

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND  
LIQUIDATION CAPTIVE INSURANCE COMPANY, LLC**

**AUDIT REPORT**

**For the Year Ended December 31, 2025**



**State of South Dakota  
Department of Legislative Audit  
427 South Chapelle  
% 500 East Capitol  
Pierre, SD 57501-5070**

SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE  
COMPANY, LLC  
OFFICIALS  
December 31, 2025

Board of Managers:

Board President, Bret Afdahl  
Vice President, Marcia Hultman  
Secretary/Treasurer, Brad Pesicka

Manager South Dakota Captive Insurance Companies:

Megan Mercer

Director, Division of Administrative Services, DLR:

Emily Ward

SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE  
COMPANY, LLC  
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427 SOUTH CHAPELLE  
C/O 500 EAST CAPITOL  
PIERRE, SD 57501-5070  
(605) 773-3595

RUSSELL A. OLSON  
AUDITOR GENERAL

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Larry Rhoden  
Governor of South Dakota

and

Board of Managers  
South Dakota Trust Company Receivership and Liquidation Captive Insurance Company, LLC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company, a component unit of the State of South Dakota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's basic financial statements, and have issued our report thereon dated May 21, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal

control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Russell A. Olson, Auditor General  
Pierre, South Dakota

May 21, 2026



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(605) 773-3595

RUSSELL A. OLSON  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

The Honorable Larry Rhoden  
Governor of South Dakota

and

Board of Managers  
South Dakota Trust Company Receivership and Liquidation Captive Insurance Company, LLC

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company, a component unit of the State of South Dakota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company as of December 31, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require management's discussion and analysis on page 6 and the Ten-Year Claims Development Information on page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2026 on our consideration of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company's internal control over financial reporting and compliance.



Russell A. Olson, Auditor General  
Pierre, South Dakota

May 21, 2026

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE  
COMPANY, LLC  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

This section of the South Dakota Trust Company Receivership and Liquidation Captive Insurance Company, LLC (Captive) financial report presents a narrative overview and analysis of the financial activities of the Captive for the fiscal year ended December 31, 2025. This analysis should be read in conjunction with the Independent Auditor’s Report, financial statements, and notes to the financial statements.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Captive’s basic financial statements for fiscal year ended December 31, 2025. The Captive’s basic financial statements include: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements. The report also contains Required Supplementary Information in addition to the basic financial statements.

The Statement of Net Position presents information on the Captive’s assets and liabilities with the difference being reported as net position. The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Captive’s net position changed during the year. The Statement of Cash Flows provides information about the Captive’s cash receipts and payments during the year. The Notes to the Financial Statements are an integral part of the financial statements and provide additional information that is essential to a full understanding of the data provided in the financial statements.

**FINANCIAL SUMMARY**

	<u>Net Position</u>			
	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>% Change</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,374,719	\$ 2,269,868	\$ 104,851	4.6%
Interest & Dividends Receivable	11,796	12,541	(745)	-5.9%
<b>Total Assets</b>	<u>2,386,515</u>	<u>2,282,409</u>	<u>104,106</u>	<u>5.1%</u>
<b>Liabilities:</b>				
Accounts Payable	11,604	11,953	(349)	-2.9%
Reserve for Claims and Claim Adjustment Expense	-	-	-	0.0%
Noncurrent Reserve for Claims and Claim Adj. Exp.	-	-	-	0.0%
<b>Total Liabilities</b>	<u>11,604</u>	<u>11,953</u>	<u>(349)</u>	<u>-6.4%</u>
<b>Net Position:</b>				
Unrestricted	2,374,911	2,270,456	104,455	4.6%
<b>Total Net Position</b>	<u>\$ 2,374,911</u>	<u>\$ 2,270,456</u>	<u>\$ 104,455</u>	<u>4.6%</u>

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE  
COMPANY, LLC  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

	<u>Changes in Net Position</u>			
	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Net Earned Premiums	\$ 26,435	\$ 53,764	\$ (27,329)	-50.8%
Interest Income	112,026	114,749	(2,723)	-2.4%
Total Revenues	<u>138,461</u>	<u>168,513</u>	<u>(30,052)</u>	<u>-17.8%</u>
Expenses:				
Claims and Claim Adjustment Expense	-	-	-	0.0%
Management Fees	5,163	4,035	1,128	28.0%
Audit Fees	7,971	6,987	984	14.1%
Accounting Fees	934	910	24	2.6%
Legal Fees	1,662	886	776	87.6%
Actuarial Fees	12,800	12,800	-	0.0%
Supervision Fee	5,000	5,000	-	0.0%
Investment Expense	476	419	57	13.6%
Total Expenses	<u>34,006</u>	<u>31,037</u>	<u>2,969</u>	<u>9.6%</u>
Change in Net Position	<u>\$ 104,455</u>	<u>\$ 137,476</u>	<u>\$ (33,021)</u>	<u>-24.0%</u>

**DETAILED ANALYSIS**

Total assets of the Captive increased 5.1%. Cash increased in 2025 when compared to 2024, and interest decreased for a second year. Cash increased due net premiums earned and interest income combined exceeding total expenses.

Total liabilities of the Captive remained relatively the same in 2025 as in 2024.

Total revenues decreased 17.8%. Since the reinsurance policy was cancelled and the Banking Division pays the excess loss insurance policy, not as much revenue is needed to pay expenses for the Captive.

Total expenses increased 9.6%. The largest percentage increase was in legal fees as changing the insurance policy resulted in more legal time charged to the Captive. Management fees also increased for time spent on this change. No claims were incurred or paid in 2025.

**SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY**

During the current fiscal year, there were no significant capital asset acquisitions, disposals, or long-term financing activities.

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

As of the date of this MD&A, there are no currently known facts, decisions or conditions that are expected to have a significant impact on our financial position or operations.

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE COMPANY, LLC**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2025**

**Assets**

Current Assets

Cash and Cash Equivalents	\$ 2,374,719
Interest & Dividends Receivable	11,796

<b>Total Assets</b>	<b>\$ 2,386,515</b>
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**Liabilities**

Current Liabilities

Accounts Payable	\$ 11,604
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Total Current Liabilities	11,604
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<b>Total Liabilities</b>	<b>11,604</b>
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**Net Position**

Unrestricted	2,374,911
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<b>Total Net Position</b>	<b>2,374,911</b>
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<b>Total Liabilities and Net Position</b>	<b>\$ 2,386,515</b>
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The notes to the financial statements are an integral part of this statement.

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE COMPANY, LLC**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**For the Year Ended DECEMBER 31, 2025**

<b>Operating Revenue</b>	
Gross Earned Premiums	\$ 26,435
Total Operating Revenues	26,435
<b>Operating Expense</b>	
Management Fees	5,163
Audit Fees	7,971
Accounting Fees	934
Legal Fees	1,662
Supervision Fee	5,000
Actuarial Fees	12,800
Total Operating Expenses	33,530
<b>Operating Income (Loss)</b>	<b>(7,095)</b>
<b>Other Nonoperating Revenue (Expenses)</b>	
Interest Income	112,026
Other expense	(476)
<b>Total Other Nonoperating Revenue (Expenses)</b>	<b>111,550</b>
<b>Change in Fund Net Position</b>	104,455
Fund Net Position at Beginning of Year	2,270,456
<b>Fund Net Position at End of Year</b>	<b>\$ 2,374,911</b>

The notes to the financial statements are an integral part of this statement.

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE COMPANY, LLC**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended DECEMBER 31, 2025**

<b>Cash Flows from Operating Activities</b>	
Cash Receipts from Premiums	\$ 26,435
Cash Payments for Management Fees	(5,164)
Cash Payments for Professional Services	(23,715)
Cash Payments for Supervision Fees	(5,000)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>(7,444)</u></b>
 <b>Cash Flows from Investing Activities</b>	
Investment Income	112,771
Investment Expense	(476)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>112,295</u></b>
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>During the Fiscal Year</b>	<b>104,851</b>
 Cash and Cash Equivalents at Beginning of Year	
	2,269,868
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 2,374,719</u></b>
 <b>Reconciliation of Operating Income (Loss) to Net Cash</b>	
<b>Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ (7,095)
<b>Increase/(Decrease) in Liabilities</b>	
Accounts Payable	(349)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (7,444)</u></b>

The notes to the financial statements are an integral part of this statement.

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE  
COMPANY, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**Note 1 – Organization**

The South Dakota Trust Company Receivership and Liquidation Captive Insurance Company, LLC (Captive), a nonprofit limited liability company, was established December 31, 2016. The Captive provides insurance to pay for losses if the Director of the South Dakota Department of Labor and Regulation, Division of Banking (Division) must take over a trust company chartered and regulated by the Division. This includes administrative costs. The Captive is a pure captive.

The Captive is governed by a three-member Board of Managers who serve as the officers of the Captive. The Captive Board of Managers holds regularly scheduled meetings in June and November each year. Special meetings of the Board may be called by the Board or by the President of the Board. The State of South Dakota Office of Risk Management serves as the manager and performs necessary functions such as underwriting, billing and collecting premiums, investigating and settling claims, and reporting.

The Captive is a business type component unit of the State of South Dakota. As such, the accompanying financial statements are included in the Annual Comprehensive Financial Report of the State of South Dakota.

**Note 2 – Summary of Significant Accounting Policies**

For the fiscal year ended December 31, 2025, the Captive implemented GASB Statement No. 103, Financial Reporting Model Improvements.

**Fund Accounting**

The Captive is accounted for as a proprietary type enterprise fund. Enterprise funds are used to account for activities financed and operated in a manner similar to private business enterprises.

**Basis of Accounting**

The accompanying financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

**Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as nonoperating.

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE  
COMPANY, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents represent the Captive's participating interest in the State's internal investment pool held by the State Treasurer. The amount held in the State's internal investment pool is reported at fair value. The estimated investment income is based on the average daily cash balance and the projected investment earnings rate. Management of the State's internal investment pool is the statutory responsibility of the South Dakota Investment Council (SDIC). The investment policy and required risk disclosures for the State's internal investment pool are presented in the SDIC's audit report which can be obtained by contacting the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, Pierre, SD 57501.

**Reserve for Claims and Claim Adjustment Expenses**

The Captive established the reserve for claims and claim adjustment expenses based on the estimated ultimate cost of settling the claims. This includes claims that have been reported but not settled, and claims incurred but not reported. Costs of claims include losses, allocated claim adjustment expenses, and unallocated claim adjustment expenses. No trust companies are identified for which take-over proceedings are anticipated for the year ended December 31, 2025.

**Premium Revenue**

Premiums billed are recognized as revenue over the term of the insurance policies. The Captive billed \$26,435 in gross premiums from January 1, 2025 through December 31, 2025. The Captive does not consider anticipated investment income in determining if a premium deficiency exists.

**Grant Agreement**

HB1042 approved by the 2016 Legislature created the trust company receivership and liquidation captive insurance company fund, and deposited a \$2,220,000 appropriation into it. This fund pays for trust company receivership and liquidation costs for trust companies chartered and regulated by the Division as well as administrative costs. Section 13.2 of the Captive's Company Agreement states that upon dissolution, any remaining assets of the Board shall be distributed to the State of South Dakota, less the reasonable and necessary expenses of completing the Captive's affairs and less any amounts required to be maintained on account of claims or potential claims or otherwise required by the South Dakota Division of Insurance or any successor regulatory entity. If a regulatory body with jurisdiction determines no further claims reserves are required to be held, any remaining balance of the grant shall be paid to the State of South Dakota.

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE  
COMPANY, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Reinsurance Premiums**

In 2025, the Captive ended its reinsurance policy. The Division of Banking purchased an excess loss insurance policy as the alternative to the reinsurance policy. The policy is paid by the Division of Banking and not by the Captive.

**Note 3 – Insurance Activity**

Premiums written for the year ended December 31, 2025, were as follows:

	<u>2025</u>
Premiums Written	\$ 26,435
Premiums Ceded	0
Net Premiums Written	<u>\$ 26,435</u>

The Captive provides coverage for trust company administration and examination wind-down expenses for trust companies regulated by the Division of which it takes charge or possession. The Captive only pays losses in excess of recoveries from trust company assets. The Captive will retain the first one hundred thousand dollars of losses. Claims exceeding \$100,000 are covered by the Banking excess loss policy with a limit of \$2,000,000. The Captive started writing coverage December 31, 2016. The first policy covers the period December 31, 2016 to December 31, 2017. Thereafter, the Captive’s policies are written on a calendar year basis.

The amount of claims is projected by an actuarial firm. The premium is based on estimated claims plus administrative costs. Billings are prepared and sent to the Division on an annual basis.

**Note 4 – Regulatory Requirements**

The South Dakota Trust Company Receivership and Liquidation Captive Insurance Company, LLC is formed as a non-profit LLC under the laws of the State of South Dakota. As the registered agent for the Captive, the State of South Dakota Office of Risk Management is responsible for filing an annual report with the South Dakota Secretary of State. The annual report is due at the beginning of the month in which the company was formed. The annual report for the Captive is due each year by November 1.

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION CAPTIVE INSURANCE  
COMPANY, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**Note 4 – Regulatory Requirements (Continued)**

The Captive is required to submit audited financial statements to the South Dakota Division of Insurance by June 30 each year. An actuarial report is required to accompany the financial statements.

**Note 5 – Subsequent Events**

Management has evaluated subsequent events for disclosure through the report date, which is the date the financial statements were available to be issued. Management believes no subsequent events exist having an impact on the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH DAKOTA TRUST COMPANY RECEIVERSHIP AND LIQUIDATION  
CAPTIVE INSURANCE COMPANY, LLC  
Ten-Year Claims Development Information  
For the Fiscal and Policy Year Ended December 31, 2025**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Required contribution and investment revenue:										
Earned	\$	\$ 162,000	\$ 35,728	\$ 66,822	\$ 69,793	\$ 71,485	\$ 193,235	\$ 217,388	\$ 235,564	\$ 26,435
Ceded		(314)	(114,686)	(126,900)	(130,878)	(122,549)	(135,000)	(143,000)	(165,945)	(181,800)
Net earned		(314)	47,314	(91,172)	(64,056)	(52,756)	(63,515)	50,235	51,443	53,764
Investment revenue		8,114	15,386	28,195	108,031	68,192	(33,365)	(16,285)	75,637	114,330
2. Unallocated expenses		5,000	36,301	32,834	30,318	26,830	26,514	27,892	31,991	30,617
3. Estimated claims and expenses, end of policy year:										
Incurred		-	-	-	-	-	-	-	-	-
Ceded		-	-	-	-	-	-	-	-	-
Net incurred		-	-	-	-	-	-	-	-	-
4. Net Paid (cumulative) as of:										
End of policy year		-	-	-	-	-	-	-	-	-
One year later		-	-	-	-	-	-	-	-	-
Two Years Later		-	-	-	-	-	-	-	-	-
Three Years Later		-	-	-	-	-	-	-	-	-
Four Years Later		-	-	-	-	-	-	-	-	-
Five Years Later		-	-	-	-	-	-	-	-	-
Six Years Later		-	-	-	-	-	-	-	-	-
Seven Years Later		-	-	-	-	-	-	-	-	-
Eight Years Later		-	-	-	-	-	-	-	-	-
Nine Years Later		-	-	-	-	-	-	-	-	-
5. Reestimated ceded claims and expenses		-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of policy year		-	-	-	-	-	-	-	-	-
One year later		-	-	-	-	-	-	-	-	-
Two Years later		-	-	-	-	-	-	-	-	-
Three Years later		-	-	-	-	-	-	-	-	-
Four Years later		-	-	-	-	-	-	-	-	-
Five Years Later		-	-	-	-	-	-	-	-	-
Six Years Later		-	-	-	-	-	-	-	-	-
Seven Years Later		-	-	-	-	-	-	-	-	-
Eight Years Later		-	-	-	-	-	-	-	-	-
Nine Years Later		-	-	-	-	-	-	-	-	-
7. Increase (decrease) in estimated net incurred claims and expenses from end of policy year		-	-	-	-	-	-	-	-	-

This schedule is presented to illustrate the requirement to show information for 10 years.