

**REPORT ON EXAMINATION AS TO THE CONDITION OF
ALLEGHENY CASUALTY COMPANY
NEWARK, NEW JERSEY 07102-5207
AS OF DECEMBER 31, 2024
NAIC GROUP CODE 225
NAIC COMPANY CODE 13285**

FILED

May 19, 2026

Commissioner

New Jersey Department

Of

Banking and Insurance

TABLE OF CONTENTS

	Page
Salutation	1
Scope of Examination.....	2
History of the Company	2
Territory and Plan of Operation	4
Reinsurance and Retention	4
Holding Company System.....	5
Corporate Records	6
Management and Control	6
Policy of Conflict of Interest	8
Fidelity Bond and Other Insurance Coverages.....	8
Advertising	8
Treatment of Policyholders	8
Continuity of Operations	8
Accounts and Records	9
Financial Statements and Other Exhibits	10
Exhibit A: Statement of Financial Position	11
Exhibit B: Statement of Operating Results	12
Exhibit C: Changes in Capital and Surplus	13
Notes to Financial Statements	14
Summary of Examination Recommendations	15
Conclusion	16
Affidavit	17



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

OFFICE OF SOLVENCY REGULATION

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MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

SUSAN OCHS
Acting Commissioner

April 28, 2026

Honorable Susan Ochs
Acting Commissioner
Department of Banking and Insurance
State of New Jersey
20 West State Street
Trenton, New Jersey 08625

Acting Commissioner:

A financial examination has been made of the condition and affairs of the:

Allegheny Casualty Company
One Newark Center
Newark, New Jersey 07102-5207
NAIC Group Code 225
NAIC Company Code 13285

a property and casualty insurance organization authorized to transact business in the State of New Jersey and hereinafter referred to in this report as the "Company" or "ACC."

SCOPE OF EXAMINATION

The New Jersey Commissioner of Banking and Insurance called this examination in compliance with the requirements of N.J.S.A. 17:23-22. The examination was a full-scope comprehensive examination.

The examination was conducted using the risk-focused examination approach and addressed the five-year period from December 31, 2019, the date of the last financial condition examination, to December 31, 2024.

The conduct of the examination was governed in accordance with the procedures of the National Association of Insurance Commissioners (“NAIC”) and followed regulatory procedures prescribed or permitted by the New Jersey Department of Banking and Insurance (“NJDOBI”). The scope of this examination focused on certain specific key risk areas as determined by a risk assessment analysis through the use of control testing. Risks were assessed based upon its impact to the Company’s financial condition and its future results. An assessment of the Company’s management, corporate governance and information systems was utilized to identify, control, assess and manage its business and financial reporting risks. The overall objectives of this examination are indicated below:

- Perform an examination utilizing business risk assessment activities, focusing examination procedures on those areas considered to have greater risk in order to identify significant operating issues and/or deviations from Statutory Accounting Practices that affect solvency assessment.
- Identify significant deviations from New Jersey insurance laws, regulations and NJDOBI directives.
- Conduct the examination in accordance with standards prescribed in the NAIC *Financial Condition Examiners Handbook*, NAIC Accreditation Standards and NJDOBI policy.
- Identify and report on significant operational and internal control deficiencies.
- Assess the governance structure, corporate culture and management processes in order to assess management’s (including Board of Directors) ability to identify, evaluate and control its business risks.
- Identify and report any prospective risks for continued monitoring and surveillance by the NJDOBI.

HISTORY OF THE COMPANY

The Company is the successor to the Allegheny Mutual Casualty Company, which was incorporated under the mutual insurance laws of the State of Pennsylvania on April 15, 1936. On January 1, 1998, the Company was demutualized and all eligible policyholders received stock in the newly formed ACC. Immediately, these shares were exchanged for the shares of The Chestnut Group, Inc., which resulted in The Chestnut Group, Inc. owning 100% of ACC stock. In 2009,

International Fidelity Insurance Company (“IFIC”), a New Jersey domiciled insurance company, purchased all shares of The Chestnut Group, Inc. In 2015, IFIC Surety Group, Inc. was incorporated in the State of New Jersey to hold all of the stock in IFIC. On August 31, 2015, the owners of IFIC exchanged 100% ownership in IFIC for 100% ownership in IFIC Surety Group, Inc. Additionally, in 2015, ACC was redomesticated from Pennsylvania to New Jersey.

In 2018, TransGuard Insurance Company of American (“TGIA”), an Illinois-domiciled insurance company, purchased 100% of IFIC Surety Group, Inc., the former direct parent of IFIC. TGIA and IFIC are part of the IAT Insurance Group, Inc. (“IIG”), an insurance holding company. IAT Reinsurance Company Ltd. (“IAT”), a Cayman Island-based reinsurance company, owns the outstanding common stock of IIG. IAT is ultimately controlled by Goose Creek Capital, Inc., a Wyoming-based holding company.

In 2019, IIG acquired 100% of TGIC and ACC from IFIC. IIG paid cash consideration of \$24,800,000, which was the statutory carrying value of ACC and unamortized goodwill as of December 31, 2018.

Effective January 31, 2021, a merger was consummated whereby The Chestnut Group, Inc. (“Chestnut”), the parent of ACC acquired AIA Holdings, Inc. (“AIA”). AIA is the managing general agent that exclusively produces all of the business underwritten by ACC. Direct Premium managed through AIA Holdings, Inc. for the period ended at December 31, 2024, is \$45,527,164. Upon completion of the merger, IAT Insurance Group, Inc. owns 44.8% of the common stock of Chestnut (100% prior to the merger) and the majority of the remaining shares of common stock of Chestnut are owned by the executive management team of Chestnut.

Effective January 31, 2021, Allegheny Casualty Company is an affiliate of AIA Holdings Inc. Allegheny Casualty Company has a managing general agent (“MGA”) agreement with AIA Holdings Inc., to manage and process the Company’s bail business. Direct Premium managed through AIA Holdings, Inc. for the period ended at December 31, 2024, is \$45,527,164.

As of December 31, 2024, the Company has 30,000 shares of series A common stock authorized but none are issued or outstanding. The Company has 2,500,000 shares of series B common stock authorized of which 1,500,000 shares are issued and outstanding with a par value of \$1.67 per share for a total common stock of \$2,505,000.

The Company has 12,000 Series A, Non-Voting, Callable, Cumulative, 10% Preferred Stock, with a par value of \$100.00 per share authorized. As of December 31, 2024, 12,000 shares were issued and no shares are outstanding. The Company holds 12,000 shares of treasury stock with a cost value of \$1,200,000.

The Company has 35,000 Series B, Non-Voting, Callable, Cumulative, 8% Preferred Stock, with a par value of \$100.00 per share. At December 31, 2024, 20,000 shares were issued and no shares are outstanding. The Company holds 20,000 shares of treasury stock with a cost value of \$2,000,000.

The Company is authorized to transact the kind of business specified in paragraph “g” of N.J.S.A. 17:17-1. The Company’s main administrative office is located at One Newark Center, 20th floor,

Newark, New Jersey 07102 and the registered agent upon whom process may be served is Paracorp Incorporated, 349 Kinderkamack Road, Westwood, NJ 07675.

TERRITORY AND PLAN OF OPERATION

The Company is authorized to write business in all 50 states, the District of Columbia, and Puerto Rico. The Company is a provider of standard and non-standard civil surety (commercial, contract, miscellaneous) and bail and immigration bonds.

The Company is an authorized surety in all federal courts and is treasury listed by the United States Treasury Department.

The Company has a managing general agent agreement with AIA Holdings, Inc. to manage and process the Company's bail and immigration lines of surety. The Company also has services agreements with AIA and IAT Insurance Group to provide operational, financial, regulatory, underwriting and claims services for the commercial, contract and miscellaneous lines of surety. The Company is wholly owned by The Chestnut Group, a Delaware corporation. AIA is also wholly owned by Chestnut. The Company generates business through independent agents nationwide. Agents are granted powers of attorney subject to underwriting approval or through a granted account line of authority. Marketing and underwriting strategies are generally developed by the home office located in Morristown, New Jersey.

The Company maintains claims, underwriting, financial, regulatory and compliance offices in Westlake Village, California.

REINSURANCE AND RETENTION

The Company's ceded reinsurance agreements provide the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. The Company remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

The Company cedes contract and commercial surety (excluding bail bonds) through a variable quota share reinsurance contract. Under the contract, effective January 1, 2021, business is ceded and accepted by an unaffiliated reinsurer.

Effective February 1, 2021, the Company entered into a variable quota share reinsurance agreement with an unaffiliated reinsurer, whereby the Company cedes contract and commercial surety (excluding bail bonds) at escalating rates for larger bonds, as established by the following ceding schedule:

Bond Amount	Company Retention	Ceded to Reinsurer
\$0 - \$250,000	70.0%	30.0%
\$250,001 - \$1,000,000	60.0%	40.0%

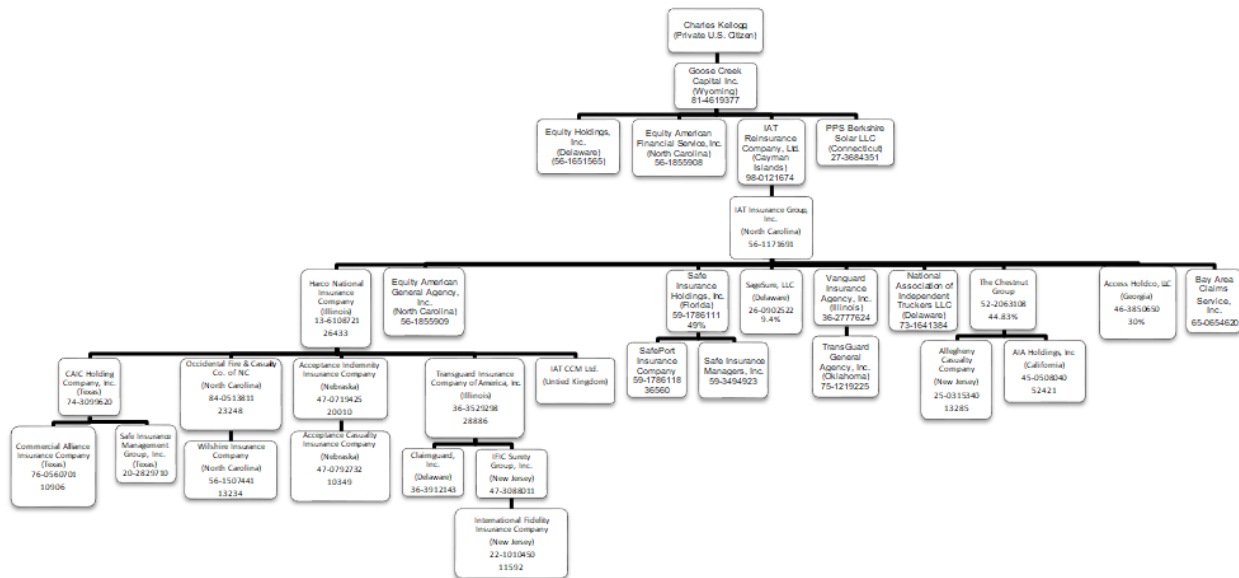
\$1,000,001 - \$3,000,000	50.0%	50.0%
\$3,000,001 - \$5,000,000	40.0%	60.0%
\$5,000,001 - \$7,500,000	35.0%	65.0%
Greater than \$7,500,000*	Submit for Special Acceptance	Submit for Special Acceptance

Effective July 1, 2020, the Company entered into a quota share reinsurance agreement with an unaffiliated reinsurer, whereby the Company cedes 100% of performance and payment bonds.

Effective February 12, 2024, the Company entered into an assumption reinsurance agreement with an unaffiliated reinsurer, whereby the Company assumes bonds by issuing replacement bonds.

HOLDING COMPANY SYSTEM

The Company is a member of a holding company system as defined within N.J.S.A. 17:27A. The following is a summarized organizational chart as of December 31, 2024:



The Company has entered into a number of affiliated agreements as described below:

- The IAT Insurance Group has agreed to provide The Chestnut Group, Inc., certain executive, managerial and administrative services as well as fixtures, equipment and full use of its premises to enable the parent company, The Chestnut Group, Inc., to conduct its

business. The Chestnut Group, Inc., does not provide any services to the Company. The total amount of management fees paid and accrued by the Company to IAT Insurance Group at December 31, 2024, was \$395,320.

- Effective January 1, 2010, IFIC and ACC entered into a 100% quota share agreement wherein ACC cedes certain specialty surety bond coverage to IFIC. ACC ceded \$31,000 in premiums to IFIC under this treaty in 2024.
- Effective October 1, 2018, the Company entered into a tax allocation agreement by and among IAT and its subsidiaries. The provision for federal income tax is computed as if the insurance companies were filing a separate income tax return. Benefits, which arise from tax credits and net operating losses, are allocated to the company producing such results to the extent they are utilized in the consolidated income tax provision.
- Effective January 1, 2019, IFIC and ACC entered into a bail bond quota share reinsurance agreement wherein 100% of the bail bond business in force and subsequently written by IFIC is ceded to ACC. IFIC ceded \$51,000 in premiums to ACC under this treaty in 2024.
- As part of the MGA agreement between AIA Holdings, Inc. and Allegheny Casualty Company, amended February 1, 2021, there is a cost sharing arrangement by which ACC shares the expenses related to employees of AIA. The total amount of shared expenses paid from ACC to AIA at December 31, 2024, was \$1,200,000.

CORPORATE RECORDS

The Bylaws stipulate the Board of Directors (“Board”) manage the business and affairs of the Company. Elected Directors shall hold office until the next annual meeting of stockholders and until their successors have been elected and qualified. A majority of the entire Board shall constitute a quorum. A review of the corporate minutes indicated the Board held annual meetings in accordance with the Bylaws, for the purpose of nominating officers and transacting business.

ACC amended its Bylaws on Sept 9, 2021, to rename Section 2.4 Committees to Section 2.5 Committees and update the language of that section. This is to comply with a prior examination management letter finding.

There were no changes to the Articles of Incorporation during the examination period.

MANAGEMENT AND CONTROL

The Bylaws stipulate an annual meeting of the shareholders shall be held at a place and time as determined by the Board. A majority of voting shareholders shall constitute a quorum. A review of the corporate minutes indicated the shareholders held annual meetings in accordance with the Bylaws, for the purpose of electing Board members and transacting business.

The duly elected members of the Board serving at December 31, 2024, were as follows:

<u>Name</u>	<u>Principal Occupation</u>
David J. Smith	President, of Allegheny Casualty Company

Kenneth C. Coon	Executive Vice President, Business Development of IAT Insurance Group
Robert L. Kersnick	President of AIA Holdings Inc., Exec VP of Allegheny Casualty Company
James D. Portman	Sr VP of AIA Holdings Inc, Exec VP of Allegheny Casualty Company
David G. Pirrung	Chief Financial Officer of IAT Insurance Group

The Bylaws provide for the appointment of one or more committees, with each committee to consist of two or more directors of the Board. At December 31, 2024, the Company had no Board committees.

In accordance with the Bylaws, the Board held annual meetings for the purpose of nominating officers. The elected officers of the Company serving at December 31, 2024, were as follows:

<u>Name</u>	<u>Title</u>
David J. Smith	President
Robert Kersnick	Executive Vice President
James D. Portman	Executive Vice President
David G. Pirrung	Executive Vice President
Frank J. Tanzola, Jr.	Senior Vice President
Michael D. Blinson	Secretary
John M. Mruk	Treasurer

N.J.S.A. 17:27A-4(d)3 and 4 are quoted as follows:

“(3) Not less than one-third of the directors of a domestic insurer, and not less than one-third of the members of each committee of the board of directors of any domestic insurer, shall be persons who are not officers or employees of that insurer or of any entity controlling, controlled by, or under common control with, that insurer and who are not beneficial owners of a controlling interest in the voting securities of that insurer or any such entity. At least one such person shall be included in any quorum for the transaction of business at any meeting of the board of directors or any committee thereof.

(4) The board of directors of a domestic insurer shall establish one or more committees comprised solely of directors who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with, the insurer and who are not beneficial owners of a controlling interest in the voting securities of the insurer or any such entity. The committee shall be responsible for recommending the selection of independent certified public accountants, reviewing the insurer's financial condition, the scope and results of the independent audit and any internal audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be principal officers of the insurer and recommending to the board of directors the selection and compensation, including bonuses or other special payments, of the principal officers.”

ACC Board of Directors consist solely of officers and employees of the Company or its Parent or affiliates. As such, the Companies are not in compliance with N.J.S.A. 17:27A-4(d)3 and 4.

Subsequently, effective January 1, 2026, IAT Group Inc. added independent Directors which make the Company comply with the aforementioned N.J.S.A. statutes.

POLICY OF CONFLICT OF INTEREST

The Company has established a procedure for disclosure in advance of engaging in any activity or employment that poses any conflict of interest or apparent or potential conflict of interest.

On an annual basis, officers, directors and key employees are required to complete a conflict of interest statement. The Corporate Secretary directs the distribution of the annual conflict of interest statements. The Chief Human Resources Officer maintains oversight over employee compliance with the corporate ethics policies.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

The Company is a named insured in a Financial Institution Bond under its ultimate parent company, IAT Reinsurance Company, Ltd. The bond has an aggregate and single loss limit of \$3,000,000 for dishonesty. A deductible of \$50,000 applies to an individual loss.

The Company is included as an insured under the following policies issued to IAT Reinsurance Company Ltd and its subsidiaries as of December 31, 2024:

Property	Workers Compensation
General Liability	Umbrella
Employee Benefits Liability	International Package Policy
Business Auto	

ADVERTISING

The Company maintains a website, www.alleghenycasualty.com and does not advertise. The website was reviewed and deemed to be in compliance with N.J.S.A.17:18-10.

TREATMENT OF POLICYHOLDERS

The Company maintains records of written complaints and has procedures in place for the resolution of those complaints. As such, the Company is deemed to be in compliance with N.J.S.A. 17:29B-4(10).

CONTINUITY OF OPERATIONS

The Company maintains a disaster recovery and business continuity program. The plan has processes required to restore critical systems and functions in the event of a disaster to continue its business operations whether at the home office or remotely.

The Company has made provisions for the succession of officers in its Bylaws.

ACCOUNTS AND RECORDS

Through the aforementioned MGA and services agreement, the Company utilizes the accounting and systems developed and implemented by AIA and IAT.

Investments are managed by IAT under investment guidelines established by the Company. Securities market value is obtained from ICE Pricing & Reference Data LLC and uploaded to the Company's investment system.

ACC has a custodial or safekeeping agreement with U.S. Bank National Association, that does not have and shall contain satisfactory safeguards and controls to comply with the aforementioned NAIC models as well as N.J.S.A. 17:24-12; and N.J.S.A. 17B:20-7; which include, but are not limited to the following provisions requirements as quoted below:

“2. Custodial or safekeeping agreements with an agent, or clearing corporation meeting the requirements herein should contain satisfactory safeguards and controls, including but not limited to the provisions provided below. For the purpose of this guidance, an agent is a national bank, federal home loan bank, trust company or broker/dealer with an account in a clearing corporation, or a member of the Federal Reserve System. A clearing corporation is a corporation as defined in Article 8 of the Uniform Commercial Code that is organized for the purpose of effecting transactions in securities by computerized book-entry, including the Treasury/Reserve Automated Debt Entry Securities System (TRADES) and Treasury Direct book entry securities systems, except those securities issued under the laws of a foreign country.

a. The custodian is obligated to indemnify the insurance company for any insurance company's loss of securities in the custodian's custody, except that, unless domiciliary state law, regulation or administrative action otherwise require a stricter standard, the custodian shall not be so obligated to the extent that such loss was caused by other than the negligence or dishonesty of the custodian.

c. In the event of a loss of the securities for which the custodian is obligated to indemnify the insurance company, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced.

Through the services provided by AIA and IAT, the Company utilizes their administrative systems for the Company that feed the Company's general ledger and financial reporting system. The systems currently used are summarized below:

Underwriting Database – An internally-developed application to monitor performance (both financially and job specific) of its principals and contractors.

Lines of Credit/Cash Collateral – An internally-developed application tracks collateral dollar amounts that are provided by principals and indemnitors.

Bond Approval System – An internally-developed application used to track bond approvals.

Claims Workflow – An internally-developed claim system manages claims workflow and supporting documentation.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

Financial statements are presented in the following pages as listed below:

Exhibit A: Statement of Financial Position
As of December 31, 2024

Exhibit B: Statement of Operating Results
For the Four-Year Period Ending December 31, 2024

Exhibit C: Changes in Capital and Surplus
For the Four-Year Period Ending December 31, 2024

Allegheny Casualty Company
Statement of Financial Position
As of December 31, 2024

<u>ASSETS</u>	<u>Balance</u> per Examination @ 12/31/24	<u>Balance</u> per Company @ 12/31/24	<u>Examination</u> Change	<u>Note</u>
Bonds	\$ 32,735,992	\$ 32,735,992	\$ -	1
Cash and Cash Equivalents	25,530,996	25,530,996		1
Subtotal Cash and Invested Assets	<u>58,266,988</u>	<u>58,266,988</u>	<u>-</u>	
		-		
Investment Income Due and Accrued	328,995	328,995		
Uncollected Premiums	1,007,680	1,007,680		
Amounts Recoverable from Reinsurers	(194,317)	(194,317)		
Current Federal Income Tax Recoverable	10,288	10,288		
Net Deferred Tax Asset	951,653	951,653		
Receivables from Parent, Subsidiaries and Affiliates	9,751	9,751		
Total Net Admitted Assets	<u>\$ 60,381,038</u>	<u>\$ 60,381,038</u>	<u>\$ -</u>	
<u>LIABILITIES</u>				
Losses	\$ 1,045,377	\$ 1,045,377	\$ -	2
Loss Adjustment Expenses	237,725	237,725		2
Commissions Payable	(151)	(151)		
Other Expenses	107,570	107,570		
Taxes, Licenses and Fees	556,874	556,874		
Unearned Premiums	3,186,873	3,186,873		
Advanced Premium	1,552	1,552		
Ceded Reinsurance Premiums Payable	558,000	558,000		
Amounts Withheld or Retained by Company	20,942,940	20,942,940		
Aggregate write-ins for liabilities	688	688		
Total Liabilities	<u>\$ 26,637,448</u>	<u>\$ 26,637,448</u>	<u>\$ -</u>	
<u>CAPITAL AND SURPLUS</u>				
Common Capital Stock	\$ 1,500,000	\$ 1,500,000	\$ -	
Preferred Capital Stock	3,200,000	3,200,000		
Gross Paid-in and Contributed Surplus	1,669,529	1,669,529		
Unassigned Funds (surplus)	30,574,061	30,574,061		
Less Treasury Stock, as Cost Share Preferred	3,200,000	3,200,000		
Surplus as Regards Policyholders	<u>\$ 33,743,590</u>	<u>\$ 33,743,590</u>	<u>\$ -</u>	
Total Liabilities, Capital and Surplus	<u>\$ 60,381,038</u>	<u>\$ 60,381,038</u>	<u>\$ -</u>	

Allegheny Casualty Company
Statement of Operating Results
For the Five-Year Period Ended December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>UNDERWRITING INCOME</u>					
Premiums Earned	\$53,539,916	\$50,429,786	\$ 48,472,378	\$ 60,266,272	\$ 52,334,019
Deductions:					
Losses Incurred	1,870,176	1,290,378	692,587	119,867	9
Loss Adjustment Expenses Incurred	473,320	549,915	491,012	26,367	3,293
Other Underwriting Expenses Incurred	49,642,886	48,219,432	47,286,551	58,180,488	50,482,072
Aggregate Write-ins for Underwriting Deductions	-	3,162	-	-	-
Total Deductions	51,986,382	50,062,887	48,470,150	58,326,722	50,485,374
Net Underwriting Gain or (Loss)	1,553,534	366,899	2,228	1,939,550	1,848,645
<u>INVESTMENT INCOME</u>					
Net Investment Income Earned	1,863,173	922,361	504,293	538,441	625,184
Net Realized Capital Gains (Losses)	(146,150)	2,440	(15,775)	85,166	21,898
Net Investment Gain or (Loss)	1,717,023	924,801	488,518	623,607	647,082
<u>OTHER INCOME</u>					
Net Gain (Loss) from Agents' Balances Charged Off	-	-	0	698	(19,928)
Aggregate Write-ins for Misc. Income	118,045	-	35,492	23,647	(7,306)
Total Other Income	118,045	-	35,492	24,345	(27,234)
Net Income Before Dividends to Policyholders, and Other Federal and Foreign Income Taxes	3,388,602	1,291,700	526,238	2,587,502	2,468,493
Dividends to Policyholders	-	-	-	-	-
Federal and Foreign Income Taxes	704,465	718,737	439,509	675,971	522,884
Net Income	\$ 2,684,137	\$ 572,963	\$ 86,729	\$ 1,911,531	\$ 1,945,609

Allegheny Casualty Company
Changes in Capital and Surplus
 For the Five-Year Period Ended December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Capital and Surplus					
December 31, Previous Year	<u>\$ 31,406,871</u>	<u>\$ 30,036,824</u>	<u>\$ 30,177,232</u>	<u>\$ 28,142,846</u>	<u>\$ 25,777,363</u>
Net Income	2,684,137	572,963	86,729	1,911,531	1,945,609
Change in Net Unrealized Capital Gains or (Losses)	57,720	166,638	(276,243)	(1,339)	28,349
Change in Net Deferred Income Tax	46,227	416,058	368,465	157,540	(72,251)
Change in Non-admitted Assets	<u>(451,365)</u>	<u>214,388</u>	<u>(319,359)</u>	<u>(33,346)</u>	<u>463,776</u>
Total Adjustments	<u>(347,418)</u>	<u>797,084</u>	<u>(227,137)</u>	<u>122,855</u>	<u>419,874</u>
Net Change in Capital and Surplus for the Year	2,336,719	1,370,047	(140,408)	2,034,386	2,365,483
Capital and Surplus					
December 31, Current Year	<u>\$ 33,743,590</u>	<u>\$ 31,406,871</u>	<u>\$ 30,036,824</u>	<u>\$ 30,177,232</u>	<u>\$ 28,142,846</u>

NOTES TO FINANCIAL STATEMENTS

Note 1 – Bonds and Cash

The Company reported an admitted asset for bonds and cash of \$32,735,992 and \$25,530,996, respectively at December 31, 2024. These amounts will be accepted as stated by this examination.

Note 2 – Loss and Loss Adjustment Expense Reserves

The Company reported net loss and loss adjustment expense reserves of \$1,283,102 at December 31, 2024. The lead state, the Illinois Department of Insurance, contracted Risk & Regulatory Consulting, LLC to review the group's loss reserves and actuarial liabilities including ACC and the examination actuarial consultants determined the recorded amounts were reasonably stated.

SUMMARY OF EXAMINATION RECOMMENDATIONS

Accounts and Records - Page 9:

It is recommended that ACC should amend its custodial agreements to comply with the provision requirements of the NAIC Models #295 and #298 and N.J.S.A. 17:24-12; and N.J.S.A. 17B:20-7.

CONCLUSION

The examination of the Allegheny Casualty Company was conducted by the undersigned remotely from the Company's main administrative office.

The courteous cooperation extended to the examination staff by the officers and employees of the Company is acknowledged.

Respectfully submitted,



Jan Pierre Santiago, CFE
Examiner-in-Charge
Representing the State of New Jersey
INS Consultants, Inc.

Under the supervision of:



Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance

AFFIDAVIT

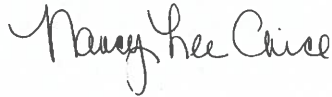
I, Jan Pierre Santiago, the undersigned, hereby certify that the foregoing Report of Examination accurately discloses, to the best of my knowledge, all material and relevant information related to the financial condition of Allegheny Casualty Company in accordance with the NAIC *Financial Condition Examiners Handbook* and New Jersey State Regulations.

Respectfully submitted,



Jan Pierre Santiago, CFE
Examiner-in-Charge
Representing the State of New Jersey
INS Consultants, Inc.

Under the supervision of:



Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance

State of New Jersey
County of Mercer

Subscribed and sworn to before me, Margaret M. Greco, on this
29th day of April, 2026.



Notary Public of New Jersey

My commission expires: 3/17/2029

