2025 ANNUAL REPORT

Contents

Dear valued partners and stakeholders,

For more than 35 years, RAS has stood for one thing: doing workers' compensation the right way. Since our founding in 1989, we have built a reputation for disciplined underwriting, proactive injury management, and deep partnerships with agents and employers who value consistency, expertise, and results.

In 2025, RAS delivered another year of strong performance, proof that focus matters. As a monoline workers' compensation organization, we continue to grow with intention, concentrating on industries where our experience and service model create a clear advantage. The Dakota Group® closed the year with **$171 million in direct written premium, $374 million in total assets**, and **$153 million in policyholders' surplus**, reinforcing our position as one of the strongest workers' compensation platforms in the Upper Midwest.

Our results reflect a business model built to perform over the long term. Disciplined risk selection, collaborative claims management, and a relentless focus on workplace safety drove underwriting profitability and sustained surplus growth, while our combined ratio remained competitive in a challenging operating environment. Year after year, RAS continues to outperform industry peers earning recognition such as Ward's Top 50 and reinforcing our standing as a trusted, high-quality carrier.

Just as important as our financial strength is how we operate. Our people—many with decades of service—are the foundation of our success. Their tenure, expertise, and commitment to doing what's right ensure continuity for our agents, stability for our insureds, and better outcomes for injured workers. Beyond our business, that same commitment shows up in our communities, where RAS employees and the organization invest time and leadership to make a meaningful impact.

2025 also marked a defining moment in our story. In January 2026, RAS and The Dakota Group entered a new chapter through our acquisition by The MEMIC Group. a highly aligned workers' compensation specialist rated A (Excellent) by A.M. Best. Together, MEMIC and RAS form the third largest workers' compensation organizations in the country, combining deep regional expertise with national scale.

This partnership expands our reach, strengthens our resources, and enhances our ability to serve agents and policyholders—without compromising the values or service model that define RAS. Our focus remains the same: delivering exceptional workers' compensation solutions, supporting injured employees, and helping businesses thrive. Now, we do so with even greater capability and opportunity ahead.

Thirty-six years strong. Built for partnership. Focused on performance. Positioned for what's next.

Richard E. Johnson

RICHARD E. JOHNSON
President and CEO

2020 – 2025

NAMED TO

WARD'S TOP 50

FOR SIXTH CONSECUTIVE YEAR

RAS – The Dakota Group® were named to
Ward's Top 50 performing insurance companies for 2025.

"Six consecutive years on Ward's Top 50 underscores what we've built over more than three decades, an organization focused on financial strength, operational discipline, and doing workers' compensation the right way. That consistency is what our partners count on, and it's what sets RAS apart." said **Rick Johnson, President & CEO**.

"We recognize RAS – The Dakota Group for outstanding financial results in the areas of safety, consistency, and performance over a five-year period," said **Jeff Rieder, Partner, Head of Performance Benchmarking**. *"In selecting the Ward's 50, we analyze the financial performance of nearly 3,000 property-casualty insurance companies, identifying the 50 companies that pass financial stability requirements and demonstrate the ability to grow while maintaining strong capital positions and underwriting results."*

About Aon's Ward's Top 50: Aon is the trusted leader of benchmarking and best practices services for the insurance industry. For the past 34 years, they have analyzed the financial performance of nearly 3,000 property-casualty companies domiciled in the United States. The analysis is based on publicly available data which is used to determine the companies' financial performance over a five-year period. This serves as a benchmark to compare the performance of the Top 50 as a group with the rest of the industry.

Focused Growth. Disciplined Execution.

RAS is built around a clear point of view: growth is strongest when it is intentional.

As a monoline workers' compensation carrier, we focus on markets where our expertise, service model, and underwriting discipline create an advantage for our agents, insureds, and our long-term performance.

Where We Choose to Compete

We prioritize industries where we understand the risk, the operations, and the opportunities to make an impact:

- Medical/Healthcare
- Construction/Artisan Contractors
- Transportation/Trucking
- Agriculture
- Manufacturing
- Social Services
- Hospitality/Entertainment
- Retail/Wholesale
- Automotive
- Professional Services
- Loss Sensitive/High deductibles
- Education

These sectors represent the core of our portfolio and the foundation for continued growth.

How We Deliver Value

Our competitive advantage is not a single capability. It is how our capabilities work together to deliver consistent results:

- **Underwriting Discipline** that aligns risk selection with long-term profitability.
- **Claims and Cost Containment** focused on outcomes, return-to-work, and total cost of risk.
- **Loss Control Expertise** that helps prevent losses and improve workplace safety.
- **Ease of Doing Business** through responsive teams and streamlined tools like the RAS Portal.
- **Data and Insights** that support smarter decisions for agents and insureds.

Growth With Purpose

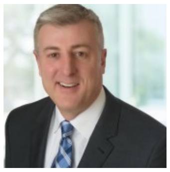
We are focused on growth that performs:

- **Deepening relationships in our core industries** where we have proven expertise.
- **Expanding with agency partners** who value specialization and responsiveness.
- **Leveraging technology and straight-through processing** to increase speed and efficiency.
- **Scaling value-added services** that differentiate the RAS experience.

Built for Partnership.
Focused on Performance.
Positioned for Growth.

Executive Leadership

RICHARD JOHNSON
President and CEO



ED JOHNSON
COO

Retired 12/2025

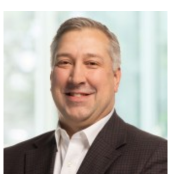
LARRY KLAAHSEN
Executive Vice President

KELLI THOMAS
Chief of Staff

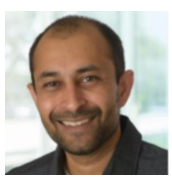
ROBERT J. HOLLAN
SVP, Secretary &
General Counsel

EDDIE RIVEIRO
Executive Vice President
Production Operations

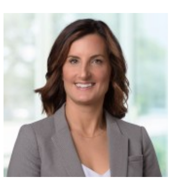
BOB SOBOCINSKI
Executive Vice President
Underwriting & Portfolio Mgmt



LES SMITH
Senior Vice President
Finance



CHIRAG SHUKLA
Chief Information and
Technology Officer



JENNIFER HERTZFELD
Senior Vice President
Claims

JULIE WAAGE
Vice President
Human Resources

Board and Advisory Committee

Dakota Truck Underwriters **Advisory Committee**

RICHARD JOHNSON, President & CEO, RAS
LARRY KLAAHSEN, Executive Vice President, RAS
MICHELLE SCHIPPER, President, K & J Trucking, Inc.
MATTHEW PARKER, President, Parker Transfer & Storage
CHRISTINE ERICKSON, President, SD Auto Dealers Association
PAUL SOVA, Chairman of the Board, Showplace Wood Products, Inc.
DAVID MICKELSON, President & CEO, Graham Tire Company
STEVE WATKINS, CEO, LifeScape
PEGGY LESLIE-SMITH, Director, Avera Employee Health
MICHELLE LAVALLEE,CEO, Children's Home Society
BRIAN NASH, CFO, Vern Eide, Mitchell

First Dakota Indemnity **Board of Directors**

RICHARD JOHNSON, President & CEO, RAS
LARRY KLAAHSEN, Executive Vice President, RAS
ED JOHNSON, COO, RAS
ROBERT J. HOLLAN, SVP, Secretary & General Counsel, RAS
MICHELLE SCHIPPER, President, K & J Trucking, Inc.
CHRISTINE ERICKSON, President, SD Auto Dealers Association
PAUL SOVA, Chairman of the Board, Showplace Wood Products, Inc.
DAVID MICKELSON, President & CEO, Graham Tire Company
PEGGY LESLIE-SMITH, Director, Avera Employee Health

Employee Base

average tenure	tenure 10+ years
7.18 years	28 percent

Built for the Long Term

Since 1989, RAS has grown with a clear point of view: long-term success comes from discipline, focus, and consistency. Over more than three decades, we've deliberately built a workers' compensation organization designed to perform across market cycles, not just in favorable conditions, but through change.

That approach continues to deliver results. Strong capitalization, consistent underwriting performance, and long-standing relationships with agents and employers reflect a business model grounded in durability. With experienced leadership and a culture anchored in doing what's right, RAS enters its next chapter positioned from a place of strength.

Our legacy isn't just longevity. It's readiness for what's next.

RAS Timeline

Entered 2026 positioned for strategic growth and expanded opportunity

2025

Named to Ward's Top 50 for **6th consecutive year**

Surpassed **$170M** in Direct Written Premium

Closed the Year with **$153M** in Policyholder Surplus

2024

Celebrated 35 years in business

RAS – The Dakota Group® named to Ward's Top 50 for **5th consecutive year**

2023

AM Best upgrades DTU & FDI to A rating

RAS – The Dakota Group® named to Ward's Top 50 for **4th consecutive year**

2020

RAS – The Dakota Group® **named to Ward's Top 50** for performing insurance companies for the first time

2014

AM Best upgrades DTU & FDI to A- rating

Celebrated 25 years in business

2007

RAS moves into **new corporate headquarters** at Cherapa Place, LEED: Gold

2003

First RAS Branch Office opens

2002

Precision Bill Review, LLC (PBR) formed as a bill review company

1995

First Dakota Indemnity Company (FDI) established forming The Dakota Group®

1994

TLC Advantage, LLC, formed in partnership as SD's first preferred provider organization (PPO)

OHARA, LLC, formed in partnership to provide managed care services

DTU reached $5,000,000 in written premiums and received its first AM Best rating of B++

1990

Insurance Alternatives, LLC, created to offer other lines of insurance to the subscribers of DTU

1989

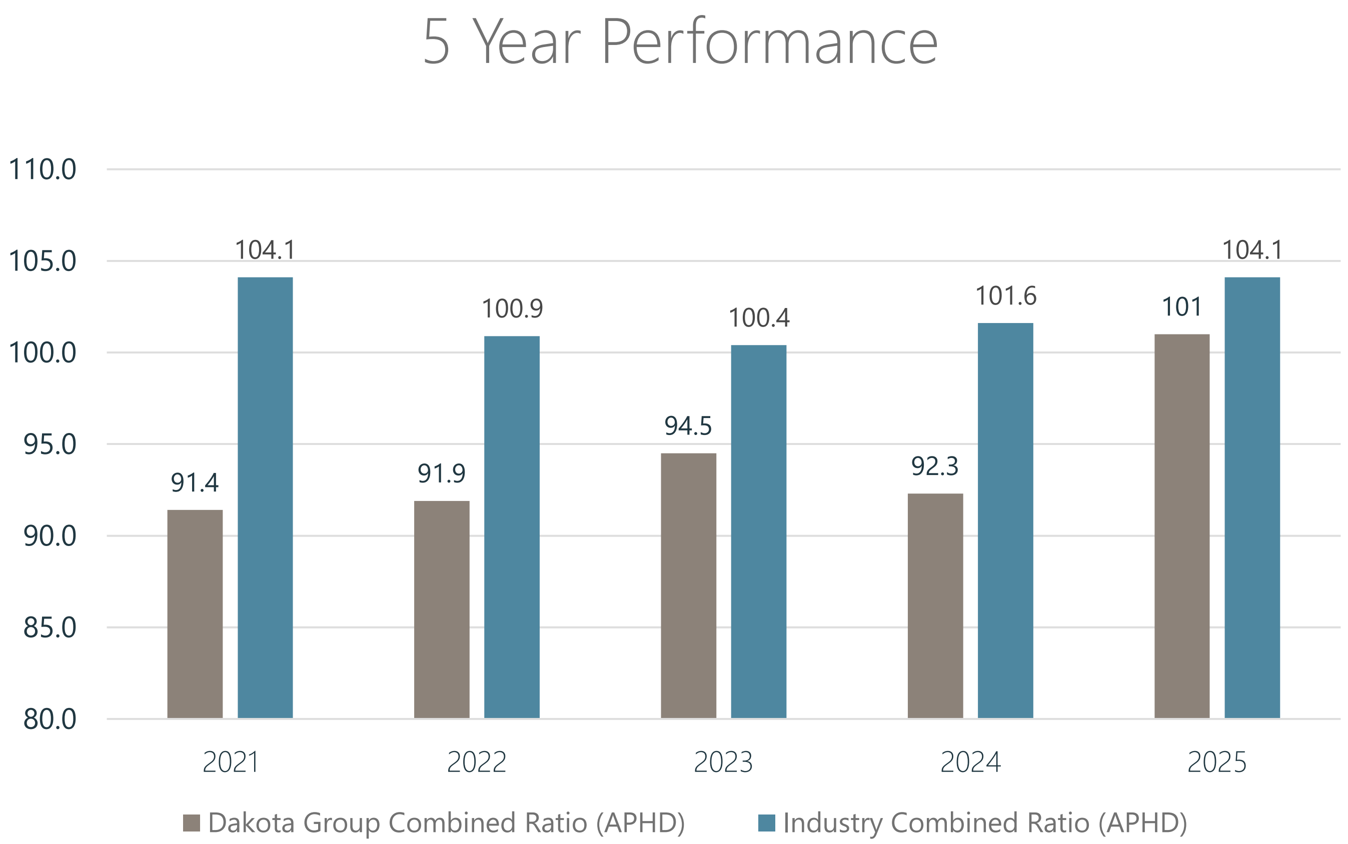
Risk Administration Services, Inc. (RAS) was formed with 8 employees to become the attorney-in-fact for DTU

Dakota Truck Underwriters (DTU) formed as a reciprocal insurer and direct writer serving workers' compensation needs for much of the trucking industry of South Dakota

Financials

Combined Dakota Group Through 4Q 2025		2025	2024
Financial Position (Prior Years as of 12/31)	Long Term Invested Assets	287,445,726	283,860,950
	Cash and Cash Equivalents	30,664,501	13,002,728
	Cash and Invested Assets	**318,110,227**	**296,863,679**
	Premium Receivables	45,616,063	43,184,110
	Reinsurance Recoverable	1,987,823	2,414,657
	Other Assets	8,725,772	8,349,779
	Total Assets	**374,439,884**	**350,812,225**
	Loss and Loss Expense Reserves	138,623,663	124,324,161
	Unearned Premiums	64,038,572	61,105,584
	Ceded Reinsurance Payables	8,105,445	8,581,873
	Other Liabilities	10,626,987	12,733,047
	Total Liabilities	**221,394,676**	**206,744,664**
	Policyholders Surplus	**153,045,208**	**144,067,561**
Operating Results (Prior Years as of quarter-ending)	Direct Premiums Written	171,067,666	161,855,489
	Assumed Premiums Written	2,294,673	2,102,725
	Gross Premiums Written	173,362,339	163,958,214
	Net Reinsurance Ceded	(21,274,267)	(21,671,031)
	Net Premiums Written	**152,088,072**	**142,287,182**
	Change in Unearned Premium	(2,932,998)	(6,139,845)
	Net Premiums Earned	**149,155,084**	**136,147,338**
	Loss and Loss Expenses Incurred	(105,838,186)	(87,369,818)
	Underwriting Expenses	(39,608,705)	(34,473,054)
	Underwriting Gain/(Loss)	**3,708,192**	**14,304,466**
	Net Gain/(Loss) on Investments	10,848,879	9,697,086
	Other Income/(Expense)	(356,621)	(428,326)
	Policyholder Dividends	(6,010,756)	(5,250,948)
	Pre-Tax Income/(Loss)	**8,189,694**	**18,322,278**
	Federal Income Tax	1,632,834	2,720,297
	Net Income	**6,556,859**	**15,601,981**
Underwriting Statistics	**Net Loss and Loss** Expense Ratio	70.96	64.17
	Underwriting Expense Ratio	26.04	24.23
	Combined Ratio	97.00	88.40
	Dividend Ratio	4.03	3.86
	Combined Ratio APHD	101.03	92.26

Performance



Industry AM Best

Work Comp Composite Group 5 Year Trends

93.5%
Change in Policyholders' Surplus
16.4% - Industry

23.7%
Underwriting Expense Ratio
30.6% - Industry

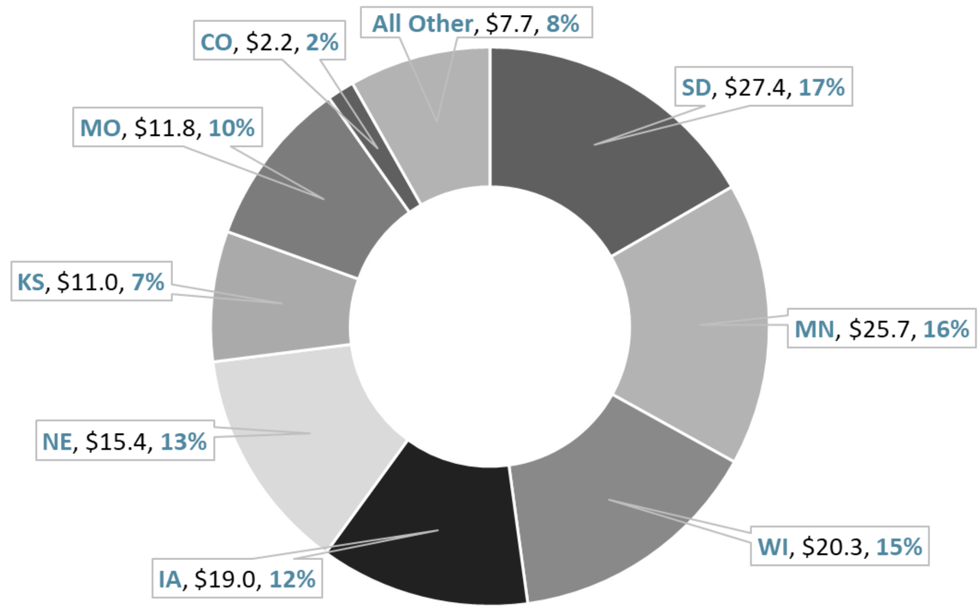
9.9%
Total Return on Surplus
6.2% - Industry

66.8%
Net Loss Ratio and LAE
66.2% - Industry

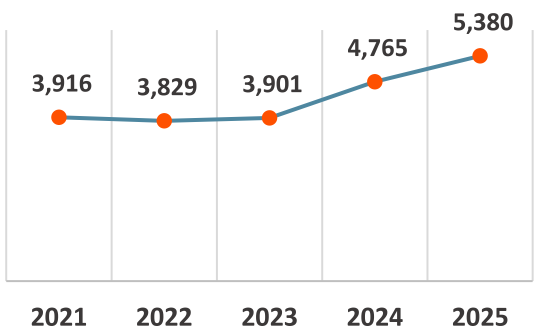
The Dakota Group® consistently performs better than the AM Best WC Composite peers in key operational areas. Best's ratings are a recognized indicator of an insurer's financial strength and creditworthiness.

Key Metrics

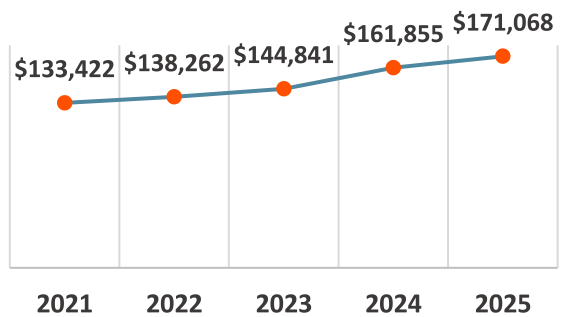
2025 DWP by State ($MM'S)



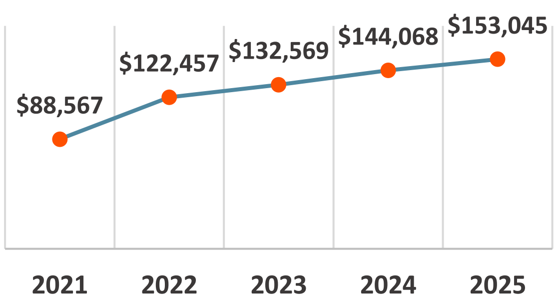
Policies In Force



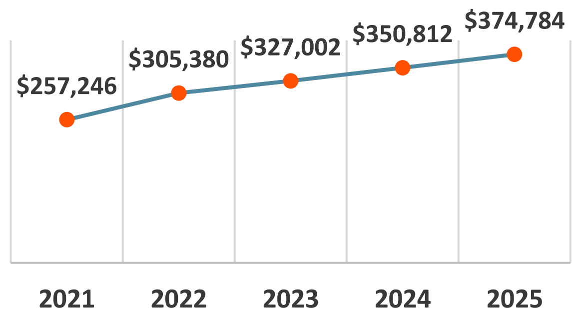
Direct Premium Written ($000's)



Total Surplus ($000's)



Total Assets ($000's)



Performance with Purpose

RAS's performance is built on more than strong financial results. It's rooted in a clear sense of purpose. As a monoline workers' compensation company, our decisions are guided by long-term outcomes rather than short-term gain.

By pairing disciplined underwriting with proactive claims management and safety-driven loss control, we create value for employers while improving outcomes for injured workers. This integrated approach allows RAS to remain stable through market cycles and responsive when it matters most.

Our focus on experience, tenure, and accountability reinforces consistency across the organization, strengthening trust with agents, employers, and partners. Performance with purpose isn't a single initiative; it's how RAS operates every day.

Giving Back

5th Annual RAS Golf Classic Benefitting Kids' Chance of SD Surpasses Fundraising Goal!

Kids' Chance of South Dakota

Kids' Chance of South Dakota is proud to provide post-secondary and trade school scholarships to the children of South Dakota workers who have been severely or fatally injured in a workplace accident. The children of these workers often lose opportunities for secondary education.

$107,000

DONATED TO KIDS' CHANCE OF SOUTH DAKOTA 2025

RAS Nominated for Sioux Empire United Way Business of the Year

United Way
Sioux Empire United Way

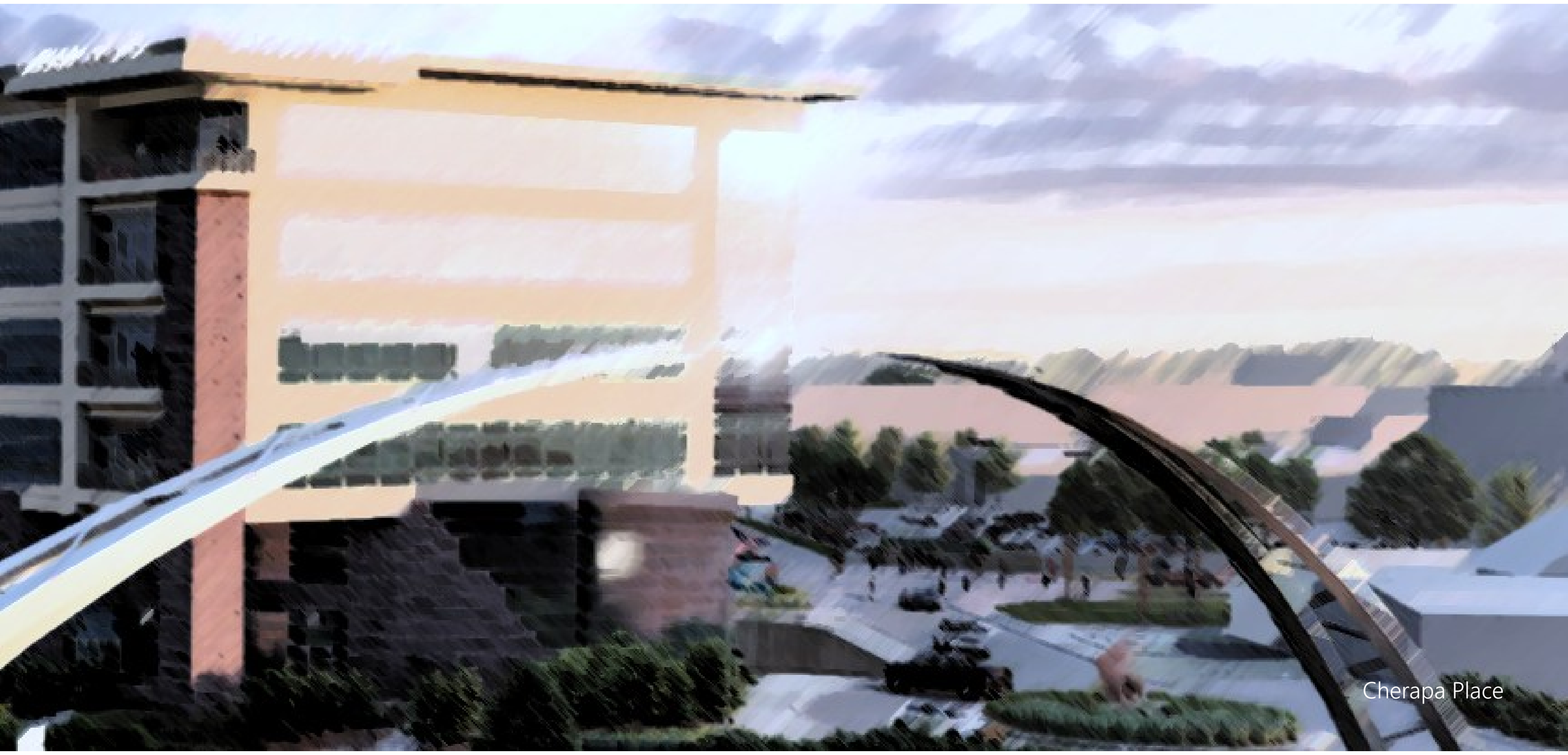
Community impact at RAS is driven by both employee engagement and corporate leadership. Our United Way campaign reflects this dual commitment with high participation, strong individual giving, and meaningful corporate support.

RAS employees contributed more than $80,000, supported by $19,800 in corporate investment, positioning the organization among the top contributors in the Sioux Empire region. With nearly four out of five employees participating, this level of engagement reflects a culture where giving back is embedded in who we are.

This commitment was recognized through a nomination for Sioux Empire United Way Business of the Year.

Other Charitable Contributions

- Active Generations
- American Heart Association
- Bread Break
- DAKOTABILITIES
- East River Foster Parent Network
- El Riad Shrine Temple
- Freeman Teammates
- Helpline Center
- Iowa Hospital Education & Research Foundation
- Kids' Chance of Nebraska
- Leukemia & Lymphoma Society
- Lifescape
- Marsh McLennan Agency Charity Challenge
- Special Olympics Minnesota
- St. Francis House
- Veterans Community Project



RAS

Workers' Compensation.

It's what we do. It's who we are.

2020-2025

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