OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

BOARD OF DIRECTORS

June Board Meeting

Materials & Reports

CONVENED
June 5, 2026
OAMIC Office · Edmond, OK

PREPARED FOR
The Board of Directors

CONFIDENTIAL · BOARD USE ONLY

OKLAHOMA ATTORNEYS MUTUAL INSURANCE COMPANY

Board of Directors Meeting
June 5, 2026

AGENDA

I. Call to Order

II. Quorum Determination

III. Approval of Minutes (3/27/2026)

IV. Comments on Policyholders' Annual Meeting

V. Chairman's Report

Introduction of elected Board Members:

J. Angela Ables, David A. Burrage, Michael C. Mayhall, Philip R. Richards, R. Scott Savage

VI. Election of Officers

Chairman	Scott Savage
Vice-Chairman	Cody Hodgden
President	Phillip D. Fraim
Secretary	Simone Fulmer Gaus
Sr. Vice President, Claims	Carolyn Smith
Vice President Operations	Isaac Fraim

VII. Report from Auditors – Ricky Brough and Noah Lehn, Forvis Mazars

VIII. Report from Actuary – Phil Dial, Rudd & Wisdom

IX. Directors' Executive Session with Auditor and Actuary: If Desired

X. Financial Report – Alex Quinones

XI. Underwriting Report – Isaac Fraim and Zindy Tembo

XII. President's Report – Phillip Fraim

XIII. Claims Summary and Update – Carolyn Smith and Jennifer Snider

XIV. Other Committee Reports

a. Executive Committee – Scott Savage, Vice-Chair

b. Claims Committee – Phil Richards, Chair

c. Underwriting Committee – Phil Eller, Chair

d. Audit & Investment Committee – Mike Mayhall, Chair
Minutes (06/02/2026)

XV. New Business

XVI. Next Meeting Date: **September 25th, 2026 @ 1:00 P.M.**

OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

Approval of Minutes

03/27/2026 Board Meeting

Oklahoma Attorneys Mutual Insurance Company
Minutes of the Board of Directors Meeting

1 p.m., March 27, 2026 | OAMIC Building

Call to order
Chairman Savage called the meeting to order after determining a quorum was present. In addition to the Chairman, members in attendance in person were Directors Ables, Butts, Eller, Gaus, Hodgden, Jennings, Mayhall, Nix, Richards, Royster, Savage, Schovanec, Tisdal, and Knott; members attending virtually were Directors Burrage and McLain.

Staff members present were Phillip D. Fraim, Isaac Fraim, Alejandro Quinones, Carolyn Smith, Jennifer Snider, Laura Stone, Zindaba Tembo

Approval of minutes
Director Ables moved to approve the minutes and a second was made by Director Richards. The minutes of the last meeting were approved.

Resolution Calling for Annual Meeting of Members: June 5, 2026
The Resolution Calling for Annual Meeting of Policyholders was read by Chairman Savage. On a motion by Director Eller and a second by Director Royster, the board unanimously approved the resolution calling for the annual meeting on June 5, 2026, and that Directors Angela Ables, David Burrage, Michael Mayhall, Philip Richards, and Scott Savage be re-nominated for another term on the Board.

Financial Report
Alex Quinones presented the financial report as of Dec. 31, 2025, showing total admitted assets of $66,180,000, surplus of $46,591,000, net underwriting loss of $1,358,000, and net investment gain of $3,560,000. It was noted the investment gain surpassed underwriting loss. An explanation of reserves and trends over the last 10 years was presented, as well as an overview of the investment portfolio and condensed financial statements.

Cyber Security Update
Isaac Fraim presented an update on OAMIC cyber layered security measures. In addition of OAMIC's continued managed IT infrastructure, upgrades include stronger monitoring and threat detection, independent security testing, digital operations and data security, as well as the introduction of backup redundancy across multiple secured data centers.

Underwriting Report
Zindaba Tembo presented the underwriting report, noting OAMIC's strong retention rate of 96% and this year's already encouraging overall growth after several years of slight decreases. Deliberate strategies like more proactive and more frequent renewal communication and encouragement of upward migration in policy limits are contributing to positive trends. The return of former insureds is also driving an increase in insured counts.

President's Report
Phil Fraim introduced Jana Knott, president-elect of the Oklahoma Bar Association, who is on the OAMIC Board this year.

He then presented an updated Enterprise Risk Management (ERM) report. The report shows risks are largely consistent with the last ERM report.

- Strategic risks have a few single-number increases in in-state competition and market forecasts.
- Financial risk categories' only increase was related to RLI's exit from real property coverage in Oklahoma, resulting in the need for a second provider for some office package coverage.
- Operational categories saw IT risks largely stay the same but did have two small increases in underwriting relating to policy language and diversification that are already being addressed, but this category also saw a decrease in risk related to adequate reserves thanks to an adjustment to the actuarial approach.
- Risks related to hazards like manmade or natural disasters remains the same.

Claims Summary and Report
Carolyn Smith reported that claims numbers are stable and there are currently 131 open. Additionally, claim 3158 has no mediation currently scheduled but may be forthcoming; and claim 3355 was settled but the codefendant has filed, and OAMIC has filed an anti-SLAPP motion.

Jennifer Snider reported that claim 3064 has settled but claim 2877 is pending the Court of Civil Appeals' ruling on the second motion for summary judgment regarding plaintiffs' breach of contract claim.

Next Meeting
Chairman Savage reminded directors of the next meeting, June 5, 2026, at 10:00 am.

The Board entered Executive Session.

Adjournment
On a motion made during Executive Session, adjournment was unanimously approved.

Laura Stone, Acting Secretary

APPROVED: Scott Savage, Chairman

OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

Annual Meeting Report

OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

Report from Auditors

OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

Results of the 2025 Financial Statement Audits, Including Required Communications

forvis mazars

Agenda

1. Audit Summary
2. Areas of Focus
3. Audit Results

forvis mazars

Engagement Overview

Audit Summary

- Forvis Mazars was engaged to opine on the following financial statements:
  - Oklahoma Attorneys Mutual Insurance Company (OAMIC) – Statutory

- Opinion on Statutory Basis Financial Statements as of and for the year ended December 31, 2025
  - We issued a general use audit opinion on the statutory-basis financial statements of OAMIC, which provides an adverse opinion as it relates to U.S. GAAP and an unmodified or “Clean Opinion” as it relates to accounting practices prescribed or permitted by the Oklahoma Insurance Department

Engagement Overview
Areas of Focus

Elements of the Audit	Description of Audit Area
• **Planning**	We worked closely with management early during the audit, as required by our auditing standards, giving the group an overview of the scope and timing.
• **Materiality**	Forvis Mazars' defined methodology for the insurance industry does not simply consider net income but focuses on other metrics, such as surplus and total assets to scope our audit approach, to elevate actual or potential errors and to develop audit samples.

Engagement Overview
Areas of Focus

Elements of the Audit	Description of Audit Area
• **Risk Assessment**	Forvis Mazars followed standards established by the AICPA that affected the amount and type of information we gathered to perform our audit, including: • Obtaining an understanding of your business and business environment, significant risks, and how you mitigate those risks, including examining how you measure and manage financial performance, as well as your internal control over financial reporting • Evaluating where your financial statements might be susceptible to material misstatement due to error or fraud • Considering if internal controls have been implemented and assessed the general controls around your information technology systems • Assessing risks of material misstatement for the most significant financial statement amounts and disclosures We considered your internal controls documentation and asked management to complete various questionnaires for significant areas. We interviewed personnel and reviewed prior Board and committee meeting minutes as part of our information-gathering process.

Engagement Overview
Areas of Focus

Elements of the Audit

- **Fieldwork, Testing, & Further Audit Procedures**

Description of Audit Area

We designed audit tests to take advantage of strengths in your internal control system, including:

- Performing substantive tests on material account balances
- Evaluating significant unusual transactions
- Asking management to further explore and clarify any potential misstatements we identified
- Evaluating the materiality of those misstatements, if applicable
- Concluding that all identified risks of material misstatement have been addressed

We also performed substantive procedures, such as:

- **Key Item Testing** - Some items within an account may be large enough by themselves to involve significant risk of material misstatement. These key items were audited individually
- **Sampling** - A detailed audit of representative individual items (a sample) selected from a population
- **Analytical Procedures** – Taking a closer look at a grouping of information by examining it as it relates to other accounts, historical trends, or other measures

Engagement Overview
Areas of Focus

Elements of the Audit	Description of Audit Area
• **Areas of Particular Attention**	Based on the nature of your activities and the operations during the period, we noted the following areas of special attention: • Determination of fair value and other-than-temporary impairment • Loss and loss adjustment expense reserves • Premium revenue recognition

forvis mazars

Audit Results

	OAMIC
Unmodified “clean” opinion	
No significant deficiencies or material weaknesses in internal controls	
Good client assistance and responsiveness	

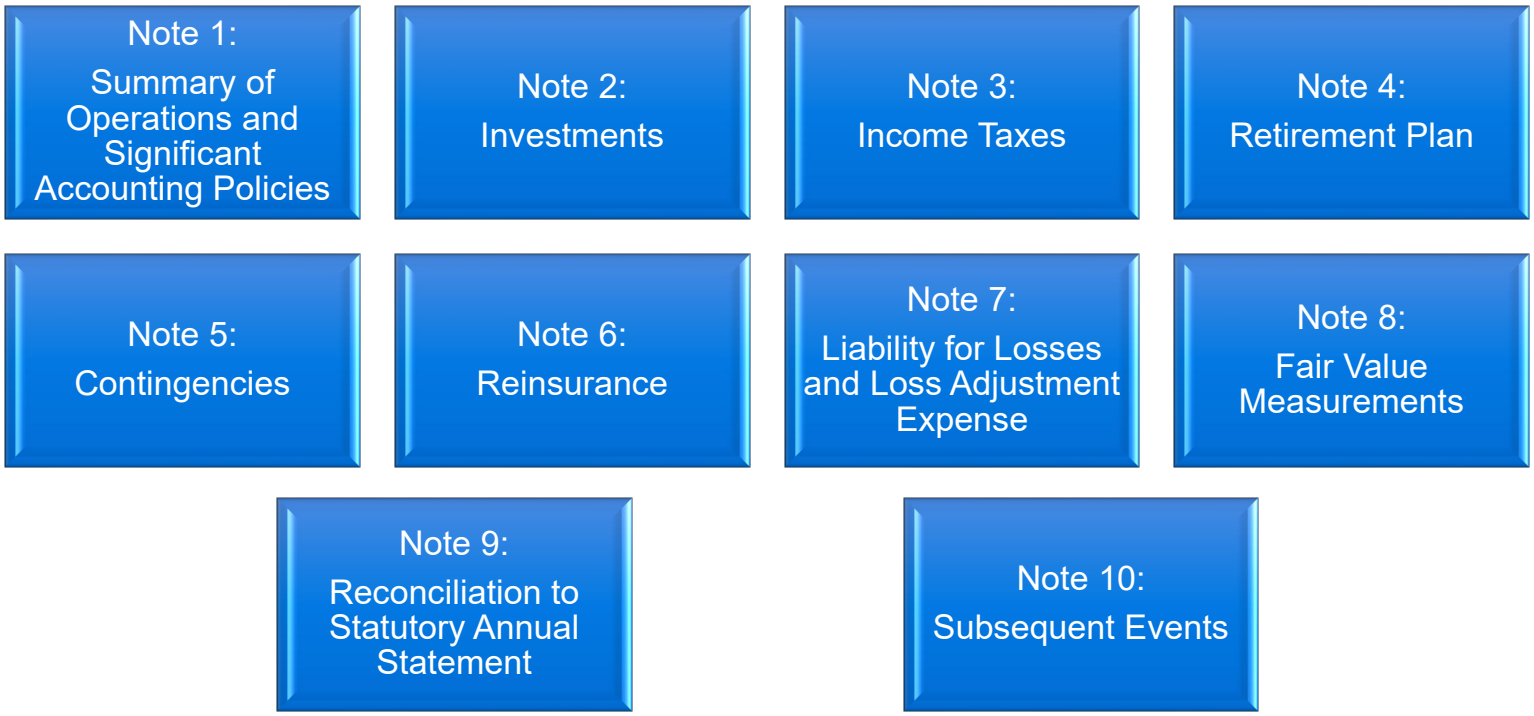
Audit Results

OAMIC – Condensed Balance Sheet	2025	2024
Assets		
Cash and invested assets	$ 62,744,347	$ 59,180,614
Premiums receivable	2,572,176	2,623,961
Reinsurance recoverable on loss payments	70,416	186,793
Accrued interest receivable	505,411	411,423
Other assets	215,325	107,341
Total Admitted Assets	$ 66,107,675	$ 62,510,132
Liabilities		
Losses and loss adjustment expenses	$ 13,466,367	$ 11,578,353
Unearned premiums	3,703,598	3,662,121
Other liabilities	2,346,975	2,640,836
Total Liabilities	$ 19,516,940	$ 17,881,310
Total Capital and Surplus	$ 46,590,735	$ 44,628,822
Total Liabilities, Capital and Surplus	$ 66,107,675	$ 62,510,132

Audit Results

OAMIC – Condensed Income Statement	2025	2024
Underwriting		
Premiums earned, net of reinsurance	$ 7,674,740	$ 8,081,544
Loss and loss adjustment expenses incurred	(6,177,545)	(4,627,345)
Other underwriting expenses incurred	(2,855,168)	(2,663,068)
Net underwriting gain	($ 1,357,973)	$ 791,131
Net investment income earned	3,282,307	1,308,719
Other income	177,825	148,363
Income Before Dividends to Policyholder and Benefit From Income Taxes	$ 2,102,159	$ 2,248,213
Dividends to Policyholders	(570,525)	(721,400)
Income Tax Expense	(118,206)	(182,765)
Net income	$ 1,413,428	$ 1,344,048

Audit Results



Thank you!

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OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

Report from Actuary

OKLAHOMA ATTORNEYS MUTUAL INSURANCE COMPANY

2026 Annual Report of the Actuary to the Board of Directors

Rudd and Wisdom, Inc.
June 5, 2026

The purpose of the Annual Report of the Actuary is to provide review and commentary concerning the 2025 financial results for the Oklahoma Attorneys Mutual Insurance Company (OAMIC or the Company) along with historical perspective and our outlook for 2026. This report will address the factors that have contributed to OAMIC's experience as well as the challenges that it faces in the future.

Review of Financial Results 1988 - 2024

Over the 20-year period 1988 – 2007, consistently favorable loss experience, controlled operating expenses, substantial investment income, favorable reinsurance arrangements, and a stable portfolio of business resulted in strong profitability and surplus growth.

Over the next 17 years (2008 - 2024), results were less consistent and less favorable.

- In 2008, the Company experienced its first loss since 1987. 2008 represented a "perfect storm" in which the Company's worst underwriting experience since the mid-1980s occurred during the country's biggest financial crisis since the Great Depression. Surplus declined from an all-time high of $35.6 million (at the time) to $30.2 million.

- Over the next 10 years (2009 – 2018), the Company returned to profitability as significant investment gains offset mediocre to poor underwriting results. The profitability allowed continued payment of significant dividends and growth in surplus. At the end of 2018, OAMIC's surplus was almost back to the level it was at the end of 2007 ($35.6 million). At December 31, 2018, OAMIC's surplus had grown to $35.2 million. During the period, OAMIC incurred $4.2 million in underwriting losses offset by $16.0 million in investment gains. The Company also earned almost $2.0 million in after-tax net income after paying $11.2 million in dividends.

- During the period 2019 through 2024, OAMIC added $9.4 million to its surplus. During this period, OAMIC had net underwriting gains of $3.8 million, $7.0 million of investment gains, and paid policyholder dividends of approximately $4.0 million.

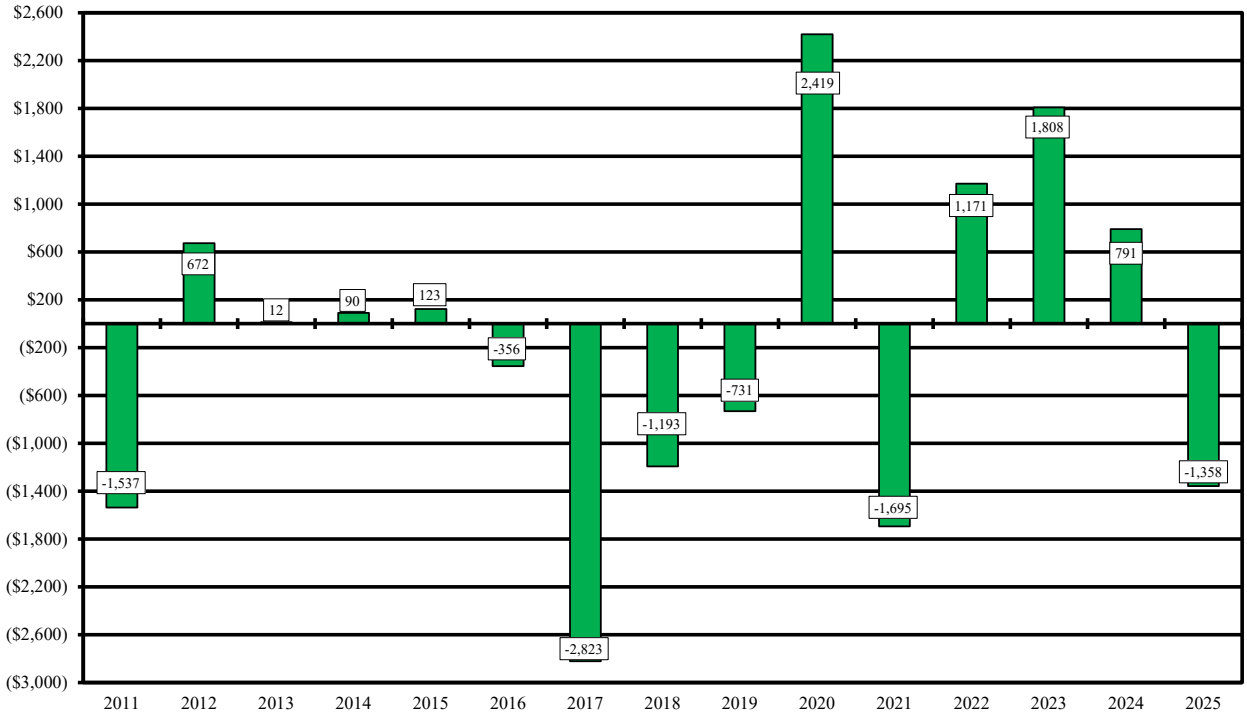
- Over the 17-year period 2008 - 2024, there were ten years of underwriting gains with the average gain being $786,000. There were seven years of underwriting losses for which the average loss was $1.46 million. The average investment gain during this period was about $1.36 million.

Summary of 2025 Financial Results

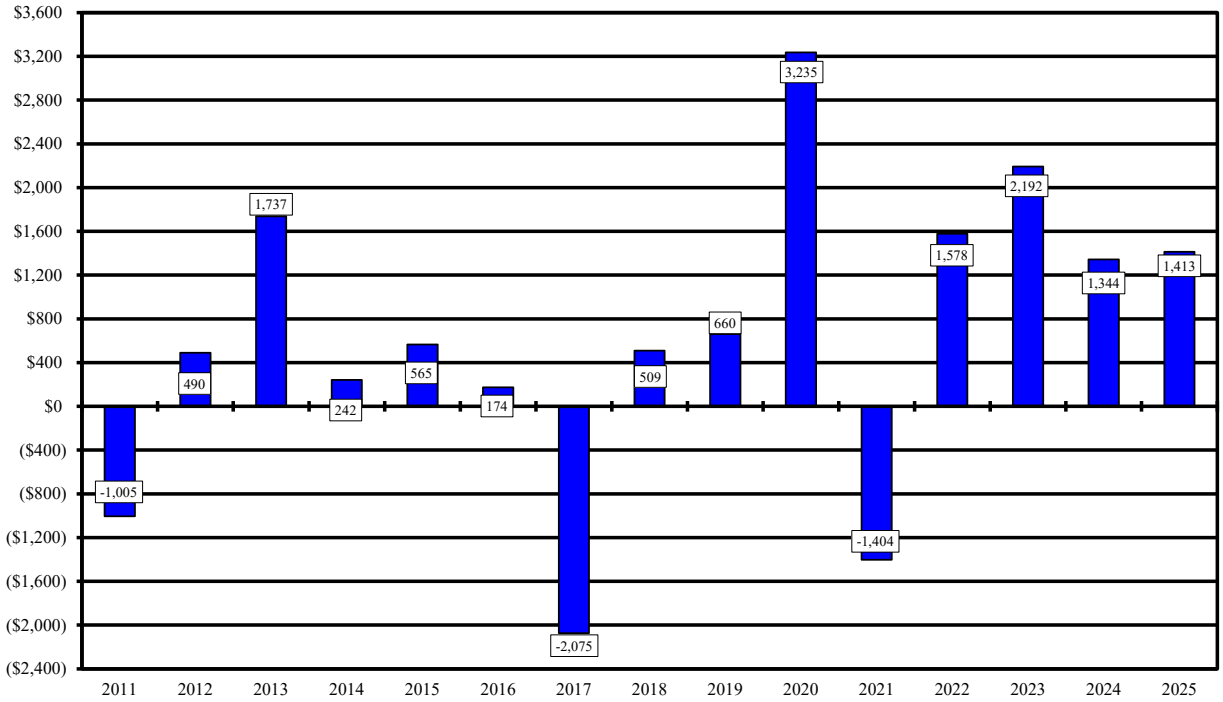
During 2025, an underwriting loss of $1.4 million was offset by $3.7 million in investment gains and other income. The operating results, net of a policyholder dividend of $570,500 produced net after-tax income for the year of $1.41 million. Unrealized capital gains and the change in net deferred income tax increased the net after-tax income, ultimately increasing surplus by $1.96 million to $46.59 million, the highest in Company history.

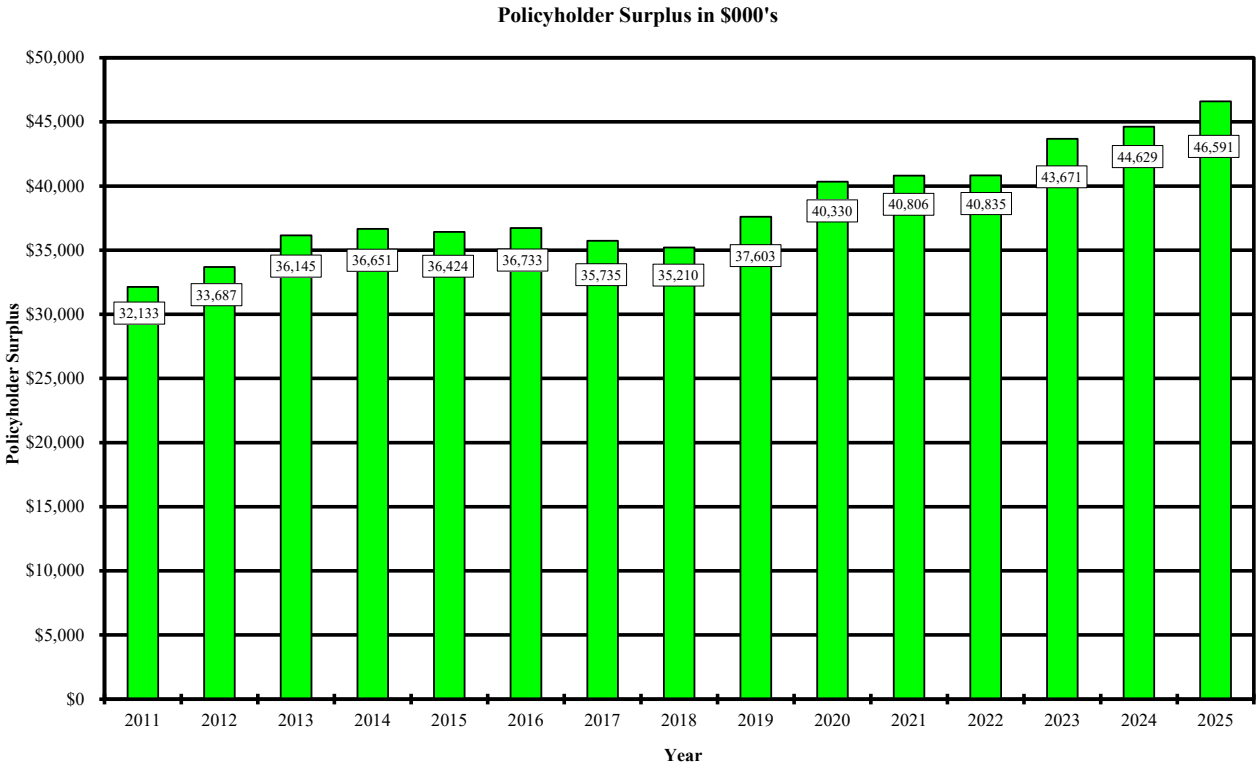
The next three charts summarize the Company's underwriting income, net income and changes in policyholder surplus since 2011.

Net Underwriting Gain in $000's



Net Income After Federal Income Tax and Dividend in $000's





Financial Condition of OAMIC as of December 31, 2025

The Company's financial condition continues to be strong. Consider the following:

- As will be discussed subsequently in this report, it is our opinion that the Company is conservatively reserved. In addition, the surplus provides a high degree of protection against adverse development on outstanding claims. The Company's surplus of $46.6 million is almost 3.5 times its $13.5 million liability for unpaid claims.

- OAMIC has approximately $66.1 million of net admitted assets as of December 31, 2025, which includes $62.7 million of invested assets (including $43.8 million in bonds and $14.6 million in stocks and $3.1 million in cash). These assets support total liabilities of $19.5 million. Therefore, the Company could withstand significant investment and claim losses without impairing its solvency.

Underwriting results have been a concern. As noted earlier, OAMIC has had positive underwriting results only about half the time over the past 17 years. While 2025 was a good year in the aggregate, OAMIC should continue to work toward rating its policies in a manner that increases the likelihood of producing underwriting profits.

Incurred Claims

In a discussion of claims, it is important to note the distinction between a report year and a policy year. For OAMIC, a report year is the calendar year in which a claim is reported, while a policy year is the calendar year in which a policy is written. A claim from a given report year may belong to either the current or previous policy year depending on when the policy from which it was incurred was written. Conversely, a claim from a given policy year may be reported in the same or subsequent report year.

Consideration of OAMIC's incurred claims encompasses several topics, including a comparison of direct versus retained claims and the frequency and severity of the claims.

- The term "direct claim" refers to the total amount paid on a claim. This includes the amounts paid to resolve the indemnity portion of the claim, as well as the expenses paid to administer and defend the claim. Direct claims are sometimes referred to as gross claims.

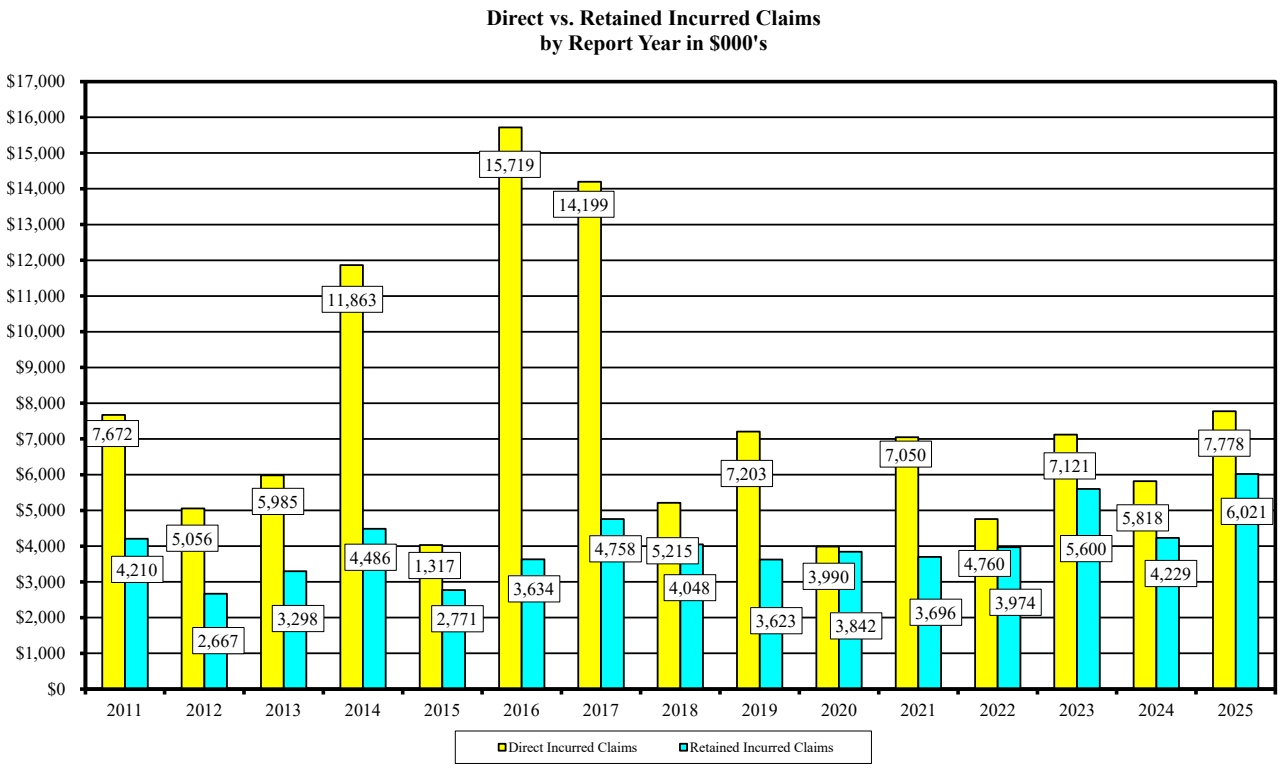
- The term "retained claim" refers to (a) the direct claim (the total amounts paid for the indemnity and expense portions of a claim) reduced by (b) the amounts recovered from reinsurance. Retained claims are sometimes referred to as net claims.

The Company's reinsurance program is comprised of a primary layer that covers risk up to $1 million per claim and excess layers that cover the next $9 million of risk up to a total of $10 million per claim. In the primary layer, OAMIC retains an initial portion of the first $1 million (the retention), while the reinsurer covers the amount in excess of the retention up to $1 million.

Through the 2001 policy year, OAMIC retained the first $150,000 of each claim and reinsured amounts in excess of $150,000 per claim. For policy years 2002 through 2019, OAMIC retained the first $250,000 of each claim and reinsured amounts in excess of $250,000 per claim. Beginning with the 2020 policy year, OAMIC increased its retention to $350,000 per claim subject to a $500,000 aggregate deductible with reinsurers covering the amounts in excess of those amounts. Beginning with the 2025 policy year, OAMIC has retained the first $500,000 of each claim. Reinsurers pay claim amounts in excess of $500,000.

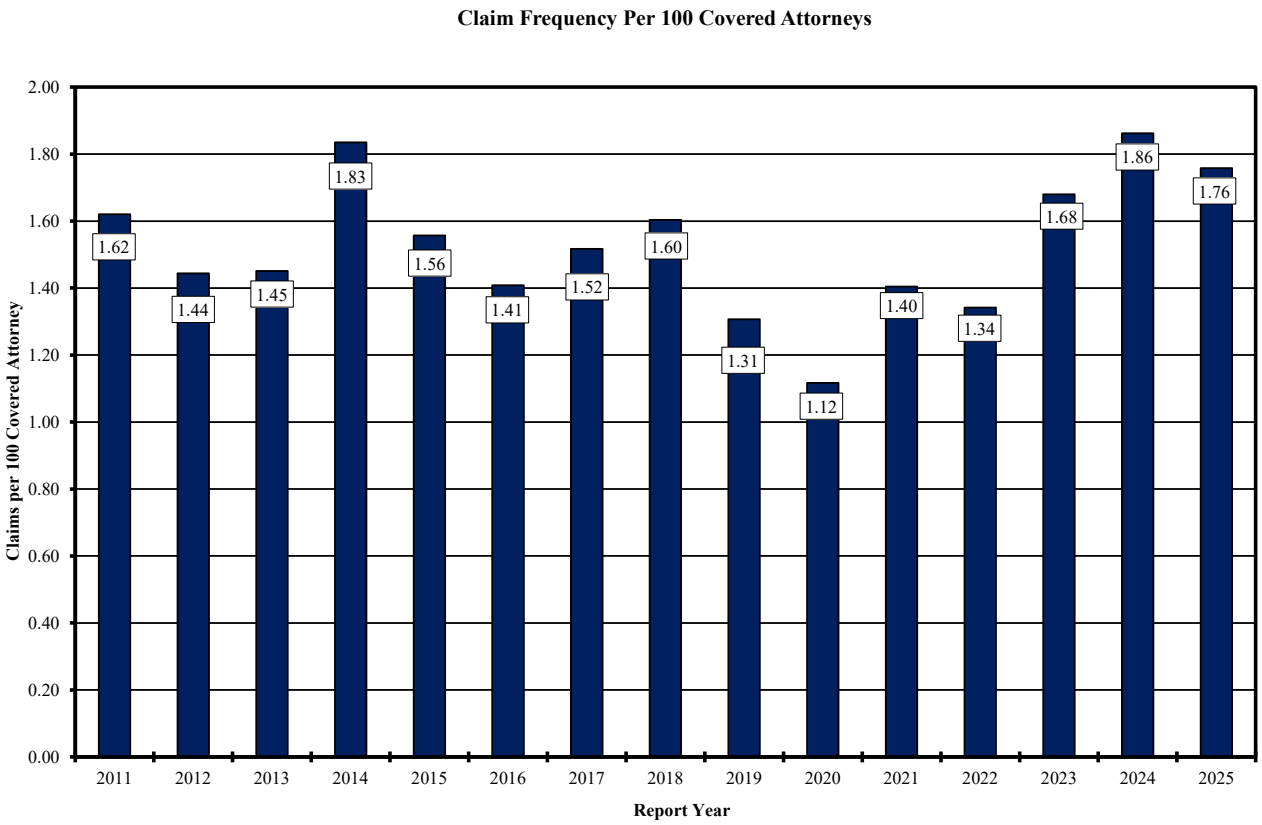
From OAMIC's inception through March 31, 2026, OAMIC has incurred 3,416 claims. Only 164 (less than 5%) of these claims have penetrated the reinsured layer. Of those 164 claims, 112 (68%) have been reported since 2000.

The following chart presents a comparison of the amounts of direct (gross) and retained (net) incurred claims by report year between 2011 and 2025.



While OAMIC's experience with retained claims was generally good for many years due to lower than expected frequency and reasonable severity, experience has been less favorable in recent years primarily due to increased severity. With the increased retention level and aggregate deductible which went into effect with policies written in 2020, the Company's retained severity has risen significantly and can be expected to continue to do so.

OAMIC's claim frequency has always been low relative to that experienced by other bar-related insurance companies. OAMIC's reported annual claim frequency exceeded 3% (three claims for each 100 insured attorneys) only in 2003 when claims attributable to the actions of a single attorney more than doubled claim frequency. With the exception of 2003, the Company's frequency has been below 2% every year since 2000. Even during the "perfect storm" of 2008, frequency remained low at 1.75%. The following chart displays OAMIC's historical claim frequency by report year.

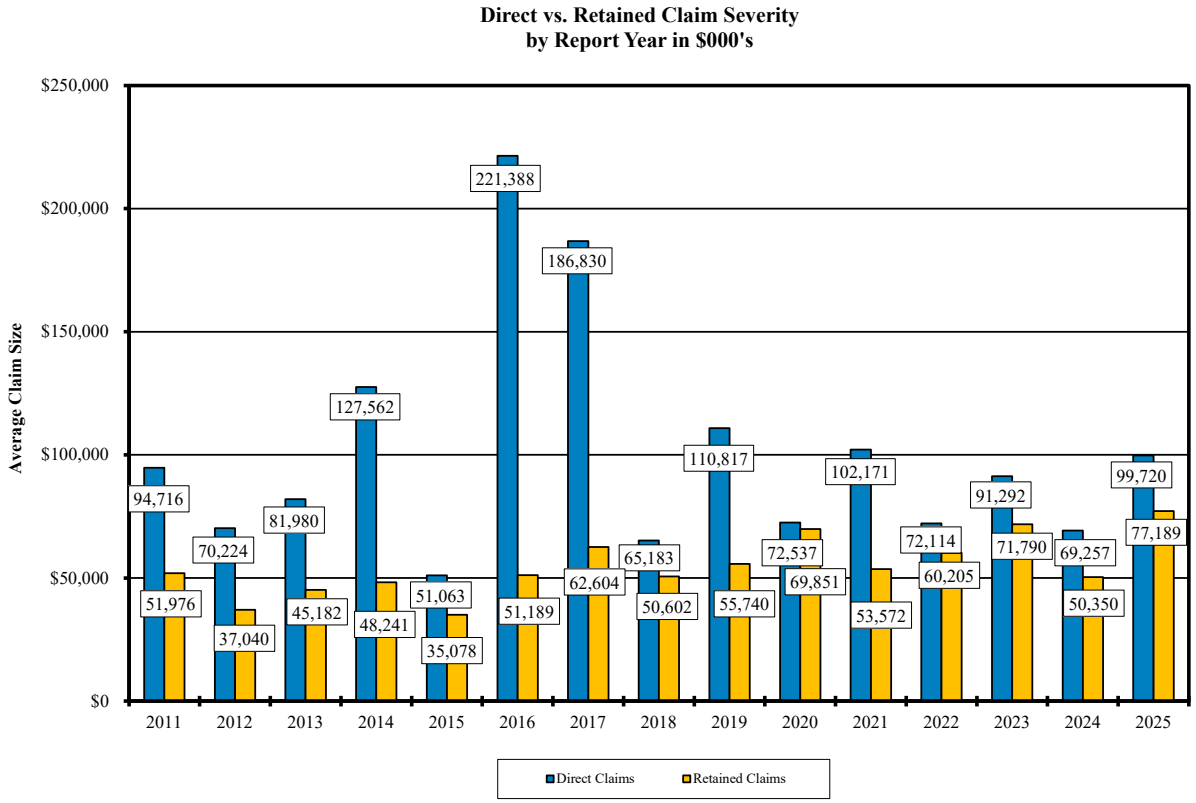


Like most of the NABRICO companies, OAMIC has experienced considerable volatility in both direct (gross before reinsurance) and retained (net after reinsurance) claim severity. Since the retained claims directly affect the Company's financial results, we tend to focus more on that experience.

Between 2002 (when the retention increased from $150,000 to $250,000 per claim), and 2019, the average retained severity ranged from $16,800 in 2003 to $62,600 in 2017. Over the last six years (when the retention increased to $350,000 per claim and then $500,000 per claim in 2025), as expected, retained severity has increased significantly to $69,900 (2020), $53,600 (2021), $60,200 (2022), $71,800 (2023), $50,400 (2024) and $77,200 (2025).

The Company's average direct severity has varied from $34,900 in 2007 to approximately $221,400 in 2016. While direct severity was below $100,000 for many years, it exceeded $100,000 for four of the six years between 2014 and 2019. Severity has been close to $100,000 in three of the past five years.

OAMIC's historical direct and retained claim severities by report year are displayed in the following chart.

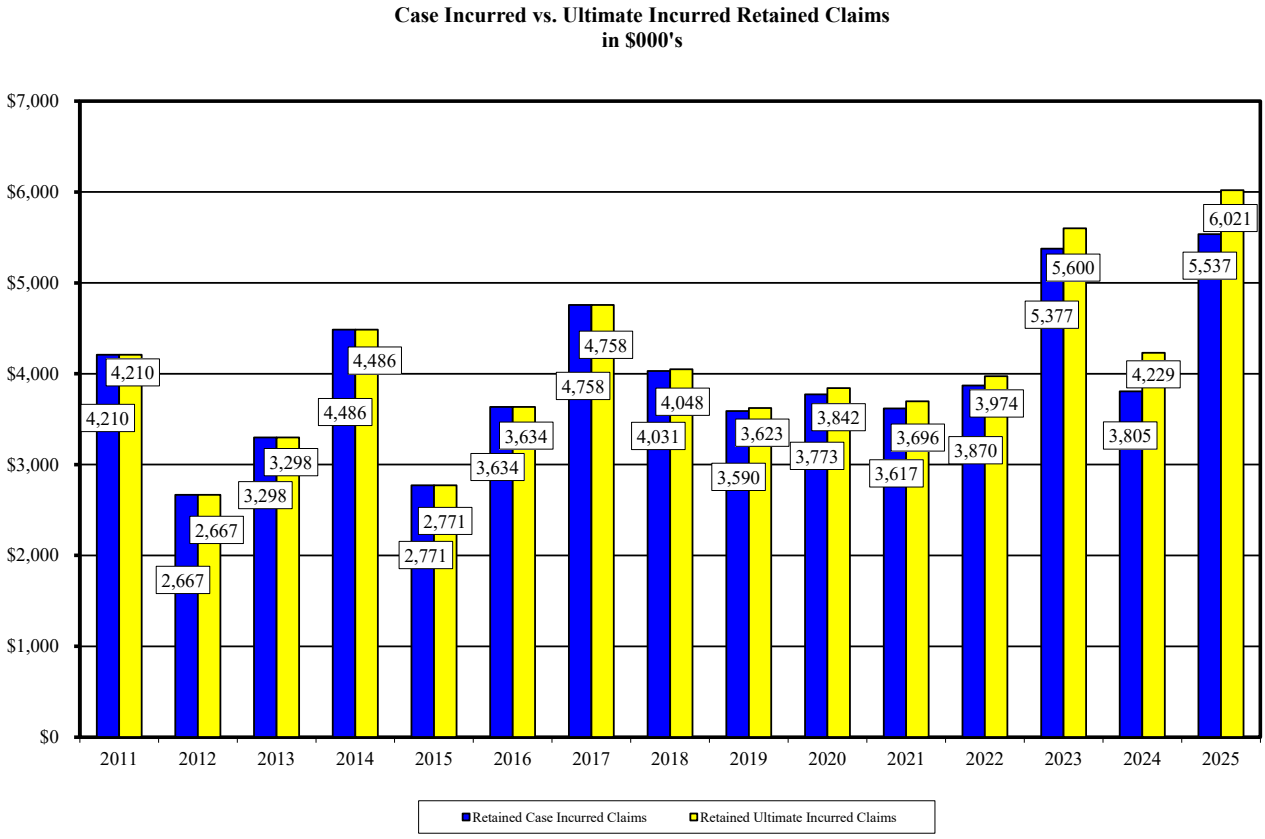


A major challenge for any insurance company, particularly one writing a volatile line of coverage like attorneys professional liability insurance, is the establishment of claim reserves at levels that realistically represent the ultimate value of claim settlements. At OAMIC, this process involves the establishment by the claims counsel of case reserves which are intended to reflect a current best estimate of the cost of settlement of each individual claim. For financial statement purposes these case reserve estimates are supplemented where necessary by the actuary in order to reflect the tendency for such estimates to change over the life of the claim.

Many insurance companies have experienced financial difficulties because they consistently understated their reserves. Under-reserving can lead to unrealistic statements of financial position and underestimates of premium revenue requirements. Under-reserving can result from either inadequate case reserving or failure to make adequate provision for future claim development.

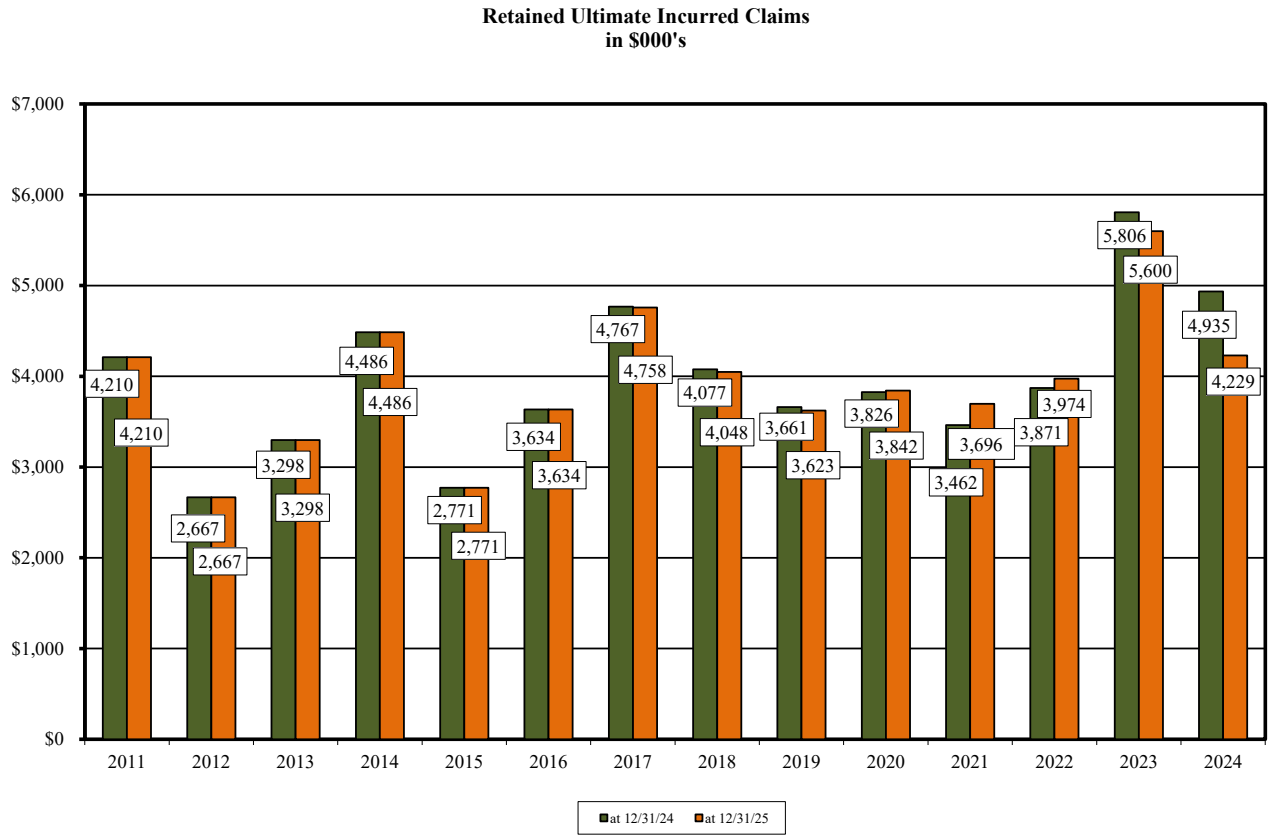
Based on OAMIC's historical experience, we have estimated the value of the ultimate incurred claims reported in each year. Our estimated value of ultimate incurred claims is normally greater than the case incurred estimates established by the claims staff because, in addition to the case incurred estimates, they include provision for possible future increases in the value of reported claims and incurred but not reported (IBNR) claims.

The chart below displays a comparison by report year between case incurred claims and ultimate incurred claims at December 31, 2025. The difference between the two values for each year is the supplemental reserve.



OAMIC has a history of favorable development on loss reserves, i.e., as claims mature, on average, their values decline. This is the result of a conservative reserving philosophy which mitigates the chances for unhappy surprises, assures adequate provision for future liabilities, and contributes to favorable financial results in the future. Although favorable loss development is unusual in the insurance industry (as many companies consistently see losses develop to higher than anticipated levels with an adverse impact on their bottom line), it has been the norm for OAMIC, with one notable exception.

Contributing to the difficulties experienced during 2008, the Company lost approximately $800,000 due to greater than expected development on claims incurred in 2007 and prior years. In each subsequent year through 2020, the Company's experience returned to the favorable results it had experienced before 2008. During 2021 there was a loss of $540,000 attributable to unfavorable development as the values of ultimate retained incurred claims at the end of 2021 were higher in the aggregate than the corresponding values at the end of 2020, as indicated in the following chart. The results in 2024 and 2025 have returned to what we have come to expect, as the aggregate value of claims reported in 2024 and prior is $1.5 million lower at December 31, 2025 than it was at December 31, 2024.



Operating Expenses

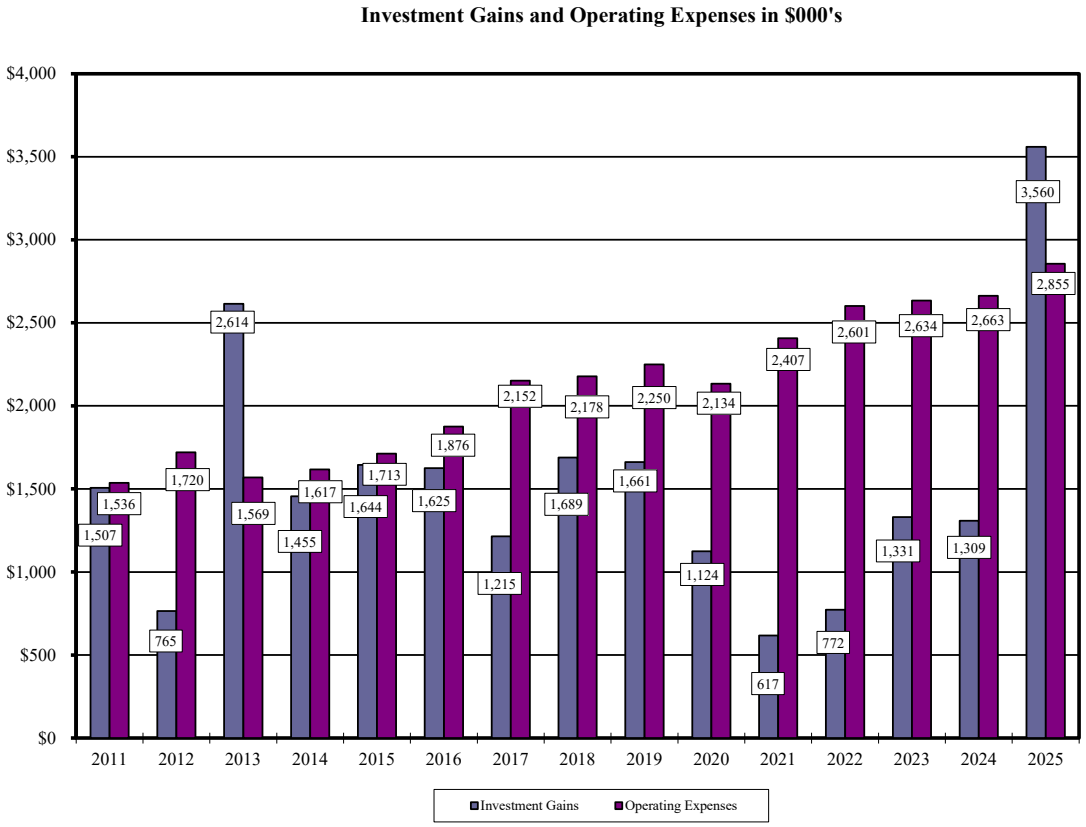
Since 2008, the Company's annual operating expenses have been in the range of 14-19% of gross written premium. In 2025, the Company's operating expenses were approximately $2.9 million (20.7% of gross written premium), or approximately $644 per insured attorney. A history of operating expense amounts between 2011 and 2025 is presented in the chart following the discussion of investment income.

Investment Income

Although there is no formal relationship between operating expenses and investment income, companies sometimes strive to operate on investment income, thus leaving the premium to provide solely for claims and reinsurance cost. Achievement of this goal represents a high level of operating efficiency.

Prior to 2008, OAMIC regularly achieved this ambitious goal and had excess investment income available after payment of operating expenses to supplement premium revenue. Since 2008, generally low interest rates have made this goal difficult to attain, and, unless interest rates increase and remain at higher levels than current, it is likely to be unrealistic in the future. Investment gains have not normally exceeded operating expenses since 2013. OAMIC's $3.6 million investment gain during 2025, represents the first year since 2013 where OAMIC's investment gain has exceeded its operating expenses.

A history of investment gains and operating expenses between 2011 and 2025 is presented below.



Reinsurance

Through 2001, OAMIC reinsured losses in excess of $150,000 per claim. As stated earlier, OAMIC began to reinsure losses in excess of $250,000 in 2002. OAMIC's reinsurance coverage is divided into treaty years and layers. A treaty year covers all policies issued during a given calendar year.

From the mid-1980s through 2019, the primary reinsurance layer (the first $1 million of risk per claim) operated under a series of swing-rated reinsurance treaties. Under a swing-rated treaty, the reinsurance premium is based on the actual loss experience of the Company. As reinsured claims increase, the reinsurance premium also rises, subject to a contractual maximum. Swing-rated treaties allow companies to benefit from favorable experience, but they can also be risky in the event experience is poor. If the treaty includes the potential for a high maximum payment to the reinsurer, a company's reinsurance cost may vary greatly from year to year and may, in some cases, exceed its ability to pay.

During the 1980s, OAMIC's swing-rated reinsurance treaties had maximum rates as high as 50% and 60% of gross written premium. As the Company grew and experience improved, the maximum declined from the high levels of the 1980s. Since 2000, as reinsurance experience in the primary layer has generally worsened, the maximum gradually increased from 28% in the early 2000s to 33.5% in 2019.

The Company was protected against the risk inherent in the swing-rated treated by making provision for adverse experience. This was accomplished by establishing premium rates

assuming that OAMIC would incur the maximum reinsurance expense under each new treaty as it became effective.

Under this arrangement, OAMIC booked the maximum reinsurance rate as its expense for reinsurance for the first three years that a treaty was in force. After the first three years, the reinsurance expense for that treaty was adjusted to reflect the actual reinsurance expense incurred based on the provisions of the treaty and the claim experience for the claims covered by the treaty. This methodology minimized the risk of unexpected losses from large claims.

As experience developed under some of the old treaties, claims proved to be substantially lower than the maximum reinsurance expense that had been booked by the Company. As a result, OAMIC released significant funds previously accrued under most of the old reinsurance treaties which led to significant profits for the Company. However, since 2008, the actual claim experience for only three treaty years (2014, 2017, and 2019) has been sufficiently low to produce a rate less than the maximum amount for those years.

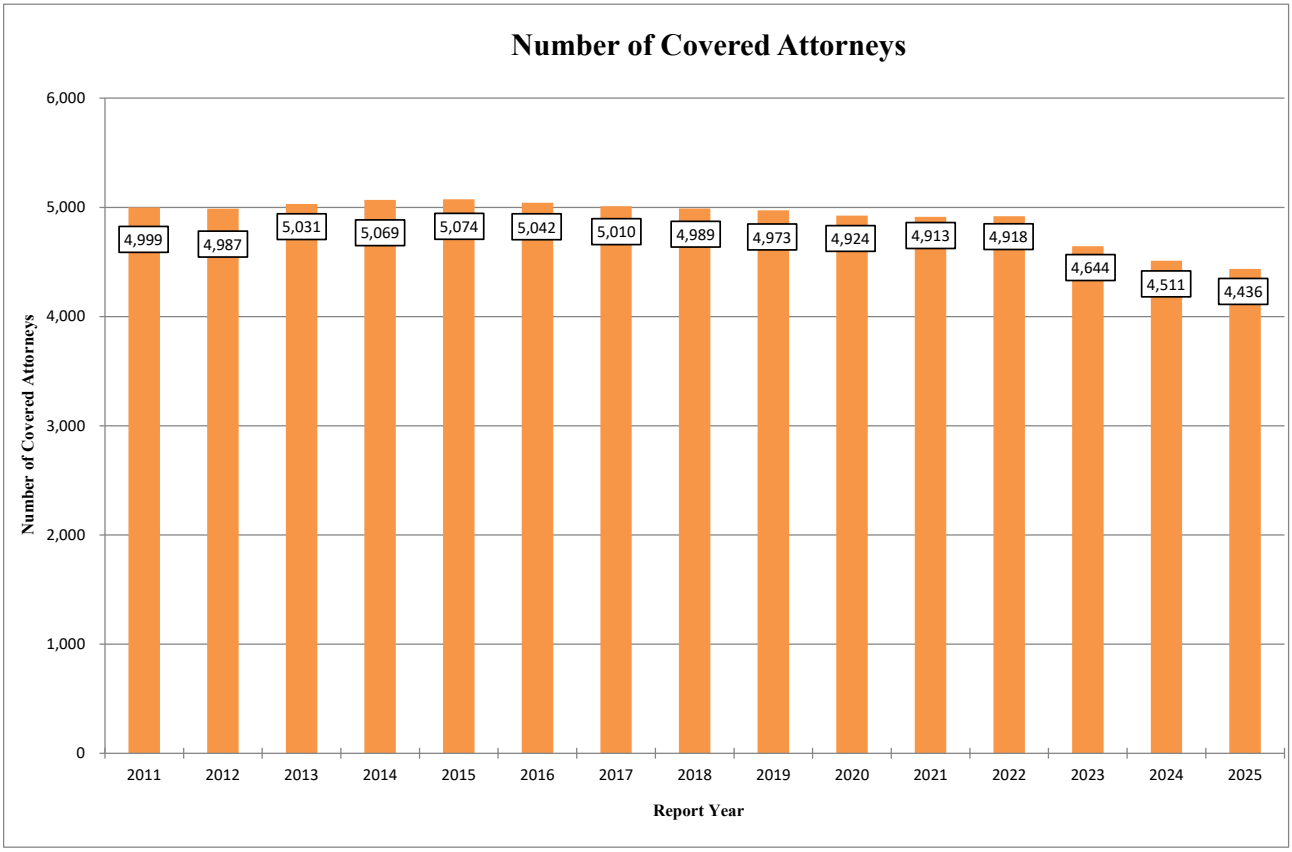
While the swing-rated treaties generally worked well for the Company during its first 40 years of operations, in recent years, the increased frequency of large claims impacting the primary layer convinced management that it would be advantageous to move to a fixed-rate arrangement beginning with 2020.

Under the fixed-rate arrangement for the 2020 through 2024 treaty years, the cost for reinsurance in the primary layer was established in advance of a given treaty year at a level that did not fluctuate regardless of experience. In addition to moving to a fixed-rate arrangement, OAMIC's strong financial position allowed the Company to increase retention in the primary layer to $350,000 with a $500,000 aggregate deductible.

Under the current reinsurance arrangement, which was first implemented for the 2025 treaty year, the Company retains the first $500,000 of each claim and cedes the next $500,000; i.e., the primary reinsurance treaty continues to provide for losses up to $1 million. The current treaty does not include the aggregate deductible included in the previous treaty. The fixed rate for first layer reinsurance is 21.0% of gross written premium. Additionally, the excess layers have been modified. In prior years, there was a $1 million excess of $1 million layer of claims and a $3 million excess of $2 million layer of claims to complete the first $5 million of claims. Under the current treaty, these two layers have been replaced with a $4 million excess of $1 million layer of coverage.

Portfolio of Business

Over the years, the Company's portfolio of business grew slowly, but steadily reaching an all-time high of 5,074 insured members during 2015. The portfolio has declined since then to 4,436 attorneys during 2025. Market share continues to be quite favorable, especially given the extensive competition that the Company faces. The following chart displays the average number of attorneys insured by OAMIC for each year since 2011.



Financial Achievements

Over the last 35 years, OAMIC has achieved a series of impressive goals including:

- ❖ Significant rate reductions:
  - A 10% claims-free discount was implemented in 1990, resulting in an average rate reduction of 8%.
  - A 15% across-the-board rate reduction was adopted in 1991.
  - In late 1994, OAMIC implemented:
    - a 10% across-the-board rate decrease;
    - larger firm size discounts resulting in an additional 2% aggregate decrease;
    - a change in claims-free discount parameters; and
    - initiation of an individual risk premium modification (IRPM) of plus or minus 15% on a given policy.

    The 1994 changes produced an average premium reduction of approximately 15%.
  - A 10% across-the-board rate reduction was adopted in 1998.
  - In the aggregate these rate reductions reduced average rates by approximately 40% from 1989 to 1998.

- ❖ Repayment of $1.8 million of surplus certificates in 1991 and 1992.

- ❖ Renegotiations of reinsurance treaties to increase coverage and reduce premiums.

- Repurchase of the original stock issue ($1.25 million) and conversion to a mutual company in 1994.

- Payment of approximately $36.5 million of policyholder dividends since 1994.

Year	Policyholder Dividend
1994	$ 427,000
1995	801,000
1996	1,306,000
1997	1,328,000
1998	1,345,000
1999	1,171,000
2000	1,408,000
2001	1,441,000
2002	1,944,000
2003	1,434,000
2004	2,310,000
2005	1,606,000
2006	1,687,000
2007	1,833,000
2008	659,000
2009	1,201,000
2010	1,895,000
2011	1,096,000
2012	1,050,000
2013	1,025,000
2014	1,205,000
2015	1,202,000
2016	1,244,000
2017	851,000
2018	410,000
2019	445,410
2020	899,900
2021	488,500
2022	499,650
2023	994,500
2024	721,400
2025	570,575

OAMIC Strengths

Perhaps the greatest challenge that continually faces an insurance company is the maintenance of solvency. Solvency is a more complex challenge for an insurance company than for most businesses because of the uncertain cost of the product that the insurer sells. Numerous contingencies impact the ultimate cost, which, for many casualty lines, cannot be determined until several years after the policy was sold. Clearly, by the time the true cost of the insurance product is known to the insurer, it is too late to adjust the revenue stream to match the expense outflow.

Historically, many insurance company insolvencies have shared common characteristics, such as weak asset portfolios, inadequate rating, under-reserving, and poor reinsurance. OAMIC's

financial strength results from:

- a solid asset base (approximately 75% of invested assets are in cash or bonds classified as “highest quality” under standards established by the NAIC);
- a knowledgeable and efficient staff of employees with minimal turnover;
- excellent succession planning
- a responsible and supportive Board of Directors committed to the long-term success of the Company;
- sound underwriting and claims handling practices;
- conservative case reserving by claims counsel and conservative actuarial reserving (as evidenced by generally lower than anticipated claim development);
- annual financial audits;
- reasonable operating expenses;
- quality reinsurance advisors with a knowledge of the Company and experience with attorneys professional liability insurance;
- good reinsurance security;
- frequent actuarial rate reviews of gross and net rating requirements;
- excellent relations with the Oklahoma Insurance Department; and
- maintenance of a current and up-to-date policy form that is responsive to policyholder needs but attentive to financial viability.

Outlook for 2026

During the first quarter of 2026, OAMIC had a net underwriting loss of about $58,000 which, together with net investment gains and other income, resulted in net income of about $484,000. After recognition of unrealized capital losses, surplus has increased by $337,000 to $46.9 million as of March 31, 2026.

Factors that will impact 2026 operating results include the following:

- We expect premium revenue will be slightly lower in 2026. OAMIC has not increased its rates since the beginning of 2023, and there we expect slightly fewer insured attorneys in 2026 than there were in 2025.
- Historically, attorneys professional liability claims experience has been positively correlated with the state of the economy: when the economy is poor, both the frequency and severity of claims tend to increase; e.g., during the oil and gas decline and the related savings and loan crisis of the mid-1980s and the Great Recession of 2007-08. It remains to be seen if the economy experiences a recession later in 2026 as some

have predicted.

- The volatility in the equity markets produced unrealized capital losses in 2022 and 2024, and unrealized capital gains in 2023 and 2025. We expect the markets to remain volatile going forward.

- The Company incurred 16 new claims through March 31, 2026, which projects to 64 claims for the year. That would be 18% fewer than 2025 and 24% fewer than 2024. There was one attorney, who generated 49 claims between 2023 and 2025. So, the claim counts for those years are somewhat inflated.

- Even though competitive pressure in 2023 prevented OAMIC from implementing the full rate increase indicated by the 2022 rate study, 2023 and 2024 produced good underwriting results. On the other hand, during 2025 and the first quarter of 2026 the Company has experienced underwriting losses. As a result, it will be important to monitor OAMIC's 2026 underwriting results throughout the year and perform another rate study later in the year.

- While the fixed-rate reinsurance treaty provides greater certainty concerning the cost of reinsurance in a given year, the higher retention increases the potential for claims volatility making the recent growth in surplus all the more important.

- OAMIC's ability to maintain profitability will continue to be dependent in part on the national and state economies and their effect on the Company's claims and investments.

Issues Requiring Continued Attention in 2026 and 2027

The current environment requires continued attention to the following important issues during 2026 and 2027.

- In the current competitive environment, it is likely to be difficult to consistently develop favorable underwriting results. This will require continued diligence in achieving adequate premium rates.

- The poor experience with Extended Reporting Endorsements in 2017 and again in 2024 and the continued growth in the number of EREs in force necessitated a re-examination and strengthening of reserving policy. The coverage requires continued monitoring in to order determine if adjustments to rating and coverage design are needed.

- The Company should continue to exercise caution when considering a distribution to policyholders if that would result in a reduction of surplus.

Summary

The following attributes have created an operating environment responsible for the Company's achievements of the last 45 years.

- Good management from the Board and its officers including strong underwriting, efficient claims handling, conservative reserving, prudent investment activity and sound

rating practices.

- The Board's and management's wisdom and foresight to adopt appropriate measures required for the financial success of the Company.
- Perhaps most importantly, the willingness to take difficult action when necessary, e.g., issuance of surplus certificates during the difficulties of the 1980's and the implementation of rate increases whenever necessary.

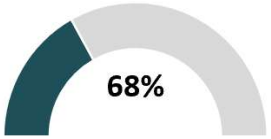
The issues discussed herein require continued attention from the Board and the staff during 2026 and 2027. Nevertheless, with an experienced and diligent managerial team, policyholder surplus of approximately $46.9 million and a solid portfolio of over 4,400 insured attorneys (as of March 31, 2026), OAMIC remains strong and well-positioned to meet these challenges.

OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

Executive Session

OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

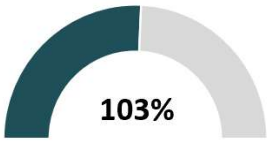
Financial Report



3-Yr Avg: 68%
Target: 60%-70%

Loss Ratio
Shows how much of each premium dollar goes to paying claims.

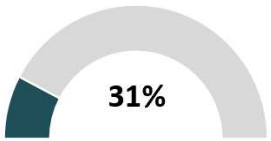
$$\frac{Loss + LAE}{Net\ Earned\ Premium}$$



3-Yr Avg: 104%
Target: 95%-105%

Combined Ratio
Shows underwriting profitability; claims *combined* with underwriting expenses.
<100% = UW Profit
>100% = UW Loss

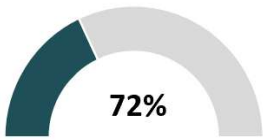
$$\frac{Loss + LAE + UW\ Exp}{Net\ Earned\ Premium}$$



3-Yr Avg: 31%
Target: 25%-35%

Investment Ratio
Shows how much investments help cover underwriting operations.

$$\frac{Net\ Investment\ Gain}{Net\ Earned\ Premium}$$



3-Yr Avg: 72%
Target: 65%-75%

Operating Ratio
Shows overall profitability after claims, expenses, and investments.

$$Combined\% - Investment\%$$

2026 1st Quarter | Performance Summary

- Underwriting performance and claims activity remained within **expected operating ranges** during Q1.

- Combined ratio of **103%** remained generally consistent with historical experience and within target range.

- Investment performance remained **exceptionally strong** during Q1, contributing significantly to overall earnings and surplus growth.

- Policyholder surplus increased **$337K** during Q1 to **$46.9M.**

Oklahoma Attorneys Mutual Insurance Company

Condensed Quarterly Statements — March 31, 2026

(Amounts in Thousands)

Income Statement, Year-To-Date

	Mar 31, 2026	Mar 31, 2025	Mar 31, 2024
Underwriting:			
Premiums	2,078	1,617	1,984
Losses & LAE	1,405	1,119	2,255
Underwriting Expenses	731	595	571
Underwriting Gain (Loss)	**(58)**	(97)	(842)
Investment Gain	**640**	530	305
Other Items:			
Other Income	21	48	23
Dividends	-	-	-
Taxes	118	121	-
Net Income	**484**	360	(514)

Balance Sheet

	Mar 31, 2026	Dec 31, 2025	Dec 31, 2024
Assets			
Cash & Equivalents	3,095	3,078	7,471
Invested Assets	59,750	59,667	51,710
Other Assets	3,487	3,363	3,330
Total Assets	**66,333**	66,108	62,510
Liabilities & Surplus			
Claim Reserves	13,735	13,466	11,578
Other Liabilities	5,670	6,051	6,303
Total Liabilities	19,405	19,517	17,881
Total Surplus	**46,928**	46,591	44,629

Operational & Regulatory Updates

• The 2025 independent **financial statement audit** has been completed with no material findings or reportable deficiencies.

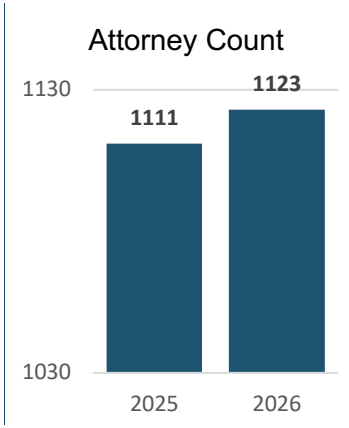
• The Oklahoma Insurance Department's regularly scheduled **5-year financial examination** is expected to begin in July 2026.

• Management continues preparation and coordination efforts related to the upcoming regulatory examination process.

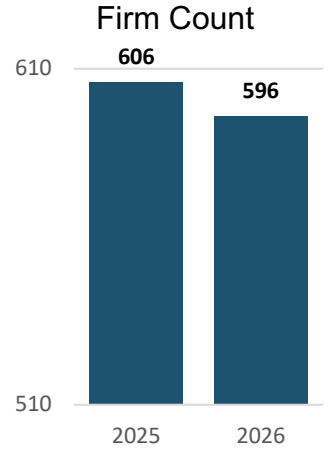
Underwriting Report

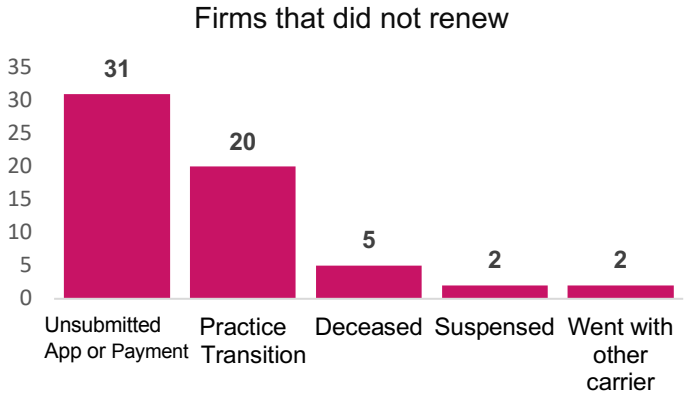
1st Quarter Portfolio Summary

	2025	2026	Change	% change
Primary	2,603,917	2,550,295	(53,622)	-2.1%
4 x 1	573,341	615,065	41,724	7.3%
5 x 5	44,026	51,947	7,921	18.0%
EPLI	84,900	87,800	2,900	3.4%

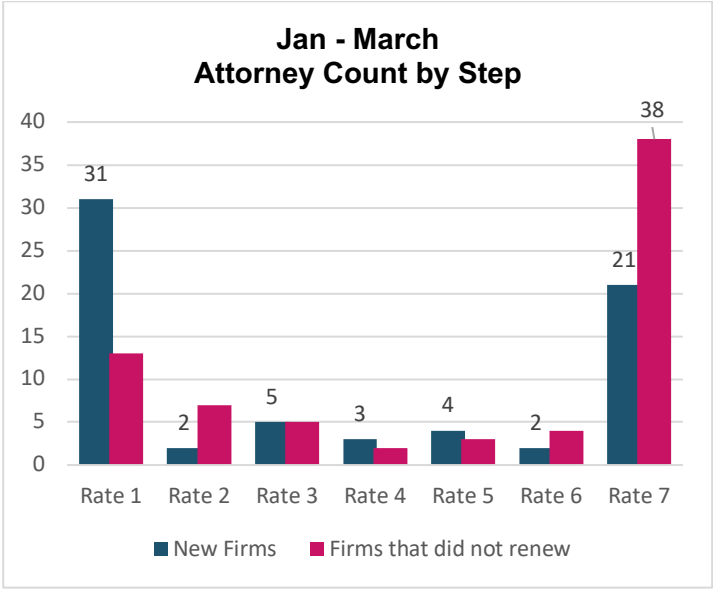


- The primary book shows a slight contraction of -2.1% but remains broadly stable.
- There is a modest increase in premium for layers excess of $1Mil.
- Retention remains strong at 95%, indicating continued portfolio stability.
- Attorney count has increased slightly.
- Nine firms that were previously with OAMIC have returned to the portfolio. One of the returning firms is a 15-attorney firm.





**Practice Transition= Attorneys leaving private practice/ Retirements/ etc.*



Membership Overview

- **Net Firm Change**: 50 new firms joined, while 60 firms did not renew.
- **Non-Renewal Analysis**: 45% of non-renewals were due to retirements, deaths, or suspensions — natural attrition.

Year	EREs Issued
2015	32
2016	31
2017	40
2018	50
2019	48
2020	52
2021	47
2022	45
2023	31
2024	31
2025	35
2026	16
5-year avg.	37.8
10 Year avg.	41

- **Steady Rates**: ERE issuance remains stable.
  The company is replacing mature/experienced attorneys (step 7) with newer ones (step 1).

Claims Data

Claim Severity	10 yr.	5 yr.
Avg. LAE	$ 25,814	$ 21,621
Avg. LOSS	$ 79,970	$ 59,416
Avg. Total Expense	$ 105,784	$ 81,037

Both loss and loss adjustment expense (LAE) averages are significantly higher over a 10-year horizon compared to recent experience.

Open Claims Greater than $350,000 in Total Reserve

Claim Number	Open Date	Policy Number	Limits	Ded.	Reserve Loss	Reserve LAE	Total Reserves	Expense Loss	Expense LAE	Total Expenses
3355	1/28/2025	12672-05-24	3 Mil / 3 Mil	25000	500,000	200,000	700,000	315,000	142,672	457,672
3158	12/14/2022	63107-22	2 Mil / 2 Mil	25000	250,000	150,000	400,000	-	122,355	122,355
2877	2/9/2018	62684-18	5 Mil / 5 Mil	10000	25,000	350,000	375,000	-	299,909	299,909

Closed Claim Outcomes (%)

Outcome Metric	2016 -2025	2021-2025	Trend
No LAE Paid	43%	53%	Increased efficiency / lower defense cost exposure
No Indemnity Paid	53%	54%	More claims resolving without indemnity
No LAE/ Indemnity Paid	25%	31%	Improved closure quality / fewer paid claims

OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

President's Report

Lawyers test case for professional liability AI risks

Olivia Royle
Reporter

Insurance Insider US

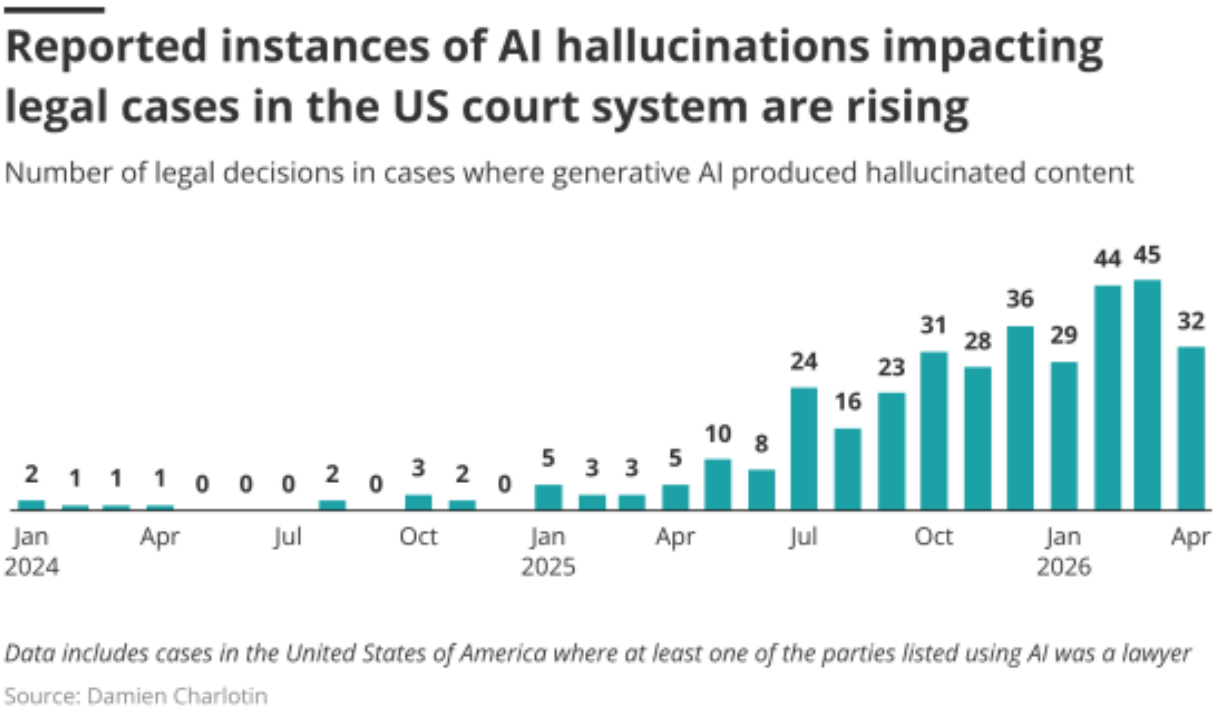
Law firms could be the first hit with tightened AI wording and exclusions on professional liability policies as AI-related incidents proliferate across the industry, sources told ***Insurance Insider US***. Last month, global firm Sullivan & Cromwell came under scrutiny after one of its lawyers submitted a court filing with more than 40 hallucinated AI errors and false citations.

It is just one incident in a growing trend of AI-driven legal mishaps. AI researcher Damien Charlotin has tracked over 370 court decisions since June 2023 of cases where lawyers were accused of presenting hallucinated AI content. These decisions represent only a small portion of AI-related incidents in total.

Similarly, AI liability MGA Testudo has tracked 720 US incidents so far where an attorney was sanctioned or disciplined for filing AI hallucinated content. The highest recorded fine was $110,000. “It’s inevitable that it will be a problem everywhere, but for whatever reason, lawyers just can’t seem to keep it in check,” one broker said.

Legal AI vendors are not being named in negligence cases in instances where a law firm has relied on a GenAI output because vendors transfer the liability to the deployer of their technology, according to Testudo. In other words, the law firm absorbs liability by reviewing outputs before they reach third parties.

Exclusions aren’t widespread at this point, but brokers canvassed by this publication reported seeing some sweeping AI exclusions on lawyers’ errors and omissions (E&O) policies with the expectation that there’s more to come.



E&O policies cover legal fees, settlements and damages when professional service providers are sued for things like negligence, errors or inadequate services. They are commonly purchased by law firms, accountants, architects, financial advisors and other professionals in regulated industries.

Precursor to broader trend

This emerging trend in the legal space could be a predecessor to more widespread AI exclusions in the professional lines market, with some carriers already implementing them across multiple industry verticals.

Hamilton is one of the insurers leading the charge on broad AI exclusions in its professional liability forms, introducing exclusions as far back as 2024.

Berkley has also formulated a broad exclusion for incidents “based upon, arising out of, or attributable to” the actual or alleged use, deployment, or development of artificial intelligence.
Besides law firms, brokers also reported seeing broad AI liability exclusions on architects’ and medical facilities’ policies, with one describing the trend as “concerning.”

Despite widespread AI use in financial services, one underwriter said that they have not yet seen exclusions emerge in FI, as insurers are currently at the stage of probing clients on whether that AI use is purely for internal purposes versus how much of it bleeds into output to customers.
Instead, professions likely to produce client-facing materials face more immediate risk from AI hallucinations, they said.

Brokers speaking to this publication said most E&O policies across all industry segments are still silent on AI coverage, though some insurers are starting to implement sub-limits as one form of affirmative AI coverage.

The consensus is that while silent coverage may be acceptable now, it is not likely to last.
“It will just take one large case where policy is silent, and the insurer actually declines it for people to ask for affirmative coverage,” one source said. “Even if an organization isn’t deploying AI at a company level, what’s stopping an associate from using ChatGPT or Claude on their own?”
Longstanding relationships between insurers and their corporate clients have prevented underwriters from putting sweeping AI exclusions in place at this point, according to a source at a large retail broker.

“Carriers are very mindful of not tarnishing relationships by just throwing a broad exclusion on a policy without looking and understanding exactly what they're looking to exclude versus cover,” they said. “There's certainly a lot of talk about it, and underwriters are absolutely trying to get a better handle on the risk they have within their portfolio.”

EMAIL from Phil Fraim to Charles Kinnon

Interesting article. We have seen a couple of incidents in Oklahoma but not from our insureds - yet. As far as I know, these have all been "Ethics" violations with sanctions placed on the lawyer....(sanctions are already excluded within the policy).

I like the end of the article which is much less reactionary. Having said all of that, I am intrigued by the possibility of making it an affirmative coverage with a sub-limit if and when AI is used, ***and*** hallucinated case sites are included in briefs and court documents. I think this is very fair from an insured's standpoint because if you are going to be so lazy as to not check sites included in your document, you should not expect policy limits.

Like any policy changes where we have not seen the feared exposures come to fruition, I would like input from Aon and our trusted reinsurance partners as to what they have seen - not just heard of or read about. The last thing any of us want to do is take on and "old man" reactionary approach by implementing broad AI exclusions which then puts us in a bad competitive position. I would prefer to limit exposure as referenced above because we know that AI will be used. Our intent should be to attempt to encourage it to be used correctly.

I am hopeful you guys can do a claims search within the markets and let us know what you find.

PHILLIP D. FRAIM
PRESIDENT

EMAIL RESPONSE from Charles back to Phil

Thanks again for the quick response from yourself and Phil.

In all honesty, to Phils point, it was just merely me reading the article and thinking it was interesting some domestics were starting to exclude, especially as I didn't hear about such exclusions at the ABA. This isn't a knee jerk reaction to start implementing but just interested in Nabricos views or what they are seeing on the ground, I think its just worth further conversations over the next year to see how the market adapts and implements (or not). We certainly don't wish to impose anything which may impact any competitive advantage and it was interesting to read Phils idea about sub-limiting perhaps. I have not seen any claims to date on our book (or the market but haven't been laser focused on it). I haven't seen any exclusionary language from those domestics or others and imagine anything, if eventually necessary, would have to be tailored to each State and/or policy form.

Thanks
Charles

Charles Kinnon
Head of Specialist Lines – Insurance and Delegated Authority
FARADAY

SAMPLE

“Sublimit AI Endorsement”

I. Artificial Intelligence Related Claims
Subject to all other terms, conditions, exclusions, and limitations of this Policy, coverage is afforded for Claims arising out of or relating to the Insured’s use of Artificial Intelligence tools, platforms, systems, or software in the rendering of Professional Services; provided, however, that the Company’s maximum liability for all Damages and Claims Expense arising out of any one Claim or related Claims involving Artificial Intelligence Generated Content shall not exceed **$200,000** in the aggregate. This sublimit shall be part of, and not in addition to, the applicable Limits of Liability stated in the Declarations.

II. Definitions
For purposes of this endorsement:

“Artificial Intelligence” or “AI”
means any machine-based system, software application, large language model, generative AI platform, or automated technology capable of producing text, analysis, recommendations, research, summaries, citations, images, or other content in response to user prompts or inputs.

“Artificial Intelligence Generated Content”
means any legal research, citation, pleading, motion, memorandum, communication, filing, analysis, recommendation, or other work product created in whole or in part through the use of Artificial Intelligence.

“Hallucinated Authority”
means any fictitious, fabricated, inaccurate, misleading, or non-existent legal authority, including but not limited to cases, statutes, regulations, quotations, holdings, citations, or legal analysis generated by Artificial Intelligence.

III. Application of Sublimit
This endorsement applies to any Claim arising out of, based upon, attributable to, or in any way involving:

1. Hallucinated Authority;
2. The citation, reliance upon, filing, submission, communication, or use of Artificial Intelligence Generated Content containing Hallucinated Authority; or
3. The failure to verify or authenticate legal authority or legal analysis generated by Artificial Intelligence.

All related acts, omissions, or Claims arising from the same or related Artificial Intelligence Generated Content shall be deemed a single Claim.

IV. Other Terms Unchanged
All other terms, conditions, exclusions, and provisions of this Policy remain unchanged.

Business Considerations
This structure creates:

- **Affirmative coverage** (not a full exclusion)
- A clearly defined **reduced sublimit**
- Broad causation wording (“arising out of”)
- Focus on hallucinated legal authorities specifically
- Preservation of some coverage rather than outright denial

Alternatively structure this as:

- A complete exclusion
- A higher deductible for AI-related claims
- A coinsurance provision
- A warranty requiring attorney verification of AI output
- A separate underwriting questionnaire tied to AI usage controls

A more underwriting-focused alternative might say:
“Coverage applies only if all AI-generated legal authorities are independently verified by a licensed attorney prior to use.”

That creates a compliance condition instead of merely a sublimit.

Claims Report

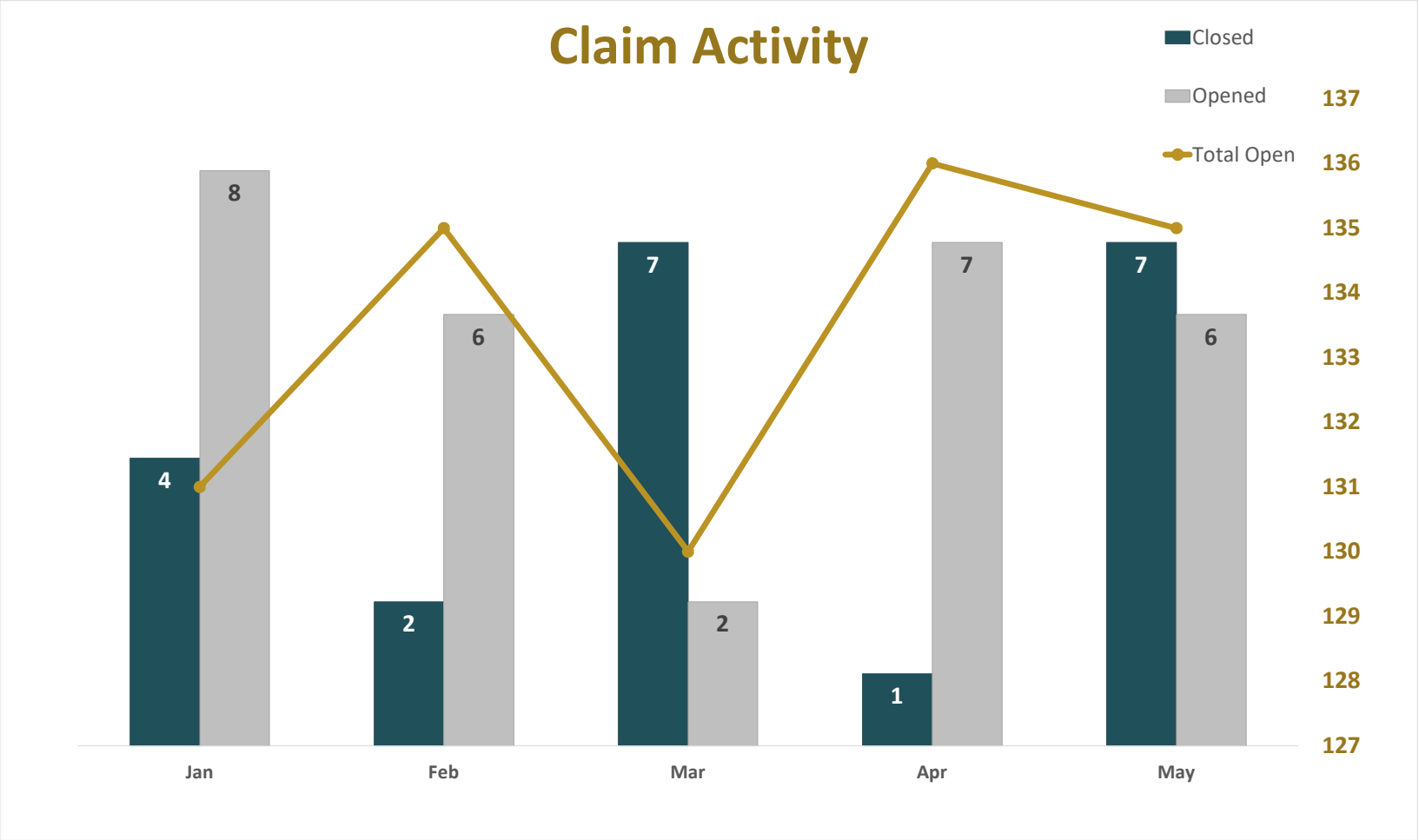
OAMIC
Claims Snapshot
5/31/2026

Still Open
135

Opened in 2026
29

Closed in 2026
21

Closed at $0
6



1. CLAIM NO. 3158

RESERVED		PAID	
LOSS	**LAE**	**LOSS**	**LAE**
$250,000	**$150,000**	**$0**	**$122,355.21**

STYLE: **ALLEMAN V. RUBENSTEIN & PITTS**
OAMIC INSURED: **RUBENSTEIN & PITTS, PLLC**
LDC: **TOM PARUOLO**
JUDGE:

9-22-25: This matter arises out of Rubenstein & Pitts attorneys Leif Sweidlow, Jon Reiff and Craig Pitts's representation of Jane Licata in her attempt to remove her daughters as her guardians.

Jane Licata came to R&P in early December of 2021when she wanted to amend her estate plan. Earlier that year in March, Jane was examined by a doctor of her daughters' (Gia Rose and Abby Simmons) choosing as they were concerned about early onset dementia in their mother, as well as influence of her "boyfriend" Larry Montgomery. The doctor stated Jane had Major Neurocognitive Disorder. As a result, Jane's daughters took her to see an attorney at Evans & Davis to amend her estate plan. Changes to the plan included the inability of Jane to remove Gia Rose as a trustee, and empowered Gia and Abby to unilaterally declare Jane incompetent upon a certificate from Jane's physician.

Jane and Larry believed Gia and Abby would attempt to obtain a guardianship over Jane. Therefore, they went back to Evans & Davis to once again amend Jane's estate plan. Jane claimed if she had realized the extent of her daughter's power in the plan when it was amended in June, she never would have agreed to it. The Evans & Davis attorney would not see Jane, but he did advise Gia and Abby that their mother was attempting to amend her plan. Jane and Larry then went to R&P. Larry previously worked with Jon Reiff on his estate plan and therefore he knew of the firm and its attorneys. R&P found Jane to be competent and agreed to amend Jane's plan, which disinherited her daughters and named Larry as a beneficiary. Shortly thereafter, Gia and Abby filed a Petition for Guardianship of Jane, which was granted. Jane was sent to an assisted living facility against her wishes. R&P, representing Jane, sued Gia and Abby in a declaratory judgment action. This case was dismissed voluntarily. The Guardianship Court eventually appointed a Special Guardian (Stephanie Alleman) for Jane. Gia and Abby then moved to have R&P disqualified as Jane's attorneys because of a conflict of interest in that the firm previously represented Larry Montgomery. The Guardianship Court ultimately granted this motion. R&P then moved to have their fees approved, which was denied. The Court stated there was an incurable conflict at the time R&P began representing Jane.

Leif Swedlow claims Jane should have been allowed to contest the guardianship put in place by her daughters. It is a typical scenario wherein daughters are concerned for their mother, mother has a "boyfriend" and daughters fear this person is taking advantage of their mom. Mom believes she is competent and wants to live in her own home. Leif believes he probably fought too hard for too long to remain in the case, but he wanted to carry out the wishes of Jane. He also realized, much later, that Larry Montgomery likely was trying to take advantage of Jane. Notably, after Licata contested the guardianship, the Court did approve a plan where she could live at home and not at the assisted living facility.

R&P was sued in OK County. Judge Dishman is our Judge. The crux of the claim is R&P caused damage to the estate by contesting the guardianship and forcing it to incur almost $300K in attorney fees to defend against the claims brought by R&P. Since the filing of this suit, Jane Licata has passed away. We will likely mediate at some point in the near future.

12-11-25: Discovery is ongoing.

3-23-26: Discovery is ongoing. Plaintiff prevailed on her Motion for Protective Order allowing her deposition to go forward via Zoom (not in person as we requested) and to allow her husband to be in the room with her as her emotional support person.

5-28-26: Discovery is ongoing.

2. CLAIM NO. 3355-LP-2024

RESERVED		PAID	
LOSS	**LAE**	**LOSS**	**LAE**
$500,000	**$200,000**	**$315,000**	**$142,672.21**

STYLE: **FAIN V. DAVIS**
OAMIC INSURED: **LITCO AZ, PLLC (DUSTIN DAVIS)**
LDC: **CHARLES GREBING**
JUDGE:

9-22-25: This litigation is filed in San Diego, California. Our insureds, Dustin Davis and Evans & Davis, represented Fain Drilling & Pump, Inc. with respect to two general legal agreements: a buy-sell agreement which was executed in 2019, and a business succession gifting plan which was executed in 2021. The background is this: Joe Fain of Fain Drilling & Pump wanted to leave his business to his grandson (David Matthews) and long time assistant (Shelby Boyer) at his death. This was the subject of the buy-sell agreement that was executed by Joe Fain in 2019. Later, since Matthews and Boyer were already running the day to day operations of the company, Fain wanted to go ahead and give the company to Matthews and Boyer while he was still alive, if Matthews and Boyer would continue to pay him a monthly salary and his rent. This was the subject of the gifting plan that was executed, *by Shelby Boyer on behalf of Joe Fain for Fain Drilling & Pump*. Joe Fain continued to receive his salary and rent, but turned in his company truck and credit card.

Purportedly, Joe Fain purposely did not want his second wife (Nelleke) or step daughter (Monique) to have any interest in the company—they were not interested in the business, did not pay for any of the assets, had no sweat equity, etc. in the business. The above arrangement continued until Nelleke and Monique began to question whether they would continue to receive those payments after Joe Fain's death. They began to ask questions about the transfer of the business and the gift agreement to Matthews and Boyer. They ultimately claim Joe Fain was duped and did not know what he was doing when he transferred the business. Monique demanded all files from Dustin Davis, which he eventually provided, but he could not locate a signed gift agreement. He believes it would have been delivered to Fain Drilling for safe keeping. Monique also believed Joe Fain had not been paid his salary and rent—this issue was investigated and while there may have been some missed payments by Matthews and Boyer to Fain, this likely amounted to at most $18,000.00. Meanwhile, Dustin Davis responded to Monique's inquiries as well as met with Matthews and Boyer. He attempted to smooth things over between Fain/Nelleke and Matthews and Boyer, but this did not work.

Fain first sued Matthews and Boyer in a separate "unlawful detainer" action because they were not paying rent. He then sued then for claims sounding in fraud and elder abuse. He added Dustin Davis to this suit, and most recently, sued the firm and Davis in a new case sounding in legal malpractice. The crux of the claims are that Fain was not aware and did not intend to transfer the business to Matthews and Boyer while he was still alive—if he did sign any documents purporting to do so, he did not understand the consequences. The firm and Davis maintain they performed totally in accordance with the wishes and desires of Mr. Fain. They created documents exactly in accordance with his wishes, and Mr. Fain signed those documents.

Dustin Davis is not licensed to practice law in California, and this issue has been raised by opposing counsel. Davis had an agreement with a licensed California attorney to review all documents, but we

are still trying to figure out exactly what documents, if any, this attorney would have reviewed. We believe Mr. Fain hired new counsel to help him amend his estate plan and it purportedly precludes the transfer of any real property interests to Matthews and Boyer, other than allowing them to continue to rent the premises and potentially have the right to purchase the property if arrangements can be reached in the future.

We attended a somewhat early mediation in July, which was unsuccessful. The attorney for Fain indicated that if the issues between Fain and Matthews and Boyer were worked out, the case against Davis would go away. Now, he indicates he might be willing to separately settle with Davis and firm. Our defense counsel is Charles Grebing in San Diego and he advises this could be worth exploring. He worries that Matthew and Boyer may file a claim against Davis, which would be more concerning to him than the claim by Fain. Davis's action in this case arguably give the appearance of a conflict, especially since Matthews and Boyer asked Davis's opinion about the gift agreement and whether there was anything else they needed to do to make it legal. To date, Matthews and Boyer have not filed a claim, but they threaten to do so. We have discussed mediating the entire mater again and the parties are in agreement to do so. Upcoming discovery includes retaining experts, completing the deposition of Joe Fain, and presenting Dustin Davis for deposition.

12-11-25: Trial set for March 20th on an expedited setting due to Plaintiff's health. We are retaining experts and concluding depositions. We are hoping to attend judicial settlement conference prior to trial, but the other parties are currently not interested.

3-23-26: We settled the Plaintiff's claim. In January, the original co-defendants, Matthews and Boyer, filed a new and separate lawsuit against Davis and the firm for legal malpractice. We will file an anti-SLAPP motion.

5-28-26: The original trial between Fain and Boyer/Matthews was continued. No response, yet, to our Anti-SLAPP motion.

3. CLAIM NO. 2877

RESERVED		PAID	
LOSS	**LAE**	**LOSS**	**LAE**
$25,000	**$350,000**	**$0**	**$299,908.92**

STYLE: **ELLIS BENEFICIARIES V. NORMAN & EDEM**
OAMIC INSURED: **NORMAN & EDEM**
LDC: **GEORGE CORBYN, OK**
JUDGE: **NATALIE MAI**

12-15-25: The Ellis Beneficiaries, the stepchildren, assert claims against our Insured for legal malpractice and breach of contract, alleging our Insured failed to pay the Ellis Beneficiaries a 20% share of the recovery of a wrongful death case in which our Insured represented the children of Robert Ellis. In 2013, a truck crashed into the home of 84-year-old Robert Ellis killing him. Mr. Ellis had two biological children and three stepchildren. Mr. Ellis raised all five of these children as his own. All five children hired our Insured to represent them in the wrongful death suit, and all five children specifically agreed to share in the recovery. Given this agreement among the children to share in the recovery of the proceeds, our Insured had no conflict in representing both the biological and the stepchildren.
On December 8, 2016, our Insured obtained a $2M jury verdict. The court approved our Insured's legal fees, finding our Insured's legal services for their clients had been reasonable and necessary. However, the biological children no longer would honor their agreement, which was verbal as the biological children did not sign the written agreement, to share the proceeds and under the wrongful death statute only the biological children were entitled to the proceeds. Accordingly, the trial court awarded the remaining proceeds to the biological children.
Initially, the Court granted our Motion for Summary Judgment on all claims. However, the Ellis Beneficiaries appealed arguing they were not allowed to make a full response to our Motion for Summary Judgment. The Court of Civil Appeals reversed and remanded.
After contentious discovery, we filed another Motion for Summary Judgment, to which Plaintiff responded. The Court has dismissed the legal negligence claim but did not dismiss the breach of contract claim. Rather, confusing because Oklahoma law is clear a breach of contract is a legal negligence claim unless there is a special provision in the engagement letter. There is no special provision in the engagement letter. We have filed another Motion for Summary Judgment on the breach of contract. In the meantime, the Ellis Beneficiaries appealed the Court's dismissal of the legal negligence claim. The Supreme Court dismissed the appeal for failure to have a final order.
We filed a third Motion for Summary Judgment which was successful. However, Plaintiff has appealed for the third time. The appeal is fully briefed as no additional briefing is required when the appeal is from a Motion for Summary Judgment. The appeal has been assigned to the Tulsa Court of Civil Appeals.

3-23-26: The appeal is pending in the Tulsa Court of Civil Appeals.

5-28-26: The appeal is still pending.

OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

Committee Reports

Audit Committee Meeting - MINUTES
OKLAHOMA ATTORNEYS MUTUAL INSURANCE COMPANY

June 2, 2026, 1:30 P.M., Via Microsoft Teams

Date: June 2, 2026
Time: 1:30pm (Virtual Meeting)
Attendees:

- **Staff Present:** Phil Fraim, Isaac Fraim, Alex Quinones
- **Board Members Present:** Michael Mayhall, Richard Nix, Phil Eller, Sara Royster
- **Auditors Present:** Ricky Brough and Noah Lehn

Key Highlights:

Audit Presentation

Ricky Brough, audit partner at Forvis Mazars, presented the results of the Company's 2025 statutory financial statement audit.

Mr. Brough noted that this was his fifth and final year serving as engagement partner for the audit pursuant to partner rotation requirements. A new engagement partner will be assigned for future audits.

The auditors reviewed the scope of the engagement, audit planning process, risk assessment procedures, and areas of audit focus, including:

- Fair value measurements and other-than-temporary impairment;
- Loss and loss adjustment expense reserves; and
- Premium revenue recognition.

The auditors reported that the Company received an unmodified ("clean") opinion on its statutory-basis financial statements and that no material weaknesses or significant deficiencies in internal control were identified.

The auditors noted that certain non-material internal control observations and best-practice recommendations were communicated to management.

Mr. Brough complimented management on the timeliness and quality of audit support provided during the engagement. He further noted that Alex Quinones transitioned into the Director of Finance role during the year and stated that the transition was handled smoothly and effectively, with no disruption to the audit process.

Financial Statement Discussion

The auditors reviewed summarized financial statement results and key financial trends for 2025, including:

- Growth in cash and invested assets;
- Increased reserves for losses and loss adjustment expenses;
- Growth in policyholder surplus;
- Strong investment income; and
- A strong RBC ratio.

The auditors noted that written premium remained relatively stable year over year and discussed the impact of reserve strengthening on underwriting results.

The auditors also reviewed required communications under generally accepted auditing standards, including significant accounting policies, accounting estimates, audit adjustments, auditor independence, and management representations. The auditors confirmed:

- There were no concerns regarding auditor independence;
- All required audit adjustments and presentation-related reclassifications were recorded by management; and
- There were no uncorrected misstatements.

Committee Discussion

Committee members, including Richard Nix, discussed the Company's operational complexity relative to other insurance companies. The auditors noted that OAMIC's mono-line structure, single-state operations, and straightforward investment portfolio reduce overall audit complexity compared to many insurance companies.

The Committee, led by questions from Richard Nix, also discussed information technology controls and cybersecurity. The auditors reported no significant IT-related concerns and noted that recommendations regarding administrative access rights and periodic user access reviews had been communicated to management.

Management discussed the Company's recent engagement of an outside IT provider to assist with ongoing cybersecurity and system management efforts.

The auditors noted that, overall, the Company maintains a strong internal control environment for an organization of its size.

Meeting Adjourned:

Phil Fraim thanked the auditors for their work and professionalism throughout the audit process. Upon motion by Phil Eller and second by Sara Royster, the meeting was adjourned at approximately 2:21 p.m.

OKLAHOMA ATTORNEYS
MUTUAL INSURANCE COMPANY

New Business

Oklahoma Attorneys Mutual Insurance Company

Next Meeting

September 25, 2026 @ 1:00 P.M.

December 18, 2026 @ 1:00 P.M.