

Stark Novus Financial Inc.

STARK NOVUS FINANCIAL PROVIDES UPDATE ON INSURANCE MATTERS

September 30, 2026

NEW YORK, Sept. 30, 2026 /PRNewswire/ -- Stark Novus Financial Inc. (OTC: SNFI) ("Stark Novus Financial" or the "Company"), today provided an update on insurance matters.

On September 22, 2026, the New York State intermediate appellate court issued an order denying the motion for reargument and leave to appeal filed by the primary layer insurance company under the Company's D&O policy. The appellate court had previously entered summary judgment in the Company's favor as to the insurer's retroactive date exclusion defense. As a result, the retroactive date exclusion, which the insurer had relied upon to deny coverage, should not apply as to certain claims as to which the Company has sought coverage. The specific claims to which the exclusion should not apply and the amount of expenses previously paid by the Company that would be reimbursable under the coverage remain to be determined. The Company, including its predecessor Lordstown Motors, has paid tens of millions of dollars defending against and responding to matters as to which insurance coverage has been sought, most of which was paid in 2021-2023.

Background

As previously reported, the Company was notified in 2022 by its primary insurer under its D&O insurance policy that the insurer is taking the position that no coverage is available for various lawsuits, investigations and indemnification obligations under an exclusion to the policy entitled the "retroactive date exclusion." Because of the denial of coverage, no insurance has been made available to the Company to reimburse its expenses or cover losses for these matters, which have been and could continue to be significant.

The Company filed an adversary proceeding in Bankruptcy Court on October 25, 2024 seeking coverage, which was dismissed. While that proceeding was pending, the insurer filed a lawsuit in New York State court seeking a declaration that the insurer has no coverage for the lawsuits, investigations and indemnification obligations, under the insurer's primary layer policy. The Company counterclaimed for a declaration that defense coverage is owed under the policy for those matters. The parties each filed a motion for summary judgment, seeking a declaration in its' respective favor. On those cross motions for summary judgment, the New York State court granted summary judgment in favor of the primary layer insurer and denied the Company's motion for summary judgment. The Company appealed the decision to the intermediate appellate court, which reversed the lower court and found the policy provides coverage for some of the claims in the matters at issue. The primary layer insurer moved for reargument and leave to appeal to the New York Court of Appeals, the Company opposed the motion and, as noted, the court denied the motion on September 22, 2026. The Company is focused on bringing the claim for coverage to resolution.

The primary layer of coverage has a \$5 million limit. There is excess coverage in the amount of at least \$45 million for Side ABC coverage above the primary layer. However, as noted above, the specific claims that the insurance may cover and the amounts that may be recoverable remain to be determined. In addition, a number of the matters for which coverage has been sought are still ongoing. Additional details regarding the insurance and underlying litigation matters are included in the quarterly and annual reports on Form 10-Q and Form 10-K filed by the Company with the Securities and Exchange Commission.

About Stark Novus Financial

Additional information about the Company is available on the Company's website (www.nurideinc.com) and in the Company's filings with the U.S. Securities and Exchange Commission, available at www.sec.gov/edgar.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. You can identify these statements by our use of the words "believes," "expects," "intends," "will," and similar expressions that do not relate to historical matters. All statements other than statements of historical fact are forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, including risks regarding the timing and amount of any insurance recoveries, which could materially affect actual results, performance, or achievements. Other important risk factors that may affect the Company's business, results of operations and financial position are detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as may be required by applicable law.

Investor Contact

Please send inquiries to inquiries@nurideinc.com.

 View original content: <https://www.prnewswire.com/news-releases/stark-novus-financial-provides-update-on-insurance-matters-302893628.html>

SOURCE Stark Novus Financial Inc.