

Exhibit E

Audited Financial Statements for the years ending December 31, 2022



American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries

**Consolidated Property & Casualty Statutory
Financial Statements and Supplemental Information
December 31, 2022 and 2021**

American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries

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Report of Independent Auditors

To the Board of Directors of American Family Mutual Insurance Company, S.I.

Opinions

We have audited the accompanying consolidated statutory financial statements of American Family Mutual Insurance Company, S.I. and its consolidated property and casualty subsidiaries (the "Company"), which comprise the consolidated property and casualty statutory balance sheets as of December 31, 2022 and 2021, and the related consolidated property and casualty statutory statements of income, of changes in capital and surplus, and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the California Department of Insurance, the Florida Office of Insurance Regulation, the Georgia Office of Insurance and Safety Fire Commissioner, the Illinois Department of Insurance, the Indiana Department of Insurance, the Minnesota Department of Commerce, the New York State Department of Financial Services, the South Carolina Department of Insurance, the Texas Department of Insurance and the Wisconsin Office of the Commissioner of Insurance described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying consolidated financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2022 and 2021, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the consolidated financial statements, the consolidated financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the California Department of Insurance, the Florida Office of Insurance Regulation, the Georgia Office of Insurance and Safety Fire Commissioner, the Illinois Department of Insurance, the Indiana Department of Insurance, the Minnesota Department of Commerce, the



New York State Department of Financial Services, the South Carolina Department of Insurance, the Texas Department of Insurance and the Wisconsin Office of the Commissioner of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the consolidated financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting practices prescribed or permitted by the California Department of Insurance, the Florida Office of Insurance Regulation, the Georgia Office of Insurance and Safety Fire Commissioner, the Illinois Department of Insurance, the Indiana Department of Insurance, the Minnesota Department of Commerce, the New York State Department of Financial Services, the South Carolina Department of Insurance, the Texas Department of Insurance and the Wisconsin Office of the Commissioner of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 US GAAS 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 US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information as of and for the years ended December 31, 2022 and 2021 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the admitted assets, liabilities and capital and surplus, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the admitted assets, liabilities and capital and surplus, results of operations and cash flows of the individual companies.

The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Pricewaterhouse Coopers LLP

February 28, 2023

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Consolidated Property & Casualty
Statutory Balance Sheets
December 31, 2022 and 2021**

(in thousands of dollars, except share amounts)

	2022	2021
Admitted assets		
Bonds	\$ 15,707,009	\$ 16,833,258
Common stocks, including investments in unconsolidated subsidiaries	2,980,322	4,035,035
Mortgage loans	254,062	237,271
Real estate (net of accumulated depreciation of \$309,885 and \$311,059)	161,615	221,917
Cash, cash equivalents, and short-term investments	1,611,247	763,583
Receivables for securities	492,322	66,186
Securities lending collateral	116,038	215,668
Other invested assets	2,460,885	2,144,067
Total cash and invested assets	23,783,500	24,516,985
Property & casualty premiums receivable and agents' balances	2,523,119	2,292,157
Accrued investment income	103,213	84,239
Deferred tax assets	409,803	182,923
Income taxes receivable	229,205	26,565
Electronic data processing equipment and software (net)	16,768	10,191
Other assets	669,054	402,412
Total admitted assets	27,734,662	27,515,472
Liabilities		
Property & casualty loss and loss adjustment expense reserve	8,946,458	8,373,691
Property & casualty unearned premiums	6,374,849	5,602,180
Agent contract termination payments	914,041	1,012,484
Employee pension and other benefits	154,568	178,829
Debt	1,011,345	1,024,345
Payable for securities	1,123,774	189,163
Securities lending payable	116,038	215,668
Accrued expenses and other liabilities	1,665,743	1,462,276
Total liabilities	20,306,816	18,058,636
Capital and surplus		
Common stock (\$1 par value; 3,000,000 shares authorized, issued, and outstanding)	3,000	3,000
Special surplus funds	1,250	1,250
Surplus notes	70,000	70,000
Gross paid-in and contributed surplus	1,008,727	1,008,727
Unassigned surplus	6,344,869	8,373,859
Total capital and surplus	7,427,846	9,456,836
Total liabilities, capital, and surplus	\$ 27,734,662	\$ 27,515,472

The accompanying notes are an integral part of these consolidated property & casualty statutory financial statements.

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Consolidated Property & Casualty
Statutory Statements of Income
Years Ended December 31, 2022 and 2021**
(in thousands of dollars)

	2022	2021
Premiums and other income		
Property & casualty premiums earned	\$ 13,327,075	\$ 12,209,303
Net investment income	663,372	553,736
Net realized investment gains (losses)	(605,241)	259,081
Other income (expenses)	(45,530)	25,341
Total premiums and other income	<u>13,339,676</u>	<u>13,047,461</u>
Losses and expenses		
Property & casualty losses and loss adjustment expenses incurred	10,734,194	8,740,619
Underwriting expenses	4,165,570	3,971,646
Dividends to policyholders	907	1,174
Total losses and expenses	<u>14,900,671</u>	<u>12,713,439</u>
Income (loss) before income tax expense (benefit)	(1,560,995)	334,022
Income tax expense (benefit)	(221,795)	70,688
Net income (loss)	<u>\$ (1,339,200)</u>	<u>\$ 263,334</u>

The accompanying notes are an integral part of these consolidated property & casualty statutory financial statements.

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Consolidated Property & Casualty
Statutory Statements of Changes in Capital and Surplus
Years Ended December 31, 2022 and 2021**

(in thousands of dollars)

	2022	2021
Common stock	\$ 3,000	\$ 3,000
Special surplus funds	1,250	1,250
Surplus notes	70,000	70,000
Gross paid-in and contributed surplus		
Beginning balance	1,008,727	9,968
Contributed/paid in capital - See Note 9	—	998,759
Ending balance	1,008,727	1,008,727
Unassigned surplus		
Beginning balance	8,373,859	7,629,537
Net income (loss)	(1,339,200)	263,334
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	(904,424)	400,337
Change in nonadmitted assets	9,467	(141,289)
Change in net deferred income tax	80,637	(3,452)
Pension and contract termination payment adjustments	177,789	237,444
Distributions	(65,470)	(9,754)
Other	12,211	(2,298)
Ending balance	6,344,869	8,373,859
Total capital and surplus	\$ 7,427,846	\$ 9,456,836

The accompanying notes are an integral part of these consolidated property & casualty statutory financial statements.

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Consolidated Property & Casualty
Statutory Statements of Cash Flows
Years Ended December 31, 2022 and 2021**
(in thousands of dollars)

	2022	2021
Cash from operations		
Premiums collected net of reinsurance	\$ 13,988,318	\$ 12,547,171
Net investment income	704,599	648,663
Miscellaneous income (expenses)	(109,292)	9,039
Benefit and loss related payments	(9,196,449)	(7,196,023)
Commissions, expenses paid, and aggregate write-ins for deductions	(5,091,283)	(5,026,011)
Dividends paid to policyholders	(926)	(1,415)
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	(2,097)	(61,044)
Net cash provided by (used in) operations	<u>292,870</u>	<u>920,380</u>
Cash from investments		
Proceeds from investments sold, matured, or repaid		
Bonds	15,750,196	16,404,859
Stocks	609,335	928,478
Mortgage loans	20,649	48,602
Real estate	13,632	19,273
Other invested assets	191,484	237,415
Net gains or (losses) on cash and short-term investments	1,233	(22)
Miscellaneous proceeds	631,435	60,917
Total investment proceeds	<u>17,217,964</u>	<u>17,699,522</u>
Cost of investments acquired (long-term only)		
Bonds	15,355,543	18,043,311
Stocks	454,809	485,829
Mortgage loans	37,440	70,750
Capital contribution to unconsolidated affiliates	21,062	552,240
Real estate	2,843	4,900
Other invested assets	494,030	500,043
Miscellaneous applications	68,628	48,738
Total investments acquired	<u>16,434,355</u>	<u>19,705,811</u>
Net cash provided by (used in) investments	<u>783,609</u>	<u>(2,006,289)</u>
Cash from financing and miscellaneous sources		
Capital and paid-in surplus	—	998,759
Borrowed funds, net of repayments	(13,000)	(190,154)
Dividends to stockholders	(65,470)	(9,754)
Other cash provided (applied)	(150,345)	550,425
Net cash provided by (used in) financing and miscellaneous sources	<u>(228,815)</u>	<u>1,349,276</u>
Reconciliation of cash, cash equivalents, and short-term investments		
Net change in cash, cash equivalents, and short-term investments	847,664	263,367
Cash, cash equivalents, and short-term investments		
Beginning of year	763,583	500,216
End of year	<u>\$ 1,611,247</u>	<u>\$ 763,583</u>
Income taxes (paid) recovered	\$ (2,501)	\$ (60,756)

The accompanying notes are an integral part of these consolidated property & casualty statutory financial statements.

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
**Notes to Consolidated Property & Casualty
Statutory Financial Statements**
December 31, 2022 and 2021

(in thousands of dollars)

1. Nature of Operations and Significant Statutory Accounting Policies

AFMICS and its wholly-owned subsidiaries (collectively referred to as the "Companies" or the "Company") are engaged principally in the writing of property & casualty and life insurance policies within the United States and distribute products through agency and direct sales models, depending on the product and the state of business. American Family Insurance Mutual Holding Company (AFIMHC), through its wholly-owned non-insurance holding company, AmFam Holdings, Inc. (Holdings), owns 100% of the equity interest in AFMICS.

The Company's exclusive agency sales distribution channel primarily sells personal lines and commercial products predominantly through an agency force in a nineteen-state operating territory. Exclusive agents also sell life insurance products, which are underwritten by American Family Life Insurance Company (AFLIC), including term, whole, and universal life insurance policies.

Personal lines policies are also sold through a direct sales distribution channel by PGC Holdings Corp. and its subsidiaries (PGC), Homesite Group, Inc. and its subsidiaries (Homesite), and American Family Connect Property & Casualty Insurance Company (AFCPCIC) and its subsidiaries (CONNECT).

The Company also sells commercial and personal lines policies through an independent agency sales distribution channel through Main Street America Group, Inc. and its subsidiaries (MSA). Included in the consolidation group are Grain Dealers Mutual Insurance Company (GDMIC), Spring Valley Mutual Insurance Company (SVMIC), and Austin Mutual Insurance Company (AMIC) - affiliated entities that are not wholly-owned subsidiaries but are controlled by MSA through board representation and common management.

The Company prepares its consolidated property & casualty statutory financial statements in accordance with accounting practices prescribed or permitted by various domiciliary state insurance departments. Prescribed statutory accounting practices (STAT) include the National Association of Insurance Commissioners' (NAIC) "Accounting Practices and Procedures Manual", as well as state laws, regulations, and general administrative rules applicable to all insurance enterprises domiciled in a particular state. In addition, the respective domiciliary state insurance departments have a right to permit other specific practices that may deviate from prescribed practices. No permitted differences in STAT between applicable state insurance departments and the NAIC are used in the preparation of these consolidated property & casualty statutory financial statements.

The preparation of financial statements in conformity with STAT requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries

Notes to Consolidated Property & Casualty Statutory Financial Statements

December 31, 2022 and 2021

(in thousands of dollars)

The accompanying consolidated property & casualty statutory financial statements vary materially from financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) primarily because on a statutory basis: (a) bonds are generally carried at amortized cost rather than fair value; (b) policy acquisition costs, such as commissions and other costs directly related to acquiring business, are charged to operations as incurred and not deferred; (c) deferred tax assets (DTAs) are generally limited to those temporary differences which reverse in the following three years and offset deferred tax liabilities (DTLs); (d) reinsurance recoverables on unpaid losses are offset against the liability for property & casualty losses and loss adjustment expenses; (e) non-property & casualty insurance companies are excluded from this consolidation; (f) the purchase method of accounting relies on carryover basis of accounting and the resulting goodwill will be amortized over a period of ten years; (g) certain assets are considered nonadmitted and therefore excluded from surplus; see Note 1(k) below for a description of these items; (h) the consolidated property & casualty statutory statements of cash flows are presented in the required statutory format, in which cash, cash equivalents, and short-term investments include cash on deposits and short-term, highly liquid investments that are readily convertible to cash; (i) lease obligations are not reflected as a liability and the corresponding leased asset is not reflected as a right of use asset on the balance sheets; and (j) debt related to the Federal Home Loan Bank (FHLB) of Chicago long-term advance is recorded on a cost basis rather than at fair value through a GAAP-specific election of the fair value option (see Note 14).

The effect of the foregoing differences in the accompanying consolidated property & casualty statutory financial statements is material.

The significant accounting policies used in the preparation of these consolidated property & casualty statutory financial statements include:

a. Principles of Consolidation

The accompanying consolidated property & casualty statutory financial statements include the accounts of AFMICS, its wholly-owned property & casualty subsidiaries, and controlled affiliates, which include the following after elimination of all significant intercompany balances and activity:

Entity Description	Entity Abbreviation
American Standard Insurance Company of Wisconsin	ASIC
American Family Insurance Company	AFIC
American Standard Insurance Company of Ohio	ASICO
Midvale Indemnity Company	MIC
Homesite Insurance Company of the Midwest	HMW
Homesite Insurance Company	HCT
Homesite Insurance Company of California	HCA
Homesite Indemnity Company	HIC
Homesite Insurance Company of New York	HNY
Homesite Insurance Company of Illinois	HIL
Homesite Insurance Company of Georgia	HGA
Homesite Lloyd's of Texas	HLTX
Homesite Insurance Company of Florida	HFL
Permanent General Assurance Corporation	PGAC
Permanent General Assurance Corporation of OH	PGACOH
The General Automobile Insurance Company, Inc.	GAIC
NGM Insurance Company	NGM

**American Family Mutual Insurance Company, S.I. and
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Entity Description	Entity Abbreviation
Main Street America Assurance Company	MSAAC
Old Dominion Insurance Company	ODIC
Main Street America Protection Insurance Company	MSAPIC
MSA Insurance Company	MSAIC
Grain Dealers Mutual Insurance Company	GDMIC
Spring Valley Mutual Insurance Company	SVMIC
Austin Mutual Insurance Company	AMIC
American Family Connect Property and Casualty Insurance Company	AFCPCIC
American Family Connect Insurance Company	AFCIC

AFLIC is not consolidated within this report and is presented using an equity basis of accounting.

One or several of the consolidated Companies are domiciled in Wisconsin, Illinois, California, New York, Georgia, Florida, South Carolina, Minnesota, Indiana, or Texas. Annual approval is obtained from these respective state insurance departments to file consolidated audited financial statements in lieu of separate audited financial statements for each insurer based upon the 100% quota share reinsurance agreements described in Note 1(f).

b. Cash and Invested Assets

Investments in bonds rated "1" (highest quality) or "2" (high quality) by the Securities Valuation Office (SVO) of the NAIC are reported in the consolidated property & casualty statutory financial statements at amortized cost. Bonds rated "3" (medium quality), "4" (low quality), "5" (lower quality), or "6" (lowest quality) by the SVO are reported at the lower of amortized cost or fair value. The interest method is used to amortize any purchase premium or discount, including estimates of future prepayments obtained from independent sources. Valuations for loan-backed securities include anticipated prepayments at the date of purchase and are adjusted for updated prepayment information using the retrospective method.

Investments in commercial mortgage-backed securities (CMBS) and non-agency residential mortgage-backed securities (RMBS) utilize a two-step process to obtain a valuation and rating in accordance with SSAP 43R, Loan-Backed and Structured Securities. The first step derives a rating for valuation by comparing the current amortized cost to the modeled range of values assigned to the six NAIC designations for each security. This determines whether the securities are carried at the lower of amortized cost or fair value per the above rules. The second step utilizes the same modeled range of values to derive a rating for reporting using the current carrying value as determined in the first step.

To-be-announced securities (TBAs) are investments in forward-dated mortgage-backed securities. Each TBA position is disposed of before the trade settlement date as part of an income generation strategy. All TBA purchase and sale activity is recognized on the trade date, and all cash is settled on a gross basis.

TBA positions outstanding as of the end of the year that were initiated through purchase and sale activities are presented net as bonds in the consolidated property & casualty statutory balance sheets. All purchase and sale activities of TBAs are included within cost of investments acquired - bonds and proceeds from investments sold, matured, or repaid - bonds in the consolidated property & casualty statutory statements of cash flows.

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SVO-identified fixed income exchange traded funds (bond ETFs) are classified as bonds and are reported either at fair value or amortized cost using a systematic value approach. The calculation of systematic value uses current underlying cash flows of the bond ETF (obtained from the issuing institution monthly) to determine monthly effective interest, which is then compared to each month's actual ETF distribution. Any difference between the most recent monthly effective interest calculation and the actual ETF distribution is the amount of amortization/accretion that is reflected in income and is used to adjust the book value of the investment. The Company does not own any SVO-identified investments that are reported using a different measurement method than that used in a prior reporting period or any that no longer qualify for the systematic value method.

Common stocks are generally reported in the consolidated property & casualty statutory financial statements at fair value, which is based primarily on values published by independent pricing sources and quoted market prices.

Mortgage loans are generally carried at their aggregate unpaid principal balances, net of a valuation allowance for estimated uncollectible amounts.

Cash and cash equivalents represent cash and securities that have maturities of three months or less at purchase. Short-term investments represent securities that have maturities of one year or less at purchase. Money market mutual funds are classified as cash equivalents and are carried at fair value.

Due to the period lag between the trade date and the settlement date of investments purchased and sold, receivables for securities sold but not settled and liabilities for securities purchased but not settled may arise. Receivables for securities sold are presented separately within cash and invested assets while payables for securities purchased are presented separately within liabilities on the consolidated property & casualty statutory balance sheets.

Securities lending collateral represents reinvested cash collateral from borrowers under a securities lending program. The Company has contracted with a third-party banking institution (lending agent) to operate the program, which involves lending certain fixed income and equity securities to qualified borrowers in return for collateral in the form of either cash or approved securities. The Company maintains ownership of securities that are loaned out, and therefore, does not derecognize or otherwise reclassify such securities for reporting purposes. Non-cash collateral received from borrowers is not permitted by contract or custom to be sold or repledged and, as such, the Company does not recognize any related asset or liability balances. All cash received as collateral is subsequently reinvested by the lending agent in short-term and cash equivalent securities, the majority of which have 30 days or less to maturity. Reinvested securities are subject to written investment guidelines that the Company maintains with the purpose of controlling the amount of credit and liquidity risk present in the portfolio. The total value of these reinvested securities is recognized as an asset (securities lending collateral) while a liability (securities lending payable) is recognized equal to the total cash value received. As a result of the restrictions on cash collateral received, securities lending activities are considered to be non-cash financing activities. Given that the Company typically holds collateral for 90 days or less, the financing is considered short-term and the overall change in collateral balances is shown on a net basis in the consolidated property & casualty statutory statements of cash flows. See Note 3(i) for further information on the Company's securities lending program.

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Other invested assets consist primarily of investments in limited partnerships. These limited partnerships are valued using the net asset value (NAV) practical expedient based on capital account statements or other valuations provided by the general partner, adjusted for known cash basis activity occurring between the valuation date and the reporting date. Changes in the carrying amounts of limited partnerships are recognized as unrealized gains or losses in unassigned surplus. These investments typically reflect a reporting lag of up to three months, dependent upon receipt of the limited partnership's financial statements. Also included in other invested assets are surplus notes and low income housing tax credits. Surplus notes are reported at amortized cost for those rated 1 or 2 by the SVO and at the lower of amortized cost or fair value for those rated 3 through 6 or unrated by the SVO. Low income housing tax credits are recorded at amortized cost.

Derivative instruments are accounted for on a fair value basis and are included within other assets or accrued expenses and other liabilities (as applicable) on the consolidated property & casualty statutory balance sheets. When certain derivatives meet specific criteria, they may be designated as accounting hedges and accounted for as fair value, cash flow, or foreign currency hedges. The Company did not elect to apply hedge accounting for the derivative instruments that were utilized during the reporting period. As a result, unrealized gains and losses on open derivative positions are recognized within unassigned surplus, with an adjustment to the carrying value of the derivative instrument. Interim settlements involving the receipt or payment of cash are included as a component of net investment income. The gain or loss realized upon exiting a derivative position is recognized within net realized investment gains (losses). Cash flows from the derivatives are reported in cash from investments within the consolidated property & casualty statutory statements of cash flows.

Investment income is recognized when earned. Dividend income is recognized on the ex-dividend date. The Company nonadmits investment income due and accrued on bonds in or near default, and other amounts that are over 90 days past due with the exception of mortgage loans in default, which are excluded when 180 days or more past due. There was no investment income due and accrued that was nonadmitted as of December 31, 2022 and 2021. Realized gains and losses on sales of investments are determined on a specific identification basis and are recognized directly in the accompanying consolidated property & casualty statutory statements of income. Unrealized gains and losses resulting from changes in the fair value of common stocks, those bonds rated 3-6, bond ETFs carried at fair value, and limited partnerships are credited or charged to net change in unrealized capital gains (losses) of investments, a component of the Company's unassigned surplus, net of deferred taxes. If there is a decline in an investment's net realizable value that is other-than-temporary, the decline is recognized as a realized loss and the cost of the investment is reduced to either its present value of expected future cash flows or its fair value depending on security type.

For all subsidiaries on the equity basis of accounting, those subsidiaries which are insurance companies are accounted for using statutory equity.

AmFam, Inc., a subsidiary of AFMICS, is valued and recognized using GAAP equity adjusted for unamortized statutory goodwill. All other subsidiaries are recognized on a GAAP equity basis. For statutory purposes, American Family Brokerage, Inc. (AFBI) and The AssureStart Insurance Agency, LLC (AIA), subsidiaries of AFMICS, are nonadmitted assets because these companies do not prepare separately audited financial statements. The accounting treatment of the aforementioned subsidiaries is consistent with the accounting treatment used in preparing the Company's Annual Statement filed with state insurance departments for AFMICS and its

**American Family Mutual Insurance Company, S.I. and
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(in thousands of dollars)

property & casualty subsidiaries. Dividends received and interest earned from these companies are recognized as net investment income.

c. Fair Value Measurements

Financial assets and financial liabilities recorded on the consolidated property & casualty statutory balance sheets at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

- Level 1* Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company can access.
- Level 2* Financial assets and financial liabilities whose values are based on the following:
Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in non-active markets; or
Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.
- Level 3* Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect the Company's estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

The availability of observable inputs varies by instrument. In situations where fair value is based on internally developed pricing models or inputs that are unobservable in the market, the determination of fair value requires more judgment. In many instances, inputs used to measure fair value fall into different levels of the fair value hierarchy. In those instances, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is categorized is determined based on the lowest level of input that is significant to the fair value measurement in its entirety.

d. Premiums

Premiums written are recognized on the effective date of the contract and earned on a pro rata basis over the terms of the policies. Premiums earned include premiums assumed and are presented net of premiums ceded under various reinsurance contracts. Unearned premium represents the portion of written premium applicable to the unexpired portion of insurance in-force. Advance premium represents amounts received prior to policy effective dates.

Premiums receivable consists of accounts receivable for uncollected premium balances, bills receivable for premiums, and amounts due from agents and brokers. AFMICS routinely assesses the collectability of these receivables. Any premiums receivable which are greater than 90 days past due are nonadmitted. As of December 31, 2022 and 2021, nonadmitted amounts are \$14,666 and \$15,161, respectively. Based upon the Companies' experience, premiums receivable of \$19,672 and \$21,996 as of December 31, 2022 and 2021, respectively, are estimated to be uncollectible in excess of nonadmitted amounts; therefore, a corresponding additional provision for uncollectible amounts has been recognized in 2022 and 2021.

AFMICS considers an account delinquent if payment is not received according to the contractual terms of the related insurance policy. Typically, accounts are charged off after

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attempts to collect the funds are exhausted by internal and external sources. AFMICS generally does not charge interest on delinquent accounts.

The Companies annually evaluate whether a premium deficiency exists relating to short-duration contracts. Anticipated investment income is considered as part of this evaluation. The Company recognized no net premium deficiency reserves, after taking into account reinsurance cessions, as of December 31, 2022 and 2021.

The Companies use managing general agents (MGAs) to write and administer various types of business in specified territories. For the years ended December 31, 2022 and 2021, the aggregate amount of direct premiums written through MGAs was \$649,448 and \$371,334, respectively.

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a global pandemic, with many states enacting stay-at-home mandates to help slow the spread of the pandemic. As a result of the state-mandated stay-at-home orders and a reduction of loss frequency due to fewer miles driven, the Company provided premium relief of approximately \$112,014 to customers during 2021. The Company recognized this relief amount as a reduction in premium written and earned, consistent with NAIC guidance.

e. Property & Casualty Loss and Loss Adjustment Expense Reserve

The property & casualty loss and loss adjustment expense reserve includes amounts determined on the basis of claim evaluation and other estimates for reported losses, as well as estimates for losses incurred but not reported and anticipated salvage and subrogation recoveries. These estimates are continually reviewed and updated, and any adjustments are charged to income as incurred.

Reinsurance recoveries are recognized as a reduction of losses and loss adjustment expenses in accordance with contract terms. The liabilities for property & casualty losses and unearned premiums are determined after deducting a share of reinsurance placed with other reinsurers.

Due to the reasonably complex and dynamic process of establishing these reserves, which can be influenced by a variety of factors and assumptions, actual ultimate losses and loss adjustment expenses which may emerge in future years may vary materially from the amounts recognized in these consolidated property & casualty statutory financial statements.

f. Reinsurance

In the normal course of business, the Company seeks to limit exposure to loss on any single insured and to certain aggregate loss limits. This is accomplished by ceding insurance to other insurance companies or reinsurers under quota share, excess of loss, coinsurance, and retroactive reinsurance contracts. Liabilities related to insurance contracts are recognized after the effects of reinsurance. Estimated reinsurance recoverables are recognized in a manner consistent with the liabilities related to the underlying reinsured contracts. After reinsurance cessions to external parties, ASIC, AFIC, ASICO, MIC, PGC, CONNECT, MSA, and Homesite, with the exception of HNY, cede the remaining insurance business to AFMICS under 100% quota share reinsurance contracts. HNY ultimately cedes 80% of all underwriting activity to the Company.

AFMICS is party to an affiliated reinsurance agreement with AFLIC under which AFMICS cedes long-term care business to AFLIC by way of a 100% quota share reinsurance agreement. AFMICS ceded reinsurance premiums of \$5,350 and \$5,431 during 2022 and

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2021, respectively, and \$144,659 and \$139,190 of reserves at December 31, 2022 and 2021, respectively, under this agreement.

The Companies assume property reinsurance mainly outside the Companies' existing geographic operating territory in order to diversify the Companies' risk. Property & casualty earned premiums assumed under reinsurance contracts under this program during 2022 and 2021 were \$770,571 and \$599,015, respectively. Written premiums assumed during 2022 and 2021 were \$820,065 and \$653,719, respectively.

The Company does not enter into finite reinsurance contracts; all reinsurance contracts involve a significant transfer of risk. Ceded reinsurance transactions do not relieve the Company of its primary obligation to the policyholder.

g. Income Taxes

The Company files a consolidated federal income tax return with AFMCSI and affiliated companies, excluding GDMIC, AMIC, and SVMIC.

The consolidated federal income tax is allocated to each member company in the following manner: Companies having tax profits on a separate return basis will incur federal tax expense based on separate return taxable incomes. Companies with tax losses on a separate return basis will be compensated (at the current federal tax rate) for the reduction in the consolidated tax liability resulting from losses. Such compensation shall come directly from profitable companies that utilize those tax losses to reduce taxable incomes. A loss company may have to repay this current year compensation back to the profitable company if the profitable company later incurs losses that, on a separate return basis, may be carried back to offset its current year income. The reduction of the consolidated tax liability due to tax credits shall be allocated to the individual companies producing such credits. Special additional taxes are similarly allocated to each member company.

The reporting of federal and foreign income taxes under STAT is similar to the reporting requirements under GAAP except for the following differences. Under STAT, the calculation of state income taxes incurred is limited to taxes due on the current year's taxable income and any adjustments due to changes in prior year returns. Therefore, deferred state income taxes are not recognized. Under GAAP, there is a requirement to reduce the amount of DTAs by a valuation allowance if it is more likely than not that some portion of the DTA will not be realized. STAT requires that the gross DTAs be subject to an admissibility test which also includes the more likely than not valuation allowance. Under STAT, any changes in DTAs and DTLs are to be recognized as a separate component of the change in unassigned surplus. Therefore, changes in the DTAs and DTLs will not be included in current year income. This differs from GAAP, which recognizes the change in deferred taxes (deferred tax provision) as a component of the total tax provision (sum of federal current and deferred) that is included in other comprehensive income rather than as a direct adjustment to equity. The gross change in the DTA/DTL related to unrealized capital gains and losses is charged directly to surplus by netting against the unrealized capital gains and losses. The effect on deferred taxes of a change in tax rates is recognized as a component of the change in unassigned surplus in the period enacted for STAT purposes and is recognized in income as a component of income tax expense from continuing operations in the period of enactment for GAAP. Under STAT, state current income taxes are included as an underwriting expense while under GAAP they are part of income tax expense.

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h. Real Estate

Real estate assets consist of land, buildings, and building improvements held for sale and occupied by the Company. Land is reported at cost. Buildings and improvements are carried at cost, less accumulated depreciation computed on a straight-line basis over estimated useful lives ranging from twenty to forty-five years. The Company reviews real estate for impairment when conditions indicate that the net realizable value of the property has declined and is other-than-temporary. Impairment is recognized as a realized loss and net book value is written down to fair value upon triggering event. The Company recognized impairment losses of \$33,100 and \$619 in net realized investment gains (losses) on the consolidated property & casualty statutory statements of income for the years ended December 31, 2022 and 2021, respectively, as the carrying values exceeded the fair values as determined by market offers. There are no receivables on land held for sale, and the Company has no obligations for improvements.

i. Furniture and Equipment, and Electronic Data Processing Equipment and Software

Furniture and equipment and electronic data processing equipment and software (EDP) are carried at cost less accumulated depreciation. Furniture and equipment includes vehicles, furniture and equipment, leasehold improvements and telephonic equipment. EDP includes electronic data processing equipment and purchased and internally-developed software. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, ranging from three to twenty years.

The Company reviews fixed assets for impairment when there is reason to believe that a fixed asset's carrying value might not be recoverable and charges any impairments as an operating expense in the consolidated property & casualty statutory statements of income.

The gross cost, accumulated depreciation, net cost, nonadmitted assets, and net admitted assets of major fixed asset classes as of December 31 are as follows:

		2022					
		Gross Cost	Accumulated Depreciation	Net Cost	Nonadmitted Asset	Net Admitted Asset	Depreciation Expense
Furniture and equipment		\$ 144,602	\$ (108,539)	\$ 36,063	\$ 36,063	\$ —	\$ 7,574
EDP equipment and software		1,124,127	(722,069)	402,058	385,290	16,768	74,295
		<u>\$ 1,268,729</u>	<u>\$ (830,608)</u>	<u>\$ 438,121</u>	<u>\$ 421,353</u>	<u>\$ 16,768</u>	<u>\$ 81,869</u>
		2021					
		Gross Cost	Accumulated Depreciation	Net Cost	Nonadmitted Asset	Net Admitted Asset	Depreciation Expense
Furniture and equipment		\$ 140,164	\$ (102,811)	\$ 37,353	\$ 37,353	\$ —	\$ 9,747
EDP equipment and software		995,513	(647,884)	347,629	337,438	10,191	81,733
		<u>\$ 1,135,677</u>	<u>\$ (750,695)</u>	<u>\$ 384,982</u>	<u>\$ 374,791</u>	<u>\$ 10,191</u>	<u>\$ 91,480</u>

j. Leases

The Company leases office equipment and real estate under various noncancelable operating lease agreements with expiration dates through 2028 and thereafter. Lease expense for 2022 and 2021 was \$23,276 and \$32,728, respectively.

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As of December 31, 2022, the minimum aggregate lease commitments, prior to allocations to unconsolidated affiliates, were as follows:

Year ending December 31		
2023	\$	16,057
2024		14,325
2025		8,178
2026		4,757
2027		1,853
2028 and thereafter		7,569
Total	\$	<u>52,739</u>

Certain lease commitments have renewal options extending through the year 2054. Some of these renewals are subject to adjustments in future periods.

The Company does not have any significant activity from acting as a lessor.

k. Nonadmitted Assets

Certain assets are designated as “nonadmitted assets,” primarily consisting of DTAs, premium receivables greater than 90 days past due, prepaid expenses, non-operating software, and furniture and equipment. The Company's defined benefit pension plan was overfunded as of December 31, 2022 and 2021, and the resulting net plan asset is nonadmitted for STAT purposes.

These items have been excluded from the consolidated property & casualty statutory balance sheets through a direct charge against unassigned surplus. Changes in nonadmitted assets are reported as a direct adjustment to surplus in the consolidated property & casualty statutory statements of changes in capital and surplus.

The nonadmitted assets as of December 31 are as follows:

	2022	2021
Uncollected premiums and EBUB	\$ 14,666	\$ 15,161
Net deferred tax assets	91,823	106,199
Software	385,290	337,438
Furniture and equipment	36,063	37,353
Overfunded plan asset	86,309	284,488
Intangible plan asset	151,649	2,765
Prepaid pension cost	11,308	11,288
Prepaid expenses	72,752	62,772
All other	22,774	24,637
Total nonadmitted assets	<u>\$ 872,634</u>	<u>\$ 882,101</u>

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I. Statements of Cash Flows

Non-cash investing activities for the years ended December 31 are summarized as follows:

	2022	2021
Acquisitions of common stock	\$ 19,525	\$ 21,600
Disposals of common stock	43,524	33,387
Acquisitions of bonds	31,392	9,797
Disposals of bonds	31,392	9,797

See Note 3(b) for non-cash investing activities relating to charitable contributions of common stock in 2022 and 2021. See Note 9 for non-cash investing activities relating to an in-kind distribution of an unconsolidated subsidiary in 2022.

m. Reclassifications

Certain reclassifications have been made to prior year amounts in the notes to the consolidated property & casualty statutory financial statements to conform to current year presentation and allow for consistent financial reporting.

n. Subsequent Events

The Company has evaluated events subsequent to December 31, 2022 through February 28, 2023, the date these consolidated property & casualty statutory financial statements were available to be issued. Based on this evaluation, no Type I or Type II events have occurred subsequent to December 31, 2022 that require disclosure or adjustment to the consolidated property & casualty statutory financial statements at that date or for the year then ended.

2. Acquisitions

On February 16, 2021, the Company, through AmFam, Inc., obtained control of Bold Penguin, a technology company that simplifies the process of obtaining small business insurance, by acquiring 100% of Bold Penguin's stock for \$520,383. Unconsolidated affiliates of the Company previously owned approximately 19.8% of Bold Penguin stock, reducing the ultimate net consideration paid by AmFam, Inc. to external parties by \$99,188. Total statutory goodwill recognized as a result of this transaction was immaterial.

3. Financial Instruments

a. Fair Value of Financial Instruments

Fair value guidance establishes a hierarchy for inputs used in determining fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Fair value is a market-based measure considered from the perspective of a market participant who owns an asset or owes a liability. Accordingly, when market observable data is not readily available, the Company's own assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from one level of the hierarchy to another.

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When available, the Company uses the market approach to estimate the fair value of its financial instruments, which is based on quoted prices that are readily and regularly available in active markets. Generally, these are the most liquid of the Company's holdings and valuation of these securities does not involve management judgment. Matrix pricing and other similar techniques are other examples of the market approach. Matrix pricing values a particular security by utilizing the prices of securities with similar ratings, maturities, industry classifications, and/or coupons and interpolating among known values of these similar instruments to derive a price.

When quoted prices in active markets are not available, the Company uses the income approach, or a combination of the market and income approaches, to estimate the fair value of its financial instruments. The income approach involves using discounted cash flow and other standard valuation methodologies. The inputs in applying these market standard valuation methodologies include, but are not limited to, interest rates, benchmark yields, bid/ask spreads, dealer quotes, liquidity, term to maturity, estimated future cash flows, credit risk and default projections, collateral performance, deal and tranche attributes, and general market data.

The following valuation techniques and inputs were used to estimate the fair value of each class of significant financial instruments:

Level 1 Measurements

Bonds: Comprised of U.S. Treasuries and SVO-identified fixed income exchange traded funds valued based on unadjusted quoted prices for identical assets in active markets.

Common Stocks: Comprised of actively traded, exchange listed U.S. and international equity securities, including exchange traded funds (other than SVO-identified fixed income exchange traded funds) and mutual funds. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access.

Cash Equivalents: Comprised of U.S. Treasuries valued based on unadjusted quoted prices for identical assets in active markets. Additionally, includes actively traded money market funds that have daily quoted net asset values for identical assets that the Company can access.

Short-term Investments: Comprised of U.S. Treasuries valued based on unadjusted quoted prices for identical assets in active markets.

Derivative Instruments: Comprised of actively traded, exchange-listed Treasury futures and equity futures. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access. Variation margin on futures contracts is settled daily; therefore, the value of these securities is equal to the unsettled variation margin as of the last day of the period, which will settle in cash the next business day.

Securities Lending Collateral: Consists of actively traded money market funds that have daily quoted net asset values for identical assets that the Company can access. Also includes tri-party agreements, which reflect cash collateral received that is subsequently loaned to third parties. As all balances are effectively backed by cash or cash equivalents, fair value approximates carrying value.

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Level 2 Measurements

Bonds: The majority of the Company's Level 2 fixed income securities are priced by leading, nationally recognized providers of market data and analytics. These securities are principally valued using the market and income approaches. When available, recent trades of identical or similar assets are used to price these securities. However, because many fixed income securities do not actively trade on a daily basis, pricing models are often used to determine security prices. The pricing models discount future cash flows at estimated market interest rates. These rates are derived by calculating the appropriate spreads over comparable U.S. Treasury securities based on credit quality, industry, and structure of the asset. Observable inputs used by the models include benchmark yields, bid/ask spreads, dealer quotes, liquidity, term-to-maturity, credit risk and default projections, collateral performance, deal and tranche attributes, and general market data. Inputs may vary depending on the type of security.

A small segment of Level 2 and Level 3 securities are priced internally using matrix pricing, broker quotes, and benchmark and spread analysis, or through third-party vendors that specialize in difficult-to-price securities. Pricing for specific security types is as follows:

Special Revenue and Special Assessment: Valued based on inputs including quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, and credit quality.

Industrial and Miscellaneous Unaffiliated: Valued based on inputs including quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, and credit quality.

Common Stocks: Comprised of shares in Federal Home Loan Bank of Chicago (FHLBC) and Des Moines (collectively FHLB) stock as discussed in Note 14. While not actively traded, the valuation for the FHLB investment is perpetually quoted at \$100 per share by the FHLB.

Cash Equivalents: Cash equivalents are valued based on inputs including quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, and credit quality.

Short-term Investments: Short-term investments are valued based on quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, and credit quality.

Mortgage Loans: The fair value of mortgage loans is based upon discounted future cash flows using the current rate at which similar loans with comparable maturities would be made to borrowers with similar credit ratings.

Securities Lending Collateral: The fair value of reinvested collateral from securities lending in Level 2 approximates carrying value due to its short-term nature.

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Level 3 Measurements

Bonds: The majority of Level 3 bonds are valued externally using pricing vendors that specialize in difficult-to-price securities. The vendors utilize a cash flow model that uses prepayment, default and severity assumptions, as well as benchmark yields, spreads, and weighted average lives as inputs. The Company also invests in the following:

- Non-syndicated corporate loans valued using cash adjusted capital account valuations, which approximate fair value.
- TBAs which are valued using the market and income approaches by leading, nationally recognized providers of market data and analytics.
- One bond which is backed by property tax payments made by the Company and consistently priced at unpaid principal as a result.

Pricing for specific security types of Level 3 bonds carried at fair value are as follows:

Special Revenue and Special Assessment: Comprised of non-actively traded investments priced at unpaid principal.

Industrial and Miscellaneous Unaffiliated: Comprised of non-syndicated corporate loans valued using cash adjusted capital account valuations, which approximate fair value.

Common Stocks: Consists of a non-actively traded stock, the price of which is published by the Securities Valuation Office (SVO) of the NAIC, as well as a delisted security which is valued by an external vendor using unobservable inputs.

Other Invested Assets: Consists primarily of surplus notes carried at face value, which approximates fair value,

Investments excluded from the fair value hierarchy

Includes limited partnerships that are valued using NAV as a practical expedient for fair value.

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The following summarizes the Company's financial assets and financial liabilities carried at fair value on a recurring basis as of December 31. The fixed income securities' fair value does not agree to the amount presented on the consolidated property & casualty statutory balance sheets as the majority of the Company's fixed income securities are carried at amortized cost. The carrying value for these fixed income securities is described in Note 1(b).

2022					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	Balance as of December 31, 2022
Financial assets					
Bonds					
Special revenue & special assessment	\$ —	\$ 12,331	\$ 2,050	\$ —	\$ 14,381
Industrial and miscellaneous unaffiliated	—	42,533	42,570	—	85,103
SVO identified funds	814,623	—	—	—	814,623
Common stocks	2,020,730	24,166	1,940	—	2,046,836
Cash equivalents	1,141,191	—	—	—	1,141,191
Other invested assets	—	—	—	2,403,750	2,403,750
Derivative assets	2,786	—	—	—	2,786
Total fair value financial assets	\$ 3,979,330	\$ 79,030	\$ 46,560	\$ 2,403,750	\$ 6,508,670
Derivative liabilities	\$ —	\$ —	\$ —	\$ —	\$ —
Total fair value financial liabilities	\$ —	\$ —	\$ —	\$ —	\$ —
2021					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	Balance as of December 31, 2021
Financial assets					
Bonds					
Special revenue & special assessment	\$ —	\$ 4,254	\$ 2,285	\$ —	\$ 6,539
Industrial and miscellaneous unaffiliated	—	21,907	20,752	—	42,659
SVO identified funds	2,475,456	—	—	—	2,475,456
Common stocks	2,741,635	24,291	1,770	—	2,767,696
Cash equivalents	461,841	—	—	—	461,841
Other invested assets	—	—	—	2,101,290	2,101,290
Derivative assets	—	—	—	—	—
Total fair value financial assets	\$ 5,678,932	\$ 50,452	\$ 24,807	\$ 2,101,290	\$ 7,855,481
Derivative liabilities	\$ 1,016	\$ —	\$ —	\$ —	\$ 1,016
Total fair value financial liabilities	\$ 1,016	\$ —	\$ —	\$ —	\$ 1,016

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The following provides a summary of changes in fair value during the year ended December 31, of Level 3 financial assets and financial liabilities carried at fair value on a recurring basis at December 31:

2022								
	Balance as of January 1, 2022	Total Realized and Unrealized Gains (Losses) included in		Purchases	Sales	Net Transfers In and/or (Out) of Level 3	Balance as of December 31, 2022	Total Gains (Losses) included in Net Income for Instruments Still Held at December 31, 2022
		Net Income	Surplus					
Financial assets								
Bonds								
Special revenue & special assessment	\$ 2,285	\$ —	\$ —	\$ —	\$ (235)	\$ —	\$ 2,050	\$ —
Industrial and miscellaneous unaffiliated	20,752	32	(891)	26,242	(7,849)	4,284	42,570	—
Common stocks	1,770	—	170	—	—	—	1,940	—
Total recurring Level 3 financial assets	\$ 24,807	\$ 32	\$ (721)	\$ 26,242	\$ (8,084)	\$ 4,284	\$ 46,560	\$ —
2021								
	Balance as of January 1, 2021	Total Realized and Unrealized Gains (Losses) included in		Purchases	Sales	Net Transfers In and/or (Out) of Level 3	Balance as of December 31, 2021	Total Gains (Losses) included in Net Income for Instruments Still Held at December 31, 2021
		Net Income	Surplus					
Financial assets								
Bonds								
Special revenue & special assessment	\$ 2,505	\$ —	\$ —	\$ —	\$ (220)	\$ —	\$ 2,285	\$ —
Industrial and miscellaneous unaffiliated	12,393	19	(224)	16,629	(5,103)	(2,962)	20,752	—
Common stocks	1,614	—	156	—	—	—	1,770	—
Total recurring Level 3 financial assets	\$ 16,512	\$ 19	\$ (68)	\$ 16,629	\$ (5,323)	\$ (2,962)	\$ 24,807	\$ —

The following summarizes the fair value of the Company's financial assets and financial liabilities by type as of December 31:

2022						
	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)
Bonds	\$ 14,663,225	\$ 15,707,009	\$ 2,393,017	\$ 11,743,579	\$ 526,629	\$ —
Common stocks - unaffiliated	2,046,836	2,046,836	2,020,730	24,166	1,940	—
Cash equivalents	1,316,439	1,316,477	1,171,131	145,308	—	—
Short-term investments	170,867	170,864	125,372	45,495	—	—
Derivative assets	2,786	2,786	2,786	—	—	—
Mortgage loans	221,645	254,062	—	221,645	—	—
Other invested assets	2,403,750	2,401,932	—	—	—	2,403,750
Securities lending collateral	115,837	116,038	92,615	23,222	—	—
Total financial assets	\$ 20,941,385	\$ 22,016,004	\$ 5,805,651	\$ 12,203,415	\$ 528,569	\$ 2,403,750
Derivative liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total financial liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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	2021					
	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)
Bonds	\$ 16,979,800	\$ 16,833,258	\$ 3,248,880	\$ 13,304,931	\$ 425,989	\$ —
Common stocks - unaffiliated	2,767,696	2,767,696	2,741,635	24,291	1,770	—
Cash equivalents	672,135	672,136	557,448	114,687	—	—
Short-term investments	50,264	50,271	14,466	35,798	—	—
Derivative assets	—	—	—	—	—	—
Mortgage loans	252,497	237,271	—	252,497	—	—
Other invested assets	2,141,465	2,139,715	—	—	40,175	2,101,290
Securities lending collateral	215,644	215,668	165,193	50,451	—	—
Total financial assets	\$ 23,079,501	\$ 22,916,015	\$ 6,727,622	\$ 13,782,655	\$ 467,934	\$ 2,101,290
Derivative liabilities	\$ 1,016	\$ 1,016	\$ 1,016	\$ —	\$ —	\$ —
Total financial liabilities	\$ 1,016	\$ 1,016	\$ 1,016	\$ —	\$ —	\$ —

As part of its pricing procedures, the Company obtains quotes from leading providers of pricing data, and the Company's internal pricing policy is to use consistent sources for individual securities based on security type in order to maintain the integrity of its valuation process. These primary quotes are validated on a quarterly basis via comparison to a secondary pricing source, which may include quotes received from a different third-party pricing data provider or recent trade activity obtained from online trading sites. In addition, investment managers may be consulted to corroborate prices received from outside sources based on their knowledge of market trends and activity. As necessary, the Company utilizes pricing services that specialize in difficult-to-value securities to price esoteric or illiquid securities. Material discrepancies between the primary and secondary sources are investigated, reconciled, and updated as warranted. This may involve challenging a price from the primary source if the Company determines the price provided does not meet expectations based on observed market, sector, or security trends and activity.

On an annual basis, the Company reviews quality control measures and data assumptions from its pricing sources to determine if any significant changes have occurred that may indicate issues or concerns regarding their evaluation or market coverage. In addition, an annual analysis is performed on a sample of securities to further validate the inputs, assumptions, and methodologies used by the primary source to price those securities.

During the course of the valuation process, if it is determined the material inputs used to price a security are unobservable, the Company will transfer that security to Level 3.

There were transfers of \$0 and \$10,091 from Level 2 to Level 3 during 2022 and 2021, respectively. The transfers from Level 2 to Level 3 during 2021 were due to a change in pricing vendor (and therefore pricing methodologies) for certain securities. There were transfers of \$95,818 and \$0 from Level 3 to Level 2 during 2022 or 2021, respectively. The transfers from Level 3 to Level 2 during 2022 were due to a change in pricing vendor (and therefore pricing methodologies) for certain securities.

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b. Common Stocks - Unaffiliated

The aggregate cost, gross unrealized gains, gross unrealized losses, and fair value of unaffiliated common stocks at December 31 are as follows:

	2022	2021
Aggregate cost	\$ 1,194,958	\$ 1,336,625
Gross unrealized gains	897,252	1,451,645
Gross unrealized losses	(45,374)	(20,574)
Fair value	<u>\$ 2,046,836</u>	<u>\$ 2,767,696</u>

The fair value and unrealized losses, categorized by stocks in loss positions for less than 12 months and stocks in loss positions for more than 12 months, at December 31 are as follows:

		2022					
		Less than 12 Months			12 Months or More		
		Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses
Description of Securities:							
Common stock - unaffiliated		608	\$ 108,007	\$ (27,107)	350	\$ 20,008	\$ (18,267)
Total		<u>608</u>	<u>\$ 108,007</u>	<u>\$ (27,107)</u>	<u>350</u>	<u>\$ 20,008</u>	<u>\$ (18,267)</u>
		2021					
		Less than 12 Months			12 Months or More		
		Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses
Description of Securities:							
Common stock - unaffiliated		617	\$ 66,134	\$ (16,973)	135	\$ 5,073	\$ (3,601)
Total		<u>617</u>	<u>\$ 66,134</u>	<u>\$ (16,973)</u>	<u>135</u>	<u>\$ 5,073</u>	<u>\$ (3,601)</u>

The Company believes that declines in fair value related to these stocks are temporary. In determining whether these declines in fair value are temporary, the Company considers severity of impairment, duration of impairment, forecasted market price recovery, and the intent and ability of the Company to hold the investment until the market price has recovered.

During 2022 and 2021, the Company recognized other-than-temporary impairments (OTTI) in its stock portfolio, resulting in a total realized loss of \$28,118 and \$0, respectively.

Proceeds from sales of stocks during 2022 and 2021 were \$609,263 and \$928,220, respectively. These amounts exclude spin-offs, tax-free exchanges, taxable exchanges, and returns of capital. Gross gains of \$82,687 and \$189,431, and gross losses of \$58,060 and \$12,869 were realized on those sales during 2022 and 2021, respectively. The basis of the securities sold was determined using specific identification.

During 2022 and 2021, the Company made charitable contributions of common stock with a fair value of \$24,137 and \$11,787 and realized gains on the transactions of \$20,202 and \$11,309, respectively.

The Company's common stock portfolios are primarily invested in large-, mid-, and small-cap stocks which are managed to their respective indices.

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c. Financial Information for Unconsolidated Subsidiaries

AFMICSI had no investment in a wholly-owned (directly or indirectly) operating subsidiary that exceeded 10% of the Company's total admitted assets as of and for the years ended December 31, 2022 and 2021.

The Company submitted the necessary NAIC SUB-2 filings which presented support for the valuation of two directly held subsidiaries as of December 31, 2021. The NAIC approved the filings and affirmed the Company's valuation of these subsidiaries. The following summarizes the valuations approved by the NAIC:

Description of SCA Investment	Date of Filing	Gross Amount	Nonadmitted Asset Amount	Admitted Asset Amount	NAIC Valuation Amount
AmFam, Inc.	8/29/2022	\$ 3,256,383 *	\$ —	\$ 3,256,383	\$ 3,256,383
AFBI	8/29/2022	—	—	—	—
Total:		\$ 3,256,383	\$ —	\$ 3,256,383	\$ 3,256,383

* Includes \$1,162,310 related to unconsolidated subsidiaries as of December 31, 2021

d. Bonds

The carrying value and fair value of long-term bonds at December 31 are as follows:

Description of Securities:	2022			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. governments	\$ 1,647,629	\$ 809	\$ (65,523)	\$ 1,582,915
States, territories, and possessions	461,924	80	(37,541)	424,463
Political subdivisions of states, territories, and possessions	373,924	111	(32,712)	341,323
Special revenue & special assessment	4,494,402	1,665	(385,933)	4,110,134
Industrial and miscellaneous unaffiliated	7,909,340	15,502	(540,030)	7,384,812
SVO identified funds	819,790	—	(212)	819,578
Totals	\$ 15,707,009	\$ 18,167	\$ (1,061,951)	\$ 14,663,225

Description of Securities:	2021			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. governments	\$ 909,488	\$ 7,619	\$ (8,849)	\$ 908,258
States, territories, and possessions	656,137	22,861	(4,173)	674,825
Political subdivisions of states, territories, and possessions	531,739	17,469	(2,091)	547,117
Special revenue & special assessment	4,343,254	91,837	(27,405)	4,407,686
Industrial and miscellaneous unaffiliated	7,917,184	94,447	(45,173)	7,966,458
SVO identified funds	2,475,456	—	—	2,475,456
Totals	\$ 16,833,258	\$ 234,233	\$ (87,691)	\$ 16,979,800

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The fair value and unrealized losses, categorized by bonds in loss positions for less than 12 months and bonds in loss positions for more than 12 months, at December 31 are as follows:

	2022							
	Less Than 12 Months			12 Months or More			Total	
	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:								
U.S. governments	93	\$1,192,401	\$ (27,001)	60	\$ 302,049	\$ (38,522)	\$1,494,450	\$ (65,523)
States, territories, and possessions	48	238,030	(13,500)	19	175,451	(24,041)	413,481	(37,541)
Political subdivisions of states, territories, and possessions	76	246,982	(20,809)	21	69,858	(11,903)	316,840	(32,712)
Special revenue & special assessment	735	2,981,968	(205,000)	240	937,254	(180,933)	3,919,222	(385,933)
Industrial and miscellaneous unaffiliated	1,056	5,024,876	(344,942)	429	1,612,900	(195,088)	6,637,776	(540,030)
SVO identified funds	1	4,955	(212)	—	—	—	4,955	(212)
Totals	2,009	\$9,689,212	\$ (611,464)	769	\$3,097,512	\$ (450,487)	\$12,786,724	\$ (1,061,951)

	2021							
	Less Than 12 Months			12 Months or More			Total	
	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:								
U.S. governments	63	\$ 497,441	\$ (5,445)	12	\$ 96,947	\$ (3,404)	\$ 594,388	\$ (8,849)
States, territories, and possessions	38	193,115	(4,173)	—	—	—	193,115	(4,173)
Political subdivisions of states, territories, and possessions	27	99,716	(1,973)	2	3,632	(118)	103,348	(2,091)
Special revenue & special assessment	307	1,654,591	(24,773)	14	62,259	(2,632)	1,716,850	(27,405)
Industrial and miscellaneous unaffiliated	836	4,070,826	(42,364)	25	74,930	(2,809)	4,145,756	(45,173)
SVO identified funds	—	—	—	—	—	—	—	—
Totals	1,271	\$6,515,689	\$ (78,728)	53	\$ 237,768	\$ (8,963)	\$6,753,457	\$ (87,691)

If the Company has the intent to sell or will more likely-than-not be required to sell a fixed income security prior to full recovery, the Company writes down the security to its current fair value with the entire write-down recognized as a realized investment loss in the consolidated property & casualty statutory statements of income. The Company recognized OTTI losses due to intent to sell fixed income securities totaling \$27,178 and \$0 in 2022 and 2021, respectively.

If the Company does not have the intent to sell but a structured fixed income security is in an unrealized loss position, the Company determines if any of the decline in value is due to a credit-related loss (the present value of the expected future cash flows (PVCF) is less than amortized cost). Other-than-temporary, credit-related impairments are recognized as a realized investment loss in the consolidated property & casualty statutory statements of income when the PVCF is less than the amortized cost.

There were no credit-related impairments recognized on structured securities in 2022 and 2021, and the Company does not hold any structured securities with a previously recognized other-than-temporary, credit-related impairment.

In determining whether losses on non-structured securities are expected to be temporary, the Company considers severity of impairment, duration of impairment, forecasted market price recovery and the intent and ability of the Company to hold the investment until the market price recovers or the investment matures to assist in determining if a potential credit loss exists. Additionally, the Company may rely on the details of settlements reached in bankruptcy proceedings or other restructurings to determine ultimate collectability of these investments.

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There were no credit-related OTTI losses recognized on non-structured securities during 2022 and 2021.

During 2022 and 2021, for its bond portfolio, the Company recognized total OTTI in realized investment losses in the consolidated property & casualty statutory statements of income of \$27,178 and \$0, respectively. These amounts include impairments taken due to the intent to sell securities. The Company believes that all other declines in fair value related to bonds are temporary.

The carrying value and fair value of bonds, including short-term and cash equivalent bonds, at December 31, 2022, are shown below by contractual maturity. Expected maturities may differ from contractual maturities because borrowers may exercise the right to call or prepay obligations with or without penalties. Because most mortgage-backed and asset-backed securities provide for periodic payments throughout their lives, they are listed in a separate category as follows:

	Carrying Value	Fair Value
Due in one year or less	\$ 614,087	\$ 609,593
Due after one year through five years	4,551,959	4,293,289
Due after five years through ten years	3,531,702	3,192,958
Due after ten years	781,683	670,843
Subtotal	9,479,431	8,766,683
Mortgage-backed securities	2,634,883	2,446,000
Asset-backed securities	3,119,056	2,977,078
SVO identified securities	819,790	819,578
Total	<u>\$ 16,053,160</u>	<u>\$ 15,009,339</u>

Proceeds from sales of long-term bonds during 2022 and 2021 were \$14,365,210 and \$14,274,157, respectively. Gross gains of \$54,367 and \$161,459 and gross losses of \$597,311 and \$74,545 were realized on those sales during 2022 and 2021, respectively. The basis of the securities sold was determined using specific identification.

At December 31, 2022 and 2021, investments with an amortized cost of \$82,031 and \$80,036, respectively, were on deposit with various regulatory authorities to comply with insurance laws.

The Company also invests in bonds with callable features, which grant the issuer the right to redeem the security in part or in whole at specified dates throughout the life of the contract. There were 17 and 57 bonds redeemed as a result of such a callable feature during the years ended December 31, 2022 and 2021, respectively, with \$2,465 and \$4,128 recognized in investment income as a result of prepayment penalties and/or acceleration fees, respectively.

As part of its TBA trading strategy, the Company may initiate its positions through both purchases and sales. Any initial sales are referred to as "short sales" and represent obligations to deliver the applicable TBA(s) by the settlement date. There were no settled or unsettled short sales during 2022 or 2021.

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e. Other Invested Assets

During 2022 and 2021, the Company recognized OTTI in the other invested assets portfolio of \$20,007 and \$2,449, respectively. The other-than-temporarily impaired investments were generally mature partnerships that had completed the initial investment period, while others were in the process of liquidating investment holdings. These partnerships may have experienced losses due to poor performance of a specific investment, poor performance of a particular sector, or unfavorable market conditions in general. As there was no clear indication of full recovery of value of these investments, OTTI losses were realized.

The Company believes that no additional other invested assets in the portfolio are other-than-temporarily impaired. In making this determination, the Company considers severity of impairment, age of the partnership, percentage of the total commitment funded, performance of the underlying investments, sector of the underlying investments, and the intent and ability of the Company to hold the investment until the value has fully recovered.

Investments valued using the NAV practical expedient are often not redeemable by the investees and generally cannot be sold without approval of the general partner. The Company receives distributions of income and proceeds from the liquidation of the underlying assets of the investees, which usually takes place in years four through nine of the typical contractual life of ten to twelve years. The Company invests in a limited number of open-end funds that are redeemable upon prior written notice, subject to various restrictions that depend upon certain factors, including the availability of capital and the date of redemption. During 2022, the Company submitted redemption requests for \$165,000 in these open funds that will settle during 2023 as restrictions are met. There were no redemptions made during 2021 that settled during 2022.

f. Derivative Instruments

In order to mitigate interest rate and market risk with respect to the Company's investment portfolio and general operations, the Company has entered into certain interest rate and equity index derivatives. The Company may also enter into credit default swap agreements in order to mitigate credit risk within the Company's investment portfolio. All derivative instruments are subject to enforceable master netting agreements and the Company elects to net derivative asset and derivative liability positions with the same counterparty on the consolidated property & casualty statutory balance sheets. Cash collateral payable (receivable) is recognized net within other assets or accrued expenses and other liabilities on the consolidated property & casualty statutory balance sheets. For Treasury and equity futures contracts, which are exchange-traded, the fair value shown in the tables below is net of variation margin.

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Derivative instruments as of December 31 are as follows:

2022						
Derivatives designated as:	Notional (Par) Value	Purpose	Balance Sheet		Statement of Changes in Capital and Surplus	
			Classification	Fair Value	Classification	Net Amount Realized
Non-hedging instruments						
Assets:						
Treasury futures	\$ 879,400	Manage duration	Other invested assets	\$ (306)	Unassigned surplus / Realized capital gain (loss)	\$ (9,300)
Equity futures	1,115,222	Hedge market risk	Other invested assets	3,092	Unassigned surplus / Realized capital gain (loss)	38,135
Liabilities:						
Treasury futures	—	Manage duration	Accrued expenses and other liabilities	—	Unassigned surplus / Realized capital gain (loss)	—
Equity futures	—	Hedge market risk	Accrued expenses and other liabilities	—	Unassigned surplus / Realized capital gain (loss)	—
Total open positions	\$ 1,994,622			\$ 2,786		\$ 28,835
Closed:						
Treasury futures	\$14,479,700	Manage duration	N/A		Unassigned surplus / Realized capital gain (loss)	\$ (36,550)
Equity futures	3,525,167	Hedge market risk	N/A		Unassigned surplus / Realized capital gain (loss)	3,251
Credit default swaps	1,000	Hedge credit risk	N/A		Realized capital gain (loss)	(3)
Total closed positions	\$18,005,867					(33,302)
					Total	\$ (4,467)
2021						
Derivatives designated as:	Notional (Par) Value	Purpose	Balance Sheet		Statement of Changes in Capital and Surplus	
			Classification	Fair Value	Classification	Net Amount Realized
Non-hedging instruments						
Assets:						
Treasury futures	\$ —	Manage duration	Other invested assets	\$ —	Unassigned surplus	\$ —
Liabilities:						
Treasury futures	439,500	Manage duration	Accrued expenses and other liabilities	(1,016)	Unassigned surplus / Realized capital gain (loss)	(3,179)
Total open positions	\$ 439,500			\$ (1,016)		\$ (3,179)
Closed:						
Treasury futures	\$ 4,852,500	Manage duration	N/A		Unassigned surplus / Realized capital gain (loss)	\$ (2,891)
Total closed positions	\$ 4,852,500					(2,891)
					Total	\$ (6,070)

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The following table provides gross and net amounts for the Company's derivative instruments at December 31:

2022						
Derivatives Designated as:	Gross Amount	Counterparty Netting	Cash Collateral (Received) Pledged	Net Amount on Balance Sheet	Amounts Not Offset on Balance Sheet	
					Securities Collateral (Received) Pledged	Net Amount
Assets	\$ 3,378	\$ (592)	\$ —	\$ 2,786	\$ —	\$ 2,786
Liabilities	(592)	592	—	—	—	—
Total	\$ 2,786	\$ —	\$ —	\$ 2,786	\$ —	\$ 2,786

2021						
Derivatives Designated as:	Gross Amount	Counterparty Netting	Cash Collateral (Received) Pledged	Net Amount on Balance Sheet	Amounts Not Offset on Balance Sheet	
					Securities Collateral (Received) Pledged	Net Amount
Assets	\$ 50	\$ (50)	\$ —	\$ —	\$ —	\$ —
Liabilities	(1,066)	50	—	(1,016)	—	(1,016)
Total	\$ (1,016)	\$ —	\$ —	\$ (1,016)	\$ —	\$ (1,016)

Collateral pledged as initial margin is not subject to a master netting agreement and is therefore excluded from collateral pledged (received) in the previous table.

All derivative instruments were transacted and cleared through the central clearinghouse at the Chicago Mercantile Exchange (CME), where the CME serves as the counterparty for both parties to the derivative contracts. During the life of the contracts, the Company posts initial and variation margin per the clearinghouse's requirements. Initial margin, which may consist of cash and/or securities, protects against "shock" events and is not used to settle market value variation movements. After initial execution of the instruments, the clearinghouse uses market-standard models to price (mark to market) accepted trades, and that price serves as the basis for variation margin requirements. Centrally cleared derivative instruments require variation margin to be posted (received) by the Company as the market value of the positions move further out of (into) the money. As of December 31, 2022, the Company's only outstanding derivative instruments are exchange-traded Treasury and equity index futures placed with the CME. In relation to these contracts, the Company pledged \$47,774 in cash as initial margin, and pledged bonds with a carrying value of \$23,665 and fair value of \$22,590 to the CME as initial margin. The statement value reported in relation to exchange-traded futures is the amount of unsettled margin as of the period-end (due to the one-day lag in margin settlement), which was an inflow of \$2,786 at December 31, 2022. As of December 31, 2021, the Company's only outstanding derivative instruments were exchange-traded Treasury futures placed with the CME. In relation to these contracts, the Company pledged no cash as initial margin but pledged bonds with a carrying value of \$10,298 and fair value of \$10,156 to the CME as initial margin. The statement value reported in relation to exchange-traded futures is the amount of unsettled margin as of the period-end (due to the one-day lag in margin settlement), which was an outflow of \$1,016 at December 31, 2021. Bonds pledged by the Company as collateral are included in bonds on the consolidated property & casualty statutory balance sheets. Bonds pledged by counterparties to the Company as collateral are not recognized by the Company as assets, as they remain in the custody of the party making the

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pledge. Cash collateral pledged to (by) the Company is recognized net within other assets or accrued expenses and other liabilities on the consolidated property & casualty statutory balance sheets.

Counterparty credit exposure by counterparty credit rating as it relates to open derivative positions as of December 31 is as follows:

Rating	2022			
	Number of Counterparties	Notional (Par) Value	Credit Exposure	Exposure, Net of Collateral
Centrally cleared	1	\$ 1,994,622	\$ 2,786	\$ 2,786
Total	1	\$ 1,994,622	\$ 2,786	\$ 2,786

Rating	2021			
	Number of Counterparties	Notional (Par) Value	Credit Exposure	Exposure, Net of Collateral
Centrally cleared	—	\$ —	\$ —	\$ —
Total	—	\$ —	\$ —	\$ —

g. Net Investment Income

Net investment income for the years ended December 31 is summarized as follows:

	2022	2021
Bonds	\$ 480,515	\$ 397,797
Common stocks	96,690	35,436
Real estate	55,249	63,934
Other invested assets	198,078	243,576
Other	13,663	13,362
Total investment income	844,195	754,105
Investment expenses	(180,823)	(200,369)
Net investment income	\$ 663,372	\$ 553,736

h. Mortgage Loans

The minimum and maximum lending rates for commercial mortgage loans issued during 2022 and 2021 ranged from 3.71% to 4.86% and 3.27% to 4.24%, respectively. During 2022 and 2021, the Company did not reduce interest rates on outstanding mortgage loans.

Mortgage loans of the Company are invested primarily in office, retail, and industrial properties and are reported and measured at their outstanding principal amount. Fire and extended coverage insurance is required on all properties. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages did not exceed 63%.

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The Company considers any loan that is one or more days delinquent to be past due. At December 31, 2022 and 2021, the Company had no past due commercial mortgage loans. There were no impairments of loans during 2022 and 2021. As of December 31, 2022 and 2021, all loans in the portfolio were in good standing, with no loans having been significantly modified or restructured.

A loan is considered to be in good standing if all payments are current. When reviewing loans for impairment and making the determination to increase the valuation allowance or to charge off a loan, the Company individually monitors and analyzes loans and does not utilize portfolio segments or classes for monitoring purposes. The Company considers delinquency or default of payments, the mortgage loan unpaid principal balance as a percent of the fair value of the mortgage loan collateral, present value of expected payments compared to the current carrying value of the mortgage, current rent rolls of the property, financial condition of major tenants, and local economic conditions that would impact individual loans when reviewing potential loan impairment.

If analysis of any of these factors suggests the ability of the borrower to make future payments may be compromised or if the loan is delinquent in its payments by fewer than 90 days, the loan is added to the Company's watchlist. A watchlist loan has developed negative characteristics or trends in the impairment indicators discussed above, but has not yet met the criteria of a non-performing loan. Specific examples of such watchlist indicators may include loss of a major tenant or delinquency of property tax payments. Watchlist loans are monitored closely by the Company for indications of possible default, and an allowance may be established if ultimate collectability of the full principal amount becomes uncertain. If a loan is 90 days or more past due or is in the process of foreclosure, the loan is reclassified as non-performing. Non-performing loans are reserved to an amount equal to the expected potential principal loss and are reviewed in detail to determine whether an impairment or charge-off is necessary. Charge-offs are recorded when principal loss is imminent and the amount is readily determinable.

The Company had \$254,062 and \$237,271 of loans outstanding as of December 31, 2022 and 2021, respectively, of which \$7,623 and \$2,536 were on the watchlist. There were no non-performing loans held as of December 31, 2022 and 2021. There were no charge-offs recognized in the mortgage loan portfolio in 2022 or 2021.

The Company did not carry a valuation allowance for credit losses on mortgage loans as of December 31, 2022 and 2021. Changes in the valuation allowance, when applicable, are recognized through net investment income.

Commercial mortgage loans are placed on nonaccrual status after a default notice has been issued and the borrower has failed to cure the defect in a reasonable amount of time. Once a loan reaches nonaccrual status any accrued interest income is derecognized and future accrual of interest is suspended until the loan is made current. If the ultimate collectability of principal, either in whole or in part, is in doubt, any payment received on a nonaccrual loan shall first be applied to reduce principal to the extent necessary to eliminate such doubt. There were no loans in nonaccrual status at December 31, 2022 and 2021, and no loans were restructured during 2022 or 2021.

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i. Securities Lending

The Company participates in a securities lending program to generate additional net investment income related to its portfolio of invested assets. As part of its securities lending agreements, the Company requires a minimum of 102% of the fair value of securities loaned at the outset of the contract as collateral. The Company and its lending agent monitor the market value of securities loaned on a daily basis and obtain additional collateral as necessary under the terms of the agreements to mitigate counterparty credit risk. All securities lending agreements have no contractual end date, and as such are deemed to be "open" or "overnight" agreements. The Company maintains the right and ability to repossess the securities loaned on short notice.

The following tables summarize the value of securities on loan and the amount of collateral received in return as of December 31:

2022				
	Market Value of Securities Loaned	Cash Collateral Received	Market Value of Reinvested Cash Collateral	Market Value of Non-Cash Collateral
Securities loaned vs. cash collateral	\$ 113,070	\$ 116,106	\$ 115,837	NA
Securities loaned vs. non-cash collateral	560,099	NA	NA	\$ 585,836
Total	<u>\$ 673,169</u>	<u>\$ 116,106</u>	<u>\$ 115,837</u>	<u>\$ 585,836</u>

2021				
	Market Value of Securities Loaned	Cash Collateral Received	Market Value of Reinvested Cash Collateral	Market Value of Non-Cash Collateral
Securities loaned vs. cash collateral	\$ 210,167	\$ 215,663	\$ 215,644	NA
Securities loaned vs. non-cash collateral	243,472	NA	NA	\$ 257,121
Total	<u>\$ 453,639</u>	<u>\$ 215,663</u>	<u>\$ 215,644</u>	<u>\$ 257,121</u>

The following table presents the carrying value of reinvested cash collateral held under securities lending agreements by investment category and remaining contractual maturity of the underlying agreements as of December 31:

	Overnight and Continuous	
	2022	2021
Cash & certificates of deposit	\$ 17,000	\$ 35,500
Money market mutual funds	1,115	1,193
Commercial paper	6,423	28,475
Other, including tri-party repurchase agreements	91,500	150,500
Amount of recognized asset for securities lending collateral	<u>\$ 116,038</u>	<u>\$ 215,668</u>
Reverse market value adjustment	<u>—</u>	<u>—</u>
Amount of recognized liability for securities lending payable	<u>\$ 116,038</u>	<u>\$ 215,668</u>

See Note 1(b) for further information on the Company's securities lending program.

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4. Goodwill

The Company has recognized goodwill as a result of acquisitions accounted for under the statutory purchase method. The following presents a summary of the Company's goodwill at, and for the year ended, December 31:

Acquired Entity	Date Acquired	Cost of Acquired Entity	Recognized Goodwill	2022		2021	
				Amortization Expense	Goodwill, Net	Amortization Expense	Goodwill, Net
CONNECT	10/1/2019	\$ 1,137,161	\$ 325,127	\$ 32,513	\$ 219,461	\$ 32,513	\$ 251,974
Homesite	12/31/2013	666,447	298,935	29,879	29,880	29,879	59,759
PGC	12/31/2012	241,636	129,740	12,966	—	12,964	12,966
MIC	10/1/2012	15,328	3,838	383	—	384	383
Total		<u>\$ 2,060,572</u>	<u>\$ 757,640</u>	<u>\$ 75,741</u>	<u>\$ 249,341</u>	<u>\$ 75,740</u>	<u>\$ 325,082</u>

Acquired Entity	Admitted Goodwill as a % of SCA Carrying Value, Gross of Admitted Goodwill	
	2022	2021
CONNECT	29 %	31 %
Homesite	9	19
PGC	—	9
MIC	—	4

5. Income Taxes

The components of the net deferred tax assets (liabilities) at December 31, are as follows:

	2022			2021		
	Ordinary	Capital	Total	Ordinary	Capital	Total
1. (a) Gross deferred tax assets (DTAs)	\$ 890,385	\$ 17,708	\$ 908,093	\$ 840,197	\$ 9,256	\$ 849,453
(b) Statutory valuation allowance adjustment	—	215	215	—	—	—
(c) Adjusted gross deferred tax assets ((a) - (b))	890,385	17,493	907,878	840,197	9,256	849,453
(d) Deferred tax assets nonadmitted	88,211	3,612	91,823	102,117	4,082	106,199
(e) Subtotal (net deferred tax assets) ((c) - (d))	802,174	13,881	816,055	738,080	5,174	743,254
(f) Deferred tax liabilities	96,958	309,294	406,252	112,555	447,776	560,331
(g) Net admitted deferred tax assets ((e) - (f))	\$ 705,216	\$(295,413)	<u>\$ 409,803</u>	\$ 625,525	\$(442,602)	<u>\$ 182,923</u>

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	2022			2021		
	Ordinary	Capital	Total	Ordinary	Capital	Total
2.						
Admission calculation components of SSAP No. 101						
(a) Fed inc tax paid in prior years recov through loss carrybacks	\$ 4,130	\$ 2,227	\$ 6,357	\$ 145,840	\$ 4,876	\$ 150,716
(b) Adjusted gross deferred tax assets expected to be realized (Excluding the amount of def tax assets from (a) above after application of the threshold limitation (the lesser of b(1) and b(2) below)	521,629	11,206	532,835	280,917	—	280,917
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	521,629	11,206	532,835	280,917	—	280,917
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXXXX	XXXXX	1,083,458	XXXXX	XXXXX	1,381,247
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from (a) and (b) above) offset by existing DTLs gross deferred tax liabilities	276,415	448	276,863	311,323	298	311,621
(d) Deferred tax assets admitted as the result of application of SSAP 101, Total (a)+(b)+(c)=(d)	\$ 802,174	\$ 13,881	\$ 816,055	\$ 738,080	\$ 5,174	\$ 743,254
3.	2022			2021		
(a) Ratio percentage used to determine recovery period and threshold limitation amount	466 %			619 %		
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$7,003,067			\$9,253,318		
	2022			2021		
	Ordinary	Capital		Ordinary	Capital	
4.						
Impact of Tax-Planning Strategies						
(a) Determination of Adjusted Gross Deferred Tax Assets and Admitted						
1. Deferred Tax Assets by Tax Character as a Percentage	\$ 890,385	\$ 17,493		\$ 840,197	\$ 9,256	
2. Percentage of Adjusted Gross DTAs by Tax Character Attributable to the impact of Tax Planning Strategies	0 %	0 %		0 %	0 %	
3. Net Admitted Adjusted Gross DTAs from Note 9A(1)e	\$ 802,174	\$ 13,881		\$ 738,080	\$ 5,174	
4. Percentage of Adjusted Gross DTAs by Tax Character Admitted because of the Impact of Tax Planning Strategies	0 %	0 %		0 %	0 %	
(b) Does the Company's tax-planning strategies include the use of reinsurance?	[] Yes	[X] No		[] Yes	[X] No	

The components of current income tax expense (benefit) for the years ended December 31, are as follows:

	2022	2021
Current Income Tax		
Federal	\$ (138,001)	\$ (12,109)
Federal income tax on net capital gains	(91,705)	81,258
Other	7,911	1,539
Total	\$ (221,795)	\$ 70,688

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The main components of the net DTAs and DTLs as of December 31 are as follows:

	2022	2021
DTAs		
Ordinary		
Discounting of unpaid losses	\$ 97,362	\$ 97,201
Unearned premiums	286,530	249,208
Investments	16	20
Fixed assets	322	91
Compensation and benefits accrual	244,515	272,324
Pension accrual	1,371	1,717
Nonadmitted assets	142,628	100,329
Tax credit carryforward	68,468	68,615
NOL carryforward	8,343	9,241
Other (including items <5% of total ordinary assets)	40,830	41,451
Subtotal	<u>890,385</u>	<u>840,197</u>
Statutory valuation allowance adjustment	—	—
Nonadmitted DTAs	<u>88,211</u>	<u>102,117</u>
Admitted ordinary deferred tax assets	<u>802,174</u>	<u>738,080</u>
Capital		
Investments	17,518	9,254
Net capital loss carryforward	190	2
Other	—	—
Subtotal	<u>17,708</u>	<u>9,256</u>
Statutory valuation allowance adjustment	215	—
Nonadmitted DTAs	<u>3,612</u>	<u>4,082</u>
Admitted capital deferred tax assets	<u>13,881</u>	<u>5,174</u>
Admitted deferred tax assets	<u>816,055</u>	<u>743,254</u>
DTLs		
Ordinary		
Investments	10,054	3,268
Fixed assets	66,390	86,595
Other (including items <5% of total ordinary liabilities)	20,514	22,692
Subtotal	<u>96,958</u>	<u>112,555</u>
Capital		
Investments	309,294	447,776
Subtotal	<u>309,294</u>	<u>447,776</u>
Deferred tax liabilities	<u>406,252</u>	<u>560,331</u>
Net deferred tax assets (liabilities)	<u>\$ 409,803</u>	<u>\$ 182,923</u>

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The components of the change in net deferred tax as of December 31 are as follows:

	2022	2021	Change
Adjusted gross DTAs	\$ 908,093	\$ 849,453	\$ 58,640
Total DTLs	406,252	560,331	(154,079)
Net DTAs (DTLs)	<u>\$ 501,841</u>	<u>\$ 289,122</u>	212,719
Tax effect of investment unrealized gains (losses)			(133,221)
Valuation Allowance			(215)
Other			1,354
Change in net deferred income tax			<u>\$ 80,637</u>

The actual federal income tax expense on operations for 2022 and 2021 differed from expected tax expense (benefit) as follows:

	2022			2021		
	Amount	Tax Effect at 21%	Effective Tax Rate	Amount	Tax Effect at 21%	Effective Tax Rate
Income (loss) before tax expense	\$(1,560,995)	\$ (327,809)	21.00 %	\$ 334,022	\$ 70,145	21.00 %
Tax exempt interest	(21,937)	(4,607)	0.30	(42,719)	(8,971)	(2.69)
Dividends received deduction	(78,009)	(16,382)	1.05	(16,775)	(3,523)	(1.05)
Tax-exempt interest and dividend deduction proration	9,986	2,097	(0.13)	15,196	3,191	0.96
Treasury inflation protected securities	(590)	(124)	0.01	(41)	(9)	—
50% meals and entertainment adjustment	4,944	1,038	(0.07)	1,862	391	0.12
Other current year permanent items	60,319	12,667	(0.81)	8,882	1,865	0.56
Change in prior year permanent items	(46,613)	(9,789)	0.63	(7,541)	(1,584)	(0.47)
Nonadmitted assets	(205,199)	(43,092)	2.76	(73,662)	(15,469)	(4.63)
Excluded gain on stock contribution	(20,144)	(4,230)	0.27	(11,303)	(2,374)	(0.71)
Audit interest	(138)	(29)	—	(316)	(66)	(0.02)
Deferred tax balance and audit adjustments	21,179	4,448	(0.28)	484	102	0.03
Valuation allowance	1,026	215	(0.01)	—	—	—
Change in additional liability for pension, postretirement, and agent contract termination payment plans	177,789	37,336	(2.39)	237,443	49,863	14.93
Mortgage contingency reserve	17,435	3,661	(0.23)	(2,733)	(574)	(0.17)
Overfunded plan asset	198,180	41,618	(2.67)	(80,611)	(16,928)	(5.07)
Other	3,575	749	(0.05)	4,460	935	0.28
Foreign tax credit and penalties	(945)	(199)	0.01	(13,590)	(2,854)	(0.85)
Taxable income (loss)	<u>\$(1,440,137)</u>	<u>\$ (302,432)</u>	<u>19.39 %</u>	<u>\$ 353,058</u>	<u>\$ 74,140</u>	<u>22.22 %</u>
Federal income tax incurred		\$ (221,795)	14.22 %		\$ 70,688	21.19 %
Change in net deferred income tax		(80,637)	5.17 %		3,452	1.03 %
Total statutory income taxes (excluding taxes on unrealized gains/losses)		<u>\$ (302,432)</u>	<u>19.39 %</u>		<u>\$ 74,140</u>	<u>22.22 %</u>

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On a consolidated basis as of December 31, 2022 and 2021, the Company had the following carryforwards:

NOL carryforwards, beginning to expire in 2022, in the amount of:

<u>2022</u>	<u>2021</u>
\$ 39,730	\$ 44,002

Tax credit carryforwards, beginning to expire in 2033, in the amount of:

<u>2022</u>	<u>2021</u>
\$ 68,468	\$ 68,615

There were no income tax expenses incurred in the current and prior years that are available for recoupment in the event of future net losses.

The guidance for accounting for uncertainty in income taxes prescribes a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Company does not expect to have a significant change in unrecognized tax benefits in the next twelve months.

The examinations of the Company's consolidated federal income tax returns for the years 2018, 2014 and prior are closed, and the years 2015 through 2017 and 2019 through 2022 remain open under the Internal Revenue Service (IRS) statute of limitations. AFMICS and its subsidiaries are currently under federal audit for tax years 2015 through 2017.

Under the Inflation Reduction Act enacted on August 16, 2022, certain corporations will be subject to a 15% corporate alternative minimum tax (CAMT). The Company does not expect to be subject to the CAMT in 2023.

6. Employee Benefit Plans

AFMICS Employee Pension and Postretirement Benefits

AFMICS has a non-contributory qualified pension plan (herein referred to as the American Family Pension Plan) covering employees of AFMICS, CONNECT, PGC, Homesite, MSA, and AFICS, Inc. (AFICS). For AFMICS employees hired before January 1, 2009, and Sales District Leaders hired before January 1, 2010, the benefits are based on years of credited service and highest average compensation (as defined in the American Family Pension Plan). For AFMICS employees hired on or after January 1, 2009, and Sales District Leaders hired on or after January 1, 2010, benefits are determined under a cash balance formula (as defined in the American Family Pension Plan). The same cash balance formula is used to determine benefits for CONNECT, PGC, Homesite, and AFICS employees who became eligible to participate in the American Family Pension Plan on October 1, 2019, June 30, 2020, June 30, 2020, and January 1, 2021, respectively. Additionally, the same cash balance formula is used to determine benefits for MSA employees hired after December 31, 2020. For MSA employees hired before December 31, 2020, benefits are based upon compensation and years of service, as defined in the NGM Insurance Company Pension Share Account (NGM Pension Plan) prior to the merger with the American Family Pension Plan effective December 31, 2020. The Company's funding policy is to annually contribute an amount equal to the minimum required contribution per IRS rules and regulations, plus additional amounts at the

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Company's discretion. Benefit restrictions required under the Pension Protection Act of 2006 do not apply in 2022 or 2021 given the funded status of the Plan.

AFMICS provides certain health care benefits to substantially all AFMICS, CONNECT, PGC, Homesite, MSA, and AFICS employees and contributes toward eligible employees' postretirement health care using a fixed amount for each year of eligible service. In addition, AFMICS provides most AFMICS, CONNECT, PGC, Homesite, MSA, and AFICS employees with a life insurance benefit, for which the Companies absorb substantially all of the cost. The Companies' portions of the costs of these programs are unfunded. The Companies sponsor no other significant postretirement benefit plans and use a measurement date of December 31 for valuing pension and other postretirement benefit plans.

The following table reflects the Company's pension, postretirement, and postemployment plans' funded status and amounts recognized in the Company's consolidated property & casualty statutory balance sheets at December 31:

Change in benefit obligation

	Overfunded		Underfunded	
	2022	2021	2022	2021
Pension Benefits				
Benefit obligation at beginning of year	\$ 1,608,494	\$ 1,705,951	\$ 59,756	\$ 58,802
Service cost	89,698	95,784	1,700	1,141
Interest cost	43,862	40,380	1,432	1,359
Actuarial (gain)/loss	(415,220)	(62,971)	(18,300)	5,449
Benefits paid	(212,137)	(170,650)	(3,284)	(6,995)
Benefit obligation, end of year	<u>\$ 1,114,697</u>	<u>\$ 1,608,494</u>	<u>\$ 41,304</u>	<u>\$ 59,756</u>
	Overfunded		Underfunded	
	2022	2021	2022	2021
Postretirement Benefits				
Benefit obligation at beginning of year	\$ —	\$ —	\$ 89,611	\$ 80,775
Service cost	—	—	3,517	3,650
Interest cost	—	—	2,171	1,760
Actuarial (gain)/loss	—	—	(19,025)	(3,150)
Benefits paid	—	—	(5,617)	(4,444)
Business combinations, divestitures, curtailments, settlements, and special termination benefits	—	—	1,381	11,020
Benefit obligation, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 72,038</u>	<u>\$ 89,611</u>

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	Overfunded		Underfunded	
	2022	2021	2022	2021
Postemployment & Compensated Absence Benefits				
Benefit obligation at beginning of year	\$ —	\$ —	\$ 67,886	\$ 74,340
Service cost	—	—	132,832	92,012
Interest cost	—	—	120	2,418
Benefits paid	—	—	(124,684)	(89,864)
Business combinations, divestitures, curtailments, settlements, and special termination benefits	—	—	—	(11,020)
Benefit obligation, end of year	\$ —	\$ —	\$ 76,154	\$ 67,886

The Company incurred an actuarial gain in the amount of \$415,220 and \$62,971 related to the change in projected benefit obligation from 2021 to 2022 and 2020 to 2021, respectively, due primarily to the changes in the discount rate and lump sum discount rate.

	Pension Benefits		Postretirement Benefits		Postemployment	
	2022	2021	2022	2021	2022	2021
Change in plan assets						
Fair value of plan assets at beginning of year	\$1,892,982	\$1,909,829	\$ —	\$ —	\$ —	\$ —
Actual return on plan assets	(479,839)	153,803	—	—	—	—
Reporting entity contribution	3,284	6,995	5,617	4,444	124,684	89,864
Benefits paid	(215,421)	(177,645)	(5,617)	(4,444)	(124,684)	(89,864)
Fair value of plan assets at end of year	\$1,201,006	\$1,892,982	\$ —	\$ —	\$ —	\$ —

	Pension Benefits		Postretirement Benefits	
	2022	2021	2022	2021
Funded status				
Overfunded				
Assets (nonadmitted)				
Prepaid benefit costs	\$ 344,120	\$ 418,392	\$ —	\$ —
Overfunded plan assets	(257,811)	(133,904)	—	—
Total assets (nonadmitted)	\$ 86,309	\$ 284,488	\$ —	\$ —
Underfunded				
Liabilities recognized				
Accrued (prepaid) benefit costs	\$ 34,034	\$ 31,870	\$ 86,898	\$ 85,702
Liability/(asset) for pension benefits	7,270	27,886	(14,860)	3,909
Total liabilities recognized	\$ 41,304	\$ 59,756	\$ 72,038	\$ 89,611
Unrecognized liabilities	\$ —	\$ —	\$ —	\$ —

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	Pension Benefits			
	Overfunded		Underfunded	
	2022	2021	2022	2021
Projected Benefit Obligation	\$ 1,114,697	\$ 1,608,494	\$ 41,304	\$ 59,756
Fair Value of Plan Assets	1,201,006	1,892,982	—	—
PBO in excess of plan assets	N/A	N/A	\$ 41,304	\$ 59,756
Accumulated Benefit Obligation	\$ 977,425	\$ 1,403,984	\$ 32,050	\$ 43,705
Fair Value of Plan Assets	1,201,006	1,892,982	—	—
ABO in excess of plan assets	N/A	N/A	\$ 32,050	\$ 43,705

The following table reflects components of amounts recognized in underwriting expenses in the Company's consolidated property & casualty statements of income at December 31:

	Pension Benefits		Postretirement Benefits		Postemployment & Compensated Absence Benefits	
	2022	2021	2022	2021	2022	2021
Components of net periodic benefit cost						
Service cost	\$ 91,398	\$ 96,925	\$ 3,517	\$ 3,650	\$ 132,832	\$ 92,012
Interest cost	45,294	41,739	2,171	1,760	120	2,418
Expected return on plan assets	(100,693)	(101,140)	—	—	—	—
Incremental (asset) / obligation	—	—	—	—	—	—
Prior service cost / (credit)	(3,358)	(7,077)	(636)	157	—	—
Actuarial (gain) / loss	2,143	9,926	382	509	—	—
Gain or loss recognized due to a settlement or curtailment	45,024	17,628	—	—	—	—
Net periodic cost	\$ 79,808	\$ 58,001	\$ 5,434	\$ 6,076	\$ 132,952	\$ 94,430

The Company recognized additional pension expenses in connection with settlement accounting, which resulted from lump sum distributions exceeding service and interest cost during the year of \$45,024 and \$17,628 for 2022 and 2021, respectively.

The amount in unassigned funds (surplus) recognized as components of net periodic benefit cost is as follows:

	Pension Benefits		Postretirement Benefits	
	2022	2021	2022	2021
Items not yet recognized as a component of net periodic cost - prior year	\$ 161,790	\$ 292,123	\$ 3,909	\$ 7,725
Net transition asset or obligation recognized	—	—	—	—
Net prior service cost or credit recognized	3,358	7,077	636	(157)
Net gain and loss arising during the period	147,100	(109,856)	(19,023)	(3,150)
Net gain and loss recognized	(47,167)	(27,554)	(382)	(509)
Items not yet recognized as a component of net periodic cost - current year	\$ 265,081	\$ 161,790	\$ (14,860)	\$ 3,909

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The amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit costs are as follows:

	Pension Benefits		Postretirement Benefits	
	2022	2021	2022	2021
Net transition asset or obligation	\$ —	\$ —	\$ —	\$ —
Net prior service cost or credit	(81)	(3,440)	(5,606)	(6,242)
Net unrecognized gains and losses	265,162	165,230	(9,254)	10,151

The weighted-average assumptions used in determining projected benefit obligations as of December 31 and net periodic benefit cost as of January 1 are as follows:

	2022	2021
<u>Projected benefit obligations:</u>		
Discount rate	5.04 %	2.78 %
Expected long-term rate of return on plan assets	7.00	5.50
Rate of compensation increase	4.25	3.50
Interest crediting rate	6.00	5.00
<u>Net periodic benefit cost:</u>		
Discount rate	2.78	2.37
Expected long-term rate of return on plan assets	5.50	5.50
Rate of compensation increase	3.50	3.50
Interest crediting rate	5.00	5.00

Assumed health care cost trend rates do not have a significant effect on the amounts reported for the health care plans.

Annual rates of increase in the per capita costs of covered health care benefits were assumed to be 6.75% and 6.00% (Pre-65) and 8.00% and 6.00% (Post-65) for 2022 and 2021, respectively. Rates are expected to gradually decrease to 4.50% by 2032.

Expected Cash Flows

Information about the expected cash flows for the Plans follows:

	Pension Benefits	Postretirement Benefits
Expected employer contributions		
2023	\$ 4,312	\$ 7,042

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	Pension Benefits	Postretirement Benefits
Expected benefit payments		
2023	\$ 79,305	\$ 7,042
2024	80,850	6,237
2025	84,376	6,162
2026	91,973	6,235
2027	95,985	6,361
2028 - 2032	548,611	32,847

The expected rate of return on plan assets is based upon an analysis of historical returns and long-term capital market assumptions for each asset class. The expected returns by asset class contemplate a risk-free interest rate as of the measurement date and then add a risk premium. The risk premium is a range of percentages and is based upon factors such as expected reinvestment returns and asset manager performance. Finally, an underlying inflation assumption is incorporated to determine the overall expected long-term rate of return assumption.

The target allocation, asset allocation, and fair value of plan assets for the Company's pension plan at the end of 2022 and 2021, by asset category, are as follows:

	Target Allocation		Percentage of Plan Assets, Year End		Fair Value of Plan Assets, Year End	
	2022	2021	2022	2021	2022	2021
Asset Category						
Equity	40 %	40 %	42 %	47 %	\$ 502,310	\$ 887,120
Debt	50	50	50	49	602,574	914,873
Private equity	10	10	6	2	69,360	44,737
Cash equivalents	—	—	2	2	22,805	37,055
Total	100 %	100 %	100 %	100 %	\$ 1,197,049	\$ 1,883,785

The overall investment objective of the Plan is to maximize the risk adjusted return on assets over a long-term period, while ensuring the Plan is able to meet current and future obligations to plan participants. The primary considerations in developing target asset allocations are the Plan's overall investment objective, the investment objectives for the various assets, the necessary level of diversification, and maintaining an acceptable level of risk. The existing allocations are within the Company's tolerance for variation from target allocation.

The Company has no significant concentrations of risk within Plan assets.

Plan assets at fair value are categorized in the same manner as Company assets, based on the reliability of inputs to the valuation techniques as described in Note 1(c).

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Below is a summary of significant valuation techniques specific to Plan assets:

Level 1 Measurements

Bonds: U.S. Government: Comprised of U.S. Treasuries valued based on unadjusted quoted prices for identical assets in active markets.

Equity Securities: Common Stocks: Comprised of actively traded, exchange listed U.S. and international equity securities, including mutual funds. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Plan can access.

Cash Equivalents: Comprised of actively traded money market funds that have daily quoted net asset values for identical assets that the Plan can access.

Level 2 Measurements

Bonds: Corporates and Foreign: Valued using the market and income approaches based on inputs including quoted prices for identical or similar assets in markets that are not active, benchmark yield curves, bid/ask spreads, credit quality, and projected cash flows.

Equity Securities: Registered Investment Companies and Common/Collective Trusts: Comprised of non-actively traded U.S. and international funds priced by the fund manager using observable inputs primarily consisting of quoted prices of the underlying investments.

Other Valuations

Includes limited partnerships, registered investment companies, and common collective trusts that are valued using net asset value (NAV) as a practical expedient for fair value.

The following summarizes the Plan's financial assets measured at fair value as of December 31:

	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2022
Financial assets				
Bonds, available-for-sale:				
U.S. government	\$ 196,766	\$ —	\$ —	\$ 196,766
Corporates	—	177,263	—	177,263
Foreign bonds	—	30,309	—	30,309
Equity securities				
Common stocks	288,061	—	—	288,061
Registered investment companies	—	74,114	—	74,114
Common/collective trusts	—	140,135	—	140,135
Cash equivalents	22,805	—	—	22,805
Total assets in the fair value hierarchy	507,632	421,821	—	929,453
Investments measured at NAV (a)	—	—	—	267,596
Total recurring basis financial assets	\$ 507,632	\$ 421,821	\$ —	\$ 1,197,049

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2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2021
Financial assets				
Bonds, available-for-sale:				
U.S. government	\$ 412,531	\$ —	\$ —	\$ 412,531
Corporates	—	250,187	—	250,187
Foreign bonds	—	44,188	—	44,188
Equity securities				
Common stocks	583,276	—	—	583,276
Registered investment companies	—	216,164	—	216,164
Common/collective trusts	—	165,973	—	165,973
Cash equivalents	37,055	—	—	37,055
Total assets in the fair value hierarchy	1,032,862	676,512	—	1,709,374
Investments measured at NAV (a)	—	—	—	174,411
Total recurring basis financial assets	\$ 1,032,862	\$ 676,512	\$ —	\$ 1,883,785

(a) In accordance with SSAP, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

All transfers into or out of a particular level are recognized as of the beginning of the reporting period. There were no transfers between levels during 2022 or 2021.

Other Pension Benefits

GDMIC, an affiliate of NGM, sponsors a non-contributory defined benefit pension plan (the GDMIC plan) covering substantially all GDMIC employees who meet certain age and length-of-service requirements. GDMIC's funding policy is to contribute the minimum required contribution that is actuarially determined. GDMIC made no material contributions in 2022 or 2021. On April 2, 2003, the GDMIC Plan was amended to freeze benefit accruals effective May 31, 2003, and accordingly, benefits will not increase due to service or compensation levels after this date.

AMIC, an affiliate of NGM, sponsors a non-contributory defined benefit pension plan (the AMIC plan) covering all full-time AMIC employees who have completed one year of qualifying service. During 2009, AMIC froze the defined benefit plan for all full-time AMIC employees. Effective May 15, 2009, no additional employees will become eligible to participate in the defined benefit plan, and no additional accruals will be granted. AMIC's funding policy is to contribute the minimum required contribution that is actuarially determined. AMIC made no material contributions in 2022 or 2021.

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The following table reflects the Company's pension plans' funded status and amounts recognized in the Company's consolidated property & casualty statutory balance sheets at December 31:

Change in benefit obligation

	GDMIC		AMIC	
	2022	2021	2022	2021
Benefit obligation at beginning of year	\$ 18,516	\$ 20,136	\$ 28,531	\$ 30,585
Service cost	—	—	—	—
Interest cost	445	408	749	696
Actuarial (gain)/loss	(2,933)	(539)	(5,603)	(1,190)
Benefits paid	(1,479)	(1,489)	(1,740)	(1,560)
Benefit obligation, end of year	<u>\$ 14,549</u>	<u>\$ 18,516</u>	<u>\$ 21,937</u>	<u>\$ 28,531</u>

Change in plan assets

	GDMIC		AMIC	
	2022	2021	2022	2021
Fair value of plan assets at beginning of year	\$ 17,426	\$ 18,491	\$ 21,443	\$ 21,068
Actual return on plan assets	(2,568)	424	(3,626)	1,374
Reporting entity contribution	500	—	—	561
Benefits paid	(1,479)	(1,489)	(1,740)	(1,560)
Fair value of plan assets at end of year	<u>\$ 13,879</u>	<u>\$ 17,426</u>	<u>\$ 16,077</u>	<u>\$ 21,443</u>

Funded status

	GDMIC		AMIC	
	2022	2021	2022	2021
Liabilities recognized				
Accrued (prepaid) benefit costs	\$ (6,958)	\$ (6,589)	\$ (4,349)	\$ (4,700)
Liability for pension benefits	7,628	7,679	10,209	11,788
Total liabilities recognized	<u>\$ 670</u>	<u>\$ 1,090</u>	<u>\$ 5,860</u>	<u>\$ 7,088</u>
Unrecognized liabilities	\$ —	\$ —	\$ —	\$ —

Defined Contribution Plans

AFMICS also sponsors a qualified contributory 401(k) plan (the American Family 401(k) Plan) in which employees of AFMICS, CONNECT, PGC, Homesite, MSA, and AFICS are eligible to participate. Employees who choose to participate in the American Family 401(k) Plan may contribute up to 50% of eligible compensation, in 1% intervals, subject to IRS limitations. AFMICS is required to make contributions each payroll period to a trust fund for the employer match contributions. Employer contributions are based on a formula with a 100% match on the first 3% of eligible contributions plus 50% on the next 2% of eligible contributions for a maximum annual contribution of 4% of participants' eligible compensation. The Companies recognized expense of \$43,393 and \$41,354 related to the American Family 401(k) Plan during 2022 and 2021, respectively.

A liability of \$80,122 and \$80,827 was accrued for earned but unpaid compensated absences and postemployment benefits as of December 31, 2022 and 2021, respectively.

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7. Agent Contract Termination Payments

Exclusive agents of the Company are eligible to receive payments upon termination after a period of covered service. Years of service exclude time under an advance compensation plan, not to exceed two years. For agents appointed prior to January 1, 2009 that have more than 10 years of covered service, payments are based on a percentage of service fees during the period of up to 12 months prior to termination (as defined in the agreement). For agents appointed on or after January 1, 2009 that have eight or more years of covered service, payments are based on a cash balance formula that utilizes sales and service fees (as defined in the agreement).

The Company uses a measurement date of December 31 for its agent contract termination payments plan.

The following sets forth the status of the agent contract termination payments plan's obligation reconciled with amounts reported in the Company's consolidated property & casualty statutory balance sheets at December 31:

	2022	2021
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 1,012,484	\$ 1,076,563
Service cost	40,830	43,577
Interest cost	27,613	24,735
Actuarial (gain)/loss	(255,449)	(92,972)
Benefits paid	(42,181)	(39,419)
Benefit obligation, end of year	<u>\$ 783,297</u>	<u>\$ 1,012,484</u>
Change in plan assets		
Reporting entity contribution	\$ 42,181	\$ 39,419
Benefits paid	(42,181)	(39,419)
Fair value of plan assets at end of year	<u>\$ —</u>	<u>\$ —</u>
Funded status		
Underfunded		
Liabilities recognized		
Accrued benefit costs	\$ 914,041	\$ 885,828
Liability/(asset) for pension benefits	(130,744)	126,656
Total liabilities recognized	<u>\$ 783,297</u>	<u>\$ 1,012,484</u>
Unrecognized liabilities	\$ —	\$ —
Accumulated benefit obligation (ABO)	\$ 720,810	\$ 902,988

The Company incurred an actuarial gain in the amount of \$255,449 and \$92,972 related to the change in projected benefit obligation from 2021 to 2022 and 2020 to 2021, respectively, due primarily to the change in the discount rate.

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The following table reflects components of amounts recognized in underwriting expenses in the Company's consolidated property & casualty statements of income at December 31:

	2022	2021
Components of net periodic benefit cost		
Service cost	\$ 40,830	\$ 43,577
Interest cost	27,613	24,735
Amount of recognized (gains)/losses	1,949	7,092
Net periodic benefit cost	<u>\$ 70,392</u>	<u>\$ 75,404</u>

Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost:

	2022	2021
Items not yet recognized as a component of net periodic benefit cost - prior year	\$ 126,654	\$ 226,719
Net gain and loss arising during the period	(255,449)	(92,971)
Net gain and loss recognized	(1,949)	(7,092)
Items not yet recognized as a component of net periodic benefit cost - current year	<u>\$ (130,744)</u>	<u>\$ 126,656</u>

Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost:

	2022	2021
Net unrecognized gains and losses	\$ (130,744)	\$ 126,656

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	2022	2021
Assumptions used to determine projected benefit obligation as of December 31:		
Discount rate	5.05 %	2.80 %
Service fees increase		
AFMIC		
First 5 years after appointment	12.00	N/A
Years 6 through 12 after appointment	8.00	N/A
Years 13 through 20 after appointment	5.75	N/A
Years 21 through 29 after appointment	3.25	N/A
After 30 years of appointment	2.50	N/A
First 6 years after appointment	N/A	27.75
Years 7 through 20 after appointment	N/A	6.75
After 20 years of appointment	N/A	2.75
ASIC		
All years	(5.00)	N/A
First 6 years after appointment	N/A	8.00
After first 6 years of appointment	N/A	(4.00)
Interest crediting rate	6.00	5.00
Assumptions used to determine net periodic benefit cost as of January 1:		
Discount rate	2.80	2.45
Service fees increase		
AFMIC		
First 6 years after appointment	27.75	27.75
Years 7 through 20 after appointment	6.75	6.75
After 20 years of appointment	2.75	2.75
ASIC		
First 6 years after appointment	8.00	8.00
After first 6 years of appointment	(4.00)	(4.00)
Interest crediting rate	5.00	5.00

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Expected Cash Flows

Information about the expected cash flows for the agent contract termination payments plan follows:

Expected contract termination payments

2023	\$	43,506
2024		45,293
2025		49,700
2026		53,393
2027		56,020
2028 - 2032		321,126

The above table reflects vested benefits expected to be paid from the Companies' assets.

8. Property & Casualty Loss and Loss Adjustment Expense Reserve

Activity in the loss and loss adjustment expense reserve for property & casualty insurance, including health insurance, is summarized as follows:

	2022	2021
Net balance as of January 1	\$ 8,373,691	\$ 7,877,033
Incurred losses and loss adjustment expenses related to		
Current year	11,201,569	9,394,000
Prior years	(467,375)	(653,381)
Total incurred	10,734,194	8,740,619
Paid losses and loss adjustment expenses related to		
Current year	6,482,845	5,244,641
Prior years	3,678,582	2,999,320
Total paid	10,161,427	8,243,961
Net balance as of December 31	\$ 8,946,458	\$ 8,373,691

Property & casualty losses and loss adjustment expenses incurred decreased by \$467,375 and \$653,381 during 2022 and 2021, respectively, attributable to re-estimation of unpaid losses and loss adjustment expenses from insured events of prior years. The lines of business primarily responsible for favorable development were Commercial Multiple Peril and Other Liability in 2022 and Private Passenger Auto Liability and Homeowners/Farmowners in 2021.

Increases or decreases of this nature occur as the result of claim settlements during the current year and as additional information is received regarding individual claims, causing changes from the original estimates of individual claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

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9. Related Party Transactions

As of December 31, 2022 and 2021, on a consolidated basis, the Companies reported \$397,927 and \$195,542, respectively, due from affiliates and \$767,753 and \$631,790, respectively, due to affiliates. Terms of the settlement require that these amounts be settled within 90 days.

AFMICS I has agreed to provide certain management and information systems services to its wholly-owned subsidiaries. AFMICS I shares certain administrative, occupancy, marketing, and tax expenses with other affiliated companies. Such expenses are allocated by AFMICS I at cost in proportion to estimated utilization. Allocation methods are refined periodically to reflect current operations and resources utilized by the Company.

In addition, AFMICS I is allocated expenses from its wholly-owned subsidiaries as a result of certain information systems and administrative services provided to the Company. These expenses are allocated to AFMICS I at cost either in proportion to estimated utilization or via specific identification. Lastly, loss adjustment expenses are incurred by AFICS on behalf of the Company and are allocated proportionately based on claim counts and via specific identification.

The Company made \$65,470 and \$9,754 in cash distributions to Holdings in 2022 and 2021, respectively, primarily to support non-insurance business development.

In 2022, the Company distributed \$50,360 in-kind to an unconsolidated subsidiary of AFMICS I for investment management purposes.

In 2022, unconsolidated subsidiaries of AFMICS I distributed \$60,000 to the Company for enterprise cash management purposes.

The Company contributed \$21,062 and \$550,455 to AmFam, Inc. in 2022 and 2021, respectively, primarily to fund strategic investments.

In 2021, Holdings contributed \$998,759 to the Company, which was used to pay down debt and support investment activities.

10. Commitments and Contingencies

The Company has various leases for property and equipment used in the normal course of business. These lease commitments are summarized in Note 1(j).

The Companies are contingently liable for cessions to reinsurers to the extent that any reinsurer might be unable to meet its obligations assumed under the various reinsurance contracts. Where contracts permit, the Companies secure reinsurance recoverables with various forms of collateral, including irrevocable letters of credit, secured trusts, and funds held accounts. The Company is liable for losses that arise from assumed reinsurance agreements and has pledged collateral in the form of letters of credit and funds held accounts totaling \$202,778 and \$182,335 at December 31, 2022 and 2021, respectively.

The Company enters into contractual agreements that require capital contributions to limited partnerships. These contributions are recorded on the consolidated property & casualty statutory financial statements as other invested assets. Capital is typically contributed to the partnerships over multiple years. At any time, AFMICS I will have commitments to the partnerships that have not yet been funded. As of December 31, 2022 and 2021, AFMICS I was obligated to contribute

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\$1,287,684 and \$1,253,657, respectively, in additional capital to various limited partnerships. These contributions are callable under the commitments to the partnerships over the lives of the partnerships.

The Company has provided financial guarantees to support investments in subsidiary, controlled and affiliated entities (SCA) in which the Company's share of losses in the SCA exceed the equity method carrying amount of the SCA. A guarantee liability of \$56,826 has been recognized as of December 31, 2022.

The Companies are at times involved in lawsuits which are related to operations. In most cases, such lawsuits involve claims under insurance policies and other contracts of the Companies. Such lawsuits, either individually or in the aggregate, are not expected to have a material effect on the Companies' consolidated property & casualty statutory financial statements.

The Companies are liable for mandatory assessments that are levied by the property & casualty guaranty fund associations of states in which the Companies are licensed. These assessments are to cover losses to policyholders of insolvent or rehabilitated insurance companies. Guaranty fund assessment liabilities, as of December 31, 2022 and 2021, were \$9,625 and \$11,371, respectively. Guaranty fund assets related to future premium tax credits were \$7,622 and \$5,289 for the years ended December 31, 2022 and 2021, respectively. Such estimates are subject to change as the associations determine more precisely the losses that have occurred and how such losses will be allocated to insurance companies.

11. Structured Settlements

AFMICS has purchased annuities from AFLIC of which the claimant is the payee, but for which AFMICS is contingently liable. At December 31, 2022 and 2021, the present values of all such annuities were \$32,092 and \$34,609.

12. Capital and Surplus and Dividend Restrictions

The Companies' surplus may be available for distribution to its policyholders or shareholders. Such distributions, as dividends, are subject to prior regulatory approval if certain risk-based capital thresholds are not met. See Note 9 for distributions to shareholders in 2022 and 2021. There were no restrictions placed on the Companies' surplus, including for whom the surplus is being held.

The portion of unassigned funds (surplus) represented or (reduced) by each item below at December 31, is as follows:

	<u>2022</u>	<u>2021</u>
Unrealized gains and losses	\$ 842,681	\$ 1,806,367
Provision for reinsurance	18,945	8,628

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13. Reinsurance

The following table summarizes assumed and ceded unearned premiums and the related commission equity at December 31:

		2022					
		Assumed		Ceded		Assumed Less Ceded	
		Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
		\$ 321,019	\$ 52,653	\$ 464,677	\$ 75,795	\$ (143,658)	\$ (23,142)
Totals		\$ 321,019	\$ 52,653	\$ 464,677	\$ 75,795	\$ (143,658)	\$ (23,142)
Direct unearned premium reserve		\$ 6,518,507					
		2021					
		Assumed		Ceded		Assumed Less Ceded	
		Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
		\$ 272,217	\$ 19,629	\$ 357,696	\$ 40,398	\$ (85,479)	\$ (20,769)
Totals		\$ 272,217	\$ 19,629	\$ 357,696	\$ 40,398	\$ (85,479)	\$ (20,769)
Direct unearned premium reserve		\$ 5,687,659					

Amounts ceded under reinsurance contracts as of and for the years ended December 31 are summarized as follows:

	2022	2021
Earned premiums	\$ 689,877	\$ 432,479
Written premiums	797,491	572,221
Unearned premiums	464,677	359,050
Loss and loss adjustment expenses incurred	758,120	221,322

The Company has a significant concentration of credit risk related to ceded amounts recoverable from Bowhead Insurance Company, Inc. (Bowhead), which comprised \$215,207 of the total reinsurance recoverable presented within property & casualty loss and loss adjustment expense reserve in the consolidated property & casualty statutory balance sheet at December 31, 2022. No significant concentration of credit risk was present at December 31, 2021.

Effective October 1, 2020, the Company executed a loss portfolio transfer and retroactive reinsurance contract with Pallas Reinsurance Company Ltd. to cede the loss reserve development on certain commercial business.

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Amounts ceded under retroactive reinsurance agreements as of and for the year ended December 31, 2022 are summarized as follows:

Reserves transferred:

Initial reserves	\$	77,000
Adjustments - prior years		19,332
Adjustments - current year		(2,066)
Current total	\$	94,266

Consideration paid:

Initial consideration	\$	98,641
Adjustments - prior years		—
Adjustments - current year		—
Current total	\$	98,641

Paid losses recovered:

Prior years	\$	19,191
Current year		14,071
Current total	\$	33,262

Special surplus from retroactive reinsurance:

Initial surplus loss	\$	—
Adjustments - prior years		—
Adjustments - current year		—
Current year restricted surplus	\$	—
Cumulative total transferred to unassigned funds	\$	—

Reinsurers involved in retroactive reinsurance transactions with the Company are as follows:

Company	Reserves transferred	Remaining unpaid
Pallas Reinsurance Company Ltd	\$ 94,266	\$ 61,004
Total	\$ 94,266	\$ 61,004

There were no balances with unauthorized, authorized, or certified reinsurers as of December 31, 2022 or 2021.

These ceded reinsurance transactions do not relieve the Company of its primary obligation to the policyholder.

14. Debt

The Company is a member of the FHLBC. The general nature of the FHLBC agreement is to provide a platform which provides the Company with the ability to receive advances from the FHLBC as a member of the bank. The Company pays monthly interest to FHLBC, and principal is repaid in a balloon payment at the end of each advance's term.

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In 2022 and 2021, the Company executed overnight borrowings with FHLBC to manage liquidity as part of the Company's overall cash management strategy. Interest is paid daily when the overnight borrowing matures the next day. Rates on these borrowings ranged between 0.20% and 4.31% and 0.19% and 0.25% for 2022 and 2021, respectively.

The following summarizes the Company's open FHLBC borrowings as of the years ended December 31:

Issue Date	Interest Rate	Face Amount	2022			2021			Maturity Date
			Carry Value	Interest Paid	Interest Accrued	Carry Value	Interest Paid	Interest Accrued	
11/20/2013	5.12 %	\$500,000	\$ 500,000	\$ 25,956	\$ 2,204	\$ 500,000	\$ 25,884	\$ 2,204	11/20/2043
4/17/2020	1.60	500,000	500,000	8,111	689	500,000	8,090	689	4/17/2030
5/16/2021	—	5,000	—	—	—	5,000	—	—	5/16/2022
12/31/2021	0.20	8,000	—	—	—	8,000	—	—	1/3/2022
			<u>\$1,000,000</u>	<u>\$ 34,067</u>	<u>\$ 2,893</u>	<u>\$1,013,000</u>	<u>\$ 33,974</u>	<u>\$ 2,893</u>	

All advances are fully-collateralized with stock and qualified securities. The shares in FHLBC stock are considered Class B shares not eligible for redemption and are recorded as common stocks in the consolidated property & casualty statutory balance sheets.

The following summarizes general account FHLBC* capital stock balances as of December 31:

(in thousands of dollars, except share amounts)

	2022	2021
Shares outstanding	240,543	241,967
Membership stock - Class B	\$ 3,169	\$ 5,000
Activity stock	16,831	15,462
Excess stock	4,054	3,735
Aggregate total - carrying value	24,054	24,197
Actual or estimated maximum borrowing capacity	1,089,194	1,096,909
Collateral pledged - fair value	1,314,442	1,266,101
Collateral pledged - carrying value	1,436,644	1,239,622
Total borrowing	1,000,000	1,013,000

*Amounts related to the FHLB Des Moines relationship are immaterial and, therefore, excluded from this table.

Borrowing capacity is calculated as the carrying value of specific lots of FHLBC stock multiplied by either 50 or 22 as the Company holds a mix of 50-1 and 22-1 stock. The Company has borrowing capacity less outstanding advances of \$89,194 and \$82,170 as of December 31, 2022 and 2021, respectively.

The Company executed a fifteen-year promissory note for \$7,605 during 2020. The Company pays monthly interest at a fixed annual rate of 9.10%, and principal is to be repaid in a balloon payment at the end of the term. The note is collateralized with cash of \$1,577. The Company paid \$692 in

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interest on the advance during 2022 and 2021 and recognized accrued interest of \$0 as of December 31, 2022 and 2021.

15. Surplus Notes

The Company issued a surplus note on November 2, 2016 for \$70,000 with a fixed interest rate of 7.25% and maturity date of November 2, 2036. The note was sold for cash to BT Globenet Nominees Limited, an unaffiliated company, and is callable at par beginning on November 2, 2021. This note is not subject to an interest offset percentage, and payments are not contractually linked or subject to administrative offsetting provisions. The carrying value of the surplus note was \$70,000 as of December 31, 2022 and 2021, and no principal has been paid to date. Interest expense of \$5,075 was recognized in both 2022 and 2021, and interest expense recognized inception-to-date is \$31,282.

The Florida Insurance Commissioner must approve, in advance, interest and principal payments on this surplus note. The payments by the Company of the principal and interest of the surplus note is subordinated and junior in right of payment to the prior payment in full of all policy claims and senior indebtedness of the Company. There were no unapproved principal or interest amounts as of December 31, 2022 and 2021.

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Supplemental Schedule of Consolidation

Consolidated Property & Casualty Statutory Balance Sheet

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Admitted assets	ASIC	ASICO	AFIC	MIC	PGC Consolidated	Homesite Consolidated	MSA Consolidated	CONNECT Consolidated	AFMCSI	Eliminations	Ref No.	AFMCSI Consolidated
Bonds	\$ 258,671	\$ 879	\$ 8,582	\$ 9,714	\$ 142,429	\$ 288,040	\$ 323,848	\$ 462,823	\$ 14,212,023	\$ —		\$ 15,707,009
Common stocks, including investments in unconsolidated subsidiaries	—	—	—	—	—	—	4,616	—	4,957,622	(1,981,916)	(1)	2,980,322
Mortgage loans	—	—	—	—	—	—	—	—	254,062	—		254,062
Real estate	—	—	—	—	—	—	2,782	287	158,546	—		161,615
Cash, cash equivalents, and short-term investments	(669)	12,598	54,290	5,191	20,183	77,878	7,486	36,525	1,397,765	—		1,611,247
Receivables for securities	—	—	—	—	—	—	75	10,341	481,906	—		492,322
Securities lending collateral	—	—	—	—	—	—	—	—	116,038	—		116,038
Other invested assets	—	—	—	—	—	—	2,881	—	2,458,004	—		2,460,885
Total cash and invested assets	258,002	13,477	62,872	14,905	162,612	365,918	341,688	509,976	24,035,966	(1,981,916)		23,783,500
Property & casualty premiums receivable and agents' balances	11,828	—	18	85,838	428,941	226,733	275,489	226,796	2,718,729	(1,451,253)	(3)	2,523,119
Accrued investment income	1,544	31	194	54	258	1,086	2,482	1,338	96,226	—		103,213
Deferred tax assets	—	—	—	76	3,421	2,806	14,272	10,577	379,419	(768)	(4)	409,803
Income taxes receivable	13	—	—	—	706	829	817	572	229,205	(2,937)	(4)	229,205
Electronic data processing equipment and software (net)	—	—	—	—	—	—	—	—	16,503	—		16,768
Other assets	134,021	(196)	1,517	87,798	161,683	303,139	300,227	541,038	628,505	(1,488,678)	(2,3)	669,054
Total admitted assets	405,408	13,312	64,601	188,671	757,621	900,511	935,240	1,290,297	28,104,553	(4,925,552)		27,734,662
Liabilities												
Property & casualty loss and loss adjustment expense reserve	4,699	—	18	78	—	9,739	9,515	16,592	9,784,933	(879,116)	(2)	8,946,458
Property & casualty unearned premiums	—	—	—	—	—	14,357	—	—	6,360,492	—		6,374,849
Agent contract termination payments	—	—	—	—	—	—	—	—	914,041	—		914,041
Employee pension and other benefits	—	—	—	—	—	—	26,365	—	128,203	—		154,568
Income taxes payable	—	6	11	216	—	—	—	—	6,746	(6,979)	(4)	—
Deferred tax liability	745	—	22	—	—	—	—	—	—	(767)	(4)	—
Debt	—	—	—	—	—	—	846	—	1,010,499	—		1,011,345
Payable for securities	399	—	—	—	1	—	—	18,629	1,104,745	—		1,123,774
Securities lending payable	—	—	—	—	—	—	—	—	116,038	—		116,038
Accrued expenses and other liabilities	76,224	4,063	37,087	180,289	595,999	569,649	210,921	709,704	1,338,581	(2,056,774)	(2,3,4)	1,665,743
Total liabilities	82,067	4,069	37,138	180,583	596,000	593,745	247,647	744,925	20,764,278	(2,943,636)		20,306,816
Capital and surplus												
Common stock	3,000	1,000	3,000	3,500	8,000	17,890	5,250	5,000	3,000	(46,640)	(1)	3,000
Special surplus funds	—	—	—	—	—	—	1,500	—	1,250	(1,500)	(5)	1,250
Surplus notes	—	—	—	—	—	—	70,000	—	—	—		70,000
Gross paid-in and contributed surplus	3,000	1,825	7,241	174,898	110,230	206,501	101,890	533,903	1,489,449	(1,620,210)	(1,5)	1,008,727
Unassigned surplus	317,341	6,418	17,222	(170,310)	43,391	82,375	508,953	6,469	5,846,576	(313,566)	(1,5)	6,344,869
Total capital and surplus	323,341	9,243	27,463	8,088	161,621	306,766	687,593	545,372	7,340,275	(1,981,916)		7,427,846
Total liabilities, capital, and surplus	\$ 405,408	\$ 13,312	\$ 64,601	\$ 188,671	\$ 757,621	\$ 900,511	\$ 935,240	\$ 1,290,297	\$ 28,104,553	\$ (4,925,552)		\$ 27,734,662

References

(1) Elimination of affiliated common stock of property & casualty subsidiaries

(2) Elimination of intercompany payables/receivables and affiliated reinsurance loss and loss adjustment expenses

(3) Elimination of affiliated reinsurance premium payable and underwriting expense receivable

(4) Net income taxes and deferred taxes

(5) Elimination of MSA surplus balances due to 2019 reorganization

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(In thousands of dollars)

Admitted assets	HCA	HCT	HIC	HIL	HMW	HNY	HCA	HLTX	HFL	Eliminations	Ref No.	Homesite Consolidated
Bonds	\$ 7,103	\$ 55,646	\$ 3,035	\$ 1,885	\$ 147,203	\$ 29,664	\$ 17,929	\$ 8,561	\$ 17,014	\$ —		\$ 288,040
Common stocks, including investments in unconsolidated subsidiaries	—	—	—	—	—	—	—	—	—	—		—
Mortgage loans	—	—	—	—	—	—	—	—	—	—		—
Real estate	—	—	—	—	—	—	—	—	—	—		—
Cash, cash equivalents, and short-term investments	9,260	11,066	5,353	3,024	3,770	7,654	14,486	8,458	14,807	—		77,878
Receivables for securities	—	—	—	—	—	—	—	—	—	—		—
Securities lending collateral	—	—	—	—	—	—	—	—	—	—		—
Other invested assets	—	—	—	—	—	—	—	—	—	—		—
Total cash and invested assets	16,363	66,712	8,388	4,909	150,973	37,318	32,415	17,019	31,821	—		365,918
Property & casualty premiums receivable and agents' balances	14,655	91,330	9,512	775	274,138	10,236	6,619	5,359	20,464	(206,355)	(1)	226,733
Accrued investment income	10	299	11	9	407	181	28	33	108	—		1,086
Deferred tax assets	4	—	—	2	2,124	679	6	2	—	(11)	(2)	2,806
Income taxes receivable	4	199	—	—	243	—	320	17	76	(30)	(2)	829
Electronic data processing equipment and software (net)	—	—	—	—	—	—	—	—	—	—		—
Other assets	10,526	111,579	13,300	1,014	205,796	17,751	279	5,640	3,678	(66,424)	(3)	303,139
Total admitted assets	41,562	270,119	31,211	6,709	633,681	66,165	39,667	28,070	56,147	(272,820)		900,511
Liabilities												
Property & casualty loss and loss adjustment expense reserve	—	—	—	—	67,108	9,055	—	—	—	(66,424)	(3)	9,739
Property & casualty unearned premiums	—	—	—	—	—	14,357	—	—	—	—		14,357
Agent contract termination payments	—	—	—	—	—	—	—	—	—	—		—
Employee pension and other benefits	—	—	—	—	—	—	—	—	—	—		—
Income taxes payable	—	—	3	—	—	27	—	—	—	(30)	(2)	—
Deferred tax liability	—	1	3	—	—	—	—	3	4	(11)	(2)	—
Debt	—	—	—	—	—	—	—	—	—	—		—
Payable for securities	—	—	—	—	—	—	—	—	—	—		—
Securities lending payable	—	—	—	—	—	—	—	—	—	—		—
Accrued expenses and other liabilities	25,829	191,397	18,027	1,477	461,922	20,354	11,050	10,427	35,521	(206,355)	(1)	569,649
Total liabilities	25,829	191,398	18,033	1,477	529,030	43,793	11,050	10,430	35,525	(272,820)		593,745
Capital and surplus												
Common stock	2,600	4,540	3,250	1,000	3,500	1,000	1,000	—	1,000	—		17,890
Special surplus funds	—	—	—	—	—	—	—	—	—	—		—
Surplus notes	—	—	—	—	—	—	—	—	—	—		—
Gross paid-in and contributed surplus	13,036	55,210	9,682	4,156	64,592	9,600	16,900	14,520	18,805	—		206,501
Unassigned surplus	97	18,971	246	76	36,559	11,772	10,717	3,120	817	—		82,375
Total capital and surplus	15,733	78,721	13,178	5,232	104,651	22,372	28,617	17,640	20,622	—		306,766
Total liabilities, capital, and surplus	\$ 41,562	\$ 270,119	\$ 31,211	\$ 6,709	\$ 633,681	\$ 66,165	\$ 39,667	\$ 28,070	\$ 56,147	\$ (272,820)		\$ 900,511

References

- (1) Elimination of affiliated reinsurance premium intercompany balances
(2) Net income taxes and deferred taxes
(3) Elimination of affiliated reinsurance losses and loss adjustment intercompany balances

**American Family Mutual Insurance Company, S.I. and
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	PGAC	PGAC Ohio	GAIC	Eliminations	Ref No.	PGC Consolidated
Admitted assets						
Bonds	\$ 116,062	\$ 12,165	\$ 14,202	\$ —		\$ 142,429
Common stocks, including investments in unconsolidated subsidiaries	—	12,846	—	(12,846)	(1)	—
Mortgage loans	—	—	—	—		—
Real estate	—	—	—	—		—
Cash, cash equivalents, and short-term investments	4,118	13,462	2,603	—		20,183
Receivables for securities	—	—	—	—		—
Securities lending collateral	—	—	—	—		—
Other invested assets	—	—	—	—		—
Total cash and invested assets	120,180	38,473	16,805	(12,846)		162,612
Property & casualty premiums receivable and agents' balances	384,581	117,214	63,405	(136,259)	(2)	428,941
Accrued investment income	56	136	66	—		258
Deferred tax assets	3,411	5	5	—		3,421
Income taxes receivable	471	51	184	—		706
Electronic data processing equipment and software (net)	—	—	—	—		—
Other assets	152,952	17,488	13,561	(22,318)	(3)	161,683
Total admitted assets	661,651	173,367	94,026	(171,423)		757,621
Liabilities						
Property & casualty loss and loss adjustment expense reserve	22,318	—	—	(22,318)	(3)	—
Property & casualty unearned premiums	—	—	—	—		—
Agent contract termination payments	—	—	—	—		—
Employee pension and other benefits	—	—	—	—		—
Income taxes payable	—	—	—	—		—
Debt	—	—	—	—		—
Payable for securities	1	—	—	—		1
Securities lending payable	—	—	—	—		—
Accrued expenses and other liabilities	523,012	128,066	81,180	(136,259)	(2)	595,999
Total liabilities	545,331	128,066	81,180	(158,577)		596,000
Capital and surplus						
Common stock	5,000	3,000	3,000	(3,000)	(1)	8,000
Special surplus funds	—	—	—	—		—
Surplus notes	—	—	—	—		—
Gross paid-in and contributed surplus	86,966	41,277	9,787	(27,800)	(1)	110,230
Unassigned surplus	24,354	1,024	59	17,954	(1)	43,391
Total capital and surplus	116,320	45,301	12,846	(12,846)		161,621
Total liabilities, capital, and surplus	661,651	173,367	94,026	(171,423)		757,621

References:

- (1) Elimination of property & casualty subsidiaries' capital and surplus
- (2) Elimination of affiliated reinsurance premium intercompany balances
- (3) Elimination of affiliated reinsurance losses and loss adjustment intercompany balances

**American Family Mutual Insurance Company, S.I. and
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Admitted assets	NGM	ODIC	MSAIC	MSA PIC	MSAAC	Eliminations	Ref No.	NGM & Subsidiaries	GDM	SVM	AMIC	Eliminations	Ref No.	MSA Consolidated
Bonds	\$ 116,798	\$ 15,954	\$ 47,638	\$ 27,531	\$ 26,611	\$ —		\$ 234,532	\$ 15,087	\$ 4,353	\$ 69,876	\$ —		\$ 323,848
Common stocks, including investments in unconsolidated subsidiaries	126,706	—	—	—	—	(122,236)	(1)	4,470	—	34	112	—		4,616
Mortgage loans	—	—	—	—	—	—		—	—	—	—	—		—
Real estate	2,782	—	—	—	—	—		2,782	—	—	—	—		2,782
Cash, cash equivalents, and short-term investments	484	62	31	404	141	—		1,122	2,830	2,003	1,531	—		7,486
Receivables for securities	65	—	—	—	10	—		75	—	—	—	—		75
Securities lending collateral	—	—	—	—	—	—		—	—	—	—	—		—
Other invested assets	2,881	—	—	—	—	—		2,881	—	—	—	—		2,881
Total cash and invested assets	249,716	16,016	47,669	27,935	26,762	(122,236)		245,862	17,917	6,390	71,519	—		341,688
Property & casualty premiums receivable and agents' balances	326,236	—	—	—	—	(41,923)	(2)	284,313	—	—	—	(8,824)	(2)	275,489
Accrued investment income	872	225	289	357	229	—		1,972	73	14	423	—		2,482
Deferred tax assets	9,688	—	—	—	—	(27)	(3)	9,641	1,721	120	2,790	—		14,272
Income taxes receivable	547	102	88	107	—	(27)	(3)	817	—	—	—	—		817
Electronic data processing equipment and software (net)	265	—	—	—	—	—		265	—	—	—	—		265
Other assets	303,062	11,638	1,643	18,568	16,233	(51,722)	(2)	299,422	2,996	779	9,512	(12,482)	(2)	300,227
Total admitted assets	890,366	27,981	49,689	46,967	43,224	(215,935)		842,292	22,707	7,303	84,244	(21,306)		935,240
Liabilities														
Property & casualty loss and loss adjustment expense reserve	61,181	—	—	—	—	(41,775)	(2)	19,406	—	—	—	(9,891)	(2)	9,515
Property & casualty unearned premiums	—	—	—	—	—	—		—	—	—	—	—		—
Agent contract termination payments	—	—	—	—	—	—		—	—	—	—	—		—
Employee pension and other benefits	8,528	—	—	—	—	—		8,528	7,628	—	10,209	—		26,365
Income taxes payable	—	—	—	—	27	(27)	(3)	—	—	—	—	—		—
Deferred tax liability	—	—	24	3	—	(27)	(3)	—	—	—	—	—		—
Debt	846	—	—	—	—	—		846	—	—	—	—		846
Payable for securities	—	—	—	—	—	—		—	—	—	—	—		—
Securities lending payable	—	—	—	—	—	—		—	—	—	—	—		—
Accrued expenses and other liabilities	219,787	7,740	1,561	22,764	13,506	(51,870)	(2)	213,488	1,834	410	6,604	(11,415)	(2)	210,921
Total liabilities	290,342	7,740	1,585	22,767	13,533	(93,699)		242,268	9,462	410	16,813	(21,306)		247,647
Capital and surplus														
Common stock	5,250	3,000	1,500	10,000	7,500	(22,000)	(1)	5,250	—	—	—	—		5,250
Special surplus funds	—	—	—	—	—	—		—	—	—	1,500	—		1,500
Surplus notes	70,000	—	—	—	—	—		70,000	1,000	4,000	—	(5,000)	(4)	70,000
Gross paid-in and contributed surplus	101,890	16,741	41,500	8,400	8,122	(74,763)	(1)	101,890	—	—	—	—		101,890
Unassigned surplus	422,884	500	5,104	5,800	14,069	(25,473)	(1)	422,884	12,245	2,893	65,931	5,000	(4)	508,953
Total capital and surplus	600,024	20,241	48,104	24,200	29,691	(122,236)		600,024	13,245	6,893	67,431	—		687,593
Total liabilities, capital, and surplus	\$ 890,366	\$ 27,981	\$ 49,689	\$ 46,967	\$ 43,224	\$ (215,935)		\$ 842,292	\$ 22,707	\$ 7,303	\$ 84,244	\$ (21,306)		\$ 935,240

References:

- (1) Elimination of property & casualty subsidiaries' capital and surplus
- (2) Elimination of intercompany payables and receivables and intercompany balances related to premiums and losses
- (3) Net income taxes and deferred taxes
- (4) Elimination of surplus notes between affiliates

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	AFCPCIC	AFCIC	Eliminations	Ref No.	CONNECT Consolidated
Admitted assets					
Bonds	\$ 457,038	\$ 5,785	\$ —		\$ 462,823
Common stocks, including investments in unconsolidated subsidiaries	13,724	—	(13,724)	(1)	—
Mortgage loans	—	—	—		—
Real estate	287	—	—		287
Cash, cash equivalents, and short-term investments	28,168	8,357	—		36,525
Receivables for securities	10,341	—	—		10,341
Securities lending collateral	—	—	—		—
Other invested assets	—	—	—		—
Total cash and invested assets	509,558	14,142	(13,724)		509,976
Property & casualty premiums receivable and agents' balances	226,796	—	—		226,796
Accrued investment income	1,278	60	—		1,338
Deferred tax assets	10,703	—	(126)	(3)	10,577
Income taxes receivable	584	—	(12)	(3)	572
Electronic data processing equipment and software (net)	—	—	—		—
Other assets	541,377	—	(339)	(2)	541,038
Total admitted assets	1,290,296	14,202	(14,201)		1,290,297
Liabilities					
Property & casualty loss and loss adjustment expense reserve	16,592	—	—		16,592
Property & casualty unearned premiums	—	—	—		—
Agent contract termination payments	—	—	—		—
Employee pension and other benefits	—	—	—		—
Income taxes payable	—	12	(12)	(3)	—
Deferred tax liability	—	126	(126)	(3)	—
Debt	—	—	—		—
Payable for securities	18,629	—	—		18,629
Securities lending payable	—	—	—		—
Accrued expenses and other liabilities	709,703	340	(339)	(2)	709,704
Total liabilities	744,924	476	(477)		744,925
Capital and surplus					
Common stock	5,000	8,000	(8,000)	(1)	5,000
Special surplus funds	—	—	—		—
Surplus notes	—	—	—		—
Gross paid-in and contributed surplus	533,903	5,523	(5,523)	(1)	533,903
Unassigned surplus	6,469	201	(201)	(1)	6,469
Total capital and surplus	545,372	13,724	(13,724)		545,372
Total liabilities, capital, and surplus	1,290,296	14,202	(14,201)		1,290,297

References

- (1) Elimination of property & casualty subsidiaries' capital and surplus
(2) Elimination of affiliated intercompany payable and receivable balances
(3) Net income taxes and deferred taxes

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Admitted assets	ASIC	ASICO	AFIC	MIC	PGC Consolidated	Homesite Consolidated	MSA Consolidated	CONNECT Consolidated	AFMCSI	Eliminations	Ref No.	AFMCSI Consolidated
Bonds	\$ 249,191	\$ 889	\$ 9,673	\$ 9,701	\$ 143,095	\$ 212,816	\$ 308,135	\$ 485,141	\$ 15,414,617	\$ —		\$ 16,833,258
Common stocks, including investments in unconsolidated subsidiaries	—	—	—	—	—	—	27,102	—	6,016,952	(2,009,019)	(1)	4,035,035
Mortgage loans	—	—	—	—	—	—	—	—	237,271	—		237,271
Real estate	—	—	—	—	—	—	3,267	287	218,363	—		221,917
Cash, cash equivalents, and short-term investments	15,312	12,505	52,652	2,715	28,532	135,703	(19,779)	41,107	494,836	—		763,583
Receivables for securities	1,443	—	—	—	9	—	—	1,937	62,797	—		66,186
Securities lending collateral	—	—	—	—	—	—	—	—	215,668	—		215,668
Other invested assets	—	—	—	—	—	39,058	4,528	—	2,100,481	—		2,144,067
Total cash and invested assets	265,946	13,394	62,325	12,416	171,636	387,577	323,253	528,472	24,760,985	(2,009,019)		24,516,985
Property & casualty premiums receivable and agents' balances	35,876	1	(102)	57,668	387,183	198,660	292,671	143,014	1,959,332	(782,146)	(3)	2,292,157
Accrued investment income	1,269	15	150	52	203	539	1,354	1,477	79,180	—		84,239
Deferred tax assets	97	—	—	53	2,198	759	10,776	8,806	160,253	(19)	(4)	182,923
Income taxes receivable	47	—	—	141	198	1	13,665	—	—	12,513	(4)	26,565
Electronic data processing equipment and software (net)	—	—	—	—	—	—	817	—	9,374	—		10,191
Other assets	58,310	(33)	(303)	48,075	137,403	160,264	288,164	121,772	304,916	(716,156)	(2),(3)	402,412
Total admitted assets	361,545	13,377	62,070	118,405	698,821	747,800	930,700	803,541	27,274,040	(3,494,827)		27,515,472
Liabilities												
Property & casualty loss and loss adjustment expense reserve	4,640	—	—	76	—	8,495	43,106	85	8,717,921	(400,632)	(2)	8,373,691
Property & casualty unearned premiums	—	—	—	—	—	11,957	—	—	5,590,223	—		5,602,180
Agent contract termination payments	—	—	—	—	—	—	—	—	1,012,484	—		1,012,484
Employee pension and other benefits	—	—	—	—	—	—	29,462	—	149,367	—		178,829
Income taxes payable	—	—	2	—	—	322	—	29	12,968	(13,321)	(4)	—
Deferred tax liability	—	—	19	—	—	—	—	—	—	(19)	(4)	—
Debt	—	—	—	—	—	—	846	—	1,023,499	—		1,024,345
Payable for securities	6,560	—	—	—	49	1,090	—	12,382	169,082	—		189,163
Securities lending payable	—	—	—	—	—	—	—	—	215,668	—		215,668
Accrued expenses and other liabilities	31,626	4,184	34,893	109,018	529,722	377,015	210,395	232,371	1,004,888	(1,071,836)	(2),(3),(4)	1,462,276
Total liabilities	42,826	4,184	34,914	109,094	529,771	398,879	283,809	244,867	17,896,100	(1,485,808)		18,058,636
Capital and surplus												
Common stock	3,000	1,000	3,000	3,500	9,500	17,890	5,250	5,000	3,000	(48,140)	(1)	3,000
Special surplus funds	—	—	—	—	—	—	1,500	—	1,250	(1,500)	(5)	1,250
Surplus notes	—	—	—	—	—	—	70,000	—	—	—		70,000
Gross paid-in and contributed surplus	—	—	—	—	—	—	—	—	998,759	9,968	(5)	1,008,727
Unassigned surplus	315,719	8,193	24,156	5,811	159,550	331,031	570,141	553,674	8,374,931	(1,969,347)	(1),(5)	8,373,859
Total capital and surplus	318,719	9,193	27,156	9,311	169,050	348,921	646,891	558,674	9,377,940	(2,009,019)		9,456,836
Total liabilities, capital, and surplus	\$ 361,545	\$ 13,377	\$ 62,070	\$ 118,405	\$ 698,821	\$ 747,800	\$ 930,700	\$ 803,541	\$ 27,274,040	\$ (3,494,827)		\$ 27,515,472

References

- (1) Elimination of affiliated common stock of property & casualty subsidiaries
- (2) Elimination of intercompany payables/receivables and affiliated reinsurance loss and loss adjustment expenses
- (3) Elimination of affiliated reinsurance premium payable and underwriting expense receivable
- (4) Net income taxes and deferred taxes
- (5) Elimination of MSA surplus balances due to 2019 reorganization

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statutory Balance Sheet
December 31, 2021
(in thousands of dollars)

Admitted assets	HCA	HCT	HIC	HIL	HMW	HNY	HGA	HLTX	HFL	Eliminations	Ref No.	Homesite Consolidated
Bonds	\$ 7,098	\$ 51,886	\$ 3,033	\$ 2,186	\$ 75,915	\$ 28,685	\$ 17,939	\$ 8,387	\$ 17,687	\$		\$ 212,816
Common stocks, including investments in unconsolidated subsidiaries	—	—	—	—	—	—	—	—	—	—		—
Mortgage loans	—	—	—	—	—	—	—	—	—	—		—
Real estate	—	—	—	—	—	—	—	—	—	—		—
Cash, cash equivalents, and short-term investments	1,482	12,093	4,397	2,553	91,110	8,834	7,308	6,524	1,402	—		135,703
Receivables for securities	—	—	—	—	—	—	—	—	—	—		—
Securities lending collateral	—	—	—	—	—	—	—	—	—	—		—
Other invested assets	—	—	—	—	—	—	39,058	—	—	—		39,058
Total cash and invested assets	8,580	63,979	7,430	4,739	167,025	37,519	64,305	14,911	19,089	—		387,577
Property & casualty premiums receivable and agents' balances	12,888	75,000	10,227	945	290,337	8,708	5,730	6,165	15,622	(226,962)	(1)	198,660
Accrued investment income	9	155	10	6	173	81	27	22	56	—		539
Deferred tax assets	5	—	—	2	—	571	195	1	—	(15)	(2)	759
Income taxes receivable	5	41	—	1	13	—	—	—	10	(69)	(2)	1
Electronic data processing equipment and software (net)	—	—	—	—	—	—	—	—	—	—		—
Other assets	8,571	162,674	17,562	1,575	107,922	4,545	443	11,034	8,628	(162,690)	(3)	160,264
Total admitted assets	30,058	301,849	35,229	7,268	565,470	51,424	70,700	32,133	43,405	(389,736)		747,800
Liabilities												
Property & casualty loss and loss adjustment expense reserve	—	—	—	—	164,956	6,229	—	—	—	(162,690)	(3)	8,495
Property & casualty unearned premiums	—	—	—	—	—	11,957	—	—	—	—		11,957
Agent contract termination payments	—	—	—	—	—	—	—	—	—	—		—
Employee pension and other benefits	—	—	—	—	—	—	—	—	—	—		—
Income taxes payable	—	—	1	—	—	109	277	4	—	(69)	(2)	322
Deferred tax liability	—	9	2	—	3	—	—	—	1	(15)	(2)	—
Debt	—	—	—	—	—	—	—	—	—	—		—
Payable for securities	—	311	—	—	488	178	—	20	93	—		1,090
Securities lending payable	—	—	—	—	—	—	—	—	—	—		—
Accrued expenses and other liabilities	14,422	222,064	22,189	2,112	288,571	11,698	5,840	14,710	22,371	(226,962)	(1)	377,015
Total liabilities	14,422	222,384	22,192	2,112	454,018	30,171	6,117	14,734	22,465	(389,736)		398,879
Capital and surplus												
Common stock	2,600	4,540	3,250	1,000	3,500	1,000	1,000	—	1,000	—		17,890
Special surplus funds	—	—	—	—	—	—	—	—	—	—		—
Surplus notes	—	—	—	—	—	—	—	—	—	—		—
Gross paid-in and contributed surplus	—	—	—	—	—	—	—	—	—	—		—
Unassigned surplus	13,036	74,925	9,787	4,156	107,952	20,253	63,583	17,399	19,940	—		331,031
Total capital and surplus	15,036	79,465	13,037	5,156	111,452	21,253	64,583	17,399	20,940	—		348,921
Total liabilities, capital, and surplus	\$ 30,058	\$ 301,849	\$ 35,229	\$ 7,268	\$ 565,470	\$ 51,424	\$ 70,700	\$ 32,133	\$ 43,405	\$ (389,736)		\$ 747,800

References

- (1) Elimination of affiliated reinsurance premium intercompany balances
- (2) Net income taxes and deferred taxes
- (3) Elimination of affiliated reinsurance losses and loss adjustment intercompany balances

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statutory Balance Sheet
December 31, 2021
(in thousands of dollars)

Admitted Assets	PGAC	PGAC Ohio	GAIC	Eliminations	Ref No.	PGC Consolidated
Bonds	\$ 114,846	\$ 12,017	\$ 16,232	\$ —	\$	143,095
Common stocks, including investments in unconsolidated subsidiaries	—	12,849	—	(12,849)	(1)	—
Mortgage loans	—	—	—	—	—	—
Real estate	—	—	—	—	—	—
Cash, cash equivalents, and short-term investments	14,512	13,318	702	—	—	28,532
Receivables for securities	7	2	—	—	—	9
Securities lending collateral	—	—	—	—	—	—
Other invested assets	—	—	—	—	—	—
Total cash and invested assets	129,365	38,186	16,934	(12,849)		171,636
Property & casualty premiums receivable and agents' balances	338,498	106,889	44,347	(102,551)	(2)	387,183
Accrued investment income	45	118	40	—	—	203
Deferred tax assets	1,558	509	131	—	—	2,198
Income taxes receivable	50	164	—	(16)	(3)	198
Electronic data processing equipment and software (net)	—	—	—	—	—	—
Other assets	133,706	16,451	5,795	(18,549)	(4)	137,403
Total admitted assets	603,222	162,317	67,247	(133,965)		698,821
Liabilities						
Property & casualty loss and loss adjustment expense reserve	18,549	—	—	(18,549)	(4)	—
Property & casualty unearned premiums	—	—	—	—	—	—
Agent contract termination payments	—	—	—	—	—	—
Employee pension and other benefits	—	—	—	—	—	—
Income taxes payable	—	—	16	(16)	(3)	—
Deferred tax liability	—	—	—	—	—	—
Debt	—	—	—	—	—	—
Payable for securities	—	—	49	—	—	49
Securities lending payable	—	—	—	—	—	—
Accrued expenses and other liabilities	460,605	117,335	54,333	(102,551)	(2)	529,722
Total liabilities	479,154	117,335	54,398	(121,116)		529,771
Capital and Surplus						
Common stock	5,000	3,000	3,000	(1,500)	(1)	9,500
Special surplus funds	—	—	—	—	—	—
Surplus notes	—	—	—	—	—	—
Gross paid-in and contributed surplus	—	—	—	—	—	—
Unassigned surplus	119,068	41,982	9,849	(11,349)	(1)	159,550
Total capital and surplus	124,068	44,982	12,849	(12,849)		169,050
Total liabilities, capital and surplus	\$ 603,222	\$ 162,317	\$ 67,247	\$ (133,965)		\$ 698,821

References

- (1) Elimination of property & casualty subsidiaries' capital and surplus
- (2) Elimination of affiliated reinsurance premium intercompany balances
- (3) Net income taxes
- (4) Elimination of affiliated reinsurance losses and loss adjustment intercompany balances

**American Family Mutual Insurance Company, S.I. and
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Consolidated Property & Casualty Statutory Balance Sheet
December 31, 2021
(in thousands of dollars)

Admitted assets	NGM	ODIC	MSAIC	MSA PIC	MSAAC	Eliminations	Ref No.	NGM & Subsidiaries	GDM	SVM	AMIC	Eliminations	Ref No.	MSA Consolidated
Bonds	\$ 93,827	\$ 20,188	\$ 47,833	\$ 22,983	\$ 29,077	\$ —		\$ 213,908	\$ 15,146	\$ 5,609	\$ 73,472	\$ —		\$ 308,135
Common stocks, including investments in unconsolidated subsidiaries	149,666	—	—	—	—	(122,689)	(1)	26,977	—	31	94	—		27,102
Mortgage loans	—	—	—	—	—	—		—	—	—	—	—		—
Real estate	3,267	—	—	—	—	—		3,267	—	—	—	—		3,267
Cash, cash equivalents, and short-term investments	(18,677)	386	480	1,347	282	—		(16,182)	1,344	504	(5,445)	—		(19,779)
Receivables for securities	—	—	—	—	—	—		—	—	—	—	—		—
Securities lending collateral	—	—	—	—	—	—		—	—	—	—	—		—
Other invested assets	4,528	—	—	—	—	—		4,528	—	—	—	—		4,528
Total cash and invested assets	232,611	20,574	48,313	24,330	29,359	(122,689)		232,498	16,490	6,144	68,121	—		323,253
Property & casualty premiums receivable and agents' balances	298,576	—	—	—	—	—		298,576	—	—	—	(5,905)	(2)	292,671
Accrued investment income	441	167	178	91	171	—		1,048	72	21	213	—		1,354
Deferred tax assets	5,115	—	—	—	—	(22)	(3)	5,093	1,205	224	4,254	—		10,776
Income taxes receivable	14,377	—	—	—	—	(712)	(3)	13,665	—	—	—	—		13,665
Electronic data processing equipment and software (net)	817	—	—	—	—	—		817	—	—	—	—		817
Other assets	294,425	127	—	48	97	(298)	(2)	294,399	991	68	13,501	(20,795)	(2)	288,164
Total admitted assets	846,362	20,868	48,491	24,469	29,627	(123,721)		846,096	18,758	6,457	86,089	(26,700)		930,700
Liabilities														
Property & casualty loss and loss adjustment expense reserve	56,572	—	—	—	—	—		56,572	—	—	—	(13,466)	(2)	43,106
Property & casualty unearned premiums	—	—	—	—	—	—		—	—	—	—	—		—
Agent contract termination payments	—	—	—	—	—	—		—	—	—	—	—		—
Employee pension and other benefits	9,995	—	—	—	—	—		9,995	7,679	—	11,788	—		29,462
Income taxes payable	—	258	1	63	390	(712)	(3)	—	—	—	—	—		—
Deferred tax liability	—	—	15	7	—	(22)	(3)	—	—	—	—	—		—
Debt	846	—	—	—	—	—		846	—	—	—	—		846
Payable for securities	—	—	—	—	—	—		—	—	—	—	—		—
Securities lending payable	—	—	—	—	—	—		—	—	—	—	—		—
Accrued expenses and other liabilities	210,954	7	25	—	—	(298)	(2)	210,688	(49)	(20)	13,010	(13,234)	(2)	210,395
Total liabilities	278,367	265	41	70	390	(1,032)		278,101	7,630	(20)	24,798	(26,700)		283,809
Capital and surplus														
Common stock	5,250	3,000	1,500	10,000	7,500	(22,000)	(1)	5,250	—	—	—	—		5,250
Special surplus funds	—	—	—	—	—	—		—	—	—	1,500	—		1,500
Surplus notes	70,000	—	—	—	—	—		70,000	1,000	4,000	—	(5,000)	(4)	70,000
Gross paid-in and contributed surplus	—	—	—	—	—	—		—	—	—	—	—		—
Unassigned surplus	492,745	17,603	46,950	14,399	21,737	(100,689)	(1)	492,745	10,128	2,477	59,791	5,000	(4)	570,141
Total capital and surplus	567,995	20,603	48,450	24,399	29,237	(122,689)		567,995	11,128	6,477	61,291	—		646,891
Total liabilities, capital, and surplus	\$ 846,362	\$ 20,868	\$ 48,491	\$ 24,469	\$ 29,627	\$ (123,721)		\$ 846,096	\$ 18,758	\$ 6,457	\$ 86,089	\$ (26,700)		\$ 930,700

References

- (1) Elimination of property & casualty subsidiaries' capital and surplus
- (2) Elimination of intercompany payables and receivables and intercompany balances related to premiums and losses
- (3) Net income taxes and deferred taxes
- (4) Elimination of surplus notes between affiliates

**American Family Mutual Insurance Company, S.I. and
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Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statutory Balance Sheet
December 31, 2021
(in thousands of dollars)

	AFCPCIC	AFCIC	Eliminations	Ref No.	CONNECT Consolidated
Admitted assets					
Bonds	\$ 479,901	\$ 5,240	\$ —		\$ 485,141
Common stocks, including investments in unconsolidated subsidiaries	13,601	—	(13,601)	(1)	—
Mortgage loans	—	—	—		—
Real estate	287	—	—		287
Cash, cash equivalents, and short-term investments	32,716	8,391	—		41,107
Receivables for securities	1,937	—	—		1,937
Securities lending collateral	—	—	—		—
Other invested assets	—	—	—		—
Total cash and invested assets	528,442	13,631	(13,601)		528,472
Property & casualty premiums receivable and agents' balances	143,014	—	—		143,014
Accrued investment income	1,428	49	—		1,477
Deferred tax assets	8,892	—	(86)	(3)	8,806
Income taxes receivable	—	—	—		—
Electronic data processing equipment and software (net)	—	—	—		—
Other assets	121,772	8	(8)	(2)	121,772
Total admitted assets	803,548	13,688	(13,695)		803,541
Liabilities					
Property & casualty loss and loss adjustment expense reserve	85	—	—		85
Property & casualty unearned premiums	—	—	—		—
Agent contract termination payments	—	—	—		—
Employee pension and other benefits	—	—	—		—
Income taxes payable	28	1	—	(3)	29
Deferred tax liability	—	86	(86)		—
Debt	—	—	—		—
Payable for securities	—	—	—		—
Securities lending payable	12,382	—	—		12,382
Accrued expenses and other liabilities	—	—	—		—
Total liabilities	232,379	—	(8)	(2)	232,371
	244,874	87	(94)		244,867
Capital and surplus					
Common stock	5,000	8,000	(8,000)	(1)	5,000
Special surplus funds	—	—	—		—
Surplus notes	—	—	—		—
Gross paid-in and contributed surplus	—	—	—		—
Unassigned surplus	553,674	5,601	(5,601)	(1)	553,674
Total capital and surplus	558,674	13,601	(13,601)		558,674
Total liabilities, capital, and surplus	803,548	13,688	(13,695)		803,541
	\$	\$	\$		\$

References:

- (1) Elimination of property & casualty subsidiaries' capital and surplus
- (2) Elimination of intercompany payables and receivables
- (3) Net income taxes and deferred taxes

American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property & Casualty Statement of Income

Year Ended December 31, 2022

(In thousands of dollars)

	ASIC	ASICO	AFIC	MIC	PGC Consolidated	Homesite Consolidated	MSA Consolidated	CONNECT Consolidated	AFMCSI	Eliminations	Ref No.	AFMCSI Consolidated
Premiums and other income												
Property & casualty premiums earned	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23,947	\$ —	\$ —	\$ 13,303,128	\$ —		\$ 13,327,075
Net investment income	5,607	61	358	162	3,077	7,380	21,009	12,622	613,096	—		663,372
Net realized investment gains (losses)	(3,932)	—	—	—	(224)	1,344	(6,424)	(23,739)	(572,266)	—		(605,241)
Other income (expenses)	(88)	—	—	—	—	47	—	5,015	(50,504)	—		(45,530)
Total premiums and other income	1,587	61	358	162	2,853	32,718	14,585	(6,102)	13,293,454	—		13,339,676
Losses and expenses												
Property & casualty losses and loss adjustment expenses incurred	—	—	—	—	—	15,563	—	—	10,718,631	—		10,734,194
Underwriting expenses	—	—	—	—	—	5,201	(8,817)	—	4,169,186	—		4,165,570
Dividends to policyholders	—	—	—	—	—	—	—	—	907	—		907
Total losses and expenses	—	—	—	—	—	20,764	(8,817)	—	14,888,724	—		14,900,671
Income (loss) before income tax expense (benefit)	1,587	61	358	162	2,853	11,954	23,402	(6,102)	(1,595,270)	—		(1,560,995)
Income tax expense (benefit)	(13)	12	46	216	(1,209)	(95)	(10,909)	(410)	(209,433)	—		(221,795)
Net income (loss)	\$ 1,600	\$ 49	\$ 312	\$ (54)	\$ 4,062	\$ 12,049	\$ 34,311	\$ (5,892)	\$ (1,385,837)	\$ —		\$ (1,339,200)
Common stock	\$ 3,000	\$ 1,000	\$ 3,000	\$ 3,500	\$ 8,000	\$ 17,890	\$ 5,250	\$ 5,000	\$ 3,000	\$ (46,640)	(1)	\$ 3,000
Special surplus funds	—	—	—	—	—	—	1,500	—	1,250	(1,500)	(1)	1,250
Surplus notes	—	—	—	—	—	—	70,000	—	—	—		70,000
Gross paid-in and contributed surplus												
Beginning balance	—	—	—	—	—	—	—	630,840	998,759	(620,872)	(1)	1,008,727
Contributed/paid in capital	—	—	—	—	—	(43,500)	1,867	—	—	41,633	(1)	—
Gross paid-in adjustment	3,000	1,825	7,241	174,898	110,230	250,001	100,023	(96,937)	—	(550,281)	(1)	—
Ending balance	3,000	1,825	7,241	174,898	110,230	206,501	101,890	533,903	998,759	(1,129,520)		1,008,727
Unassigned surplus												
Beginning balance	315,719	8,193	24,156	5,811	159,550	331,031	570,141	(77,166)	8,374,931	(1,338,507)	(1),(2),(3)	8,373,859
Net income (loss)	1,600	49	312	(54)	4,062	12,049	34,311	(5,692)	(1,385,837)	—		(1,339,200)
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	—	—	—	—	(8,967)	(3,921)	(22,533)	(10,732)	(836,881)	(21,390)	(1)	(904,424)
Change in nonadmitted assets	—	—	—	(1,600)	(881)	100	16,099	348	(4,599)	—		9,467
Change in net deferred income tax	(31)	—	(4)	432	(1,643)	(25)	(11,212)	736	92,384	—		80,637
Pension and contract termination payment adjustments	—	—	—	—	—	—	4,910	—	172,879	—		177,789
Distributions	—	—	—	—	—	(6,860)	—	—	(65,470)	6,860	(1)	(65,470)
Gross paid-in adjustment	(3,000)	(1,825)	(7,241)	(174,898)	(108,730)	(250,001)	(100,023)	96,937	—	548,781	(1)	—
Other	3,053	1	(1)	(1)	—	2	17,260	2,038	(10,141)	—		12,211
Ending balance	317,341	6,418	17,222	(170,310)	43,391	82,375	508,953	6,469	6,337,266	(804,256)		6,344,869
Total capital and surplus	\$ 323,341	\$ 9,243	\$ 27,463	\$ 8,088	\$ 161,621	\$ 306,766	\$ 687,593	\$ 545,372	\$ 7,340,275	\$ (1,981,916)		\$ 7,427,846

Note: Gross paid-in adjustment represents the reclassification of gross paid-in and contributed surplus beginning balances from unassigned surplus, which were historically aggregated and presented within unassigned surplus.

- References:
- (1) Elimination of property & casualty subsidiaries' surplus
 - (2) Elimination of unrealized gain to related affiliated common stock of property & casualty subsidiaries
 - (3) Elimination of MSA surplus balances due to 2019 reorganization

**American Family Mutual Insurance Company, S.I. and
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Consolidated Property & Casualty Statement of Income
Year Ended December 31, 2022
(in thousands of dollars)

	HCA	HCT	HIC	HIL	HMW	HNY	HGA	HLTX	HFL	Eliminations	Ref No.	Homesite Consolidated
Premiums and other income												
Property & casualty premiums earned	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23,947	\$ —	\$ —	\$ —	\$ —		\$ 23,947
Net investment income	27	1,044	88	53	2,938	438	2,440	85	267	—		7,380
Net realized investment gains (losses)	—	(1,424)	—	—	(2,650)	(870)	6,860	(105)	(467)	—		1,344
Other income (expenses)	(3)	(13)	—	—	12	58	—	—	(7)	—		47
Total premiums and other income	24	(393)	88	53	300	23,573	9,300	(20)	(207)	—		32,718
Losses and expenses												
Property & casualty losses and loss adjustment expenses incurred	—	—	—	—	—	15,563	—	—	—	—		15,563
Underwriting expenses	(98)	(548)	(90)	(43)	(364)	6,550	(41)	(326)	161	—		5,201
Dividends to policyholders	—	—	—	—	—	—	—	—	—	—		—
Total losses and expenses	(98)	(548)	(90)	(43)	(364)	22,113	(41)	(326)	161	—		20,764
Income (loss) before income tax expense (benefit)	122	155	178	96	664	1,460	9,341	306	(368)	—		11,954
Income tax expense (benefit)	24	38	37	20	151	449	(801)	63	(76)	—		(95)
Net income (loss)	98	117	\$ 141	\$ 76	\$ 513	\$ 1,011	\$ 10,142	\$ 243	\$ (292)	\$ —		\$ 12,049
Common stock	\$ 2,600	\$ 4,540	\$ 3,250	\$ 1,000	\$ 3,500	\$ 1,000	\$ 1,000	\$ —	\$ 1,000	\$ —		\$ 17,890
Special surplus funds	—	—	—	—	—	—	—	—	—	—		—
Surplus notes	—	—	—	—	—	—	—	—	—	—		—
Gross paid-in and contributed surplus	—	—	—	—	—	—	—	—	—	—		—
Beginning balance	—	—	—	—	—	—	—	—	—	—		—
Contributed/paid in capital	—	—	—	—	—	—	(43,500)	—	—	—		(43,500)
Gross paid-in adjustment	13,036	55,210	9,682	4,156	64,592	9,600	60,400	14,520	18,805	—		250,001
Ending balance	13,036	55,210	9,682	4,156	64,592	9,600	18,900	14,520	18,805	—		206,501
Unassigned surplus												
Beginning balance	13,036	74,925	9,787	4,156	107,952	20,253	63,583	17,399	19,940	—		331,031
Net income (loss)	98	117	141	76	513	1,011	10,142	243	(292)	—		12,049
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	—	—	—	—	(7,430)	—	3,509	—	—	—		(3,921)
Change in nonadmitted assets	—	(871)	—	—	(36)	(38)	1,075	(2)	(29)	—		100
Change in net deferred income tax	(1)	8	—	—	151	146	(332)	—	3	—		(25)
Pension and contract termination payment adjustments	—	—	—	—	—	—	—	—	—	—		—
Distributions	—	—	—	—	—	—	(8,860)	—	—	—		(8,860)
Gross paid-in adjustment	(13,036)	(55,210)	(9,682)	(4,156)	(64,592)	(9,600)	(60,400)	(14,520)	(18,805)	—		(250,001)
Other	—	2	—	—	—	—	—	—	—	—		2
Ending balance	97	18,971	246	76	36,559	11,772	10,717	3,120	817	—		82,375
Total capital and surplus	\$ 15,733	\$ 78,721	\$ 13,178	\$ 5,232	\$ 104,651	\$ 22,372	\$ 28,617	\$ 17,640	\$ 20,622	\$ —		\$ 306,766

Note: Gross paid-in adjustment represents the reclassification of gross paid-in and contributed surplus beginning balances from unassigned surplus, which were historically aggregated and presented within unassigned surplus.

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Income
Year Ended December 31, 2022
(in thousands of dollars)

	PGAC	PGAC Ohio	GAIC	Eliminations	Ref No.	PGC Consolidated
Premiums and other income						
Property & casualty premiums earned	\$ —	\$ —	\$ —	\$ —		\$ —
Net investment income	2,637	274	166	—		3,077
Net realized investment gains (losses)	4	—	(228)	—		(224)
Other income (expenses)	—	—	—	—		—
Total premiums and other income	2,641	274	(62)	—		2,853
Losses and expenses						
Property & casualty losses and loss adjustment expenses incurred	—	—	—	—		—
Underwriting expenses	—	—	—	—		—
Dividends to policyholders	—	—	—	—		—
Total losses and expenses	—	—	—	—		—
Income (loss) before income tax expense (benefit)	2,641	274	(62)	—		2,853
Income tax expense (benefit)	(473)	(552)	(184)	—		(1,209)
Net income (loss)	3,114	826	122	—		\$ 4,062
Common stock						
Beginning balance	\$ 5,000	\$ 3,000	\$ 3,000	\$ (1,500)	(1)	\$ 9,500
Gross paid-in adjustment	—	—	—	(1,500)	(1)	(1,500)
Ending balance	5,000	3,000	3,000	(3,000)		8,000
Special surplus funds	—	—	—	—		—
Surplus notes	—	—	—	—		—
Gross paid-in and contributed surplus						
Beginning balance	—	—	—	—		—
Gross paid-in adjustment	86,966	41,277	9,787	(27,800)	(1)	110,230
Ending balance	86,966	41,277	9,787	(27,800)		110,230
Unassigned surplus						
Beginning balance	119,068	41,982	9,849	(11,349)	(1)	159,550
Net income (loss)	3,114	826	122	—		4,062
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	(8,967)	(4)	—	4		(8,967)
Change in nonadmitted assets	(1,039)	110	48	—		(881)
Change in net deferred income tax	(855)	(614)	(174)	—		(1,643)
Gross paid-in adjustment	(86,966)	(41,277)	(9,787)	29,300	(1)	(108,730)
Other	(1)	1	1	(1)		—
Ending balance	24,354	1,024	59	17,954		43,391
Total capital and surplus	\$ 116,320	\$ 45,301	\$ 12,846	\$ (12,846)		\$ 161,621

Note: Gross paid-in adjustment represents the reclassification of gross paid-in and contributed surplus beginning balances from unassigned surplus, which were historically aggregated and presented within unassigned surplus.
References:

(1) Elimination of property & casualty subsidiaries' capital and surplus

American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property & Casualty Statement of Income

Year Ended December 31, 2022

(in thousands of dollars)

	NGM	ODIC	MSAIC	MSA PIC	MSAAC	Eliminations	Ref No.	NGM & Subsidiaries	GDM	SVM	AMIC	Eliminations	Ref No.	MSA Consolidated
Premiums and other income														
Property & casualty premiums earned	\$	—	\$	—	\$	—	—	\$	—	\$	—	\$	—	\$
Net investment income	17,404	333	789	473	601	—	—	19,600	201	84	1,124	—	—	21,009
Net realized investment gains (losses)	(1,484)	(791)	(1,214)	(734)	(35)	—	—	(4,258)	—	—	(2,166)	—	—	(6,424)
Other income (expenses)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total premiums and other income	15,920	(458)	(425)	(261)	566	—	—	15,342	201	84	(1,042)	—	—	14,585
Losses and expenses														
Property & casualty losses and loss adjustment expenses incurred	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Underwriting expenses	—	—	—	—	—	—	—	—	(1,670)	(432)	(6,715)	—	—	(8,817)
Dividends to policyholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total losses and expenses	—	—	—	—	—	—	—	—	(1,670)	(432)	(6,715)	—	—	(8,817)
Income (loss) before income tax expense (benefit)	15,920	(458)	(425)	(261)	566	—	—	15,342	1,871	516	5,673	—	—	23,402
Income tax expense (benefit)	(10,779)	(96)	(88)	(58)	112	—	—	(10,909)	—	—	—	—	—	(10,909)
Net income (loss)	\$ 26,699	\$ (362)	\$ (337)	\$ (203)	\$ 454	\$ —	(1)	\$ 26,251	\$ 1,871	\$ 516	\$ 5,673	\$ —	(2)	\$ 34,311
Common stock	\$ 5,250	\$ 3,000	\$ 1,500	\$ 10,000	\$ 7,500	\$ (22,000)	(1)	\$ 5,250	\$ —	\$ —	\$ —	\$ —	—	\$ 5,250
Special surplus funds	—	—	—	—	—	—	—	—	—	—	1,500	—	—	1,500
Surplus notes	70,000	—	—	—	—	—	—	70,000	1,000	4,000	—	(5,000)	—	70,000
Gross paid-in and contributed surplus														
Beginning balance	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed/paid in capital	1,867	—	—	—	—	—	—	1,867	—	—	—	—	—	1,867
Gross paid-in adjustment	100,023	16,741	41,500	8,400	8,122	(74,763)	(1)	100,023	—	—	—	—	—	100,023
Ending balance	101,890	16,741	41,500	8,400	8,122	(74,763)	—	101,890	—	—	—	—	—	101,890
Unassigned surplus														
Beginning balance	492,745	17,603	46,950	14,399	21,737	(100,689)	(1)	492,745	10,128	2,477	59,791	5,000	(2)	570,141
Net income (loss)	26,699	(362)	(337)	(203)	454	—	—	26,251	1,871	516	5,673	—	—	34,311
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	(22,989)	—	—	—	—	453	(1)	(22,536)	—	3	—	—	—	(22,533)
Change in nonadmitted assets	14,941	(3)	(11)	—	1	—	—	14,928	483	7	681	—	—	16,099
Change in net deferred income tax	(8,979)	3	1	4	(1)	—	—	(8,972)	(337)	(110)	(1,793)	—	—	(11,212)
Pension and contract termination payment adjustments	3,281	—	—	—	—	—	—	3,281	50	—	1,579	—	—	4,910
Distributions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gross paid-in adjustment	(100,023)	(16,741)	(41,500)	(8,400)	(8,122)	74,763	(1)	(100,023)	—	—	—	—	—	(100,023)
Other	17,209	—	1	—	—	—	—	17,210	50	—	—	—	—	17,260
Ending balance	422,884	500	5,104	5,800	14,069	(25,473)	—	422,884	12,245	2,893	65,931	5,000	—	508,953
Total capital and surplus	\$ 600,024	\$ 20,241	\$ 48,104	\$ 24,200	\$ 29,691	\$ (122,236)	—	\$ 600,024	\$ 13,245	\$ 6,893	\$ 67,431	\$ —	—	\$ 687,593

Note: Gross paid-in adjustment represents the reclassification of gross paid-in and contributed surplus beginning balances from unassigned surplus, which were historically aggregated and presented within unassigned surplus.

References:
(1) Elimination of property & casualty subsidiaries' capital and surplus
(2) Elimination of surplus notes between NGM and affiliates

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Income
Year Ended December 31, 2022
(in thousands of dollars)

	AFCPCIC	AFCIC	Eliminations	Ref No.	CONNECT Consolidated
Premiums and other income					
Property & casualty premiums earned	\$ —	\$ —	\$ —		\$ —
Net investment income	12,457	165	—		12,622
Net realized investment gains (losses)	(23,741)	2	—		(23,739)
Other income (expenses)	5,001	14	—		5,015
Total premiums and other income	(6,283)	181	—		(6,102)
Losses and expenses					
Property & casualty losses and loss adjustment expenses incurred	—	—	—		—
Underwriting expenses	—	—	—		—
Dividends to policyholders	—	—	—		—
Total losses and expenses	—	—	—		—
Income (loss) before income tax expense (benefit)	(6,283)	181	—		(6,102)
Income tax expense (benefit)	(427)	17	—		(410)
Net income (loss)	(5,856)	164	\$ —		(5,692)
	\$ —	\$ —	\$ —		\$ —
Common stock	5,000	8,000	\$ (8,000)	(1)	5,000
Special surplus funds	—	—	—		—
Surplus notes	—	—	—		—
Gross paid-in and contributed surplus					
Beginning balance	630,840	37,727	(37,727)	(1)	630,840
Gross paid-in adjustment	(96,937)	(32,203)	32,203	(1)	(96,937)
Ending balance	533,903	5,524	(5,524)		533,903
Unassigned surplus					
Beginning balance	(77,166)	(32,126)	32,126	(1)	(77,166)
Net income (loss)	(5,856)	164	—		(5,692)
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	(10,609)	—	(123)	(1)	(10,732)
Change in nonadmitted assets	348	—	—		348
Change in net deferred income tax	777	(41)	—		736
Pension and contract termination payment adjustments	—	—	—		—
Distributions	—	—	—		—
Gross paid-in adjustment	96,937	32,203	(32,203)	(1)	96,937
Other	2,038	—	—		2,038
Ending balance	6,469	200	(200)		6,469
Total capital and surplus	\$ 545,372	\$ 13,724	\$ (13,724)		\$ 545,372

Note: Gross paid-in adjustment represents the reclassification of gross paid-in and contributed surplus beginning balances from unassigned surplus, which were historically aggregated and presented within unassigned surplus.

References: (1) Elimination of property & casualty subsidiaries' capital and surplus

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Income
Year Ended December 31, 2021
(In thousands of dollars)

	ASIC	ASICO	AFIC	MIC	PGC Consolidated	Homesite Consolidated	MSA Consolidated	CONNECT Consolidated	AFMCSI	Eliminations	Ref No.	AFMCSI Consolidated
Premiums and other income												
Property & casualty premiums earned	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 20,707	\$ —	\$ —	\$ 12,188,596	\$ —		\$ 12,209,303
Net investment income	5,254	6	167	198	2,132	4,052	(905)	9,139	663,675	(129,982)	(4)	563,736
Net realized investment gains (losses)	2,323	—	—	(226)	2,692	1,491	(7,629)	2,742	257,688	—		259,081
Other income (expenses)	129	—	—	—	—	(12)	—	5,400	19,824	—		25,341
Total premiums and other income	7,706	6	167	(28)	4,824	26,238	(6,534)	17,281	13,129,783	(129,982)		13,047,461
Losses and expenses												
Property & casualty losses and loss adjustment expenses incurred	—	—	—	—	—	13,604	—	—	8,727,015	—		8,740,619
Underwriting expenses	—	—	—	—	—	4,701	(8,083)	—	3,975,028	—		3,971,646
Dividends to policyholders	—	—	—	—	—	—	—	—	1,174	—		1,174
Total losses and expenses	—	—	—	—	—	18,305	(8,083)	—	12,703,217	—		12,713,439
Income (loss) before income tax expense (benefit)	7,706	6	167	(28)	4,824	7,933	(451)	17,281	426,566	(129,982)		334,022
Income tax expense (benefit)	1,610	—	2	(141)	1,174	1,613	(12,809)	481	78,758	—		70,688
Net income (loss)	\$ 6,096	\$ 6	\$ 165	\$ 113	\$ 3,650	\$ 6,320	\$ 12,358	\$ 16,800	\$ 347,808	\$ (129,982)		\$ 263,334
Common stock	\$ 3,000	\$ 1,000	\$ 3,000	\$ 3,500	\$ 9,500	\$ 17,890	\$ 5,250	\$ 5,000	\$ 3,000	\$ (48,140)	(1)	\$ 3,000
Special surplus funds	—	—	—	—	—	—	1,500	—	1,250	(1,500)	(1)	1,250
Surplus notes	—	—	—	—	—	—	70,000	—	—	—		70,000
Gross paid-in and contributed surplus	—	—	—	—	—	—	—	630,840	—	(620,872)	(1), (3)	9,968
Beginning balance	—	—	—	—	—	—	—	—	998,759	—		998,759
Contributed/paid in capital	—	—	—	—	—	—	—	—	998,759	—		1,008,727
Ending Balance	—	—	—	—	—	—	—	630,840	998,759	(620,872)		—
Unassigned surplus												
Beginning balance	308,915	8,187	23,994	8,567	156,558	357,569	656,873	(96,937)	7,624,162	(1,418,351)	(1),(3)	7,629,537
Net income (loss)	6,096	6	165	113	3,650	6,320	12,358	16,800	347,808	(129,982)	(4)	263,334
Net change in unrealized capital gains (losses) of investments,	(220)	—	—	—	4,163	(1,388)	11,460	(10,509)	316,987	79,844	(2)	400,337
Change in nonadmitted assets	—	(1)	—	(3,345)	(5,785)	(1,757)	(2,828)	16,892	(144,465)	—		(141,289)
Change in net deferred income tax	2	1	(3)	476	964	(24)	(9,051)	(3,570)	7,753	—		(3,452)
Pension and contract termination payment adjustments	—	—	—	—	—	—	3,233	—	234,211	—		237,444
Distributions	—	—	—	—	—	(29,689)	(100,293)	—	(9,754)	129,982	(4)	(9,754)
Other	926	—	—	—	—	—	(1,611)	158	(1,771)	—		(2,298)
Ending balance	315,719	8,193	24,156	5,811	159,550	331,031	570,141	(77,166)	8,374,931	(1,338,507)		8,373,859
Total capital and surplus	\$ 318,719	\$ 9,193	\$ 27,156	\$ 9,311	\$ 169,050	\$ 348,921	\$ 646,891	\$ 558,674	\$ 9,377,940	\$ (2,009,019)		\$ 9,456,836

References

- (1) Elimination of property & casualty subsidiaries' surplus
- (2) Elimination of unrealized gain to related affiliated common stock of property & casualty subsidiaries
- (3) Elimination of MSA surplus balances due to 2019 reorganization
- (4) Elimination of dividends between consolidated entities

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Income
Year Ended December 31, 2021
(in thousands of dollars)

	HCA	HCT	HIC	HIL	HMW	HNY	HGA	HLTX	HFL	Eliminations	Ref No.	Homesite Consolidated
Premiums and other income												
Property & casualty premiums earned	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 20,707	\$ —	\$ —	\$ —	\$ —		\$ 20,707
Net investment income	3	620	65	43	689	264	2,147	61	160	—		4,052
Net realized investment gains (losses)	823	309	—	63	233	51	—	6	6	—		1,491
Other income (expenses)	—	(3)	—	—	(10)	2	(1)	—	—	—		(12)
Total premiums and other income	826	926	65	106	912	21,024	2,146	67	166	—		26,238
Losses and expenses												
Property & casualty losses and loss adjustment expenses incurred	—	—	—	—	—	13,604	—	—	—	—		13,604
Underwriting expenses	(69)	(589)	(69)	(22)	(224)	5,944	(43)	(256)	29	—		4,701
Dividends to policyholders	—	—	—	—	—	—	—	—	—	—		—
Total losses and expenses	(69)	(589)	(69)	(22)	(224)	19,548	(43)	(256)	29	—		18,305
Income (loss) before income tax expense (benefit)	895	1,515	134	128	1,136	1,476	2,189	323	137	—		7,933
Income tax expense (benefit)	192	382	29	27	259	365	266	66	27	—		1,613
Net income (loss)	\$ 703	\$ 1,133	\$ 105	\$ 101	\$ 877	\$ 1,111	\$ 1,923	\$ 257	\$ 110	\$ —		\$ 6,320
Common stock	\$ 2,600	\$ 4,540	\$ 3,250	\$ 1,000	\$ 3,500	\$ 1,000	\$ 1,000	\$ —	\$ 1,000	\$ —		\$ 17,890
Special surplus funds	—	—	—	—	—	—	—	—	—	—		—
Surplus notes	—	—	—	—	—	—	—	—	—	—		—
Gross paid-in and contributed surplus	—	—	—	—	—	—	—	—	—	—		—
Unassigned surplus												
Beginning balance	37,013	74,781	9,682	9,055	107,098	19,085	63,875	17,143	19,837	—		357,569
Net income (loss)	703	1,133	105	101	877	1,111	1,923	257	110	—		6,320
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	—	—	—	—	—	—	(1,388)	—	—	—		(1,388)
Change in nonadmitted assets	—	(995)	—	—	(36)	—	(719)	—	(7)	—		(1,757)
Change in net deferred income tax	9	6	—	—	13	57	(108)	(1)	—	—		(24)
Pension and contract termination payment adjustments	—	—	—	—	—	—	—	—	—	—		—
Distributions	(24,689)	—	—	(5,000)	—	—	—	—	—	—		(29,689)
Other	—	—	—	—	—	—	—	—	—	—		—
Ending balance	13,036	74,925	9,787	4,156	107,952	20,253	63,583	17,399	19,940	—		331,031
Total capital and surplus	\$ 15,636	\$ 79,465	\$ 13,037	\$ 5,156	\$ 111,452	\$ 21,253	\$ 64,583	\$ 17,399	\$ 20,940	\$ —		\$ 348,921

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Income
Year Ended December 31, 2021
(in thousands of dollars)

	PGAC	PGAC Ohio	GAIC	Eliminations	Ref No.	PGC Consolidated
Premiums and other income						
Property & casualty premiums earned	\$ —	\$ —	\$ —	\$ —		\$ —
Net investment income	1,842	188	102	—		2,132
Net realized investment gains (losses)	2,689	—	(7)	—		2,692
Other income (expenses)	—	—	—	—		—
Total premiums and other income	4,541	188	95	—		4,824
Losses and expenses						
Property & casualty losses and loss adjustment expenses incurred	—	—	—	—		—
Underwriting expenses	—	—	—	—		—
Dividends to policyholders	—	—	—	—		—
Total losses and expenses	—	—	—	—		—
Income (loss) before income tax expense (benefit)	4,541	188	95	—		4,824
Income tax expense (benefit)	1,302	(208)	80	—		1,174
Net income (loss)	3,239	396	15	\$ —		3,650
Common stock	5,000	3,000	3,000	(1,500)	(1)	9,500
Special surplus funds	—	—	—	—		—
Surplus notes	—	—	—	—		—
Gross paid-in and contributed surplus	—	—	—	—		—
Unassigned surplus						
Beginning balance	116,781	41,277	9,787	(11,287)	(1)	156,558
Net income (loss)	3,239	396	15	—		3,650
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	4,163	62	—	(62)	(1)	4,163
Change in nonadmitted assets	(5,743)	(29)	(13)	—		(5,785)
Change in net deferred income tax	628	276	60	—		964
Pension and contract termination payment adjustments	—	—	—	—		—
Distributions	—	—	—	—		—
Other	—	—	—	—		—
Ending balance	119,068	41,982	9,849	(11,349)		159,550
Total capital and surplus	124,068	44,982	12,849	(12,849)		169,050
References						
(1) Elimination of property & casualty subsidiaries' capital and surplus						

American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries Supplemental Schedule of Consolidation Consolidated Property & Casualty Statement of Income Year Ended December 31, 2021

(In thousands of dollars)

	NGM	ODIC	MSAIC	MSA PIC	MSAAC	Eliminations	Ref No.	NGM & Subsidiaries	GDM	SVM	AMIC	Eliminations	Ref No.	MSA Consolidated
Premiums and other income														
Property & casualty premiums earned	\$	—	\$	—	\$	—	—	\$	—	\$	—	\$	—	\$
Net investment income	7,118	378	517	307	635	(10,645)	(3)	(1,690)	172	61	552	—	—	(905)
Net realized investment gains (losses)	(1,462)	341	—	—	326	—	—	(795)	5	2	(6,841)	—	—	(7,629)
Other income (expenses)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total premiums and other income	5,656	719	517	307	961	(10,645)	—	(2,485)	177	63	(6,289)	—	—	(8,534)
Losses and expenses														
Property & casualty losses and loss adjustment expenses incurred	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Underwriting expenses	—	—	—	—	—	—	—	—	(1,499)	(403)	(6,181)	—	—	(8,083)
Dividends to policyholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total losses and expenses	—	—	—	—	—	—	—	—	(1,499)	(403)	(6,181)	—	—	(8,083)
Income (loss) before income tax expense (benefit)	5,656	719	517	307	961	(10,645)	—	(2,485)	1,676	466	(108)	—	—	(451)
Income tax expense (benefit)	(13,622)	258	102	63	390	—	—	(12,809)	—	—	—	—	—	(12,809)
Net income (loss)	\$ 19,278	\$ 461	\$ 415	\$ 244	\$ 571	\$ (10,645)	—	\$ 10,324	\$ 1,676	\$ 466	\$ (108)	\$ —	—	\$ 12,358
Common stock	\$ 5,250	\$ 3,000	\$ 1,500	\$ 10,000	\$ 7,500	\$ (22,000)	(1)	\$ 5,250	\$ —	\$ —	\$ —	\$ —	—	\$ 5,250
Special surplus funds	—	—	—	—	—	—	—	—	—	—	1,500	—	—	1,500
Surplus notes	70,000	—	—	—	—	—	—	70,000	1,000	4,000	—	(5,000)	(2)	70,000
Gross paid-in and contributed surplus	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Unassigned surplus														
Beginning balance	573,031	32,973	46,542	14,157	31,836	(125,508)	(1)	573,031	14,329	2,097	62,416	5,000	(2)	656,873
Net income (loss)	19,278	461	415	244	571	(10,645)	—	10,324	1,676	466	(108)	—	—	12,358
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	2,476	—	—	—	—	8,982	(1)	11,458	—	2	—	—	—	11,460
Change in nonadmitted assets	10,001	(101)	—	—	(221)	—	—	9,679	(7,322)	71	(5,256)	—	—	(2,828)
Change in net deferred income tax	(10,654)	107	(7)	(2)	196	—	—	(10,360)	922	(159)	546	—	—	(9,051)
Pension and contract termination payment adjustments	517	—	—	—	—	—	—	517	523	—	2,193	—	—	3,233
Distributions	(100,293)	—	—	—	(10,645)	10,645	(3)	(100,293)	—	—	—	—	—	(100,293)
Surplus Adjustment	—	(15,837)	—	—	—	15,837	(1)	—	—	—	—	—	—	—
Other	(1,611)	—	—	—	—	—	—	(1,611)	—	—	—	—	—	(1,611)
Ending balance	492,745	17,603	46,950	14,399	21,737	(100,689)	—	492,745	10,128	2,477	59,791	5,000	—	570,141
Total capital and surplus	\$ 567,995	\$ 20,603	\$ 48,450	\$ 24,399	\$ 29,237	\$ (122,689)	—	\$ 567,995	\$ 11,128	\$ 6,477	\$ 61,291	\$ —	—	\$ 646,891

References:

- (1) Elimination of property & casualty subsidiaries' capital and surplus
- (2) Elimination of surplus note between NCM and affiliates
- (3) Elimination of distributions between affiliated entities

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Income
Year Ended December 31, 2021
(in thousands of dollars)

	AFCPCIC	AFCIC	Eliminations	Ref No.	CONNECT Consolidated
Premiums and other income					
Property & casualty premiums earned	\$ —	\$ —	\$ —		\$ —
Net investment income	9,004	135	—		9,139
Net realized investment gains (losses)	2,741	1	—		2,742
Other income (expenses)	5,400	—	—		5,400
Total premiums and other income	17,145	136	—		17,281
Losses and expenses					
Property & casualty losses and loss adjustment expenses incurred	—	—	—		—
Underwriting expenses	—	—	—		—
Dividends to policyholders	—	—	—		—
Total losses and expenses	—	—	—		—
Income (loss) before income tax expense (benefit)	17,145	136	—		17,281
Income tax expense (benefit)	480	1	—		481
Net income (loss)	16,665	135	\$ —		\$ 16,800
Common stock	5,000	8,000	\$ (8,000)	(1)	\$ 5,000
Special surplus funds	—	—	—		—
Surplus notes	—	—	—		—
Gross paid-in and contributed surplus	630,840	37,727	(37,727)	(1)	630,840
Unassigned surplus					
Beginning balance	(96,937)	(32,204)	32,204	(1)	(96,937)
Net income (loss)	16,665	135	—		16,800
Net change in unrealized capital gains (losses) of investments, net of deferred income tax	(10,431)	—	(78)	(1)	(10,509)
Change in nonadmitted assets	16,892	—	—		16,892
Change in net deferred income tax	(3,513)	(57)	—		(3,570)
Other	158	—	—		158
Ending balance	(77,166)	(32,126)	32,126		(77,166)
Total capital and surplus	\$ 558,674	\$ 13,601	\$ (13,601)		\$ 558,674

References:

(1) Elimination of property & casualty subsidiaries' capital and surplus

American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property & Casualty Statement of Cash Flows

Year Ended December 31, 2022

(In thousands of dollars)

	ASIC	ASICO	AFIC	MIC	PGC Consolidated	Homesite Consolidated	MSA Consolidated	CONNECT Consolidated	AFMCSI	Eliminations	Ref No.	AFMCSI Consolidated
Cash from operations												
Premiums collected net of reinsurance	\$ 11,115	\$ 2,027	\$ 6,452	\$ (10,725)	\$ (14,358)	\$ 252,895	\$ 98,583	\$ 275,158	\$ 13,367,171	\$ —		\$ 13,988,318
Net investment income	5,475	55	406	147	3,092	6,896	20,895	12,431	655,202	—		704,599
Miscellaneous income (expenses)	2,833	—	—	—	—	47	—	(55,415)	(56,757)	—		(109,292)
Benefit and loss related payments	9,799	163	(1,802)	(17,904)	(3,209)	(38,564)	(176,676)	(286,333)	(8,681,923)	—		(9,196,449)
Commissions, expenses paid, and aggregate write-ins	633	958	1,741	2,745	3,453	28,176	1,636	(2,971)	(5,127,654)	—		(5,091,283)
Dividends paid to policyholders	—	—	—	—	—	—	—	—	(926)	—		(926)
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	47	(6)	(37)	141	700	(1,054)	23,757	350	(25,995)	—		(2,097)
Net cash provided by (used in) operations	29,902	3,197	6,760	(25,596)	(10,322)	248,396	(31,805)	(56,780)	129,118	—		292,870
Cash from investments												
Proceeds from investments sold, matured, or repaid												
Bonds	164,440	—	1,000	—	8,597	126,777	225,840	615,476	14,608,066	—		15,750,196
Stocks	—	—	—	—	—	—	4	105,042	504,289	—		609,335
Mortgage loans	—	—	—	—	—	—	—	—	20,649	—		20,649
Real estate	—	—	—	—	—	—	—	—	13,632	—		13,632
Other invested assets	—	—	—	—	—	—	2,328	—	189,156	—		191,484
Net gains or (losses) on cash and ST investments	92	—	—	—	(6)	(91)	(110)	(52)	1,400	—		1,233
Miscellaneous proceeds	—	—	—	—	9	—	—	—	631,426	—		631,435
Total investment proceeds	164,532	—	1,000	—	8,600	126,686	228,062	720,466	15,968,618	—		17,217,964
Cost of investments acquired (long-term only)												
Bonds	178,289	—	—	—	20,934	216,895	248,743	618,350	14,072,332	—		15,355,543
Stocks	—	—	—	—	—	—	19	116,900	337,890	—		454,809
Mortgage loans	—	—	—	—	—	—	—	—	37,440	—		37,440
Capital contribution to unconsolidated affiliates	—	—	—	—	—	—	—	—	21,062	—		21,062
Real estate	—	—	—	—	—	—	—	—	2,843	—		2,843
Other invested assets	—	—	—	—	—	—	332	—	493,698	—		494,030
Miscellaneous applications	4,718	—	—	—	49	1,090	75	2,157	60,539	—		68,628
Total investments acquired	183,007	—	—	—	20,983	217,985	249,169	737,407	15,025,804	—		16,434,355
Net cash provided by (used in) investments	(18,475)	—	1,000	—	(12,383)	(91,299)	(21,107)	(16,941)	942,814	—		783,609
Cash from financing and miscellaneous sources												
Capital and paid-in surplus	—	—	—	—	—	—	—	—	—	—		—
Borrowed funds, net of repayments	—	—	—	—	—	—	—	—	(13,000)	—		(13,000)
Dividends to stockholders	—	—	—	—	—	—	—	—	(65,470)	—		(65,470)
Other cash provided (applied)	(27,408)	(3,104)	(6,122)	28,072	14,356	(214,922)	80,177	69,139	(90,533)	—		(150,345)
Net cash provided by (used in) financing and miscellaneous sources	(27,408)	(3,104)	(6,122)	28,072	14,356	(214,922)	80,177	69,139	(169,003)	—		(228,815)
Reconciliation of cash, cash equivalents, and short-term investments												
Net change in cash, cash equiv, and ST investments	(15,981)	93	1,638	2,476	(8,349)	(57,825)	27,265	(4,582)	902,929	—		847,664
Cash, cash equivalents, and short-term investments	15,312	12,505	52,652	2,715	28,532	135,703	(19,779)	41,107	494,836	—		763,583
Beginning of year	\$ (669)	\$ 12,598	\$ 54,290	\$ 5,191	\$ 20,183	\$ 77,878	\$ 7,486	\$ 36,525	\$ 1,397,765	\$ —		\$ 1,611,247
End of year												

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Cash Flows
Year Ended December 31, 2022
(in thousands of dollars)

	HCA	HCT	HIC	HIL	HMW	HNY	HGA	HLTX	HFL	Eliminations	Ref No.	Homesite Consolidated
Cash from operations												
Premiums collected net of reinsurance	\$ 9,958	\$ (60,246)	\$ (3,807)	\$ (430)	\$ 271,910	\$ 32,035	\$ 1,811	\$ (2,617)	\$ 4,281	\$ —		\$ 252,895
Net investment income	21	904	84	51	2,732	353	2,449	80	222	—		6,896
Miscellaneous income (expenses)	(3)	(13)	—	—	12	58	—	—	(7)	—		47
Benefit and loss related payments	2,216	73,480	6,993	1,180	(120,945)	(13,247)	(376)	8,818	3,317	—		(38,564)
Commissions, expenses paid, and aggregate write-ins	677	13,608	452	8	17,150	(6,415)	1,235	312	1,149	—		28,176
Dividends paid to policyholders	—	—	—	—	—	—	—	—	—	—		—
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	(23)	(196)	(35)	(19)	(381)	(530)	204	(84)	10	—		(1,054)
Net cash provided by (used in) operations	12,846	27,537	3,687	790	170,478	12,254	5,323	6,509	8,972	—		248,396
Cash from investments												
Proceeds from investments sold, matured, or repaid												
Bonds	—	32,642	—	300	57,178	21,808	—	2,450	12,399	—		126,777
Stocks	—	—	—	—	—	—	—	—	—	—		—
Mortgage loans	—	—	—	—	—	—	—	—	—	—		—
Real estate	—	—	—	—	—	—	—	—	—	—		—
Other invested assets	—	—	—	—	—	—	—	—	—	—		—
Net gains or (losses) on cash and short-term investments	—	(30)	—	—	(50)	—	—	(2)	(9)	—		(91)
Miscellaneous proceeds	—	—	—	—	—	—	—	—	—	—		—
Total investment proceeds	—	32,612	—	300	57,128	21,808	—	2,448	12,390	—		126,686
Cost of investments acquired (long-term only)												
Bonds	—	37,799	—	—	140,499	23,672	—	2,734	12,191	—		216,895
Stocks	—	—	—	—	—	—	—	—	—	—		—
Mortgage loans	—	—	—	—	—	—	—	—	—	—		—
Capital contribution to unconsolidated affiliates	—	—	—	—	—	—	—	—	—	—		—
Real estate	—	—	—	—	—	—	—	—	—	—		—
Other invested assets	—	—	—	—	—	—	—	—	—	—		—
Miscellaneous applications	—	311	—	—	488	178	—	20	93	—		1,090
Total investments acquired	—	38,110	—	—	140,987	23,850	—	2,754	12,284	—		217,985
Net cash provided by (used in) investments	—	(5,498)	—	300	(83,859)	(2,042)	—	(306)	106	—		(91,299)
Cash from financing and miscellaneous sources												
Capital and paid-in surplus	—	—	—	—	—	—	—	—	—	—		—
Borrowed funds, net of repayments	—	—	—	—	—	—	—	—	—	—		—
Dividends to stockholders	—	—	—	—	—	—	—	—	—	—		—
Other cash provided (applied)	(5,068)	(23,066)	(2,731)	(619)	(173,959)	(11,392)	1,855	(4,269)	4,327	—		(214,922)
Net cash provided by (used in) financing and miscellaneous sources	(5,068)	(23,066)	(2,731)	(619)	(173,959)	(11,392)	1,855	(4,269)	4,327	—		(214,922)
Reconciliation of cash, cash equivalents, and short-term investments												
Net change in cash, cash equivalents, and short-term investments	7,778	(1,027)	956	471	(87,340)	(1,180)	7,178	1,934	13,405	—		(57,825)
Cash, cash equivalents, and short-term investments												
Beginning of year	1,482	12,093	4,397	2,553	91,110	8,834	7,308	6,524	1,402	—		135,703
End of year	\$ 9,260	\$ 11,066	\$ 5,353	\$ 3,024	\$ 3,770	\$ 7,654	\$ 14,486	\$ 8,458	\$ 14,807	\$ —		\$ 77,878

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Cash Flows
Year Ended December 31, 2022
(in thousands of dollars)

	PGAC	PGAC Ohio	GAIC	Eliminations	Ref No.	PGC Consolidated
Cash from operations						
Premiums collected net of reinsurance	\$ (18,330)	\$ (23,868)	\$ 27,840	\$ —		\$ (14,358)
Net investment income	2,673	268	151	—		3,092
Miscellaneous income (expenses)	—	—	—	—		—
Benefit and loss related payments	358	(1,050)	(2,517)	—		(3,209)
Commissions, expenses paid, and aggregate write-ins	2,188	222	1,043	—		3,453
Dividends paid to policyholders	—	—	—	—		—
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	51	665	(16)	—		700
Net cash provided by (used in) operations	(13,060)	(23,763)	26,501	—		(10,322)
Cash from investments						
Proceeds from investments sold, matured, or repaid						
Bonds	4	—	8,593	—		8,597
Stocks	—	—	—	—		—
Mortgage loans	—	—	—	—		—
Real estate	—	—	—	—		—
Other invested assets	—	—	—	—		—
Net gains or (losses) on cash and short-term investments	—	—	(6)	—		(6)
Miscellaneous proceeds	7	2	—	—		9
Total investment proceeds	11	2	8,587	—		8,600
Cost of investments acquired (long-term only)						
Bonds	13,978	161	6,795	—		20,934
Stocks	—	—	—	—		—
Mortgage loans	—	—	—	—		—
Capital contribution to unconsolidated affiliates	—	—	—	—		—
Real estate	—	—	—	—		—
Other invested assets	—	—	—	—		—
Miscellaneous applications	—	—	49	—		49
Total investments acquired	13,978	161	6,844	—		20,983
Net cash provided by (used in) investments	(13,967)	(159)	1,743	—		(12,383)
Cash from financing and miscellaneous sources						
Capital and paid-in surplus	—	—	—	—		—
Borrowed funds, net of repayments	—	—	—	—		—
Dividends to stockholders	—	—	—	—		—
Other cash provided (applied)	16,633	24,066	(26,343)	—		14,356
Net cash provided by (used in) financing and miscellaneous sources	16,633	24,066	(26,343)	—		14,356
Reconciliation of cash, cash equivalents and short-term investments						
Net change in cash, cash equivalents, and short-term investments	(10,394)	144	1,901	—		(8,349)
Cash, cash equivalents, and short-term investments						
Beginning of year	14,512	13,318	702	—		28,532
End of year	\$ 4,118	\$ 13,462	\$ 2,603	\$ —		\$ 20,183

American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property & Casualty Statement of Cash Flows

Year Ended December 31, 2022

(In thousands of dollars)

	NGM	ODIC	MSAIC	MSA PIC	MSAAC	Eliminations	NGM & Subsidiaries	GDM	SVM	AMIC	Eliminations	Ref No.	MSA Consolidated
Cash from operations													
Premiums collected net of reinsurance	\$ 53,737	\$ 7,732	\$ 408	\$ 20,277	\$ 13,506	\$ —	\$ 95,660	\$ 1,931	\$ 431	\$ 561	\$ —		\$ 98,583
Net investment income	17,711	373	667	233	699	—	19,683	260	87	865	—		20,895
Miscellaneous income (expenses)	—	—	—	—	—	—	—	—	—	—	—		—
Benefit and loss related payments	(138,405)	(10,247)	(1,643)	(18,568)	(11,316)	—	(180,179)	(995)	(340)	4,838	—		(176,676)
Commissions, expenses paid, and aggregate write-ins	(7,181)	—	—	—	—	—	(7,181)	1,670	432	6,715	—		1,636
Dividends paid to policyholders	—	—	—	—	—	—	—	—	—	—	—		—
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	24,609	(264)	(1)	(112)	(475)	—	23,757	—	—	—	—		23,757
Net cash provided by (used in) operations	(49,529)	(2,406)	(566)	1,830	2,414	—	(48,260)	2,866	610	12,979	—		(31,805)
Cash from investments													
Proceeds from investments sold, matured, or repaid													
Bonds	66,264	7,384	48,609	17,889	6,371	—	146,517	—	1,260	78,063	—		225,840
Stocks	4	—	—	—	—	—	4	—	—	—	—		4
Mortgage loans	—	—	—	—	—	—	—	—	—	—	—		—
Real estate	—	—	—	—	—	—	—	—	—	—	—		—
Other invested assets	2,328	—	—	—	—	—	2,328	—	—	—	—		2,328
Net gains or (losses) on cash and short-term investments	(46)	—	(33)	—	—	—	(79)	—	—	(31)	—		(110)
Miscellaneous proceeds	—	—	—	—	—	—	—	—	—	—	—		—
Total investment proceeds	68,550	7,384	48,576	17,889	6,371	—	148,770	—	1,260	78,032	—		228,062
Cost of investments acquired (long-term only)													
Bonds	91,276	4,038	49,584	23,197	4,095	—	172,190	—	—	76,553	—		248,743
Stocks	1	—	—	—	—	—	1	—	—	18	—		19
Mortgage loans	—	—	—	—	—	—	—	—	—	—	—		—
Capital contribution to unconsolidated affiliates	—	—	—	—	—	—	—	—	—	—	—		—
Real estate	—	—	—	—	—	—	—	—	—	—	—		—
Other invested assets	332	—	—	—	—	—	332	—	—	—	—		332
Miscellaneous applications	65	—	—	—	10	—	75	—	—	—	—		75
Total investments acquired	91,674	4,038	49,584	23,197	4,105	—	172,598	—	—	76,571	—		249,169
Net cash provided by (used in) investments	(23,124)	3,346	(1,008)	(5,308)	2,266	—	(23,828)	—	1,260	1,461	—		(21,107)
Cash from financing and miscellaneous sources													
Capital and paid-in surplus	—	—	—	—	—	—	—	—	—	—	—		—
Borrowed funds, net of repayments	—	—	—	—	—	—	—	—	—	—	—		—
Dividends to stockholders	—	—	—	—	—	—	—	—	—	—	—		—
Other cash provided (applied)	91,814	(1,264)	1,128	2,535	(4,821)	—	89,392	(1,380)	(371)	(7,464)	—		80,177
Net cash provided by (used in) financing and miscellaneous sources	91,814	(1,264)	1,128	2,535	(4,821)	—	89,392	(1,380)	(371)	(7,464)	—		80,177
Reconciliation of cash, cash equivalents, and short-term investments													
Net change in cash, cash equivalents, and short-term investments	19,161	(324)	(449)	(943)	(141)	—	17,304	1,486	1,499	6,976	—		27,265
Cash, cash equivalents, and short-term investments	(18,677)	386	480	1,347	282	—	(16,182)	1,344	504	(5,445)	—		(19,779)
Beginning of year	\$ 484	\$ 62	\$ 31	\$ 404	\$ 141	\$ —	\$ 1,122	\$ 2,830	\$ 2,003	\$ 1,531	\$ —		\$ 7,486

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Cash Flows
Year Ended December 31, 2022
(in thousands of dollars)

	AFCPCIC	AFCIC	Eliminations	Ref No.	CONNECT Consolidated
Cash from operations					
Premiums collected net of reinsurance	\$ 275,158	\$ —	\$ —		\$ 275,158
Net investment income	12,254	177	—		12,431
Miscellaneous income (expenses)	(55,429)	14	—		(55,415)
Benefit and loss related payments	(286,333)	—	—		(286,333)
Commissions, expenses paid, and aggregate write-ins	(2,971)	—	—		(2,971)
Dividends paid to policyholders	—	—	—		—
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	356	(6)	—		350
Net cash provided by (used in) operations	(56,965)	185	—		(56,780)
Cash from investments					
Proceeds from investments sold, matured, or repaid					
Bonds	615,181	295	—		615,476
Stocks	105,042	—	—		105,042
Mortgage loans	—	—	—		—
Real estate	—	—	—		—
Other invested assets	—	—	—		—
Net gains or (losses) on cash and short-term investments	(52)	—	—		(52)
Miscellaneous proceeds	—	—	—		—
Total investment proceeds	720,171	295	—		720,466
Cost of investments acquired (long-term only)					
Bonds	617,487	863	—		618,350
Stocks	116,900	—	—		116,900
Mortgage loans	—	—	—		—
Capital contribution to unconsolidated affiliates	—	—	—		—
Real estate	—	—	—		—
Other invested assets	—	—	—		—
Miscellaneous applications	2,157	—	—		2,157
Total investments acquired	736,544	863	—		737,407
Net cash provided by (used in) investments	(16,373)	(568)	—		(16,941)
Cash from financing and miscellaneous sources					
Capital and paid-in surplus	—	—	—		—
Borrowed funds, net of repayments	—	—	—		—
Dividends to stockholders	—	—	—		—
Other cash provided (applied)	68,790	349	—		69,139
Net cash provided by (used in) financing and miscellaneous sources	68,790	349	—		69,139
Reconciliation of cash, cash equivalents, and short-term investments					
Net change in cash, cash equivalents, and short-term investments	(4,548)	(34)	—		(4,582)
Cash, cash equivalents, and short-term investments					
Beginning of year	32,716	8,391	—		41,107
End of year	\$ 28,168	\$ 8,357	\$ —		\$ 36,525

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Cash Flows
Year Ended December 31, 2021
(in thousands of dollars)

	ASIC	ASICO	AFIC	MIC	PGC Consolidated	Homesite Consolidated	MSA Consolidated	CONNECT Consolidated	AFMCSI	Eliminations	Ref. No	AFMCSI Consolidated
Cash from operations												
Premiums collected net of reinsurance	\$ 7,581	\$ 938	\$ 14,255	\$ (8,832)	\$ (60,527)	\$ 58,338	\$ 64,464	\$ 11,466	\$ 12,459,488	\$ —		\$ 12,547,171
Net investment income	5,260	15	278	178	3,462	467	939	13,412	754,634	(129,982)	(1)	648,663
Miscellaneous income (expenses)	(6,341)	—	—	—	—	(12)	—	2,289	13,103	—		9,039
Benefit and loss related payments	10,125	2,979	2,230	(1,186)	(10,851)	(8,879)	(31,990)	(16,952)	(7,141,499)	—		(7,196,023)
Commissions, expenses paid, and aggregate write-ins	20	50	5,619	3,260	685	8,129	(4,798)	7,263	(5,046,239)	—		(5,026,011)
Dividends paid to policyholders	—	—	—	—	—	—	—	—	(1,415)	—		(1,415)
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	(1,984)	2	30	84	(2,296)	(2,192)	30,153	20,852	(105,693)	—		(61,044)
Net cash provided by (used in) operations	14,661	3,984	22,412	(6,496)	(69,527)	55,851	58,768	38,330	932,379	(129,982)		920,380
Cash from investments												
Proceeds from investments sold, matured, or repaid												
Bonds	419,518	—	—	36,278	141,135	251,122	149,268	547,407	14,860,131	—		16,404,859
Stocks	—	—	—	—	—	—	60	—	928,418	—		928,478
Mortgage loans	—	—	—	—	—	—	—	—	48,602	—		48,602
Real estate	—	—	—	—	—	—	7,216	—	12,057	—		19,273
Other invested assets	—	—	—	—	—	—	997	—	236,418	—		237,415
Net gains or (losses) on cash and short-term investments	(6)	—	—	—	—	(5)	—	—	(11)	—		(22)
Miscellaneous proceeds	—	—	—	—	2	372	10	5,792	54,741	—		60,917
Total investment proceeds	419,512	—	—	36,278	141,137	251,489	157,551	553,199	16,140,356	—		17,699,522
Cost of investments acquired (long-term only)												
Bonds	388,680	—	50	35,884	137,257	223,637	91,908	574,764	16,591,131	—		18,043,311
Stocks	—	—	—	—	—	—	58	—	485,771	—		485,829
Mortgage loans	—	—	—	—	—	—	—	—	70,750	—		70,750
Capital contribution to unconsolidated affiliates	—	—	—	—	—	—	—	—	552,240	—		552,240
Real estate	—	—	—	—	—	—	—	—	4,900	—		4,900
Other invested assets	—	—	—	—	—	1,000	2,664	—	496,379	—		500,043
Miscellaneous applications	341	—	—	—	115	2,582	—	—	45,700	—		48,738
Total investments acquired	389,021	—	50	35,884	137,372	227,219	94,630	574,764	18,246,871	—		19,705,811
Net cash provided by (used in) investments	30,491	—	(50)	394	3,765	24,270	62,921	(21,565)	(2,106,515)	—		(2,006,289)
Cash from financing and miscellaneous sources												
Capital and paid-in surplus	—	—	—	—	—	—	—	—	998,759	—		998,759
Borrowed funds, net of repayments	—	—	—	—	—	—	846	—	(191,000)	—		(190,154)
Surplus notes	—	—	—	—	—	—	—	—	—	—		—
Dividends to stockholders	—	—	—	—	—	(29,689)	(100,293)	—	(9,754)	129,982	(1)	(9,754)
Other cash provided (applied)	(44,722)	(3,936)	(21,939)	6,098	67,727	22,714	(6,425)	24,136	506,772	—		550,425
Net cash provided by (used in) financing and miscellaneous sources	(44,722)	(3,936)	(21,939)	6,098	67,727	(6,975)	(105,872)	24,136	1,304,777	129,982		1,349,276
Reconciliation of cash, cash equivalents, and short-term investments												
New reporting entity included in the consolidation	—	—	—	—	—	—	—	—	—	—		—
Net change in cash, cash equivalents, and short-term investments	430	48	423	(4)	1,965	73,146	15,817	40,901	130,641	—		263,367
Cash, cash equivalents, and short-term investments	14,882	12,457	52,229	2,719	28,567	62,557	(35,596)	206	364,195	—		500,216
Beginning of year	\$ 15,312	\$ 12,505	\$ 52,652	\$ 2,715	\$ 28,532	\$ 135,703	\$ (19,779)	\$ 41,107	\$ 494,836	\$ —		\$ 763,583

References: (1) Elimination of dividend between consolidated entities.

American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property & Casualty Statement of Cash Flows

Year Ended December 31, 2021

(in thousands of dollars)

	HCA	HCT	HIC	HIL	HMW	HNY	HGA	HLTX	HFL	Eliminations	Ref No.	Homepage Consolidated
Cash from operations												
Premiums collected net of reinsurance	\$ 430	\$ 124,555	\$ 14,892	\$ 1,471	\$ (121,331)	\$ 24,162	\$ 2,261	\$ 9,229	\$ 2,669	\$ —		\$ 53,338
Net investment income	72	(3,517)	67	53	672	263	2,631	66	160	—		467
Miscellaneous income (expenses)	—	(3)	—	—	(10)	2	(1)	—	—	—		(12)
Benefit and loss related payments	2,090	(84,518)	(7,136)	(844)	104,834	(11,633)	282	(6,917)	(5,037)	—		(8,879)
Commissions, expenses paid, and aggregate write-ins	1,037	10,273	476	58	(124)	(7,291)	486	1,132	2,082	—		8,129
Dividends paid to policyholders	—	—	—	—	—	—	—	—	—	—		—
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	(217)	(611)	(255)	(35)	(272)	(426)	(267)	(71)	(38)	—		(2,192)
Net cash provided by (used in) operations	3,412	46,179	8,044	703	(16,231)	5,077	5,392	3,439	(164)	—		55,851
Cash from investments												
Proceeds from investments sold, matured, or repaid												
Bonds	31,459	65,810	2,115	5,051	94,504	31,794	—	3,972	16,417	—		251,122
Stocks	—	—	—	—	—	—	—	—	—	—		—
Mortgage loans	—	—	—	—	—	—	—	—	—	—		—
Real estate	—	—	—	—	—	—	—	—	—	—		—
Other invested assets	—	—	—	—	—	—	—	—	—	—		—
Net gains or (losses) on cash and short-term investments	—	(2)	—	—	(3)	—	—	—	—	—		(5)
Miscellaneous proceeds	—	—	—	—	—	372	—	—	—	—		372
Total investment proceeds	31,459	65,808	2,115	5,051	94,501	32,166	—	3,972	16,417	—		251,489
Cost of investments acquired (long-term only)												
Bonds	7,642	59,745	2,203	75	86,295	30,697	17,554	3,830	15,596	—		223,637
Stocks	—	—	—	—	—	—	—	—	—	—		—
Mortgage loans	—	—	—	—	—	—	—	—	—	—		—
Capital contribution to unconsolidated affiliates	—	—	—	—	—	—	—	—	—	—		—
Real estate	—	—	—	—	—	—	—	—	—	—		—
Other invested assets	—	—	—	—	—	—	1,000	—	—	—		1,000
Miscellaneous applications	545	677	—	76	1,069	—	—	46	169	—		2,582
Total investments acquired	8,187	60,422	2,203	151	87,364	30,697	18,554	3,876	15,765	—		227,219
Net cash provided by (used in) investments	23,272	5,386	(88)	4,900	7,137	1,469	(18,554)	96	652	—		24,270
Cash from financing and miscellaneous sources												
Capital and paid-in surplus	—	—	—	—	—	—	—	—	—	—		—
Borrowed funds, net of repayments	—	—	—	—	—	—	—	—	—	—		—
Dividends to stockholders	(24,689)	—	—	(5,000)	—	—	—	—	—	—		(29,689)
Other cash provided (applied)	(3,670)	(44,882)	(6,273)	(273)	86,024	(1,099)	(6,032)	(62)	(1,019)	—		22,714
Net cash provided by (used in) financing and miscellaneous sources	(28,359)	(44,882)	(6,273)	(5,273)	86,024	(1,099)	(6,032)	(62)	(1,019)	—		(6,975)
Reconciliation of cash, cash equivalents, and short-term investments												
Net change in cash, cash equivalents, and short-term investments	(1,675)	6,883	1,683	330	76,930	5,447	(19,194)	3,473	(531)	—		73,146
Cash, cash equivalents, and short-term investments	3,157	5,410	2,714	2,223	14,180	3,387	26,502	3,051	1,933	—		62,557
Beginning of year	\$ 1,482	\$ 12,093	\$ 4,397	\$ 2,553	\$ 91,110	\$ 8,834	\$ 7,308	\$ 6,524	\$ 1,402	\$ —		\$ 135,703
End of year												

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Cash Flows
Year Ended December 31, 2021
(in thousands of dollars)

	PGAC	PGAC Ohio	GAIC	Eliminations	Ref No.	PGC Consolidated
Cash from operations						
Premiums collected net of reinsurance	\$ (16,305)	\$ (27,420)	\$ (16,802)	\$ —	—	\$ (60,527)
Net investment income	3,195	157	110	—	—	3,462
Miscellaneous income (expenses)	—	—	—	—	—	—
Benefit and loss related payments	(8,384)	(514)	(1,953)	—	—	(10,851)
Commissions, expenses paid, and aggregate write-ins	759	(461)	387	—	—	685
Dividends paid to policyholders	—	—	—	—	—	—
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	(2,001)	(5)	(290)	—	—	(2,296)
Net cash provided by (used in) operations	(22,736)	(28,243)	(18,548)	—	—	(69,527)
Cash from investments						
Proceeds from investments sold, matured, or repaid						
Bonds	131,264	—	9,871	—	—	141,135
Stocks	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—
Real estate	—	—	—	—	—	—
Other invested assets	—	—	—	—	—	—
Net gains or (losses) on cash and short-term investments	—	—	—	—	—	—
Miscellaneous proceeds	—	2	—	—	—	2
Total investment proceeds	131,264	2	9,871	—	—	141,137
Cost of investments acquired (long-term only)						
Bonds	127,511	230	9,516	—	—	137,257
Stocks	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—
Capital contribution to unconsolidated affiliates	—	—	—	—	—	—
Real estate	—	—	—	—	—	—
Other invested assets	—	—	—	—	—	—
Miscellaneous applications	7	2	106	—	—	115
Total investments acquired	127,518	232	9,622	—	—	137,372
Net cash provided by (used in) investments	3,746	(230)	249	—	—	3,765
Cash from financing and miscellaneous sources						
Capital and paid-in surplus	—	—	—	—	—	—
Borrowed funds, net of repayments	—	—	—	—	—	—
Dividends to stockholders	—	—	—	—	—	—
Other cash provided (applied)	26,004	23,080	18,643	—	—	67,727
Net cash provided by (used in) financing and miscellaneous sources	26,004	23,080	18,643	—	—	67,727
Reconciliation of cash, cash equivalents, and short-term investments						
Net change in cash, cash equivalents, and short-term investments	7,014	(5,393)	344	—	—	1,965
Cash, cash equivalents, and short-term investments						
Beginning of year	7,498	18,711	358	—	—	26,567
End of year	\$ 14,512	\$ 13,318	\$ 702	\$ —	—	\$ 28,532

American Family Mutual Insurance Company, S.I. and Consolidated Property & Casualty Subsidiaries

Supplemental Schedule of Consolidation

Consolidated Property & Casualty Statement of Cash Flows

Year Ended December 31, 2021

(in thousands of dollars)

	NGM	ODIC	MSAIC	MSA PIC	MSAAC	Eliminations	NGM & Subsidiaries	GDM	SVM	AMIC	Eliminations	Ref No.	MSA Consolidated
Cash from operations													
Premiums collected net of reinsurance	\$ 61,682	\$ 8	\$ —	\$ —	\$ —	\$ —	\$ 61,690	\$ (186)	\$ (41)	\$ 3,001	\$ —		\$ 64,464
Net investment income	8,521	516	497	361	710	(10,645)	(40)	263	58	658	—	(1)	939
Miscellaneous income (expenses)	—	—	—	—	—	—	—	—	—	—	—		—
Benefit and loss related payments	(19,880)	10	—	—	—	—	(19,870)	(697)	—	(11,423)	—		(31,990)
Commissions, expenses paid, and aggregate write-ins for deductions	(3,365)	—	—	—	—	—	(3,365)	1,500	404	(3,337)	—		(4,798)
Dividends paid to policyholders	—	—	—	—	—	—	—	—	—	—	—		—
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	30,257	(30)	(94)	(3)	22	—	30,152	—	1	—	—		30,153
Net cash provided by (used in) operations	77,215	504	403	358	732	(10,645)	68,567	880	422	(11,101)	—		58,768
Cash from investments													
Proceeds from investments sold, matured, or repaid													
Bonds	105,204	15,863	99	2,090	13,479	—	136,735	3,644	302	8,587	—		149,268
Stocks	15,897	—	—	—	—	(15,837)	60	—	—	—	—	(2)	60
Mortgage loans	9,496	—	—	—	—	—	9,496	—	—	—	(9,496)	(3)	—
Real estate	—	—	—	—	—	—	—	—	—	7,216	—		7,216
Other invested assets	997	—	—	—	—	—	997	—	—	—	—		997
Net gains or (losses) on cash and short-term investments	—	—	—	—	—	—	—	—	—	—	—		—
Miscellaneous proceeds	—	—	—	—	10	—	10	—	—	—	—		10
Total investment proceeds	131,594	15,863	99	2,090	13,489	(15,837)	147,298	3,644	302	15,803	(9,496)		157,551
Cost of investments acquired (long-term only)													
Bonds	63,884	450	—	1,029	3,266	—	68,629	3,190	222	19,867	—		91,908
Stocks	55	—	—	—	—	—	55	—	—	3	—		58
Mortgage loans	—	—	—	—	—	—	—	—	—	—	—		—
Capital contribution to unconsolidated affiliates	—	—	—	—	—	—	—	—	—	—	—		—
Real estate	—	—	—	—	—	—	—	—	—	9,496	(9,496)	(3)	—
Other invested assets	2,664	—	—	—	—	—	2,664	—	—	—	—		2,664
Miscellaneous applications	—	—	—	—	—	—	—	—	—	—	—		—
Total investments acquired	66,603	450	—	1,029	3,266	—	71,348	3,190	222	29,366	(9,496)		94,630
Net cash provided by (used in) investments	64,991	15,413	99	1,061	10,223	(15,837)	75,950	454	80	(13,563)	—		62,921
Cash from financing and miscellaneous sources													
Capital and paid-in surplus	—	(15,837)	—	—	—	15,837	—	—	—	—	—	(2)	—
Borrowed funds	846	—	—	—	—	—	846	—	—	—	—		846
Dividends to stockholders	(100,293)	—	—	—	(10,645)	10,645	(100,293)	—	—	—	—	(1)	(100,293)
Other cash provided (applied)	(22,263)	(142)	(71)	(99)	(269)	—	(22,844)	(188)	(28)	16,635	—		(6,425)
Net cash provided by (used in) financing and miscellaneous sources	(121,710)	(15,979)	(71)	(99)	(10,914)	26,482	(122,291)	(188)	(28)	16,635	—		(105,872)
Reconciliation of cash, cash equivalents, and short-term investments													
Net change in cash, cash equivalents, and short-term investments	20,496	(62)	431	1,320	41	—	22,226	1,146	474	(8,029)	—		15,817
Cash, cash equivalents, and short-term investments													
Beginning of year	(39,173)	448	49	27	241	—	(38,408)	198	30	2,584	—		(35,596)
End of year	\$ (18,677)	\$ 386	\$ 480	\$ 1,347	\$ 282	\$ —	\$ (16,182)	\$ 1,344	\$ 504	\$ (5,445)	\$ —		\$ (19,779)

References:

(1) Elimination of dividend between consolidated entities, (2) Elimination of capital contribution between affiliates, (3) Eliminate mortgage loan activity between affiliates

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries**
Supplemental Schedule of Consolidation
Consolidated Property & Casualty Statement of Cash Flows
Year Ended December 31, 2021
(in thousands of dollars)

	AFPCIC	AFCIC	Eliminations	Ref No.	CONNECT Consolidated
Cash from operations					
Premiums collected net of reinsurance	\$ 11,466	\$ —	\$ —		\$ 11,466
Net investment income	13,249	163	—		13,412
Miscellaneous income (expenses)	2,289	—	—		2,289
Benefit and loss related payments	(16,952)	—	—		(16,952)
Commissions, expenses paid, and aggregate write-ins	7,302	(39)	—		7,263
Dividends paid to policyholders	—	—	—		—
Federal income taxes (paid) recovered, net of tax on capital gains (losses)	20,889	(37)	—		20,852
Net cash provided by (used in) operations	38,243	87	—		38,330
Cash from investments					
Proceeds from investments sold, matured, or repaid					
Bonds	546,816	591	—		547,407
Stocks	—	—	—		—
Mortgage loans	—	—	—		—
Real estate	—	—	—		—
Other invested assets	—	—	—		—
Net gains or (losses) on cash and short-term investments	—	—	—		—
Miscellaneous proceeds	5,792	—	—		5,792
Total investment proceeds	552,608	591	—		553,199
Cost of investments acquired (long-term only)					
Bonds	574,198	566	—		574,764
Stocks	—	—	—		—
Mortgage loans	—	—	—		—
Capital contribution to unconsolidated affiliates	—	—	—		—
Real estate	—	—	—		—
Other invested assets	—	—	—		—
Miscellaneous applications	—	—	—		—
Total investments acquired	574,198	566	—		574,764
Net cash provided by (used in) investments	(21,590)	25	—		(21,565)
Cash from financing and miscellaneous sources					
Capital and paid-in surplus	—	—	—		—
Borrowed funds, net of repayments	—	—	—		—
Dividends to stockholders	—	—	—		—
Other cash provided (applied)	24,145	(9)	—		24,136
Net cash provided by (used in) financing and miscellaneous sources	24,145	(9)	—		24,136
Reconciliation of cash, cash equivalents, and short-term investments					
Net change in cash, cash equivalents, and short-term investments	40,798	103	—		40,901
Cash, cash equivalents, and short-term investments					
Beginning of year	(8,082)	8,288	—		206
End of year	32,716	8,391	\$ —		\$ 41,107

SUPPLEMENTAL INFORMATION



Report of Independent Auditors

To the Board of Directors of American Family Mutual Insurance Company, S.I.

We have audited the consolidated statutory financial statements of American Family Mutual Insurance Company, S.I. and its consolidated property and casualty subsidiaries (the "Company") as of December 31, 2022 and for the year then ended and our report thereon appears on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental summary investment schedule, investment risk interrogatories, and schedule of reinsurance interrogatories (collectively referred to as the "supplemental schedules") of the Company as of December 31, 2022 and for the year then ended are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the consolidated financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 28, 2023

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Supplemental Summary Investment Schedule
December 31, 2022**

Schedule I

(in thousands of dollars)

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
	Amount	Percentage of Column 1 Line 13	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage of Column 5 Line 13
1 Long-term bonds						
1.01 U.S. governments	\$ 1,647,629	6.92 %	\$ 1,647,629	\$ —	\$ 1,647,629	6.93 %
1.02 All other government	—	—	—	—	—	—
1.03 U.S. states, territories and possessions, etc. guaranteed	461,924	1.94	461,924	—	461,924	1.94
1.04 U.S. political subdivisions of states, territories and possessions, guaranteed	373,925	1.57	373,925	—	373,925	1.57
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	4,494,402	18.88	4,494,402	—	4,494,402	18.90
1.06 Industrial and miscellaneous	7,866,769	33.05	7,866,769	—	7,866,769	33.08
1.07 Hybrid securities	—	—	—	—	—	—
1.08 Parent, subsidiaries and affiliates	—	—	—	—	—	—
1.09 SVO identified funds	819,790	3.44	819,790	—	819,790	3.45
1.10 Unaffiliated bank loans	42,570	0.18	42,570	—	42,570	0.18
1.11 Unaffiliated certificates of deposit	—	—	—	—	—	—
2 Preferred stocks						
2.01 Industrial and miscellaneous (Unaffiliated)	—	—	—	—	—	—
2.02 Parent, subsidiaries and affiliates	—	—	—	—	—	—
3 Common stocks						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	1,842,000	7.74	1,842,000	—	1,842,000	7.74
3.02 Industrial and miscellaneous Other (Unaffiliated)	2,073	0.01	2,073	—	2,073	0.01
3.03 Parent, subsidiaries and affiliates Publicly traded	12,846	0.05	12,846	—	12,846	0.05
3.04 Parent, subsidiaries and affiliates Other	933,982	3.92	920,641	—	920,641	3.87
3.05 Mutual funds	41	—	41	—	41	—
3.06 Unit investment trusts	—	—	—	—	—	—
3.07 Closed-end funds	—	—	—	—	—	—
3.08 Exchange traded funds	202,721	0.85	202,721	—	202,721	0.85
4 Mortgage loans						
4.01 Farm mortgages	—	—	—	—	—	—
4.02 Residential mortgages	—	—	—	—	—	—
4.03 Commercial mortgages	254,062	1.08	254,062	—	254,062	1.07
4.04 Mezzanine real estate loans	—	—	—	—	—	—
4.05 Total valuation allowance	—	—	—	—	—	—
5 Real estate						
5.01 Properties occupied by company	152,349	0.64	152,349	—	152,349	0.64
5.02 Properties held for production of income	41	—	41	—	41	—
5.03 Properties held for sale	9,225	0.04	9,225	—	9,225	0.04
6 Cash, cash equivalents and short-term investments						
6.01 Cash	123,906	0.52	123,906	17,000	140,906	0.59
6.02 Cash equivalents	1,316,477	5.53	1,316,477	7,538	1,324,015	5.57
6.03 Short-term investments	170,864	0.72	170,864	—	170,864	0.72
7 Contract loans	—	—	—	—	—	—
8 Derivatives	2,786	0.01	2,786	—	2,786	0.01
9 Other invested assets	2,411,632	10.13	2,404,813	—	2,404,813	10.11
10 Receivables for securities	492,322	2.07	492,322	—	492,322	2.07
11 Securities lending	116,038	0.49	116,038	XXX	XXX	XXX
12 Aggregate write-ins for invested assets	53,286	0.22	53,286	91,500	144,786	0.61
13 Total invested assets	\$23,803,660	100.00 %	\$23,783,500	\$ 116,038	\$23,783,500	100.00 %

See Report of Independent Auditors on Supplementary Financial Information

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Supplemental Investment Risk Interrogatories
December 31, 2022**

Schedule II

(in thousands of dollars)

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 27,734,662

2. Ten largest exposures to a single issuer/borrower/investment.

	1	2	3	4
	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	Federal National Mortgage Association	CMO, MBS, ABS	\$ 1,374,970	4.958 %
2.02	AMFAM Inc.	Affiliate Stock	930,962	3.357
2.03	Federal Home Loan Mortgage Corporation	CMO, MBS	515,062	1.857
2.04	JPMorgan Chase & Co.	BONDS, STOCK	195,891	0.706
2.05	State of California	Municipals	191,004	0.689
2.06	Bank of America Corporation	BONDS, STOCK	185,424	0.669
2.07	New Jersey Economic Development Authority	Municipals	184,895	0.667
2.08	Wells Fargo & Company	BONDS, STOCK	148,995	0.537
2.09	The New York State Urban Development Corporation	Municipals	137,844	0.497
2.10	The Goldman Sachs Group, Inc.	BONDS, STOCK	130,837	0.472

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2	Preferred Stocks	3	4
3.01	NAIC-1	\$ 11,623,840	41.911 %	3.07 P/RP-1	\$ —	— %
3.02	NAIC-2	3,774,316	13.609	3.08 P/RP-2	—	—
3.03	NAIC-3	600,826	2.166	3.09 P/RP-3	—	—
3.04	NAIC-4	32,920	0.119	3.10 P/RP-4	—	—
3.05	NAIC-5	21,258	0.077	3.11 P/RP-5	—	—
3.06	NAIC-6	—	—	3.12 P/RP-6	—	—

4. Assets held in foreign investments:

4.01	Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?	Yes [] No [X]
	If response to 4.01 above is yes, responses are not required for interrogatories 5 -10.	
4.02	Total admitted assets held in foreign investments	\$ 1,444,224 5.207 %
4.03	Foreign currency-denominated investments	—
4.04	Insurance liabilities denominated in that same foreign currency	—

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

	1	2
5.01	Countries designated NAIC-1	\$ 1,411,581 5.090 %
5.02	Countries designated NAIC-2	7,387 0.027
5.03	Countries designated NAIC-3 or below	25,256 0.091

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Supplemental Investment Risk Interrogatories
December 31, 2022**

Schedule II

(in thousands of dollars)

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC-1:		
6.01	Country 1: Cayman Islands	\$ 748,038	2.697 %
6.02	Country 2: United Kingdom	164,558	0.593
	Countries designated NAIC-2:		
6.03	Country 1: Mexico	7,387	0.027
6.04	Country 2:	—	—
	Countries designated NAIC-3 or below:		
6.05	Country 1: Virgin Islands, British	18,985	0.068
6.06	Country 2: Barbados	6,030	0.022

	1	2
7. Aggregate unhedged foreign currency exposure	\$ —	— %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	1	2
8.01 Countries designated NAIC-1	\$ —	— %
8.02 Countries designated NAIC-2	—	—
8.03 Countries designated NAIC-3 or below	—	—

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	1	2
9.01 Country 1:	\$ —	— %
9.02 Country 2:	—	—
9.03 Country 1:	—	—
9.04 Country 2:	—	—
9.05 Country 1:	—	—
9.06 Country 2:	—	—

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1	2	3	4
	Issuer	NAIC Designation	Amount	Percent
10.01	HSBC Holdings plc	1,2	\$ 53,545	0.193 %
10.02	Mitsubishi UFJ Financial Group, Inc.	1	31,852	0.115
10.03	Banco Santander, S.A.	1	31,679	0.114
10.04	Sumitomo Mitsui Financial Group, Inc.	1	29,935	0.108
10.05	Barclays PLC	2	29,694	0.107
10.06	UBS Group AG	1	26,075	0.094
10.07	BNP Paribas SA	1	25,279	0.091
10.08	Vitality Re XIII Limited	2	24,000	0.087
10.09	Ares LXII CLO Ltd.	1	22,000	0.079
10.10	Generate CLO 8 Ltd.	1	20,900	0.075

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Supplemental Investment Risk Interrogatories**

December 31, 2022

Schedule II

(in thousands of dollars)

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01	Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?	Yes ☒ No ☐
	If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.	
	1	2
11.02	Total admitted assets held in Canadian investments	\$ — — %
11.03	Canadian-currency-denominated investments	— —
11.04	Canadian-denominated insurance liabilities	— —
11.05	Unhedged Canadian currency exposure	— —

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01	Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?	Yes ☒ No ☐
	If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.	
	1	2
12.02	Aggregate statement value of investments with contractual sales restrictions	\$ — — %
	Largest three investments with contractual sales restrictions:	
12.03		— —
12.04		— —
12.05		— —

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01	Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets?	Yes ☐ No ☒
	If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.	
	1	2
	Issuer	3
13.02	AMFAM Inc.	\$ 930,962 3.357 %
13.03	IFM Global Infrastructure US GP LLC	124,919 0.450
13.04	J.P. Investment Management, Inc	121,409 0.438
13.05	Apple Inc.	103,332 0.373
13.06	Microsoft Corporation	93,207 0.336
13.07	Partners Group, USA Inc	87,432 0.315
13.08	Crosslink Ventures VII Holdings, LLC	86,026 0.310
13.09	Brookfield Super-Core Infrastructure Partners GP LLC	75,137 0.271
13.10	Hancock Timberland and Farmland Fund LP	70,660 0.255
13.11	Alphabet Inc.	52,257 0.188

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01	Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?	Yes ☒ No ☐
	If response to 14.01 is yes, responses are not required for 14.02 through 14.05.	
	1	2
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	\$ — — %
	Largest three investments held in nonaffiliated, privately placed equities:	
14.03		— —
14.04		— —
14.05		— —

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Supplemental Investment Risk Interrogatories
December 31, 2022**

Schedule II

(in thousands of dollars)

Ten largest fund managers:

	1	2	3	4
	Fund Manager	Total Invested	Diversified	Nondiversified
14.06	Northern Institutional Funds - Treasury Portfolio	\$ 1,133,096	\$ 1,133,096	\$ —
14.07	DBX ETF Trust - Xtrackers Low Beta High Yield Bond ETF	541,020	541,020	—
14.07	iShares Trust - iShares Russell Mid-Cap Growth ETF	202,721	202,721	—
14.08	Vanguard Scottsdale Funds - Vanguard Short-Term Corporate	109,928	109,928	—
14.10	Vanguard Scottsdale Funds - Vanguard Intermediate-Term Corporate Bond ETF	83,478	83,478	—
14.11	Morgan Stanley	47,759	47,759	—
14.12	iShares Trust - iShares 5-10 Year Investment Grade Corporate	37,190	37,190	—
14.13	iShares Trust - iShares 1-5 Year Investment Grade Corporate Bond ETF	33,406	33,406	—
14.14	DBX ETF Trust - Xtrackers USD High Yield Corporate Bond	9,601	9,601	—
14.15	State Street Master Funds - State Street U.S. Government Money Market Portfolio	8,067	8,067	—

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01	Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?	Yes [X] No []	
	If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.		
	<u>1</u>	<u>2</u>	<u>3</u>
15.02	Aggregate statement value of investments held in general partnership interests	\$ —	— %
	Largest three investments in general partnership interests:		
15.03		—	—
15.04		—	—
15.05		—	—

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01	Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets?		Yes [☒] No [☐]
	If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.		
	1	2	3
	Type (Residential, Commercial, Agricultural)		
16.02		\$ —	— %
16.03		—	—
16.04		—	—
16.05		—	—
16.06		—	—
16.07		—	—
16.08		—	—
16.09		—	—
16.10		—	—
16.11		—	—

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	\$ —	— %
16.13	Mortgage loans over 90 days past due	—	—
16.14	Mortgage loans in the process of foreclosure	—	—
16.15	Mortgage loans foreclosed	—	—
16.16	Restructured mortgage loans	—	—

See Report of Independent Auditors on Supplementary Financial Information

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Supplemental Investment Risk Interrogatories**

December 31, 2022

Schedule II

(in thousands of dollars)

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan to Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 Above 95%	\$ —	— %	\$ —	— %	\$ —	— %
17.02 91% to 95%	—	—	—	—	—	—
17.03 81% to 90%	—	—	—	—	—	—
17.04 71% to 80%	—	—	—	—	—	—
17.05 Below 70%	—	—	—	—	—	—

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description		2	3
	1			
18.02			\$ —	— %
18.03			—	—
18.04			—	—
18.05			—	—
18.06			—	—

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	Description		2	3
	1		Amount	Percent
19.02	Aggregate statement value of investments held in mezzanine real estate loans		\$ —	— %
	Largest three investments held in mezzanine real estate loans:			
19.03			—	—
19.04			—	—
19.05			—	—

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

Description	At Year End		At End of Each Quarter		
	1	2	1st Quarter	2nd Quarter	3rd Quarter
			3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	\$ 668,481	2.410 %	\$ 392,155	\$ 591,660	\$ 290,011
20.02 Repurchase agreements	—	—	—	—	—
20.03 Reverse repurchase agreements	—	—	—	—	—
20.04 Dollar repurchase agreements	—	—	—	—	—
20.05 Dollar reverse repurchase agreements	—	—	—	—	—

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Supplemental Investment Risk Interrogatories**

December 31, 2022

Schedule II

(in thousands of dollars)

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

		Owned		Written	
		1	2	3	4
21.01	Hedging	\$ —	— %	\$ —	— %
21.02	Income generation	—	—	—	—
21.03	Other	—	—	—	—

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
22.01	Hedging	\$ —	— %	\$ —	\$ —	\$ —
22.02	Income generation	—	—	—	—	—
22.03	Replications	—	—	—	—	—
22.04	Other	—	—	—	—	—

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
23.01	Hedging	\$ 76,726	0.277 %	\$ 12,860	\$ 13,762	\$ 24,760
23.02	Income generation	—	—	—	—	—
23.03	Replications	—	—	—	—	—
23.04	Other	—	—	—	—	—

**American Family Mutual Insurance Company, S.I. and
Consolidated Property & Casualty Subsidiaries
Supplemental Schedule of Reinsurance Interrogatories
December 31, 2022**

Schedule III

- 1 Disclose any risks reinsured under a quota share reinsurance contract, entered into, renewed, or amended on or after January 1, 1994, with any other entity that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g. a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? No
If yes, indicate the number of reinsurance contracts containing such provisions and if the amount of reinsurance credit taken reflects the reduction in quota share coverage caused by any applicable limiting provision(s).
- 2 Disclose if the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), entered into, renewed or amended on or after January 1, 1994, for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features that would have similar results: No
 - a. A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 - b. A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 - c. Aggregate stop loss reinsurance coverage;
 - d. An unconditional or unilateral right by either party to commute the reinsurance contract, except for such provisions which are only triggered by a decline in the credit status of the other party;
 - e. A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 - f. Payment schedules, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.
- 3 Disclose if the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), entered into, renewed or amended on or after January 1, 1994, excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where: No
 - a. The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 - b. Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.
- 4 If affirmative disclosure is required for items 2 or 3 above, provide the following information for each reinsurance contracts entered into, renewed or amended on or after January 1, 1994: No
 - a. A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting items 2 or 3;
 - b. A brief discussion of management's principal objectives in entering into the reinsurance contract including the economic purposes to be achieved; and
 - c. The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
- 5 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R - Property and Casualty Reinsurance, disclose if the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates), entered into, renewed or amended on or after January 1, 1994, during the period covered by the financial statement, and either: No
 - a. Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 - b. Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?
- 6 If affirmative disclosure is required for item 5 above, explain why the contract(s) is (are) treated differently for GAAP and SAP. No