

Zenith National Insurance Corp. and Subsidiaries

Consolidated Financial Statements
as of June 30, 2025 and December 31, 2024 and for the three and six
months ended June 30, 2025 and 2024
(unaudited)

Zenith National Insurance Corp. and Subsidiaries

Consolidated Financial Statements (unaudited)

Table of Contents

	<u>Page</u>
Consolidated Balance Sheets – June 30, 2025 and December 31, 2024	3
Consolidated Statements of Comprehensive Income (Loss) – Three and Six Months Ended June 30, 2025 and 2024	4
Consolidated Statements of Cash Flows – Six Months Ended June 30, 2025 and 2024	5
Consolidated Statements of Stockholders' Equity – Six Months Ended June 30, 2025 and 2024	7
Notes to Consolidated Financial Statements	8

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands, except par value)	June 30, 2025	December 31, 2024
Assets:		
Investments:		
Fixed maturity securities, at fair value (amortized cost \$930,618 in 2025 and \$948,679 in 2024)	\$ 947,223	\$ 946,696
Equity securities, at fair value (cost \$290,243 in 2025 and \$269,698 in 2024)	278,395	255,440
Equity-method investments	208,509	212,521
Mortgage loans, at fair value (amortized cost \$203,271 in 2025 and \$206,386 in 2024)	193,172	197,495
Other investments, at fair value (cost \$69,818 in 2025 and \$69,622 in 2024)	63,644	69,052
Short-term investments, at fair value which approximates cost	24,508	3,633
Derivative assets, at fair value (cost \$1,823 in 2025 and 2024)	807	5,475
Total investments	1,716,258	1,690,312
Cash and cash equivalents	57,879	50,623
Accrued investment income	10,203	9,938
Premiums receivable	85,518	73,536
Earned but unbilled premium receivable	2,619	3,219
Reinsurance recoverables	64,446	62,326
Deferred policy acquisition costs	28,729	25,095
Deferred tax asset	75,541	78,866
Income tax receivable	2,832	
Operating lease right-of-use assets	30,965	34,273
Goodwill	20,985	20,985
Other assets	56,157	55,887
Total assets	\$ 2,152,132	\$ 2,105,060
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 1,049,850	\$ 1,028,134
Unearned premiums	164,369	136,352
Policyholders dividends accrued	25,632	26,837
Long-term debt	38,411	38,397
Income tax payable		10,348
Operating lease liabilities	32,622	36,077
Derivative liabilities	1,822	
Other liabilities	100,237	105,792
Total liabilities	1,412,943	1,381,937
Commitments and contingencies (see Note 9)		
Stockholders' equity:		
Common stock, \$1 par value, 40 authorized shares; 39 shares issued and outstanding	39	39
Additional paid-in capital	401,397	397,429
Retained earnings	356,677	336,568
Accumulated other comprehensive loss	(18,924)	(10,913)
Total stockholders' equity	739,189	723,123
Total liabilities and stockholders' equity	\$ 2,152,132	\$ 2,105,060

The accompanying notes are an integral part of these Consolidated Financial Statements.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2025	2024	2025	2024
Revenues:				
Net premiums earned	\$ 183,530	\$ 179,477	\$ 357,631	\$ 357,826
Net investment income	12,351	16,070	20,899	29,959
Net realized gains (losses) on investments	(520)	312	22,183	(1,287)
Change in net unrealized gains/losses on fair value option investments	5,132	(20,773)	14,186	(51,709)
Net gains (losses) on derivatives	(9,802)	1,269	(10,154)	2,060
Service fee revenue	2,636	2,366	5,453	5,133
Total revenues	193,327	178,721	410,198	341,982
Expenses:				
Losses and loss adjustment expenses incurred	114,425	101,518	224,927	202,604
Underwriting and other operating expenses:				
Policyholder acquisition costs	41,977	39,084	80,849	79,620
Underwriting and other costs	33,490	35,679	70,509	70,454
Policyholders dividends	3,319	4,527	5,869	8,704
Interest expense	830	830	1,660	1,660
Total expenses	194,041	181,638	383,814	363,042
Income (loss) before tax	(714)	(2,917)	26,384	(21,060)
Income tax expense (benefit)	(100)	72	6,275	(3,609)
Net income (loss)	\$ (614)	\$ (2,989)	\$ 20,109	\$ (17,451)
Change in unrealized gains/losses on investments, net of tax	244	443	932	727
Change in unrealized foreign currency translation adjustments, net of tax	(670)	(1,240)	(8,943)	(708)
Other comprehensive income (loss)	(426)	(797)	(8,011)	19
Total comprehensive income (loss)	\$ (1,040)	\$ (3,786)	\$ 12,098	\$ (17,432)

The accompanying notes are an integral part of these Consolidated Financial Statements.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Premiums collected, net of reinsurance	\$ 370,500	\$ 362,209
Investment income received	23,199	26,291
Losses and loss adjustment expenses paid, net of reinsurance	(205,030)	(218,817)
Underwriting and other operating expenses paid	(153,611)	(151,644)
Interest paid	(1,646)	(1,646)
Income taxes paid	(14,000)	(10,358)
Net cash provided by operating activities	19,412	6,035
Cash flows from investing activities:		
Purchases of investments:		
Fixed maturity securities - fair value option	(23,154)	(8,343)
Equity securities - fair value option	(5,836)	
Mortgage loans	(7,428)	(7,166)
Other investments	(2,249)	(8,468)
Proceeds from maturities and redemptions of investments:		
Fixed maturity securities - fair value option		9,861
Proceeds from sales of investments:		
Fixed maturity securities - fair value option	27,462	108,582
Equity securities - fair value option	11,948	396
Equity-method investments		439
Mortgage loans	11,234	12,781
Other investments	2,881	3,357
Net increase in short-term investments	(20,568)	(9,819)
Net derivative cash settlements	(3,665)	1,643
Capital expenditures and other	(2,676)	(6,936)
Net cash provided by (used in) investing activities	(12,051)	96,327
Cash flows from financing activities:		
Dividends paid to common stockholders		(100,000)
Purchase of Fairfax shares for restricted stock awards	(105)	(10,101)
Net cash used in financing activities	(105)	(110,101)
Net increase (decrease) in cash and cash equivalents	7,256	(7,739)
Cash and cash equivalents at beginning of period	50,623	39,060
Cash and cash equivalents at end of period	\$ 57,879	\$ 31,321

The accompanying notes are an integral part of these Consolidated Financial Statements.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(UNAUDITED)

(In thousands)	Six Months Ended June 30,	
	2025	2024
Reconciliation of net income (loss) to net cash provided by operating activities:		
Net income (loss)	\$ 20,109	\$ (17,451)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	1,161	735
Net accretion	(5,494)	(5,991)
Net realized losses (gains) on investments	(22,183)	1,287
Change in net unrealized gains/losses on fair value option investments	(14,186)	51,709
Net losses (gains) on derivatives	10,154	(2,060)
Equity in losses of investee	9,074	1,681
Stock-based compensation expense	4,073	2,940
Decrease (increase) in:		
Accrued investment income	(265)	1,465
Premiums receivable	(13,201)	(13,867)
Reinsurance recoverables	(2,120)	(6,334)
Deferred policy acquisition costs	(3,634)	(2,959)
Net income taxes	(7,725)	(13,967)
Increase (decrease) in:		
Unpaid losses and loss adjustment expenses	21,716	(13,932)
Unearned premiums	28,017	16,580
Policyholders dividends accrued	(1,205)	(1,809)
Accrued expenses	(3,230)	7,145
Prepaid policy and guarantee fund assessments	462	(1,112)
Equities in pools	(39)	(89)
Other	(2,072)	2,064
Net cash provided by operating activities	\$ 19,412	\$ 6,035

The accompanying notes are an integral part of these Consolidated Financial Statements.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

(In thousands)	Six Months Ended June 30,	
	2025	2024
Common stock:	\$ 39	\$ 39
Additional paid-in capital:		
Beginning of period	397,429	401,199
Stock-based compensation expense	4,073	2,940
Purchases of Fairfax shares for restricted stock awards	(105)	(10,101)
End of period	401,397	394,038
Retained earnings:		
Beginning of period	336,568	406,673
Net income (loss)	20,109	(17,451)
Dividends to common stockholders		(100,000)
End of period	356,677	289,222
Accumulated other comprehensive loss:		
Beginning of period	(10,913)	(17,992)
Change in unrealized gains/losses on investments, net of tax	932	727
Change in unrealized foreign currency translation adjustments, net of tax	(8,943)	(708)
End of period	(18,924)	(17,973)
Total stockholders' equity	\$ 739,189	\$ 665,326

The accompanying notes are an integral part of these Consolidated Financial Statements.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Basis of Presentation and Accounting Policies

Basis of Presentation

Zenith National Insurance Corp. ("Zenith National") is a Delaware holding company, which is a wholly-owned indirect subsidiary of Fairfax Financial Holdings Limited ("Fairfax"). Fairfax is a Canadian financial services holding company, whose common stock is publicly traded on the Toronto Stock Exchange, and is principally engaged in property and casualty insurance, reinsurance and associated investment management. Zenith National's wholly-owned subsidiaries (primarily Zenith Insurance Company ("Zenith Insurance")), specialize in the Workers' Compensation insurance business, nationally, and, since 2010, in the property-casualty business for California agriculture ("Agribusiness P&C"). Unless otherwise indicated, all references to the "Company" refer to Zenith National together with its subsidiaries.

The accompanying unaudited Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (including normal, recurring adjustments) necessary for a fair presentation of the Company's financial position and results of operations for the periods presented have been included. The results of operations for an interim period are not necessarily indicative of the results for an entire year. These Consolidated Financial Statements should be read in conjunction with the Audited Consolidated Financial Statements and Notes thereto of the Company for the year ended December 31, 2024.

Adopted Accounting Standards

Improvements to Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board ("FASB") issued new guidance requiring expanded income tax disclosures, including the disaggregation of existing disclosures related to the effective tax rate reconciliation and income taxes paid. For public business entities, the guidance is effective for annual periods beginning after December 15, 2024. Prospective application is required, with retrospective application permitted. The Company adopted the guidance as of January 1, 2025. Its adoption did not have a material impact on the Company's consolidated financial position, results of operations, or cash flows.

Recent Accounting Standards Not Yet Adopted

Reporting Comprehensive Income - Expense Disaggregation Disclosures

In November 2024, the FASB issued new guidance requiring the disaggregation of certain expenses in the notes of the financials to provide enhanced transparency into the expense captions presented on the face of the income statement. For public business entities, the guidance is effective for annual periods beginning after December 15, 2026. The guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations, or cash flows.

Reclassifications

Certain prior year amounts in the accompanying Consolidated Financial Statements have been reclassified and amended to conform to the current year presentation.

Subsequent Events

The Company evaluated subsequent events through the date and time that the Consolidated Financial Statements were issued on August 14, 2025.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 2. Cash, Cash Equivalents and Investments

Cash and cash equivalents include substantially all of the Company's operating cash balances that are invested in a highly liquid overnight money market fund administered by Bank of America through a daily sweep mechanism. The invested cash balance as of June 30, 2025 and December 31, 2024 was \$54.2 million and \$48.2 million, respectively.

The cost or amortized cost and fair value of investments recorded at fair value under the fair value option in the Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024 were as follows:

(In thousands)	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value (b)
June 30, 2025				
Fair value option investments:				
Fixed maturity securities:				
U.S. government debt	\$ 874,347	\$ 18,508	\$ (527)	\$ 892,328
Foreign government debt	16,207		(2,383)	13,824
Corporate debt	40,064	1,007		41,071
Total fixed maturity securities	930,618	19,515	(2,910)	947,223
Equity securities	290,243	37,825	(49,673)	278,395
Short-term investments	24,508			24,508
Mortgage loans	203,271		(10,099)	193,172
Cost-method partnerships (a)	41,234	8,089	(3,895)	45,428
Affiliate corporate loans (a)	6,851		(394)	6,457
Contingent consideration receivable (a)	21,733		(9,974)	11,759
Total fair value option investments	\$ 1,518,458	\$ 65,429	\$ (76,945)	\$ 1,506,942
December 31, 2024				
Fair value option investments:				
Fixed maturity securities:				
U.S. government debt	\$ 884,555	\$ 2,916	\$ (5,016)	\$ 882,455
Foreign government debt	16,123		(3,797)	12,326
Corporate debt	48,001	3,994	(80)	51,915
Total fixed maturity securities	948,679	6,910	(8,893)	946,696
Equity securities	269,698	29,943	(44,201)	255,440
Short-term investments	3,633			3,633
Mortgage loans	206,386		(8,891)	197,495
Cost-method partnerships (a)	40,563	10,004	(3,403)	47,164
Affiliate corporate loans (a)	6,851		(832)	6,019
Contingent consideration receivable (a)	22,208		(6,339)	15,869
Total fair value option investments	\$ 1,498,018	\$ 46,857	\$ (72,559)	\$ 1,472,316

(a) Other investments in the Consolidated Balance Sheets consist of cost-method partnerships, affiliate corporate loans and contingent consideration receivable.

(b) For additional disclosures regarding methods and assumptions used in estimating fair value, see Note 4.

As of June 30, 2025, the Company had commitments to invest an additional \$9.1 million in partnerships and limited liability companies.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Fixed maturity securities, including short-term investments, by contractual maturity as of June 30, 2025 were as follows:

(In thousands)	Fair Value
Due in one year or less	\$ 125,187
Due after one year through five years	522,349
Due after five years through ten years	320,936
Due after ten years	3,259
Total	\$ 971,731

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The following table sets forth additional information for the Company's equity-method investments as of June 30, 2025 and December 31, 2024:

(In thousands)	Carrying Value		Carrying Value less Underlying Net Asset Value		Quoted Market Value		Relative Economic Ownership
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024	June 30, 2025
Common stock (a):							
Sleep Country Canada Holdings Inc.	\$ 67,946	\$ 70,352					12.5 %
FF Meadow Holdings Limited	47,223	50,973					16.9 %
Fairfax India Holdings Corp.	26,743	29,956	\$ (639) (b)	\$ (617) (b)	\$ 26,051	\$ 22,350	1.0 %
Peak Achievement Athletics	21,230	8,360					5.1 %
Grivalia Hospitality S.A.	11,417	12,325	2,459 (b)	2,486 (b)			1.8 %
Exco Resources Inc.	10,724	11,217	(1,230) (b)	(1,230) (b)			1.3 %
Astarta Holdings NV	9,353	7,648	(6,648) (c)	(7,533) (c)	13,498	7,925	3.3 %
Helios Fairfax Partners Corp.	4,640	6,368	(13,143) (c)	(13,143) (c)	9,966	8,998	4.3 %
Alberta ULC	4,168	4,224					5.0 %
Boat Rocker Media Inc.		6,076	(4,327) (c)	(9,184) (c)	3,285	2,031	8.9 %
Total common stock, at equity	\$ 203,444	\$ 207,499					
Partnerships (a):							
KW-F SBG LP	\$ 5,065	\$ 5,022					5.0 %
Total equity-method investments	\$ 208,509	\$ 212,521					

(a) Investments in equity-method limited partnerships and equity-method common stock are recorded at cost, adjusted for subsequent purchases, distributions, other-than-temporary impairment ("OTTI") (if any), and the Company's share of the changes in the investee's equity since initial acquisition.

(b) Represents positive/(negative) goodwill and purchase price adjustments, if any.

(c) Represents primarily OTTI write-down previously recorded.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Net investment income was as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Fixed maturity securities	\$ 10,798	\$ 10,251	\$ 21,401	\$ 21,319
Mortgage loans	3,353	5,447	6,932	10,640
Equity securities	2,951	1,725	4,768	3,265
Short-term and other investments	570	629	1,406	1,529
Net income (loss) from equity-method investments (a)	(3,049)	698	(9,074)	(1,681)
Subtotal	14,623	18,750	25,433	35,072
Investment expenses	2,272	2,680	4,534	5,113
Net investment income	\$ 12,351	\$ 16,070	\$ 20,899	\$ 29,959

(a) Net income (loss) from equity-method investments for each period presented is detailed below:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Astarta Holdings NV	\$ 2,877	\$ 2,561	\$ 2,877	\$ 2,561
Sleep Country	632		1,980	
Alberta ULC	79	69	210	395
Exco Resources Inc.	(334)	(144)	(518)	762
Grivalia Hospitality S.A.	(271)	(295)	(684)	(1,150)
FF Meadow Holdings			(814)	
Peak Achievement Athletics		2,094	(1,570)	2,110
Helios Fairfax Partners Corp.	37	(200)	(1,738)	(3,651)
Fairfax India Holdings Corp.	(2,213)	(3,106)	(2,589)	(1,698)
Boat Rocker Media Inc.	(3,856)	(281)	(6,228)	(1,010)
Net income (loss) from equity-method investments	\$ (3,049)	\$ 698	\$ (9,074)	\$ (1,681)

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Net realized gains (losses) on investments, excluding derivatives, were as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gains (losses) from equity-method investments (a)	\$ (26)	\$ (126)	\$ 15,159	\$ (953)
Sales of fixed maturity securities, including short-term investments and other	(1,353)	(87)	2,196	(1,930)
Sales of equity securities		179	3,948	179
Gains from other investments and other	859	346	880	1,417
Net realized gains (losses) on investments	\$ (520)	\$ 312	\$ 22,183	\$ (1,287)

(a) Net realized gains from equity-method investments in the six months ended June 30, 2025 included a dilution gain of \$14.8 million for Peak Achievement Athletics ("PAA") recognized in the three months ended March 31, 2025 (see Note 5).

The change in net unrealized gains/losses on fair value option investments still held was as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Change in net unrealized gains/losses recognized on fair value option investments	\$ 5,132	\$ (20,773)	\$ 14,186	\$ (51,709)
Less: Net losses (gains) recognized on fair value option investments sold	2,093	(85)	(3,945)	961
Change in net unrealized gains/losses recognized on fair value option investments still held at the reporting date	\$ 3,039	\$ (20,688)	\$ 18,131	\$ (52,670)

As of June 30, 2025 and December 31, 2024, investments with a fair value of approximately \$720 million and \$700 million, respectively, were on deposit with regulatory authorities in compliance with insurance company regulations. As of June 30, 2025, the Company had additional qualifying securities with a fair value of approximately \$194 million available for deposit.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 3. Derivative Contracts

Derivatives entered into by the Company are considered investments or economic hedges and are not designated for hedge accounting treatment for financial reporting. Derivatives are carried at fair value. The fair value of derivatives in a gain position and fair value of derivatives in a loss position are presented as derivative assets and derivative liabilities, respectively, in the Consolidated Balance Sheets. The initial premium paid for a derivative contract, if any, is recorded as a derivative asset and subsequently adjusted for changes in the fair value of the contract at each reporting date. Changes in the fair value of derivatives are recorded as net gains (losses) on derivatives in the Consolidated Statements of Comprehensive Income (Loss), with a corresponding adjustment to the carrying value of the derivative asset or liability. Cash settlements related to fair value changes on derivatives are also recorded in the Consolidated Statements of Comprehensive Income (Loss) as net gains (losses) on derivatives, and are recorded as an investing activity in the Consolidated Statements of Cash Flows.

Cash received from counterparties as collateral for derivative contracts is recorded as other assets with a corresponding liability recorded in other liabilities in the Consolidated Balance Sheets. Securities pledged by counterparties to the Company as collateral for derivatives in a gain position are not recorded as assets. Securities pledged by the Company as collateral to counterparties for derivative contracts in a loss position, as well as contractually required independent collateral, are recorded in assets pledged for derivative obligations in the Consolidated Balance Sheets.

The following table summarizes the notional amounts, cost and fair values of derivative contracts:

(In thousands)	Notional Amount	Cost	Fair Value of Derivative	
			Assets	Liabilities
June 30, 2025				
Foreign exchange forwards	189,899		\$ 736	\$ 1,822
Equity warrants	10,000	\$ 1,823	71	
Total		\$ 1,823	\$ 807	\$ 1,822
December 31, 2024				
Foreign exchange forwards	170,796		\$ 4,970	
Equity warrants	10,000	\$ 1,823	505	
Total		\$ 1,823	\$ 5,475	

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The gains (losses) from settlements and changes in fair value of derivative contracts were recorded in net gains (losses) on derivatives in the Consolidated Statements of Comprehensive Income (Loss) and were as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net gains (losses) on settlements				
Foreign exchange forwards	\$ (7,926)	\$ 1,271	\$ (3,664)	\$ 1,643
CPI-linked derivatives				(2,800)
Total	(7,926)	1,271	(3,664)	(1,157)
Change in fair value				
Foreign exchange forwards	(1,643)	16	(6,056)	2,409
Equity warrants	(233)	446	(434)	74
Equity index put options		(464)		(2,066)
CPI-linked derivatives				2,800
Total	(1,876)	(2)	(6,490)	3,217
Net gains (losses) on derivatives				
Foreign exchange forwards	(9,569)	1,287	(9,720)	4,052
Equity warrants	(233)	446	(434)	74
Equity index put options		(464)		(2,066)
Total net gains (losses) on derivatives	\$ (9,802)	\$ 1,269	\$ (10,154)	\$ 2,060

As of June 30, 2025 and December 31, 2024, counterparties had no amounts pledged for the Company's benefit.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 4. Fair Value Measurements

Fair values for substantially all of the Company's financial instruments are measured using market and discounted cash flows approaches. Considerable judgment may be required in interpreting market data used to develop estimates of fair value. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these Consolidated Financial Statements. In determining fair value, the Company primarily uses prices and other relevant information generated by market transactions involving identical or comparable assets ("market approach"). The Company also considers the impact of a significant decrease in volume and level of activity for an asset or liability when compared with normal activity to identify transactions that are not orderly.

Fair value measurements are determined under a three level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, distinguishing between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs"). The hierarchy level assigned to each security carried at fair value is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of each instrument at the measurement date. The highest priority is given to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company recognizes transfers between levels at the end of each reporting period in which the transfer is identified.

The three hierarchy levels are defined as follows:

Level 1— Inputs represent unadjusted quoted prices for identical instruments exchanged in active markets. The fair value of the Company's Level 1 investments are priced based on published quotes in active markets.

Level 2— Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar financial instruments exchanged in active markets, quoted prices for identical or similar financial instruments exchanged in inactive markets and other market observable inputs. The fair value of the vast majority of the Company's Level 2 investments are priced based on information provided by independent pricing service providers, while much of the remainder are based primarily on non-binding third party broker-dealer quotes that are prepared using Level 2 inputs. Where third party broker-dealer quotes are used, typically at least one quote is obtained from a broker-dealer with particular expertise in the instrument being priced.

Level 3— Inputs include unobservable inputs used in the measurement of financial instruments. Management is required to use its own assumptions regarding unobservable inputs, as there is little, if any, market activity in these instruments or related observable inputs that can be corroborated at the measurement date. Certain equity securities and cost-method partnership investments, which are measured at fair value using the NAV practical expedient, have been excluded. Investments for which NAV is only a component of the fair value measurement continue to be included.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following table presents the Company's investments measured at fair value on a recurring basis as of June 30, 2025 and December 31, 2024 classified by the valuation hierarchy discussed previously:

(In thousands)	Total (a)	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
June 30, 2025				
Fair value option securities:				
Fixed maturity securities:				
U.S. government debt	\$ 892,328		\$ 892,328	
Foreign government debt	13,824		13,824	
Corporate debt	41,071		41,071	
Total fixed maturity securities	947,223		947,223	
Equity securities (b)	278,395	\$ 108,456	9,997	\$ 130,621
Short-term investments	24,508	24,508		
Mortgage loans (c)	193,172			193,172
Cost-method partnerships (b)	45,428			
Affiliate corporate loans	6,457			6,457
Contingent consideration receivable	11,759			11,759
Total fair value option investments	\$ 1,506,942	\$ 132,964	\$ 957,220	\$ 342,009
Derivatives:				
Equity warrants	\$ 71			\$ 71
Foreign exchange forwards	736		\$ 736	
Total derivative assets	807		736	71
Foreign exchange forwards	(1,822)		(1,822)	
Total derivative liabilities	(1,822)		(1,822)	
Net derivatives	\$ (1,015)	\$ (1,086)		\$ 71
(In thousands)	Total (a)	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
December 31, 2024				
Fair value option securities:				
Fixed maturity securities:				
U.S. government debt	\$ 882,455		\$ 882,455	
Foreign government debt	12,326		12,326	
Corporate debt	51,915		43,238	\$ 8,677
Total fixed maturity securities	946,696		938,019	8,677
Equity securities (b)	255,440	\$ 94,263	9,988	119,944
Short-term investments	3,633	3,633		
Mortgage loans (c)	197,495			197,495
Cost-method partnerships (b)	47,164			
Affiliate corporate loans	6,019			6,019
Contingent consideration receivable	15,869			15,869
Total fair value option investments	\$ 1,472,316	\$ 97,896	\$ 948,007	\$ 348,004
Derivatives:				
Equity warrants	\$ 505			\$ 505
Foreign exchange forwards	4,970		\$ 4,970	
Total derivative assets	\$ 5,475		\$ 4,970	\$ 505

- (a) The fair value amounts presented in the "Total" column are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Balance Sheets.
- (b) As of June 30, 2025 and December 31, 2024, certain common stock investments with a fair value of \$29.3 million and \$31.2 million, respectively, and cost-method partnerships with a fair value of \$45.4 million and \$47.2 million, respectively, are measured using NAV as a practical expedient and are not required to be classified in the fair value hierarchy.
- (c) As of June 30, 2025 and December 31, 2024, no mortgage loans were 90 days or more past due.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following table presents changes in the Company's Level 3 fixed maturity and equity securities, mortgage loans, affiliate corporate loans, contingent consideration receivable and derivatives measured at fair value on a recurring basis:

(In thousands)	Corporate Debt	Equity Securities (a)	Mortgage Loans	Affiliate Corporate Loans	Contingent Consideration Receivable	Derivatives
Balance as of March 31, 2025	\$ 12,468	\$ 126,960	\$ 189,425	\$ 5,961	\$ 15,814	\$ 304
Purchases		335	4,566			
Sales	(13,453)		(736)			
Net investment income – accretion of discounts			23			
Net realized gains on investments	2,629					
Change in net unrealized gains/losses on fair value option investments	(1,644)	3,326	(106)	496	(4,055)	
Net losses on derivatives						(233)
Balance as of June 30, 2025		\$ 130,621	\$ 193,172	\$ 6,457	\$ 11,759	\$ 71
Balance as of December 31, 2024	\$ 8,677	\$ 119,944	\$ 197,495	\$ 6,019	\$ 15,869	\$ 505
Purchases	10,823	5,335	8,100			
Sales	(22,375)	(17)	(11,234)		(420)	
Realized and unrealized gains/losses included in:						
Net investment income – accretion of discounts			122			
Net realized gains (losses) on investments	6,214	2	(103)		(55)	
Change in net unrealized gains/losses on fair value option investments	(3,339)	5,357	(1,208)	438	(3,635)	
Net losses on derivatives						(434)
Balance as of June 30, 2025		\$ 130,621	\$ 193,172	\$ 6,457	\$ 11,759	\$ 71

(In thousands)	Corporate Debt	Equity Securities (a)	Mortgage Loans	Affiliate Corporate Loans	Contingent Consideration Receivable	Derivatives
Balance as of March 31, 2024	\$ 9,646	\$ 111,648	\$ 213,953	\$ 7,098	\$ 22,393	\$ 58
Purchases			4,547			
Sales			(11,848)		(321)	
Realized and unrealized gains/losses included in:						
Net investments income – accretion of discounts			233			
Net realized gains (losses) on investments			110		(21)	
Change in net unrealized gains/losses on fair value option investments	(306)	(1,421)	(220)	(84)	40	
Net gains on derivatives						446
Balance as of June 30, 2024	\$ 9,340	\$ 110,227	\$ 206,775	\$ 7,014	\$ 22,091	\$ 504
Balance as of December 31, 2023	\$ 10,135	\$ 112,787	\$ 210,758	\$ 7,210	\$ 23,554	\$ 430
Purchases			8,569			
Sales			(13,021)		(321)	
Realized and unrealized gains/losses included in:						
Net investments income – accretion of discounts			479			
Net realized gains (losses) on investments			110		(21)	
Change in net unrealized gains/losses on fair value option investments	(795)	(2,560)	(120)	(196)	(1,121)	
Net gains on derivatives						74
Balance as of June 30, 2024	\$ 9,340	\$ 110,227	\$ 206,775	\$ 7,014	\$ 22,091	\$ 504

(a) Change in unrealized gains/losses for equity securities included change in fair value and foreign currency fluctuation.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 5. Related Party Transactions

Investments

Management of all of the Company's investments is centralized at Fairfax through investment management agreements entered into in 2010. The parties to these agreements are Zenith National's insurance subsidiaries, Fairfax and Hamblin Watsa Investment Counsel, Ltd. ("HWIC"), an affiliate of Fairfax and the Company. In both the three and six months ended June 30, 2025 and 2024, investment management expenses incurred under these agreements were \$1.3 million and \$2.6 million, respectively.

In January 2025, the Company sold a common stock investment to U.S. Fire, an affiliate of Fairfax and the Company, for \$11.9 million in cash. The proceeds represented fair value at the time of sale, resulting in a net realized gain of \$3.9 million. Approval from the California DOI was not required as the total amount was below the applicable regulatory threshold.

The Company owns common stock, preferred stock and corporate loans issued by public and private companies and invests in limited partnerships which are affiliates of Fairfax and the Company (including but not limited to investments described in the following paragraphs). Affiliated common stock investments are recorded using the equity-method of accounting, unless the fair value option is elected. The Company's share of an equity-method investee's net income (loss) and net realized gains (losses) from sales and share dilutions are recorded in net investment income (loss) and net realized gains (losses) from investments, respectively, in the Consolidated Statements of Comprehensive Income (Loss). The Company's share of an equity-method investee's other changes in equity and net unrealized gains (losses) on foreign currency translation adjustments are recorded in the change in unrealized gains/losses on investments and change in unrealized foreign currency translation adjustments, respectively, in other comprehensive income (loss).

The Company's affiliated investments as of June 30, 2025 and December 31, 2024 were as follows:

(In thousands)	June 30, 2025	December 31, 2024
Equity securities, at fair value	\$ 146,262	\$ 139,699
Equity-method investments	208,509	212,521
Other investments:		
Partnerships, at fair value	2,698	1,410
Affiliate corporate loans, at fair value	6,457	6,019
Total affiliated investment assets	\$ 363,926	\$ 359,649
Other liabilities – indemnity liability	\$ (7,524)	\$ (7,772)

The following table summarizes the impact from the Company's affiliated investments on various components of total comprehensive income (loss):

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Included in net income (loss) before tax				
Net investment income (loss)	\$ (1,694)	\$ 2,095	\$ (6,107)	\$ 1,129
Net realized gains (losses) on investments	(1,263)	17	13,924	(572)
Change in net unrealized gains/losses on fair value option investments	2,624	(7,987)	1,248	(17,471)
Included in other comprehensive income (loss), before tax:				
Change in unrealized gains/losses on investments, before tax	308	561	1,180	920
Change in unrealized foreign currency translation adjustments, before tax	(847)	(1,570)	(11,319)	(896)
Included in total comprehensive income (loss) before tax:	\$ (872)	\$ (6,884)	\$ (1,074)	\$ (16,890)

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

In March, 2025, Boat Rocker Media Inc. ("Boat Rocker"), an equity-accounted affiliate of the Company and a consolidated subsidiary of Fairfax, entered into definitive agreements whereby Blue Ant Media Inc. ("Blue Ant") will become a public company via a reverse take-over of Boat Rocker, pursuant to which Boat Rocker will acquire all shares of Blue Ant by exchanging 1.25 Boat Rocker shares for each share of Blue Ant. Concurrently, Boat Rocker will sell certain of its production and distribution assets to a privately owned company controlled by certain members of Boat Rocker's management. Closing of the transaction is subject to various closing conditions, regulatory approvals and shareholder approvals. As a result of the impending transaction, Boat Rocker recorded impairment charges in the first quarter of 2025. Upon receipt of Boat Rocker's March 31, 2025 financial statements, the Company recorded its share of Boat Rocker's comprehensive losses in the second quarter of 2025, which reduced its investment in Boat Rocker to zero as of June 30, 2025. Upon closing of this transaction, Blue Ant is expected to become an affiliate of Fairfax and the Company; thus, the Company expects to apply the equity method of accounting to its investment in Blue Ant. As of December 31, 2024, the Company's investment in Boat Rocker was \$6.1 million.

In April 2021, Fairfax signed an amendment agreement in relation to the original sale of Apple Bidco Limited ("AB") to Atlas Corp. ("Atlas" and hereinafter "Poseidon"), both affiliates of the Company and Fairfax, to potentially compensate Poseidon for certain amounts and balances acquired in the transaction, and both Fairfax and the Company recorded a liability for the proportional estimated amount due, at fair value ("AB Indemnity"). In the six months ended June 30, 2025 and 2024, the Company paid \$1.5 million and \$5.3 million, respectively, to Poseidon and recorded additional net realized losses of \$1.2 million and \$0.5 million, respectively, related to the AB Indemnity losses. As of June 30, 2025 and December 31, 2024, the carrying value of the AB Indemnity was \$7.5 million and \$7.8 million, respectively.

In January 2025, Fairfax, through its subsidiaries, acquired a 50.0% interest in Blizzard Vacatia Equity Partners LLC ("Blizzard") in the form of equity and debt investments. Blizzard is engaged in the development, sales, marketing and rental of timeshare resorts. Blizzard became an affiliate of Fairfax and the Company simultaneously with this transaction. The Company's share of the acquisition consisted of \$5.0 million of redeemable preferred stock of Blizzard, for which the Company elected to use the fair value option of accounting. Dividends earned from this preferred stock investment are deemed to be re-invested into the principal. In the six months ended June 30, 2025, the Company recorded earned dividends of \$0.3 million, increasing the book value of its preferred stock investment in Blizzard. As of June 30, 2025, the carrying value of the Company's investment in Blizzard was \$5.3 million.

In December 2024, Fairfax, through its subsidiaries, increased its equity interest in PAA to 100.0% by acquiring an additional equity interest from Sagard Holdings Inc. and another minority shareholder, using a newly formed purchasing entity which subsequently amalgamated with PAA. In the first quarter of 2025, upon receipt of PAA's acquisition balance sheet and PAA's post-acquisition financial statements, the Company recognized a dilution gain of \$14.8 million for its proportional share of the new entity's remeasured equity. As of June 30, 2025, the carrying value of the Company's equity-method investment in PAA common stock was \$21.2 million, compared to \$8.4 million as of December 31, 2024.

In November 2024, certain affiliates of Fairfax, including the Company, foreclosed on a commercial property that was collateral on a mortgage loan in default held by Fairfax affiliates, including the Company. The newly formed KW-F SBG LP ("SBG LP"), a limited partnership, was established to own the foreclosed property. Fairfax affiliates, including the Company, are limited partners with a majority economic interest in SBG LP, which became an affiliate of Fairfax and the Company with this transaction. The defaulted mortgage loan was initially transferred into SBG LP; and then in January 2025, Fairfax took ownership of the underlying collateral property as settlement of the mortgage loan. As of June 30, 2025 and December 31, 2024, the carrying value of the Company's investment in SBG LP was \$5.1 million and \$5.0 million, respectively.

In March 2024, Fairfax, through its subsidiaries, completed the privatization of Farmers Edge ("FE"), an affiliate of Fairfax and the Company, and acquired all the outstanding common shares of FE not previously held by Fairfax and its subsidiaries for a price of Cdn\$0.35 per share. FE's common stock was delisted from the Toronto Stock Exchange at the close of trading on March 25, 2024. As of June 30, 2025 and December 31, 2024, the carrying value of the Company's equity-method investment in FE common stock was zero.

In January 2024, the Company invested \$0.1 million of a \$4.0 million commitment to Waterous Energy Fund III (International FI) LP ("Waterous LP"), an affiliate of Fairfax and the Company. Fairfax made a total commitment of \$750 million to Waterous. The Company elected the fair value option of accounting for its investment in Waterous LP. As of June 30, 2025 and December 31, 2024, the carrying value of this investment was \$2.7 million and \$1.2 million, respectively.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Assumed Reinsurance

The Company has reinsurance agreements (described below) with various affiliates of Fairfax that were entered into in the ordinary course of business.

The Company has reinsurance agreements with various subsidiaries of Allied World Assurance Company Holdings, Ltd. (collectively "Allied"), an affiliate of Fairfax and the Company, under which Allied cedes to the Company a portion of its global professional and medical liability business under quota share and excess of loss reinsurance contracts on a risk-attaching basis. Effective July 1, 2022, the Company also entered into a risk-attaching quota share agreement under which Allied cedes a portion of its cyber business to the Company. These reinsurance agreements have been renewed annually.

Effective January 1, 2025, the Company entered into a reinsurance agreement with Brit Insurance Services Limited ("Brit"), an affiliate of Fairfax and the Company, under which Brit cedes to the Company a portion of its global property catastrophe risks under a quota share contract on a risk-attaching basis. Total estimated written premium assumed by the Company is expected to be earned over a 24-month period following the effective date of the treaty.

Also, effective January 1, 2025, the Company entered into a reinsurance agreement with a subsidiary of Crum & Forster Holding Corp. ("C&F"), an affiliate of Fairfax and the Company, to assume 100% of premiums and losses associated with excess workers' compensation policies fronted by C&F for Zenith Insurance related to several workers' compensation self-insurance funds.

The following table summarizes the significant impact from these agreements on various components of the Consolidated Balance Sheets:

(In thousands)	June 30, 2025	December 31, 2024
Assets:		
Premiums receivable	\$ 19,014	\$ 12,551
Deferred policy acquisition costs	8,291	7,378
Funds withheld	1,672	1,672
Liabilities:		
Losses and loss adjustment expenses reserves	66,299	55,798
Unearned premiums	29,964	20,256
Reinsurance payable on paid losses and loss adjustment expenses	4,309	4,517

The following table summarizes the significant impact from these agreements on various components of net income (loss):

(In thousands)	Three Months Ended June 30, 2025	2024	Six Months Ended June 30, 2025	2024
Revenues:				
Net premium earned	\$ 12,995	\$ 10,604	\$ 25,294	\$ 21,374
Expenses:				
Policy acquisition costs	4,673	3,906	8,914	7,887
Losses and loss adjustment expenses incurred	6,992	4,724	16,636	11,405

Ceded Reinsurance

The Company continues to be a party to various ceded reinsurance treaties with affiliates of Fairfax that were entered into in the ordinary course of business, primarily excess of loss reinsurance agreements with Odyssey Reinsurance Company for 2010 through 2025. As of June 30, 2025 and December 31, 2024, the Company recorded net receivable from reinsurers of \$0.6 million and \$0.8 million, respectively, related to the reinsurance transactions with affiliates of Fairfax. In the three and six months ended June 30, 2025, the Company recorded \$1.3 million and \$2.5 million, respectively, of ceded premium earned, net of ceded commissions from affiliates, compared to \$1.0 million and \$1.9 million, respectively, for the same periods of 2024.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Claims Servicing

The Company is party to Master Administrative Services Agreements with various affiliates of Fairfax and the Company. Under the agreements, the affiliated parties provide and receive administration services such as accounting, underwriting, claims, reinsurance, preparation of regulatory reports, and actuarial services. The Company provides claims administration services to Seneca Insurance Company, Inc. ("Seneca") and to RiverStone Group LLC and affiliates ("RiverStone"), both affiliates of Fairfax and the Company. Service fee income recorded in the Consolidated Statements of Comprehensive Income (Loss) for RiverStone was \$1.5 million and \$3.3 million for the three and six months ended June 30, 2025, respectively, compared to \$1.6 million and \$3.5 million, respectively, for the same period of 2024 and Seneca had service fee income of approximately \$7,000 and \$4,000 for the three and six months ended June 30, 2025 compared to approximately \$16,000 and \$27,000 for the same period of 2024. As of June 30, 2025 and December 31, 2024, the Company recorded a net liability of \$6.0 million and \$5.2 million, respectively, to RiverStone comprised of a loss fund held for RiverStone claims of \$6.5 million and \$5.7 million respectively, offset by service fee receivables from RiverStone of \$0.5 million and \$0.5 million, respectively. As of June 30, 2025 and December 31, 2024, the loss fund held for Seneca claims was \$0.4 million.

Other

In the six months ended June 30, 2024, Zenith National paid ordinary cash dividends of \$100.0 million to Fairfax affiliates. No dividends were paid in the three and six months ended June 30, 2025.

In the six months ended June 30, 2024, Zenith Insurance paid ordinary cash dividends of \$105.0 million to Zenith National. Zenith Insurance has the ability to pay up to \$70.5 million of additional dividends to Zenith National without prior approval of the California Department of Insurance ("California DOI") during 2025. No dividends were paid in the three and six months ended June 30, 2025.

Note 6. Reinsurance Recoverable

Amounts recoverable for paid and unpaid losses from reinsurers as of June 30, 2025 and December 31, 2024, and their respective A.M. Best ratings were as follows:

(In thousands)	June 30, 2025	December 31, 2024	A.M. Best Rating (b)	A.M. Best Rating Date
General Reinsurance Company	\$ 27,185	\$ 29,012	A++	11-2024
Hannover Rueck SE	7,687	7,014	A+	12-2024
Partner Reinsurance Company	7,669	6,996	A+	02-2025
Zenith Insurance 2019 California AG IC 1 LLC (a)	4,870	3,525	NR	
Transatlantic Reinsurance Company	3,257	3,214	A++	02-2025
Odyssey Reinsurance Company (c)	2,920	2,381	A+	07-2025
Axis Reinsurance Company	2,641	2,518	A	08-2024
Chaucer Ins Co Designated Activity Co	2,446	2,268	A	11-2024
Factory Mutual Insurance Company	2,221	1,698	A+	02-2025
All others (a)(d)	3,550	3,700		
Total	\$ 64,446	\$ 62,326		

(a) Under insurance regulations in California, not-admitted reinsurers placed collateral on deposit equal to the Company's ceded workers' compensation loss reserves.

(b) A.M. Best, in assigning ratings, is primarily concerned with the ability of insurance and reinsurance companies to pay the claims of policyholders. In the A.M. Best ratings scheme, ratings of B+ to A++ are considered "Secure" and ratings of B and below are considered "Vulnerable." NR means A.M. Best does not rate the reinsurer.

(c) See Note 5 for additional related party description.

(d) No individual reinsurer in excess of \$1.2 million as of June 30, 2025 and December 31, 2024.

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 7. Unpaid Losses and Loss Adjustment Expenses

The following table represents a reconciliation of changes in the liability for unpaid losses and loss adjustment expenses:

(In thousands)	Six Months Ended June 30,	
	2025	2024
Beginning of period, net of reinsurance	\$ 985,411	\$ 999,781
Incurred claims:		
Current accident year	231,965	223,093
Prior accident years	(7,038)	(20,489)
Total incurred claims	224,927	202,604
Payments:		
Current accident year	(46,582)	(51,395)
Prior accident years	(157,964)	(164,963)
Total payments	(204,546)	(216,358)
End of period, net of reinsurance	1,005,792	986,027
Receivable from reinsurers for unpaid losses	44,058	41,793
End of period, gross of reinsurance	\$ 1,049,850	\$ 1,027,820

The net favorable development of \$7.0 million in the six months ended June 30, 2025 was primarily attributable to Workers' Compensation favorable loss development trends for accident years 2021 and prior, and Agribusiness P&C favorable loss development for the accident year 2024, partially offset by adverse development in Workers' Compensation for accident years 2022 through 2024 and in Agribusiness P&C for accident years 2021 and prior.

The net favorable development of \$20.5 million in the six months ended June 30, 2024 was primarily attributable to Workers' Compensation favorable loss development trends for accident years 2023 and 2022 and accident years 2019 and prior.

Note 8. Stock-Based Compensation

The following table provides information regarding the Fairfax Subordinate Voting Shares under the Restricted Stock Plan:

	Number of Shares
Authorized for purchases and grants at plan inception in 2010	200,000
Additional authorization in 2020	300,000
Total authorized for purchases and grants	500,000
Purchased and restricted	(48,499)
Vested	(121,378)
Purchased and available for future grants	(4,562)
Available for future purchases as of June 30, 2025	325,561

ZENITH NATIONAL INSURANCE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following represents open market purchases of Fairfax Subordinate Voting Shares under the Restricted Stock Plan which also resulted in charges to the Company's Stockholders' equity:

(Dollars in thousands, except share data)	Number of Shares	Weighted Average Purchase Price Per Share	Total Purchase Price
Purchased through December 31, 2022	162,686	\$ 444.75	\$ 72,355
Purchased in 2023	2,425	872.64	2,116
Purchased in 2024	9,256	1,091.33	10,101
Purchased in 2025	72	1,462.05	105
Total purchased since plan inception	174,439	485.42	\$ 84,677

Changes in the restricted shares outstanding were as follows:

(Dollars in thousands, except share data)	Number of Shares	Weighted Average Grant Date Fair Value Per Share	Grant Date Fair Value
Restricted Shares as of December 31, 2022	65,717	\$ 454.36	\$ 29,860
Granted during 2023	8,420	514.35	4,331
Forfeited during 2023	(1,178)	452.36	(533)
Vested during 2023	(10,377)	506.66	(5,258)
Restricted Shares as of December 31, 2023	62,582	453.79	28,400
Granted during 2024	9,179	1,082.43	9,936
Vested during 2024	(10,799)	473.06	(5,109)
Restricted Shares as of December 31, 2024	60,962	545.04	33,227
Granted during 2025	2,623	1,439.22	3,775
Forfeited during 2025	(92)	453.76	(42)
Vested during 2025	(14,994)	471.77	(7,074)
Restricted Shares as of June 30, 2025	48,499	616.22	\$ 29,886

In the three and six months ended June 30, 2025, stock-based compensation expense before tax was \$1.6 million and \$4.1 million, respectively, compared to \$1.4 million and \$2.9 million for the same periods of 2024.

As of June 30, 2025 and December 31, 2024, unrecognized compensation expense before tax under the Restricted Stock Plan was \$15.5 million and \$16.1 million, respectively.

Note 9. Commitments and Contingencies

The Company is involved in various litigation proceedings that arise in the ordinary course of business. Disputes adjudicated in the workers' compensation administrative systems may be appealed to review boards or civil courts, depending on the issues and local jurisdictions involved. From time to time, plaintiffs also sue the Company on theories falling outside of the exclusive jurisdiction and remedies of the workers' compensation claims adjudication systems. Certain of these legal proceedings seek injunctive relief or substantial monetary damages, including claims for punitive damages, which may not be covered by reinsurance agreements. Historically, the Company has not experienced any material exposure or damages from any of these legal proceedings. In addition, in the opinion of management, after consultation with legal counsel, currently outstanding litigation is either without merit or the ultimate liability, if any, is not expected to have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.