American Overseas Group Limited

Consolidated Financial Statements
For the Three Month's Ended
March 31, 2024

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
March 31, 2024 and December 31, 2023

	2024	2023
Assets		
Fixed-maturity securities held as available for sale, at fair value	$ 132,050,267	$ 132,600,206
Cash and cash equivalents	57,438,049	56,853,732
Restricted cash	3,560,222	964,244
Accrued investment income	1,152,803	972,386
Premiums receivable	205,519,564	174,349,810
Deferred reinsurace premiums	246,267,655	219,827,766
Reinsurance balances receivable, net	359,465,918	348,929,520
Deferred policy acquisition costs	10,781,829	9,152,180
Intangible assets	4,800,000	4,800,000
Goodwill	33,050,000	33,050,000
Other assets	4,948,198	3,718,700
Total assets	$ 1,059,034,505	$ 985,218,544
Liabilities and Shareholders' Equity		
Liabilities:		
Losses and loss expense reserve	$ 342,913,281	$ 332,572,963
Deferred commission income	8,152,796	6,877,542
Unearned premiums	259,232,527	230,122,576
Ceded premium payable	210,452,835	183,969,266
Payable to general agents	12,941,159	10,884,582
Fund withheld	142,657,478	136,471,097
Accounts payable and accrued liabilities	21,071,537	25,724,321
Notes payable	20,770,907	20,770,907
Non-owned interest in VIE	300,000	300,000
Interest payable	578,268	578,268
Deferred tax liability	1,233,782	647,940
Total liabilities	1,020,304,570	948,919,462
Shareholders' equity:		
Common shares	4,697,900	4,697,900
Additional paid-in capital	189,178,987	189,178,987
Accumulated other comprehensive (loss)	(3,519,220)	(3,453,857)
Retained deficit	(151,627,732)	(154,123,948)
Total shareholders' equity	38,729,935	36,299,082
Total liabilities and equity	$ 1,059,034,505	$ 985,218,544

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
Net premiums earned	$ 10,869,916	$ 5,587,635
Fee income	5,944,044	3,825,053
Net investment income	226,810	162,326
Net realized gain	-	411,543
Other income	17,041	27,750
Total revenues	17,057,811	10,014,307
Net losses and loss adjustment expenses	6,495,730	3,573,849
Acquisition costs	3,584,563	1,758,751
General and administrative expenses	3,166,458	2,756,288
Interest expense	578,270	495,770
Total expenses	13,825,021	8,584,658
Income before income tax expense	3,232,790	1,429,649
Income tax (expense)	(736,574)	-
Net income attributable to common shareholders	$ 2,496,216	$ 1,429,649
Net income per common share:		
Basic	$ 53.13	$ 30.43
Diluted	$ 53.13	$ 30.43
Weighted-average number of common shares outstanding:		
Basic	46,979	46,979
Diluted	46,979	46,979

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Three Months Ended March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
Net income before non-controlling interest	$ 2,496,216	$ 1,429,649
Other comprehensive income (loss)		
Change in unrealized fair value of investments	(65,363)	850,061
Reclassification adjustment for net realized investment gains and (losses) included in income	-	(411,543)
Other comprehensive income (loss)	(65,363)	438,518
Comprehensive income	$ 2,430,853	$ 1,868,167

See Accompanying Notes to the Consolidated Financial Statements.

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED STATEMENTS OF EQUITY AND RETAINED DEFICIT
March 31, 2024 and December 31, 2023

	Share capital	Noncontrolling Interest	Additional paid-in-capital	Accumulated other comprehensive income (loss)	Retained deficit	Total stockholders' equity
Balance, December 31, 2022	4,697,900	5,452,923	189,178,987	(4,240,403)	(159,458,452)	35,630,955
						-
Net loss	-	-	-	-	5,334,504	5,334,504
Net change in unrealized gains						-
and losses on investments	-	-	-	786,546	-	786,546
Repurchase class B preferance shares		(5,452,923)	-	-	-	(5,452,923)
Balance, December 31, 2023	4,697,900	-	189,178,987	(3,453,857)	(154,123,948)	36,299,082
Net income	-	-	-	-	2,496,216	2,496,216
Net change in unrealized gains						
and losses on investments	-	-	-	(65,363)	-	(65,363)
Balance, March 31, 2024	$ 4,697,900	-	$ 189,178,987	$ (3,519,220)	$ (151,627,732)	$ 38,729,935

See Accompanying Notes to the Consolidated Financial Statements

AMERICAN OVERSEAS GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the year	$ 2,496,216	$ 1,429,649
Adjustments to reconcile net income to net cash used in operating activities:		
Net realized (gain) on sale of investments	-	(411,543)
Interest expense	578,270	495,770
Amortization of bond discount	(251,934)	(78,884)
Changes in operating assets and liabilities:		
Accrued investment income	(180,417)	(318,963)
Premiums receivable	(31,169,754)	(20,078,100)
Deferred reinsurance premiums	(26,439,889)	(17,049,026)
Reinsurance balance receivable, net	(10,536,398)	(7,195,843)
Deferred acquisition costs, net	(354,396)	(113,321)
Other assets	(1,229,498)	(962,817)
Unpaid losses and loss adjustment expenses	10,340,318	2,611,564
Unearned premiums	29,109,951	17,916,683
Ceded premium payable	26,483,569	19,905,636
Payable to general agents	2,056,577	2,083,856
Funds withheld	6,828,102	1,255,944
Accounts payable and accrued liabilities	(4,652,784)	(790,694)
Deferred tax liability	585,842	-
Net cash provided by (used in) operating activities	**3,663,775**	**(1,300,089)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of available for sale securities	(5,154,511)	(18,106,334)
Proceeds from sales of fixed income investments	2,600,000	256,021
Proceeds from sales of equities	-	2,891,996
Proceeds from maturities of fixed income investments	2,649,301	5,390,550
Net cash provided by (used in) investing activities	**94,790**	**(9,567,767)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid	(578,270)	(463,770)
Net cash (used in) financing activities	**(578,270)**	**(463,770)**
Net increase (decrease) in cash, cash equivalents and restricted cash	3,180,295	(11,331,626)
Cash, cash equivalents and restricted cash - Beginning of year	57,817,976	36,180,208
Cash, cash equivalents and restricted cash - End of period	$ 60,998,271	$ 24,848,582
Net taxes paid	$ -	$ -
Reconciliation of cash and restricted cash and equivalents to Balance Sheet		
Cash and cash equivalents, end of period	$ 57,438,049	$ 20,883,966
Restricted cash and cash equivalents, end of period	3,560,222	3,964,616
Total cash and cash equivalents and restricted cash and equivalents, end of period	$ 60,998,271	$ 24,848,582
Supplemental Disclosure of Non-Cash Transactions:		
Transfer of securities from Trust Account being maintained for Funds Held	-	(14,010,269)

See Accompanying Notes to the Consolidated Financial Statements.

BACKGROUND

American Overseas Group Limited ("AOG" or the "Company") was incorporated on January 28, 1998, under the laws of Bermuda. The Company was originally organized to operate a mono-line financial guaranty reinsurance subsidiary which was placed in voluntary run-off in 2009. After substantially reducing its financial guaranty exposure, AOG entered the property and casualty reinsurance business in 2012. On June 26, 2013 the Company's principal shareholder at that time, Orpheus Group Ltd. ("OGL"), acquired voting control of AOG. On October 28, 2014, AOG acquired OGL for a combination of common stock and senior notes. The Company is now a major writer of non-standard auto insurance through its U.S. subsidiaries. All earned premium and fee income are related to its property and casualty book of business. The financial guaranty book of business was eliminated in 2020.

The Company received all regulatory approvals prior to December 31, 2023 to dissolve American Overseas Reinsurance Company Limited ("AORE") and the Certificate of Dissolution was dated January 25, 2024. There was no ultimate gain or loss related to the dissolution.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Company:

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ materially from those estimates.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries, as well as those of Old American County Mutual Fire Insurance Company ("OACM"), a variable interest entity ("VIE") which the Company is required to consolidate. All significant intercompany balances have been eliminated in consolidation.

(c) Cash and cash equivalents

The Company considers all highly liquid investments, including fixed-interest and money market fund deposits, with a maturity of 90 days or less when purchased, as cash equivalents. Cash equivalents are carried at cost which approximates fair value.

(d) Investments

The Company has classified its fixed-maturity and equity investments as available-for-sale. Available-for-sale investments are carried at fair value, with unrealized appreciation or depreciation reported as a separate component of accumulated other comprehensive income. A portion of the unrealized appreciation or depreciation related to a reinsurer is included in funds held instead of accumulated other comprehensive income as the investments are pledged and all related investment movements, income, expenses, etc inure back to the reinsurer not the Company. The Company's fair values of fixed-maturity investments are based on prices obtained from nationally recognized independent pricing services and represent quoted prices in active markets when available. Equity securities include investments in shares of publicly traded companies and offshore mutual funds. All investment transactions are recorded on a trade date basis. Realized gains and losses on sales of fixed-maturity investments are determined on the basis of amortized cost. Gains and losses on sale of investments are included in "net realized gains on sale of investments" when realized. The cost of securities sold is determined using the specific identification method. The Company's investment guidelines require the orderly sale of securities that do not meet investment guidelines due to a downgrade by rating agencies or other circumstances, unless otherwise authorized by management to hold.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Current Expected Credit Losses (CECL)

The Company and our investment services provider, New England Asset Management ("NEAM"), review its investment portfolio no less than quarterly in order to determine whether an unexpected credit loss exists.

Factors considered when assessing for any credit loss may include, but are not limited to: a screening process to determine if any securities held by the Company are flagged by our investment provider and a qualitative analytic review of factors such as the market position, regional economic and demographic trends, bond structure, liquidity and governance frameworks.

If an expected credit loss is determined to be needed, an allowance would be booked and adjusted as warranted by subsequent analysis.

(f) Guaranty fund asset

Guaranty fund assets are included in other assets on the Consolidated Balance Sheet assessed to the Company from various states when the cost of defaulted insurance companies exceed the current fund balance. Depending on when the Company receives notice of an assessment, the Company will either accrue or pay the assessment and, if allowed by the assessing state, setup a corresponding guaranty fund asset for any premium tax credits allowed. This asset is reviewed annually for collectability and will be written off, if needed.

(g) Revenue recognition

The Company earns property casualty insurance and reinsurance premium revenue over the terms of the related policies. Unearned premiums represent the unexpired portion of premiums written. In addition, the Company earns fee income for providing insurance capacity for its nonstandard automobile liability and physical damage insurance products produced by managing general agents or other producers and ceded to reinsurers. Fee income is the excess of the ceding commission received from the reinsurers over the commission expense paid to the managing general agents or other producers.

Premium receivables and reinsurance recoverables are evaluated for credit losses at the underwriting company level. These are evaluated based on a number of factors including, but not limited to, the current aging of the receivables, the financial monitoring of the MGA/Reinsurers, the collateral of reinsurers, and the structure of the business of the underwriting company.

(h) Deferred policy acquisition costs

Deferred policy acquisition costs comprise those expenses that vary with and are primarily related to the production of business, including ceding commissions paid.

When assessing the recoverability of deferred policy acquisition costs, the Company considers the future earnings of premiums and anticipated investment income and compares this to the sum of unamortized policy acquisition costs, expected loss and loss adjustment expenses and expected maintenance costs. If a deficiency were calculated, the unamortized acquisition costs would be reduced by a charge to expense. Any deficiency driven by the maintenance costs that is greater than the balance of the deferred acquisition costs for the underwriting year and risk type is recorded as a premium deficiency.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Losses and loss adjustment expenses

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates ("case basis loss reserves") and an amount for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and adjustments are reflected in the period determined.

(j) Fair value measurements

ASC 820 provides guidance for fair value measurement of assets and liabilities and associated disclosures about fair value measurement. Under this standard, the definition of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price). ASC 820 clarifies that fair value is a market-based measurement, not an entity-specific measurement. ASC 820 establishes a fair value hierarchy of inputs in measuring fair value, with the highest level being observable inputs and the lowest being unobservable data as follows:

- Level 1 inputs – valuations based on quoted prices in active markets for identical assets or liabilities. Valuations in this level do not entail a significant degree of judgment.

- Level 2 inputs – valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and model derived valuations where all significant inputs are observable in active markets.

- Level 3 inputs – valuations based on significant inputs that are unobservable.

Disclosures relating to fair value measurements are included in Note 5 – Fair Value of Financial Instruments.

(k) Goodwill and intangible assets

The Company tests for impairment of goodwill and indefinite-lived intangible assets on an annual basis, or more frequently if events or changes in circumstances indicate that impairment exists.

The Company amortizes finite-lived intangible assets over the respective useful lives of the assets. If events or changes in circumstances indicate that impairment of these assets exists, the Company will test for impairment. If, as a result of the evaluation, the Company determines that the value of the goodwill or intangible assets is impaired, then the value of the assets will be written-down through net income in the period in which the determination of the impairment is made.

(l) Leases

At lease inception, the Company determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities, and noncurrent operating lease liabilities in the consolidated financial statements. ROU assets represent the Company's right to use leased assets over the term of the lease. Lease liabilities represent the Company's contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments over the lease term. The Company uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments. Operating ROU assets are calculated as the present value of the remaining lease payments plus

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Leases (cont'd)

unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected not to recognize a ROU asset and obligation for leases with an initial term of twelve months or less. The expense associated with short term leases is included in lease expense in the income statement.

To the extent a lease arrangement includes both lease and fixed non-lease components, the Company has elected to account for the components as a single lease component. To the extent the non-lease component is not fixed in nature, the non-lease components are expensed separately.

(m) Taxation

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the difference is reversed. A valuation allowance is recorded against gross deferred tax assets if it is more likely than not that all or some portion of the benefits related to the deferred tax assets will not be realized.

(n) Share-based compensation

The Company measures and records compensation costs for all share-based payment awards based on grant-date fair value over the requisite service period. This includes consideration of expected forfeitures in determining share based-based employee compensation expenses.

(o) Treasury shares

Common shares of AOG held by the Company and its subsidiaries are accounted for similar to share cancellations with the excess of the par value reflected in additional paid in capital.

(p) Recent Accounting pronouncements

New accounting pronouncements adopted:

Credit losses on financial instruments

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The Company adopted and implemented this ASU during the 2023 fiscal year resulting in no impact to the balance sheet or income statement. See Note 6 – Current Expected Credit Losses.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Recent Accounting pronouncements (cont'd)

New accounting pronouncements not yet adopted:

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures (Topic 280), to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The amendments in this update will require public entities to disclose significant segment expenses that are regularly provided to the Company's chief operating decision maker and included within segment profit and loss, an amount and description of its composition for other segment items, and expanded interim disclosures. This guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the impact of adopting this guidance on its financial statement disclosures.

3. PLEDGED ASSETS

As of March 31, 2024 and December 31, 2023, there were investments of $2.1 million and $2.1 million, respectively, on deposit with state insurance department regulators related to a U.S. subsidiary.

Orpheus Re Ltd. ("ORE") held a Section 114 Trust in favor of OACM to support obligations from the reinsurance business assumed. As of March 31, 2024 and December 31, 2023 the assets value was $8.7 million and $7.5 million, respectively.

ORE held a Section 114 Trust in favor of OAIC to support obligations from the reinsurance business assumed. As of March 31, 2024 and December 31, 2023 the assets value was $2.9 million and $2.6 million, respectively.

4. INVESTMENTS

The amortized cost, gross unrealized gains, gross unrealized losses, CECL and estimated fair value recorded in accumulated other comprehensive income of the Company's available for sale investments at March 31, 2024 December 31, 2023, were as follows:

		Included in Accumulated Other Comprehensive Income ("AOCI")			
			Gross Unrealized Losses [3]		
2024	Amortized Cost	Gross Unrealized Gains	Related to Changes in Estimated Fair Value	CECL Included in Other Comprehensive Income [1]	Estimated Fair Value
US Treasuries and government agencies [2]	$ 38,164,640	$ 114,434	$ (130,961)	$ -	$ 38,148,113
Corporate debt securities	50,772,724	170,443	(888,398)	-	50,054,769
Municipal securities	33,638,620	30,044	(3,926,595)	-	29,742,069
Mortgage-backed securities	3,786,303	3,893	(62,126)	-	3,728,070
Asset-backed securities	10,471,315	18,538	(112,607)	-	10,377,246
Total available for sale fixed-maturity investments	$ 136,833,602	$ 337,352	$ (5,120,687)	$ -	$ 132,050,267
Unrealized loss reclassified to funds held As it inures to a reinsurer	$ -	$ -	$ 1,264,115	$ -	$ -
Total investment portfolio	$ 136,833,602	$ 337,352	$ (3,856,572)	$ -	$ 132,050,267

4. INVESTMENTS (Cont'd)

2023	Amortized Cost	Included in Accumulated Other Comprehensive Income ("AOCI") Gross Unrealized Gains	Gross Unrealized Losses [3] Related to Changes in Estimated Fair Value	CECL Included in Other Comprehensive Income [1]	Estimated Fair Value
US Treasuries and government agencies [2]	$ 37,493,560	$ 317,272	$ (80,986)	$ -	$ 37,729,846
Corporate debt securities	51,014,387	381,888	(808,804)	-	50,587,471
Municipal securities	33,608,716	38,840	(3,878,681)	-	29,768,875
Mortgage-backed securities	3,855,020	23,976	(654)	-	3,878,342
Asset-backed securities	10,704,775	37,651	(106,754)	-	10,635,672
Total available for sale fixed-maturity investments	$ 136,676,458	$ 799,627	$ (4,875,879)	$ -	$ 132,600,206
Unrealized loss reclassified to funds held As it inures to a reinsurer	$ -	$ -	$ 622,395	$ -	$ -
Total investment portfolio	$ 136,676,458	$ 799,627	$ (4,253,484)	$ -	$ 132,600,206

(1) Represents the amount of CECL losses in accumulated other comprehensive income ("AOCI"), since adoption of the accounting guidance for CECL.
(2) Including US Government temporary liquidity guarantee program securities.
(3) $1.3 million of the unrealized appreciation or depreciation related to a reinsurer is included in funds held instead of accumulated other comprehensive income as the investments are pledged and all related investment movements, income, expenses, etc inure back to the reinsurer not the Company. This is reflected in the OACM balance included in collateral (see FN 12).

The Company did not have an aggregate investment in a single entity in excess of 10% of total investments at March 31, 2024 and December 31, 2023. The Company had no material investments in securities guaranteed by third parties and had no direct investments in financial guarantors as at March 31, 2024 and December 31, 2023.

4. INVESTMENTS (Cont'd)

The amortized cost and estimated fair value of fixed-maturity securities classified as available-for–sale, as of March 31, 2024 and December 31, 2023, by contractual maturity, are shown below. Expected maturities differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	March 31, 2024		December 31, 2023	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Less than one year	$ 24,523,677	$ 24,373,311	$ 20,593,172	$ 20,498,391
One through five years	70,649,906	69,082,373	74,167,198	72,953,849
Greater than five years	27,402,401	24,489,267	27,356,293	24,633,951
Mortgage-backed securities:				
RMBS	3,786,303	3,728,070	3,855,020	3,878,343
Asset-backed securities	10,471,315	10,377,246	10,704,775	10,635,672
Total	$ 136,833,602	$ 132,050,267	$ 136,676,458	$ 132,600,206

The investments that have unrealized loss positions as of March 31, 2024 and December 31, 2023, aggregated by investment category and the length of time they have been in a continuous unrealized loss position, are as follows:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
2024:						
Fixed-maturity investments:						
US Treasuries and government agencies	$ 18,111,125	$ (58,471)	$ 1,827,452	$ (72,490)	$ 19,938,577	$ (130,961)
Corporate debt securities	10,038,824	(58,497)	28,203,125	(829,901)	38,241,949	(888,398)
Municipal securities	1,072,380	(18,037)	24,681,105	(3,908,558)	25,753,485	(3,926,595)
Mortgage-backed securities	3,029,214	(62,126)	-	-	3,029,214	(62,126)
Asset-backed securities	3,952,256	(23,614)	3,306,820	(88,993)	7,259,076	(112,607)
Total temporarily impaired securities	$ 36,203,799	$ (220,745)	$ 58,018,502	$ (4,899,942)	$ 94,222,301	$ (5,120,687)

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
2023:						
Fixed-maturity investments:						
US Treasuries and government agencies	$ 4,928,969	$ (6,344)	$ 1,824,278	$ (74,642)	$ 6,753,247	$ (80,986)
Corporate debt securities	3,319,236	(18,897)	27,592,288	(789,907)	30,911,524	(808,804)
Municipal securities	2,469,016	(8,238)	23,620,507	(3,870,443)	26,089,523	(3,878,681)
Mortgage-backed securities	711,311	(654)	-	-	711,311	(654)
Asset-backed securities	2,970,617	(10,471)	3,725,649	(96,283)	6,696,266	(106,754)
Total temporarily impaired securities	$ 14,399,149	$ (44,604)	$ 56,762,722	$ (4,831,275)	$ 71,161,871	$ (4,875,879)

4. INVESTMENTS (Cont'd)

The following table sets forth the investment ratings of the Company's available-for-sale corporate fixed income securities as at March 31, 2024 and December 31, 2023. Ratings are assigned by Standard & Poor's or AM Best in instances where Standard & Poor's do not issue a rating.

March 31, 2024	Amortized Cost	%
AAA	$ 19,068,736	13.9%
AA	61,195,409	44.7%
A	49,319,348	36.0%
BBB and below	7,250,109	5.4%
	$ 136,833,602	100%

December 31, 2023	Amortized Cost	%
AAA	$ 19,569,861	14.3%
AA	60,553,109	44.3%
A	48,846,560	35.7%
BBB and below	7,706,928	5.7%
	$ 136,676,458	100%

As of March 31, 2024, 216 out of 278 fixed maturity securities were in unrealized loss positions compared to 186 out of 278 as of December 31, 2023. As at March 31, 2024, the Company's unrealized loss position for fixed maturity securities was $5.1 million compared to $4.9 million at December 31, 2023. None of securities in an unrealized loss position was related to securities below investment grade or not rated. Unrealized gains and losses relating to fixed maturity investments, excluding any credit loss portion, are currently recorded in accumulated other comprehensive income in shareholders' equity as the Company does not intend to sell the securities in an unrealized loss position and it is more likely than not that the Company will not be required to sell these securities before the anticipated recovery of their amortized costs. One hundred sixty-two of the securities have been in an unrealized loss position for 12 months or more as of March 31, 2024 and there were one hundred sixty-three securities in an unrealized loss position for 12 months or more as of December 31, 2023.

Proceeds from maturities and sales of investments in fixed-maturity securities available for sale during the years ended March 31, 2024 and December 31, 2023 were $5.2 million and $43.4 million, respectively. Gross gains of nil and $39,595 dollars in the years ended March 31, 2024 and December 31, 2023, respectively, and gross losses of nil and $99,221 dollars in the years ended March 31, 2024 and December 31, 2023, respectively, were realized on those sales. Proceeds from the sale of equity securities were nil million and $2.9 million during the years ended March 31, 2024 and December 31, 2023, respectively. Gross gains of nil million dollars and $0.4 million in the years ended March 31, 2024 and December 31, 2023, respectively, and gross losses of nil for both the years ended March 31, 2024 and December 31, 2023 were realized on equity sales.

4. INVESTMENTS (Cont'd)

Major categories of net investment income are summarized as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Interest from fixed-maturity securities (1)	$ 1,070,388	$ 671,539
Interest from cash equivalents	40	1,446
Amortization	251,934	110,180
Investment expense (1)	(1,095,552)	(620,839)
Net Investment income	$ 226,810	$ 162,326

(1) Interest from fixed-maturity securities and Investment expense both include offsetting amounts of credit for funds held in the amount of $1.1 million and $0.6 million for the three months ended March 31, 2024 and 2023, respectively.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements

The Company follows the guidance of ASC 820 for fair value measurement of financial instruments. ASC 820 establishes a hierarchy of inputs in measuring fair value, with the highest level being observable inputs and the lowest being unobservable data, with the standard requiring that the use of observable inputs is maximized (see Note 2(i) - Significant Accounting Policies – Fair Value Measurements for a description of each of the three levels).

The following table presents the fair value measurement levels for assets and liabilities, which the Company has recorded at fair value as of March 31, 2024 and December 31, 2023. As required by ASC 820, items are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

	Fair Value Measurements at Reporting Date Using			
	Balance as of March 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
U.S. treasuries and government agencies	$ 38,148,113	$ 38,148,113	$ -	$ -
Corporate debt securities	50,054,769	-	50,054,769	-
Municipal securities	29,742,069	-	29,742,069	-
Mortgage-backed securities	3,728,070	-	3,728,070	-
Asset-back securities	10,377,246	-	10,377,246	-
Investments available for sale fixed maturity investments	132,050,267	38,148,113	93,902,154	-
Cash and Cash Equivalents	57,438,049	57,438,049	-	-
Restricted Cash	3,560,222	3,560,222	-	-

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

		Fair Value Measurements at Reporting Date Using		
	Balance as of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
U.S. treasuries and government agencies	$ 37,729,846	$ 37,729,846	$ -	$ -
Corporate debt securities	50,587,471	-	50,587,471	-
Municipal securities	29,768,875	-	29,768,875	-
Mortgage-backed securities	3,878,342	-	3,878,342	-
Asset-back securities	10,635,672	-	10,635,672	-
Investments available for sale fixed maturity investments	132,600,206	37,729,846	94,870,360	-
Cash and Cash Equivalents	56,853,732	56,853,732	-	-
Restricted Cash	964,244	964,244	-	-

Fixed-maturity investments

The Company's fair values of fixed-maturity and short-term investments are based on prices obtained from nationally recognized independent pricing services. Where available, the prices are obtained from market quotations in active markets. Where there is no quoted price for an identical security, then the pricing service may use matrix pricing or model processes, such as the option adjusted spread model, to estimate the fair value of a security. The matrix pricing or model processes consist primarily of observable inputs, which may include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. The Company receives at least one fair value price for each of its investment securities and has not adjusted any of the prices received from the pricing services. At March 31, 2024 and December 31, 2023, all the Company's securities were valued using the independent pricing services.

As management is ultimately responsible for determining the fair value measurements for all securities, the Company assesses the reasonableness of the fair values received by comparing them to other pricing information readily available and management's knowledge of the current markets. The Company also assesses the pricing methodologies and related inputs used by the pricing services to estimate fair value. Any prices that, in management's opinion, may not be representative of fair value are challenged with the pricing service. Based on the information obtained from the above reviews, the Company evaluated the fixed-maturity securities in the investment portfolio to determine the appropriate fair value hierarchy level in accordance with ASC 820. Based on the Company's evaluation, each security was classified as Level 1, 2, or 3. Prices with observable market inputs were classified as Level 2, prices on money market funds and US treasuries were classified as Level 1. There were no market inputs classified as Level 3 as of March 31, 2024 and December 31, 2023.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Other fair value disclosures

Management has estimated the fair value of certain financial instruments based upon market information using appropriate valuation methodologies. Fair value estimates are not necessarily indicative of the amount the Company could realize in a current market exchange.

The Company considers carrying amounts of cash and cash equivalents, interest, other assets, accounts payable and accrued liabilities to be reasonable estimates of their fair values.

Carrying value of all financial assets and liabilities is equivalent to fair value.

6. CURRENT EXPECTED CREDIT LOSSES

Effective January 1, 2023, the Company adopted the Current Expected Credit Losses (CECL) methodology for estimating allowances for credit losses.

As of March 31, 2024 and December 31, 2023, it was determined there were no expected credit losses related to investments, premium receivables, or reinsurance recoverables.

7. LOSSES AND LOSS EXPENSE RESERVE

The Company's loss and loss expense reserve as of March 31, 2024, represented case basis loss reserves and incurred but not reported reserves. Refer to Note 2 - Significant Accounting Policies for a description of the Company's accounting policy for insurance losses.

A summary of the movement in the provision for losses and LAE for the three months ended March 31, 2024 and year ended December 31, 2023 is presented in the following table:

	March 31, 2024	December 31, 2023
Losses and loss expense reserve		
Balance - Beginning of year	$ 332,572,963	$ 253,885,512
Less: reinsurance recoverable	(318,926,827)	(244,393,010)
Net balance - Beginning of year	13,646,136	9,492,502
Incurred related to:		
Current year	6,529,000	20,749,191
Prior years	(35,274)	(569,772)
Premium deficiency reserve	2,004	135,274
Total incurred	6,495,730	20,314,693
Net losses paid related to:		
Current year	(1,422,756)	(9,498,636)
Prior years	(4,059,156)	(6,662,423)
Total Paid	(5,481,912)	(16,161,059)
Net balance - End of period	14,659,954	13,646,136
Add: reinsurance recoverable	328,253,327	318,926,827
Balance - End of period	$ 342,913,281	$ 332,572,963

Reconciliation of the disclosure of incurred and paid claims development to the liability for unpaid claims and claims adjustment expenses

	March 31, 2024
Net Outstanding Liabilities	
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	$ 14,659,954
Total reinsurance recoverable on unpaid claims	328,253,327
	342,913,281
Total gross liability for unpaid claims and claims adjustment expense	$ 342,913,281

8. SEGMENT INFORMATION

The determination of reportable segments is based on how management monitors the Company's underwriting operations. Management monitors the performance of its underwriting operations based on the markets and customers served and the type of accounts written. The Company is currently organized into two operating segments: property/casualty insurance/reinsurance and corporate/other. All product lines fall within these classifications. The property/casualty segment provides insurance and reinsurance related to US short-tail personal lines.

The following tables provide a summary of the segment results.

	March 31, 2024		
(dollars in thousands)	**Property/Casualty**	**Corporate**	**Total**
Net premiums earned	$ 10,869,916	$ -	$ 10,869,916
Losses and loss adjustment expenses	(6,495,730)	-	(6,495,730)
Acquisition expenses	(3,584,563)	-	(3,584,563)
Underwriting gain	789,623	-	789,623
Fee income	5,944,044	-	5,944,044
Net investment income	226,810	-	226,810
Other income	-	17,041	17,041
Net realized gain on sales of investments	-	-	-
Operating expenses	(2,896,328)	(270,130)	(3,166,458)
Interest expense	-	(578,270)	(578,270)
Income tax	(736,574)	-	(736,574)
Net income (loss)	$ 3,327,575	$ (831,359)	$ 2,496,216

	March 31, 2023		
(dollars in thousands)	**Property/Casualty**	**Corporate**	**Total**
Net premiums earned	$ 5,587,635	$ -	$ 5,587,635
Losses and loss adjustment expenses	(3,573,849)	-	(3,573,849)
Acquisition expenses	(1,758,751)	-	(1,758,751)
Underwriting gain	255,035	-	255,035
Fee income	3,825,053	-	3,825,053
Net investment income	162,326	-	162,326
Other income	-	27,750	27,750
Net realized gain on sales of investments	-	411,543	411,543
Operating expenses	(2,522,530)	(233,758)	(2,756,288)
Interest expense	-	(495,770)	(495,770)
Income tax	-	-	-
Net income (loss)	$ 1,719,884	$ (290,235)	$ 1,429,649

9. COMMITMENTS AND CONTINGENCIES

The insurance and reinsurance subsidiaries of the Company are involved in various claims and legal actions arising in the ordinary course of business. Some claims allege breach of good faith and fair dealing; however, those entities are vigorously defending their position, and in the opinion of management, the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position, results of operations or cashflows.

10. LEASES

The Company has 2 operating leases comprised of one vehicle and office space. The vehicle has a remaining lease term of 0.5 year with fixed lease payments. The office space has a remaining lease term of 4.42 years, includes a lease schedule reflecting increases each year and includes renewal options up to 10 years.

The components of lease expense were as follows:

	March 31, 2024	December 31, 2023
Operating lease cost	$ 81,238	$ 327,875
Total lease cost	$ 81,238	$ 327,875

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilties		
Operating cash flows from operating leases	$ 89,140	$ 352,315

Supplemental balance sheet information related to leases was as follows:		
Operating leases		
Operating lease right-of-use assets	$ 1,089,188	$ 1,150,586
Current operating lease liabilties	$ 1,268,326	$ 1,337,275
Other information:		
Weight average remaining lease term - operating	4.38	4.61
Weight average discount rate - operating	6.02%	6.04%

10. LEASES (cont'd)

Future minimum lease payments as of March 31, 2024 are as follows:

2024	$	248,698
2025		321,410
2026		325,676
2027		329,943
Thereafter		221,858
Total	$	1,447,585
Less: Interest		(179,259)
Lease Liability	$	1,268,326

As of March 31, 2024, the Company has no additional operating leases that have not yet commenced.

11. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share shows the dilutive effect of all stock options and restricted share units outstanding during the period that could potentially result in the issuance of common shares. The calculation of diluted earnings per share excludes the dilutive effect of stock options and restricted share awards outstanding because it would otherwise have an anti-dilutive effect on net earnings per share. The weighted average number of common and common share equivalents outstanding is calculated using the treasury stock method for all potentially dilutive securities.

As of March 31, 2024 and December 31, 2023, there were 1,275, respectively, of stock options excluded from the diluted earnings per share calculation because they were anti-dilutive.

The table sets forth the computation of basic and diluted earnings per share for following:

	March 31, 2024	March 31, 2023
Net income available to common shareholders	$ 2,496,216	$ 1,429,649
Basic weighted-average shares	46,979	46,979
Effect of stock options	-	-
Effect of restricted share units	-	-
Diluted weighted-average shares	46,979	46,979
Basic earnings per share	$ 53.13	$ 30.43
Diluted earnings per share	$ 53.13	$ 30.43

12. RISKS AND UNCERTAINTIES

The Company evaluates its financial condition and capital adequacy on an ongoing basis and may pursue a different set of strategies in the future. There can be no assurance that the strategies that have been implemented or that will be pursued in the future in connection with this evaluation will improve the Company's business, financial condition, liquidity or results of operations or will not have a material adverse effect on the Company. Management believes that the Company has sufficient capital resources and liquidity to meet its obligations and therefore that the Company remains a "going concern."

AOG is a holding company and therefore its liquidity, both on a short-term basis (for the next twelve months) and a long-term basis (beyond the twelve months), is largely dependent upon (1) the ability of its subsidiaries to pay dividends or make other payments to AOG and (2) its ability to access debt and equity markets, which is unlikely in the near term given current market conditions and AOG's current share valuation. AOG's principal uses of liquidity are for payment of operating expenses, and capital investments in its subsidiaries. As of March 31, 2024, AOG has $0.3 million of cash and investments and believes that it will have sufficient liquidity to meet its requirements over at least the next twelve months. The subsidiaries' ability to declare and pay dividends to AOG may be influenced by a variety of factors such as adverse loss development, amount and timing of claims payments, adverse market changes, insurance regulatory changes, changes in general economic conditions beyond the next twelve months and Barbados law. The Company believes that AOG's expected liquidity needs can be funded from its operating and investing cash flows for the next twelve months.

AOG's property/casualty segment generates substantial cash flows from its fee-based model. The principal uses of liquidity for those entities are the payment of operating expenses, debt service on subsidiary notes and capital investment in property/casualty subsidiaries. The property/casualty subsidiaries are highly leveraged through their reinsurance arrangements, and disputes with reinsurers could severely impact the liquidity of these subsidiaries. The property/casualty subsidiaries attempt to mitigate this exposure by holding collateral from their reinsurers. At March 31, 2024, the subsidiaries held $219.6 million of collateral compared to $214.0 million of balances at December 31, 2023 and such amounts are included in reinsurance balances received net on the consolidated balance sheet.

At March 31, 2024, the Company had $193.0 million of cash and investments of which approximately $169.1 million was held in trust for the benefit of our ceding companies and others, leaving $23.9 million cash and investments available to support ongoing business. See Note 3 – Pledged Assets, for further information regarding these trust accounts.

13. GOODWILL AND INTANGIBLE ASSETS

The Company performs its impairment analysis of goodwill and indefinite-lived intangible assets annually as of December 31. As of March 31, 2024, there have been no changes to the information disclosed in the 2023 annual report.

14. NOTES PAYABLE

In 2015, a series of new Series A Secured Senior Notes (the "2015 OACC Notes") were issued and superseded the note that had been previously issued. The notes will mature on January 1, 2040 and pay interest in quarterly installments at a fixed rate of 12.0% per annum. Principal repayments of nil and $0.8 million were made in 2024 and 2023, respectively, on the 2015 OACC Notes. On April 14, 2023 six new notes were issued as part of the 2015 OACC notes totaling $3.0 million. On May 31, 2023 there was a paydown on two notes of the 2015 OACC notes totaling $0.5 million which was offset by an issuance of one new note on June 8, 2023 totaling $0.5 million. On December 15, 2023 there was a paydown on one of the 2015 OACC notes totaling $0.3 million. As of March 31, 2024, $0.4 million in interest was accrued and unpaid on the $15.0 million remaining balance of the 2015 OACC Notes.

14. NOTES PAYABLE (cont'd)

In connection with the acquisition of OGL, AOG issued $43.9 million of Senior Notes (the "AOG Notes") to the former shareholders of OGL that mature on October 28, 2039. During 2021, the AOG notes were transferred to OACC (now the "2021 OACC Notes") as a dividend in kind. The terms on the 2021 OACC Notes remain the same. Interest on the 2021 OACC Notes is payable in quarterly installments at a fixed rate of 9.0% per annum. Principal repayments of nil were made in 2024 and 2023, respectively, on the 2021 OACC Notes. As of March 31, 2024, $0.1 million in interest was accrued and unpaid on the remaining balance of $6.0 million on the 2021 OACC Notes.

Directors and family members of AOG and its subsidiaries held notes payable in the aggregate principal amount of approximately $12.9 million at March 31, 2024 and December 31, 2023, respectively.

15. TAXATION

The Company has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes until March 31, 2035. At the present time, no such taxes are levied in Bermuda.

In September 2014, AOG became tax resident in the U.K., although will remain a Bermuda-based company. The Bermuda Corporate Income Tax Act 2023 ("Bermuda Act") was enacted on December 27, 2023. The Company is not within the scope of the legislation and therefore will not be subject to tax under the Bermuda Act. As the company is not incorporated in the U.K., it intends to manage its affairs in such a way as to establish and maintain status as tax resident in the U.K. As an U.K. tax resident company, AOG is required to file a corporation tax return with His Majesty's Revenue & Customs ("HMRC"). AOG is subject to U.K. corporation tax in respect of its worldwide profits (both income and capital gains), subject to any applicable exemptions. The main rate of corporation tax is 25% currently; such rate increased from 19% as of April 1, 2017. The Company does not expect that AOG's becoming U.K. tax resident will result in any material change in the group's overall tax charge. The Company expects that the dividends received by AOG from its direct subsidiaries will be exempt from U.K. corporation tax due to the exemption in section 931D of the U.K. Corporation Tax Act 2009. In addition, any dividends paid by AOG to its shareholders should not be subject to any withholding tax in the U.K. The U.K. government implemented a new tax regime for "controlled foreign companies" ("CFC regime") effective January 1, 2013. The Company does not expect any profits of non-U.K. resident members of the group to be taxed under the CFC regime.

ORE, an insurance entity is assigned one of the classes below depending on whether it underwrites third or related party risks and the percentage of related party risk it can underwrite.

- Class 1 category will include insurance companies which restrict the business they can underwrite to related party business. These insurance entities will be taxed at zero percent.
- Class 2 category will include insurance entities which can underwrite risks of third parties. These companies will be taxed at a rate of 2%.
- Class 3 will include insurance intermediaries, insurance management companies and insurance holding companies. These companies will be taxed at a rate of 2%.

15. TAXATION (cont'd)

Some of our subsidiaries are subject to U.S. taxation and file a consolidated U.S. federal income tax return. We believe that our other non-US companies are not engaged in a trade or business in the U.S. and, accordingly, we do not expect those companies to be subject to U.S. taxation.

The provision for income taxes for the three months ended March 31, consisted of the following:

	March 31, 2024	March 31, 2023
Current tax expense	$ 150,732	$ -
Deferred tax expense	585,842	-
Net income tax expense	$ 736,574	$ -

There is $0.7 million and $0.6 million provision for income taxes as of March 31, 2024 and December 31, 2023, respectively.

The expected tax provisions in taxable jurisdictions is calculated as the sum of pretax income in those jurisdictions multiplied by the statutory tax rate of the jurisdiction by which it will be taxed. Pretax income of the Company's subsidiaries which are not U.S. domiciled but are subject to U.S. tax by election are included at the U.S. statutory tax rate of 21% for 2024 and 2023.

	March 31, 2024	March 31, 2023
Net income before income tax	$ 3,232,791	$ 1,429,649
Adjustment for non-taxable entities	270,693	313,442
Taxable income before income tax expense	$ 3,503,484	$ 1,743,091
Expected tax benefit at statutory rates in taxable jurisdictions	735,732	366,049
Increases (reductions) in taxes resulting from:		
Exclusion of profit from VIE not included in consolidated		
Valuation allowance	-	(370,231)
Other	842	4,182
Income tax expense	$ 736,574	$ -
Effective tax rate	21%	0%

15. TAXATION (cont'd)

Tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets and deferred tax liabilities at March 31, 2024 and December 31, 2023 were as follows:

	March 31, 2024	December 31, 2023
Deferred tax assets:		
Net operating loss carryforward	$ 4,489,992	$ 4,956,072
Unearned premium reserves	544,525	432,382
Discounted unpaid losses and loss adjustment expenses	126,524	107,955
Goodwill and other intangible assets	-	-
Total deferred tax assets	5,161,041	5,496,409
Deferred tax liabilities:		
Deferred acquisition costs	552,097	477,674
Intangible Assets with permanent differences	5,842,726	5,666,675
	6,394,823	6,144,349
Deferred tax assets (liabilities), net, before valuation allowance	(1,233,782)	(647,940)
Valuation allowance	-	-
Deferred tax assets (liabilities), net	$ (1,233,782)	$ (647,940)

As of March 31, 2024, the Company had net operating loss carry forwards of $21,380,913 the expiration of which is as follows:

	March 31, 2024
2032	2,496,615
2033	9,228,964
2034	8,039,537
2035	-
2036	-
2037	-
2038	-
2039	-
2040	-
2041 est	1,504,081
2042 est	111,716
	$ 21,380,913

15. TAXATION (cont'd)

As of March 31, 2024 and December 31, 2023, the Company has no tax positions for which management believes a provision for uncertainty is necessary. The Company's U.S. federal income tax returns for all tax years are subject to examination by the Internal Revenue Service.

16. STATUTORY REQUIREMENTS

Each of the Company's insurance companies' ability to pay dividends depends, among other things, upon their financial condition, results of operations, cash requirements, compliance with rating agency requirements, and is also subject to restrictions contained in the insurance laws and related regulations of their state of domicile and other states. Financial statements prepared in accordance with accounting practices prescribed or permitted by local insurance regulatory authorities differ in certain respects from GAAP.

The Company's U.S. domiciled insurance companies are subject to risk-based capital standards and other minimum and capital and surplus requirements. The Company's U.S. domiciled insurance companies prepare statutory financial statements in accordance with accounting practices prescribed or permitted by the National Association of Insurance Commissioners ("NAIC") and their respective insurance departments. Prescribed statutory accounting practices are set forth in the NAIC Accounting Practices and Procedures Manual. The Company has no permitted accounting practices on a statutory basis. OAIC is subject to NAIC risk-based capital standards and other minimum capital and surplus requirements, including the laws of Texas. Texas laws provide that without prior approval of its domiciliary commissioner, dividends to shareholders may not be paid except out of the part of surplus funds which is derived from realized net profits. Surplus funds for the purposes of this calculation are defined as the excess of assets over liabilities, including capital stock as a liability. There are no other restrictions placed on the portion of OAIC's profits that may be paid as ordinary dividends to its shareholder. As of March 31, 2024, OAIC had statutory capital and surplus of $17.8 million, which was in excess of any risk-based capital levels that would require corrective actions. As a Texas county mutual, OACM is not subject to NAIC risk-based capital provisions. The minimum required capital and surplus of OACM is $5 million as provided by Texas insurance law, which is the amount of capital and surplus of the entity as of March 31, 2024.

As an insurance company under the Insurance Act as amended in 2018, ORE is required to maintain a minimum level of solvency under the Barbados Exempt Insurance Act 1983 (the "Exempt Insurance Act"). For the purpose of compliance with the solvency criteria under the Exempt Insurance Act, assets and liabilities are calculated in accordance with US GAAP. The Barbados domiciled insurance company also must comply with the provisions of the Barbados Companies Act regulating the payment of dividends and making of distributions from contributed surplus. A company is prohibited from declaring or paying a dividend, if there are reasonable grounds for believing that: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital.

On November 29, 2019, the Barbados government repealed the Business Companies (Economic Substance) Act, 2018-41, and replaced it with the Companies (Economic Substance) Act, 2019-43 ("the Barbados Act"). Under the Barbados Act, all resident companies/societies (other than those being grandfathered) must comply with the economic substance rules for fiscal periods commencing on or after January 1, 2020. The Barbados Act will require a resident entity which derives income from the carrying on of a relevant activity to satisfy the economic substance test in relation to that relevant activity, and will require the entity to file an economic substance declaration annually. If the Director of International Business determines that a resident entity has failed to meet the economic substance test for a fiscal period, the Director may impose a penalty. ORE is not considered a resident company under the Barbados Act, as its taxing authority is the United States of America, so the Company does not have to satisfy the economic substance test but will file an economic substance declaration each year. In 2024, ORE will file the declaration related to 2023 and filed the 2022 declaration in 2023.

16. STATUTORY REQUIREMENTS (cont'd)

AOG must comply with the provisions of the Bermuda Companies Act regulating the payment of dividends and making of distributions from contributed surplus. A company is prohibited from declaring or paying a dividend, or making a distribution out of contributed surplus, if there are reasonable grounds for believing that: (a) the company is, or would after the payment, be unable to pay its liabilities as they become due or (b) the realizable value of the company's assets would thereby be less than its liabilities. The Board of Directors of AOG will evaluate any dividends in accordance with this test (and any other restrictions as discussed in Note 12 – Non-controlling interest) at the time such dividends are declared.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 28, 2024, which is the date the financial statements were issued.