

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, 2025

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)

58102
(Zip Code)

(701) 298-4200

Registrant's telephone number, including area 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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, 2025 was 20,675,337. No preferred shares are issued or outstanding.

TABLE OF CONTENTS

<u>FORWARD-LOOKING STATEMENTS</u>	1
<u>Part I. - FINANCIAL INFORMATION</u>	3
<u>Item 1. - Financial Statements</u>	3
<u>Consolidated Balance Sheet – June 30, 2025 (Unaudited) and December 31, 2024</u>	3
<u>Consolidated Statements of Operations (Unaudited) – Three Months and Six Months Ended June 30, 2025 and 2024</u>	4
<u>Consolidated Statements of Comprehensive Income (Loss) (Unaudited) – Three Months and Six Months Ended June 30, 2025 and 2024</u>	5
<u>Consolidated Statements of Changes in Shareholders' Equity (Unaudited) – Three Months and Six Months Ended June 30, 2025 and 2024</u>	6
<u>Consolidated Statements of Cash Flows (Unaudited) – Six Months Ended June 30, 2025 and 2024</u>	8
<u>Notes to Unaudited Consolidated Financial Statements</u>	9
<u>Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	37
<u>Item 3. - Quantitative and Qualitative Disclosures about Market Risk</u>	46
<u>Item 4. - Controls and Procedures</u>	46
<u>Part II. - OTHER INFORMATION</u>	47
<u>Item 1. - Legal Proceedings</u>	47
<u>Item 1A. - Risk Factors</u>	47
<u>Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds</u>	48
<u>Item 3. - Defaults upon Senior Securities</u>	48
<u>Item 4. - Mine Safety Disclosures</u>	48
<u>Item 5. - Other Information</u>	48
<u>Item 6. - Exhibits</u>	49
<u>Signatures</u>	50

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, Direct Auto Insurance Company, and Westminster American Insurance Company (sold on June 30, 2024), for periods discussed after completion of the conversion, and for periods discussed prior to completion of the conversion refer to Nodak Mutual Insurance Company and all of its subsidiaries and Battle Creek Mutual Insurance Company;
- 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” refers to Nodak Mutual Insurance Company, the predecessor company to Nodak Insurance Company prior to the conversion;
- “Nodak Insurance” refers to Nodak Insurance Company or Nodak Mutual Insurance Company interchangeably;
- “members” refers to the policyholders of Nodak Insurance, who are the named insureds under insurance policies issued by Nodak Insurance;
- “Battle Creek” refers to Battle Creek Mutual Insurance Company or Battle Creek Insurance Company interchangeably. Battle Creek Mutual Insurance Company became affiliated with Nodak Insurance in 2011 and, prior to January 2, 2024, was controlled by Nodak Insurance via a surplus note. The terms of the surplus note allowed Nodak Insurance to appoint two-thirds of the Battle Creek Mutual Insurance Company Board of Directors. As of January 2, 2024, the North Dakota Secretary of State approved the conversion of Battle Creek Mutual Insurance Company from a mutual insurance company to a stock insurance company. In accordance with the approved plan of conversion, the name of Battle Creek Mutual Insurance Company became Battle Creek Insurance Company, the surplus note was considered paid in full as of the conversion date, and Battle Creek became 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;
- “Westminster” refers to Westminster American Insurance Company. Westminster was a wholly-owned subsidiary of NI Holdings until it was sold to Scott Insurance Holdings, LLC (“Scott Insurance Holdings”) on June 30, 2024; 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, and innovation and emerging technologies;
- expectations for 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, 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, 2024 (“2024 Annual Report”). The occurrence of any of the risks identified in the Part I, Item 1A, “Risk Factors” section of the 2024 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, 2025	December 31, 2024
	(Unaudited)	
Assets:		
Cash and cash equivalents	\$ 56,784	\$ 50,930
Fixed income securities, at fair value (net of allowance for expected credit losses of \$0 at June 30, 2025 and December 31, 2024)	322,113	307,712
Equity securities, at fair value	25,388	24,640
Other investments	1,812	1,812
Total cash and investments	<u>406,097</u>	<u>385,094</u>
Premiums and agents' balances receivable (net of allowance for expected credit losses of \$313 at June 30, 2025 and \$337 at December 31, 2024)	85,604	52,907
Deferred policy acquisition costs	26,320	26,300
Reinsurance premiums receivable	—	746
Reinsurance recoverables on losses (net of allowance for expected credit losses of \$0 at June 30, 2025 and December 31, 2024)	51,278	12,561
Income tax recoverable	10,399	7,017
Accrued investment income	2,698	2,629
Property and equipment, net	7,375	7,547
Deferred income taxes	7,690	7,324
Receivable from Federal Crop Insurance Corporation	11,332	13,223
Goodwill and other intangibles	100	100
Other assets	11,158	11,097
Total assets	<u>\$ 620,051</u>	<u>\$ 526,545</u>
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 203,530	\$ 137,288
Unearned premiums	142,889	126,498
Reinsurance premiums payable	6,857	—
Accrued expenses and other liabilities	23,452	18,128
Total liabilities	<u>376,728</u>	<u>281,914</u>
Shareholders' equity:		
Common stock, \$0.01 par value, authorized: 25,000,000 shares; issued: 23,000,000 shares; and outstanding: 2025 – 20,713,358 shares, 2024 – 20,673,268 shares	230	230
Additional paid-in capital	95,824	95,796
Unearned employee stock ownership plan shares	(455)	(455)
Retained earnings	195,912	201,584
Accumulated other comprehensive loss, net of income taxes	(14,536)	(18,231)
Treasury stock, at cost, 2025 – 2,241,162 shares, 2024 – 2,281,252 shares	(33,652)	(34,293)
Total shareholders' equity	<u>243,323</u>	<u>244,631</u>
Total liabilities and shareholders' equity	<u>\$ 620,051</u>	<u>\$ 526,545</u>

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,	
	2025	2024	2025	2024
Revenues:				
Net premiums earned	\$ 73,005	\$ 85,169	\$ 140,502	\$ 155,053
Fee and other income	316	695	546	1,099
Net investment income	3,146	2,523	5,984	5,278
Net investment gains (losses)	(410)	(580)	459	876
Total revenues	<u>76,057</u>	<u>87,807</u>	<u>147,491</u>	<u>162,306</u>
Expenses:				
Losses and loss adjustment expenses	66,607	69,358	105,132	109,502
Amortization of deferred policy acquisition costs	16,374	19,290	32,902	36,107
Other underwriting and general expenses	8,400	8,229	17,032	16,934
Total expenses	<u>91,381</u>	<u>96,877</u>	<u>155,066</u>	<u>162,543</u>
Loss from continuing operations before income taxes	(15,324)	(9,070)	(7,575)	(237)
Income tax expense (benefit)	(3,273)	(1,592)	(1,984)	306
Loss from continuing operations	(12,051)	(7,478)	(5,591)	(543)
Loss from discontinued operations, net of income taxes	—	(996)	—	(1,512)
Loss on sale of discontinued operations, net of taxes	—	(11,148)	—	(11,148)
Net loss	<u>\$ (12,051)</u>	<u>\$ (19,622)</u>	<u>\$ (5,591)</u>	<u>\$ (13,203)</u>
Loss per common share from continuing operations:				
Basic	<u>\$ (0.57)</u>	<u>\$ (0.36)</u>	<u>\$ (0.27)</u>	<u>\$ (0.03)</u>
Diluted	<u>\$ (0.57)</u>	<u>\$ (0.36)</u>	<u>\$ (0.27)</u>	<u>\$ (0.03)</u>
Loss per common share:				
Basic	<u>\$ (0.57)</u>	<u>\$ (0.94)</u>	<u>\$ (0.27)</u>	<u>\$ (0.63)</u>
Diluted	<u>\$ (0.57)</u>	<u>\$ (0.94)</u>	<u>\$ (0.27)</u>	<u>\$ (0.63)</u>
Share data:				
Weighted average common shares outstanding used in basic per common share calculations	21,039,090	20,970,384	21,027,073	20,951,579
Dilutive securities	—	—	—	—
Weighted average common shares used in diluted per common share calculations	<u>21,039,090</u>	<u>20,970,384</u>	<u>21,027,073</u>	<u>20,951,579</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,	
	2025	2024	2025	2024
Net loss	\$ (12,051)	\$ (19,622)	\$ (5,591)	\$ (13,203)
Other comprehensive income (loss), before income taxes:				
Holding gains (losses) on investments	1,336	(953)	4,649	(2,770)
Reclassification adjustment for net realized losses included in net income	133	30	133	40
Other comprehensive income (loss), before income taxes	1,469	(923)	4,782	(2,730)
Income tax benefit (expense) related to items of other comprehensive income (loss)	(334)	209	(1,087)	616
Other comprehensive income (loss), net of income taxes	1,135	(714)	3,695	(2,114)
Comprehensive loss	\$ (10,916)	\$ (20,336)	\$ (1,896)	\$ (15,317)

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	Non-Controlling Interest	Total Shareholders' Equity	
Balance, April 1, 2025	\$ 230	\$ 95,783	\$ (455)	\$ 207,997	\$ (15,671)	\$ (33,884)	\$ —	\$ 254,000	
Battle Creek demutualization	—	—	—	—	—	—	—	—	
Net loss	—	—	—	(12,051)	—	—	—	(12,051)	
Impact of Westminster unrealized investment gains/losses	—	—	—	—	—	—	—	—	
Other comprehensive income (loss), net of income taxes	—	—	—	—	1,135	—	—	1,135	
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>\$ —</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	Non-Controlling Interest	Total Shareholders' Equity	
Balance, January 1, 2025	\$ 230	\$ 95,796	\$ (455)	\$ 201,584	\$ (18,231)	\$ (34,293)	\$ —	\$ 244,631	
Battle Creek demutualization	—	—	—	—	—	—	—	—	
Net loss	—	—	—	(5,591)	—	—	—	(5,591)	
Impact of Westminster unrealized investment gains/losses	—	—	—	—	—	—	—	—	
Other comprehensive income (loss), net of income taxes	—	—	—	—	3,695	—	—	3,695	
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>\$ —</u>	<u>\$ 243,323</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, 2024							
	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Income Taxes	Treasury Stock	Non-Controlling Interest	Total Shareholders' Equity
Balance, April 1, 2024	\$ 230	\$ 96,320	\$ (698)	\$ 218,451	\$ (23,858)	\$ (34,599)	\$ —	\$ 255,846
Battle Creek demutualization	—	—	—	—	—	—	—	—
Net loss	—	—	—	(19,622)	—	—	—	(19,622)
Impact of Westminster unrealized investment gains/losses	—	—	—	(4,380)	4,380	—	—	—
Other comprehensive income (loss), net of income taxes	—	—	—	—	(714)	—	—	(714)
Share-based compensation	—	555	—	—	—	—	—	555
Issuance of vested award shares	—	(294)	—	(8)	—	301	—	(1)
Balance, June 30, 2024	<u>\$ 230</u>	<u>\$ 96,581</u>	<u>\$ (698)</u>	<u>\$ 194,441</u>	<u>\$ (20,192)</u>	<u>\$ (34,298)</u>	<u>\$ —</u>	<u>\$ 236,064</u>

	Six Months Ended June 30, 2024							
	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Income Taxes	Treasury Stock	Non-Controlling Interest	Total Shareholders' Equity
Balance, January 1, 2024	\$ 230	\$ 96,294	\$ (698)	\$ 208,376	\$ (21,384)	\$ (35,177)	\$ 2,758	\$ 250,399
Battle Creek demutualization	—	—	—	3,832	(1,074)	—	(2,758)	—
Net loss	—	—	—	(13,203)	—	—	—	(13,203)
Impact of Westminster unrealized investment gains/losses	—	—	—	(4,380)	4,380	—	—	—
Other comprehensive income (loss), net of income taxes	—	—	—	—	(2,114)	—	—	(2,114)
Share-based compensation	—	1,136	—	—	—	—	—	1,136
Issuance of vested award shares	—	(849)	—	(184)	—	879	—	(154)
Balance, June 30, 2024	<u>\$ 230</u>	<u>\$ 96,581</u>	<u>\$ (698)</u>	<u>\$ 194,441</u>	<u>\$ (20,192)</u>	<u>\$ (34,298)</u>	<u>\$ —</u>	<u>\$ 236,064</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,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (5,591)	\$ (13,203)
Less net loss from discontinued operations, net of income taxes	—	(1,512)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Net investment gains	(459)	(876)
Deferred income tax benefit	(1,452)	(491)
Depreciation of property and equipment	344	341
Share-based compensation	724	1,136
Amortization of deferred policy acquisition costs	32,902	36,107
Deferral of policy acquisition costs	(32,922)	(40,474)
Net amortization of premiums and discounts on investments	174	331
Gain on sale of property and equipment	(9)	(72)
Changes in operating assets and liabilities:		
Premiums and agents' balances receivable	(32,697)	(36,677)
Reinsurance premiums receivable / payable	7,603	(491)
Reinsurance recoverables on losses	(38,717)	(2,963)
Income tax recoverable / payable	(3,382)	(8,216)
Accrued investment income	(69)	(148)
Federal Crop Insurance Corporation receivable / payable	1,891	3,611
Other assets	(61)	(2,041)
Unpaid losses and loss adjustment expenses	66,242	29,342
Unearned premiums	16,391	31,630
Accrued expenses and other liabilities	5,377	6,658
Net cash flows from operating activities – continuing operations	21,880	16,707
Net cash flows from operating activities – discontinued operations	—	10,493
Net cash flows from operating activities – loss on sale of discontinued operations	—	19,251
Total adjustments	21,880	46,451
Net cash flows from operating activities	16,289	34,760
Cash flows from investing activities:		
Proceeds from maturities and sales of fixed income securities	13,714	15,596
Proceeds from sales of equity securities	3,098	3,827
Purchases of fixed income securities	(23,641)	(32,239)
Purchases of equity securities	(3,255)	(3,935)
Purchases of property and equipment	(182)	(630)
Proceeds from sales of property and equipment	20	227
Proceeds from disposition of Westminster	—	10,500
Net cash flows from investing activities – continuing operations	(10,246)	(6,654)
Net cash flows from investing activities – discontinued operations	—	2,878
Net cash flows from investing activities	(10,246)	(3,776)
Cash flows from financing activities:		
Pooling (payments) receipts	—	(7,058)
Principal repayments of finance leases	(53)	(48)
Issuance of vested award shares	(136)	(154)
Net cash flows from financing activities – continuing operations	(189)	(7,260)
Net cash flows from financing activities – discontinued operations	—	7,058
Net cash flows from financing activities	(189)	(202)
Net change in cash and cash equivalents	5,854	30,782
(Increase) decrease in cash and cash equivalents – discontinued operations	—	(20,429)
Net increase (decrease) in cash and cash equivalents – continuing operations	5,854	10,353
Cash and cash equivalents at beginning of period – continuing operations	50,930	41,037
Cash and cash equivalents at end of period – continuing operations	\$ 56,784	\$ 51,390
Federal and state income taxes paid (net of refunds received)	\$ 2,975	\$ 2,848

The accompanying notes are an integral part of these 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 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 unaudited 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 in North Dakota, offering private passenger auto, homeowners, farmowners, commercial multi-peril, 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 began writing policies in 2002 and 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.

Primero Insurance Company

Primero is a wholly-owned subsidiary of Tri-State, Ltd. Tri-State, Ltd. is an inactive shell corporation 100% owned by Nodak Insurance. Primero is a property and casualty insurance company writing non-standard auto coverage in the states of Arizona, North Dakota, and South Dakota. Prior to December 31, 2024, Primero also wrote non-standard auto coverage in the state of Nevada. Primero was acquired by Nodak Insurance in 2014.

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.

Direct Auto Insurance Company

Direct Auto is a property and casualty insurance company licensed in Illinois. Direct Auto began writing non-standard auto coverage in 2007, and was acquired by NI Holdings on August 31, 2018, via a stock purchase agreement.

Westminster American Insurance Company

Westminster was a property and casualty insurance company underwriting commercial multi-peril insurance in 18 states and the District of Columbia. Westminster was sold to Scott Insurance Holdings on June 30, 2024. Subsequent to the date of sale, Westminster is reflected as discontinued operations within our Consolidated Balance Sheets and Consolidated Statements of Operations. For additional information see Part I, Item 1, Note 19 “Discontinued Operations” of this Form 10-Q.

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, excluding Westminster, 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. Westminster personnel managed the day-to-day operations of their company prior to the date of sale.

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 financial statements and notes thereto included in our 2024 Annual Report.

The Consolidated Balance Sheet at December 31, 2024, 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, deferred policy acquisition costs, as well as valuation and impairments of goodwill and other intangible assets. 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, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

Our 2024 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 2024 Annual Report were consistently applied to the unaudited consolidated financial statements as of and for the six months ended June 30, 2025 and 2024.

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.

Discontinued Operations

On May 7, 2024, NI Holdings entered into a Stock Purchase Agreement (“Purchase Agreement”) to sell its subsidiary, Westminster, to Scott Insurance Holdings, a privately owned Maryland limited liability company. Scott Insurance Holdings is affiliated with John Scott, Sr., the father of the president of Westminster, John Scott, Jr. The sale closed on June 30, 2024. The Purchase Agreement included a cash purchase price of \$10,500, subject to certain post-closing adjustments, including a post-closing payment to NI Holdings for the amount by which the ending statutory surplus balance for Westminster exceeded \$20,000. The post-closing payment received from Scott Insurance Holdings during the third quarter of 2024 was \$1,772 and has been included as an adjustment to the purchase price for the calculation of the loss on the sale of Westminster. The sale of Westminster, which represented the majority of our Commercial segment in prior periods, was a strategic shift that has had a major effect on our operations and financial results. Therefore, Westminster has been reported as discontinued operations in the Consolidated Balance Sheets, Consolidated Statements of Operations, and Consolidated Statements of Cash Flows for all periods presented in this Form 10-Q. All current and prior periods reflected in this Form 10-Q have been presented as continuing and discontinued operations, unless otherwise noted. For additional information see Part I, Item 1, Note 19 “Discontinued Operations” of this Form 10-Q.

Recent Accounting Pronouncements

Adopted

For information regarding accounting pronouncements that the Company adopted during the periods presented, see Part II, Item 8, Note 2 “Recent Accounting Pronouncements” section of the 2024 Annual Report.

Not Yet Adopted

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” This guidance requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate reconciliation and income taxes paid. The guidance is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this update are effective for annual periods beginning after December 15, 2024. We are currently evaluating the impact of the new standard on our consolidated financial statements, which is expected to result in enhanced disclosures.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued 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.

3. Investments

The amortized cost and estimated fair value of fixed income securities, presented on a consolidated basis as of June 30, 2025, and December 31, 2024, were as follows:

	June 30, 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	\$ 12,707	\$ —	\$ 120	\$ (145)	\$ 12,682
Obligations of states and political subdivisions	50,939	—	33	(6,095)	44,877
Corporate securities	136,368	—	851	(4,834)	132,385
Residential mortgage-backed securities	76,561	—	332	(6,084)	70,809
Commercial mortgage-backed securities	31,080	—	147	(2,486)	28,741
Asset-backed securities	29,532	—	333	(367)	29,498
Redeemable preferred stocks	3,736	—	—	(615)	3,121
Total fixed income securities	\$ 340,923	\$ —	\$ 1,816	\$ (20,626)	\$ 322,113

	December 31, 2024				
	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	\$ 12,601	\$ —	\$ 8	\$ (335)	\$ 12,274
Obligations of states and political subdivisions	48,559	—	184	(4,920)	43,823
Corporate securities	123,585	—	206	(7,517)	116,274
Residential mortgage-backed securities	53,714	—	44	(4,981)	48,777
Commercial mortgage-backed securities	30,062	—	65	(2,943)	27,184
Asset-backed securities	59,046	—	386	(3,301)	56,131
Redeemable preferred stocks	3,737	—	—	(488)	3,249
Total fixed income securities	\$ 331,304	\$ —	\$ 893	\$ (24,485)	\$ 307,712

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, 2025	
	Amortized Cost	Fair Value
Due to mature:		
One year or less	\$ 9,629	\$ 9,564
After one year through five years	79,529	77,464
After five years through ten years	68,929	66,688
After ten years	41,927	36,228
Mortgage / asset-backed securities	137,173	129,048
Redeemable preferred stocks	3,736	3,121
Total fixed income securities	\$ 340,923	\$ 322,113

	December 31, 2024	
	Amortized Cost	Fair Value
Due to mature:		
One year or less	\$ 5,750	\$ 5,696
After one year through five years	57,986	55,882
After five years through ten years	79,544	74,070
After ten years	41,465	36,723
Mortgage / asset-backed securities	142,822	132,092
Redeemable preferred stocks	3,737	3,249
Total fixed income securities	\$ 331,304	\$ 307,712

Fixed income securities with a fair value of \$4,490 at June 30, 2025, and \$5,634 at December 31, 2024, 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, 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	\$ 991	\$ (12)	\$ 4,269	\$ (133)	\$ 5,260	\$ (145)
Obligations of states and political subdivisions	9,074	(604)	31,633	(5,491)	40,707	(6,095)
Corporate securities	14,992	(234)	71,636	(4,600)	86,628	(4,834)
Residential mortgage-backed securities	16,868	(226)	32,023	(5,858)	48,891	(6,084)
Commercial mortgage-backed securities	1,458	(2)	21,013	(2,484)	22,471	(2,486)
Asset-backed securities	3,205	(14)	6,776	(353)	9,981	(367)
Redeemable preferred stocks	—	—	3,121	(615)	3,121	(615)
Total fixed income securities	\$ 46,588	\$ (1,092)	\$ 170,471	\$ (19,534)	\$ 217,059	\$ (20,626)

	December 31, 2024					
	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	\$ 5,443	\$ (109)	\$ 4,177	\$ (226)	\$ 9,620	\$ (335)
Obligations of states and political subdivisions	8,465	(143)	29,428	(4,777)	37,893	(4,920)
Corporate securities	25,790	(481)	76,364	(7,036)	102,154	(7,517)
Residential mortgage-backed securities	20,827	(451)	23,159	(4,530)	43,986	(4,981)
Commercial mortgage-backed securities	1,409	(50)	19,442	(2,893)	20,851	(2,943)
Asset-backed securities	10,926	(122)	20,579	(3,179)	31,505	(3,301)
Redeemable preferred stocks	—	—	3,249	(488)	3,249	(488)
Total fixed income securities	\$ 72,860	\$ (1,356)	\$ 176,398	\$ (23,129)	\$ 249,258	\$ (24,485)

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 since adoption of the credit loss standard. Therefore, there was no beginning balance, activity, or ending balance of credit losses as of and during the six months ended June 30, 2025 and 2024. See Part II, Item 8, Note 3 "Summary of Significant Accounting Policies and Basis of Presentation" section of the 2024 Annual Report for additional information.

Net investment income for continuing and discontinued operations consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Continuing operations:				
Fixed income securities	\$ 3,193	\$ 2,624	\$ 6,321	\$ 5,496
Equity securities	247	182	455	423
Real estate	65	92	131	189
Cash and cash equivalents	379	432	748	869
Total gross investment income	3,884	3,330	7,655	6,977
Investment expenses	738	807	1,671	1,699
Net investment income – continuing operations	3,146	2,523	5,984	5,278
Net investment income – discontinued operations	—	621	—	1,419
Net investment income	<u>\$ 3,146</u>	<u>\$ 3,144</u>	<u>\$ 5,984</u>	<u>\$ 6,697</u>

Net investment gains (losses) for continuing and discontinued operations consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Continuing operations:				
Gross realized gains:				
Fixed income securities	\$ 6	\$ —	\$ 6	\$ 9
Equity securities	240	191	743	381
Total gross realized gains	246	191	749	390
Gross realized losses, excluding credit impairment losses:				
Fixed income securities	(139)	—	(139)	(15)
Equity securities	—	(182)	(177)	(457)
Total gross realized losses, excluding credit impairment losses	(139)	(182)	(316)	(472)
Net realized gains (losses)	107	9	433	(82)
Change in net unrealized gains on equity securities	(517)	(589)	26	958
Net investment gains (losses) – continuing operations	(410)	(580)	459	876
Net investment gains (losses) – discontinued operations	—	(256)	—	116
Net investment gains (losses)	<u>\$ (410)</u>	<u>\$ (836)</u>	<u>\$ 459</u>	<u>\$ 992</u>

Non-cash investment transactions were \$499 and \$0 for the six months ended June 30, 2025 and 2024, respectively. The activity in the current year consisted of one non-cash exchange of a fixed income security.

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, 2025, or the year ended December 31, 2024. 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, 2025, or December 31, 2024.

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, 2025			
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Government and agencies	\$ 12,682	\$ —	\$ 12,682	\$ —
Obligations of states and political subdivisions	44,877	—	44,877	—
Corporate securities	132,385	—	132,385	—
Residential mortgage-backed securities	70,809	—	70,809	—
Commercial mortgage-backed securities	28,741	—	28,741	—
Asset-backed securities	29,498	—	29,498	—
Redeemable preferred stock	3,121	—	3,121	—
Total fixed income securities	322,113	—	322,113	—
Equity securities - common stock	25,388	25,388	—	—
Money market accounts and cash equivalents	16,404	16,404	—	—
Total assets at fair value	\$ 363,905	\$ 41,792	\$ 322,113	\$ —

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Government and agencies	\$ 12,274	\$ —	\$ 12,274	\$ —
Obligations of states and political subdivisions	43,823	—	43,823	—
Corporate securities	116,274	—	116,274	—
Residential mortgage-backed securities	48,777	—	48,777	—
Commercial mortgage-backed securities	27,184	—	27,184	—
Asset-backed securities	56,131	—	56,131	—
Redeemable preferred stock	3,249	—	3,249	—
Total fixed income securities	307,712	—	307,712	—
Equity Securities - Common stock	24,640	24,640	—	—
Money market accounts and cash equivalents	10,950	10,950	—	—
Total assets at fair value	\$ 343,302	\$ 35,590	\$ 307,712	\$ —

There were no liabilities measured at fair value on a recurring basis at June 30, 2025, or December 31, 2024.

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, 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 Federal Crop Insurance Corporation ("FCIC").

During the year ended December 31, 2024, the Company maintained property catastrophe reinsurance protection covering \$133,000 in excess of a \$20,000 retention. With the exception of Westminster, a 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. For Westminster, a per risk excess of loss treaty provided coverage of \$3,000 in excess of \$2,000 for property risks and \$10,000 in excess of \$2,000 for casualty risks until July 1, 2024. 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.

Effective July 1, 2024, the Company's reinsurance contracts were modified to exclude any Westminster losses occurring on or after that date, while maintaining all other existing limits, retentions, and attachment points.

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. See the Part II, Item 8, Note 3 "Summary of Significant Accounting Policies and Basis of Presentation" section of the 2024 Annual Report for additional information. 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, and the state of reinsurer relations in general. 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, 2025, and December 31, 2024, 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, presented on a consolidated basis, including both continuing and discontinued operations, is as follows:

	Three Months Ended June 30, 2025		Three Months Ended June 30, 2024	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Direct premium	\$ 109,519	\$ 82,542	\$ 140,488	\$ 111,082
Assumed premium	2,309	696	2,340	653
Ceded premium	(18,518)	(10,233)	(16,265)	(11,183)
Net premiums	<u>\$ 93,310</u>	<u>\$ 73,005</u>	<u>\$ 126,563</u>	<u>\$ 100,552</u>

	Six Months Ended June 30, 2025		Six Months Ended June 30, 2024	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Direct premium	\$ 177,247	\$ 154,704	\$ 243,145	\$ 205,982
Assumed premium	2,347	735	2,477	804
Ceded premium	(23,222)	(14,937)	(26,072)	(20,677)
Net premiums	<u>\$ 156,372</u>	<u>\$ 140,502</u>	<u>\$ 219,550</u>	<u>\$ 186,109</u>

The reconciliations of the Company's direct to net premiums on both a written and an earned basis for the current and comparable prior year quarter, segregated between continuing and discontinued operations, are shown below:

	Three Months Ended June 30, 2025		Three Months Ended June 30, 2024	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Continuing operations:				
Direct premium	\$ 109,519	\$ 82,542	\$ 118,472	\$ 91,500
Assumed premium	2,309	696	2,340	653
Ceded premium	(18,518)	(10,233)	(11,663)	(6,984)
Net premiums	<u>\$ 93,310</u>	<u>\$ 73,005</u>	<u>\$ 109,149</u>	<u>\$ 85,169</u>

	Three Months Ended June 30, 2025		Three Months Ended June 30, 2024	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Discontinued operations:				
Direct premium	\$ —	\$ —	\$ 22,016	\$ 19,582
Assumed premium	—	—	—	—
Ceded premium	—	—	(4,602)	(4,199)
Net premiums	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 17,414</u>	<u>\$ 15,383</u>

The reconciliations of the Company's direct to net premiums on both a written and an earned basis for the current year-to-date and comparable prior year-to-date amounts, segregated between continuing and discontinued operations, are shown below:

	Six Months Ended June 30, 2025		Six Months Ended June 30, 2024	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Continuing operations:				
Direct premium	\$ 177,247	\$ 154,704	\$ 201,513	\$ 166,899
Assumed premium	2,347	735	2,477	804
Ceded premium	(23,222)	(14,937)	(17,329)	(12,650)
Net premiums	<u>\$ 156,372</u>	<u>\$ 140,502</u>	<u>\$ 186,661</u>	<u>\$ 155,053</u>

	Six Months Ended June 30, 2025		Six Months Ended June 30, 2024	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Discontinued operations:				
Direct premium	\$ —	\$ —	\$ 41,632	\$ 39,083
Assumed premium	—	—	—	—
Ceded premium	—	—	(8,743)	(8,027)
Net premiums	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 32,889</u>	<u>\$ 31,056</u>

A reconciliation of direct to net losses and loss adjustment expenses, presented on a consolidated basis, including both continuing and discontinued operations, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Direct losses and loss adjustment expenses	\$ 109,382	\$ 88,568	\$ 149,761	\$ 143,222
Assumed losses and loss adjustment expenses	284	224	51	269
Ceded losses and loss adjustment expenses	(43,059)	(7,993)	(44,680)	(10,483)
Net losses and loss adjustment expenses	\$ 66,607	\$ 80,799	\$ 105,132	\$ 133,008

The reconciliations for current and prior year continuing and discontinued operations of direct to net losses and loss adjustment expenses is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Continuing operations:				
Direct losses and loss adjustment expenses	\$ 109,382	\$ 73,350	\$ 149,761	\$ 114,869
Assumed losses and loss adjustment expenses	284	224	51	269
Ceded losses and loss adjustment expenses	(43,059)	(4,216)	(44,680)	(5,636)
Net losses and loss adjustment expenses	\$ 66,607	\$ 69,358	\$ 105,132	\$ 109,502

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Discontinued operations:				
Direct losses and loss adjustment expenses	\$ —	\$ 15,218	\$ —	\$ 28,353
Assumed losses and loss adjustment expenses	—	—	—	—
Ceded losses and loss adjustment expenses	—	(3,777)	—	(4,847)
Net losses and loss adjustment expenses	\$ —	\$ 11,441	\$ —	\$ 23,506

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. Subsequent to the June 30, 2024, date of sale, Westminster is no longer a member of the pool, and the pooling percentages for the remaining insurance subsidiaries were updated based on their respective surplus as a percentage of the pool as of December 31, 2023.

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, presented on a consolidated basis, including both continuing and discontinued operations, shows the deferred policy acquisition costs and asset reconciliation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Balance, beginning of period	\$ 23,813	\$ 36,565	\$ 26,300	\$ 34,120
Deferral of policy acquisition costs	18,881	25,962	32,922	49,070
Amortization of deferred policy acquisition costs	(16,374)	(23,372)	(32,902)	(44,035)
Westminster balance disposed in sale	—	(7,998)	—	(7,998)
Balance, end of period	\$ 26,320	\$ 31,157	\$ 26,320	\$ 31,157

The tables for the current and comparable prior year quarter continuing and discontinued operations showing the deferred policy acquisition costs and assets reconciliation are shown below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Continuing operations:				
Balance, beginning of period	\$ 23,813	\$ 28,948	\$ 26,300	\$ 26,790
Deferral of policy acquisition costs	18,881	21,499	32,922	40,474
Amortization of deferred policy acquisition costs	(16,374)	(19,290)	(32,902)	(36,107)
Balance, end of period	\$ 26,320	\$ 31,157	\$ 26,320	\$ 31,157

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Discontinued operations:				
Balance, beginning of period	\$ —	\$ 7,617	\$ —	\$ 7,330
Deferral of policy acquisition costs	—	4,464	—	8,596
Amortization of deferred policy acquisition costs	—	(4,083)	—	(7,928)
Balance, end of period	\$ —	\$ 7,998	\$ —	\$ 7,998

7. Unpaid Losses and Loss Adjustment Expenses

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

	Six Months Ended June 30,	
	2025	2024
Balance, beginning of period:		
Liability for unpaid losses and loss adjustment expenses	\$ 137,288	\$ 217,119
Reinsurance recoverables on losses	12,561	48,969
Net balance, beginning of period	<u>124,727</u>	<u>168,150</u>
Incurred related to:		
Current year	93,894	125,235
Prior years	11,238	7,773
Total incurred	<u>105,132</u>	<u>133,008</u>
Paid related to:		
Current year	30,151	45,494
Prior years	47,456	54,372
Total paid	<u>77,607</u>	<u>99,866</u>
Westminster balances disposed in sale:		
Liability for unpaid losses and loss adjustment expenses	—	107,508
Reinsurance recoverables on losses	—	45,320
Net balance, date of sale	<u>—</u>	<u>62,188</u>
Balance, end of period:		
Liability for unpaid losses and loss adjustment expenses	203,530	148,527
Reinsurance recoverables on losses	51,278	9,423
Net balance, end of period	<u>\$ 152,252</u>	<u>\$ 139,104</u>

During the six months ended June 30, 2025, the Company's incurred reported losses and loss adjustment expense included \$11,238 of net unfavorable development on prior accident years. This was primarily attributable to unfavorable development for the Non-Standard Auto segment. During the six months ended June 30, 2024, the Company's incurred reported losses and loss adjustment expenses included \$7,773 of net unfavorable development on prior accident years, primarily attributable to unfavorable development for the Non-Standard Auto segment. During 2024, Westminster was sold and all associated liabilities were included in the sale.

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.

The tables for the current and comparable prior year continuing and discontinued operations showing the liability for unpaid losses and loss adjustment expense are shown below:

	Six Months Ended June 30,	
	2025	2024
Continuing operations:		
Balance, beginning of period:		
Liability for unpaid losses and loss adjustment expenses	\$ 137,288	\$ 119,185
Reinsurance recoverables on losses	12,561	6,460
Net balance, beginning of period	<u>124,727</u>	<u>112,725</u>
Incurring related to:		
Current year	93,894	101,120
Prior years	11,238	8,382
Total incurred	<u>105,132</u>	<u>109,502</u>
Paid related to:		
Current year	30,151	39,930
Prior years	47,456	43,193
Total paid	<u>77,607</u>	<u>83,123</u>
Balance, end of period:		
Liability for unpaid losses and loss adjustment expenses	203,530	148,527
Reinsurance recoverables on losses	51,278	9,423
Net balance, end of period	<u>\$ 152,252</u>	<u>\$ 139,104</u>
	Six Months Ended June 30,	
	2025	2024
Discontinued operations:		
Balance, beginning of period:		
Liability for unpaid losses and loss adjustment expenses	\$ —	\$ 97,934
Reinsurance recoverables on losses	—	42,509
Net balance, beginning of period	<u>—</u>	<u>55,425</u>
Incurring related to:		
Current year	—	24,115
Prior years	—	(609)
Total incurred	<u>—</u>	<u>23,506</u>
Paid related to:		
Current year	—	5,564
Prior years	—	11,179
Total paid	<u>—</u>	<u>16,743</u>
Balance, end of period:		
Liability for unpaid losses and loss adjustment expenses	—	107,508
Reinsurance recoverables on losses	—	45,320
Net balance, end of period	<u>\$ —</u>	<u>\$ 62,188</u>

8. Property and Equipment

Property and equipment consisted of the following:

	June 30, 2025	December 31, 2024	Estimated Useful Life
Cost:			
Land	\$ 1,249	\$ 1,249	indefinite
Building and improvements	12,507	12,497	10 – 43 years
Electronic data processing equipment	1,491	1,444	5 – 7 years
Furniture and fixtures	2,684	2,762	5 – 7 years
Automobiles	1,314	1,280	2 – 3 years
Gross cost	19,245	19,232	
Accumulated depreciation	(11,870)	(11,685)	
Total property and equipment, net	\$ 7,375	\$ 7,547	

Depreciation expense was \$171 and \$187 for the three months ended June 30, 2025 and 2024, respectively, and \$344 and \$430 for the six months ended June 30, 2025 and 2024, respectively. Depreciation expense for continuing operations was \$171 and \$187 for the three months ended June 30, 2025 and 2024, respectively, and \$344 and \$341 for the six months ended June 30, 2025 and 2024, respectively.

9. Goodwill and Other Intangibles

Goodwill

The following table presents the carrying amount of the Company's goodwill and related impairment by segment:

	Six Months Ended June 30, 2025			Year Ended December 31, 2024		
	Non-Standard			Non-Standard		
	Auto	Commercial	Total	Auto	Commercial	Total
Goodwill, beginning of period	\$ —	\$ —	\$ —	\$ 2,628	\$ —	\$ 2,628
Impairment recognized during the period	—	—	—	(2,628)	—	(2,628)
Goodwill, end of period	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

We performed a quantitative assessment of the goodwill related to the Primero acquisition during the fourth quarter of 2024, which is allocated to our Non-Standard Auto segment, and concluded that the goodwill was fully impaired as of December 31, 2024, resulting in a non-cash impairment charge of \$2,628. See the Part II, Item 8, Note 10 "Goodwill and Other Intangibles" section of the 2024 Annual Report for additional information.

Other Intangible Assets

The gross and net carrying value of the Company's other intangible assets were \$100 at June 30, 2025, and December 31, 2024, and consist of the state insurance license for Direct Auto, which has an indefinite life.

We determined during our reviews that the other indefinite-lived intangible assets were not impaired as of June 30, 2025, or December 31, 2024.

Amortization expense was \$0 and \$105 for the three months ended June 30, 2025 and 2024, respectively, and \$0 and \$211 for the six months ended June 30, 2025 and 2024, respectively. Amortization expense for continuing operations was \$0 for the three months ended June 30, 2025 and 2024, and \$0 for the six months ended June 30, 2025 and 2024.

10. Royalties, Dividends, and Affiliations

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 \$522 and \$480 during the three months ended June 30, 2025 and 2024, respectively, and \$962 and \$883 for the six months ended June 30, 2025 and 2024, respectively. Royalty amounts payable of \$191 and \$146 were accrued as a liability to the NDFB at June 30, 2025, and December 31, 2024, 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, 2024, 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 2025, see Part II, Item 8, Note 11 “Royalties, Dividends, and Affiliations” section of the 2024 Annual Report.

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. Subsequent to January 2, 2024, Battle Creek is fully consolidated in our Consolidated Balance Sheets. See the Part I, Item 1, Note 1 “Organization” section of this Form 10-Q for additional information.

11. 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. Westminster also sponsored a separate 401(k) plan until the company was sold on June 30, 2024. American West and Battle Creek have no employees. The Company reported expenses related to these plans totaling \$482 and \$459 during the three months ended June 30, 2025 and 2024, respectively, and \$802 and \$805 during the six months ended June 30, 2025 and 2024, 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 \$24 and \$33 during the three months ended June 30, 2025 and 2024, respectively, and \$158 and \$231 during the six months ended June 30, 2025 and 2024, 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, Direct Auto, and Westminster 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 \$78 and \$92 during the three months ended June 30, 2025 and 2024, respectively, and \$167 and \$176 during the six months ended June 30, 2025 and 2024, respectively.

Through June 30, 2025, and December 31, 2024, the Company had released and allocated 194,520 ESOP shares to participants, with a remainder of 45,480 ESOP shares in suspense at June 30, 2025, and December 31, 2024. Using the Company's quarter-end market price of \$12.74 per share, the fair value of the unearned ESOP shares was \$579 at June 30, 2025.

12. 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 2.50% above the daily simple secured overnight financing rate. There were no outstanding amounts during the six months ended June 30, 2025, or the year ended December 31, 2024. This line of credit is scheduled to expire on December 13, 2025.

13. 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) from continuing operations. The valuation allowance against certain deferred income tax assets was \$2,093 and \$2,506 at June 30, 2025 and December 31, 2024, respectively.

At June 30, 2025, and December 31, 2024, we had no unrecognized tax benefits, no accrued interest and penalties, and no significant uncertain tax positions. No interest and penalties were recognized during the six-month period ended June 30, 2025, or the year ended December 31, 2024.

Our effective tax rate for the six months ended June 30, 2025, was 26.2%, which was impacted by the \$413 change in the recorded valuation allowance noted above. The effective tax rate for continuing operations was 34.0% for the six months ended June 30, 2024. Federal income taxes were allocated to discontinued operations at a 21.1% effective tax rate for the six months ended June 30, 2024.

14. 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 the Consolidated Balance Sheets.

There were expenses of \$114 and \$122 related to these leases during the three months ended June 30, 2025 and 2024, respectively, and \$230 and \$244 during the six months ended June 30, 2025 and 2024.

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,	
	2025	2024	2025	2024
Operating lease expense	\$ 91	\$ 96	\$ 183	\$ 192
Finance lease cost				
Amortization of right-of-use assets	20	20	40	40
Interest on lease liabilities	3	6	7	12
Finance lease cost	23	26	47	52
Total lease cost	\$ 114	\$ 122	\$ 230	\$ 244

Other information on leases:

Cash payments included in operating cash flows from operating leases	\$ 98	\$ 102	\$ 195	\$ 203
Cash payments included in operating cash flows from finance leases	3	6	7	12
Cash payments included in financing cash flows from finance leases	27	24	53	48
Right-of-use assets obtained in exchange for new operating lease liabilities	—	185	—	185
Right-of-use assets obtained in exchange for new finance lease liabilities	—	—	—	—
Weighted average discount rate – operating leases	4.46%	4.46%	4.46%	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	4.0 years	4.9 years	4.0 years	4.9 years
Weighted average remaining lease term in years – finance leases	1.3 years	2.3 years	1.3 years	2.3 years

The following table presents the contractual maturities of the Company's lease liabilities for each of the five years in the period ending December 31, 2029, and thereafter, reconciled to our lease liability at June 30, 2025:

Year ending December 31,	Operating Leases	Finance Leases	Total
2025 (six months remaining)	\$ 198	\$ 60	\$ 258
2026	396	100	496
2027	401	—	401
2028	376	—	376
2029	212	—	212
Thereafter	—	—	—
Total undiscounted lease payments	1,583	160	1,743
Less: present value adjustment	127	8	135
Lease liability at June 30, 2025	\$ 1,456	\$ 152	\$ 1,608

15. 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.

16. Common and Preferred Stock

Common Stock

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

	Six Months Ended June 30,	
	2025	2024
Shares outstanding, beginning of period	20,673,268	20,599,908
Treasury shares repurchased through stock repurchase authorization	—	—
Issuance of treasury shares for vesting of restricted stock units	40,090	48,734
Shares outstanding, end of period	20,713,358	20,648,642

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. The net loss per diluted common share for the three- and six-month periods ended June 30, 2025, excluded the weighted average effects of 54,926 and 67,994 shares, respectively, of stock awards since the impacts of these potential shares of common stock were anti-dilutive. The net loss per diluted common share for the three- and six-month period ended June 30, 2024, excluded the weighted average effects of 127,108 and 120,206 shares of stock awards since the impacts of these potential shares of common stock were anti-dilutive.

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 six months ended June 30, 2025, we did not repurchase any shares of our common stock. During the six months ended June 30, 2024, we did not repurchase any shares of our common stock. At June 30, 2025, \$2,052 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.

17. 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 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. 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, 2024	146,580	\$ 15.37
RSUs granted during 2024	119,398	14.67
RSUs earned during 2024	(69,420)	14.82
Forfeitures ⁽¹⁾	(92,160)	15.18
Units outstanding and unearned at December 31, 2024	104,398	15.11
RSUs granted during 2025	154,722	14.06
RSUs earned during 2025	(51,313)	15.01
Forfeitures	(12,294)	14.43
Units outstanding and unearned at June 30, 2025	195,513	14.35

⁽¹⁾ Represents RSU forfeitures primarily related to the execution of the separation agreement with the former Chief Executive Officer and former Senior Vice President of Operations.

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,	
	2025	2024	2025	2024
RSU compensation expense	\$ 233	\$ 371	\$ 696	\$ 767
Income tax benefit	(53)	(84)	(158)	(174)
RSU compensation expense, net of income taxes	\$ 180	\$ 287	\$ 538	\$ 593

At June 30, 2025, there was \$2,044 of unrecognized compensation cost related to outstanding RSUs. That cost is expected to be recognized over a weighted-average period of 2.25 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. They 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. 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, 2024	213,800	\$ 16.53
PSUs granted during 2024 (at target)	79,800	14.19
PSUs earned during 2024	—	—
Performance adjustment ⁽¹⁾	(147,173)	16.14
Forfeitures ⁽²⁾	(120,100)	15.23
Units outstanding at December 31, 2024	<u>26,327</u>	17.50
PSUs granted during 2025 (at target)	—	—
PSUs earned during 2025	—	—
Performance adjustment ⁽¹⁾	—	—
Forfeitures	(4,601)	14.19
Units outstanding at June 30, 2025	<u><u>21,726</u></u>	18.20

⁽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 separation agreements with the former Chief Executive Officer and former Senior Vice President of Operations.

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,	
	2025	2024	2025	2024
PSU compensation expense	\$ 11	\$ 184	\$ 28	\$ 369
Income tax benefit	(2)	(42)	(6)	(84)
PSU compensation expense, net of income taxes	<u>\$ 9</u>	<u>\$ 142</u>	<u>\$ 22</u>	<u>\$ 285</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 year ended December 31, 2024, the previously recognized compensation expense related to the PSU awards granted during 2024 was reduced as a result of a performance adjustment, and the compensation expense related to the PSU awards granted during 2023 was eliminated due to the Company's expectation that the threshold performance goal will not be met.

At June 30, 2025, there was \$163 of unrecognized compensation cost related to outstanding PSUs. That cost is expected to be recognized over a weighted-average period of 1.66 years.

18. 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, 2025 and 2024, and the changes in the allowance for expected credit losses for the three and six months ended June 30, 2025 and 2024, for continuing and discontinued operations.

	As of and For the Three Months Ended June 30, 2025		As of and For the Three Months Ended June 30, 2024	
	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
Continuing operations:				
Balance, beginning of period	\$ 49,220	\$ 232	\$ 59,979	\$ 216
Current period charge for expected credit losses		376		251
Write-offs of uncollectible premiums receivable		(295)		(119)
Balance, end of period	\$ 85,604	\$ 313	\$ 92,831	\$ 348

	As of and For the Six Months Ended June 30, 2025		As of and For the Six Months Ended June 30, 2024	
	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
Continuing operations:				
Balance, beginning of period	\$ 52,907	\$ 337	\$ 56,154	\$ 394
Current period charge for expected credit losses		332		132
Write-offs of uncollectible premiums receivable		(356)		(178)
Balance, end of period	\$ 85,604	\$ 313	\$ 92,831	\$ 348

	As of and For the Three Months Ended June 30, 2025		As of and For the Three Months Ended June 30, 2024	
	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
Discontinued operations:				
Balance, beginning of period	\$ —	\$ —	\$ 19,727	\$ 8
Current period charge for expected credit losses				2
Write-offs of uncollectible premiums receivable				(2)
Balance, end of period	\$ —	\$ —	\$ 16,030	\$ 8

	As of and For the Six Months Ended June 30, 2025		As of and For the Six Months Ended June 30, 2024	
	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
Discontinued operations:				
Balance, beginning of period	\$ —	\$ —	\$ 17,904	\$ 8
Current period charge for expected credit losses				4
Write-offs of uncollectible premiums receivable				(4)
Balance, end of period	\$ —	\$ —	\$ 16,030	\$ 8

19. Discontinued Operations

On May 7, 2024, we entered into a definitive agreement to sell our subsidiary, Westminster, to Scott Insurance Holdings, for a cash purchase price of \$10,500, as well as a \$1,772 post-closing adjustment pursuant to the purchase agreement, for a net amount of \$12,272. The sale closed on June 30, 2024, and we reported an after-tax loss on the sale of discontinued operations of \$11,148. For additional information see Part I, Item 1, Note 2 “Basis of Presentation and Accounting Policies” of this Form 10-Q.

The Company’s Consolidated Statements of Cash Flows presents operating, investing, and financing cash flows of the discontinued operations separately. Summary operating results of discontinued operations were as follows for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues:				
Net premiums earned	\$ —	\$ 15,383	\$ —	\$ 31,056
Fee and other income	—	7	—	14
Net investment income	—	621	—	1,419
Net investment gains (losses)	—	(256)	—	116
Total revenues	—	15,755	—	32,605
Expenses:				
Losses and loss adjustment expenses	—	11,441	—	23,506
Amortization of deferred policy acquisition costs	—	4,083	—	7,928
Other underwriting and general expenses	—	1,495	—	3,088
Total expenses	—	17,019	—	34,522
Loss before income taxes	—	(1,264)	—	(1,917)
Income tax benefit	—	(268)	—	(405)
Net loss	\$ —	\$ (996)	\$ —	\$ (1,512)
Loss per common share from discontinued operations:				
Basic	\$ —	\$ (0.05)	\$ —	\$ (0.07)
Diluted	\$ —	\$ (0.05)	\$ —	\$ (0.07)

20. Segment Information

We have five reportable operating segments of our continuing operations, 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). Prior to the sale of Westminster on June 30, 2024, we also reported a Commercial segment that consisted primarily of Westminster’s balances and results. Subsequent to the sale, Westminster is reported as part of discontinued operations, which is not included in our segment information. The commercial business that remains a part of our continuing operations has been included in the All Other segment for the current and prior periods presented. 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, 2025 and 2024.

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 net investment income, net investment gains, fee and other income excluding Non-Standard Auto, and income tax expense within the Unaudited Consolidated Statement of Operations. For the Consolidated Balance Sheets, those items include cash and investments, property and equipment, other assets, accrued expenses and other liabilities, income taxes recoverable, and shareholders’ equity.

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)
Fee and other income						316
Net investment income						3,146
Net investment gains (losses)						(410)
Loss before income taxes						(15,324)
Income tax expense (benefit)						(3,273)
Net loss						<u>\$ (12,051)</u>

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
Goodwill and other intangibles	—	100	—	—	—	100
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.

Three Months Ended June 30, 2024

	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	All Other	Total
Direct premiums earned	\$ 23,395	\$ 26,820	\$ 24,999	\$ 13,118	\$ 3,168	\$ 91,500
Assumed premiums earned	—	—	—	503	150	653
Ceded premiums earned	(924)	(77)	(3,075)	(2,643)	(265)	(6,984)
Net premiums earned	22,471	26,743	21,924	10,978	3,053	85,169
Direct losses and loss adjustment expenses	20,899	19,313	22,574	8,916	1,648	73,350
Assumed losses and loss adjustment expenses	—	—	—	247	(23)	224
Ceded losses and loss adjustment expenses	(970)	—	(548)	(1,852)	(846)	(4,216)
Net losses and loss adjustment expenses	19,929	19,313	22,026	7,311	779	69,358
Gross margin	2,542	7,430	(102)	3,667	2,274	15,811
Amortization of deferred policy acquisition costs	4,567	8,245	4,770	1,100	608	19,290
Other underwriting and general expenses ⁽¹⁾	2,269	2,016	2,476	612	856	8,229
Underwriting and general expenses	6,836	10,261	7,246	1,712	1,464	27,519
Underwriting gain (loss)	(4,294)	(2,831)	(7,348)	1,955	810	(11,708)
Fee and other income						695
Net investment income						2,523
Net investment gains (losses)						(580)
Loss before income taxes						(9,070)
Income tax expense (benefit)						(1,592)
Net loss						<u>\$ (7,478)</u>

Operating Ratios:

Loss and loss adjustment expense ratio	88.7%	72.2%	100.5%	66.6%	25.5%	81.4%
Expense ratio	30.4%	38.4%	33.1%	15.6%	48.0%	32.3%
Combined ratio	119.1%	110.6%	133.6%	82.2%	73.5%	113.7%

Balances at June 30, 2024:

Premiums and agents' balances receivable	\$ 26,393	\$ 15,357	\$ 11,927	\$ 36,382	\$ 2,772	\$ 92,831
Deferred policy acquisition costs	6,719	11,533	9,598	2,120	1,187	31,157
Reinsurance recoverables on losses	930	—	2,726	1,685	4,082	9,423
Receivable from Federal Crop Insurance Corporation	—	—	—	13,793	—	13,793
Goodwill and other intangibles	—	2,728	—	—	—	2,728
Unpaid losses and loss adjustment expenses	33,643	69,951	26,336	8,770	9,827	148,527
Unearned premiums	38,682	36,170	54,147	21,695	7,036	157,730

(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)
Fee and other income						546
Net investment income						5,984
Net investment gains (losses)						459
Loss before income taxes						(7,575)
Income tax expense (benefit)						(1,984)
Net 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.

Six Months Ended June 30, 2024

	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	All Other	Total
Direct premiums earned	\$ 46,619	\$ 51,878	\$ 49,244	\$ 12,915	\$ 6,243	\$ 166,899
Assumed premiums earned	—	—	—	503	301	804
Ceded premiums earned	(2,046)	(147)	(5,905)	(3,989)	(563)	(12,650)
Net premiums earned	44,573	51,731	43,339	9,429	5,981	155,053
Direct losses and loss adjustment expenses	32,308	36,182	35,356	6,955	4,068	114,869
Assumed losses and loss adjustment expenses	—	—	—	247	22	269
Ceded losses and loss adjustment expenses	(1,086)	—	(1,149)	(1,448)	(1,953)	(5,636)
Net losses and loss adjustment expenses	31,222	36,182	34,207	5,754	2,137	109,502
Gross margin	13,351	15,549	9,132	3,675	3,844	45,551
Amortization of deferred policy acquisition costs	8,605	16,533	8,730	1,116	1,123	36,107
Other underwriting and general expenses ⁽¹⁾	5,252	4,032	5,213	595	1,842	16,934
Underwriting and general expenses	13,857	20,565	13,943	1,711	2,965	53,041
Underwriting gain (loss)	(506)	(5,016)	(4,811)	1,964	879	(7,490)
Fee and other income						1,099
Net investment income						5,278
Net investment gains						876
Loss before income taxes						(237)
Income tax expense (benefit)						306
Net loss						\$ (543)

Operating Ratios:

Loss and loss adjustment expense ratio	70.0%	69.9%	78.9%	61.0%	35.7%	70.6%
Expense ratio	31.1%	39.8%	32.2%	18.1%	49.6%	34.2%
Combined ratio	101.1%	109.7%	111.1%	79.1%	85.3%	104.8%

(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. Unless otherwise noted, the information in the following discussion is being presented for our continuing operations. 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 2024 Annual Report and Part II, Item 1A "Risk Factors" included in this Form 10-Q, 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 included in Item 2 herein, except per share data, are in thousands.

Financial Highlights

2025 Second Quarter Consolidated Results of Operations

- Net loss of \$12,051, or (\$0.57) per share basic and (\$0.57) per share diluted
- Net premiums earned of \$73,005
- Net investment income of \$3,146
- Net unfavorable prior year reserve development of \$9,820
- Underwriting loss of \$18,376
- Combined ratio of 125.1%
- Operating cash flows of \$16,289

2025 Second Quarter Consolidated Financial Condition

- Total cash and investments of \$406,097
- Total assets of \$620,051
- Unpaid losses and loss adjustment expenses of \$203,530
- Total liabilities of \$376,728
- Shareholders' equity of \$243,323

Results of Continuing Operations

Our consolidated net loss from continuing operations was \$12,051 for the three months ended June 30, 2025, compared to net loss from continuing operations of \$7,478 for the three months ended June 30, 2024. Our consolidated net loss from continuing operations was \$5,591 for the six months ended June 30, 2025, compared to net loss from continuing operations of \$543 for the six months ended June 30, 2024.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues:				
Net premiums earned	\$ 73,005	\$ 85,169	\$ 140,502	\$ 155,053
Fee and other income	316	695	546	1,099
Net investment income	3,146	2,523	5,984	5,278
Net investment gains (losses)	(410)	(580)	459	876
Total revenues	76,057	87,807	147,491	162,306
Components of net loss:				
Net premiums earned	73,005	85,169	140,502	155,053
Losses and loss adjustment expenses	66,607	69,358	105,132	109,502
Amortization of deferred policy acquisition costs and other underwriting and general expenses	24,774	27,519	49,934	53,041
Underwriting loss	(18,376)	(11,708)	(14,564)	(7,490)
Fee and other income	316	695	546	1,099
Net investment income	3,146	2,523	5,984	5,278
Net investment gains (losses)	(410)	(580)	459	876
Loss from continuing operations before income taxes	(15,324)	(9,070)	(7,575)	(237)
Income tax expense (benefit)	(3,273)	(1,592)	(1,984)	306
Net loss from continuing operations	\$ (12,051)	\$ (7,478)	\$ (5,591)	\$ (543)

Net Premiums Earned

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net premiums earned:				
Direct premium	\$ 82,542	\$ 91,500	\$ 154,704	\$ 166,899
Assumed premium	696	653	735	804
Ceded premium	(10,233)	(6,984)	(14,937)	(12,650)
Total net premiums earned	\$ 73,005	\$ 85,169	\$ 140,502	\$ 155,053

Net premiums earned for the three months ended June 30, 2025, decreased \$12,164, or 14.3%, compared to the three months ended June 30, 2024. Net premiums earned for the six months ended June 30, 2025, decreased 14,551, or 9.4%, compared to the six months ended June 30, 2024.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net premiums earned:				
Private Passenger Auto	\$ 22,923	\$ 22,471	\$ 45,581	\$ 44,573
Non-Standard Auto	14,505	26,743	32,758	51,731
Home and Farm	21,311	21,924	45,031	43,339
Crop	10,711	10,978	10,335	9,429
All Other	3,555	3,053	6,797	5,981
Total net premiums earned	\$ 73,005	\$ 85,169	\$ 140,502	\$ 155,053

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

Private Passenger Auto – Net premiums earned for the second quarter of 2025 increased \$452, or 2.0%, compared to the same period in 2024. Net premiums earned for the first six months of 2025 increased \$1,008, or 2.3% from the first six months of 2024. Results were driven by new business growth in North Dakota as well as significant rate increases in South Dakota and Nebraska, partially offset by lower new business and retention levels in South Dakota and Nebraska as a result of underwriting actions taken.

Non-Standard Auto – Net premiums earned for the second quarter of 2025 decreased \$12,238, or 45.8%, compared to the same period in 2024. Net premiums earned for the first six months of 2025 decreased \$18,973, or 36.7% from the first six months of 2024. These decreases were driven by strategic decisions to exit Nevada and significantly reduce written premium in the Chicago market in recent periods to improve profitability. We anticipate further continued reductions in net earned premiums as a result of these decisions.

Home and Farm – Net premiums earned for the second quarter of 2025 decreased \$613, or 2.8%, compared to the same period in 2024. Net premiums earned for the first six months of 2025 increased \$1,692, or 3.9% from the first six months of 2024. Results were driven by new business growth in North Dakota, rate increases, and increased insured property values, partially offset by lower retention rates and new business levels in Nebraska as a result of underwriting actions taken to improve profitability. In addition, net premiums earned for the second quarter of 2025 were impacted by the recognition of higher ceded premiums earned as a result of a significant catastrophe event in North Dakota during the second quarter of 2025.

Crop – Net premiums earned for the second quarter of 2025, decreased \$267, or 2.4%, compared to the same period in 2024. Net premiums earned for the first six months of 2025 increased \$906, or 9.6% from the first six months of 2024. The decrease in the second quarter of 2025 was driven by lower commodity prices compared to the prior year. Net premiums earned for the first quarter of any year are typically the result of prior crop year premium adjustments that correspond to the current year settlement of prior crop year claims. The year-to-date increase was driven by the recognition of more favorable premium adjustments in the first quarter of 2025 compared to the first quarter of 2024.

All Other – Net premiums earned for the second quarter of 2025, increased \$502, or 16.4%, compared to the same period in 2024. Net premiums earned for the first six months of 2025 increased \$816, or 13.6%, from the first six months of 2024. Results were driven by rate increases for the North Dakota commercial lines of business.

Losses and Loss Adjustment Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net losses and loss adjustment expenses:				
Direct losses and loss adjustment expenses	\$ 109,382	\$ 73,350	\$ 149,761	\$ 114,869
Assumed losses and loss adjustment expenses	284	224	51	269
Ceded losses and loss adjustment expenses	(43,059)	(4,216)	(44,680)	(5,636)
Total net losses and loss adjustment expenses	<u>\$ 66,607</u>	<u>\$ 69,358</u>	<u>\$ 105,132</u>	<u>\$ 109,502</u>

Our net losses and loss adjustment expenses for the three months ended June 30, 2025, decreased \$2,751, or 4.0%, compared to the three months ended June 30, 2024. Our net losses and loss adjustment expenses for the six months ended June 30, 2025, decreased \$4,370, or 4.0%, compared to the six months ended June 30, 2024.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net losses and loss adjustment expenses:				
Private Passenger Auto	\$ 13,700	\$ 19,929	\$ 27,195	\$ 31,222
Non-Standard Auto	16,860	19,313	31,397	36,182
Home and Farm	27,011	22,026	36,799	34,207
Crop	8,468	7,311	7,967	5,754
All Other	568	779	1,774	2,137
Total net losses and loss adjustment expenses	<u>\$ 66,607</u>	<u>\$ 69,358</u>	<u>\$ 105,132</u>	<u>\$ 109,502</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Loss and loss adjustment expense ratio:				
Private Passenger Auto	59.8%	88.7%	59.7%	70.0%
Non-Standard Auto	116.2%	72.2%	95.8%	69.9%
Home and Farm	126.7%	100.5%	81.7%	78.9%
Crop	79.1%	66.6%	77.1%	61.0%
All Other	16.0%	25.5%	26.1%	35.7%
Total loss and loss adjustment expense ratio	91.2%	81.4%	74.8%	70.6%

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 28.9 percentage points and 10.3 percentage points in the three- and six-month periods ended June 30, 2025, respectively, compared to the same periods in 2024. These decreases in the current year were driven by improved loss severity on physical damage claims.

Non-Standard Auto – The net loss and loss adjustment expense ratio increased 44.0 percentage points and 25.9 percentage points in the three- and six-month periods ended June 30, 2025, respectively, compared to the same period in 2024. These increases were driven by higher unfavorable prior year development on liability loss reserves in the current year periods compared to the same periods in 2024.

Home and Farm – The net loss and loss adjustment expense ratio increased 26.2 percentage points and 2.8 percentage points in the three- and six-month periods ended June 30, 2025, respectively, compared to the same periods in 2024. These increases in net loss and loss adjustment expense ratios were driven by losses from a significant catastrophe event in North Dakota during the second quarter of 2025 that exceeded the Company's \$20,000 retention as well as the related ceded premiums earned. Although the results for the six-month period ended June 30, 2024, were impacted by elevated non-catastrophe weather losses in North Dakota and Nebraska, there were no catastrophes during that period. Catastrophe losses, net of reinsurance, for the Home and Farm segment accounted for 94.7 and 45.1 percentage points of the net loss and loss adjustment expense ratio for the three- and six-month periods ended June 30, 2025, respectively, and did not have a negative impact for the same periods in 2024.

Crop – The net loss and loss adjustment expense ratio increased 12.5 percentage points and 16.1 percentage points in the three- and six-month periods ended June 30, 2025, respectively, compared to the same periods in 2024. These increases were driven by less favorable crop growing conditions compared to the prior year.

All Other – The net loss and loss adjustment expense ratio decreased 9.5 percentage points and 9.6 percentage points in the three- and six-month period ended June 30, 2025, compared to the same period in 2024. These decreases were driven by favorable loss development related to the continued run-off of our participation in an assumed domestic and international reinsurance pool of business.

Underwriting and General Expenses and Expense Ratio

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Underwriting and general expenses:				
Amortization of deferred policy acquisition costs	\$ 16,374	\$ 19,290	\$ 32,902	\$ 36,107
Other underwriting and general expenses	8,400	8,229	17,032	16,934
Total underwriting and general expenses	24,774	27,519	49,934	53,041
Expense Ratio	33.9%	32.3%	35.5%	34.2%

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 increased 1.6 percentage points and 1.3 percentage points in the three- and six-month periods ended June 30, 2025, respectively, compared to the same periods in 2024. 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 are generally consistent year-over-year.

Underwriting Gain (Loss) and Combined Ratio

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Underwriting gain (loss):				
Private Passenger Auto	\$ 1,832	\$ (4,294)	\$ 3,617	\$ (506)
Non-Standard Auto	(8,798)	(2,831)	(13,363)	(5,016)
Home and Farm	(14,162)	(7,348)	(8,063)	(4,811)
Crop	626	1,955	727	1,964
All Other	2,126	810	2,518	879
Total underwriting loss	\$ (18,376)	\$ (11,708)	\$ (14,564)	\$ (7,490)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Combined ratio:				
Private Passenger Auto	92.0%	119.1%	92.1%	101.1%
Non-Standard Auto	160.6%	110.6%	140.7%	109.7%
Home and Farm	166.4%	133.6%	117.9%	111.1%
Crop	94.2%	82.2%	93.0%	79.1%
All Other	40.2%	73.5%	63.0%	85.3%
Combined ratio	125.1%	113.7%	110.3%	104.8%

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 increased \$6,668 for the three-month period ended June 30, 2025, compared to the same period in 2024. The total underwriting loss increased \$7,074 for the six-month period ended June 30, 2025, compared to the same period in 2024. 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 increased 11.4 percentage points in the three-month period ended June 30, 2025, compared to the same period in 2024. The overall combined ratio increased 5.5 percentage points in the six-month period ended June 30, 2025, compared to the same period in 2024. 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.

Fee and Other Income

We had fee and other income of \$316 and \$546 for the three and six months ended June 30, 2025, respectively, compared to \$695 and \$1,099 for the three and six months ended June 30, 2024, respectively. These decreases were driven by strategic reductions in the premiums that generate fee income and write-offs of uncollectable premiums receivable during the second quarter of 2025.

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 for continuing operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Average cash and invested assets	\$ 402,499	\$ 371,313	\$ 396,697	\$ 365,684
Net investment income	\$ 3,146	\$ 2,523	\$ 5,984	\$ 5,278
Gross return on average cash and invested assets	3.9%	3.6%	3.9%	3.8%
Net return on average cash and invested assets	3.1%	2.7%	3.0%	2.9%

Net investment income increased \$623 for the three months ended June 30, 2025, compared to the three months ended June 30, 2024. Net investment income increased \$706 for the six months ended June 30, 2025, compared to the six months ended June 30, 2024. These increases were primarily driven by the higher interest rate environment which resulted in higher reinvestment rates in our fixed income portfolio.

Gross and net return on average cash and invested assets increased year-over-year, primarily driven by the favorable interest rate environment that resulted in higher net investment income on an increased average fixed income securities balance (measured at fair value), partially offset by lower interest rates in the current year periods for cash and cash equivalents. The increase in average cash and invested assets was driven by changes in the fair value of fixed income securities due to the interest rate environment as well as positive operating cash flows during the first six months of 2025.

Net Investment Gains (Losses)

Net investment gains (losses) consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gross realized gains	\$ 246	\$ 191	\$ 749	\$ 390
Gross realized losses, excluding credit impairment losses	(139)	(182)	(316)	(472)
Net realized gains (losses)	107	9	433	(82)
Change in net unrealized gains on equity securities	(517)	(589)	26	958
Net investment gains (losses)	<u>\$ (410)</u>	<u>\$ (580)</u>	<u>\$ 459</u>	<u>\$ 876</u>

We had net realized gains of \$107 and \$433 for the three and six months ended June 30, 2025, respectively, compared to net realized gains of \$9 and losses of \$82 for the three and six months ended June 30, 2024, respectively. The elevated net realized gains in the six months ended June 30, 2025, were driven by sales of equity securities that were executed as part of the strategic management of our investment portfolio. No credit impairment losses were reported during any of the periods presented.

We experienced a decrease of \$517 and an increase of \$26 in net unrealized gains on equity securities during the three and six months ended June 30, 2025, respectively. We experienced a decrease in net unrealized gains on equity securities of \$589 and an increase of \$958 during the three and six months ended June 30, 2024, respectively. These results were driven by the impact of changes in fair value attributable to overall favorable or unfavorable 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 \$1,469 and \$4,782 during the three and six months ended June 30, 2025, respectively, compared to net unrealized losses of \$923 and \$2,730 during the three and six months ended June 30, 2024, 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.

Income (Loss) before Income Taxes

For the three months ended June 30, 2025, we had a pre-tax loss of \$15,324 compared to a pre-tax loss of \$9,070 for the three months ended June 30, 2024. The year-over-year change was largely attributable to the catastrophe losses for Home and Farm in North Dakota and unfavorable prior year loss reserve development for Non-Standard Auto, partially offset by improved loss experience for Private Passenger Auto and higher net investment income.

For the six months ended June 30, 2025, we had a pre-tax loss of \$7,575 compared to pre-tax loss of \$237 for the six months ended June 30, 2024. The year-over-year change was largely attributable to the catastrophe losses for Home and Farm in North Dakota and unfavorable prior year loss reserve development for Non-Standard Auto, partially offset by improved loss experience for Private Passenger Auto and higher net investment income.

Income Tax Expense (Benefit)

We recorded an income tax benefit of \$3,273 for the three months ended June 30, 2025, compared to an income tax benefit of \$1,592 for the three months ended June 30, 2024. Our effective tax rate for the second quarter of 2025 was 21.4% compared to an effective tax rate of 17.6% for the second quarter of 2024.

We recorded an income tax benefit of \$1,984 for the six months ended June 30, 2025, compared to income tax expense of \$306 for the six months ended June 30, 2024. Our effective tax rate for the first six months of 2025 was 26.2% compared to an effective tax rate of (129.1)% for the first six months of 2024. The effective tax rate for the first six months of 2025 and 2024 were impacted by changes in our valuation allowances against deferred income tax assets.

Net Income (Loss)

For the three months ended June 30, 2025, we had a net loss of \$12,051 compared to net loss of \$7,478 for the three months ended June 30, 2024. The year-over-year change was largely attributable to the catastrophe losses for Home and Farm in North Dakota and unfavorable prior year loss reserve development for Non-Standard Auto, partially offset by improved loss experience for Private Passenger Auto and higher net investment income.

For the six months ended June 30, 2025, we had a net loss of \$5,591 compared to net loss of \$543 for the six months ended June 30, 2024. The year-over-year change was largely attributable to the catastrophe losses for Home and Farm in North Dakota and unfavorable prior year loss reserve development for Non-Standard Auto, partially offset by improved loss experience for Private Passenger Auto and higher net investment income.

Return on Average Equity

For the three months ended June 30, 2025, we had annualized return on average equity of (19.4)% compared to (12.8)% for the three months ended June 30, 2024.

For the six months ended June 30, 2025, we had annualized return on average equity of (4.6)% compared to (0.5)% for the six months ended June 30, 2024.

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 2024 Annual Report. There have been no changes in our critical accounting policies from December 31, 2024.

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 2.50% above the daily simple secured overnight financing rate. There were no outstanding amounts during the six months ended June 30, 2025, or the year ended December 31, 2024. This line of credit is scheduled to expire on December 13, 2025.

The change in cash and cash equivalents for continuing and discontinued operations for the six months ended June 30, 2025 and 2024, were as follows:

	<u>Six Months Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Net cash flows from operating activities	\$ 16,289	\$ 34,760
Net cash flows from investing activities	(10,246)	(3,776)
Net cash flows from financing activities	(189)	(202)
Net change in cash and cash equivalents	<u>\$ 5,854</u>	<u>\$ 30,782</u>

For the six months ended June 30, 2025, net cash provided by operating activities totaled \$16,289 compared to \$34,760 a year ago. This change was primarily driven by lower levels of premium collections in the current year, partially offset by lower levels of loss and loss adjustment payments in the current year.

For the six months ended June 30, 2025, net cash used by investing activities totaled \$10,246 compared to \$3,776 a year ago. This change was primarily attributable to the proceeds from the sale of Westminster and Westminster's net cash provided by investing activities in the prior year, partially offset by a decrease in net cash outflows for investment activities in the current year.

For the six months ended June 30, 2025, net cash used by financing activities totaled \$189 compared to \$202 a year ago. This decrease in cash used was attributable to a decrease in the issuance of vested award shares partially offset by an increase in principal repayments for finance leases.

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 2025 without the prior approval of the North Dakota Insurance Department is approximately \$8,273 as of December 31, 2024. No dividends were declared or paid by Nodak Insurance during the six months ended June 30, 2025, or the year ended December 31, 2024.

The amount available for payment of dividends from Direct Auto to NI Holdings during 2025 without the prior approval of the North Dakota Insurance Department is approximately \$3,146 as of December 31, 2024. No dividends were declared or paid by Direct Auto during the six months ended June 30, 2025, or the year ended December 31, 2024.

Prior to the payment of any dividend, we 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.

Westminster was sold on June 30, 2024, and therefore no dividends are available to be paid to NI Holdings subsequent to that date. No dividends were declared or paid by Westminster during the year ended December 31, 2024. See Part I, Item 1, Note 19 "Discontinued Operations" of this Form 10-Q for additional information.

Item 3. - Quantitative and Qualitative Disclosures about Market Risk

The Company's assessment of market risk as of June 30, 2025, 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 2024 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. There have not been any 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 2024 Annual Report, except as indicated below:

Trade policies, including tariffs, could adversely impact our financial condition and operating results.

We maintain reserves to cover estimated unpaid losses and expenses necessary to settle claims. The reserves for losses and loss adjustment expenses that we have established are estimates of amounts needed to pay reported and unreported claims and related expenses, based on facts and circumstances known to us at the time we established the reserves. Reserves are actuarially projected based on historical claims information, industry statistics, anticipated trends, and other factors. Changes in U.S. trade policy, including recently announced tariffs, could have a material adverse impact on our business, financial condition, and results of operations. The imposition of new tariffs or increases in existing tariffs on goods imported from other countries could result in increased costs for raw materials, components, or finished goods and adversely impact loss severity. In addition, tariffs or other trade restrictions may lead to continuing uncertainty and volatility in U.S. and global financial and economic conditions and commodity markets, declining consumer confidence, significant inflation, and diminished expectations for the economy. Such conditions could have a material adverse impact on our business, results of operations and cash flows. We are unable to predict the ultimate result and duration of any tariff actions by the U.S. government or countermeasures that may be taken by other nations.

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, or the six months ended June 30, 2025, we did not repurchase any shares of our common stock. At June 30, 2025, \$2,052 remains available under this authorization.

Share repurchase activity during the three months ended June 30, 2025, is presented below:

Period in 2025	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⁾	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽²⁾ (in thousands)
April 1-30, 2025	—	\$ —	—	\$ 2,052
May 1-31, 2025	—	—	—	2,052
June 1-30, 2025	—	—	—	2,052
Total	—	\$ —	—	\$ 2,052

- (1) Shares purchased pursuant to the May 9, 2022, publicly announced share repurchase authorization of up to approximately \$10,000 of the Company's outstanding common stock.
- (2) Maximum dollar value of shares that may yet be purchased consist of up to approximately \$2,052 under the May 9, 2022, 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 2025, 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*	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.
31.2*	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.
32**	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.
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.

Management contract or compensatory plan or arrangement.

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 8, 2025.

NI HOLDINGS, INC.

/s/ Seth C. Daggett

Seth C. Daggett
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, Seth C. Daggett, 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 8, 2025

/s/ Seth C. Daggett
Seth C. Daggett
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 8, 2025

/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, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Seth C. Daggett, 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 8, 2025

/s/ Seth C. Daggett
Seth C. Daggett
President and Chief Executive Officer
(Principal Executive Officer)

August 8, 2025

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