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REPORT OF THE ANNUAL MEETING

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April 22, 2025

Insurance Placement Facility of Pennsylvania

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

Board of Directors

2024- 2025

Ms. Jaynine Warner, Chairperson .....	Travelers
Mr. Dave Sponic, Vice Chair .....	Donegal Insurance Group
Ms. Christine Knudson- Miner .....	Allstate Insurance
Mr. Thomas Hyman .....	Chubb
Ms. Jennifer Koebe .....	Erie Insurance Group
Mr. Brad Ryan .....	Nationwide Insurance Company
Ms. Angela Clark .....	State Farm Insurance Companies

Mr. Kyle McGee., Esq., General Counsel .....	Margolis Edelstein, Pittsburgh
Ms. Susan Erney- Gleason, President .....	Insurance Placement Facility of Pennsylvania



**INSURANCE PLACEMENT FACILITY OF PENNSYLVANIA**  
**190 N. Independence Mall W | Suite 301| Philadelphia, PA 19106**

AGENDA FOR THE ANNUAL MEETING  
OF THE  
INSURANCE PLACEMENT FACILITY OF PENNSYLVANIA

April 22, 2025 – 9:00AM

Via Microsoft Teams  
Call in (audio only): +1 469-480-3882  
Phone Conference ID: 398 460 804#

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1. Call to Order – 9:00AM - Ms. Jaynine Warner, Chair, presiding
  2. Approval of Minutes of Previous Year Annual Meeting - April 23, 2024
  3. Ratification of Board, Officers, and Committee Actions
  4. Report of the Chairman
  5. Report of the President
  6. Treasurer's Report
  7. New Business
  8. Election of Board of Directors 2025 - 2026

Nominations are:

- 1) Allstate Insurance Company
  - 2) Chubb Group
  - 3) Donegal Insurance Companies
  - 4) Erie Insurance Group
  - 5) Nationwide Insurance Companies
  - 6) State Farm Insurance Companies
  - 7) The Travelers Companies, Inc.
9. Adjournment of Meeting



Minutes of the Annual Meeting of the  
Insurance Placement Facility of Pennsylvania  
April 22, 2025  
Via Video Conference  
9:00 a.m.

The Annual Meeting of the Insurance Placement Facility of Pennsylvania was called to order with Chair Jaynine Warner presiding. President Susan A. Erney-Gleason served as secretary and reported a quorum was present with 171 companies or 72.54% of the membership represented in person or by proxy.

Upon motion duly made, seconded, and carried, the Minutes of the April 23, 2024, Annual Meeting were approved as distributed.

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

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

No new business was presented by the President, Department of Insurance, or member company representatives.

The Chair of the Board and Nominating Committee Chairperson, Ms. Diana Matalka, placed into nomination the following Member Companies to serve on the Board of Directors for the 2025 – 2026 term:

Allstate Insurance Company  
Chubb Group  
Donegal Insurance Companies  
Erie Insurance Group  
Nationwide Insurance Companies  
State Farm Insurance Companies  
The Travelers Companies, Inc.

There being no other nominations, it was moved, seconded, and carried to close nominations. Chair Warner requested and received confirmation from the secretary that enough ballots had been cast either in person or via proxy in favor of the nominated slate. Ms. Erney-Gleason reported that 171 companies or 72.54% of the membership were represented. As such and upon motion duly made, seconded, and carried, the slate was declared elected.



Minutes of the Annual Meeting of the  
Insurance Placement Facility of Pennsylvania  
April 22, 2025  
Via Video Conference  
9:00 a.m.

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

Respectfully submitted by,

A handwritten signature in black ink, reading "Susan A. Erney-Gleason". The signature is written in a cursive style with a large, flowing "S" and "G".

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

Approved by,

A handwritten signature in black ink, reading "Jaynine Warner". The signature is written in a cursive style with a large, flowing "J" and "W".

Ms. Jaynine Warner  
Chair of the Board

Report of the Chair  
Ms. Jaynine Warner

57th Annual Meeting  
of the Members of the  
Insurance Placement Facility of Pennsylvania  
April 22, 2025

Welcome to the 57th Annual Meeting of the Insurance Placement Facility of Pennsylvania. With now more than 50 years in operation, I am pleased to report that the Facility continues to meet its primary purpose of making basic property insurance available to those property owners who have been unable to secure such coverage in the voluntary marketplace.

There are a wide range of companies doing business in Pennsylvania, which is reflected in the State's viable and very competitive insurance marketplace. With so many companies active in the marketplace, it is not a surprise that the FAIR Plan is a small player in the overall market.

Despite a competitive voluntary market and small volumes, the Pennsylvania FAIR Plan receives a daily flow of new applications and payments from all corners of the Commonwealth. While the FAIR Plan has its greatest volume of existing business centered around the urban centers, especially Philadelphia, it is seeing more new business applications from outside of the city of Philadelphia. Despite its southeastern urban tilt, the Plan still has policies in force in every county and most every small city or borough in the Commonwealth.

Over the past five decades, the Pennsylvania FAIR Plan has recorded years of both high and low loss severity and substantial surplus and deficits. With Premiums Earned increasing by 11.17% in 2024, Losses Incurred and Loss Adjustment Expenses decreasing, and General Expenses only slightly higher than 2023, the Plan's Net Result of Operations ended the year with a small profit of \$50,754.94.

In 2024, Total Policies Issued increased by 2.09%, New Business Received was up 59.01% and Premiums Written was up 13.51%.

In closing, I would like to thank the Pennsylvania Insurance Department for all its support to the FAIR Plan operation. We are very fortunate to have such an attentive Department of Insurance staffed with some very dedicated and talented individuals.

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

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

I would also be remiss if I did not acknowledge all the members of our committees, and particularly our Committee Chairpersons. Your readiness to serve and to offer the Staff guidance on any number of assorted issues goes a long way in making the Pennsylvania FAIR Plan a well-run operation.

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

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

Respectfully submitted,



Jaynine Warner  
Chair of the Board

Report of the President  
Susan A. Erney-Gleason

57th Annual Meeting  
of the Members of the  
Insurance Placement Facility of Pennsylvania  
April 22, 2025

Good morning and welcome to the 57th Annual Meeting of the Insurance Placement Facility of Pennsylvania.

For nearly a decade, we have seen a steady decline in FAIR Plan business, but 2024 saw a reversal of this decline. In 2024, Policies Issued increased by 2.09%, and Premiums Written increased by 13.51%. Losses Reported decreased by 20.90%.

Despite an increase in Premiums Earned (11.17%), a small increase in General Expenses (1.85%) and decreases in both Loss Adjustment Expenses (15.69%) and Losses Incurred (25.01%) in 2024, an Underwriting Loss of \$437,058.47 resulted. Considering Investment Income and Other Income and Expenses, the Pennsylvania FAIR Plan finished 2024 with a Net Result of Operations profit of \$50,754.94.

Over the decades the Pennsylvania FAIR Plan has remained a small niche market for those unable to secure coverage in the normal marketplace. Annual Premiums Written exceeded \$17,000,000 in only one year and annual policy counts have only once been as high as 113,672. Despite its limited size, the FAIR Plan still paid out close to \$362,000,000 in Losses.

Change not only impacts business, but it also impacts people. Whether it is Board or Committee members, Insurance Department senior staff or the FAIR Plan's own staff, we have seen many friends and colleagues move on to their next challenge. To all, I would like to express my thanks for their years of dedicated service.

In closing, I would like to thank the members of my management team and the employees of Pennsylvania FAIR Plan for their dedicated efforts over these past 12 months. This has certainly been a year of continued change and evolution for the organization.

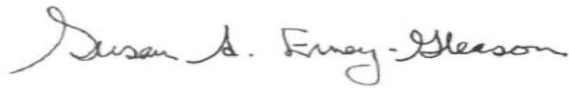
I would also like to thank General Counsel Kyle McGee for his timely and sound legal advice throughout the year. Today's working and social environments are ever changing, and Kyle has helped to navigate the organization through these changes.



I also think it is appropriate to thank the Pennsylvania Insurance Department. Time does not permit me to personally thank all those folks inside the Department who have lent us their knowledge and expertise, but suffice it to say, their efforts are greatly appreciated.

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

Respectfully Submitted,

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

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

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

December 31, 2024

**ASSETS**

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

**LIABILITIES AND MEMBERS' EQUITY**

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

Respectfully Submitted,

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 Joseph L. Budka Jr.  
 Accounting Manager

\* E. D. P. Equipment

# Attachment A


## Audited Statutory Financial Statements



# **Insurance Placement Facility of Pennsylvania**

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

December 31, 2024 and 2023



**Insurance Placement Facility of Pennsylvania**  
**Contents**  
**December 31, 2024 and 2023**

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<b>Independent Auditor’s Report.....</b>	<b>1</b>
<b>Statutory Financial Statements</b>	
Statutory Statements of Admitted Assets, Liabilities, and Members’ Equity.....	4
Statutory Statements of Operations and Members’ Equity.....	5
Statutory Statements of Cash Flows.....	6
Notes to Statutory Financial Statements.....	7
<b>Supplementary Information</b>	
Investment Risk Interrogatories .....	15
Summary Investment Schedule .....	16
Reinsurance Interrogatories.....	17

## **Independent Auditor's Report**

Board of Directors  
Insurance Placement Facility of Pennsylvania  
Philadelphia, Pennsylvania

### ***Opinion***

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

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

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory Financial Statements section of our report. We are required to be independent of the Facility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter – Basis of Accounting***

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

### ***Responsibilities of Management for the Statutory Financial Statements***

Management is responsible for the preparation and fair presentation of the statutory financial statements in accordance with the accounting practices prescribed or permitted by the Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern within one year after the date that these statutory financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Statutory Financial Statements***

Our objectives are to obtain reasonable assurance about whether the statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the statutory financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the statutory financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Facility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the statutory financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Supplementary Information***

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

***Restriction on Use***

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

***Auditors' Report on the 2023 Statutory Financial Statements***

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

***Forvis Mazars, LLP***

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



# Insurance Placement Facility of Pennsylvania

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

	2024	2023
<b>Admitted Assets</b>		
Cash and cash equivalents	\$ 10,785,795	\$ 11,477,731
Due from related parties	24,225	15,725
Premiums receivable	100,947	71,826
Assessments receivable	871,090	-
	<u>871,090</u>	<u>-</u>
Total admitted assets	<u>\$ 11,782,057</u>	<u>\$ 11,565,282</u>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Unearned premiums	\$ 2,826,042	\$ 2,447,965
Unpaid losses and loss adjustment expenses	895,813	1,113,775
Claims and drafts payable	188,519	122,130
Advance premiums	205,304	178,558
Postretirement benefits payable	2,157,801	2,256,423
Other liabilities	378,559	264,795
	<u>378,559</u>	<u>264,795</u>
Total liabilities	6,652,038	6,383,646
Members' equity	<u>5,130,019</u>	<u>5,181,636</u>
Total liabilities and members' equity	<u>\$ 11,782,057</u>	<u>\$ 11,565,282</u>

# Insurance Placement Facility of Pennsylvania

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

	2024	2023
Underwriting:		
Premiums earned	\$ 4,966,947	\$ 4,468,051
Losses incurred	1,787,741	2,384,055
Loss adjustment expenses incurred	656,611	778,795
Underwriting and other expenses incurred	2,959,654	2,905,794
Total underwriting expenses	5,404,006	6,068,644
Net underwriting loss	(437,059)	(1,600,593)
Interest income	488,287	470,368
Other expense:		
Premium receivable charged off	(77)	(436)
Other expense	(397)	(1,995)
Other expense, net	(474)	(2,431)
Net gain (loss)	50,754	(1,132,656)
Members' equity, beginning of year	5,181,636	6,182,240
Change in nonadmitted assets	(99,614)	(995,049)
Change in pension and postretirement benefits liability	(3,622)	1,127,101
Refunds/assessments recovered	865	-
Members' equity, end of year	\$ 5,130,019	\$ 5,181,636

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

# Insurance Placement Facility of Pennsylvania

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

	2024	2023
Cash from operations		
Premiums collected, net	\$ 5,332,764	\$ 4,680,583
Benefit and loss related payments	(1,976,132)	(1,922,456)
Commissions, expenses paid and aggregate write-ins for deductions	(3,581,889)	(3,548,339)
Interest income	488,287	470,368
Other income	(474)	(2,431)
Net cash used in operations	262,556	(322,275)
Cash from financing and miscellaneous sources		
Other cash provided	(954,492)	613,983
Net decrease in cash and cash equivalents	(691,936)	291,708
Cash and cash equivalents, beginning of year	11,477,731	11,186,023
Cash and cash equivalents, end of year	\$ 10,785,795	\$ 11,477,731

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

# Insurance Placement Facility of Pennsylvania

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

### 1. Summary of Significant Accounting Policies

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

#### **Premiums**

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

#### **Commissions**

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

#### **Non-admitted Assets**

Certain assets designated as "non-admitted" are not reflected in the statutory statements of admitted assets, liabilities, and members' equity. Non-admitted assets include uncollected premiums and agents' balances in the course of collection, electronic data processing equipment and software, prepaid expenses, furniture and fixtures, prepaid pension, and premium tax and are charged directly against members' equity. The portion of unassigned surplus represented by non-admitted assets was \$1,423,699 and \$1,324,084 as of December 31, 2024 and 2023, respectively.

#### **Unpaid Losses and Loss Adjustment Expenses**

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

#### **Use of Estimates**

The preparation of statutory financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and other highly liquid temporary investments with maturities of one year or less from the acquisition date. The carrying value of cash equivalents approximates fair value. Interest and dividend income from cash and cash equivalents is included in interest income on the statutory statements of operations. Interest earned on cash and equivalents was \$488,287 and \$470,368 at December 31, 2024 and 2023, respectively.

The Facility maintains cash balances at one bank that is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. During the normal course of business, balances are maintained above the FDIC insurance limit. The Facility maintains cash equivalents in a money market account that is insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. Balances for this account are maintained in excess of the SIPC insurance limit.

# Insurance Placement Facility of Pennsylvania

## **Variances from GAAP**

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

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

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

## **2. Nature of Operations**

The Facility was created by an act of the General Assembly of the Commonwealth of Pennsylvania (“The Pennsylvania Fair Plan Act”) to make available basic property insurance against fire and other perils for residential and business properties located in the Commonwealth. All insurers (“Member Company”) doing any insurance business in Pennsylvania of the kinds covered by the Facility are required to be a member. Each member in the Commonwealth participates in the profits and losses of the Facility in the proportion that certain premiums written in the Commonwealth by each company during the second preceding calendar year bear to the aggregate of such premiums written by all authorized companies and is subject to future cash assessments, if required.

During 2024, the Facility approved a closeout of policy years 2019 and 2021 in the amount of \$8,947,608 with an assessment against the 2022, 2023 and 2024 policy years in the amount of \$8,947,608 for a net impact of \$0. This amount has been charged directly to members’ equity. There was an assessment receivable from member companies of \$871,090 and \$0 as of December 31, 2024 and 2023, respectively. There was neither a closeout nor assessment commenced during 2023.

The Facility shares office space and the services of certain employees with the Insurance Placement Facility of Delaware and the West Virginia Essential Property Insurance Association, both of which pay the Facility a portion of such joint expenses based on estimates of actual usage. All expenses are allocated except for direct expenses relating to a specific entity.

## **3. Federal Income Taxes**

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

## **4. Employee Benefits**

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

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

## Insurance Placement Facility of Pennsylvania

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

The Facility uses a December 31 measurement date for its pension and postretirement benefits plan. Assets, liabilities and expenses of the plan are allocated to the Facility based on its underwriting activity. The allocation percentage used for the Facility was 87.56% in 2024 and 87.87% in 2023.

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

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

The net periodic benefit cost includes the following components:

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

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

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

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

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

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

## Insurance Placement Facility of Pennsylvania

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

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

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

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

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

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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

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

## Insurance Placement Facility of Pennsylvania

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

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

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

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

December 31, 2024	Level 1	Level 2	Total
Managed accounts			
Small cap equity	\$ 35,516,771	\$ -	\$ 35,516,771
Mid cap equity	70,857,687	-	70,857,687
Large cap equity	209,197,876	-	209,197,876
Fixed income	-	402,084,667	402,084,667
Private Investment accounts			
Fixed income	-	7,044,150	7,044,150
Pooled separate accounts			
Collective investment trust	-	26,231,423	26,231,423
Real Estate Security	-	26,826,616	26,826,616
International equity	-	86,890,929	86,890,929
Fixed income	-	231,355,521	231,355,521
Cash	-	11,595,950	11,595,950
Total assets at fair value	<u>\$ 315,572,334</u>	<u>\$ 792,029,256</u>	<u>\$1,107,601,590</u>
December 31, 2023	Level 1	Level 2	Total
Managed accounts			
Small cap equity	\$ 36,166,598	\$ -	\$ 36,166,598
Mid cap equity	74,482,730	-	74,482,730
Large cap equity	219,998,134	-	219,998,134
Fixed income	-	391,450,684	391,450,684
Pooled separate accounts			
Collective investment trust	-	28,166,851	28,166,851
Real Estate Security	-	28,004,779	28,004,779
International equity	-	95,933,798	95,933,798
Fixed income	-	241,065,643	241,065,643
Cash	-	8,810,602	8,810,602
Total assets at fair value	<u>\$ 330,647,462</u>	<u>\$ 793,432,357</u>	<u>\$1,124,079,819</u>

Contributions to the pension and postretirement benefits plans are expected to be \$350,000 and \$170,919, respectively, in December 31, 2024 and 2023.



## Insurance Placement Facility of Pennsylvania

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

	Pension Benefits	Postretirement Benefits
2025	\$ 1,263,128	\$ 170,919
2026	1,267,723	172,342
2027	1,263,223	174,499
2028	1,258,840	178,406
2029	1,258,829	181,687
2030-2034	6,308,141	955,587

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

The employees of the Facility are eligible to participate in the Insurance Company Supported Organizations 401(k) Savings Plan, a defined contribution plan. The plan is administered by Voya Financial. Participation in the plan is voluntary. Employees are vested in employer contributions upon participation. Employees can contribute up to 100% of their annual compensation subject to the maximum dollar amounts set each year by Federal Law. The Facility matched employee contributions up to a maximum of 6% of an employee's annual compensation. Contributions by the Facility amounted to \$80,307 and \$72,703 in December 31, 2024 and 2023, respectively. Contributions are net of amounts allocated to the Insurance Placement Facility of Delaware and the West Virginia Essential Property Insurance Association.

### 5. Liability for Unpaid Losses and Loss Adjustment Expenses

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

	2024	2023
Balance, January 1	\$ 1,113,775	\$ 535,403
Incurred related to:		
Current year	2,288,883	3,029,147
Prior years	155,469	133,703
Total incurred	2,444,352	3,162,850
Paid related to:		
Current year	1,451,306	1,960,368
Prior years	1,211,008	624,110
Total paid	2,662,314	2,584,478
Balance, December 31	\$ 895,813	\$ 1,113,775

As a result of changes in estimates for anticipated losses and loss adjustment expenses to insured events of prior years, the liability for losses and loss adjustment expenses increased by \$155,469 and \$133,703 in 2024 and 2023, respectively. The unfavorable loss reserve developments during 2024 and 2023 are based on losses and loss adjustment expense reserves settling for amounts different than those estimated and is not attributable to any specific event or occurrence. Paid amounts above are net of salvage and subrogation recoveries.

## Insurance Placement Facility of Pennsylvania

### 6. Lease Commitments

The Facility signed a new 10.5-year lease effective May 1, 2015. The Facility has the option to renew its lease for an additional five-year period. At December 31, 2024 and 2023, minimum rental commitments under this noncancelable lease is as follows:

Years Ending December 31,	
2025	\$ 195,140
Total payments	<u>\$ 195,140</u>

Total rental expense was \$234,724 and \$231,011 in 2024 and 2023, respectively.

The Facility allocates rentals paid for common facilities among the insurance affiliates. Included above are net of amounts allocated to the Insurance Placement Facility of Delaware and the West Virginia Essential Property Insurance Association for common facilities.

### 7. Related Party Transactions

The Facility issues all checks for claims and other payables for the Insurance Placement Facility of Delaware and the West Virginia Essential Property Insurance Association and is then reimbursed by these facilities. Throughout December 31, 2024 and 2023, \$697,821 and \$576,421, respectively, was paid on behalf of the Insurance Placement Facility of Delaware and \$331,031 and \$155,067, respectively, was paid on behalf of the West Virginia Essential Property Insurance Association. At December 31, 2024 and 2023, \$17,197 and \$6,311, respectively, is due from the Insurance Placement Facility of Delaware and \$7,028 and \$9,414, respectively, is due from the West Virginia Essential Property Insurance Association. These advances do not bear interest and are payable on demand.

### 8. Electronic Data Processing Equipment and Software

Electronic data processing ("EDP") equipment and software are stated at cost. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from three to five years.

EDP equipment and software consisted of the following:

	2024	2023
Computers and equipment	\$ 58,613	\$ 74,345
Software	<u>1,043</u>	<u>3,203</u>
	<u>59,656</u>	<u>77,548</u>
Less accumulated depreciation	(55,630)	(68,577)
Less nonadmitted asset	<u>(4,026)</u>	<u>(8,971)</u>
EDP equipment and software, net	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was \$8,694 and \$16,119 for the years ended December 31, 2024 and 2023, respectively.

### 9. Annual Statement Reconciliation

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

## Insurance Placement Facility of Pennsylvania

### 10. Subsequent Events

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

# Insurance Placement Facility of Pennsylvania

## Investment Risk Interrogatories December 31, 2024 and 2023

Total admitted assets at December 31, 2024 \$ 11,782,057

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

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

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

Bonds			Preferred Stocks		
None	\$ -	0.00%	None	\$ -	0.00%

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

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

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

# Insurance Placement Facility of Pennsylvania

## Summary Investment Schedule December 31, 2024 and 2023

Investment Categories	Gross Investment Holdings*		Admitted Assets as Reported in the Annual Statement	
Cash and cash equivalents	\$ 10,785,795	100.00%	\$ 10,785,795	100.00%
Total invested assets	\$ 10,785,795	100.00%	\$ 10,785,795	100.00%

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

# Insurance Placement Facility of Pennsylvania

## Reinsurance Interrogatories December 31, 2024 and 2023

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

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

Yes ( ) No ( X )

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

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

Yes ( ) No ( X )

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

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

Yes ( ) No ( X )

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

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

Yes ( ) No ( X )