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

FORM 10-K/A

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **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 001-41591

SKYWARD SPECIALTY INSURANCE GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**14-1957288**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 Gessner Road, Suite 600 Houston, Texas	**77024-4284**
(Address of Principal Executive Offices)	(Zip Code)

(713) 935-4800

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01	SKWD	The Nasdaq Stock Market LLC

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

Aggregate market value of shares of the registrant's common stock held by non-affiliates as of June 30, 2024 was approximately $1,333,367,336.

Number of shares of the registrant's common stock outstanding at February 26, 2025 was 40,127,908.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement relating to the 2025 annual meeting of stockholders (the "2025 Proxy Statement"), which will be filed within 120 days of December 31, 2024, are incorporated by reference into Part III of this Form 10-K.

EXPLANATORY NOTE

Skyward Specialty Insurance Group, Inc., a Delaware corporation, together with its subsidiaries, where applicable, the "Company," which may also be referred to as "we," "us" or "our," filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2024 on March 3, 2025 (the "Original Form 10-K") which was amended by Amendment No. 1 to the Original Form 10-K filed on August 7, 2025 ("Amendment No. 1" and, together with the Original Form 10-K, the "Form 10-K"). The Company is filing this Amendment No. 2 on Form 10-K/A ("Amendment No. 2") solely to amend Part II, Item 8, "Reports of Independent Registered Public Accounting Firm" of the Form 10-K to correct typographical errors in Ernst & Young LLP's ("EY") opinion on internal control over financial reporting and opinion on the financial statements which inadvertently contained the incorrect dates. Both opinions have been reverted back to March 3, 2025, the date of the opinion in the Original Form 10-K.

Pursuant to Rule 12b-15 promulgated under the Securities Exchange Act, as amended (the "Exchange Act"), we have included the entire text of Item 8 of the Form 10-K in this Amendment No. 2. However, there have been no changes made to the text of such item other than the changes stated in the immediately preceding paragraph. As required by Rule 12b-15 under the Exchange Act, new certifications by our principal executive officer and principal financial officer are being filed as Exhibits 31.1, 31.2 and 32.1 to this Amendment No. 2. A new consent of EY also is being filed as Exhibit 23.1.

Except as otherwise expressly noted, this Amendment No. 2 does not modify or update in any way (i) the consolidated financial position, the results of operations or cash flows of the Company, or (ii) the disclosures in or exhibits to the Form 10-K; nor does it reflect events occurring after the filing of the Form 10-K. Among other things, forward-looking statements made in the Form 10-K have not been revised to reflect events that occurred or facts that became known to us after the filing of the Form 10-K, and such forward-looking statements should be read in their historical context. Furthermore, this Amendment No. 2 should be read in conjunction with the Form 10-K and any subsequent filings with the U.S. Securities and Exchange Commission.

Item 8. Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Skyward Specialty Insurance Group, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Skyward Specialty Insurance Group, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Skyward Specialty Insurance Group, Inc. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness that existed as of December 31, 2024, related to the ineffective implementation of information technology general controls ("ITGCs") in the area of user access for systems that support the Company's financial reporting processes. Further, the Company's related process-level IT dependent manual and automated controls that rely upon the affected ITGCs, or information coming from IT systems with affected ITGCs, were also deemed ineffective.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and financial statement schedules listed in the Index at Item 15(a). This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated March 3, 2025, which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Houston, Texas
March 3, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Skyward Specialty Insurance Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Skyward Specialty Insurance Group, Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and financial statement schedules listed in the Index at Item 15 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 3, 2025 expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Valuation of Reserves for Unpaid Losses and Loss Adjustment Expenses

Description of the Matter

At December 31, 2024, the Company's reserves for unpaid losses and loss adjustment expenses (LAE) was $1.8 billion, of which a significant portion represents incurred but not reported reserves (IBNR). As described in Note 1 of the consolidated financial statements, the reserves for unpaid losses and LAE represents the Company's estimated ultimate cost of all unreported and reported but unpaid insured claims and the cost to adjust the losses that have been incurred as of the balance sheet date. The Company estimates the reserves for unpaid losses and LAE using individual case-basis valuations of reported claims and statistical analyses and various actuarial procedures. Those estimates are based on historical information, industry and peer group information, and estimates of trends in factors such as loss severity, loss frequency, and other factors such as inflation.

Auditing management's estimate of reserves for unpaid losses and LAE, including IBNR, was complex and involved our actuarial specialists due to the significant estimation uncertainty associated with evaluating management's methods and assumptions including loss development factors, expected loss ratios, and trends applied to the Company's historical experience. These assumptions have a significant effect on the valuation of IBNR reserves.

How We Addressed the Matter in Our Audit

With the assistance of actuarial specialists, our audit procedures to test the Company's reserves for unpaid losses and LAE included, among others, an evaluation of the selection of the actuarial methods utilized by management, including comparison with the actuarial methods used in prior periods and those used in the industry. In addition, we evaluated the assumptions used in the actuarial methods, by comparing the significant assumptions, including loss development factors, expected loss ratios, and trends to the Company's historical experience and current industry benchmarks and trends. We developed an independent range of reserve estimates and compared the range of reserve estimates to management's best estimate for unpaid losses and LAE. We also performed a review of the development of prior year reserve estimates.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 2021.
Houston, Texas
March 3, 2025

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

($ in thousands, except share and per share amounts)	December 31, 2024	December 31, 2023
Assets		
Investments:		
Fixed maturity securities, available-for-sale, at fair value (amortized cost of $1,320,266 and $1,047,713, respectively)	**$ 1,292,218**	$ 1,017,651
Fixed maturity securities, held-to-maturity, at amortized cost (net of allowance for credit losses of $243 and $329, respectively)	**39,153**	42,986
Equity securities, at fair value	**106,254**	118,249
Mortgage loans, at fair value	**26,490**	50,070
Equity method investments	**98,594**	110,653
Other long-term investments	**33,182**	3,852
Short-term investments, at fair value	**274,929**	270,226
Total investments	**1,870,820**	1,613,687
Cash and cash equivalents	**121,603**	65,891
Restricted cash	**35,922**	34,445
Premiums receivable, net	**321,641**	179,235
Reinsurance recoverables, net	**857,876**	596,334
Ceded unearned premium	**203,901**	186,121
Deferred policy acquisition costs	**113,183**	91,955
Deferred income taxes	**30,486**	21,991
Goodwill and intangible assets, net	**87,348**	88,435
Other assets	**86,698**	75,341
Total assets	**$ 3,729,478**	$ 2,953,435
Liabilities and stockholders' equity		
Liabilities:		
Reserves for losses and loss adjustment expenses	**$ 1,782,383**	$ 1,314,501
Unearned premiums	**637,185**	552,532
Deferred ceding commission	**40,434**	37,057
Reinsurance and premium payables	**177,070**	150,156
Funds held for others	**102,665**	58,588
Accounts payable and accrued liabilities	**76,206**	50,880
Notes payable	**100,000**	50,000
Subordinated debt, net of debt issuance costs	**19,536**	78,690
Total liabilities	**2,935,479**	2,292,404
Stockholders' equity		
Common stock, $0.01 par value, 500,000,000 shares authorized, 40,127,908 and 39,863,756 shares issued and outstanding, respectively	**401**	399
Additional paid-in capital	**718,598**	710,855
Stock notes receivable	**—**	(5,562)
Accumulated other comprehensive loss	**(22,120)**	(22,953)
Retained earnings (accumulated deficit)	**97,120**	(21,708)
Total stockholders' equity	**793,999**	661,031
Total liabilities and stockholders' equity	**$ 3,729,478**	$ 2,953,435

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

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

($ in thousands, except share and per share amounts)	Years Ended December 31,		
	2024	2023	2022
Revenues:			
Net earned premiums	**$ 1,056,722**	$ 829,143	$ 615,994
Commission and fee income	**6,703**	6,064	5,199
Net investment income	**80,686**	40,322	36,931
Net investment gains (losses)	**6,256**	11,072	(15,705)
Other (loss) income	**(167)**	(632)	1
Total revenues	**1,150,200**	885,969	642,420
Expenses:			
Losses and loss adjustment expenses	**669,809**	515,237	402,512
Underwriting, acquisition and insurance expenses	**311,757**	243,444	182,171
Interest expense	**9,496**	10,024	6,407
Amortization expense	**2,007**	1,798	1,547
Other expenses	**4,392**	5,364	—
Total expenses	**997,461**	775,867	592,637
Income before income taxes	**152,739**	110,102	49,783
Income tax expense	**33,911**	24,118	10,387
Net income	**118,828**	85,984	39,396
Net income attributable to participating securities	**—**	1,677	18,879
Net income attributable to common stockholders	**$ 118,828**	$ 84,307	$ 20,517
Comprehensive income			
Net income	**$ 118,828**	$ 85,984	$ 39,396
Other comprehensive income (loss):			
Unrealized gains and losses on investments:			
Net change in unrealized gains (losses) on investments, net of tax	**9,792**	25,516	(48,545)
Reclassification adjustment for (losses) gains on securities no longer held, net of tax	**(8,959)**	(4,984)	420
Total other comprehensive income (loss)	**833**	20,532	(48,125)
Comprehensive income (loss)	**$ 119,661**	$ 106,516	$ (8,729)
Per share data:			
Basic earnings per share	**$ 2.97**	$ 2.34	$ 1.24
Diluted earnings per share	**$ 2.87**	$ 2.24	$ 1.21
Weighted-average common shares outstanding			
Basic	**40,056,475**	36,031,907	16,568,393
Diluted	**41,377,460**	38,317,534	32,653,194

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

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

($ in thousands, except share amounts)	**2024**	2023	2022
	Years Ended December 31,		
Preferred shares:			
Balance at beginning of year	**—**	1,969,660	1,969,660
Preferred stock conversion to common shares	**—**	(1,969,660)	—
Balance at December 31	**—**	—	1,969,660
Common shares:			
Balance at beginning of year	**39,863,756**	16,599,666	16,533,620
Issuance of shares	**264,152**	6,958,977	66,046
Preferred stock conversion to common shares	**—**	16,305,113	—
Balance at December 31	**40,127,908**	39,863,756	16,599,666
Preferred stock:			
Balance at beginning of year	**$ —**	$ 20	$ 20
Preferred stock conversion to common shares	**—**	(20)	—
Balance at December 31	**$ —**	$ —	$ 20
Common stock:			
Balance at beginning of year	**$ 399**	$ 168	$ 168
Issuance of common stock	**2**	22	—
Preferred stock conversion to common shares	**—**	161	—
Proceeds from equity offerings, net	**—**	48	—
Balance at December 31	**$ 401**	$ 399	$ 168
Treasury stock:			
Balance at beginning of year	**$ —**	$ (2)	$ (2)
Preferred stock conversion to common shares	**—**	2	—
Balance at December 31	**$ —**	$ —	$ (2)
Additional paid-in capital:			
Balance at beginning of year	**$ 710,855**	$ 577,289	$ 575,159
Issuance of common stock	**7,743**	9,213	2,130
Preferred stock conversion to common shares	**—**	(143)	—
Proceeds from equity offerings, net	**—**	124,496	—
Balance at December 31	**$ 718,598**	$ 710,855	$ 577,289
Stock notes receivable:			
Balance at beginning of year	**$ (5,562)**	$ (6,911)	$ (9,092)
Employee equity transactions	**5,562**	1,349	2,181
Balance at December 31	**$ —**	$ (5,562)	$ (6,911)
Accumulated other comprehensive loss:			
Balance at beginning of year	**$ (22,953)**	$ (43,485)	$ 4,640
Other comprehensive income (loss), net of tax	**833**	20,532	(48,125)
Balance at December 31	**$ (22,120)**	$ (22,953)	$ (43,485)
Retained earnings (accumulated deficit):			
Balance at beginning of year	**$ (21,708)**	$ (105,417)	$ (144,813)
Cumulative effect on adoption of ASU No. 2016-13	**—**	(2,275)	—
Net income	**118,828**	85,984	39,396
Balance at December 31	**$ 97,120**	$ (21,708)	$ (105,417)
Total stockholders' equity	**$ 793,999**	$ 661,031	$ 421,662

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

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

($ in thousands)	**Years Ended December 31,**		
	2024	2023	2022
Cash flows from operating activities			
Net income	**$ 118,828**	$ 85,984	$ 39,396
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Net investment (gains) losses	**(6,256)**	(11,072)	15,705
Depreciation and amortization expense	**3,358**	3,891	4,097
Stock-based compensation expense	**9,395**	8,525	2,287
Undistributed loss (earnings) from long-term investments	**(6,338)**	6,730	(16,032)
Deferred income tax, net	**(8,708)**	9,383	10,267
Changes in operating assets and liabilities:			
Premiums receivable, net	**(142,406)**	(40,020)	(27,057)
Reinsurance recoverables, net	**(261,542)**	(17,270)	(45,032)
Ceded unearned premium	**(17,780)**	(28,476)	(19,672)
Deferred policy acquisition costs	**(21,228)**	(23,017)	(9,482)
Federal income taxes	**4,500**	(1,892)	—
Losses and loss adjustment expenses	**467,882**	172,744	162,208
Unearned premiums	**84,653**	110,023	79,221
Deferred ceding commission	**3,377**	7,208	(651)
Reinsurance and premium payables	**26,914**	36,460	(6,223)
Funds held for others	**44,077**	21,730	7,271
Accounts payable and accrued liabilities	**19,177**	2,285	7,583
Other, net	**(12,788)**	(5,029)	5,052
Net cash provided by operating activities	**305,115**	338,187	208,938
Cash flows from investing activities:			
Purchase of fixed maturity securities, available-for-sale	**(617,606)**	(459,672)	(268,781)
Purchase of illiquid investments	**(75)**	(1,675)	(4,873)
Purchase of equity securities	**(14,077)**	(26,009)	(53,548)
Purchase of equity method investments	**(32,173)**	—	—
Purchase of intangible assets	—	(50)	—
Investment in direct and indirect loans	**27,480**	2,984	(9,767)
Purchase of property and equipment	**(4,224)**	(3,108)	(2,325)
Proceeds from the sales of fixed maturity securities, available-for-sale	**217,468**	26,626	13,964
Maturities, calls, transfers and paydowns of fixed maturity securities, available-for-sale	**122,694**	48,957	44,500
Maturities, calls and paydowns of fixed maturity securities held-to-maturity	**6,015**	11,444	—
Proceeds from the sales of equity securities	**37,534**	40,201	37,177
Sales of and distributions from equity method and other long-term investments	**14,073**	3,572	3,421
Change in short-term investments	**(4,799)**	(149,068)	43,120
Change in receivable/payable for securities	**34**	76	529
Cash provided by deposit accounting	**3,962**	11,913	3,202
Net cash used in investment activities	**(243,694)**	(493,809)	(193,381)
Cash flows from financing activities:			
Employee share purchases	**—**	1,350	2,180
Repayment of stock notes receivable	**5,562**	—	—
Proceeds from long term borrowings	**107,000**	50,000	—
Payments on long term borrowings and trust preferred	**(116,794)**	(50,000)	—
Proceeds from initial public offering	**—**	129,597	—
Net cash (used in) provided by financing activities	**(4,232)**	130,947	2,180
Net increase (decrease) in cash and cash equivalents and restricted cash	**57,189**	(24,675)	17,737
Cash and cash equivalents and restricted cash at beginning of period[1]	**100,336**	125,011	107,274
Cash and cash equivalents and restricted cash at end of period[1]	**$ 157,525**	$ 100,336	$ 125,011
Supplemental disclosure of cash flow information:			
Cash paid for interest	**$ 8,573**	$ 10,667	$ 5,761
Cash paid for federal income taxes	**$ 36,980**	$ 15,800	$ —

[1] The sum of cash and cash equivalents and restricted cash from the consolidated balance sheets

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

1. Summary of Significant Accounting Policies

A. Description of Business

Skyward Specialty Insurance Group, Inc. (the "Company"), an insurance holding company, is a Delaware corporation that was organized in 2006. It is a specialty insurance company operating in one segment delivering commercial property and casualty products insurance coverages through its underwriting divisions.

The Company has four wholly owned insurance company subsidiaries based in the United States:

- Great Midwest Insurance Company ("GMIC") underwrites insurance on an admitted basis and is a certified surety bond company listed with the U.S. Department of the Treasury.
- Houston Specialty Insurance Company ("HSIC"), a subsidiary of GMIC, underwrites insurance on a non-admitted basis.
- Imperium Insurance Company ("IIC"), a subsidiary of HSIC, underwrites insurance on an admitted basis.
- Oklahoma Specialty Insurance Company ("OSIC"), a subsidiary of IIC, underwrites insurance on a non-admitted basis.

The Company has a wholly owned captive reinsurance company subsidiary, Skyward Re, that is domiciled in the Cayman Islands and assumed net reserves for certain divisions, related to a retroactive reinsurance contract, from the Company's insurance companies and retroceded the net reserves to a third-party reinsurer.

The Company has three non-risk bearing wholly owned subsidiaries, (i) Skyward Underwriters Agency, Inc. ("SUA"),a managing general insurance agent and reinsurance broker for property and casualty risks in specialty niche markets, (ii) Skyward Service Company an entity which provides various administrative services to the Company's subsidiaries, and (iii) Skyward Specialty No. 1 Limited, a Lloyd's corporate member authorized to invest in Lloyd's syndicates.

B. Basis of Presentation

The Company's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"), which differ in some respects from those followed in reports to insurance regulatory authorities. The consolidated financial statements include the accounts of the holding company and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

The preparation of the consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. The Company's actual results could differ from those estimates.

C. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and fixed maturity securities with original maturities of three months or less. The carrying value of the Company's cash and cash equivalents approximates fair value.

D. Restricted Cash

Cash with a legal restriction on withdrawal or use by the consolidated group is recorded as restricted cash. The carrying value of the Company's restricted cash approximates fair value.

SUA collects premiums from clients, and after deducting commissions and any applicable fees, remits these premiums to the Company's insurance companies, or to third-party insurance companies. SUA holds unremitted insurance premiums in a fiduciary capacity to third-party insurance companies, as restricted cash.

The Company is required by state regulations to maintain assets on deposit with certain states and hold cash as collateral for certain reinsurance balances. Cash held in a depository account for others, or restricted by a state, is recorded as restricted cash.

1. Summary of Significant Accounting Policies (continued)

E. Investments

Available for Sale

Investments in fixed maturities that are classified as available-for-sale are carried at fair value. For available-for-sale fixed maturities in an unrealized loss position, the Company first determines whether there is an intent to sell the security or if it is more likely than not that the Company will be required to sell the security before maturity or recovery of its cost basis. If either of these criteria are met, the amortized cost of the security is written down to fair value with the losses recognized in net investment gains on the consolidated statements of operations. If neither of the these criteria are met, the Company determines whether unrealized losses are due to credit-related factors. If the unrealized losses are due to credit-related factors, an allowance for credit losses is determined using a present value of cash flows compared to the amortized cost of the security.

The allowance for credit losses is limited to the amount by which fair value is below amortized cost. Changes in the allowance for credit losses are recognized in net investment income on the consolidated statements of operations. Credit losses that are limited by the fair value of the security are recognized in stockholders' equity, net of taxes, as a component of accumulated other comprehensive loss. Unrealized losses that are not credit-related continue to be recognized in stockholders' equity, net of taxes, as a component of accumulated other comprehensive loss.

Held to maturity

Investments in fixed maturity securities that are held-to-maturity are carried at amortized cost net of an allowance for credit losses. The allowance for credit losses represents the current estimate of expected credit losses. The Company develops a historical loss rate from Moody's multi-year cumulative loss rates for asset backed securities. The historical loss rate is adjusted for current conditions and reasonable and supportable forecasts. Changes in the allowance for credit losses are recognized in net investment income on the consolidated statements of operations.

Equity securities with a readily determinable fair value

Equity securities consists of common stock or preferred stock. Mutual funds, including those that invest mostly in debt securities, are classified as equity securities. Investments in equity securities with a readily determinable fair value are carried on the balance sheet at fair value using quoted market prices. Changes in the carrying value of equity securities are included in net investment (losses) gains within the consolidated statements of operations.

*Mortgage loan*s

Investments in mortgage loans are classified as held for investment and carried on the balance sheet at cost adjusted for unamortized premiums, discounts and loan fees. When an amount is determined to be uncollectible, the Company writes off the uncollectible amount in the period it was determined to be uncollectible. Interest on the loans is recognized as interest receivable which the Company includes in other assets on the consolidated balance sheet.

The Company elected the fair value option in accounting for mortgage loans effective January 1, 2023 as targeted transition relief from the adoption of ASU 2016-13. Under the fair value option, mortgage loans are measured at fair value, and changes in unrealized gains and losses on mortgage loans are reported in net investment (losses) gains on the consolidated statements of operations. Interest income and amortization continue to be recognized in net investment income on the consolidated statements of operations.

Equity method investments

Equity method investments include investments in equity and equity securities of non-public entities and indirect investments in loans and loan collateral.

The Company has equity investments in certain limited partnerships and corporations where it has significant influence but not control. The analysis of entities that are variable interest entities indicated the Company is not the primary beneficiary, and would not have to consolidate these entities. Equity method is used to account for these investments in unconsolidated subsidiaries. Under the equity method, initial investment is recorded at cost and is subsequently adjusted based on its proportionate share of distributions and net income or loss of the equity method investee. The difference between the cost of an investment and its proportionate share of the underlying equity in net assets recorded on the investee's books is a component of investment income. The Company amortizes the difference as an adjustment to its pro-rata share of equity method income over the useful life which is based on the underlying asset.

1. Summary of Significant Accounting Policies (continued)

The Company does not have significant influence in its investments in equity securities of non-public entities. When these securities do not have a readily determinable fair value, the Company carries these investments at cost, minus impairment, if any, and changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer.

Investments in indirect collateralized loans and loan collateral are held through and accounted for as an ownership interest in an unconsolidated subsidiary. The Company's ownership interests in unconsolidated subsidiaries consists of investments in entities such as partnerships, joint ventures, and special purpose investment vehicles. The Company has significant influence, but not control of these unconsolidated subsidiaries and uses the equity method to account for these investments.

Other long-term investments

Other long-term investments consist of an investment in a limited partnership held at net asset value ("NAV") and other long-term investment securities.

Short-Term Investments

Short-term investments consist primarily of money market funds and are carried at cost which approximates fair value.

Net Investment Income and Net Realized Gains and Losses

Net investment income consists of interest, dividends and equity in earnings (losses) of unconsolidated subsidiaries net of investment expenses such as investment management expenses. Interest income is recognized on the accrual basis, and dividends as earned at the ex-dividend date. Interest income on mortgage-backed and other asset-backed securities is recognized using the effective-yield method based on estimated principal repayments. Included in interest income is the amortization of premium and accretion of discounts on debt securities.

Net realized gains and losses on investments are recognized in net income based upon the specific identification method.

F. Reinsurance

Reinsurance Accounting

In the normal course of business, the Company purchases prospective reinsurance for certain lines of business on a proportional, excess of loss and facultative basis. Proportional reinsurance requires the Company to share the losses and expenses with the reinsurer in exchange for a share of the premiums. Excess of loss reinsurance shares losses, either a proportion of or in its entirety, above a certain dollar threshold, in exchange for a negotiated cost. Facultative reinsurance covers specific risks and/or policies on either a proportional or excess of loss basis.

Ceded unearned premium and reinsurance balances recoverable—on paid and unpaid losses and settlement expenses—are reported separately as assets, instead of netting them with the related liabilities, since reinsurance does not relieve the Company of its legal liability to its policyholders. Reinsurance on unpaid losses and settlement expenses represent estimates of the portion of the liabilities recoverable from reinsurers. On the Consolidated Statements of Operations, net earned premiums, losses and loss adjustment expenses, net and underwriting, acquisition and insurance expenses are presented net of reinsurance ceded.

The Company purchases retroactive reinsurance on certain lines of business in the form of loss portfolio transfers ("LPT") and adverse development covers. These contracts provide indemnification of losses related to past loss events where the reinsurer shares losses, either a proportion of or in its entirety, depending on certain dollar thresholds. Income generated from retroactive reinsurance contracts is deferred and amortized into net income over the settlement period and losses are charged to net income immediately. Subsequent changes in the measurement of the retroactive reinsurance contract are accounted for under a full retrospective method.

Deposit Accounting

Certain ceded reinsurance contracts, which management determines do not transfer significant insurance risk, are accounted for using the deposit method of accounting. The evaluation of the transfer of significant insurance risk involves an assessment of both timing risk and underwriting risk. Management may determine that a reinsurance contract does not transfer significant insurance risk if either underwriting risk or timing risk or both are not deemed to have been transferred. For those contracts that transfer only significant timing risk and do not transfer sufficient underwriting risk, a deposit asset

1. Summary of Significant Accounting Policies (continued)

is recorded equal to the initial cash outflow under the contract, which will then be offset by cash inflows received from the reinsurers. To the extent cash outflows are expected to differ from expected cash inflows, an accretion rate is established at inception of the contract based on actuarial estimates whereby the deposit accounting asset is increased/decreased to the estimated amount receivable over the contract term. The accretion of the deposit is based on the expected rate of return implied from the estimated cash inflows and outflows under the contract.

Periodically, the Company reassesses the estimated ultimate receivable and the related expected rate of return on the deposit asset. The accretion of the deposit asset, including any changes in accretion resulting from changes in estimated cash flows, are reflected as part of investment income in the Company's results of operations. Several reinsurance contracts require deposit accounting treatment due to not transferring sufficient underwriting risk. There were no reinsurance contracts that require deposit accounting treatment due to not transferring sufficient timing risk.

Reinsurance Recoverables

Reinsurance recoverables are carried net of an allowance for credit losses. The allowance for credit losses represents the current estimate of expected credit losses. The Company develops a historical loss rate using the A.M. Best impairment rate and rating transition study which provides historical loss data of similarly rated reinsurance companies based on the expected duration of the receivables. The historical loss rate is adjusted for current conditions, reasonable and supportable forecasts and consideration of current economic conditions. Changes in the allowance for credit losses are recognized in underwriting, acquisition and insurance expenses on the consolidated statements of operations.

Reinsurance does not relieve the Company of its legal liability to its policyholders. The Company continuously monitors the financial condition of its reinsurers. As part of its monitoring efforts, the Company reviews the reinsurers' annual financial statements. The Company also reviews insurance industry developments that may impact the financial condition of its reinsurers.

The Company analyzes the credit risk associated with its reinsurance recoverables by monitoring the financial strength rating of its reinsurers from A.M. Best. It also assesses the adequacy of collateral obtained, where applicable. Should its reinsurers fail to fulfill their obligations, the Company has access to collateral from various reinsurers. As of December 31, 2024 and 2023, reinsurance collateral from reinsurers was $337.0 million and $257.5 million, respectively.

Reinsurance recoverables present potential exposures to individual reinsurers. Everest Reinsurance Co. and eMaxx Captives represented 18.0% and 16.8%, respectively, of the Company's reinsurance recoverable balances at December 31, 2024, and 20.4% and 20.4%, respectively, at December 31, 2023, and were the only reinsurers that represented 10% or more of the Company's reinsurance recoverable balances. Everest Reinsurance Co's financial strength rating from A.M. Best was A+ at December 31, 2024 and 2023 and eMaxx Captives was not rated by A.M. Best at December 31, 2024 and 2023.

G. Concentration of Credit Risk

Other than reinsurance recoverables, financial instruments that potentially subject us to concentrations of credit risk are primarily cash and cash equivalents, restricted cash, investments and premiums receivable.

Cash equivalents and short-term investments include U.S. government securities and money market funds. Investments are diversified throughout many industries and geographic regions. The Company limits the amount of credit exposure with any one financial institution or issuer and believes no significant concentration of credit risk exists with respect to cash and investments. As of December 31, 2024 and 2023, outstanding premiums receivable are generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across many different lines of business and geographic regions. Failure by distribution sources to remit premiums could result in premium write-offs and a corresponding loss of income.

H. Deferred Policy Acquisition Costs

Policy acquisition costs consist of commissions and premium taxes that vary with and are directly related to the successful production of new or renewal business. The Company defers policy acquisition costs and related ceding commissions and charges or credits them to earnings in proportion with the premium earned over the life of the policy.

A premium deficiency is recognized if the sum of expected losses, loss adjustment expenses, and unamortized acquisition costs exceed its related unearned premiums. The Company first recognizes a premium deficiency by charging any unamortized acquisition costs to expense to the extent required to eliminate the deficiency. If its premium deficiency is

greater than unamortized acquisition costs, it accrues a liability for the excess deficiency. Anticipated investment income is considered in the determination of premium deficiencies. Management performed an analysis and determined no premium deficiency existed as of December 31, 2024 and 2023.

I. Goodwill and Intangible Assets

Goodwill and intangible assets are recorded as a result of a business combination. Goodwill represents the excess of the purchase price over the fair value of the assets acquired and liabilities assumed. The Company reviews its purchase price allocation up to one year subsequent to an acquisition and may make adjustments within the one-year period. The Company amortizes identifiable intangible assets with a finite useful life over the period that the intangible asset is expected to contribute directly or indirectly to its future cash flows; however, it does not amortize indefinite lived intangible assets.

The Company reviews goodwill and identifiable intangible assets for recoverability annually in the fourth quarter or on an interim basis should events or changes in circumstances indicate that a carrying amount may not be recoverable. Based upon this review, the Company did not have any goodwill impairment for the years ended December 31, 2024 and 2023.

J. Property and Equipment

Property and equipment, which is included in other assets on the consolidated balance sheets, is recorded at cost less accumulated depreciation. Depreciation expense is recognized on a straight-line basis for financial statement purposes over periods ranging from three to seven years.

K. Leases

Right-of-use (ROU) assets are included in other assets and lease liabilities are included in accounts payable and accrued liabilities on the consolidated balance sheets. For operating leases, the Company determines if a contract contains a lease at inception and recognizes the operating lease ROU assets and lease liabilities based on the present value of the future minimum lease payments at the commencement date. As the Company does not have the interest rate implicit in its leases, it uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments.

Lease agreements may include options to extend or terminate. The options are exercised at the Company's discretion and are included in operating lease liabilities if it is reasonably certain the option will be exercised. Lease agreements have lease and non-lease components, which are accounted for as a single lease component. Operating lease cost for future minimum lease payments is recognized on a straight-line basis over the lease term. Sublease income is recognized on a straight-line basis over the sublease term.

L. Reserves for Losses and Loss Adjustment Expenses

The reserves for unpaid losses and loss adjustment expenses ("LAE") represents the Company's estimated ultimate cost of all unreported and reported but unpaid insured claims and the cost to adjust the losses that have been incurred as of the balance sheet date. We estimate the reserves using individual case-basis valuations of reported claims and statistical analyses and various actuarial procedures. Those estimates are based on our historical information, industry and peer group information and our estimates of future trends in variable factors such as loss severity, loss frequency and other factors such as inflation. We regularly review our estimates and adjust them as necessary as experience develops or as new information becomes known to us. Additionally, during the loss settlement period, it often becomes necessary to refine and adjust the estimates of liability on a claim either upward or downward. Even after such adjustments, the ultimate liability may exceed or be less than the revised estimates. Accordingly, the ultimate settlement of losses and the related LAE may vary significantly from the estimate included in our financial statements. If actual liabilities do exceed recorded amounts, there will be an adverse effect. Furthermore, we may determine that recorded reserves are more than adequate to cover expected losses, which would lead to a reduction in our reserves.

M. Premiums

The Company earns and recognizes property and casualty and surety premiums on a pro-rata basis over the terms of the policies. The Company earns accident and health premiums as billed, based on census data. Gross premiums written are reduced by ceded premiums from proportional, facultative and excess of loss reinsurance costs for prospective reinsurance. Its premiums receivable includes deferred premiums, which represent installment payments the Company is due from insureds under the payment terms of their policies.

1. Summary of Significant Accounting Policies (continued)

Premiums receivable are carried net of an allowance for credit losses. The allowance for credit losses represents the current estimate of expected credit losses. The Company develops a historical loss rate using historical write-offs and aging of receivables. This historical loss rate is adjusted for current conditions, reasonable and supportable forecasts and our ability to cancel coverage on a policy after premium is considered past due. Changes in the allowance for credit losses are recognized in underwriting, acquisition and insurance expenses on the consolidated statements of operations.

Unearned premiums represent the portion of gross premiums written which is applicable to the unexpired terms of insurance policies or reinsurance contracts in force. Ceded unearned premiums represent the portion of ceded premiums written which is applicable to the unexpired terms of insurance policies or reinsurance contracts in force. These unearned premiums are calculated on a pro-rata basis over the terms of the policies for direct and ceded amounts.

N. Commission and Fee Income

SUA commission revenue

SUA commission revenue is generated from the placement of insurance policies on reinsurance programs through a reinsurance broker which represents the Company's single performance obligation. Its transaction price is fixed at contract inception and based on a percentage of premiums placed. The Company recognizes 100% of the transaction price as the associated performance obligation is satisfied at the point in time a policy is placed as it has no constraints on revenue.

SUA fee income

SUA fee income is generated from the placement of insurance policies with a third-party insurance company. The Company's single performance obligation consists of the placement of the policy. Its transaction price is variable at contract inception and based on a percentage of premium based on risk factors that vary every month such as employee census data and worker roles. The Company estimates its transaction price over the life of the policy using the expected value method and recognizes revenue at the point in time the policy is placed. When there are changes in the estimate of variable consideration, it recognizes those changes in the month they occur.

O. Income Taxes

Income tax expense is accrued for the tax effects of transactions reported on the consolidated financial statements, and this provision for income taxes consists of taxes currently due plus deferred taxes resulting from temporary differences between amounts reported for financial statement and income tax purposes. A valuation allowance is established for any deferred tax asset not expected to be realized.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date.

A liability for uncertain tax positions is recorded where it is more likely-than-not that the tax position will not be sustained upon examination by the appropriate tax authority. Changes in the liability for uncertain tax positions are reflected in income tax expense in the period when a new uncertain tax position arises, judgment changes about the likelihood of an uncertainty, the tax issue is settled, or the statute of limitation expires. Any potential net interest income or expense and penalties related to uncertain tax positions are recorded on the Consolidated Statements of Operations.

The Company files a consolidated federal income tax return in the United States and certain other state tax returns. Its admitted insurance subsidiaries pay premium taxes on gross written premiums in lieu of most state income or franchise taxes. Premium tax expense is recognized within underwriting, acquisition and insurance expense on the Consolidated Statements of Operations.

P. Fair Value of Financial Instruments

Fair value is estimated for each class of financial instrument based on the framework established in the fair value accounting guidance. This guidance requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value hierarchy disclosures are based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

1. Summary of Significant Accounting Policies (continued)

As a part of management's process to determine fair value, the Company utilizes widely recognized, third-party pricing sources to determine the Company's fair values of financial instruments. The Company has obtained an understanding of the third-party pricing sources' valuation methodologies and inputs.

See Note 4 for further details regarding fair value disclosures.

Q. Stock-Based Compensation

We expense the estimated fair value of employee stock options and similar awards. We measure compensation cost for awards of equity instruments to employees based on the grant-date fair value of those awards and recognize compensation expense over the service period that the awards are expected to vest. The tax effects related to share-based payments are made through net earnings. See note 18 for further discussion and related disclosures regarding stock-based compensation.

Employee Stock Purchase Plan

The Company's employee stock purchase plan ("ESPP"), offers all employees the option to purchase common stock at a discount. The Company recognizes compensation cost on a straight-line basis over the offering period.

R. Earnings Per Share

Basic earnings per share is calculated using the two-class method. Undistributed earnings are allocated to participating securities based on the extent to which each class may share in earnings as if all the earnings for the period have been distributed. Basic earnings per share is calculated by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Common shares, when contingencies, such as vesting requirements, exist and have not been satisfied, are excluded from basic earnings per share.

The Company's preferred shares participate in dividends and distributions with common stock on an as-converted basis and represent a participating security. Instruments awarded to employees that provide the holder the right to purchase common stock at a fixed price were included as potential common shares, weighted for the portion of the period they were granted, if dilutive.

The Company's common and preferred shares financed by stock notes are contingently issuable instruments where the holder must return, all or part of, the shares if the stock notes are not paid off. These instruments are excluded from basic and diluted earnings per share when the specified conditions are not met presuming the end of the period is the end of the contingency period. The impact of the contingently issuable instruments on diluted earnings per share was calculated using the treasury stock method and included in the reconciliation of the denominator of the basic and diluted earnings per share computations for the year ended December 31, 2023. All outstanding stock notes were settled during 2024 so there was no impact to the Company's basic and diluted earnings per share computations for the year ended December 31, 2024.

Instruments that are convertible into common shares are included in diluted weighted-average common shares outstanding on an if-converted basis based on the legal conversion rate for the respective period, if dilutive. Share-based awards to employees with only service conditions are included as potential common shares, weighted for the portion of the period they are unvested, if dilutive. Share-based awards to employees with performance and service or market conditions are included as potential common shares presuming the end of the period is the end of the contingency period, if dilutive.

When inclusion of common share adjustments increases the earnings per share or reduces the loss per share, the effect on earnings is anti-dilutive, and the diluted net earnings or net loss per share is computed excluding these common share equivalents.

S. Recent Accounting Pronouncements

Recent Accounting Standards Adopted

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). ASU 2023-07 requires segment disclosures for (i) significant segment expenses that are regularly provided to the chief operating decision maker ("CODM"), (ii) how the CODM uses the reported measure(s) of segment profitability in assessing segment performance and resource allocation and (iii) the title and position of the CODM. This update states that entities with a single reportable segment are required to provide full segment disclosures. The guidance became effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. This update is applied retrospectively to all prior periods presented. The Company has added additional segment disclosures as required by ASU 2023-07, see Note 12 for the additional disclosures required by this ASU.

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures (Topic 740). ASU 2023-09 requires public companies, on an annual basis, to provide enhanced rate reconciliation disclosures, including disclosures of specific categories and additional information that meets a quantitative threshold. This update also requires public companies to, among other things, disaggregate income taxes paid by federal, state and foreign taxes. The guidance is effective for fiscal years beginning after December 15, 2024. The Company is continuing to evaluate the effect and currently does not expect the amendments will have a material impact on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, which requires disaggregated disclosure of income statement expenses for public business entities ("PBEs"). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 require a footnote disclosure about specific expenses by requiring PBEs to disaggregate, in a tabular presentation, each relevant expense caption on the face of the income statement that includes any of the following natural expenses: (1) purchases of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization, and (5) depreciation, depletion, and amortization recognized as part of oil- and gas-producing activities or other types of depletion expenses. The tabular disclosure will also include certain other expenses, when applicable. In January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03 as the first annual reporting period beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. The Company is evaluating the effect of the amendments on its consolidated financial statements.

2. Goodwill and Intangible Assets

The following tables set forth the carrying amount and changes in the balance of goodwill by reporting unit at December 31, 2024 and 2023:

($ in thousands)	Accident and Health	Surety	Industry Solutions	Other	Total
Goodwill					
Gross balance at December 31, 2023	**$ 91,577**	**$ 6,781**	**$ 10,204**	**$ 3,879**	**$ 112,441**
Accumulated impairment at December 31, 2023	**(44,821)**	**—**	**—**	**(1,886)**	**(46,707)**
Net balance at December 31, 2024	**$ 46,756**	**$ 6,781**	**$ 10,204**	**$ 1,993**	**$ 65,734**

($ in thousands)	Accident and Health	Surety	Industry Solutions	Other	Total
Goodwill					
Gross balance at December 31, 2022	$ 91,577	$ 6,781	$ 10,204	$ 3,879	$ 112,441
Accumulated impairment at December 31, 2022	(44,821)	—	—	(1,886)	(46,707)
Net balance at December 31, 2023	$ 46,756	$ 6,781	$ 10,204	$ 1,993	$ 65,734

The following tables set forth the carrying amount and changes in the balance of other intangible assets at December 31, 2024 and 2023:

($ in thousands)	Agent Relationships	Non-competes	Trademarks	Licenses	Total
Other Intangible Assets					
Gross balance at December 31, 2023	**$ 24,491**	**$ 1,117**	**$ 999**	**$ 14,019**	**$ 40,626**
Accumulated amortization at December 31, 2023	**(16,808)**	**(1,117)**	**—**	**—**	**(17,925)**
Amortization	**(1,087)**	**—**	**—**	**—**	**(1,087)**
Net balance at December 31, 2024	**$ 6,596**	**$ —**	**$ 999**	**$ 14,019**	**$ 21,614**

2. Goodwill and Intangible Assets (continued)

($ in thousands)	Agent Relationships	Non-competes	Trademarks	Licenses	Total
Other Intangible Assets					
Gross balance at December 31, 2022	$ 24,441	$ 1,117	$ 999	$ 14,019	$ 40,576
Accumulated amortization at December 31, 2022	(15,547)	(893)	—	—	(16,440)
Additions	50	—	—	—	50
Amortization	(1,261)	(224)	—	—	(1,485)
Net balance at December 31, 2023	$ 7,683	$ —	$ 999	$ 14,019	$ 22,701

The Company's indefinite lived intangible assets relate to insurance licenses and trademarks. Its finite lived intangible assets, which relate to policy renewals, agency relationships, within agent relationships, and non-compete/exclusivity agreements, within non-competes, have a weighted average useful life of approximately 15 years as of December 31, 2024.

The Company recognized approximately $1.1 million in amortization expense for the year ended December 31, 2024, and $1.5 million for the years ended December 31, 2023 and 2022. The following table sets forth the estimated future net amortization expense of intangible assets:

($ in thousands)	
Years Ending December 31,	Amount
2025	**$ 1,016**
2026	**553**
2027	**553**
2028	**553**
2029	**553**

3. Investments

The following tables set forth the amortized cost and the fair value by investment category at December 31, 2024 and December 31, 2023:

($ in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
December 31, 2024					
Fixed maturity securities, available-for-sale:					
U.S. government securities	**$ 26,577**	**$ 35**	**$ (126)**	**$ —**	**$ 26,486**
Corporate securities and miscellaneous	**433,298**	**5,618**	**(13,288)**	**—**	**425,628**
Municipal securities	**89,966**	**116**	**(5,366)**	**—**	**84,716**
Residential mortgage-backed securities	**408,585**	**1,875**	**(16,627)**	**—**	**393,833**
Commercial mortgage-backed securities	**70,262**	**545**	**(1,443)**	**—**	**69,364**
Other asset-backed securities	**291,578**	**2,447**	**(1,834)**	**—**	**292,191**
Total fixed maturity securities, available-for-sale	**$ 1,320,266**	**$ 10,636**	**$ (38,684)**	**$ —**	**$ 1,292,218**
Fixed maturity securities, held-to-maturity:					
Other asset-backed securities	**$ 39,396**	**$ —**	**$ (436)**	**$ (243)**	**$ 38,717**
Total fixed maturity securities, held-to-maturity	**$ 39,396**	**$ —**	**$ (436)**	**$ (243)**	**$ 38,717**

($ in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Loss	Allowance for Credit Losses	Fair Value
December 31, 2023					
Fixed maturity securities, available-for-sale:					
U.S. government securities	$ 44,685	$ 202	$ (721)	$ —	$ 44,166
Corporate securities and miscellaneous	392,773	6,408	(15,761)	—	383,420
Municipal securities	98,266	655	(6,143)	—	92,778
Residential mortgage-backed securities	292,568	3,556	(14,498)	—	281,626
Commercial mortgage-backed securities	31,411	449	(1,926)	—	29,934
Other asset-backed securities	188,010	1,221	(3,504)	—	185,727
Total fixed maturity securities, available-for-sale	$ 1,047,713	$ 12,491	$ (42,553)	$ —	$ 1,017,651
Fixed maturity securities, held-to-maturity:					
Other asset-backed securities	$ 43,315	$ —	$ (1,969)	$ (329)	$ 41,017
Total fixed maturity securities, held-to-maturity	$ 43,315	$ —	$ (1,969)	$ (329)	$ 41,017

3. Investments (continued)

The amortized cost and estimated fair value of fixed maturity securities, available for sale, at December 31, 2024 by contractual maturity are shown below.

($ in thousands)	Amortized Cost	Fair Value
Due in less than one year	**$ 23,332**	**$ 23,292**
Due after one year through five years	**279,144**	**273,755**
Due after five years through ten years	**197,373**	**192,929**
Due after ten years	**49,992**	**46,854**
Mortgage-backed securities	**478,847**	**463,197**
Other asset-backed securities	**291,578**	**292,191**
Total	**$ 1,320,266**	**$ 1,292,218**

Expected maturities may differ from contractual maturities because borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Also, changing interest rates, tax considerations or other factors may result in portfolio sales prior to maturity.

The Company's fixed maturity securities, held-to-maturity, at December 31, 2024 consisted entirely of asset backed securities that were not due at a single maturity date.

At December 31, 2024, the Company had U.S. government agencies mortgage-backed fixed maturity securities, with a carrying value of approximately $66.2 million pledged as collateral for a loan (the "FHLB Loan") from the Federal Home Loan Bank of Dallas ("FHLB") pursuant to an Advances and Security Agreement between the Company and FHLB (the "Advances and Security Agreement"). In accordance with the terms of the FHLB Loans, the Company retains all rights regarding these pledged securities.

At December 31, 2024, the Company had assets with fair values of approximately $28.0 million pledged as collateral for the performance obligations under reinsurance agreements. In accordance with the terms of the trust agreements, the Company retains all rights regarding these securities, of which $24.3 million are residential mortgage-backed securities, $2.2 million of short-term investments and $1.5 million of cash and cash equivalents and other assets.

3. Investments (continued)

The following tables set forth the gross unrealized losses and the corresponding fair values of investments, aggregated by length of time that individual securities had been in a continuous unrealized loss position as of December 31, 2024 and 2023:

	Less than 12 Months		12 Months or More		Total	
($ in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2024						
Fixed maturity securities, available-for-sale:						
U.S. government securities	**$ 15,938**	**$ (34)**	**$ 2,297**	**$ (92)**	**$ 18,235**	**$ (126)**
Corporate securities and miscellaneous	**136,888**	**(2,060)**	**81,232**	**(11,228)**	**218,120**	**(13,288)**
Municipal securities	**41,930**	**(1,046)**	**27,687**	**(4,320)**	**69,617**	**(5,366)**
Residential mortgage-backed securities	**201,407**	**(3,366)**	**82,496**	**(13,261)**	**283,903**	**(16,627)**
Commercial mortgage-backed securities	**9,411**	**(126)**	**13,178**	**(1,317)**	**22,589**	**(1,443)**
Other asset-backed securities	**75,119**	**(721)**	**29,851**	**(1,113)**	**104,970**	**(1,834)**
Total fixed maturity securities, available-for-sale	**480,693**	**(7,353)**	**236,741**	**(31,331)**	**717,434**	**(38,684)**
Fixed maturity securities, held-to-maturity:						
Other asset-backed securities	**2,144**	**(2)**	**36,573**	**(434)**	**38,717**	**(436)**
Total fixed maturity securities, held-to-maturity:	**2,144**	**(2)**	**36,573**	**(434)**	**38,717**	**(436)**
Total	**$ 482,837**	**$ (7,355)**	**$ 273,314**	**$ (31,765)**	**$ 756,151**	**$ (39,120)**

3. Investments (continued)

($ in thousands)	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2023						
Fixed maturity securities, available-for-sale:						
U.S. government securities	$ 7,342	$ (25)	$ 25,604	$ (696)	$ 32,946	$ (721)
Corporate securities and miscellaneous	26,742	(570)	174,947	(15,191)	201,689	(15,761)
Municipal securities	16,815	(290)	47,269	(5,853)	64,084	(6,143)
Residential mortgage-backed securities	37,634	(602)	103,495	(13,896)	141,129	(14,498)
Commercial mortgage-backed securities	4,942	(74)	15,290	(1,852)	20,232	(1,926)
Other asset-backed securities	27,887	(106)	75,253	(3,398)	103,140	(3,504)
Total fixed maturity securities, available-for-sale	121,362	(1,667)	441,858	(40,886)	563,220	(42,553)
Fixed maturity securities, held-to-maturity:						
Other asset-backed securities	—	—	41,017	(1,969)	41,017	(1,969)
Total fixed maturity securities, held-to-maturity:	—	—	41,017	(1,969)	41,017	(1,969)
Total	$ 121,362	$ (1,667)	$ 482,875	$ (42,855)	$ 604,237	$ (44,522)

The Company regularly monitors its available-for-sale fixed maturity securities that have fair values less than cost or amortized cost for signs of impairment, an assessment that requires significant management judgment regarding the evidence known. Such judgments could change in the future as more information becomes known, which could negatively impact the amounts reported. Among the factors that management considers for fixed maturity securities are the financial condition of the issuer including receipt of scheduled principal and interest cash flows, and intent to sell, including if it is more likely than not that the Company will be required to sell the investments before recovery.

As of December 31, 2024, the Company had 778 lots of fixed maturity securities in an unrealized loss position. The Company does not have an intent to sell these securities and it is not more likely than not that the Company will be required to sell these securities before maturity or recovery of its cost basis. The Company reviewed its investments at December 31, 2024 and determined that no credit impairment existed in the gross unrealized holding losses, due to the reasons discussed below:

- *U.S. government securities and municipal securities*: These securities were issued by the U.S. Treasury Department, Federal government-sponsored entities or by state and local governments. The decline in fair values was attributable to changes in interest rates and not credit quality. The Company does not intend to sell these securities and it is likely that it will not do so before their anticipated recovery. Therefore, the Company does not consider these impaired securities.
- *Corporate securities and miscellaneous*: Corporations in various industries issued these securities. The decline in fair values was attributable to changes in interest rates and not credit quality. The Company reviewed the issuers of these securities to identify any significant adverse change in financial condition, a change in the quality of credit enhancement (if any), a ratings decrease, or negative outlook assignment from a major credit rating agency, and any failure to make interest or principal payments. After these reviews, the Company determined that the decline in fair values was attributable to changes in interest rates and not credit quality. The Company does not intend to sell these securities and it is likely that it will not do so before their anticipated recovery. Therefore, the Company does not consider these impaired securities.

3. Investments (continued)

- *Residential mortgage-backed securities, commercial mortgage-backed securities, and other asset-backed securities*: The decline in fair values was attributable to changes in interest rates and not credit quality. The Company does not intend to sell these securities and it is likely that it will not do so before their anticipated recovery. Therefore, the Company does not consider these impaired securities.

The following table sets forth the components of net investment gains (losses) for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Gross realized gains			
Fixed maturity securities, available-for sale	**$ 2,662**	$ 1,042	$ 313
Equity securities	**8,062**	6,035	3,865
Other	**127**	2	36
Total	**10,851**	7,079	4,214
Gross realized losses			
Fixed maturity securities, available-for sale	**(8,161)**	(1,879)	(958)
Equity securities	**(4,132)**	(5,256)	(3,827)
Other	**(223)**	(2)	(76)
Total	**(12,516)**	(7,137)	(4,861)
Net unrealized gains (losses) on investments			
Equity securities	**7,500**	11,516	(15,058)
Mortgage loans	**421**	(386)	—
Net investment gains (losses)	**$ 6,256**	$ 11,072	$ (15,705)

The following table sets forth the proceeds from sales of available-for-sale fixed maturity securities and equity securities for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Fixed maturity securities, available-for sale	**$ 217,468**	$ 26,626	$ 13,964
Equity securities	**37,534**	40,201	37,177

The following table sets forth the components of net investment income for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Income:			
Fixed maturity securities, available-for sale	**$ 57,574**	$ 34,703	$ 18,481
Fixed maturity securities, held-to-maturity	**4,177**	4,163	5,375
Equity securities	**2,720**	3,418	3,579
Equity method investments	**2,524**	(9,434)	6,015
Mortgage loans	**5,153**	5,474	4,767
Indirect loans	**(2,400)**	(4,155)	4,846
Short-term investments and cash	**14,851**	11,392	1,498
Other	**3,000**	318	(77)
Total investment income	**87,599**	45,879	44,484
Investment expenses	**(6,913)**	(5,557)	(7,553)
Net investment income	**$ 80,686**	$ 40,322	$ 36,931

3. Investments (continued)

The following table sets forth the change in net unrealized gains (losses) on the Company's investment portfolio, net of deferred income taxes, included in other comprehensive loss for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Fixed maturity securities	**$ 1,046**	$ 25,952	$ (60,918)
Deferred income taxes	**(213)**	(5,420)	12,793
Total	**$ 833**	$ 20,532	$ (48,125)

Various state regulations require the Company to maintain cash, investment securities or letters of credit on deposit with the states in a depository account. At December 31, 2024 and 2023, cash and investment securities on deposit had carrying values of approximately $66.8 million and $65.3 million, respectively.

4. Fair Value Measurements

The Company's financial instruments include assets and liabilities carried at fair value, as well as assets and liabilities carried at cost or amortized cost but disclosed at fair value in its consolidated financial statements. In determining fair value, the market approach is generally applied, which uses prices and other relevant data based on market transactions involving identical or comparable assets and liabilities.

The Company uses data primarily provided by third-party investment managers or pricing vendors to determine the fair value of its investments. Periodic analyses are performed on prices received from third parties to determine whether the prices are reasonable estimates of fair value. The analyses include a review of month-to-month price fluctuations and, as needed, a comparison of pricing services' valuations to other pricing services' valuations for the identical security.

The Company classifies its financial instruments into the following three-level hierarchy:

Level 1 - Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 - Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following methods and assumptions were used in estimating the fair value disclosures for financial instruments in the accompanying consolidated financial statements and in these notes:

U.S. government securities, mutual funds and common stock

The Company uses unadjusted quoted prices for identical instruments in an active exchange to measure fair value which represent Level 1 inputs.

Preferred stocks, municipal securities, corporate securities and miscellaneous

The Company uses a pricing model that utilizes market-based inputs such as trades in an illiquid market for a particular security or trades in active markets for securities with similar characteristics. The model considers other inputs such as benchmark yields, issuer spreads, security terms and conditions, and other market data. These represent Level 2 fair value inputs.

Commercial mortgage-backed securities, residential mortgage-backed securities and other asset-backed securities

The Company uses a pricing model that utilizes market-based inputs that may include dealer quotes, market spreads, and yield curves. It may evaluate individual tranches in a security by determining cash flows using the security's terms and conditions, collateral performance, credit information benchmark yields and estimated prepayments. These represent Level 2 fair value inputs.

4. Fair Value Measurements (continued)

Fixed maturity securities, available for sale and equity securities classified as Level 3

The Company has corporate securities and miscellaneous, other asset-backed securities that are managed by an independent asset manager and priced by an independent pricing provider. The provider estimates the value of the securities using the discount net present value of cash flows method using an unobservable discount rate. The discount rate spread represents the risk associated with future cash flows, including inflation, opportunity cost and the time value of money. This rate represents Level 3 fair value inputs.

The following table sets forth the range of the discount rate as of December 31, 2024:

	December 31, 2024
High	**8.00 %**
Low	**5.70 %**
Weighted average	**6.60 %**

Mortgage loans

Mortgage loans have variable interest rates and are collateralized by real property. The Company determines fair value of mortgage loans using the income approach utilizing inputs that are observable and unobservable (Level 3). The unobservable input consists of the spread applied to a prime rate used to discount cash flows. The spread represents the incremental cost of capital based on the borrower's ability to make future payments and the value of the collateral relative to the loan balance and is subject to judgement and uncertainty.

The following table sets forth the range and weighted average, weighted by relative fair value, of the spread as of December 31, 2024 and December 31, 2023:

	December 31, 2024	December 31, 2023
High	**10.00 %**	9.50 %
Low	**7.00 %**	3.25 %
Weighted average	**7.93 %**	7.05 %

Investment in RedBird Capital Partners

Included in other long-term investments is an investment in a limited partnership with RedBird Capital Partners, which invests in Bishop Street Underwriters, LLC ("Bishop Street"), a managing general agent (MGA). The investment had a fair value of $28.2 million at December 31, 2024, which was determined using the net asset value. The Company employs procedures to assess the reasonableness of the fair value of the investment including obtaining and reviewing the audited financial statements. The unfunded commitment related to the investment was $24.4 million at December 31, 2024. The Company may sell its interest in the investment with the appropriate prior written notice and approval by the general partner. In accordance with Accounting Standard Codification 820-10, this investment is measured at fair value using the net asset value per share practical expedient and has not been classified in the fair value hierarchy.

4. Fair Value Measurements (continued)

The following tables set forth the Company's investments within the fair value hierarchy at December 31, 2024 and December 31, 2023:

December 31, 2024				
($ in thousands)	Level 1	Level 2	Level 3	Total
Fixed maturity securities, available-for-sale:				
U.S. government securities	**$ 26,486**	**$ —**	**$ —**	**$ 26,486**
Corporate securities and miscellaneous	**—**	**354,815**	**70,813**	**425,628**
Municipal securities	**—**	**84,716**	**—**	**84,716**
Residential mortgage-backed securities	**—**	**393,833**	**—**	**393,833**
Commercial mortgage-backed securities	**—**	**69,364**	**—**	**69,364**
Other asset-backed securities	**—**	**285,084**	**7,107**	**292,191**
Total fixed maturity securities, available-for-sale	**26,486**	**1,187,812**	**77,920**	**1,292,218**
Fixed maturity securities, held-to-maturity:				
Other asset-backed securities	**—**	**—**	**38,717**	**38,717**
Total fixed maturity securities, held-to-maturity	**—**	**—**	**38,717**	**38,717**
Equity securities:				
Common stocks	**64,251**	**—**	**—**	**64,251**
Preferred stocks	**—**	**1,164**	**—**	**1,164**
Mutual funds	**40,839**	**—**	**—**	**40,839**
Total equity securities	**105,090**	**1,164**	**—**	**106,254**
Mortgage loans	**—**	**—**	**26,490**	**26,490**
Short-term investments	**274,929**	**—**	**—**	**274,929**
Total	**$ 406,505**	**$ 1,188,976**	**$ 143,127**	**$ 1,738,608**

4. Fair Value Measurements (continued)

December 31, 2023 *($ in thousands)*	Level 1	Level 2	Level 3	Total
Fixed maturity securities, available-for-sale:				
U.S. government securities	$ 44,166	$ —	$ —	$ 44,166
Corporate securities and miscellaneous	—	383,420	—	383,420
Municipal securities	—	92,778	—	92,778
Residential mortgage-backed securities	—	281,626	—	281,626
Commercial mortgage-backed securities	—	29,934	—	29,934
Other asset-backed securities	—	185,727	—	185,727
Total fixed maturity securities, available-for-sale	44,166	973,485	—	1,017,651
Fixed maturity securities, held-to-maturity:				
Other asset-backed securities	—	—	41,017	41,017
Total fixed maturity securities, held-to-maturity:	—	—	41,017	41,017
Equity securities:				
Common stocks	67,425	—	—	67,425
Preferred stocks	—	7,358	—	7,358
Mutual funds	43,466	—	—	43,466
Total equity securities	110,891	7,358	—	118,249
Mortgage loans	—	—	50,070	50,070
Short-term investments	270,226	—	—	270,226
Total	$ 425,283	$ 980,843	$ 91,087	$ 1,497,213

The following tables set forth the changes in the fair value of instruments carried at fair value with a Level 3 measurement during the years ended December 31, 2024 and 2023:

($ in thousands)	Fixed Maturity Securities, Available-For-Sale	Mortgage Loans
Balance at December 31, 2023	**$ —**	**$ 50,070**
Total gains (losses) for the period recognized in net investment gains (losses)	**(195)**	**420**
Issuances	**—**	**649**
Settlements	**—**	**(24,649)**
Purchases	**77,979**	**—**
Sales/Disposals	**(374)**	**—**
Total unrealized gains for the period recognized in accumulated comprehensive income (loss)	**510**	**—**
Balance at December 31, 2024	**$ 77,920**	**$ 26,490**
Total gains for the period recognized in net investment gains (losses) attributable to the change in unrealized gains or losses relating to assets held as of period end	**$ —**	**$ 411**

4. Fair Value Measurements (continued)

($ in thousands)	Mortgage Loans
Balance at December 31, 2022	$ 52,842
Total losses for the period recognized in net investment gains (losses)	(385)
Issuances	27,642
Settlements	(30,029)
Balance at December 31, 2023	50,070
Total losses for the period recognized in net investment gains (losses) attributable to the change in unrealized gains or losses relating to assets held as of period end	(426)

The Company measures certain assets, including investments in indirect loans and loan collateral, equity method investments and other invested assets, at fair value on a nonrecurring basis only when they are deemed to be impaired.

In addition to the preceding disclosures on assets and liabilities recorded at fair value in the consolidated balance sheets, the Company is also required to disclose the fair values of certain other financial instruments for which it is practicable to estimate fair value. Estimated fair value amounts, defined as the quoted market price of a financial instrument, have been determined using available market information and other appropriate valuation methodologies. However, considerable judgements are required in developing the estimates of fair value where quoted market prices are not available. Accordingly, these estimates are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions or estimating methodologies may have an effect on the estimated fair value amounts.

The following methods and assumptions were used in estimating the fair value disclosures of other financial instruments:

Fixed maturity securities, held-to-maturity: Fixed maturity securities, held-to-maturity consists of senior and junior notes with target rates of return. As of December 31, 2024, the Company determined the fair value of these instruments using the income approach utilizing inputs that are unobservable (Level 3).

Notes payable: The carrying value approximates the estimated fair value for notes payable as the notes payable accrue interest at current market rates plus a spread. The Company determines fair value using the income approach utilizing inputs that are observable (Level 2).

Subordinated debt: Subordinated debt consists of the Unsecured Subordinated Notes, due May 24, 2039 and have a fixed interest rate. The Company determines the fair value of these instruments using the income approach utilizing inputs that are observable (Level 2).

The following table sets forth the Company's carrying and fair values of notes payable and subordinated debt as of December 31, 2024 and December 31, 2023:

	December 31, 2024		December 31, 2023	
($ in thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Notes payable				
FHLB Loan	**$ 57,000**	**$ 56,200**	$ —	$ —
Revolving credit facility	**$ 43,000**	**$ 43,000**	$ 50,000	$ 50,000
Notes payable	**$ 100,000**	**$ 99,200**	$ 50,000	$ 50,000
Subordinated debt				
Junior subordinated interest debentures	**$ —**	**$ —**	$ 59,186	$ 59,794
Unsecured subordinated notes	**19,536**	**20,541**	19,504	21,378
Subordinated debt, net of debt issuance costs	**$ 19,536**	**$ 20,541**	$ 78,690	$ 81,172

Other financial instruments qualify as insurance-related products and are specifically exempted from fair value disclosure requirements.

5. Mortgage Loans

The Company has invested in Separately Managed Accounts ("SMA1" and "SMA2"). As of December 31, 2024 and December 31, 2023, the Company held direct investments in mortgage loans from various creditors through SMA1 and SMA2.

The Company's mortgage loan portfolios are primarily senior loans on real estate across the U.S. The loans earn interest at a fixed spread above a prime rate, mature in approximately 2 year to 3 years from loan origination and the principal amounts of the loans range between 64% to 80% of the property's appraised value at the time the loans were made.

The following table sets forth the carrying value of the Company's mortgage loans as of December 31, 2024 and December 31, 2023:

($ in thousands)	**December 31, 2024**	December 31, 2023
Commercial	**$ 8,474**	$ 14,469
Retail	**10,032**	16,072
Hospitality	**7,984**	12,744
Industrial	**—**	6,785
	$ 26,490	$ 50,070

The following table sets forth the Company's gross investment income for mortgage loans for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Commercial	**$ 2,025**	$ 2,340	$ 1,242
Retail	**1,853**	1,853	1,255
Hospitality	**1,277**	1,034	411
Office	**—**	203	385
Multi-family	**—**	44	909
Industrial	**—**	—	565
	$ 5,155	$ 5,474	$ 4,767

The uncollectible amounts on loans, on an individual loan basis, are determined based upon consultations and advice from the Company's specialized investment manager and consideration of any adverse situations that could affect the borrower's ability to repay, the estimated value of underlying collateral, and other relevant factors. The Company writes off the uncollectible amount in the period it was determined to be uncollectible. There was no write-off for uncollectible amounts during the years ended December 31, 2024, 2023 and 2022 respectively.

As of December 31, 2024 no mortgage loans were in the process of foreclosure and there were no mortgage loans that were not producing income for the previous 12 months. As of December 31, 2023, approximately $7.1 million of mortgage loans were in the process of foreclosure and $6.8 million of mortgage loans were not producing income for the previous 12 months.

6. Equity Method Investments and Other

The following table sets forth the carrying value and ownership percentage of the Company's equity method investments as of December 31, 2024 and 2023:

($ in thousands)	**December 31, 2024**		December 31, 2023	
	Carrying Value	Ownership %	Carrying Value	Ownership %
Arena Special Opportunities Fund, LP units	**$ 34,936**	**15.3 %**	$ 41,046	16.2 %
JVM Funds LLC units	**17,229**	**10.1 %**	20,061	10.1 %
RISCOM	**5,013**	**20.0 %**	4,121	20.0 %
Hudson Ventures Fund 2 LP units	**4,967**	**2.5 %**	4,669	2.5 %
Arena SOP LP units	**1,474**	**10.9 %**	2,463	12.3 %
Brewer Lane Ventures Fund II LP units	**1,040**	**2.4 %**	560	2.5 %
Dowling Capital Partners LP units	**666**	**5.0 %**	1,708	6.2 %
	$ 65,325		$ 74,628	

The following table sets forth the components of net investment income (loss) from equity method investments for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Arena Special Opportunities Fund, LP units	**$ 2,375**	$ (2,880)	$ 3,719
RISCOM	**1,492**	884	1,471
Dowling Capital Partners LP units	**1,463**	927	502
Universa Black Swan LP units	**—**	(988)	(3,028)
Brewer Lane Ventures Fund II LP	**(110)**	(78)	—
Hudson Ventures Fund II LP units	**(153)**	170	379
Arena SOP LP units	**(989)**	(6,271)	3,042
JVM Funds LLC	**(1,554)**	(1,198)	(70)
	$ 2,524	$ (9,434)	$ 6,015

The following table sets forth the unfunded commitment of equity method investments as of December 31, 2024 and 2023:

($ in thousands)	**December 31, 2024**	December 31, 2023
Brewer Lane Ventures Fund II LP units	**$ 4,077**	$ 4,610
Hudson Ventures Fund 2 LP units	**397**	848
Dowling Capital Partners LP units	**386**	386
	$ 4,860	$ 5,844

The difference between the cost of an investment and its proportionate share of the underlying equity in net assets is allocated to the various assets and liabilities of the equity method investment. The Company amortizes the difference in net assets over the same useful life of a similar asset as the underlying equity method investment. For investment in RISCOM, a similar asset would be agent relationships. The Company amortizes this difference over a 15-year useful life.

6. Equity Method Investments and Other (continued)

The following table sets forth the Company's recorded investment in RISCOM compared to its share of underlying equity as of December 31, 2024 and 2023:

($ in thousands)	**December 31, 2024**	December 31, 2023
Investment in RISCOM:		
Underlying equity	**$ 3,756**	$ 2,620
Difference	**1,258**	1,501
Recorded investment balance	**$ 5,013**	$ 4,121

The following table sets forth the Company's recorded investment in JVM Funds LLC compared to its share of underlying equity as of December 31, 2024 and 2023:

($ in thousands)	**December 31, 2024**	December 31, 2023
Investment in JVM Funds LLC:		
Underlying equity	**$ 16,624**	$ 19,304
Difference	**605**	757
Recorded investment balance	**$ 17,229**	$ 20,061

Investment in Indirect Loans and Loan Collateral

As of December 31, 2024 and 2023, the Company held indirect investments in collateralized loans and loan collateral through SMA1 and SMA2.

The carrying value of the SMA1 and SMA2 as of December 31, 2024 and 2023 were as follows:

($ in thousands)	**December 31, 2024**	December 31, 2023
SMA1	**$ 20,296**	$ 30,816
SMA2	**12,973**	5,209
Investment in indirect loans and loan collateral	**$ 33,269**	$ 36,025

7. Allowance for Credit Losses

Premiums Receivable

The following tables set forth the changes in the allowance for expected credit losses on premiums receivable for the years ended December 31, 2024 and 2023.

($ in thousands)	Premiums Receivable, Net	Allowance for Estimated Uncollectible Premiums
Balance at December 31, 2023	**$ 179,235**	**$ 964**
Current period change for estimated uncollectible premiums		**3,235**
Write-offs of uncollectible premiums receivable		**(1,895)**
Recoveries of amounts previously written off		**128**
Balance at December 31, 2024	**$ 321,641**	**$ 2,432**

7. Allowance for Credit Losses (continued)

($ in thousands)	Premiums Receivable, Net	Allowance for Estimated Uncollectible Premiums
Balance at December 31, 2022	$ 139,215	$ 629
Cumulative effect of adoption of ASU 2016-13 at January 1, 2023		—
Current period change for estimated uncollectible premiums		748
Write-offs of uncollectible premiums receivable		(513)
Recoveries of amounts previously written off		100
Balance at December 31, 2023	$ 179,235	$ 964

Reinsurance Recoverables

The Company analyzes the credit risk associated with its reinsurance recoverables by monitoring the financial strength rating of its reinsurers from A.M. Best, a widely recognized rating agency with an exclusive insurance industry focus. The Company assesses the financial strength rating annually and throughout the year as A.M. Best provides updates on ratings and outlooks. The Company assesses the adequacy of various forms of credit enhancements such as reinsurance payables, letters of credit and funds held. The following table sets forth the Company's reinsurance recoverables net of credit enhancements by A.M. Best as of December 31, 2024:

	December 31, 2024	
A.M. Best Rating	Reinsurance Recoverables, Gross, Amortized Cost	Percent of Total
A- and above	**$ 837,807**	**97.4 %**
B++ to B+	**6,021**	**0.7**
Not rated	**16,343**	**1.9**

The Company considers reinsurance balances to be past due when they are 90 days past due. The following tables set forth the changes in the allowance for estimated uncollectible reinsurance for the years ended December 31, 2024 and 2023:

($ in thousands)	Reinsurance Recoverables, Net	Allowance for Estimated Uncollectible Reinsurance
Balance at December 31, 2023	**$ 596,334**	**$ 2,295**
Current period change for estimated uncollectible reinsurance		**13,585**
Write-offs of uncollectible reinsurance recoverables		**(13,585)**
Balance at December 31, 2024	**$ 857,876**	**$ 2,295**

($ in thousands)	Reinsurance Recoverables, Net	Allowance for Estimated Uncollectible Reinsurance
Balance at December 31, 2022	$ 581,359	**$ —**
Cumulative effect of adoption of ASU 2016-13 at January 1, 2023		2,295
Current period change for estimated uncollectible reinsurance		—
Write-offs of uncollectible reinsurance recoverables		—
Balance at December 31, 2023	$ 596,334	$ 2,295

On January 31, 2025, the Company commuted the LPT with R&Q Re (Bermuda) Ltd. ("R&Q") related to accident years 2018 and prior. The Company recognized the uncollectible reinsurance recoverable balance related to the LPT as a net increase of $13.6 million to the allowance for estimated uncollectible reinsurance, which was subsequently written-off during the year ended December 31, 2024.

8. Property and Equipment

The following table presents the components of property and equipment as of December 31, 2024 and 2023, which are included within other assets on the consolidated balance sheets.

(in thousands)	**2024**	2023
Leasehold improvements	**$ 3,056**	$ 1,892
Equipment	**4,506**	5,033
Software	**33,972**	29,189
	41,534	36,114
Accumulated depreciation	**(29,355)**	(27,044)
Total	**$ 12,179**	$ 9,070

Depreciation expense related to property and equipment was $2.9 million, $3.2 million, and $3.6 million for the years ended December 31, 2024, 2023 and 2022 respectively.

9. Leases

The Company determines if a contract contains a lease at inception and recognizes a right-of-use asset, within other assets, and lease liability, within accounts payable and accrued liabilities, based on the present value of future lease payments. In cases where its leases do not provide an implicit interest rate, the Company uses its incremental borrowing rate based on the information available on the inception date to determine the lease liability.

The Company's leases are primarily for office facilities which have been classified as operating leases. Its leases have remaining lease terms ranging from less than 1 year to 6 years, some of which include options to extend the leases. Lease expense for the years ended December 31, 2024, 2023, and 2022 was $2.1 million, $2.8 million and $2.6 million, respectively.

The following table provides information regarding the Company's leases as of December 31, 2024 and 2023:

(in thousands)	**2024**	2023
Operating lease right-of-use assets	**$ 3,135**	$ 4,905
Operating lease liabilities	**3,213**	5,228
Operating lease weighted-average remaining lease term	**4.39 years**	4.55 years
Operating lease weighted-average discount rate	**5.01 %**	3.95 %

The following table presents the Company's lease expenses for the years ended December 31, 2024, 2023 and 2022:

(in thousands)	**2024**	2023	2022
Operating lease expense	**$ 1,714**	$ 2,583	$ 2,414
Short-term lease expense	**421**	184	220
Total lease expense	**$ 2,135**	$ 2,767	$ 2,634
Operating cash outflows from operating leases	**$ 2,082**	$ 2,636	$ 2,382

9. Leases (continued)

The following table sets forth the future minimum lease payment obligations of the Company's operating leases at December 31, 2024:

(in thousands)	2024
2025	**$ 968**
2026	**779**
2027	**686**
2028	**651**
2029	**415**
Thereafter	**133**
Total future minimum operating lease payments	**$ 3,632**
Less imputed interest	**(419)**
Total operating lease liability	**$ 3,213**

10. Notes Payable & Subordinated Debt

FHLB Loan

On August 30, 2024, the Company entered into the FHLB Loan pursuant to the Advances and Security Agreement. The FHLB Loan is a 4.5-year term loan in the principal amount of $57.0 million. The FHLB Loan provides for interest-only payments during its term, with principal due in full at maturity. The interest rate is fixed over the term of the loan at 4.00%. The FHLB Loan is fully secured by a pledge of specific investment securities of HSIC. The Company used the proceeds to fund redemptions of the draws on the Revolving Credit Facility (see "Revolving Credit Facility" below for additional information regarding the redemption).

Revolving Credit Facility

The Company entered into an agreement to obtain a new unsecured revolving credit facility (the "Revolving Credit Facility") with a syndicate of participating banks during the first quarter of 2023. The Revolving Credit Facility provided the Company with up to a $150.0 million revolving credit facility and a letter of credit sub-facility of up to $30.0 million. As of December 31, 2023, the Company drew $50.0 million on the Revolving Credit Facility. During the first quarter of 2024, the Company drew an additional $50.0 million on the Revolving Credit Facility and used the proceeds to pay off the principal on its existing Debentures (defined below). On September 6, 2024, the Company redeemed $57.0 million of the draws on the Revolving Credit Facility.

Interest on the Revolving Credit Facility is payable quarterly. The interest rate on the Revolving Credit Facility is the Secured Overnight Financing Rate ("SOFR") plus a margin of between 150 and 190 basis points based on the ratio of debt to total capital and a credit spread adjustment of 10 basis points. At December 31, 2024, the six-month SOFR on the Revolving Credit Facility was 4.25%, plus a margin of 1.60%.

The Company is subject to covenants on the Revolving Credit Facility based on minimum net worth, maximum debt to capital ratio, minimum A.M. Best Rating and minimum liquidity. As of December 31, 2024, the Company was in compliance with all covenants.

Debentures

In May 2019, the Company entered into an agreement to issue unsecured subordinated notes (the "Notes") with an aggregate principal amount of $20.0 million. Interest on the Notes is fixed at 7.25% for the first 8 years and fixed at 8.25% thereafter. Early retirement of the debt ahead of 8 year commitment requires all interest payments to be paid in full as well as the return of outstanding principal. Principal is due at maturity on May 24, 2039 and interest is payable quarterly. The Notes have junior priority to all previously issued debt. The Company reports debt related to the Notes in its December 31, 2024 and 2023 consolidated balance sheets, net of debt issuance costs of approximately $0.5 million. These deferred financing costs are presented as a direct deduction from the carrying amount of the subordinated debt.

In August 2006, the Company received $58.0 million of proceeds from a debenture offering through a statutory trust, Delos Capital Trust (the "Trust"). The sole asset of the Trust consists of Fixed/Floating Rate Junior Subordinated Deferrable Interest Debentures (the "Debentures") with a principal amount of $59.8 million issued by the Company and

10. Notes Payable & Subordinated Debt (continued)

cash of $1.8 million from the issuance of Trust common shares purchased by the Company equal to 3% of the Trust capitalization. On March 15, 2024, the Company redeemed the Debentures and paid $1.4 million of accrued interest.

11. Stockholders Equity

Reverse Stock Split

On September 23, 2022, the Board of Directors approved a 4-for-1 reverse stock split of the Company's common stock. The reverse stock split became effective January 3, 2023. All share and per share information included in the accompanying consolidated financial statements and notes to the consolidated financial statements have been retroactively adjusted to reflect the reverse stock split of common stock for all periods presented.

Initial Public Offering

The Company completed its initial public offering ("IPO") on January 18, 2023 with 4,750,000 shares offered by the Company at a price of $15.00 per share. The Company's net proceeds from the IPO were approximately $62.0 million, after deducting underwriting discounts and specific incremental expenses directly attributable to the IPO.

Upon the closing of its IPO, the Company filed an amended and restated certificate of incorporation which, among other things, increased the number of authorized shares consisting of 500,000,000 shares of common stock, par value $0.01 per share, and 10,000,000 shares of preferred stock, par value $0.01 per share.

Preferred Shares Conversion

The Preferred Shares had preference in liquidation over common stock in the amount of the face value of $50.00 per share and any declared but unpaid dividends to related common shares at the applicable conversion rate. The Preferred Shares provided the holder the option at any time to convert the Preferred Shares into common stock based on the Option Conversion Rate.

The Preferred Shares were subject to mandatory conversion upon the closing of an IPO at the Mandatory Conversion Rate. At December 31, 2022, the Mandatory Conversion Rate allowed the holder of the Preferred Shares the right to convert into common stock based on a conversion price equal to $6.04 per common share. On January 18, 2023, the 1,969,660 Preferred Shares converted to 16,305,113 shares of common stock upon the Company's closing of its IPO.

Follow-On Offering

On November 20, 2023, the Company completed its follow-on offering with 2,150,000 shares sold by the Company at a price of $30.50 per share. The Company's net proceeds were approximately $62.5 million, after deducting underwriting discounts and specific incremental expenses directly attributable to the offering.

12. Segment

The Company has one reportable segment through which it offers a broad array of commercial property and casualty products and solutions on a non-admitted (or E&S) and admitted basis, predominantly in the United States. The segment is made up of eight distinct underwriting divisions, or "continuing business," and has dedicated underwriting leadership supported by high-quality technical staff with deep experience in their respective niches. The Company defines its segment on the basis of the way in which internally reported financial information is regularly reviewed by the Chief Operating Decision Maker ("CODM") to analyze financial performance, make decisions and allocate resources. The Company's CODM is the chief executive officer.

The accounting policies of the segment are the same as those described in Note 1 "Summary of Significant Accounting Policies" of this Form 10-K. The CODM assesses performance for the segment and decides how to allocate resources based on gross written premiums by net underwriting division, underwriting income, and income before income taxes that also is reported on the consolidated statements of operations as consolidated income before income taxes. The measure of segment assets is reported on the balance sheet as total consolidated assets.

Gross written premiums by underwriting division, net underwriting income, and consolidated net income are used to monitor budget versus actual results. The chief operating decision maker also uses net underwriting income, return on equity and growth in book value per share in competitive analysis by benchmarking to the Company's competitors. The competitive analysis along with the monitoring of budgeted versus actual results are used in assessing performance of the segment and in establishing management's compensation.

12. Segment (continued)

The following table presents gross written premiums by underwriting division for the years ended December 31, 2024, 2023 and 2022:

	Years Ended December 31,		
($ in thousands)	**2024**	2023	2022
Industry Solutions	**$ 317,198**	$ 305,476	$ 267,628
Global Property & Agriculture	**311,402**	273,191	205,081
Captives	**241,902**	167,624	124,286
Programs	**218,407**	178,726	163,653
Accident & Health	**173,073**	151,701	130,808
Transactional E&S	**169,053**	122,508	75,098
Professional Lines	**159,785**	154,565	93,011
Surety	**152,429**	106,056	79,062
Total continuing business	**$ 1,743,249**	$ 1,459,847	$ 1,138,627
Exited business	**(17)**	(18)	5,325
Total gross written premiums	**$ 1,743,232**	$ 1,459,829	$ 1,143,952

12. Segment (continued)

The following table presents information about reported segment net underwriting income, significant segment expenses and a reconciliation of net underwriting income to net income for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Underwriting income			
Revenues:			
Net earned premiums	**$ 1,056,722**	$ 829,143	$ 615,994
Commission and fee income	**6,703**	6,064	5,199
Total underwriting revenues	**1,063,425**	835,207	621,193
Expenses:			
Losses and LAE	**669,809**	515,237	402,512
Amortization of policy acquisition costs	**149,975**	108,514	65,695
Other operating and general expenses	**161,782**	134,930	116,476
Total underwriting expenses	**981,566**	758,681	584,683
Net underwriting income	**$ 81,859**	$ 76,526	$ 36,510
Reconciliation of net underwriting income to net income:			
Net underwriting income	**$ 81,859**	$ 76,526	$ 36,510
Add:			
Net investment income	**80,686**	40,322	36,931
Net investment gains (losses)	**6,256**	11,072	(15,705)
Other (loss) income	**(167)**	(632)	1
Less:			
Interest expense	**9,496**	10,024	6,407
Amortization expense	**2,007**	1,798	1,547
Other expenses	**4,392**	5,364	—
Income before income taxes	**152,739**	110,102	49,783
Income tax expense	**33,911**	24,118	10,387
Net income	**$ 118,828**	$ 85,984	$ 39,396

The following table presents return on equity and book value per share for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Return on equity	**16.3 %**	15.9 %	9.3 %
Book value per share	**$ 19.79**	$ 16.72	$ 25.82

13. Income Taxes

The following table sets forth the components of the Company's income tax expense for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Current income tax expense	**$ 42,626**	$ 14,736	$ 120
Deferred tax (benefit) expense related to temporary differences	**(8,715)**	9,382	10,267
Total income tax expense	**$ 33,911**	$ 24,118	$ 10,387

13. Income Taxes (continued)

The Company's provision for income taxes generally does not deviate substantially from the statutory tax rate. The effective tax rate may vary slightly from the statutory rate due to tax adjustments for tax-exempt income, dividends-received deduction and non-deductible expenses.

The following table sets forth the differences between income taxes expected at the federal statutory income tax rate of 21% and the reported income tax expense for the years ended December 31, 2024, 2023 and 2022:

	2024		2023		2022	
($ in thousands)	Amount	Percentage	Amount	Percentage	Amount	Percentage
Income tax expense at federal statutory rate	**$ 32,075**	**21.0 %**	$ 23,121	21.0 %	$ 10,454	21.0 %
Tax advantaged investments	**(239)**	**(0.2)**	(295)	(0.3)	(324)	(0.7)
Other	**2,075**	**1.4**	1,292	1.2	257	0.6
Total income tax expense	**$ 33,911**	**22.2 %**	$ 24,118	21.9 %	$ 10,387	20.9 %

The following table sets forth the tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2024 and 2023:

($ in thousands)	**2024**	2023
Deferred tax assets:		
Unearned premiums	**$ 18,178**	$ 15,365
Losses and loss adjustment expenses	**16,967**	11,581
Net operating losses	**9,389**	10,655
Unrealized losses on fixed maturity securities, available-for-sale	**5,893**	6,113
Stock options/awards	**2,453**	1,714
Other	**6,067**	4,237
Total deferred tax assets	**58,947**	49,665
Less valuation allowance	**(586)**	(586)
Total deferred tax assets after valuation allowance	**58,361**	49,079
Deferred tax liabilities:		
Deferred policy acquisition costs	**15,277**	11,528
Unrealized gains on equity securities	**4,818**	3,243
Other long-term investments	**2,625**	6,460
Depreciation	**1,426**	1,260
Section 481(a) adjustment	**1,391**	3,477
Other	**2,338**	1,120
Total deferred tax liabilities	**27,875**	27,088
Deferred income taxes	**$ 30,486**	$ 21,991

The Company paid $37.0 million in federal income taxes during the year ended December 31, 2024. The Company's federal income tax returns for tax years 2021 to 2023 are subject to examination by the Internal Revenue Service. The Company has no current U.S. federal or state and local income tax examinations on-going at this time.

At December 31, 2024, the Company carried no balance for uncertain tax positions. The Company had no accrual for the payment of interest and penalties at December 31, 2024 or 2023.

The Company has federal net operating loss carryforwards of approximately $44.7 million. These net operating losses are set to expire beginning in 2032. The Company is limited on the utilization of $44.7 million of the net operating losses under Internal Revenue Code Section 382 ("Sec 382") which imposes limitations on a corporation's ability to utilize tax attributes if the corporation experiences an "ownership change" which occurred during 2014. The Sec 382 limitation is expected to result in an expiration of $2.8 million ($0.6 million tax effected) of net operating losses. A valuation allowance was established against the balance that is expected to expire without utilization.

13. Income Taxes (continued)

The Company generated a capital loss carryforward in 2022, resulting in a deferred tax asset of $1.7 million as of December 31, 2024. No valuation allowance is recorded against this deferred tax asset as the Company expects to utilize this carryforward before it expires in 2027.

The Company provides a valuation allowance against deferred tax assets when it is more likely-than-not that some portion, or all, of deferred tax assets will not be realized. Its deferred tax valuation allowance at December 31, 2024 and 2023 was $0.6 million.

14. Reserves for Losses and Loss Adjustment Expenses

The Company presents its loss development on a consolidated basis; however, it evaluates net ultimate loss and LAE under three sub-categories: multi-line solutions, short-tail/monoline specialty lines and exited lines. The Company determined that these disaggregated groupings have more homogeneous risk characteristics with similar development patterns and are generally subject to similar trends.

Short-tail/Monoline Specialty Lines

Short-tail/monoline specialty lines includes the Company's global property & agriculture, accident & health, surety, and professional lines underwriting divisions. These are market niches for which the Company serves with monoline solutions which generally have shorter durations for losses to fully develop. Losses for these lines are generally reported within a short period of time from the date of loss, and in most instances, claims are settled and paid within a relatively short timeframe. Short tail/monoline specialty can be impacted by larger losses which can be more complex due to factors such as difficulty determining actual damages, legal and regulatory impediments potentially extending the period of time it takes to settle and pay claims.

Multi-line Solutions

Multi-line solutions includes the Company's industry solutions, programs, captives and transactional E&S underwriting divisions. These are market niches for which the Company provides multiple products most frequently as an integrated solution. The multi-line solution subcategory is made up predominantly of occurrence liability including general liability, excess liability, and commercial auto. Multi-line solutions have a longer duration for losses to fully develop compared to short-tail/monoline specialty lines. Due to the unique claim characteristics of each product and the longer-tail nature of the multi-line solutions, this introduces more uncertainty as over time the claims can be impacted by changes in regulation, inflation and other unforeseen factors.

Exited lines

Exited lines includes all underwriting units that the Company placed in run-off and are presented separately from on-going lines of business.

In 2024, the Company transitioned from evaluating reserves on a policy year basis to an accident year basis which results in earlier recognition of underlying claim trends, better alignment of exposure to risks, and adherence to commonly used industry best practices. In prior years, the Company's methodology allocated IBNR from its policy year analysis to accident year. As a result of transitioning to accident year, IBNR within short-tail/monoline specialty lines, multi-line solutions, and exited lines was reallocated for the years ended December 31, 2023, 2022, 2021 and 2020, and certain amounts have been conformed to the current year presentation.

14. Reserves for Losses and Loss Adjustment Expenses (continued)

The following table sets forth the reconciliation of unpaid losses and loss adjustment expenses ("LAE") as reported in the consolidated balance sheets as of and for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Reserves for losses and LAE, beginning of period	**$ 1,314,501**	$ 1,141,757	$ 979,549
Less: reinsurance recoverable on unpaid claims, beginning of period	**(455,484)**	(435,986)	(381,338)
Reserves for losses and LAE, beginning of period, net of reinsurance	**859,017**	705,771	598,211
Incurred, net of reinsurance, related to:			
Current period	**657,783**	505,894	374,475
Prior years	**25,728**	10,770	33,849
Total incurred, net of reinsurance	**683,511**	516,664	408,324
Paid, net of reinsurance, related to:			
Current period	**136,731**	109,937	105,928
Prior years	**294,260**	253,481	194,836
Total paid	**430,991**	363,418	300,764
Net reserves for losses and LAE, end of period	**1,111,537**	859,017	705,771
Plus: reinsurance recoverable on unpaid claims, end of period	**670,846**	455,484	435,986
Reserves for losses and LAE, end of period	**$ 1,782,383**	$ 1,314,501	$ 1,141,757

For the year ended December 31, 2024, the Company recognized adverse development related to prior years' loss and loss expense reserves of $25.7 million, primarily related to losses previously subject to the LPT from accident years 2018 and prior, with $10.1 million and $15.2 million in multi-line solutions and exited lines, respectively.

For the year ended December 31, 2023, the Company recognized adverse development related to prior years' loss and loss expense reserves of $10.8 million. Adverse development of $11.7 million in multi-line solutions was driven by greater than expected severity in auto, general, and excess liability lines of business primarily from accident years 2020 to 2022. The adverse development was partially offset by favorable development in short-tail/monoline specialty lines. The favorable development was in the property line of business primarily from accident years 2021 and 2022.

During the year ended December 31, 2022, the Company's net incurred losses for accident years 2021 and prior developed adversely by $33.8 million. Adverse development of $20.2 million in exited lines was due to (i) losses previously subject to the LPT from accident years 2018 and prior, and (ii) increased frequency and severity in general and professional liability lines from accident years 2019 through 2021. Adverse development of $13.0 million in multi-line solutions was driven by an increase in the frequency and severity of claims in commercial auto and general liability from accident years 2018 through 2021.

Short Duration Contract Disclosures

Losses and LAE reserves represent the Company's best estimate of the ultimate net cost of all reported and unreported losses that are unpaid as of the balance sheet dates. The Company's estimated reserves for losses and LAE include the accumulation of estimates for claims reported and unpaid prior to the balance sheet dates, estimates (based on projections of relevant historical data) of increases in claims costs for claims already reported, of claims incurred but not reported, and estimates of expenses for investigating and adjusting all incurred and unpaid claims.

In determining the cumulative number of reported claims, the Company measures claim counts by incident. The claim counts include all claims reported, even if the Company does not establish a liability for the claim (i.e. reserve for loss and loss adjustment expenses).

14. Reserves for Losses and Loss Adjustment Expenses (continued)

Short-tail/Monoline Specialty Lines

($ in thousands except number of claims)

Incurred Losses and Allocated Loss Adjustment Expense ("ALAE"), Net of Reinsurance							As of December 31, 2024	
	Years Ended December 31,							
Accident Year	2020*	2021*	2022*	2023*	2024	IBNR	Reported Claims	
2020	$ 56,141	$ 55,324	$ 55,420	$ 55,305	**$ 55,305**	**$ 1,147**	**1,311**	
2021		92,780	93,429	92,143	**92,134**	**6,536**	**1,627**	
2022			108,299	105,394	**104,095**	**15,316**	**2,383**	
2023				190,565	**191,865**	**68,001**	**4,880**	
2024					**280,147**	**161,230**	**4,502**	
Total					**$ 723,546**			
Cumulative net paid loss and ALAE from the table below					**(359,673)**			
Net reserves for loss and ALAE before 2020					**3,353**			
Total net reserves for loss and ALAE					**$ 367,226**			

**Supplementary information and unaudited*

($ in thousands)

Cumulative Paid Losses and ALAE, Net of Reinsurance ($ in thousands)					
	Years Ended December 31,				
Accident Year	2020*	2021*	2022*	2023*	2024
2020	$ 14,002	$ 35,479	$ 40,000	$ 43,737	**$ 49,688**
2021		18,447	56,803	67,912	**78,439**
2022			27,773	64,594	**77,150**
2023				33,795	**100,705**
2024					**53,691**
Total					**$ 359,673**

**Supplementary information and unaudited*

Multi-line Solutions

($ in thousands except number of claims)

Incurred Losses and ALAE, Net of Reinsurance ($ in thousands)										As of December 31, 2024		
	Years Ended December 31,											
Accident Year	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024	IBNR	Reported Claims
2015	$ 103,191	$ 114,266	$ 117,024	$ 117,024	$ 119,216	$ 114,863	$ 115,863	$ 116,413	$ 116,413	**$ 117,955**	**$ (834)**	**5,386**
2016		63,223	62,843	62,843	62,643	84,579	84,579	84,829	84,829	**85,434**	**1,276**	**4,739**
2017			65,332	65,332	64,260	78,166	78,166	78,766	78,766	**80,493**	**2,105**	**5,588**
2018				74,476	74,476	69,319	71,719	73,019	73,019	**75,686**	**4,856**	**5,104**
2019					107,432	109,226	112,378	115,530	116,230	**116,206**	**3,918**	**6,119**
2020						113,030	124,076	128,111	132,495	**132,125**	**4,716**	**5,539**
2021							156,067	158,891	160,331	**160,546**	**16,119**	**6,702**
2022								236,909	242,097	**242,358**	**33,477**	**8,562**
2023									306,511	**306,511**	**132,772**	**8,180**
2024										**353,933**	**246,281**	**6,557**
Total										**$ 1,671,247**		
Cumulative net paid loss and ALAE from the table below										**(1,038,650)**		
Net reserves for loss and ALAE before 2015										**(1,532)**		
Total net reserves for loss and ALAE										**$ 631,065**		

**Supplementary information and unaudited*

14. Reserves for Losses and Loss Adjustment Expenses (continued)

($ in thousands)

Cumulative Paid Losses and ALAE, Net of Reinsurance ($ in thousands)										
	Years Ended December 31,									
Accident Year	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024
2015	$ 44,152	$ 72,137	$ 88,833	$ 99,401	$ 108,291	$ 107,214	$ 109,622	$ 109,706	$ 113,703	**$ 115,116**
2016		23,239	42,528	53,352	58,895	69,691	72,544	75,855	77,160	**77,760**
2017			23,770	41,945	53,093	61,354	67,926	71,109	73,770	**75,714**
2018				26,201	42,568	47,226	58,655	65,635	69,893	**70,128**
2019					33,019	50,933	71,053	87,816	99,451	**106,765**
2020						29,499	60,680	82,236	105,283	**121,097**
2021							37,118	73,293	102,772	**125,749**
2022								50,148	114,794	**165,854**
2023									63,079	**122,186**
2024										**58,281**
Total										**$ 1,038,650**

**Supplementary information and unaudited*

Exited Lines — all lines in runoff

($ in thousands except number of claims)

Incurred Losses and ALAE, Net of Reinsurance ($ in thousands)												As of December 31, 2024
	Years Ended December 31,											
Accident Year	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024	IBNR	Reported Claims
2015	$ 61,810	$ 65,063	$ 68,008	$ 70,803	$ 75,187	$ 79,853	$ 79,853	$ 80,603	$ 80,603	**$ 82,092**	**$ 1,145**	**4,581**
2016		93,019	92,996	91,372	93,577	97,301	98,301	100,651	100,651	**102,801**	**959**	**4,893**
2017			75,159	79,581	81,785	65,735	68,346	68,646	68,646	**70,885**	**1,598**	**4,339**
2018				74,357	68,990	76,506	79,006	84,165	84,165	**92,082**	**5,586**	**4,910**
2019					87,115	73,635	77,770	79,414	79,572	**79,823**	**5,786**	**5,632**
2020						132,248	136,469	137,835	137,907	**137,671**	**11,424**	**4,828**
2021							83,322	91,188	91,323	**92,095**	**10,923**	**2,398**
2022								12,717	12,240	**11,800**	**902**	**234**
2023									—	**—**	**—**	**1**
2024										**—**	**—**	**—**
Total										**$ 669,249**		
Cumulative net paid loss and ALAE from the table below										**(597,904)**		
Net reserves for loss and ALAE before 2015										**15,344**		
Total net reserves for loss and ALAE										**$ 86,689**		

**Supplementary information and unaudited*

14. Reserves for Losses and Loss Adjustment Expenses (continued)

($ in thousands)

Cumulative Paid Losses and ALAE, Net of Reinsurance ($ in thousands)										
	Years Ended December 31,									
Accident Year	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*	**2024**
2015	$ 9,026	$ 41,653	$ 55,610	$ 65,269	$ 73,100	$ 78,249	$ 80,077	$ 80,923	$ 82,188	**$ 83,290**
2016		36,592	57,638	70,253	78,070	81,181	87,482	91,556	95,114	**97,462**
2017			34,176	52,103	51,985	50,545	57,457	62,924	66,498	**68,480**
2018				25,553	60,149	39,870	54,339	67,001	74,604	**79,860**
2019					28,636	28,954	30,948	45,696	57,341	**65,847**
2020						102,725	98,202	102,132	114,543	**120,831**
2021							41,540	57,820	66,012	**72,923**
2022								2,155	4,077	**9,211**
2023									—	**—**
2024										**—**
Total										**$ 597,904**

**Supplementary information and unaudited*

The table below presents the reconciliation of the net incurred and paid loss development tables to the balance sheet reserves for losses and loss adjustment expenses at December 31, 2024 and 2023:

($ in thousands)	**2024**	2023
Net reserves for losses and ALAE:		
Short-tail/Monoline Specialty Lines	**$ 367,226**	$ 235,191
Multi-line Solutions	**631,065**	485,099
Exited Lines	**86,689**	112,607
Reserves for losses and ALAE, net of reinsurance	**1,084,980**	832,897
Reinsurance recoverable on unpaid claims:		
Short-tail/Monoline Specialty Lines	**275,204**	199,044
Multi-line Solutions	**380,344**	252,146
Exited Lines	**15,298**	4,294
Total reinsurance recoverable on unpaid claims	**670,846**	455,484
Unallocated LAE	**26,557**	26,120
Reserves for losses and LAE at end of year	**$ 1,782,383**	$ 1,314,501

The following table sets forth the historical average annual payout of incurred losses and allocated loss adjustment expenses (claims duration) for short-duration contracts, based on the disaggregated information in the paid loss development tables, net of reinsurance:

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance										
	Years									
	1*	2*	3*	4*	5*	6*	7*	8*	9*	10*
Short-Tail/Monoline Specialty Lines	21.8 %	37.7 %	10.8 %	9.1 %	10.8 %	N/A	N/A	N/A	N/A	N/A
Multi-line Solutions	26.0 %	22.0 %	15.0 %	12.4 %	9.9 %	3.7 %	2.4 %	1.3 %	2.0 %	1.2 %
Exited Lines	29.6 %	17.1 %	8.1 %	9.7 %	9.2 %	7.8 %	4.2 %	2.4 %	1.9 %	1.3 %

**Supplementary information and unaudited*

15. Commission and Fee Income

Skyward Underwriters Agency, Inc. ("SUA"), a subsidiary of the Company, is a managing general insurance agent and reinsurance broker for property and casualty and accident and health risks in specialty niche markets. Commission and fee income is primarily generated from SUA for the placement of insurance policies on either a third-party insurance or reinsurance company.

The following table sets forth the Company's disaggregated revenues from contracts with customers for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
SUA commission revenue	**$ 3,595**	$ 2,864	$ 3,224
SUA fee income	**2,928**	2,732	1,597
Other	**180**	468	378
Total commission and fee income	**$ 6,703**	$ 6,064	$ 5,199

The following table sets forth the Company's opening and closing balances of contract assets from commission and fee income for the years ended December 31, 2024 2023 and 2022:

($ in thousands)	Contract Assets
Balance at December 31, 2022	$ 1,292
Balance at December 31, 2023	976
Balance at December 31, 2024	1,416

16. Underwriting, Acquisition and Insurance Expenses

The following table sets forth the components of underwriting, acquisition and insurance expenses for the years ended December 31, 2024, 2023 and 2022:

($ in thousands)	**2024**	2023	2022
Amortization of policy acquisition costs	**$ 149,975**	$ 108,514	$ 65,695
Other operating and general expenses	**161,782**	134,930	116,476
Total underwriting, acquisition and insurance expenses	**$ 311,757**	$ 243,444	$ 182,171

17. Reinsurance

Certain premiums and benefits are assumed from and ceded to other insurance companies under various reinsurance agreements. The reinsurance agreements provide the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. The Company remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

The following tables set forth the effects of reinsurance on written and earned premiums and losses and loss adjustment expenses for the years ended December 31, 2024, 2023 and 2022:

	2024		2023		2022	
($ in thousands)	Written	Earned	Written	Earned	Written	Earned
Direct premiums	**$ 1,458,637**	**$ 1,375,917**	$ 1,241,180	$ 1,155,835	$ 1,012,239	$ 951,121
Assumed premiums	**284,595**	**282,662**	218,649	193,971	131,713	113,610
Ceded premiums	**(619,654)**	**(601,857)**	(549,138)	(520,663)	(468,409)	(448,737)
Net premiums	**$ 1,123,578**	**$ 1,056,722**	$ 910,691	$ 829,143	$ 675,543	$ 615,994
Ceded losses and LAE incurred		**$ 534,295**		$ 337,011		$ 311,257

17. Reinsurance (continued)

The following table sets forth the components of reinsurance recoverables and ceded unearned premium as of December 31, 2024 and December 31, 2023:

($ in thousands)	**2024**	2023
Ceded unpaid losses and LAE	**$ 670,846**	$ 455,484
Ceded paid losses and LAE	**166,663**	122,287
Loss portfolio transfer	**22,662**	20,858
Allowance for credit losses	**(2,295)**	(2,295)
Reinsurance recoverables	**$ 857,876**	$ 596,334
Ceded unearned premium	**$ 203,901**	$ 186,121

The Company entered into agreements with several of its reinsurers, whereby the reinsurer established funded trust accounts with the Company as the sole beneficiary. These trust accounts provide the Company additional security to collect claim recoverables under reinsurance contracts and the Company does not carry these on the balance sheet because the Company will only have custody over these accounts upon the failure of the reinsurer to pay amounts due. At December 31, 2024, the market value of these accounts was approximately $196.9 million. The trust amount will be adjusted periodically, by mutual agreement, based on claim payments and loss reserve recoverables.

During the first quarter of 2020, the Company entered into an LPT retroactive reinsurance agreement ("LPT") with R&Q. At December 31, 2024 and 2023 the reinsurance recoverable from R&Q was $22.7 million and $20.9 million, respectively. The LPT was commuted effective January 31, 2025 and the Company received the reinsurance recoverable balance in full.

Certain ceded reinsurance contracts that transfer only significant timing risk and do not transfer sufficient underwriting risk are accounted for using the deposit method of accounting. The Company's deposit asset at December 31, 2024 and December 31, 2023 was $25.9 million and $29.9 million, respectively, and was included in other assets on the consolidated balance sheets.

18. Stock Based Compensation

On September 23, 2022, the Compensation Committee of the Company's Board of Directors ("Compensation Committee") approved the Company's 2022 Long-Term Incentive Plan (the "2022 Plan"), which became effective on January 12, 2023 and replaced the Company's prior Long Term Incentive Plan (the "2020 Plan"). The 2022 Plan provides for the granting of restricted stock, restricted stock units, performance stock units, stock options as well as cash-based performance awards, to select employees and non-employee directors of the Company. The 2022 Plan stated that 3,200,656 shares of common stock were available for issuance.

In November 2024, the Compensation Committee approved a program to permit the Company's Board of Directors to defer receipt of their annual restricted stock units awards to the fifth anniversary of the grant date, the tenth anniversary of the grant date, or the date of separation of service from the Company. This program will become available for the Directors who opt into the provisions for their 2025 grant.

18. Stock Based Compensation (continued)

The following table sets forth the Company's equity awards, target payout ranges and authorized target restricted stock and stock units for the years ended December 31, 2024, 2023 and 2022:

	Award Payout Range	Requisite Service Period	Target Stock and Stock Units
Year ended December 31, 2024			
Market condition awards	**0%–150%**	**3 years**	**32,058**
Performance condition awards	**0%–150%**	**3 years**	**76,881**
Service condition awards	**N/A**	**1–4 years**	**124,025**
			232,964
Year ended December 31, 2023			
Market condition awards	0%–150%	3 years	37,622
Performance condition awards	0%–150%	3 years	95,456
Service condition awards	N/A	1–4 years	968,778
Stock options	N/A	3–4 years	759,990
			1,861,846
Year ended December 31, 2022			
Market condition awards	0%–150%	3 years	28,495
Performance condition awards	0%–150%	3 years	26,210
Service condition awards	N/A	1–3 years	144,137
			198,842

Stock options

The grant date fair value of the options under the 2022 Plan was determined using the Black-Scholes model where the term was the contractual term of 10 years less the weighted average service period. The volatility was determined based on the historical volatility of comparable publicly traded insurance companies. The stock options granted to employees during the year ended December 31, 2023 were valued at approximately $4.4 million based on the grant date fair value.

The following tables sets forth option activity for the years ended December 31, 2024 and 2023:

	Weighted-Average Exercise Price	Stock
Outstanding at January 1, 2024		**759,990**
Outstanding at December 31, 2024		**759,990**

	Weighted-Average Exercise Price	Stock
Outstanding at January 1, 2023		—
Granted	$ 15.00	759,990
Outstanding at December 31, 2023		759,990

The intrinsic value of each option is determined based on the difference between the fair value of the underlying share and the exercise price of the underlying option. The aggregate intrinsic value of options outstanding at December 31, 2024 and 2023 was $27.0 million and $14.3 million, respectively. The weighted-average remaining contractual life of the options outstanding at December 31, 2024 was 8.0 years.

18. Stock Based Compensation (continued)

Restricted stock awards and restricted stock units

The fair value of restricted stock and restricted stock units under the 2022 Plan for awards granted at the time of the Company's IPO were granted at the IPO price of $15.00 per share. The fair value of subsequent grants were equal to the closing stock price on the date the restricted stock units were granted. The expense for these equity-based incentives is based on their fair value at the date of grant and amortized over their vesting period.

The restricted stock and restricted stock units granted to employees and the Board of Directors during the years ended December 31, 2024, 2023 and 2022 were valued at approximately $8.5 million, $17.7 million and $2.6 million respectively, based on the grant date fair value.

The following table sets forth the Company's restricted stock and restricted stock units activity for the years ended December 31, 2024, 2023 and 2022:

	Weighted-Average Grant-Date Fair Value	Stock and Stock Units
Non-vested at January 1, 2024	**$ 15.13**	**1,445,449**
Granted[1]	**31.72**	**268,631**
Vested	**13.16**	**(285,957)**
Forfeited[2]	**18.27**	**(102,640)**
Non-vested at December 31, 2024	**$ 19.06**	**1,325,483**
Non-vested at January 1, 2023	$ 12.55	419,896
Granted[1]	16.07	1,101,856
Vested	13.39	(40,645)
Forfeited[2]	15.29	(35,658)
Non-vested at December 31, 2023	$ 15.13	1,445,449
Non-vested at January 1, 2022	$ 13.23	375,643
Granted[1]	14.17	198,842
Vested	15.16	(144,042)
Forfeited[2]	12.51	(10,547)
Non-vested at December 31, 2022	$ 12.55	419,896

[1] Increases above the 100% target level are reflected as granted in the period after which performance-based stock unit goals are achieved.

[2] Decreases below the 100% target level are reflected as forfeited.

Members of the Board of Directors were granted 19,453, 23,482 and 15,196 shares of restricted stock and restricted stock units during the years ended December 31, 2024, 2023 and 2022, respectively, with a service period of one year. The total fair value of shares vested for employees and members of the Board of Directors at December 31, 2024, 2023 and 2022 was $3.8 million, $0.5 million and $2.2 million, respectively.

As of December 31, 2024 the total unrecognized compensation cost related to non-vested, stock-based compensation awards was $13.9 million and the weighted average period over which that cost is expected to be recognized is 1.4 years. For the years ended December 31, 2024, 2023 and 2022 the Company recognized $9.4 million, $8.5 million and $2.3 million, respectively, of stock-based compensation expense.

Employee Stock Purchase Plan

On September 23, 2022, the Compensation Committee approved the Company's 2022 Employee Stock Purchase Plan (the "ESPP"), which became effective on May 15, 2023. Under the ESPP, all employees of the Company may choose, at two different specified time intervals each year, to have a percentage of their annual base earnings withheld to purchase the Company's common stock. The purchase price of the common stock is 85% of the lower of its beginning-of-interval or end-of-interval market price. The company has reserved 376,548 common shares under this plan.

18. Stock Based Compensation (continued)

The grant date fair value of options under the ESPP was determined using the Black-Scholes model where the term was the length of time between the grant date and the date the options are exercisable of 6 months. The volatility was determined based on the historical volatility of comparable publicly traded insurance companies.

As of December 31, 2024, a total of 95,266 shares had been purchased under this plan. The Company recognized $0.5 million and $0.2 million of expense during the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, the fair value of unrecognized expense was $0.3 million.

19. Earnings Per Share

The following table sets forth the compilation of basic and diluted net earnings per share for the years ended December 31, 2024, 2023 and 2022:

($ in thousands, except for share and per share amounts)	**2024**	2023	2022
Numerator			
Net income	**$ 118,828**	$ 85,984	$ 39,396
Less: Undistributed income allocated to participating securities	**—**	(1,677)	(18,879)
Net income attributable to common stockholders (numerator for basic earnings per share)	**118,828**	84,307	20,517
Add back: Undistributed income allocated to participating securities	**—**	1,677	18,879
Net income (numerator for diluted earnings per share under the two-class method)	**$ 118,828**	$ 85,984	$ 39,396
Denominator			
Basic weighted-average common shares	**40,056,475**	36,031,907	16,568,393
Dilutive effect of preferred shares	**—**	716,708	15,245,533
Dilutive effect of stock notes	**—**	696,110	519,080
Dilutive effect of stock units	**917,510**	736,837	320,188
Dilutive effect of options	**403,475**	135,972	—
Diluted weighted-average common share equivalents	**41,377,460**	38,317,534	32,653,194
Basic earnings per share	**$ 2.97**	$ 2.34	$ 1.24
Diluted earnings per share	**$ 2.87**	$ 2.24	$ 1.21

The Company's preferred shares participate in dividends and distributions with common stock on an as-converted basis and represent a participating security. Instruments awarded to employees that provide the holder the right to purchase common stock at a fixed price were included as potential common shares, weighted for the portion of the period they were granted, if dilutive.

The following table presents anti-dilutive instruments that were excluded from the calculation of diluted weighted-average common share equivalents during the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Stock Notes	**—**	—	60,576
Stock units	**20,346**	3,931	—
Options	**859**	914	—

19. Earnings Per Share (continued)

The following table presents common share equivalents of contingently issuable instruments that were excluded from basic earnings per share in the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Common shares	—	920,864	22,919
Preferred shares, if converted	—	—	1,059,602
Total	—	920,864	1,082,521

20. Employee Benefit Plan

The Company sponsors the 401(k) Plan (the "Plan"). The Plan, available to substantially all its employees, is subject to provisions of the Employee Retirement Income Security Act of 1974. The Company matches employee contributions on a discretionary basis. During the years ended December 31, 2024, 2023 and 2022, the Company contributed $3.2 million,$2.9 million, and $2.4 million in matching contributions to the Plan, respectively.

21. Related Party Transactions

RISCOM

RISCOM provides the Company with wholesale brokerage services. RISCOM and the Company also have a managing general agency agreement. The Company holds a 20% ownership interest in RISCOM.

Net earned premium and gross commission expense related to these agreements for the years ended December 31, 2024, 2023 and 2022 were as follows:

($ in thousands)	**2024**	2023	2022
Net earned premium	**$ 108,130**	$ 99,736	$ 91,051
Commissions	**25,372**	24,177	23,472

Premiums receivable as of December 31, 2024 and 2023 were $12.6 million and $10.6 million, respectively.

Other

Advisory and professional services fees and expense reimbursements paid to various affiliated stockholders and directors for the years ended December 31, 2024, 2023 and 2022 were $0.6 million, $3.6 million and $3.4 million respectively.

See Notes 5, 6 and 10 for investments involving affiliated companies and additional related party transactions.

See Note 11 for related party transactions related to the Company's common and preferred shares.

22. Commitments and Contingencies

Litigation

The Company is named as a defendant in various legal actions arising from claims made under insurance policies and contracts. Those actions are considered by the Company in estimating the losses and loss adjustment expense reserves. Also, from time to time, the Company is a defendant in various legal actions that relate to bad faith claims, disputes with third parties or that involve alleged errors and omissions. The Company records accruals for these items to the extent the losses are probable and reasonably estimable. Although the ultimate outcome of these matters cannot be determined at this time, based on present information, the availability of insurance coverage and advice received from outside legal counsel, the Company believes the resolution of any such matters will not, individually or in the aggregate, have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Indemnification

In conjunction with the sale of business assets and subsidiaries, the Company has provided indemnifications to certain buyers. Certain indemnifications cover typical representations and warranties related to the responsibilities to perform under the sales contracts. The amount of potential exposure covered by the indemnifications is difficult to determine because the indemnifications cover a variety of matters, operations and scenarios. Certain of these indemnifications have no time limit. At this time, the Company does not have reason to believe any such significant claims exist.

23. Statutory Accounting Principles and Regulatory Matters

The Company's statutory net income was $108.2 million, $73.1 million and $50.5 million for the years ended December 31, 2024, 2023 and 2022, respectively. The Company's statutory capital and surplus was $710.6 million and $602.9 million as of December 31, 2024 and 2023, respectively.

Effective December 31, 2024, the Company restacked its insurance company subsidiaries and GMIC became the lead insurance company which resulted in the following changes:

- HSIC became a wholly owned subsidiary of GMIC;
- IIC became a wholly owned subsidiary of HSIC; and,
- OSIC became a wholly owned subsidiary of IIC.

Dividend payments to the Company from GMIC are restricted by Texas state law as to the amount that may be paid without the approval of regulatory authorities. The maximum amount of dividends which can be paid by GMIC without prior approval is subject to restrictions relating to policyholder surplus, net income, and dividends declared or distributed during the preceding 12 months. As of December 31, 2024, GMIC is not restricted to paying ordinary dividends. GMIC did not declare or pay any dividend during the year ended December 31, 2024 and HSIC did not declare or pay any dividends during the year ended December 31, 2023.

Property and casualty insurance companies are subject to certain Risk Based Capital ("RBC") requirements as specified by the National Association of Insurance Commissioners ("NAIC"). Under those requirements, the amount of capital and surplus maintained by a property and casualty insurance company is to be determined based on the various risk factors related to it. As of December 31, 2024 GMIC's statutory capital and surplus substantially exceeded the regulatory requirements and as of December 31 2023, HSIC's statutory capital and surplus substantially exceeded the regulatory requirements.

24. Subsequent Events

On January 31, 2025, Skyward Re commuted its existing Loss Portfolio Transfer and Adverse Development and Retrocession Agreement, dated April 1, 2020 with R&Q pursuant to a Commutation Agreement and received $11.7 million in cash. At December 31, 2024, the Company (i) strengthened LPT loss reserves and increased the paid loss reinsurance recoverable by $25.3 million, (ii) increased the allowance for estimated uncollectible reinsurance by $13.6 million which was subsequently written-off during the year ended December 31, 2024, and (iii) recognized a deferred gain of $2.0 million.

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) LISTING OF FINANCIAL STATEMENTS

The following consolidated financials statements of the Company are filed as part of this Form 10-K and are included in Item 8:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2024 and 2023

Consolidated Statements of Operations and Comprehensive Income (loss) for the three years in the periods ended December 31, 2024, 2023 and 2022

Consolidated Statements of Stockholders' Equity for the three years in the period ended December 31, 2024, 2023 and 2022

Consolidated Statements of Cash Flows for the three years in the period ended December 31, 2024, 2023 and 2022

(a)(2)

Schedule Number	Schedule Description	Page
I.	Summary of Investments — Other Than in Related Parties at December 31, 2024	52
II.	Financial Information of Registrant (Parent Company) for the years ended December 31, 2024, 2023 and 2022	53
IV.	Supplementary Reinsurance Information for the years ended December 31, 2024, 2023, and 2022	57
V.	Valuation and Qualifying Accounts for the years ended December 31, 2024, 2023, and 2022	58
VI.	Supplementary Information Concerning Property — Casualty Insurance Operations for the years ended December 31, 2024, 2023, and 2022	59

(a)(3) LISTING OF EXHIBITS

Exhibit Number	Exhibit Description
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of 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 and Accounting Officer pursuant to Rule 13a 14(a) or Rule 15d 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive 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 XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Date File (embedded within the Inline XBRL document)

* Filed herewith.

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

SCHEDULE I — SUMMARY OF INVESTMENTS — OTHER THAN IN RELATED PARTIES

($ in thousands)	Cost	Fair Value (if applicable)	Amount on Balance Sheet
December 31, 2024			
Fixed maturity securities, available for sale:			
U.S. government securities	**$ 26,577**	**$ 26,486**	**$ 26,486**
Corporate securities and miscellaneous	**433,298**	**425,628**	**425,628**
Municipal securities	**89,966**	**84,716**	**84,716**
Residential mortgage-backed securities	**408,585**	**393,833**	**393,833**
Commercial mortgage-backed securities	**70,262**	**69,364**	**69,364**
Other asset-backed securities	**291,578**	**292,191**	**292,191**
Total fixed maturity securities, available for sale	**1,320,266**	**1,292,218**	**1,292,218**
Fixed maturity securities, held to maturity:			
Other asset-backed securities	**39,396**	**38,717**	**39,153**
Total fixed maturity securities, held to maturity	**39,396**	**38,717**	**39,153**
Equity securities:			
Common stocks	**48,530**	**64,251**	**64,251**
Preferred stocks	**1,138**	**1,164**	**1,164**
Mutual funds	**33,643**	**40,839**	**40,839**
Total equity securities	**83,311**	**106,254**	**106,254**
Mortgage loans	**26,485**	**26,490**	**26,490**
Other long-term investments	**33,231**	**33,182**	**33,182**
Short-term investments	**274,926**	**274,929**	**274,929**
Total	**$ 1,777,615**	**$ 1,771,790**	**$ 1,772,226**

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

SCHEDULE II — FINANCIAL INFORMATION OF REGISTRANT

BALANCE SHEETS (PARENT COMPANY)

($ in thousands)	December 31, 2024	2023
Assets		
Investments:		
Investment in subsidiaries	**$ 853,670**	$ 743,025
Short-term investments, at fair value	**14,000**	10,593
Total investments	**867,670**	753,618
Cash and cash equivalents	**2,943**	3,024
Deferred income taxes	**30,486**	5,899
Goodwill and intangible assets, net	**12,641**	12,641
Other assets	**2,905**	15,908
Total assets	**$ 916,645**	$ 791,090
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	**$ 3,110**	$ 1,369
Notes payable	**100,000**	50,000
Subordinated debt, net of debt issuance costs	**19,536**	78,690
Total liabilities	**122,646**	130,059
Stockholders' Equity:		
Stockholders' equity	**793,999**	661,031
Total liabilities and stockholders' equity	**$ 916,645**	$ 791,090

See accompanying notes to financial statements.

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

SCHEDULE II — STATEMENTS OF OPERATIONS

(PARENT COMPANY)

($ in thousands)	**Years Ended December 31,**		
	2024	2023	2022
Revenues:			
Net investment income	**$ 3,212**	$ 3,822	$ 2,567
Net investment (losses) gains	**963**	(963)	(6)
Other loss	**(2)**	(27)	—
Total revenues	**4,173**	2,832	2,561
Expenses			
Operating expenses	**10,632**	—	—
Interest expense	**8,140**	9,815	6,407
Amortization expense	**920**	313	81
Other expenses	**9,646**	451	—
Total expenses	**29,338**	10,579	6,488
Loss before income tax expense	**(25,165)**	(7,747)	(3,927)
Income tax expense	**33,578**	6,808	(1,209)
Loss before equity in earnings of subsidiaries	**(58,743)**	(14,555)	(2,718)
Equity in undistributed earnings of subsidiaries	**177,571**	100,539	42,114
Net income	**$ 118,828**	$ 85,984	$ 39,396

See accompanying notes to financial statements.

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

SCHEDULE II — STATEMENTS OF CASH FLOWS (PARENT COMPANY)

($ in thousands)	**Years Ended December 31,**		
	2024	2023	2022
Cash flows from operating activities:			
Net income	**$ 118,828**	$ 85,984	$ 39,396
Adjustments to reconcile net income to net cash used in operating activities	**(121,563)**	(95,947)	(42,672)
Net cash provided by operating activities	**(2,735)**	(9,963)	(3,276)
Cash flows from investing activities:			
Capital contributions to subsidiaries	**—**	(122,800)	—
Distributions from investment in subsidiaries	**8,500**	6,500	4,000
Change in short-term investments	**(3,407)**	(10,569)	—
Net cash (used in) provided by investing activities	**5,093**	(126,869)	4,000
Cash flows from financing activities:			
Repayment of stock notes receivable	**5,561**	1,350	2,180
Proceeds from long term borrowings	**107,000**	50,000	—
Payments on long term borrowings and trust preferred	**(115,000)**	(50,000)	—
Proceeds from equity offerings	**—**	128,887	—
Proceeds from employee stock purchase plan	**—**	710	—
Net cash provided by financing activities	**(2,439)**	130,947	2,180
Net increase (decrease) in cash and cash equivalents and restricted cash	**(81)**	(5,885)	2,904
Cash and cash equivalents and restricted cash at beginning of year	**3,024**	8,909	6,005
Cash and cash equivalents and restricted cash at end of year	**$ 2,943**	$ 3,024	$ 8,909
Supplemental disclosure of cash flow information:			
Cash paid for interest	**$ 8,573**	$ 10,667	$ 5,761
Cash paid for federal income taxes	**36,980**	15,800	—

See accompanying notes to financial statements.

Notes to Financial Statements

On September 30, 2024, Skyward Specialty entered into an Intercompany Loan Promissory Note ("the Promissory Note") with Houston Specialty Insurance Company ("HSIC"). Under the terms of the Promissory Note, Skyward Specialty borrowed $57.0 million from HSIC. Under the terms of the Promissory Note, interest is payable monthly at a fixed annual interest rate of 4.00%, with the principal due at the maturity date. There are no prepayment penalties and no collateral was given as security for the payment of the Promissory Note.

During the year ended December 31, 2024, Skyward Specialty provided funds for a new subsidiary, Skyward Specialty No. 1 Limited Company, a UK company authorized as a Lloyd's corporate member to invest in Lloyd's syndicates.

Financial Instruments Disclosed, But Not Carried, At Fair Value

Notes Payable

Included in notes payable is the Promissory Note described above between Skyward Specialty and HSIC. Skyward Specialty determined its fair value using the income approach utilizing inputs that are observable. The Promissory Note has been placed in Level 2 of the fair value hierarchy. As of December 31, 2024, the carrying value and fair value of the Promissory Note were $57.0 million and $56.3 million, respectively.

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

SCHEDULE IV — REINSURANCE

	Years Ended December 31,					
	2024		2023		2022	
($ in thousands)	**Accident & Health**	**Property & Casualty**	Accident & Health	Property & Casualty	Accident & Health	Property & Casualty
Gross amount	**$ 173,073**	**$ 1,285,564**	$ 151,702	$ 1,089,478	$ 130,377	$ 881,862
Ceded to other companies	**(86,503)**	**(533,151)**	(79,091)	(470,047)	(70,291)	(398,118)
Assumed from other companies	**—**	**284,595**	—	218,649	431	131,282
Net amount	**$ 86,570**	**$ 1,037,008**	$ 72,611	$ 838,080	$ 60,517	$ 615,026
Percentage of amount assumed to net	**— %**	**27.4 %**	— %	26.1 %	0.7 %	21.3 %

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

SCHEDULE V — VALUATION AND QUALIFYING ACCOUNTS

($ in thousands)	Valuation Allowance For Deferred Tax Assets	Allowance for Uncollectible Reinsurance Recoverable	Allowance for Uncollectible Premiums Receivable
Balance at January 1, 2022	$ 586	$ —	$ 261
Charged to costs and expenses	—	—	584
Amounts written off	—	—	(216)
Balance at December 31, 2022	$ 586	$ —	$ 629
Cumulative effect of adoption of ASU 2016-13 at January 1, 2023	—	2,295	—
Charged to costs and expenses	—	—	748
Amounts written off	—	—	(513)
Recoveries of amounts previously written off	—	—	100
Balance at December 31, 2023	586	2,295	964
Charged to costs and expenses	**—**	**13,585**	**3,235**
Amounts written off	**—**	**(13,585)**	**(1,895)**
Recoveries of amounts previously written off	—	—	**128**
Balance at December 31, 2024	**$ 586**	**$ 2,295**	**$ 2,432**

SKYWARD SPECIALTY INSURANCE GROUP, INC. AND SUBSIDIARIES

SCHEDULE VI — SUPPLEMENTAL INFORMATION CONCERNING PROPERTY-CASUALTY INSURANCE OPERATIONS

($ in thousands)	**As of and Years Ended December 31,**		
	2024	2023	2022
Deferred policy acquisition costs	**$ 113,183**	$ 91,955	$ 68,938
Reserve for losses and loss adjustment expenses	**1,782,383**	1,314,501	1,141,757
Unearned premiums	**637,185**	552,532	442,509
Net earned premium[(1)]	**1,056,722**	829,143	615,994
Net investment income	**80,686**	40,322	36,931
Losses and loss adjustment expenses (current year)[(1)]	**657,783**	516,664	393,939
Losses and loss adjustment expenses (prior years)[(1)(2)]	**25,728**	—	14,385
Amortization of policy acquisition costs[(1)]	**149,975**	108,514	65,695
Paid claims and claim adjustment expenses[(1)]	**430,991**	363,418	300,764
Net premiums written[(1)]	**1,123,578**	910,691	675,543
Ceded unearned premium	**203,901**	186,121	157,645
Deferred ceding commission	**40,434**	37,057	29,849

[(1)] Amount is presented net of reinsurance

[(2)] Amount does not include gain on retroactive reinsurance which is included in losses and loss adjustment expenses presented on the Consolidated Statements of Operations

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Skyward Specialty Insurance Group, Inc.

Dated: September 5, 2025

/s/ Mark Haushill

Mark Haushill
Chief Financial Officer

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-269208),
(2) Registration Statement (Form S-8 No. 333-278524), and
(3) Registration Statement (Form S-3 No. 333-279129)

pertaining to the Share Purchase and Award Agreement, the 2016 Equity Incentive Program, the 2020 Long Term Incentive Plan, the 2022 Long-Term Incentive Plan, and the 2022 Employee Stock Purchase Plan of Skyward Specialty Insurance Group, Inc. of our reports dated March 3, 2025, with respect to the consolidated financial statements of Skyward Specialty Insurance Group, Inc. and the effectiveness of internal control over financial reporting of Skyward Specialty Insurance Group, Inc. included in this Amendment No. 2 on Form 10-K/A of Skyward Specialty Insurance Group, Inc. for the year ended December 31, 2024.

/s/ Ernst & Young LLP

Houston, Texas

September 5, 2025

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew Robinson, certify that:

1. I have reviewed this Amendment No. 2 to the Annual Report on Form 10-K of Skyward Specialty Insurance Group, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15€ 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(s) 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.

Date: September 5, 2025

By: /s/ Andrew Robinson
Name: Andrew Robinson
Title: Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark Haushill, certify that:

1. I have reviewed this Amendment No. 2 to the Annual Report on Form 10-K of Skyward Specialty Insurance Group, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15€ 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(s) 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.

Date: September 5, 2025

By: /s/ Mark Haushill
Name: Mark Haushill
Title: Chief Financial Officer

EXHIBIT 32.1

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 Amendment No. 2 to the Annual Report on Form 10-K of Skyward Specialty Insurance Group, Inc. (the "Company") for the twelve months ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Andrew Robinson, as Chief Executive Officer of the Company, and Mark Haushill, Chief Financial Officer, hereby certify pursuant to Title 18, Chapter 63, Section 1350 of the United States Code, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	September 5, 2025	By:	/s/ Andrew Robinson
		Name:	Andrew Robinson
		Title:	Chairman and Chief Executive Officer
Date:	September 5, 2025	By:	/s/ Mark Haushill
		Name:	Mark Haushill
		Title:	Chief Financial Officer