent and regulatory relationships.

Business Profile (Continued...)

ECM's multiple distribution channel approach allows the company to adjust pricing based market conditions in various states. ECM remains focused on its commercial auto product to support its niche farm Ag products. Overall, prospective business plans include maintaining focus on Ag and farm products, continued operational and financial integration of ARIC, and greater emphasis on pricing sophistication, rate adequacy and risk selection.

1CA was initially established to write auto insurance in support of its parent. Starting in 2017, 1CA's offering was revised to include an alternative market for the Farm/Ag business. The Farm/Ag business continues to grow mostly notably in the states of Texas and Georgia.

Premium Composition and Growth	3-Months		Year End - December 31					5 Year CAGR
	2026	2025	2025	2024	2023	2022	2021	
Direct Premiums Written USD (000)	57,568	58,497	218,901	237,203	249,654	273,602	107,791	...
% Change	-1.6	-7.1	-7.7	-5.0	-8.8	153.8	9.8	17.4
Reinsurance Premiums Assumed USD (000)*	25,994	27,609	...	-20	4,634	63,609	4,684	...
% Change	-5.8	8.3	-99.9	-99.9	-92.7	999.9	8.5	...
Reinsurance Premiums Ceded USD (000)*	56,099	38,934	59,380	82,574	89,523	138,010	5,076	...
% Change	44.1	-15.0	-28.1	-7.8	-35.1	999.9	14.2	67.9
Net Premiums Written USD (000)	27,463	47,172	159,522	154,609	164,765	199,201	107,399	...
% Change	-41.8	10.6	3.2	-6.2	-17.3	85.5	9.5	10.2

Source: BestLink® - Best's Financial Suite

*Quarterly premiums include affiliated reinsurance premiums that are eliminated in annual assumed and ceded values.

2025 By Line Business	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	USD (000)	%	USD (000)	%	USD (000)	%	USD (000)	%	%
Comm M.P.	94,406	43.1	...	...	18,061	30.4	76,345	47.9	80.9
Farmowners	69,795	31.9	...	...	23,817	40.1	45,978	28.8	65.9
Inland Marine Total	20,884	9.5	...	...	10,999	18.5	9,885	6.2	47.3
Comm Auto Liab	13,611	6.2	...	...	845	1.4	12,766	8.0	93.8
Other Liab Occurrence	7,993	3.7	...	...	2,305	3.9	5,688	3.6	71.2
Top 5	206,689	94.4	...	...	56,027	94.4	150,662	94.4	72.9
All Other	12,213	5.6	...	...	3,353	5.6	8,860	5.6	72.5
Total	218,901	100.0	...	...	59,380	100.0	159,522	100.0	72.9

Source: BestLink® - Best's Financial Suite

Geographic Breakdown by Direct Premiums Written USD (000)	Year End - December 31				
	2025	2024	2023	2022	2021
Pennsylvania	30,343	33,809	35,724	34,523	32,108
North Carolina	22,359	26,669	30,390	31,115	15,533
Texas	17,899	17,865	16,429	18,108	8,723
Arkansas	15,948	15,789	15,700	17,763	4,924
Missouri	11,101	11,792	12,806	12,819	6,414
Top 5 States	97,650	105,924	111,049	114,327	67,703
All Other	121,251	131,279	138,604	159,275	40,088
Total	218,901	237,203	249,654	273,602	107,791
Geographic Concentration Index	0.06	...	...	...	...

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

ECM's ERM program is considered appropriate for the risk profile of the organization and identifies strategic risks, financial risks, operational risks and hazard risks. Within each category, the risks are detailed and rated on a priority level. The program includes the use of qualitative and quantitative risk tolerance and appetite statements. Various areas of risks including cyber security, exposure concentration, credit, underwriting, regulatory, market, liquidity, brand and IT risks are discussed and monitored. Regular reviews are prepared and vetted by senior management and reported to the Board to support communications and desired alignment. These reviews include financial and operational key performance indicators versus benchmarks, presentations and discussion around the current state of the business and strategic initiatives.

As ECM's core book of business is property, results are susceptible to various weather-related events such as hurricanes, tornadoes and winter storms. ECM has consistently reduced concentration in its largest state of Pennsylvania and has a comprehensive reinsurance program. Despite increasing the co-participation for its reinsurance program, ECM has mitigated the impact of a net after-tax probable maximum loss (PML) of a 1/100-year event to no more than 10% of surplus, which is within risk tolerance levels.

Reinsurance Summary

Reinsurance protection is afforded through a per-risk excess contract that covers individual losses over $1.25 million up to $10.0 million for property risks. Exposures above $10.0 million are reinsured up to $25.0 million on a facultative basis. The company maintains property catastrophe reinsurance in three layers, which provides coverage up to $50.0 million with a $7.0 million retention and 11% co-participation in the first layer. Casualty and umbrella risks are reinsured up to $4.5 million excess of $1.5 million. Excess of loss reinsurance is maintained for workers' compensation exposures up to $10.0 million excess of $500,000.

Following the acquisition in July 2026, Old Republic enhanced reinsurance protection of ECM. It is expected that ECM will be added to Old Republic's reinsurance treaties in 2027.

Environmental, Social & Governance

AM Best considers ECM's exposure to material environmental, social, and corporate governance (ESG) risk to be moderate. The primary ESG risk to the group is climate risk, as rising global temperatures contribute to increased frequency and severity of natural catastrophes and secondary perils. Catastrophe risks are managed through a diversified reinsurance program to mitigate this exposure, and in general, risks are sufficiently absorbed reflecting appropriate governance practices.

Rating Lift/Drag

ECM Insurance Group receives rating lift based on its position within the Old Republic International Corporation enterprise. Following the acquisition in July 2026, the group receives implicit and explicit support which reflects the integration within the organization's operations and strategic plans.

Financial Statements

Balance Sheet	3-Months 2026 USD (000)	%	Year End - December 31 2025 USD (000)	%	2024 USD (000)	%
Cash and Short Term Investments	32,516	9.9	25,104	8.0	22,655	7.8
Bonds	155,543	47.3	157,710	50.2	158,442	54.5
Preferred and Common Stock	41,551	12.6	41,293	13.2	38,372	13.2
Other Invested Assets	2,174	0.7	2,250	0.7	2,398	0.8
Total Cash and Invested Assets	231,784	70.6	226,358	72.1	221,867	76.3
Premium Balances	70,985	21.6	71,572	22.8	50,088	17.2
Net Deferred Tax Asset	5,926	1.8	5,251	1.7	5,621	1.9
Other Assets	19,831	6.0	10,756	3.4	13,169	4.5
Total Assets	328,526	100.0	313,937	100.0	290,745	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	37,105	11.3	26,673	8.5	33,776	11.6
Net IBNR Loss Reserves*	28,414	8.6	24,705	7.9	22,988	7.9
Net LAE Reserves	...	...	11,734	3.7	9,754	3.4
Total Net Loss and LAE Reserves	65,519	19.9	63,112	20.1	66,517	22.9
Net Unearned Premiums	74,982	22.8	80,552	25.7	79,819	27.5
Other Liabilities	62,851	19.1	48,757	15.5	36,944	12.7
Total Liabilities	203,351	61.9	192,421	61.3	183,280	63.0
Unassigned Surplus	100,175	30.5	96,516	30.7	82,465	28.4
Other Surplus	25,000	7.6	25,000	8.0	25,000	8.6
Total Policyholders' Surplus	125,175	38.1	121,516	38.7	107,465	37.0
Total Liabilities and Surplus	328,526	100.0	313,937	100.0	290,745	100.0

Source: BestLink® - Best's Financial Suite
* Interim reserves balances include LAE.

Income Statement USD (000)	3-Months 2026	2025	Year End - December 31 2025	2024
Net Premiums Earned	33,033	40,942	158,789	160,030
Net Losses and LAE Incurred:				
Current Accident Year	31,491	31,109	102,381	108,956
Prior Accident Years	-10,764	-4,845	-8,928	-4,788
Underwriting Expenses Incurred	9,010	15,941	54,121	50,058
Net Underwriting Income	3,295	-1,262	11,214	5,803
Net Investment Income	1,417	1,394	4,395	3,727
Other Income (Expense)	202	115	552	623
Pre-Tax Operating Income	4,915	247	16,161	10,154
Income Taxes Incurred	1,573	602	2,502	1,392
Net Operating Income	3,341	-355	13,659	8,762
Net Realized Capital Gains (Losses)	1,212	525	1,052	3,487
Net Income	4,554	170	14,712	12,249

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	3-Months 2026	3-Months 2025	Year End - December 31 2025	Year End - December 31 2024
Net Premiums Collected	44,472	43,796	149,165	153,564
Net Losses Paid	25,945	26,468	87,409	94,182
Expenses Paid	15,427	23,217	62,143	56,468
Net Underwriting Cash Flow	3,100	-5,888	-387	2,914
Net Investment Income	1,281	1,233	3,992	3,328
Other Income (Expense)	203	118	553	683
Income Taxes Paid (Recovered)	1	-2,149	-35	-188
Net Operating Cash Flow	4,583	-2,390	4,194	7,114

Source: BestLink® - Best's Financial Suite

Related Methodology and Criteria

Best's Credit Rating Methodology, 08/29/2024

Catastrophe Analysis in AM Best Ratings, 02/27/2026

Available Capital and Insurance Holding Company Analysis, 09/18/2025

Evaluating US Surplus Notes, 06/13/2024

Scoring and Assessing Innovation, 02/20/2025

Understanding BCAR for US Property/Casualty Insurers, 06/25/2026

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