

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2026

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number 001-37973

NI HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

NORTH DAKOTA
(State or other jurisdiction of
incorporation or organization)

81-2683619
(I.R.S. Employer
Identification No.)

1101 First Avenue North
Fargo, North Dakota
(Address of principal executive offices)

(701) 298-4200

Registrant's telephone number, including area code

58102
(Zip Code)

Not applicable
Former name, former address, and former fiscal year, if changed since last report

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value per share	NODK	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares of Registrant's common stock outstanding on July 31, 2026 was 20,404,723. No preferred shares are issued or outstanding.

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CERTAIN IMPORTANT INFORMATION

Unless the context otherwise requires, as used in this Quarterly Report on Form 10-Q (“Form 10-Q”):

- “NI Holdings,” “the Company,” “we,” “us,” and “our” refer to NI Holdings, Inc., together with Nodak Insurance Company and its subsidiaries, and Direct Auto Insurance Company, for periods discussed after completion of the conversion;
- the “Nodak conversion” refers to the series of transactions consummated on March 13, 2017, by which Nodak Mutual Insurance Company converted from a mutual insurance company to a stock insurance company, as Nodak Insurance Company, and became a wholly-owned subsidiary of NI Holdings, an intermediate stock holding company formed on the date of conversion;
- “Nodak Mutual Group” refers to Nodak Mutual Group, Inc., which is the majority shareholder of NI Holdings;
- “Nodak Mutual Insurance Company” is the predecessor company to Nodak Insurance Company prior to the conversion;
- “Nodak Insurance” refers to Nodak Insurance Company or Nodak Mutual Insurance Company interchangeably;
- “Battle Creek” refers to Battle Creek Insurance Company. Battle Creek is a wholly-owned subsidiary of Nodak Insurance;
- “Direct Auto” refers to Direct Auto Insurance Company. Direct Auto is a wholly-owned subsidiary of NI Holdings;
- “American West” refers to American West Insurance Company. American West is a wholly-owned subsidiary of Nodak Insurance;
- “Primero” refers to Primero Insurance Company. Primero is an indirect, wholly-owned subsidiary of Nodak Insurance; and
- “Nodak Agency” refers to Nodak Agency, Inc. Nodak Agency is a wholly-owned subsidiary of Nodak Insurance.

FORWARD-LOOKING STATEMENTS

This report contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “views,” “estimates,” and similar expressions are used to identify these forward-looking statements. These statements include, among other things, the Company’s statements about:

- our anticipated operating and financial performance, business plans, and prospects;
- strategic reviews, capital allocation objectives, dividends, and share repurchases;
- plans for and prospects of acquisitions, dispositions, and other business development activities, and our ability to successfully capitalize on these opportunities;
- the impact of a future pandemic and related economic conditions, including the potential impact on the Company's investments;
- our ability to enter new markets successfully and capitalize on growth opportunities either through acquisitions or the expansion of our distribution network;
- cyclical changes in the insurance industry, competition, innovation, and emerging technologies;
- expectations for the impact of, or changes to, existing or new government regulations or laws;
- our ability to anticipate and respond to macroeconomic, geopolitical, health and industry trends, pandemics, acts of war, government shutdowns, and other large-scale crises;
- developments in general economic conditions (including the impact of tariffs and changes in tax laws), domestic and global financial markets, interest rates, unemployment, or inflation, that could affect the performance of our insurance operations and/or investment portfolio; and
- our ability to effectively manage future growth, including additional necessary capital, systems, and personnel.

Given their nature, we cannot assure that any outcome expressed in these or other forward-looking statements will be realized in whole or in part. Actual outcomes may vary materially from past results and those anticipated, estimated, implied, or projected. These forward-looking statements may be affected by underlying assumptions that may prove inaccurate or incomplete, or by known or unknown risks and uncertainties, including those described in Part II, Item 1A, “Risk Factors” of this Quarterly Report on Form 10-Q (“Form 10-Q”) and in the Part I, Item 1A, “Risk Factors” section in our Annual Report on Form 10-K for the year ended December 31, 2025 (“2025 Annual Report”). The occurrence of any of the risks identified in the Part I, Item 1A, “Risk Factors” section of the 2025 Annual Report, or other risks currently unknown, could have a material adverse effect on our business, financial condition or results of operations, or we may be required to increase our accruals for contingencies. It is not possible to predict or identify all such factors. Consequently, you should not consider such discussion to be a complete discussion of all potential risks or uncertainties.

Therefore, you are cautioned not to unduly rely on forward-looking statements, which speak only as of the date of this Form 10-Q. We undertake no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. You are advised, however, to consult any further disclosures we make on related subjects.

Part I. - FINANCIAL INFORMATION

Item 1. - Financial Statements

NI Holdings, Inc.

Consolidated Balance Sheets

(dollar amounts in thousands, except par value)

	June 30, 2026 (Unaudited)	December 31, 2025
Assets:		
Cash and cash equivalents	\$ 51,609	\$ 51,715
Fixed income securities, at fair value (amortized cost \$314,055 and \$314,804; net of allowance for expected credit losses of \$0 and \$0)	298,374	301,393
Equity securities, at fair value (cost \$19,753 and \$20,926)	24,873	23,951
Other investments	1,619	1,621
Total cash and investments	376,475	378,680
Premiums and agents' balances receivable (net of allowance for expected credit losses of \$301 and \$334)	77,789	41,575
Deferred policy acquisition costs	21,895	19,209
Reinsurance recoverables on losses (net of allowance for expected credit losses of \$0 and \$0)	12,441	11,957
Income tax recoverable	9,125	11,490
Accrued investment income	2,494	2,462
Property and equipment, net	6,490	6,759
Deferred income taxes	6,075	6,145
Receivable from Federal Crop Insurance Corporation	16,380	15,605
Other assets	13,970	12,120
Total assets	\$ 543,134	\$ 506,002
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 134,757	\$ 137,855
Unearned premiums	132,424	106,498
Reinsurance premiums payable	2,000	878
Accrued expenses and other liabilities	24,577	20,434
Total liabilities	293,758	265,665
Shareholders' equity:		
Common stock, \$0.01 par value, authorized: 25,000,000 shares; issued: 23,000,000 shares; and outstanding: 2026 – 20,431,819 shares, 2025 – 20,554,144 shares	230	230
Additional paid-in capital	95,773	95,932
Unearned employee stock ownership plan shares	(212)	(212)
Retained earnings	203,596	191,074
Accumulated other comprehensive loss, net of income taxes	(12,388)	(10,595)
Treasury stock, at cost, 2026 – 2,547,016 shares, 2025 – 2,424,691 shares	(37,623)	(36,092)
Total shareholders' equity	249,376	240,337
Total liabilities and shareholders' equity	\$ 543,134	\$ 506,002

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Operations (Unaudited)
(dollar amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues:				
Net premiums earned	\$ 65,017	\$ 73,005	\$ 120,130	\$ 140,502
Net investment income	2,810	3,146	5,465	5,984
Net investment gains (losses)	2,063	(410)	3,767	459
Fee and other income	344	316	474	546
Total revenues	<u>70,234</u>	<u>76,057</u>	<u>129,836</u>	<u>147,491</u>
Expenses:				
Losses and loss adjustment expenses	48,417	66,607	71,773	105,132
Amortization of deferred policy acquisition costs	12,236	16,374	24,122	32,902
Other underwriting and general expenses	9,351	8,400	18,001	17,032
Total expenses	<u>70,004</u>	<u>91,381</u>	<u>113,896</u>	<u>155,066</u>
Income (loss) before income taxes	230	(15,324)	15,940	(7,575)
Income tax expense (benefit)	84	(3,273)	3,286	(1,984)
Net income (loss)	<u>\$ 146</u>	<u>\$ (12,051)</u>	<u>\$ 12,654</u>	<u>\$ (5,591)</u>
Earnings per common share:				
Basic	<u>\$ 0.01</u>	<u>\$ (0.57)</u>	<u>\$ 0.61</u>	<u>\$ (0.27)</u>
Diluted	<u>\$ 0.01</u>	<u>\$ (0.57)</u>	<u>\$ 0.61</u>	<u>\$ (0.27)</u>
Share data:				
Weighted average common shares outstanding used in basic per common share calculations	20,811,048	21,039,090	20,843,029	21,027,073
Dilutive securities – restricted stock units and performance share units	63,600	—	61,665	—
Weighted average common shares used in diluted per common share calculations	<u>20,874,648</u>	<u>21,039,090</u>	<u>20,904,694</u>	<u>21,027,073</u>

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(dollar amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	\$ 146	\$ (12,051)	\$ 12,654	\$ (5,591)
Other comprehensive income (loss), before income taxes:				
Holding gains (losses) on investments	149	1,336	(2,254)	4,649
Reclassification adjustment for net realized gains (losses) included in net income (loss)	(7)	133	(15)	133
Other comprehensive income (loss), before income taxes	142	1,469	(2,269)	4,782
Income tax benefit (expense) related to items of other comprehensive income (loss)	(30)	(334)	476	(1,087)
Other comprehensive income (loss), net of income taxes	112	1,135	(1,793)	3,695
Comprehensive income (loss)	\$ 258	\$ (10,916)	\$ 10,861	\$ (1,896)

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(dollar amounts in thousands)

Three Months Ended June 30, 2026							
	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Income Taxes	Treasury Stock	Total Shareholders' Equity
Balance, April 1, 2026	\$ 230	\$ 95,643	\$ (212)	\$ 203,478	\$ (12,500)	\$ (36,443)	\$ 250,196
Net income (loss)	—	—	—	146	—	—	146
Other comprehensive income (loss), net of income taxes	—	—	—	—	112	—	112
Purchase of treasury stock	—	—	—	—	—	(1,445)	(1,445)
Share-based compensation	—	372	—	—	—	—	372
Issuance of vested award shares	—	(242)	—	(28)	—	265	(5)
Balance, June 30, 2026	<u>\$ 230</u>	<u>\$ 95,773</u>	<u>\$ (212)</u>	<u>\$ 203,596</u>	<u>\$ (12,388)</u>	<u>\$ (37,623)</u>	<u>\$ 249,376</u>
Six Months Ended June 30, 2026							
	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Income Taxes	Treasury Stock	Total Shareholders' Equity
Balance, January 1, 2026	\$ 230	\$ 95,932	\$ (212)	\$ 191,074	\$ (10,595)	\$ (36,092)	\$ 240,337
Net income (loss)	—	—	—	12,654	—	—	12,654
Other comprehensive income (loss), net of income taxes	—	—	—	—	(1,793)	—	(1,793)
Purchase of treasury stock	—	—	—	—	—	(2,306)	(2,306)
Share-based compensation	—	665	—	—	—	—	665
Issuance of vested award shares	—	(824)	—	(132)	—	775	(181)
Balance, June 30, 2026	<u>\$ 230</u>	<u>\$ 95,773</u>	<u>\$ (212)</u>	<u>\$ 203,596</u>	<u>\$ (12,388)</u>	<u>\$ (37,623)</u>	<u>\$ 249,376</u>

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(dollar amounts in thousands)

Three Months Ended June 30, 2025							
	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Income Taxes	Treasury Stock	Total Shareholders' Equity
Balance, April 1, 2025	\$ 230	\$ 95,783	\$ (455)	\$ 207,997	\$ (15,671)	\$ (33,884)	\$ 254,000
Net income (loss)	—	—	—	(12,051)	—	—	(12,051)
Other comprehensive income (loss), net of income taxes	—	—	—	—	1,135	—	1,135
Purchase of treasury stock	—	—	—	—	—	—	—
Share-based compensation	—	244	—	—	—	—	244
Issuance of vested award shares	—	(203)	—	(34)	—	232	(5)
Balance, June 30, 2025	<u>\$ 230</u>	<u>\$ 95,824</u>	<u>\$ (455)</u>	<u>\$ 195,912</u>	<u>\$ (14,536)</u>	<u>\$ (33,652)</u>	<u>\$ 243,323</u>
Six Months Ended June 30, 2025							
	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Income Taxes	Treasury Stock	Total Shareholders' Equity
Balance, January 1, 2025	\$ 230	\$ 95,796	\$ (455)	\$ 201,584	\$ (18,231)	\$ (34,293)	\$ 244,631
Net income (loss)	—	—	—	(5,591)	—	—	(5,591)
Other comprehensive income (loss), net of income taxes	—	—	—	—	3,695	—	3,695
Purchase of treasury stock	—	—	—	—	—	—	—
Share-based compensation	—	724	—	—	—	—	724
Issuance of vested award shares	—	(696)	—	(81)	—	641	(136)
Balance, June 30, 2025	<u>\$ 230</u>	<u>\$ 95,824</u>	<u>\$ (455)</u>	<u>\$ 195,912</u>	<u>\$ (14,536)</u>	<u>\$ (33,652)</u>	<u>\$ 243,323</u>

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(dollar amounts in thousands)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income (loss)	\$ 12,654	\$ (5,591)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Net investment gains (losses)	(3,767)	(459)
Deferred income tax expense (benefit)	547	(1,452)
Depreciation of property and equipment	290	344
Share-based compensation	665	724
Amortization of deferred policy acquisition costs	24,122	32,902
Deferral of policy acquisition costs	(26,808)	(32,922)
Net amortization of premiums and discounts on investments	221	174
Gain on sale of property and equipment	(8)	(9)
Changes in operating assets and liabilities:		
Premiums and agents' balances receivable	(36,214)	(32,697)
Reinsurance premiums receivable / payable	1,122	7,603
Reinsurance recoverables on losses	(484)	(38,717)
Income tax recoverable / payable	2,365	(3,382)
Accrued investment income	(32)	(69)
Federal Crop Insurance Corporation receivable / payable	(775)	1,891
Other assets	(1,850)	(61)
Unpaid losses and loss adjustment expenses	(3,098)	66,242
Unearned premiums	25,926	16,391
Accrued expenses and other liabilities	4,169	5,377
Total adjustments	(13,609)	21,880
Net cash flows from operating activities	(955)	16,289
Cash flows from investing activities:		
Proceeds from maturities and sales of fixed income securities	31,458	13,714
Proceeds from sales of equity securities	7,383	3,098
Purchases of fixed income securities	(30,914)	(23,641)
Purchases of equity securities	(4,553)	(3,255)
Purchases of property and equipment	(61)	(182)
Proceeds from sales of property and equipment	49	20
Net cash flows from investing activities	3,362	(10,246)
Cash flows from financing activities:		
Purchase of treasury stock	(2,306)	—
Principal repayments of finance leases	(26)	(53)
Issuance of vested award shares	(181)	(136)
Net cash flows from financing activities	(2,513)	(189)
Net increase (decrease) in cash and cash equivalents	(106)	5,854
Cash and cash equivalents at beginning of period	51,715	50,930
Cash and cash equivalents at end of period	<u>\$ 51,609</u>	<u>\$ 56,784</u>
Federal and state income taxes paid (net of refunds received)	<u>\$ 374</u>	<u>\$ 2,975</u>

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Unaudited Consolidated Financial Statements

1. Organization

NI Holdings is a North Dakota business corporation that is the stock holding company of Nodak Insurance and became such in connection with the Nodak conversion, whereby Nodak Mutual Insurance Company converted from a mutual to stock form of organization and the creation of a mutual holding company. The Nodak conversion was consummated on March 13, 2017. Immediately following the Nodak conversion, all of the outstanding shares of common stock of Nodak Insurance were issued to Nodak Mutual Group, which then contributed the shares to NI Holdings in exchange for 55% of the outstanding shares of common stock of NI Holdings. Nodak Insurance then became a wholly-owned stock subsidiary of NI Holdings. Prior to completion of the Nodak conversion, NI Holdings conducted no business and had no assets or liabilities. As a result of the Nodak conversion, NI Holdings became the holding company for Nodak Insurance and its existing subsidiaries.

These consolidated financial statements include the financial position and results of operations of NI Holdings and the following other entities:

Nodak Insurance Company

Nodak Insurance is the largest domestic property and casualty insurance company based in North Dakota, offering private passenger auto, homeowners, farmowners, commercial multi-peril, excess lines, dwelling, crop hail, and Federal multi-peril crop insurance coverages through its captive agents in the state.

Nodak Agency, Inc.

Nodak Agency is an inactive shell corporation.

American West Insurance Company

American West is a property and casualty insurance company licensed in eight states in the Midwest and Western regions of the United States ("U.S."). American West primarily writes private passenger auto, homeowners, and farm coverages in South Dakota. American West also writes private passenger auto coverage in North Dakota, as well as crop hail and Federal multi-peril crop insurance coverages in Minnesota and South Dakota.

Battle Creek Insurance Company

Battle Creek is a property and casualty insurance company writing private passenger auto, homeowners, and farm coverages solely in the state of Nebraska. Battle Creek became affiliated with Nodak Insurance in 2011 and, prior to January 2, 2024, was controlled by Nodak Insurance via a surplus note. On January 2, 2024, Battle Creek issued 300,000 shares of its common stock to Nodak Insurance at a \$10.00 per share par value and became a wholly-owned subsidiary of Nodak Insurance. Because we concluded that we controlled Battle Creek prior to January 2, 2024, we consolidated the financial statements of Battle Creek, and Battle Creek's policyholders' interest in Battle Creek was reflected as a non-controlling interest in shareholders' equity in our Consolidated Balance Sheets and its net income or loss was excluded from net income or loss attributed to NI Holdings in our Consolidated Statements of Operations. Subsequent to January 2, 2024, Battle Creek is fully consolidated in our Consolidated Balance Sheets and Consolidated Statements of Operations and, as such, no longer reflected as a non-controlling interest.

Primero Insurance Company

Primero is a wholly-owned subsidiary of Tri-State, Ltd. Tri-State, Ltd. is an inactive shell corporation that is 100% owned by Nodak Insurance. Primero is a property and casualty insurance company that primarily provides non-standard auto coverage in the states of Arizona, North Dakota, South Dakota, and Nevada. The Company made the strategic decision to stop writing non-standard auto business for Primero in Nevada during 2024 and in Arizona and South Dakota during the third quarter of 2025, and existing policies for these states will be non-renewed.

Direct Auto Insurance Company

Direct Auto is a property and casualty insurance company that provides non-standard auto coverage in the state of Illinois. The Company made the strategic decision to stop writing non-standard auto business for Direct Auto in Illinois during the third quarter of 2025, and existing policies will be non-renewed.

Organizational Structure and Credit Ratings

Nodak Insurance markets and distributes its policies through its captive agents, while all other companies utilize the independent agent distribution channel. Additionally, all of the Company's insurance subsidiary and affiliate companies as of June 30, 2026, are rated "A" Excellent by A.M. Best Company, Inc. ("AM Best"), a global credit rating agency specializing in the insurance industry. The same executive management team provides oversight and strategic direction for the entire organization.

2. Basis of Presentation and Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All material intercompany transactions and balances have been eliminated. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our 2025 Annual Report.

The Consolidated Balance Sheet at December 31, 2025, has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

The preparation of the interim unaudited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim unaudited consolidated financial statements and the reported amounts of revenues, claims, and expenses during the reporting period.

We make estimates and assumptions that can have a significant effect on amounts and disclosures we report in our unaudited consolidated financial statements. The most significant estimates relate to our reserves for unpaid losses and loss adjustment expenses, earned premiums for crop insurance, valuation of investments, determination of credit impairments, valuation allowances for deferred income tax assets, as well as deferred policy acquisition costs. While we believe our estimates are appropriate, the ultimate amounts may differ from the estimates provided. We regularly review our methods for making these estimates as well as the continued appropriateness of the estimated amounts, and we reflect any adjustment we consider necessary in our current results of operations.

Operating results for the interim periods ended June 30, 2026, are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

Our 2025 Annual Report describes the accounting policies and estimates that are critical to the understanding of our results of operations, financial condition, and liquidity. The accounting policies and estimation processes described in the 2025 Annual Report were consistently applied to the unaudited consolidated financial statements as of and for the six months ended June 30, 2026 and 2025.

Enactment of the One Big Beautiful Bill Act of 2025

On July 4, 2025, the U.S. enacted a budget reconciliation package known as the One Big Beautiful Bill Act of 2025 ("OBBBA") which includes both tax and non-tax provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others through 2027. The Company believes that the changes resulting from the tax provisions in the OBBBA are not expected to have a material impact on the Company's results of operations.

Recent Accounting Pronouncements

Not Yet Adopted

Disaggregation of Income Statement Expenses

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.” This guidance is intended to improve disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions. Such information should allow investors to better understand an entity's performance, assess future cash flows, and compare performance over time and with other entities. The amendments will require public business entities to disclose in the notes to the financial statements, at each interim and annual reporting period, specific information about certain costs and expenses, including purchases of inventory, employee compensation, depreciation, and intangible asset amortization included in each expense caption presented on the face of the statement of operations, and the total amount of an entity's selling expenses. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, and may be applied either prospectively or retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance on the consolidated financial statements.

Internal-Use Software

In September 2025, the FASB issued ASU 2025-06, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software." This guidance modernizes the accounting for internal-use software under ASC 350-40 to adapt to different development practices, especially agile and iterative methods. The updated guidance requires that an entity capitalize software costs when both: 1) management has authorized and committed to the funding of the software project, and 2) it is probable that the project will be completed, and the software will be used to perform its intended function. This update is effective for interim and annual periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting this guidance on the consolidated financial statements.

3. Investments

The amortized cost and estimated fair value of fixed income securities, presented on a consolidated basis as of June 30, 2026, and December 31, 2025, were as follows:

	June 30, 2026				
	Cost or Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:					
U.S. Government and agencies	\$ 8,440	\$ —	\$ 12	\$ (112)	\$ 8,340
Obligations of states and political subdivisions	50,533	—	183	(4,335)	46,381
Corporate securities	131,082	—	572	(4,110)	127,544
Residential mortgage-backed securities	68,822	—	379	(5,303)	63,898
Commercial mortgage-backed securities	33,414	—	97	(2,118)	31,393
Asset-backed securities	18,028	—	58	(308)	17,778
Redeemable preferred stocks	3,736	—	—	(696)	3,040
Total fixed income securities	<u>\$ 314,055</u>	<u>\$ —</u>	<u>\$ 1,301</u>	<u>\$ (16,982)</u>	<u>\$ 298,374</u>

	December 31, 2025				
	Cost or Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:					
U.S. Government and agencies	\$ 10,643	\$ —	\$ 146	\$ (73)	\$ 10,716
Obligations of states and political subdivisions	50,530	—	168	(4,648)	46,050
Corporate securities	125,978	—	1,434	(3,607)	123,805
Residential mortgage-backed securities	73,022	—	679	(5,002)	68,699
Commercial mortgage-backed securities	29,376	—	182	(2,030)	27,528
Asset-backed securities	21,519	—	200	(310)	21,409
Redeemable preferred stocks	3,736	—	—	(550)	3,186
Total fixed income securities	<u>\$ 314,804</u>	<u>\$ —</u>	<u>\$ 2,809</u>	<u>\$ (16,220)</u>	<u>\$ 301,393</u>

The amortized cost and estimated fair value of fixed income securities by contractual maturity, presented on a consolidated basis, are shown below. Actual maturities could differ from contractual maturities because issuers may have the right to call or prepay these securities.

	June 30, 2026	
	Amortized Cost	Fair Value
Due to mature:		
One year or less	\$ 19,560	\$ 19,368
After one year through five years	69,262	66,371
After five years through ten years	63,023	61,900
After ten years	38,210	34,626
Mortgage / asset-backed securities	120,264	113,069
Redeemable preferred stocks	3,736	3,040
Total fixed income securities	<u>\$ 314,055</u>	<u>\$ 298,374</u>

	December 31, 2025	
	Amortized Cost	Fair Value
Due to mature:		
One year or less	\$ 10,208	\$ 10,097
After one year through five years	73,908	72,140
After five years through ten years	64,118	63,599
After ten years	38,917	34,735
Mortgage / asset-backed securities	123,917	117,636
Redeemable preferred stocks	3,736	3,186
Total fixed income securities	<u>\$ 314,804</u>	<u>\$ 301,393</u>

Fixed income securities and cash with a fair value of \$4,549 at June 30, 2026, and \$4,574 at December 31, 2025, were deposited with various state regulatory agencies as required by law. The Company has not pledged any assets to secure any obligations.

The investment category and duration of the Company's gross unrealized losses on fixed income securities, presented on a consolidated basis, are shown below. Investments with unrealized losses are categorized with a duration of greater than 12 months when all positions of a security have continually been in a loss position for at least 12 months.

	June 30, 2026					
	Less than 12 Months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income securities:						
U.S. Government and agencies	\$ 3,830	\$ (36)	\$ 3,175	\$ (76)	\$ 7,005	\$ (112)
Obligations of states and political subdivisions	4,361	(45)	35,069	(4,290)	39,430	(4,335)
Corporate securities	35,141	(335)	55,671	(3,775)	90,812	(4,110)
Residential mortgage-backed securities	12,870	(136)	29,317	(5,167)	42,187	(5,303)
Commercial mortgage-backed securities	7,734	(57)	19,054	(2,061)	26,788	(2,118)
Asset-backed securities	7,615	(148)	4,152	(160)	11,767	(308)
Redeemable preferred stocks	—	—	3,040	(696)	3,040	(696)
Total fixed income securities	\$ 71,551	\$ (757)	\$ 149,478	\$ (16,225)	\$ 221,029	\$ (16,982)

	December 31, 2025					
	Less than 12 Months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income securities:						
U.S. Government and agencies	\$ 997	\$ (5)	\$ 3,433	\$ (68)	\$ 4,430	\$ (73)
Obligations of states and political subdivisions	2,976	(93)	35,429	(4,555)	38,405	(4,648)
Corporate securities	2,081	(147)	62,738	(3,460)	64,819	(3,607)
Residential mortgage-backed securities	3,273	(15)	33,503	(4,987)	36,776	(5,002)
Commercial mortgage-backed securities	—	—	19,754	(2,030)	19,754	(2,030)
Asset-backed securities	1,433	(108)	5,832	(202)	7,265	(310)
Redeemable preferred stocks	—	—	3,186	(550)	3,186	(550)
Total fixed income securities	\$ 10,760	\$ (368)	\$ 163,875	\$ (15,852)	\$ 174,635	\$ (16,220)

We, along with our investment advisor, frequently review our investment portfolio for declines in fair value that could be indicative of credit losses, which are recognized through an allowance account. We consider a number of factors when determining if an allowance for credit losses is necessary, including payment and default history, credit spreads, credit ratings and rating actions, and probability of default. We determine the credit loss component of fixed income investments by utilizing discounted cash flow modeling to determine the present value of the security and comparing the present value with the amortized cost of the security. We have not recognized any credit losses for fixed income securities and have concluded that an allowance is not required. There was no beginning balance, activity, or ending balance of credit losses as of and during the three and six months ended June 30, 2026 and 2025.

Net investment income consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Fixed income securities	\$ 3,081	\$ 3,193	\$ 6,018	\$ 6,321
Equity securities	210	247	441	455
Real estate	65	65	131	131
Cash and cash equivalents	222	379	475	748
Total gross investment income	3,578	3,884	7,065	7,655
Investment expenses	768	738	1,600	1,671
Net investment income	<u>\$ 2,810</u>	<u>\$ 3,146</u>	<u>\$ 5,465</u>	<u>\$ 5,984</u>

Net investment gains (losses) consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Gross realized gains:				
Fixed income securities	\$ 45	\$ 6	\$ 75	\$ 6
Equity securities	1,660	240	2,049	743
Total gross realized gains	1,705	246	2,124	749
Gross realized losses, excluding credit impairment losses:				
Fixed income securities	(38)	(139)	(60)	(139)
Equity securities	(137)	—	(393)	(177)
Total gross realized losses, excluding credit impairment losses	(175)	(139)	(453)	(316)
Net realized gains (losses)	1,530	107	1,671	433
Change in net unrealized gains on equity securities	533	(517)	2,096	26
Net investment gains (losses)	<u>\$ 2,063</u>	<u>\$ (410)</u>	<u>\$ 3,767</u>	<u>\$ 459</u>

Non-cash investment transactions were \$446 and \$499 for the six months ended June 30, 2026 and 2025, respectively.

4. Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. Investment securities available for sale are recorded at fair value on a recurring basis. Additionally, from time to time, we may be required to record other assets or liabilities at fair value on a nonrecurring basis. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or write-downs of individual assets. Accounting guidance on fair value measurements and disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2:* Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability. Level 2 includes fixed income securities with quoted prices that are traded less frequently than exchange traded instruments. Valuation techniques include matrix pricing which is a mathematical technique used widely in the industry to value fixed income securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices.
- Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

The Company bases its fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets where there exists limited or no observable market data and, therefore, are based primarily upon the estimates of the Company or other third-parties, are often calculated based on the characteristics of the asset, the economic and competitive environment, and other such factors. Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts which could have been realized in a sale transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective period-end and have not been re-evaluated or updated for purposes of our consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end. Additionally, changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future valuations.

The Company uses quoted values and other data provided by an independent pricing service in its process for determining fair values of its investments. The evaluations of such pricing services represent an exit price and a good faith opinion as to what a buyer in the marketplace would pay for a security in a current sale. This pricing service provides us with one quote per instrument. For fixed income securities that have quoted prices in active markets, market quotations are provided. For fixed income securities that do not trade on a daily basis, the independent pricing service prepares estimates of fair value using a wide array of observable inputs including relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. The observable market inputs that the Company's independent pricing service utilizes may include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers, and other reference data on markets, industry, and the economy. Additionally, the independent pricing service uses an option-adjusted spread model to develop prepayment and interest rate scenarios.

Should the independent pricing service be unable to provide a fair value estimate, we would first attempt to obtain a fair value estimate from a second independent pricing service. If unsuccessful, we would attempt to obtain a non-binding fair value estimate from a number of broker-dealers and would review this estimate in conjunction with a fair value estimate reported by an independent business news service or other sources. In instances where only one broker-dealer provides a fair value for a fixed income security, we would use that estimate. In instances where the Company would be able to obtain fair value estimates from more than one broker-dealer, we would review the range of estimates and select the most appropriate value based on the facts and circumstances. Should neither the independent pricing service nor a broker-dealer provide a fair value estimate, we would develop a fair value estimate based on cash flow analyses and other valuation techniques that utilize certain unobservable inputs. Accordingly, the Company classifies such a security as a Level 3 investment.

The fair value estimates of our investments provided by the independent pricing service at each period-end were utilized, among other resources, in reaching a conclusion as to the fair value of our investments.

Management reviews the reasonableness of the pricing provided by the independent pricing service by employing various analytical procedures. We also use information from a second independent pricing service to further validate the reasonableness of the valuation of our fixed income portfolio. If, after this review, management does not believe the pricing for any security is a reasonable estimate of fair value, then it will seek to resolve the discrepancy through discussions with the independent pricing services. In its review, management did not identify any such discrepancies and no adjustments were made to the estimates provided by the independent pricing services for the six-month period ended June 30, 2026, or the year ended December 31, 2025. The classification within the fair value hierarchy is then confirmed based on the final conclusions from the pricing review.

The valuation of money market accounts and equity securities are generally based on Level 1 inputs, which use the market-approach valuation technique. The valuation of certain cash equivalents and our fixed income securities generally incorporates significant Level 2 inputs using the market and income approach techniques. We may assign a lower level to inputs typically considered to be Level 2 based on our assessment of liquidity and relative level of uncertainty surrounding inputs. There were no assets or liabilities classified at Level 3 at June 30, 2026, or December 31, 2025.

The following tables set forth our assets which are measured on a recurring basis by the level within the fair value hierarchy in which fair value measurements fall:

	June 30, 2026			
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Government and agencies	\$ 8,340	\$ —	\$ 8,340	\$ —
Obligations of states and political subdivisions	46,381	—	46,381	—
Corporate securities	127,544	—	127,544	—
Residential mortgage-backed securities	63,898	—	63,898	—
Commercial mortgage-backed securities	31,393	—	31,393	—
Asset-backed securities	17,778	—	17,778	—
Redeemable preferred stock	3,040	—	3,040	—
Total fixed income securities	298,374	—	298,374	—
Equity securities - common stock	24,873	24,873	—	—
Money market accounts and cash equivalents	18,950	4,514	14,436	—
Total assets at fair value	\$ 342,197	\$ 29,387	\$ 312,810	\$ —

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Government and agencies	\$ 10,716	\$ —	\$ 10,716	\$ —
Obligations of states and political subdivisions	46,050	—	46,050	—
Corporate securities	123,805	—	123,805	—
Residential mortgage-backed securities	68,699	—	68,699	—
Commercial mortgage-backed securities	27,528	—	27,528	—
Asset-backed securities	21,409	—	21,409	—
Redeemable preferred stock	3,186	—	3,186	—
Total fixed income securities	301,393	—	301,393	—
Equity Securities - Common stock	23,951	23,951	—	—
Money market accounts and cash equivalents	10,165	10,165	—	—
Total assets at fair value	\$ 335,509	\$ 34,116	\$ 301,393	\$ —

There were no liabilities measured at fair value on a recurring basis at June 30, 2026, or December 31, 2025.

5. Reinsurance

External Reinsurance

The Company's consolidated financial statements reflect the effects of assumed and ceded reinsurance transactions. Assumed reinsurance refers to the acceptance of certain insurance risks that other insurance companies have underwritten. Ceded reinsurance involves transferring certain insurance risks (along with the related written and earned premiums) the Company has underwritten to other insurance companies who agree to share these risks. The Company reinsures a portion of the risks it underwrites, through these ceded reinsurance agreements, in order to control its exposure to losses. Our ceded reinsurance is placed either on an automatic basis under general reinsurance contracts known as treaties or through facultative contracts placed on substantial individual risks. These contracts do not relieve the Company from its obligations to policyholders. Treaty reinsurance contracts are typically effective from January 1 through December 31 each year.

During the six-month period ended June 30, 2026, the Company maintained property catastrophe reinsurance protection covering \$123,000 in excess of a \$20,000 retention. Our per risk excess of loss treaty provides coverage of \$3,900 in excess of \$1,100 for property risks and \$11,000 in excess of \$1,000 for casualty risks. Additionally, a property per-risk facultative contract is in place to provide coverage up to \$35,000 in excess of \$5,000 per property. Aggregate stop loss reinsurance agreements are also in place for both crop hail and multi-peril crop coverage. The crop hail aggregate attaches at a 100% net loss ratio providing 50 points of cover. The multi-peril crop aggregate attaches at a 105% net loss ratio providing 45 points of cover. In addition to the aggregate covers, underlying multi-peril crop reinsurance is provided through the Federal Crop Insurance Corporation ("FCIC").

During the year ended December 31, 2025, the Company maintained property catastrophe reinsurance protection covering \$117,000 in excess of a \$20,000 retention. Our per risk excess of loss treaty provides coverage of \$4,000 in excess of \$1,000 for property risks and \$11,000 in excess of \$1,000 for casualty risks. Additionally, a property per-risk facultative contract is in place to provide coverage up to \$20,000 in excess of \$5,000 per property. Aggregate stop loss reinsurance agreements are also in place for both crop hail and multi-peril crop coverage. The crop hail aggregate attaches at a 100% net loss ratio providing 50 points of cover. The multi-peril crop aggregate attaches at a 105% net loss ratio providing 45 points of cover. In addition to the aggregate covers, underlying multi-peril crop reinsurance is provided through the FCIC.

The Company actively monitors and evaluates the financial condition of the reinsurers and develops estimates of the uncollectible amounts due from reinsurers, which would be recognized as credit losses through an allowance account developed using the current expected credit losses ("CECL") model. Credit loss estimates are made based on periodic evaluation of balances due from reinsurers, changes in reinsurer credit standing, judgments regarding reinsurers' solvency, known disputes, reporting characteristics of the underlying reinsured business, historical experience, current economic conditions, the state of reinsurer relations in general, and other relevant factors. Collection risk is mitigated by entering into reinsurance arrangements only with reinsurers that have strong credit ratings and statutory surplus above certain levels. At June 30, 2026, and December 31, 2025, management has concluded that it is not necessary to record an allowance for expected credit losses related to reinsurance recoverables. All of our significant reinsurance partners are rated "A-" (Excellent) or better by AM Best or "A+" or better by Standard & Poor's, and there is no history of write-offs.

A reconciliation of direct to net premiums on both a written and an earned basis is as follows:

	Three Months Ended June 30, 2026		Three Months Ended June 30, 2025	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Direct premium	\$ 103,013	\$ 71,104	\$ 109,519	\$ 82,542
Assumed premium	4,178	2,619	2,309	696
Ceded premium	(13,386)	(8,706)	(18,518)	(10,233)
Net premiums	<u>\$ 93,805</u>	<u>\$ 65,017</u>	<u>\$ 93,310</u>	<u>\$ 73,005</u>

	Six Months Ended June 30, 2026		Six Months Ended June 30, 2025	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Direct premium	\$ 158,542	\$ 129,495	\$ 177,247	\$ 154,704
Assumed premium	6,161	4,602	2,347	735
Ceded premium	(18,647)	(13,967)	(23,222)	(14,937)
Net premiums	<u>\$ 146,056</u>	<u>\$ 120,130</u>	<u>\$ 156,372</u>	<u>\$ 140,502</u>

A reconciliation of direct to net losses and loss adjustment expenses is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Direct losses and loss adjustment expenses	\$ 49,836	\$ 109,382	\$ 73,905	\$ 149,761
Assumed losses and loss adjustment expenses	2,388	284	2,509	51
Ceded losses and loss adjustment expenses	(3,807)	(43,059)	(4,641)	(44,680)
Net losses and loss adjustment expenses	<u>\$ 48,417</u>	<u>\$ 66,607</u>	<u>\$ 71,773</u>	<u>\$ 105,132</u>

Intercompany Reinsurance Pooling Arrangement

Effective January 1, 2020, all of our insurance subsidiary and affiliate companies entered into an intercompany reinsurance pooling agreement. Nodak Insurance is the lead company of the pool, and assumes the net premiums, net losses, and underwriting expenses from each of the other five companies. Nodak Insurance then retrocedes balances back to each company, while retaining its own share of the pool's net underwriting results, based on individual pool percentages established in the respective pooling agreement. This arrangement allows each insurance company to rely upon the capacity of the pool's total statutory capital and surplus. As a result, they are evaluated by AM Best on a group basis and hold a single combined financial strength rating, long-term issuer credit rating, and financial size category. Pooling percentages for the insurance subsidiaries are updated periodically based on their respective surplus as a percentage of the pool's surplus.

6. Deferred Policy Acquisition Costs

Expenses directly related to successfully acquired insurance policies, primarily commissions, premium taxes and underwriting costs, are deferred and amortized over the terms of the policies. We update our acquisition cost assumptions periodically to reflect actual experience, and we evaluate the costs for recoverability. The table below shows the deferred policy acquisition costs and asset reconciliation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Balance, beginning of period	\$ 19,110	\$ 23,813	\$ 19,209	\$ 26,300
Deferral of policy acquisition costs	15,021	18,881	26,808	32,922
Amortization of deferred policy acquisition costs	(12,236)	(16,374)	(24,122)	(32,902)
Balance, end of period	<u>\$ 21,895</u>	<u>\$ 26,320</u>	<u>\$ 21,895</u>	<u>\$ 26,320</u>

7. Unpaid Losses and Loss Adjustment Expenses

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

	Six Months Ended June 30,	
	2026	2025
Balance, beginning of period:		
Liability for unpaid losses and loss adjustment expenses	\$ 137,855	\$ 137,288
Reinsurance recoverables on losses	11,957	12,561
Net balance, beginning of period	<u>125,898</u>	<u>124,727</u>
Incurred related to:		
Current year	81,898	93,894
Prior years	(10,125)	11,238
Total incurred	<u>71,773</u>	<u>105,132</u>
Paid related to:		
Current year	29,959	30,151
Prior years	45,396	47,456
Total paid	<u>75,355</u>	<u>77,607</u>
Balance, end of period:		
Liability for unpaid losses and loss adjustment expenses	134,757	203,530
Reinsurance recoverables on losses	12,441	51,278
Net balance, end of period	<u>\$ 122,316</u>	<u>\$ 152,252</u>

During the three and six months ended June 30, 2026, the Company's incurred reported losses and loss adjustment expense included \$6,077 and \$10,125, respectively, of net favorable development on prior accident years. This was primarily attributable to favorable development for the Non-Standard Auto and Home and Farm segments. During the three and six months ended June 30, 2025, the Company's incurred reported losses and loss adjustment expenses included \$9,820 and \$11,238, respectively, of net unfavorable development on prior accident years. This was primarily attributable to unfavorable development for the Non-Standard Auto segment.

Changes in unpaid losses and loss adjustment expense reserves are generally the result of ongoing analysis of recent loss development trends. As additional information becomes known regarding individual claims, original estimates are increased or decreased accordingly.

8. Property and Equipment

Property and equipment consisted of the following:

	June 30, 2026	December 31, 2025	Estimated Useful Life
Cost:			
Land	\$ 1,204	\$ 1,249	indefinite
Building and improvements	11,344	11,257	10 – 43 years
Electronic data processing equipment	1,511	1,491	5 – 7 years
Furniture and fixtures	2,654	2,684	5 – 7 years
Automobiles	1,161	1,287	2 – 3 years
Gross cost	17,874	17,968	
Accumulated depreciation	(11,384)	(11,209)	
Total property and equipment, net	\$ 6,490	\$ 6,759	

Depreciation expense was \$122 and \$171 for the three months ended June 30, 2026 and 2025, respectively, and \$290 and \$344 for the six months ended June 30, 2026 and 2025, respectively.

9. Royalties and Dividends

North Dakota Farm Bureau

Nodak Insurance was organized by the North Dakota Farm Bureau (“NDFB”) to provide insurance protection for its members. We have a royalty agreement with the NDFB that recognizes the use of their trademark and provides royalties to the NDFB based on the premiums written on Nodak Insurance’s policies. Royalties paid to the NDFB were \$583 and \$522 during the three months ended June 30, 2026 and 2025, respectively, and \$1,053 and \$962 for the six months ended June 30, 2026 and 2025, respectively. Royalty amounts payable of \$196 and \$152 were accrued as a liability to the NDFB at June 30, 2026, and December 31, 2025, respectively.

Dividends

State insurance laws require our insurance subsidiaries to maintain certain minimum capital and surplus amounts on a statutory basis. Our insurance subsidiaries are subject to regulations that restrict the payment of dividends from statutory surplus and may require prior approval from their domiciliary insurance regulatory authorities. Our insurance subsidiaries are also subject to risk-based capital requirements that may further affect their ability to pay dividends. Our insurance subsidiaries statutory capital and surplus at December 31, 2025, exceeded the amount of statutory capital and surplus necessary to satisfy risk-based capital requirements by a significant margin. For information regarding the availability of subsidiaries to pay dividends to NI Holdings during 2026, see Part II, Item 8, Note 11 “Royalties, Dividends, and Affiliations” section of the 2025 Annual Report.

10. Benefit Plans

Nodak Insurance sponsors a 401(k) plan with an automatic and matching contribution for eligible employees at Nodak Insurance, Primero, and Direct Auto. Nodak Insurance also contributes an additional elective amount of employee compensation as a profit-sharing contribution for eligible employees. American West and Battle Creek have no employees. The Company reported expenses related to these plans totaling \$510 and \$482 during the three months ended June 30, 2026 and 2025, respectively, and \$794 and \$802 during the six months ended June 30, 2026 and 2025, respectively.

All fees associated with the plans are deducted from the eligible employee accounts.

The Company also offers a non-qualified deferred compensation plan to key executives of the Company (as designated by the Board of Directors). The Company’s policy is to fund the plan by amounts that represent the excess of the maximum contribution allowed by the Employee Retirement Income Security Act over the key executives’ allowable 401(k) contribution. The plan also allows employee-directed deferral of key executives’ compensation or incentive payments. The Company reported expenses related to this plan totaling \$59 and \$24 during the three months ended June 30, 2026 and 2025, respectively, and \$407 and \$158 during the six months ended June 30, 2026 and 2025, respectively.

In connection with our initial public offering (“IPO”) in March 2017, the Company established its Employee Stock Ownership Plan (the “ESOP”) within the meaning of Internal Revenue Code Section 4975(e)(7) and invests solely in common stock of the Company.

Upon establishment of the ESOP, Nodak Insurance loaned \$2,400 to the ESOP's related trust (the "ESOP Trust"). The ESOP loan was for a period of ten years, bearing interest at the long-term Applicable Federal Rate effective on the closing date of the offering (2.79% annually). The ESOP Trust used the proceeds of the loan to purchase shares in our IPO, which resulted in the ESOP Trust owning approximately 1.0% of the Company's authorized shares. The ESOP has purchased the shares for investment and not for resale.

The shares purchased by the ESOP Trust in the offering are held in a suspense account as collateral for the ESOP loan. Nodak Insurance makes semi-annual cash contributions to the ESOP in amounts no smaller than the amounts required for the ESOP Trust to make its loan payments to Nodak Insurance. While the ESOP makes two loan payments per year, a pre-determined portion of the shares are released from the suspense account and allocated to participant accounts at the end of the calendar year. This release and allocation occurs on an annual basis over the ten-year term of the ESOP loan. Nodak Insurance has a lien on the shares of common stock of the Company held by the ESOP to secure repayment of the loan from the ESOP to Nodak Insurance. If the ESOP is terminated as a result of a change in control of the Company, the ESOP may be required to pay the costs of terminating the plan.

It is anticipated that the only assets held by the ESOP will be shares of the Company's common stock. Participants in the ESOP cannot direct the investment of any assets allocated to their accounts. The ESOP participants are employees of Nodak Insurance. The employees of Primero and Direct Auto do not participate in the ESOP.

Each employee of Nodak Insurance automatically becomes a participant in the ESOP if such employee is at least 21 years old, has completed a minimum of one thousand hours of service with Nodak Insurance, and has completed an Eligibility Computation Period. Employees are not permitted to make any contributions to the ESOP. Participants in the ESOP receive annual reports from the Company showing the number of shares of common stock of the Company allocated to the participants' accounts and the market value of those shares. The shares are allocated to participants based on compensation as provided for in the ESOP.

In connection with the establishment of the ESOP, the Company created a contra-equity account on the Consolidated Balance Sheet equal to the ESOP's basis in the shares. The basis of those shares was set at \$10.00 per share as part of the IPO. As shares are released from the ESOP suspense account, the contra-equity account is credited, which reduces the impact of the contra-equity account on the Company's Consolidated Balance Sheets over time. The Company records compensation expense related to the shares released, equal to the number of shares released from the suspense account multiplied by the average market value of the Company's stock during the period.

The Company recognized compensation expense related to the ESOP of \$74 and \$78 during the three months ended June 30, 2026 and 2025, respectively, and \$144 and \$167 during the six months ended June 30, 2026 and 2025, respectively.

Through June 30, 2026, and December 31, 2025, the Company had released and allocated 218,835 ESOP shares to participants, with a remainder of 21,165 ESOP shares in suspense at June 30, 2026, and December 31, 2025. Using the Company's quarter-end market price of \$15.71 per share, the fair value of the unearned ESOP shares was \$333 at June 30, 2026.

11. Line of Credit

NI Holdings has a \$3,000 line of credit with Wells Fargo Bank, N.A. The terms of the line of credit include a floating interest rate of 2.25% above the daily simple secured overnight financing rate. There were no outstanding amounts during the six months ended June 30, 2026, or the year ended December 31, 2025. This line of credit is scheduled to expire on December 11, 2026.

12. Income Taxes

We record any change to a previously recorded valuation allowance as a result of re-measuring existing temporary differences and loss carryforwards as a component of income tax expense (benefit). The valuation allowance against certain deferred income tax assets was \$2,072 and \$2,345 at June 30, 2026 and December 31, 2025, respectively.

At June 30, 2026, and December 31, 2025, we had no unrecognized tax benefits, no accrued interest and penalties, and no significant uncertain tax positions. No interest and penalties on uncertain tax positions were recognized during the six-month period ended June 30, 2026, or the year ended December 31, 2025.

Our effective tax rate for the six months ended June 30, 2026, was 20.6%, which reflects the impact of tax-exempt investment income on the calculation of the Company's income tax provision. The effective tax rate was not impacted by the change in valuation allowance noted above. The effective tax rate was 26.2% for the six months ended June 30, 2025, which was impacted by a change in the recorded valuation allowance.

13. Leases

Primero leases a facility in Spearfish, South Dakota under a non-cancellable operating lease expiring in 2028. Direct Auto leases a facility in Chicago, Illinois under a non-cancellable operating lease expiring in 2029. Nodak Insurance leases a facility in Fargo, North Dakota under a non-cancellable operating lease expiring in 2029. In addition, Nodak Insurance leases server equipment under a non-cancellable finance lease expiring in 2026.

We determine whether a contract is or contains a lease at the inception of the contract. A contract will be deemed to be or contain a lease if the contract conveys the right to control and directs the use of identified property or equipment for a period of time in exchange for consideration. We generally must also have the right to obtain substantially all of the economic benefits from the use of the property and equipment. Lease assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. To determine the present value of lease payments not yet paid, we estimate incremental borrowing rates based on the floating interest rate on our Line of Credit with Wells Fargo Bank, N.A. at the lease commencement date, as rates are not implicitly stated in most leases. Lease liabilities are included in accrued expenses and other liabilities and right-of-use assets are included in other assets in our Consolidated Balance Sheets.

There were expenses of \$112 and \$114 related to these leases during the three months ended June 30, 2026 and 2025, respectively, and \$226 and \$230 during the six months ended June 30, 2026 and 2025.

Additional information regarding the Company's leases are as follows:

	As of and For the Three Months Ended June 30,		As of and For the Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease expense	\$ 91	\$ 91	\$ 183	\$ 183
Finance lease cost				
Amortization of right-of-use assets	20	20	40	40
Interest on lease liabilities	1	3	3	7
Finance lease cost	21	23	43	47
Total lease cost	\$ 112	\$ 114	\$ 226	\$ 230
Other information on leases:				
Cash payments included in operating cash flows from operating leases	\$ 99	\$ 98	\$ 198	\$ 195
Cash payments included in operating cash flows from finance leases	1	3	3	7
Cash payments included in financing cash flows from finance leases	29	27	57	53
Right-of-use assets obtained in exchange for new operating lease liabilities	—	—	—	—
Right-of-use assets obtained in exchange for new finance lease liabilities	—	—	—	—
Weighted average discount rate – operating leases	4.41%	4.46%	4.41%	4.46%
Weighted average discount rate – finance leases	8.50%	8.50%	8.50%	8.50%
Weighted average remaining lease term in years – operating leases	3.0 years	4.0 years	3.0 years	4.0 years
Weighted average remaining lease term in years – finance leases	0.3 years	1.3 years	0.3 years	1.3 years

The following table presents the contractual maturities of the Company's lease liabilities for each of the four years in the period ending December 31, 2029, and thereafter, reconciled to our lease liability at June 30, 2026:

Year ending December 31,	Operating Leases	Finance Leases	Total
2026 (six months remaining)	\$ 200	\$ 40	\$ 240
2027	401	—	401
2028	376	—	376
2029	212	—	212
Thereafter	—	—	—
Total undiscounted lease payments	1,189	40	1,229
Less: present value adjustment	71	—	71
Lease liability at June 30, 2026	<u>\$ 1,118</u>	<u>\$ 40</u>	<u>\$ 1,158</u>

14. Contingencies

We are, from time to time, party to routine litigation incidental to the normal course of our business. Based upon information presently available to us, we do not consider any litigation to be material. However, given the uncertainties attendant to litigation, we cannot assure you that our results of operations and financial condition will not be materially adversely affected by any litigation. Contingent liabilities arising from litigation, income taxes, and other matters are not considered to be material to our financial position.

15. Common and Preferred Stock

Common Stock

Changes in the number of common stock shares outstanding were as follows:

	Six Months Ended June 30,	
	2026	2025
Shares outstanding, beginning of period	20,554,144	20,673,268
Treasury shares repurchased through stock repurchase authorization	(169,757)	—
Issuance of treasury shares for vesting of restricted stock units	47,432	40,090
Shares outstanding, end of period	<u>20,431,819</u>	<u>20,713,358</u>

The changes in the number of common shares outstanding excludes certain non-forfeitable stock award shares that are included in the weighted average common shares outstanding used in basic earnings per common share calculations.

On August 25, 2025, our Board of Directors approved an authorization for the repurchase of up to approximately \$5,000 of the Company's outstanding common stock in addition to the \$2,052 remaining from the May 9, 2022 authorization. During the six months ended June 30, 2025, we did not repurchase any shares of our common stock. During the year ended December 31, 2025, we completed the repurchase of 188,185 shares of our common stock for \$2,517, including the effects from applicable excise taxes under these authorizations. As of December 31, 2025, these share repurchases closed out the May 9, 2022 authorization, and \$4,549 remained available under the August 25, 2025 authorization. During the six months ended June 30, 2026, we completed the repurchase of 169,757 shares of our common stock for \$2,306, including the effects from applicable excise taxes under these authorizations. At June 30, 2026, \$2,260 remains available under this authorization.

The cost of this treasury stock is a reduction of shareholders' equity within our Consolidated Balance Sheets.

Preferred Stock

The Company's Articles of Incorporation provide authority to issue up to five million shares of preferred stock. No preferred shares are issued or outstanding.

16. Share-Based Compensation

The NI Holdings, Inc. 2020 Stock and Incentive Plan (the “Plan”) is designed to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, independent contractors, advisors, and non-employee directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company’s business and to afford such persons an opportunity to acquire an ownership interest in the Company, thereby aligning the interests of such persons with the Company’s shareholders.

The Plan provides for the grant of nonqualified stock options, incentive stock options, restricted stock units (“RSUs”), stock appreciation rights, dividend equivalents, and performance share units (“PSUs”) to employees, officers, consultants, advisors, non-employee directors, and independent contractors designated by the Compensation Committee of the Board of Directors (the “Compensation Committee”). Awards made under the Plan are based upon, among other things, a participant’s level of responsibility and performance within the Company.

The total aggregate number of shares of common stock that may be issued under the Plan shall not exceed 1,000,000 shares, subject to adjustments as provided in the Plan. No eligible participant may be granted any awards for more than 100,000 shares in the aggregate in any calendar year, subject to adjustment in accordance with the Plan. The aggregate amount payable pursuant to all performance awards denominated in cash to any eligible person in any calendar year is limited to \$1,000 in value. Directors who are not also employees of the Company may not be granted awards denominated in shares that exceed \$150 in any calendar year.

Restricted Stock Units

The Compensation Committee has awarded RSUs to non-employee directors and select executives. RSUs are promises to issue actual shares of common stock at the end of a vesting period. The RSUs granted to executives under the Plan are based on salary. RSUs granted prior to 2024 vest equally over a five-year period. Effective for executive grants beginning in 2024, the RSUs vest equally over a three-year period. As approved by the Compensation Committee, all executive share-based compensation granted in 2025 and 2026 was awarded as RSUs. The RSUs granted to non-employee directors vest 100% on the date of the next annual meeting of shareholders following the grant date. If applicable, dividend equivalents on RSUs are accrued during the vesting period and paid in cash at the end of the vesting period but are subject to forfeiture until the underlying shares become vested. Participants do not have voting rights with respect to RSUs.

The Company recognizes stock-based compensation costs for RSUs based on the grant date fair value. The compensation costs are normally expensed over the vesting periods to each vesting date; however, the cost of RSUs granted to executives are expensed immediately if the executive has met certain retirement criteria and the RSUs become non-forfeitable. Estimated forfeitures are included in the determination of compensation costs. No forfeitures are currently estimated.

A summary of the Company’s outstanding and unearned RSUs is presented below:

	RSUs	Weighted-Average Grant-Date Fair Value Per Share
Units outstanding and unearned at January 1, 2025	104,398	\$ 15.11
RSUs granted during 2025	168,798	14.00
RSUs earned during 2025	(51,622)	15.02
Forfeitures ⁽¹⁾	(89,140)	14.68
Units outstanding and unearned at December 31, 2025	132,434	14.02
RSUs granted during 2026	198,105	13.39
RSUs earned during 2026	(77,424)	13.84
Forfeitures	(5,168)	14.62
Units outstanding and unearned at June 30, 2026	247,947	13.56

⁽¹⁾ Represents RSU forfeitures primarily related to the execution of the 2025 separation agreement with the former Chief Executive Officer.

The following table shows the impact of RSU activity to the Company's financial results:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
RSU compensation expense	\$ 363	\$ 233	\$ 699	\$ 696
Income tax benefit	(76)	(53)	(147)	(158)
RSU compensation expense, net of income taxes	<u>\$ 287</u>	<u>\$ 180</u>	<u>\$ 552</u>	<u>\$ 538</u>

At June 30, 2026, there was \$2,859 of unrecognized compensation cost related to outstanding RSUs. That cost is expected to be recognized over a weighted-average period of 2.22 years.

Performance Share Units

The Compensation Committee has awarded PSUs to select executives. PSUs are promises to issue actual shares of common stock at the end of a vesting period, if certain performance conditions are met. The PSUs granted to employees under the Plan are based on salary and, prior to 2024, include a three-year adjusted book value cumulative growth target with threshold and stretch goals. For grants made in 2024, the performance metric is calculated based on an adjusted return on equity over a three-year period, with annual resets. There were no PSUs granted in 2025 or 2026. PSUs will vest on the third anniversary of the grant date, subject to the participant's continuous employment through the vesting date and the level of performance achieved. If applicable, dividend equivalents on PSUs are accrued and paid in cash at the end of the performance period in accordance with the level of performance achieved but are subject to forfeiture until the underlying shares become vested. Participants do not have voting rights with respect to PSUs.

The Company recognizes stock-based compensation costs for PSUs based on the grant date fair value over the performance period of the awards. Estimated forfeitures are included in the determination of compensation costs. The current cost estimates represent the Company's forecasted performance against cumulative growth targets.

A summary of the Company's outstanding PSUs is presented below:

	PSUs	Weighted-Average Grant-Date Fair Value Per Share
Units outstanding at January 1, 2025	26,327	\$ 17.50
PSUs granted during 2025 (at target)	—	—
PSUs earned during 2025	—	—
Performance adjustment ⁽¹⁾	—	—
Forfeitures ⁽²⁾	(11,694)	14.19
Units outstanding at December 31, 2025	<u>14,633</u>	<u>20.14</u>
PSUs granted during 2026 (at target)	—	—
PSUs earned during 2026	—	—
Performance adjustment ⁽¹⁾	(4,986)	14.19
Forfeitures	(959)	14.19
Units outstanding at June 30, 2026	<u>8,688</u>	<u>24.21</u>

⁽¹⁾ Represents the change in PSUs issued based upon the attainment of performance goals established by the Company.

⁽²⁾ Represents PSU forfeitures primarily related to the execution of the 2025 separation agreement with the former Chief Executive Officer.

The following table shows the impact of PSU activity to the Company's financial results:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
PSU compensation expense	\$ 10	\$ 11	\$ (34)	\$ 28
Income tax (benefit) expense	(2)	(2)	7	(6)
PSU compensation expense, net of income taxes	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ (27)</u>	<u>\$ 22</u>

The cost estimates for PSU grants represent initial target awards until we can reasonably forecast the financial performance of each PSU award grant. At the end of the performance period, we will reflect a performance adjustment, which may be either an increase or decrease from the initial target awards. The actual number of shares to be issued at the end of the performance period will range from 0% to 200% of the initial target awards. During the six months ended June 30, 2026, a performance adjustment was recorded to compensation expense related to the PSU awards granted during 2024 due to the Company's expectations regarding performance goals. During the year ended December 31, 2025, no performance adjustments were made to previously recognized compensation expenses.

At June 30, 2026, there was \$26 of unrecognized compensation cost related to outstanding PSUs. That cost is expected to be recognized over a weighted-average period of 0.67 years.

17. Allowance for Expected Credit Losses

Premiums Receivable

The following table presents the balances of premiums and agents' balances receivable, net of the allowance for expected credit losses as of June 30, 2026 and 2025, and the changes in the allowance for expected credit losses for the three and six months ended June 30, 2026 and 2025.

	As of and For the Three Months Ended June 30, 2026		As of and For the Three Months Ended June 30, 2025	
	Premiums and Agents' Balances Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses	Premiums and Agents' Balances Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Balance, beginning of period	\$ 40,210	\$ 298	\$ 49,220	\$ 232
Current period charge for expected credit losses		83		376
Write-offs of uncollectible premiums receivable		(80)		(295)
Balance, end of period	\$ 77,789	\$ 301	\$ 85,604	\$ 313

	As of and For the Six Months Ended June 30, 2026		As of and For the Six Months Ended June 30, 2025	
	Premiums and Agents' Balances Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses	Premiums and Agents' Balances Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Balance, beginning of period	\$ 41,575	\$ 334	\$ 52,907	\$ 337
Current period charge for expected credit losses		83		332
Write-offs of uncollectible premiums receivable		(116)		(356)
Balance, end of period	\$ 77,789	\$ 301	\$ 85,604	\$ 313

18. Segment Information

We have five reportable operating segments, which consist of Private Passenger Auto, Non-Standard Auto, Home and Farm, Crop, and All Other (which primarily consists of commercial, assumed reinsurance, and our excess liability business). We operate only in the U.S., and no single customer or agent provides 10 percent or more of our revenues. The following tables provide available information of these segments for the three- and six-month periods ended June 30, 2026 and 2025.

Our chief operating decision maker is our President and Chief Executive Officer (“CEO”). The primary profitability measurement used by the CEO to review segment operating results is underwriting gain (loss). The CEO uses segment underwriting gain (loss) to allocate resources (including employee, financial, and capital resources) for each segment predominantly in the annual planning process. Segment underwriting gain (loss) is used to monitor segment results compared to prior period, forecasted results, and the annual plan.

We do not assign or allocate all line items in our Consolidated Statement of Operations or Consolidated Balance Sheets to our operating segments. Those line items include fee and other income, net investment income, net investment gains (losses), and income tax expense (benefit) within the Consolidated Statement of Operations. For the Consolidated Balance Sheets, those items include cash and investments, reinsurance premiums receivable or payable, income taxes recoverable or payable, accrued investment income, property and equipment, deferred income taxes, other assets, accrued expenses and other liabilities, and shareholders’ equity.

	Three Months Ended June 30, 2026					
	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	All Other	Total
Direct premiums earned	\$ 22,652	\$ 943	\$ 29,319	\$ 13,908	\$ 4,282	\$ 71,104
Assumed premiums earned	—	—	—	556	2,063	2,619
Ceded premiums earned	(558)	(1)	(3,201)	(3,957)	(989)	(8,706)
Net premiums earned	22,094	942	26,118	10,507	5,356	65,017
Direct losses and loss adjustment expenses	12,761	(1,524)	29,129	8,324	1,146	49,836
Assumed losses and loss adjustment expenses	—	—	—	1,762	626	2,388
Ceded losses and loss adjustment expenses	(71)	—	(796)	(2,414)	(526)	(3,807)
Net losses and loss adjustment expenses	12,690	(1,524)	28,333	7,672	1,246	48,417
Gross margin	9,404	2,466	(2,215)	2,835	4,110	16,600
Amortization of deferred policy acquisition costs	4,545	162	5,448	900	1,181	12,236
Other underwriting and general expenses ⁽¹⁾	3,037	757	3,949	1,079	529	9,351
Underwriting and general expenses	7,582	919	9,397	1,979	1,710	21,587
Underwriting gain (loss)	1,822	1,547	(11,612)	856	2,400	(4,987)
Net investment income						2,810
Net investment gains (losses)						2,063
Fee and other income						344
Income (loss) before income taxes						230
Income tax expense (benefit)						84
Net income (loss)						\$ 146
Operating Ratios:						
Loss and loss adjustment expense ratio	57.4%	(161.8%)	108.5%	73.0%	23.3%	74.5%
Expense ratio	34.3%	97.6%	36.0%	18.8%	31.9%	33.2%
Combined ratio	91.7%	(64.2%)	144.5%	91.8%	55.2%	107.7%
Balances at June 30, 2026:						
Premiums and agents’ balances receivable	\$ 26,595	\$ 15	\$ 12,479	\$ 34,763	\$ 3,937	\$ 77,789
Deferred policy acquisition costs	7,099	16	11,276	1,815	1,689	21,895
Reinsurance recoverables on losses	670	—	2,536	2,423	6,812	12,441
Receivable from Federal Crop Insurance Corporation	—	—	—	16,380	—	16,380
Unpaid losses and loss adjustment expenses	30,808	45,688	35,826	11,155	11,280	134,757
Unearned premiums	38,478	392	61,393	22,963	9,198	132,424

(1) Other underwriting and general expenses for each segment include expenses related to compensation, vendor services, and other administrative items.

Three Months Ended June 30, 2025						
	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	All Other	Total
Direct premiums earned	\$ 24,168	\$ 14,526	\$ 27,382	\$ 12,658	\$ 3,808	\$ 82,542
Assumed premiums earned	—	—	—	537	159	696
Ceded premiums earned	(1,245)	(21)	(6,071)	(2,484)	(412)	(10,233)
Net premiums earned	22,923	14,505	21,311	10,711	3,555	73,005
Direct losses and loss adjustment expenses	14,617	16,860	65,924	10,464	1,517	109,382
Assumed losses and loss adjustment expenses	—	—	—	399	(115)	284
Ceded losses and loss adjustment expenses	(917)	—	(38,913)	(2,395)	(834)	(43,059)
Net losses and loss adjustment expenses	13,700	16,860	27,011	8,468	568	66,607
Gross margin	9,223	(2,355)	(5,700)	2,243	2,987	6,398
Amortization of deferred policy acquisition costs	4,899	4,263	5,363	1,076	773	16,374
Other underwriting and general expenses ⁽¹⁾	2,492	2,180	3,099	541	88	8,400
Underwriting and general expenses	7,391	6,443	8,462	1,617	861	24,774
Underwriting gain (loss)	1,832	(8,798)	(14,162)	626	2,126	(18,376)
Net investment income						3,146
Net investment gains (losses)						(410)
Fee and other income						316
Income (loss) before income taxes						(15,324)
Income tax expense (benefit)						(3,273)
Net income (loss)						\$ (12,051)
Operating Ratios:						
Loss and loss adjustment expense ratio	59.8%	116.2%	126.7%	79.1%	16.0%	91.2%
Expense ratio	32.2%	44.4%	39.7%	15.1%	24.2%	33.9%
Combined ratio	92.0%	160.6%	166.4%	94.2%	40.2%	125.1%
Balances at June 30, 2025:						
Premiums and agents' balances receivable	\$ 28,498	\$ 6,534	\$ 12,204	\$ 35,006	\$ 3,362	\$ 85,604
Deferred policy acquisition costs	7,187	5,109	10,518	2,049	1,457	26,320
Reinsurance recoverables on losses	3,148	—	40,346	2,356	5,428	51,278
Receivable from Federal Crop Insurance Corporation	—	—	—	11,332	—	11,332
Unpaid losses and loss adjustment expenses	32,194	77,151	72,399	10,494	11,292	203,530
Unearned premiums	40,510	17,341	55,544	21,177	8,317	142,889

(1) Other underwriting and general expenses for each segment include expenses related to compensation, vendor services, and other administrative items.

	Six Months Ended June 30, 2026					
	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	All Other	Total
Direct premiums earned	\$ 45,500	\$ 3,551	\$ 58,104	\$ 13,890	\$ 8,450	\$ 129,495
Assumed premiums earned	—	—	—	556	4,046	4,602
Ceded premiums earned	(1,110)	(5)	(6,292)	(4,609)	(1,951)	(13,967)
Net premiums earned	44,390	3,546	51,812	9,837	10,545	120,130
Direct losses and loss adjustment expenses	23,058	1,058	39,845	8,001	1,943	73,905
Assumed losses and loss adjustment expenses	—	—	—	1,762	747	2,509
Ceded losses and loss adjustment expenses	(76)	—	(1,151)	(2,784)	(630)	(4,641)
Net losses and loss adjustment expenses	22,982	1,058	38,694	6,979	2,060	71,773
Gross margin	21,408	2,488	13,118	2,858	8,485	48,357
Amortization of deferred policy acquisition costs	9,082	1,063	11,030	970	1,977	24,122
Other underwriting and general expenses ⁽¹⁾	6,195	1,501	7,865	1,026	1,414	18,001
Underwriting and general expenses	15,277	2,564	18,895	1,996	3,391	42,123
Underwriting gain (loss)	6,131	(76)	(5,777)	862	5,094	6,234
Net investment income						5,465
Net investment gains (losses)						3,767
Fee and other income						474
Income (loss) before income taxes						15,940
Income tax expense (benefit)						3,286
Net income (loss)						\$ 12,654
Operating Ratios:						
Loss and loss adjustment expense ratio	51.8%	29.8%	74.7%	70.9%	19.5%	59.7%
Expense ratio	34.4%	72.3%	36.5%	20.3%	32.2%	35.1%
Combined ratio	86.2%	102.1%	111.2%	91.2%	51.7%	94.8%

(1) Other underwriting and general expenses for each segment include expenses related to compensation, vendor services, and other administrative items.

	Six Months Ended June 30, 2025					
	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	All Other	Total
Direct premiums earned	\$ 47,996	\$ 32,804	\$ 53,892	\$ 12,643	\$ 7,369	\$ 154,704
Assumed premiums earned	—	—	—	537	198	735
Ceded premiums earned	(2,415)	(46)	(8,861)	(2,845)	(770)	(14,937)
Net premiums earned	45,581	32,758	45,031	10,335	6,797	140,502
Direct losses and loss adjustment expenses	28,115	31,397	75,857	10,592	3,800	149,761
Assumed losses and loss adjustment expenses	—	—	—	399	(348)	51
Ceded losses and loss adjustment expenses	(920)	—	(39,058)	(3,024)	(1,678)	(44,680)
Net losses and loss adjustment expenses	27,195	31,397	36,799	7,967	1,774	105,132
Gross margin	18,386	1,361	8,232	2,368	5,023	35,370
Amortization of deferred policy acquisition costs	9,385	10,587	10,400	1,100	1,430	32,902
Other underwriting and general expenses ⁽¹⁾	5,384	4,137	5,895	541	1,075	17,032
Underwriting and general expenses	14,769	14,724	16,295	1,641	2,505	49,934
Underwriting gain (loss)	3,617	(13,363)	(8,063)	727	2,518	(14,564)
Net investment income						5,984
Net investment gains (losses)						459
Fee and other income						546
Income (loss) before income taxes						(7,575)
Income tax expense (benefit)						(1,984)
Net income (loss)						\$ (5,591)
Operating Ratios:						
Loss and loss adjustment expense ratio	59.7%	95.8%	81.7%	77.1%	26.1%	74.8%
Expense ratio	32.4%	44.9%	36.2%	15.9%	36.9%	35.5%
Combined ratio	92.1%	140.7%	117.9%	93.0%	63.0%	110.3%

(1) Other underwriting and general expenses for each segment include expenses related to compensation, vendor services, and other administrative items.

Item 2. - Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to provide a more comprehensive review of our operating results and financial condition than can be obtained from reading the unaudited consolidated financial statements alone. This discussion should be read in conjunction with the unaudited consolidated financial statements and the notes thereto included in Part I, Item 1, “Financial Statements.” Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-Q constitutes forward-looking statements that involve risks and uncertainties. Please see “Forward-Looking Statements” included elsewhere in this Form 10-Q. Part I, Item 1A, “Risk Factors” included in our 2025 Annual Report should also be reviewed for a discussion of important factors that could cause actual results to differ materially from the results described, or implied by, the forward-looking statements contained herein.

All dollar amounts, except per share data, are in thousands.

Financial Highlights

2026 Second Quarter Consolidated Results of Operations

- Net income of \$146, or \$0.01 per share basic and \$0.01 per share diluted
- Net premiums earned of \$65,017
- Net investment income of \$2,810
- Net favorable prior year reserve development of \$6,077
- Underwriting loss of \$4,987
- Combined ratio of 107.7%
- Operating cash flows of (\$955)

2026 Second Quarter Consolidated Financial Condition

- Total cash and investments of \$376,475
- Total assets of \$543,134
- Unpaid losses and loss adjustment expenses of \$134,757
- Total liabilities of \$293,758
- Shareholders’ equity of \$249,376

Results of Operations

Our consolidated net income (loss) was \$146 and (\$12,051) for the three months ended June 30, 2026 and 2025, respectively. Our consolidated net income (loss) was \$12,654 and (\$5,591) for the six months ended June 30, 2026 and 2025, respectively.

The major components of our revenues and net loss are shown below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues:				
Net premiums earned	\$ 65,017	\$ 73,005	\$ 120,130	\$ 140,502
Net investment income	2,810	3,146	5,465	5,984
Net investment gains (losses)	2,063	(410)	3,767	459
Fee and other income	344	316	474	546
Total revenues	70,234	76,057	129,836	147,491
Components of net loss:				
Net premiums earned	65,017	73,005	120,130	140,502
Losses and loss adjustment expenses	48,417	66,607	71,773	105,132
Amortization of deferred policy acquisition costs and other underwriting and general expenses	21,587	24,774	42,123	49,934
Underwriting loss	(4,987)	(18,376)	6,234	(14,564)
Net investment income	2,810	3,146	5,465	5,984
Net investment gains (losses)	2,063	(410)	3,767	459
Fee and other income	344	316	474	546
Income (loss) before income taxes	230	(15,324)	15,940	(7,575)
Income tax expense (benefit)	84	(3,273)	3,286	(1,984)
Net income (loss)	\$ 146	\$ (12,051)	\$ 12,654	\$ (5,591)

Net Premiums Earned

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net premiums earned:				
Direct premium	\$ 71,104	\$ 82,542	\$ 129,495	\$ 154,704
Assumed premium	2,619	696	4,602	735
Ceded premium	(8,706)	(10,233)	(13,967)	(14,937)
Total net premiums earned	\$ 65,017	\$ 73,005	\$ 120,130	\$ 140,502

Net premiums earned for the three months ended June 30, 2026, decreased \$7,988, or 10.9%, compared to the three months ended June 30, 2025. Net premiums earned for the six months ended June 30, 2026, decreased 20,372, or 14.5%, compared to the six months ended June 30, 2025.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net premiums earned:				
Private Passenger Auto	\$ 22,094	\$ 22,923	\$ 44,390	\$ 45,581
Non-Standard Auto	942	14,505	3,546	32,758
Home and Farm	26,118	21,311	51,812	45,031
Crop	10,507	10,711	9,837	10,335
All Other	5,356	3,555	10,545	6,797
Total net premiums earned	\$ 65,017	\$ 73,005	\$ 120,130	\$ 140,502

Below are comments regarding significant changes in net premiums earned by business segment:

Private Passenger Auto – Net premiums earned for the second quarter of 2026 decreased \$829, or 3.6%, compared to the same period in 2025. Net premiums earned for the first six months of 2026 decreased \$1,191, or 2.6% from the first six months of 2025. Results were driven by lower new business and renewal premiums in South Dakota and Nebraska, partially offset by new business growth in North Dakota.

Non-Standard Auto – Net premiums earned for the second quarter of 2026 decreased \$13,563, or 93.5%, compared to the same period in 2025. Net premiums earned for the first six months of 2026 decreased \$29,212, or 89.2% from the first six months of 2025. These decreases were driven by the strategic decision during the third quarter of 2025 to stop writing non-standard auto business in Illinois, Arizona, and South Dakota, with existing policies being non-renewed. We anticipate further reductions in net premiums earned in the near term as a result of the decisions to run off these non-standard auto operations.

Home and Farm – Net premiums earned for the second quarter of 2026 increased \$4,807, or 22.6%, compared to the same period in 2025. Net premiums earned for the first six months of 2026 increased \$6,781, or 15.1% from the first six months of 2025. Results were driven by higher renewal premiums, increased new business and rate increases in North Dakota, as well as lower ceded premiums earned compared to the prior year due to the significant catastrophe event in North Dakota during the second quarter of 2025.

Crop – Net premiums earned for the second quarter of 2026, decreased \$204, or 1.9%, compared to the same period in 2025. Net premiums earned for the first six months of 2026 decreased \$498, or 4.8% from the first six months of 2025. The decrease in both periods was primarily the result of prior crop year premium adjustments that correspond to the current year settlement of prior crop year claims.

All Other – Net premiums earned for the second quarter of 2026, increased \$1,801, or 50.7%, compared to the same period in 2025. Net premiums earned for the first six months of 2026 increased \$3,748, or 55.1%, from the first six months of 2025. Results were primarily driven by the Company's decision to participate on the catastrophe reinsurance programs of certain farm bureau insurance companies.

Losses and Loss Adjustment Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net losses and loss adjustment expenses:				
Direct losses and loss adjustment expenses	\$ 49,836	\$ 109,382	\$ 73,905	\$ 149,761
Assumed losses and loss adjustment expenses	2,388	284	2,509	51
Ceded losses and loss adjustment expenses	(3,807)	(43,059)	(4,641)	(44,680)
Total net losses and loss adjustment expenses	<u>\$ 48,417</u>	<u>\$ 66,607</u>	<u>\$ 71,773</u>	<u>\$ 105,132</u>

Our net losses and loss adjustment expenses for the three months ended June 30, 2026, decreased \$18,190, or 27.3%, compared to the three months ended June 30, 2025. Our net losses and loss adjustment expenses for the six months ended June 30, 2026, decreased \$33,359, or 31.7%, compared to the six months ended June 30, 2025.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net losses and loss adjustment expenses:				
Private Passenger Auto	\$ 12,690	\$ 13,700	\$ 22,982	\$ 27,195
Non-Standard Auto	(1,524)	16,860	1,058	31,397
Home and Farm	28,333	27,011	38,694	36,799
Crop	7,672	8,468	6,979	7,967
All Other	1,246	568	2,060	1,774
Total net losses and loss adjustment expenses	<u>\$ 48,417</u>	<u>\$ 66,607</u>	<u>\$ 71,773</u>	<u>\$ 105,132</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Loss and loss adjustment expense ratio:				
Private Passenger Auto	57.4%	59.8%	51.8%	59.7%
Non-Standard Auto	(161.8%)	116.2%	29.8%	95.8%
Home and Farm	108.5%	126.7%	74.7%	81.7%
Crop	73.0%	79.1%	70.9%	77.1%
All Other	23.3%	16.0%	19.5%	26.1%
Total loss and loss adjustment expense ratio	74.5%	91.2%	59.7%	74.8%

Below are comments regarding significant changes in the net losses and loss adjustment expenses, and the net loss and loss adjustment expense ratios, by business segment:

Private Passenger Auto – The net loss and loss adjustment expense ratio decreased 2.4 percentage points and 7.9 percentage points in the three- and six-month periods ended June 30, 2026, respectively, compared to the same periods in 2025. The decrease in the three-month period was driven by lower weather-related losses in North Dakota due to the significant catastrophe event in North Dakota during the second quarter of 2025. The decrease over the six-month period also benefited from lower frequency of losses as well as favorable prior year development during the first quarter of the year. Both periods were partially offset by lower net premiums earned.

Non-Standard Auto – The net loss and loss adjustment expense ratio decreased 278.0 percentage points and 66.0 percentage points in the three- and six-month periods ended June 30, 2026, respectively, compared to the same period in 2025. These decreases were primarily driven by favorable prior year development on loss reserves in the current year.

Home and Farm – The net loss and loss adjustment expense ratio decreased 18.2 percentage points and 7.0 percentage points in the three- and six-month periods ended June 30, 2026, respectively, compared to the same periods in 2025. These decreases were primarily driven by lower catastrophe losses and corresponding ceded premiums earned, favorable prior year development on loss reserves in the current year, and growth in net premiums earned, partially offset by increased non-catastrophe weather-related losses.

Crop – The net loss and loss adjustment expense ratio decreased 6.1 percentage points and 6.2 percentage points in the three- and six-month periods ended June 30, 2026, respectively, compared to the same periods in 2025. These decreases were primarily driven by expected improved growing conditions for multi-peril crop insurance.

All Other – The net loss and loss adjustment expense ratio increased 7.3 percentage points and decreased 6.6 percentage points in the three- and six-month period ended June 30, 2026, compared to the same period in 2025. The current quarter increase was driven by favorable development on loss reserves in the prior year related to the run-off of our participation in an assumed domestic and international reinsurance pool of business. The year-to-date decrease was driven by increased net premiums earned due to the Company's participation on reinsurance pools of certain farm bureau reinsurance companies as well as favorable development on loss reserves in the current year for the commercial lines of business.

Underwriting and General Expenses and Expense Ratio

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Underwriting and general expenses:				
Amortization of deferred policy acquisition costs	\$ 12,236	\$ 16,374	\$ 24,122	\$ 32,902
Other underwriting and general expenses	9,351	8,400	18,001	17,032
Total underwriting and general expenses	21,587	24,774	42,123	49,934
Expense Ratio	33.2%	33.9%	35.1%	35.5%

The expense ratio is calculated by dividing other underwriting and general expenses and amortization of deferred policy acquisition costs by net premiums earned. The expense ratio measures a company's operational efficiency in producing, underwriting, and administering its insurance business. The overall expense ratio decreased 0.7 percentage points and decreased 0.4 percentage points in the three- and six-month periods ended June 30, 2026, respectively, compared to the same periods in 2025. The decrease in the amortization of deferred policy acquisition costs is due to lower deferrable costs resulting from the strategic reduction in premium for the Non-Standard Auto segment, which generally pays higher agent commissions than our other segments. Other underwriting and general expenses increased year-over-year, primarily due to strategic investments in the business.

Underwriting Gain (Loss) and Combined Ratio

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Underwriting gain (loss):				
Private Passenger Auto	\$ 1,822	\$ 1,832	\$ 6,131	\$ 3,617
Non-Standard Auto	1,547	(8,798)	(76)	(13,363)
Home and Farm	(11,612)	(14,162)	(5,777)	(8,063)
Crop	856	626	862	727
All Other	2,400	2,126	5,094	2,518
Total underwriting loss	<u>\$ (4,987)</u>	<u>\$ (18,376)</u>	<u>\$ 6,234</u>	<u>\$ (14,564)</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Combined ratio:				
Private Passenger Auto	91.7%	92.0%	86.2%	92.1%
Non-Standard Auto	(64.2%)	160.6%	102.1%	140.7%
Home and Farm	144.5%	166.4%	111.2%	117.9%
Crop	91.8%	94.2%	91.2%	93.0%
All Other	55.2%	40.2%	51.7%	63.0%
Combined ratio	<u>107.7%</u>	<u>125.1%</u>	<u>94.8%</u>	<u>110.3%</u>

Underwriting gain (loss) measures the pre-tax profitability of our insurance operations. It is derived by subtracting losses and loss adjustment expenses, amortization of deferred policy acquisition costs, and other underwriting and general expenses from net premiums earned. The combined ratio represents the sum of these losses and expenses as a percentage of net premiums earned and measures our overall underwriting profit.

The total underwriting loss decreased \$13,389 for the three-month period ended June 30, 2026, compared to the same period in 2025. The total underwriting income increased \$20,798 for the six-month period ended June 30, 2026, compared to the same period in 2025. These results were driven by the factors discussed in the Loss and Loss Adjustment Expenses as well as the Underwriting and General Expenses and Expense Ratio sections above.

The overall combined ratio decreased 17.4 percentage points in the three-month period ended June 30, 2026, compared to the same period in 2025. The overall combined ratio decreased 15.5 percentage points in the six-month period ended June 30, 2026, compared to the same period in 2025. These results were driven by the factors discussed in the Loss and Loss Adjustment Expenses as well as the Underwriting and General Expenses and Expense Ratio sections above.

Net Investment Income

The following table shows our average cash and invested assets, net investment income, and return on average cash and invested assets for the reported periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Average cash and invested assets	\$ 375,692	\$ 402,499	\$ 376,688	\$ 396,697
Net investment income	\$ 2,810	\$ 3,146	\$ 5,465	\$ 5,984
Gross return on average cash and invested assets	3.8%	3.9%	3.8%	3.9%
Net return on average cash and invested assets	3.0%	3.1%	2.9%	3.0%

Net investment income decreased \$336 for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. Net investment income decreased \$519 for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. These decreases were primarily the result of a lower averaged fixed income asset base and a small decrease in yield.

Gross return on average cash and invested assets decreased year-over-year and net return on average cash and invested assets was flat, primarily driven by consistent yields on a lower average fixed income securities balance (measured at fair value) and lower returns on cash and other short-term investments, partially offset by lower investment expenses. The decrease in average cash and invested assets was driven by a decrease in the fixed income securities balance in 2026 as proceeds from maturities and sales were used to fund operating cash needs.

Net Investment Gains (Losses)

Net investment gains (losses) consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Gross realized gains	\$ 1,705	\$ 246	\$ 2,124	\$ 749
Gross realized losses, excluding credit impairment losses	(175)	(139)	(453)	(316)
Net realized gains (losses)	1,530	107	1,671	433
Change in net unrealized gains on equity securities	533	(517)	2,096	26
Net investment gains (losses)	<u>\$ 2,063</u>	<u>\$ (410)</u>	<u>\$ 3,767</u>	<u>\$ 459</u>

We had net realized gains of \$1,530 and \$1,671 for the three and six months ended June 30, 2026, respectively, compared to net realized gains of \$107 and \$433 for the three and six months ended June 30, 2025, respectively. The elevated net realized gains in the six months ended June 30, 2026, were driven by sales of fixed income securities that were executed to raise cash for operational liquidity related to claim payments in the Non-Standard Auto segment. No credit impairment losses were reported during any of the periods presented.

We experienced an increase of \$533 and \$2,096 in net unrealized gains on equity securities during the three and six months ended June 30, 2026, respectively. We experienced a decrease of net unrealized gains on equity securities of \$517 and an increase of \$26 during the three and six months ended June 30, 2025, respectively. These results were driven by the impact of changes in fair value attributable to overall favorable equity markets during those periods.

Our fixed income securities are classified as available for sale because we will, from time to time, execute sales of securities that are not impaired, consistent with our investment goals and policies. The fixed income portion of the portfolio experienced net unrealized gains of \$141 and net unrealized losses of \$2,270 during the three and six months ended June 30, 2026, respectively, compared to net unrealized gains of \$1,469 and \$4,782 during the three and six months ended June 30, 2025, respectively. The changes were primarily the result of changes in U.S. interest rates. The change in the fair value of fixed income securities is not reflected in net income; rather it is reflected as a separate component (net of income taxes) of other comprehensive income.

Fee and Other Income

We had fee and other income of \$344 and \$474 for the three and six months ended June 30, 2026, respectively, compared to \$316 and \$546 for the three and six months ended June 30, 2025, respectively. These decreases were driven by strategic reductions in the premiums that generate fee income and write-offs of uncollectable premiums receivable.

Income (Loss) before Income Taxes

For the three months ended June 30, 2026, we had a pre-tax income of \$230 compared to a pre-tax loss of \$15,324 for the three months ended June 30, 2025. For the six months ended June 30, 2026, we had a pre-tax income of \$15,940 compared to pre-tax loss of \$7,575 for the six months ended June 30, 2025. These year-over-year changes were largely attributable to favorable prior year development on loss reserves for Non-Standard Auto and Home and Farm in the current year compared to unfavorable prior year development on loss reserves for Non-Standard Auto in the prior year, lower catastrophe losses and corresponding ceded premiums earned, strong results for the assumed business with certain farm bureau insurance companies within All Other, and higher net investment gains. These were partially offset by increased non-catastrophe weather-related losses in Home and Farm.

Income Tax Expense (Benefit)

We recorded income tax expense of \$84 for the three months ended June 30, 2026, compared to income tax benefit of \$3,273 for the three months ended June 30, 2025. Our effective tax rate for the second quarter of 2026 was 36.5% compared to an effective tax rate of 21.4% for the second quarter of 2025. The current quarter effective tax rate was impacted by a slight increase in the year-to-date effective tax rate.

We recorded income tax expense of \$3,286 for the six months ended June 30, 2026, compared to income tax benefit of \$1,984 for the six months ended June 30, 2025. Our effective tax rate for the six months ended June 30, 2026 was 20.6%, which reflects the impact of tax-exempt investment income on the calculation of the Company's income tax provision. The effective tax rate was 26.2% for the six months ended June 30, 2025, which was impacted by a change in the recorded valuation allowance.

Net Income (Loss)

For the three months ended June 30, 2026, we had a net income of \$146 compared to net loss of \$12,051 for the three months ended June 30, 2025. For the six months ended June 30, 2026, we had a net income of \$12,654 compared to net loss of \$5,591 for the six months ended June 30, 2025. These year-over-year changes were largely attributable to favorable prior year development on loss reserves for Non-Standard Auto and Home and Farm in the current year compared to unfavorable prior year development on loss reserves for Non-Standard Auto in the prior year, lower catastrophe losses and corresponding ceded premiums earned, strong results for the assumed business with certain farm bureau insurance companies within All Other, and higher net investment gains. These were partially offset by increased non-catastrophe weather-related losses in Home and Farm.

Return on Average Equity

For the three months ended June 30, 2026, we had annualized return on average equity of 0.2% compared to (19.4)% for the three months ended June 30, 2025.

For the six months ended June 30, 2026, we had annualized return on average equity of 10.3% compared to (4.6)% for the six months ended June 30, 2025.

Average equity is calculated as the average between beginning and ending equity for the period.

Critical Accounting Policies

The preparation of financial statements in accordance with GAAP requires both the use of estimates and judgment relative to the application of appropriate accounting policies. We are required to make estimates and assumptions in certain circumstances that affect amounts reported in the unaudited consolidated financial statements and related footnotes. We evaluate these estimates and assumptions on an ongoing basis based on historical developments, market conditions, industry trends, and other information that we believe to be reasonable under the circumstances. There can be no assurance that actual results will conform to these estimates and assumptions or that reported results of operations will not be materially and adversely affected by the need to make accounting adjustments to reflect changes in these estimates and assumptions from time to time. Our critical accounting policies are more fully described in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” presented in our 2025 Annual Report. There have been no changes in our critical accounting policies from December 31, 2025.

Liquidity and Capital Resources

We expect to generate sufficient funds from our operations and maintain a high degree of liquidity in our investment portfolio to meet the demands of claim settlements and operating expenses for the foreseeable future. Our primary sources of funds are premium collections, investment earnings, and fixed income maturities.

We also have a \$3,000 line of credit with Wells Fargo Bank, N.A. The terms of the line of credit include a floating interest rate of 2.25% above the daily simple secured overnight financing rate. There were no outstanding amounts during the six months ended June 30, 2026, or the year ended December 31, 2025. This line of credit is scheduled to expire on December 11, 2026.

The change in cash and cash equivalents for the six months ended June 30, 2026 and 2025, were as follows:

	Six Months Ended June 30,	
	2026	2025
Net cash flows from operating activities	\$ (955)	\$ 16,289
Net cash flows from investing activities	3,362	(10,246)
Net cash flows from financing activities	(2,513)	(189)
Net change in cash and cash equivalents	\$ (106)	\$ 5,854

For the six months ended June 30, 2026, net cash used by operating activities totaled \$955 compared to net cash provided of \$16,289 a year ago. This change was primarily driven by lower levels of premium collections in the current year, partially offset by higher levels of net investment gains in the current year.

For the six months ended June 30, 2026, net cash provided by investing activities totaled \$3,362 compared to net cash used of \$10,246 a year ago. The net cash provided in the current year was driven by cash inflows from net sales of equity securities. The net cash used in the prior year was attributable to cash outflows for net purchases of fixed income securities.

For the six months ended June 30, 2026, net cash used by financing activities totaled \$2,513 compared to net cash used of \$189 a year ago. This change was primary driven by net cash outflows for share repurchases.

As a holding company, a principal source of long-term liquidity will be dividend payments from our directly-owned subsidiaries.

Nodak Insurance is restricted by the insurance laws of North Dakota as to the amount of dividends or other distributions it may pay to NI Holdings. North Dakota law sets the maximum amount of dividends that may be paid by Nodak Insurance during any twelve-month period after notice to, but without prior approval of, the North Dakota Insurance Department. This amount cannot exceed the lesser of (i) 10% of the Company’s surplus as regards policyholders as of the preceding December 31, or (ii) the Company’s statutory net income for the preceding calendar year (excluding realized investment gains), less any prior dividends paid during such twelve-month period. In addition, any insurance company other than a life insurance company may carry forward net income from the preceding two calendar years, not including realized investment gains, less any dividends actually paid during those two calendar years. Dividends in excess of this amount are considered “extraordinary” and are subject to the approval of the North Dakota Insurance Department.

The amount available for payment of dividends from Nodak Insurance to NI Holdings during 2026 without the prior approval of the North Dakota Insurance Department is approximately \$6,730 as of December 31, 2025. No dividends were declared or paid by Nodak Insurance during the six months ended June 30, 2026, or the year ended December 31, 2025.

The amount available for payment of dividends from Direct Auto to NI Holdings during 2026 without the prior approval of the North Dakota Insurance Department is approximately \$3,829 as of December 31, 2025. No dividends were declared or paid by Direct Auto during the six months ended June 30, 2026, or the year ended December 31, 2025.

Prior to its payment of any dividend, Nodak Insurance will be required to provide notice of the dividend to the North Dakota Insurance Department. This notice must be provided to the North Dakota Insurance Department 30 days prior to the payment of an extraordinary dividend and 10 days prior to the payment of an ordinary dividend. The North Dakota Insurance Department has the power to limit or prohibit dividend payments if an insurance company is in violation of any law or regulation. These restrictions or any subsequently imposed restrictions may affect our future liquidity.

Item 3. - Quantitative and Qualitative Disclosures about Market Risk

The Company's assessment of market risk as of June 30, 2026, indicates there have been no material changes in the quantitative and qualitative disclosures from those in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our 2025 Annual Report.

Item 4. - Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this report, were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC"), and that such material information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosures. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control over Financial Reporting

In the ordinary course of business, we periodically review our system of internal control over financial reporting to identify opportunities to improve our controls and increase efficiency, while ensuring that we maintain an effective internal control environment. During the quarter ended June 30, 2026, we completed the implementation of a new general ledger system which constituted a change in the Company's internal control over financial reporting. Management has taken the necessary steps to implement appropriate controls associated with the new system. There have been no other changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II. -
OTHER INFORMATION**

Item 1. - Legal Proceedings

We are party to litigation in the normal course of business. Based upon information presently available to us, we do not consider any litigation to be material. However, given the inherent uncertainties of litigation, we cannot assure you that our results of operations and financial condition will not be materially adversely affected by any litigation.

Item 1A. - Risk Factors

There have been no material changes in our assessment of our risk factors from those set forth in Part I, Item 1A, “Risk Factors” in our 2025 Annual Report.

Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds

All dollar amounts included in Item 2 herein, except per share data, are in thousands.

The Company has not sold any unregistered securities within the past three years.

From time to time, the Company may repurchase its own stock. To date, the Company has used the net proceeds from the IPO to fund these share repurchases.

On May 9, 2022, our Board of Directors approved an authorization for the repurchase of up to approximately \$10,000 of the Company's outstanding common stock. During the year ended December 31, 2022, we completed the repurchase of 54,223 shares of our common stock for \$734 under this authorization. During the year ended December 31, 2023, we repurchased an additional 548,549 shares of our common stock for \$7,278, including the effect from applicable excise taxes. During the year ended December 31, 2024, we did not repurchase any shares of our common stock.

On August 25, 2025, our Board of Directors approved an authorization for the repurchase of up to approximately \$5,000 of the Company's outstanding common stock in addition to the \$2,052 remaining from the May 9, 2022 authorization. During the year ended December 31, 2025, we completed the repurchase of 188,185 shares of our common stock for \$2,517, including the effects from applicable excise taxes under these authorizations. As of December 31, 2025, these share repurchases closed out the May 9, 2022 authorization, and \$4,549 remained available under the August 25, 2025 authorization. During the six months ended June 30, 2026, we completed the repurchase of 169,757 shares of our common stock for \$2,306, including the effects from applicable excise taxes under these authorizations. At June 30, 2026, \$2,260 remains available under this authorization.

Share repurchase activity during the three months ended June 30, 2026, is presented below:

Period in 2026	Total Number of Shares Purchased	Average Price Paid Per Share ⁽³⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾⁽²⁾	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾⁽²⁾⁽³⁾ (in thousands)
April 1-30, 2026	38,591	\$ 12.96	38,591	\$ 3,192
May 1-31, 2026	31,827	13.58	31,827	2,760
June 1-30, 2026	34,671	14.42	34,671	2,260
Total	105,089	\$ 13.63	105,089	\$ 2,260

(1) Shares purchased pursuant to the August 25, 2025 publicly announced share repurchase authorization of up to approximately \$5,000 of the Company's outstanding common stock.

(2) Maximum dollar value of shares that may yet be purchased consist of up to \$2,260 under the August 25, 2025, publicly announced share repurchase authorization.

(3) The Inflation Reduction Act of 2022 imposed a 1% excise tax on the net value of certain share repurchases made after December 31, 2022. All dollar amounts presented exclude such excise taxes, as applicable.

Item 3. - Defaults upon Senior Securities

Not Applicable

Item 4. - Mine Safety Disclosures

Not Applicable

Item 5. - Other Information**10b5-1 Trading Plans**

During the second quarter of 2026, none of our directors or executive officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408(a) of Regulation S-K).

Item 6. - Exhibits

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
31.1*	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32**	<u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS***	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH**	Inline XBRL Taxonomy Extension Schema Linkbase Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

*** Inline XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on August 7, 2026.

NI HOLDINGS, INC.

/s/ Cindy L. Launer

Cindy L. Launer

President and Chief Executive Officer

(Principal Executive Officer)

/s/ Matthew J. Maki

Matthew J. Maki

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Cindy L. Launer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NI Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2026

/s/ Cindy L. Launer
Cindy L. Launer
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Matthew J. Maki, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NI Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2026

/s/ Matthew J. Maki
Matthew J. Maki
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of NI Holdings, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Cindy L. Launer, President and Chief Executive Officer, and Matthew J. Maki, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 7, 2026

/s/ Cindy L. Launer
Cindy L. Launer
President and Chief Executive Officer
(Principal Executive Officer)

August 7, 2026

/s/ Matthew J. Maki
Matthew J. Maki
Chief Financial Officer
(Principal Financial Officer)