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Board of Directors
Office of the Special Deputy Receiver
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From: Jacob Stuckey
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2025 Executive Summary

During 2025, OSD serviced 13 receivership estates and 5 confidential supervisions for the Illinois Director and Department of Insurance, marshaling and overseeing the distribution of approximately \$180,293,046 million to consumers and other estate creditors. OSD also facilitated an additional \$23,778,497 million in benefits paid to consumers by state insurance guaranty associations for total estate and guaranty association distributions to consumers in 2025 of \$204,071,543 million. OSD's 2025 administrative expenses totaled \$9.1 million, excluding the direct expenses incurred by estates where legacy offices and staff were maintained, for a total distribution to expense ratio of 4.46%. OSD's "all-in" average hourly professional services rate, including payroll, benefits, taxes, rent, insurance, and information technology costs was \$121 per hour in 2025. The 2025 distributions brought OSD's consumer distribution total since calendar year 2008 to \$4.03 billion.

At the enterprise level OSD accomplished several important strategic initiatives in furtherance of its corporate mission. Risk-focused assessments by each department were completed, reported to and evaluated by the board's Risk Committee. Technology platforms and cybersecurity protocols received periodic updates and enhancements to continue to meet industry standards, including the procurement of new personal computers, related hardware and operating systems. A new automated Early Access reporting tool was developed to streamline the aggregation of information between OSD's claim and accounting systems to support estate distributions to guaranty associations, policyholders and creditors. Enhancements to modernize the functionality of OSD's

proprietary claim system were designed, tested, and implemented. Finally, initiatives to further the professional development of staff were completed.

Readiness and the ability to assume the supervision and management of troubled insurers is a critical function for state insurance regulators, as is the ability to reform and improve the financial and consumer-oriented results of troubled insurers, preventing against insolvency and providing consumer protection. The OSD assisted the Director in discharging these responsibilities in 2025 by placing two companies into conservation, overseeing the conservation of three others, completing the rehabilitation and resumption of business by one insurer, and developing a recapitalization plan for another.

OSD Background & Mission

Under Article XIII of the Illinois Insurance Code, the Illinois Director of Insurance (“Director”) serves as the statutory conservator, rehabilitator, and liquidator of financially impaired and insolvent Illinois domestic insurers, of unauthorized insurers, and as ancillary receiver of certain foreign or alien insurers doing business in the State of Illinois. In accordance with Section 202 of the Insurance Code, Illinois’ Office of the Special Deputy Deceiver (“OSD”) assists the Director in performing her duties under Article XIII and serves as the statutory employer of receivership personnel.

Achieving consumer protection through receivership resolution expertise and the execution of a resolution strategy appropriate to the unique circumstances of each troubled company or receivership estate is the core mission of the OSD. Since the creation of the office in 1991, OSD has served the Director in administering the resolution of 193 Illinois domestic or ancillary receivership estates and insurance supervisions of insurers and their affiliates, completing, and closing 176 estates and supervisions as of December 31, 2025. These assignments have included receiverships and supervisions of the following types of insurance entities:

Property & Casualty Insurers	Burial Societies
Group Workers’ Comp Pools	Mortgage Guaranty Insurers
Religious & Charitable Risk Pooling	Captive Insurers
Trusts	Life Insurers
Farm Mutual Insurers	Health Insurers
Insurance Exchange Syndicate	HMOs
Unauthorized Insurers	Accident & Health Insurers
Mutual Holding Companies	Fraternal Benefit Societies

2025 Accomplishments

OSD currently has 40 full-time employees. In addition to OSD staff, through the utilization of OSD’s scalable and flexible staffing model, three receivership estates, Columbian Life, Triad and Lumbermens, continue to employ legacy personnel in key disciplines who assist the OSD in running off or winding down their former company’s operations. In addition to the \$204.1 million in estate and guaranty association distributions to policyholders and creditors paid out during 2025,

OSD staff directly handled over 17,000 consumer telephone inquiries, registered 393 new proofs of claim, distributed 2,477 consumer notices, reviewed 6,575 policyholder and third-party claims, processed the billing and collection of \$72.1 million in reinsurance and adjudication of approximately \$30.3 million of assumed reinsurance, and managed the assets, legal affairs, court proceedings, financial statement and income tax return preparation for all pending receivership estates. OSD also achieved its annual corporate goal of maintaining a chargeability ratio of 75% (percentage of employee time devoted to estate specific tasks) and a utilization ratio of 66% (percentage of total employee hours, including time off, devoted to estate specific tasks), with those metrics reaching 81.92% and 72.74%, respectively.

Quarterly statutory financial reports for all pending receivership estates were prepared and filed with the Supervising Court, published on OSD's website, and prepared for independent audit. Annual financial statements for each estate were also reported to the NAIC's Global Receivership Information Database.

OSD assisted the Director at the National Association of Insurance Commissioners ("NAIC") through participation in the work of the NAIC's Financial Analysis Working Group, Receivership & Insolvency Task Force, Receivership Financial Analysis Working Group, Receivership Model Law Working Group.

Excluding confidential conservations and supervisions, the following receivership estates were serviced by the Director during 2025:

1. Affirmative Insurance Co., In Liquidation
2. American Manufacturers Mutual Insurance Co., In Liquidation
3. American Motorists Insurance Co., In Liquidation
4. American Country Insurance Co., In Liquidation
5. American Service Insurance Co., In Liquidation
6. Columbian Life Insurance Co., In Rehabilitation
7. Gateway Insurance Co., In Liquidation
8. Gateway Insurance Co. 2.0, In Rehabilitation
9. Lumbermens Mutual Casualty Co., In Liquidation
10. Millers First Insurance Co., In Liquidation
11. National Heritage Insurance Co., In Liquidation
12. Public Service Insurance Co., In Rehabilitation
13. Triad Guaranty Insurance Corp., In Rehabilitation

State insurance guaranty associations serve as a vital component of the resolution process for insolvent insurers, providing consumer protection and replacement benefits for certain covered insurance lines. Eight of the receivership estates administered during 2025 triggered guaranty association protection for consumers in Illinois and other states. The OSD effectively coordinated with the guaranty associations in each state, as well as their national organizations, the National Organization of Life & Health Insurance Guaranty Associations, and the National Conference of Insurance Guaranty Funds. OSD completed the preparation and transfer of electronic policyholder and claim records in the data formats required by the guaranty associations to assure immediate protection to consumers in the 50 states that have been impacted by the liquidations of their former

companies. Claim payment and information sharing technology established between the OSD and the guaranty associations is in place in each of the pending liquidations to facilitate accurate financial reporting, reinsurance recovery, guaranty association claim reimbursement, and large deductible collateral need establishment, release, recovery, and reimbursement.

The OSD and the pending receivership estates are subject to an annual statutory audit by an independent outside certified public accountant engaged in the conduct of audits under the State Auditing Act. The Auditor General of the State of Illinois, pursuant to an agreed-upon procedure, further reviews the audit work papers of OSD's outside auditor and approves the audit for adequacy. The OSD and the receivership estates it administered on behalf of the Director were audited in 2025 for the year ending December 31, 2024 by the audit firm of Kerber Eck & Braeckel ("KEB"). KEB rendered clean audit opinions on the financial statements of the OSD and each of the receivership estates audited, finding that the financial statements as prepared present fairly, in all material respects, the assets, liabilities, revenue and expenses as of December 31, 2024. One audit of a rehabilitation estate remains pending but is expected to be completed in Q1 2026. Copies of KEB's annual audit report for the OSD as well as each pending receivership estate are posted on the OSD website at www.osdchi.com

A summary of the status of each of the pending receivership estates administered by OSD on behalf of the Director, excluding confidential conservations and supervisions, pleadings, court filings, and other estate information can be found on OSD's website at: www.osdchi.com.