

August 3, 2016

Office of the Wisconsin Commissioner of Insurance
Bureau of Financial Analysis and Examinations
GEF 3, Second Floor
125 South Webster Street
Madison, Wisconsin 53702

Attn: Kristin L. Forsberg
Insurance Financial Examiner/
Company Licensing Specialist

Re: American Family Mutual Insurance Company
Mutual Holding Company Plan--Updated Response

Dear Ms. Forsberg:

The purpose of letter is to respond to the requests for additional information set forth in your July 14, 2016 letter regarding the American Family Mutual Insurance Company ("AFMIC") Mutual Holding Company Plan (the "Plan") and related documents filed with your office on June 8, 2016 (the "Filing"). For ease of reference, we have included the text of each of the numbered items in your letter, followed by AFMIC's response.

1. Board Deliberations, Analyses and Opinions:

- a) *Please describe the process and the deliberation timeframe undertaken by AFMIC's management and board of directors in developing the mutual holding company plan.*

AFMIC's management, with assistance of outside legal counsel at Foley & Lardner LLP, has been monitoring and analyzing the potential benefits of restructuring to a mutual holding company structure for the past few years. This possibility was introduced to the Nominating and Governance Committee of AFMIC's Board of Directors at a meeting held on August 13, 2012, accompanied by a brief summary describing the mutual holding company restructuring process and certain advantages and disadvantages of the mutual holding company structure. At this meeting the Committee had a lengthy, in-depth discussion and took no formal action on this concept.

In numerous meetings over the ensuing four years, the Nominating and Governance Committee and the full Board considered and confirmed certain benefits of AFMIC's mutuality, but also identified certain limitations imposed by AFMIC's structure as a

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mutual insurance company on AFMIC's ability to adapt quickly in a rapidly changing insurance marketplace, the details of which are articulated in the records of said meetings. These meetings include notably the following meetings at which the restructuring was a formal agenda item:

2012-08-13 Nominating and Governance Committee Meeting
2012-11-12 Nominating and Governance Committee Meeting
2012-11-13 AFMIC Board of Directors Meeting
2015-11-10 AFMIC Board of Directors Meeting
2016-02-09 AFMIC Board of Directors Meeting
2016-05-05 Nominating and Governance Committee Meeting
2016-05-10 AFMIC Board of Directors Meeting
2016-05-23 AFMIC Board of Directors Meeting

In the aforementioned series of meetings, the Board, with the assistance of management and Foley & Lardner LLP, reviewed and evaluated various structural alternatives to AFMIC's current structure as a mutual insurance company, and discussed the potential advantages and disadvantage of such alternatives. In preparation for these meetings, management and Foley & Lardner LLP prepared and presented in-depth written analyses for the Board's review and consideration.

Following its review and analysis of the available structural alternatives, in a Board meeting held on February 9, 2016, the Board determined to focus on the proposed conversion of AFMIC into a stock insurance company owned by a newly organized mutual insurance holding company. At the February 9, 2016 Board meeting, the Board passed formal resolutions, articulating various reasons for the proposed restructuring, and directing Management to take a series of actions to pursue the proposed restructuring, all subject to further Board review and approval.

Following this February 9, 2016 meeting, management, with the assistance of AFMIC's outside legal advisors, prepared and reviewed with the Board the proposed form of Mutual Holding Company Plan, as well as a draft Policyholder Information Booklet relating to the Plan, and certain other related materials. After review and discussion of these materials, at a meeting held on May 23, 2016, the Board passed Adopting Resolutions that were included in the Filing.

- b) *Please provide copies of (or access to) all board minutes from meetings in which the proposed mutual holding company restructuring was discussed, as well as copies of all documentation, opinions, and analyses pertaining to the proposed restructuring.*

AFMIC is prepared to make these materials available for review at the Madison offices of Foley & Lardner LLP at your convenience.

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2. Executive Compensation Plans: In conjunction with the mutual holding company plan, have any executive employment agreements, side agreements, executive compensation plans, or assurances been made or placed under development concerning staff retention, salaries and benefits (including any contemplated compensation in the form of stock or stock options), or severance packages, for the officers or employees of AFMIC? If yes, please discuss.

No such agreements, plans, or assurances have been made or placed under development.

3. Business Plan and Operations of the Converted AFMIC: Please discuss:

- a) Which types of insurance programs and services will the Converted AFMIC prioritize for growth and development (and conversely, which types of insurance programs and services will the Converted AFMIC seek to reduce or terminate)?

Converted AFMIC will continue to offer P&C and commercial insurance for individuals and small businesses through its exclusive agency force. It is not currently planning to reduce or terminate any policy types. American Family is always looking at the potential to underwrite new types of policies or riders, or to offer new services. Conversely, American Family also continually examines its product mix to see if policy types, riders, or services are not valued by its customers and will sometimes make the decision to sell, scale back, modify, or discontinue a product. Newly designed products may be offered through one or more subsidiaries of Converted AFMIC, rather than Converted AFMIC, for regulatory and branding purposes. If and as the volume of our “classic” P&C policies currently underwritten by AFMIC is significantly smaller than current levels, the company may, at some time in the future, make the decision to stop offering such products and commence underwriting a new generation of P&C products out of Converted AFMIC. The review and adjustment of our products and services to meet policyholder needs and market demands is an ongoing process, but AFMIC currently has no plans to materially change the mix of products offered by Converted AFMIC.

- b) Are there any plans for the Converted AFMIC to reduce or terminate services in any region or jurisdiction in which it is currently active?

American Family does not have any plans to reduce or terminate services in any region or jurisdiction in which it currently operates as a result of the restructuring.

- c) What are the Converted AFMIC’s plans for charitable contributions and commitment to community outreach after the conversion in comparison to past practices? Will the Converted AFMIC continue to stress its ‘mutuality’ in its marketing and advertising?

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American Family's long-standing commitment to community investment and charitable giving will remain intact and continue to grow following the conversion. Through the American Family Insurance Dreams Foundation, American Family will cultivate strong partnerships with nonprofit organizations to support and strengthen both families and communities. Distributions from the Dreams Foundation will total nearly \$6 million in 2016 – nearly triple the giving budget from 2015.

Our current advertising and marketing campaign is focused on the importance of our policies and service in inspiring, protecting and restoring consumers' dreams. Our current marketing and advertising materials do not stress 'mutuality,' and there are no plans to do so in the immediate future.

d) *Are there any plans to purchase or sell any books of business over the next 24 months?*

There are no current plans to purchase or sell a book of business over the next 24 months. However, opportunities to buy/sell can and do occur unexpectedly. American Family will pursue these opportunities if and when it is in our policyholders' best interest for us to do so.

4. *Preemptive/Preferential Rights: Please discuss any preemptive or preferential rights that the members of the mutual holding company will have to participate in any future public offerings by subsidiaries of their mutual holding company.*

Wis. Stat. § 644.15 prohibits the initial sale of voting stock by Converted AFMIC or AmFam Holdings, Inc. to third parties, absent the prior approval of the Wisconsin Commissioner of Insurance (the "Wisconsin Commissioner") and the members of AFI MHC. Wis. Stat. § 644.15 provides that no initial public offering of voting stock of Converted AFMIC or AmFam Holdings, Inc. may be conducted unless the members of AFI MHC are "afforded subscription rights in conjunction with the stock offering." AFMIC is not proposing to provide the members of AFI MHC with any preemptive or preferential rights in addition to those mandated by the applicable statutes.

5. *Policy Costs: Please discuss whether the cost of AFMIC's insurance contracts currently in-force are expected to increase as a result of the restructuring, and whether AFMIC has any plans to shield its existing policyholders from any resulting cost increases.*

The cost of AFMIC's insurance contracts currently in-force are not expected to increase as a result of the restructuring. This is affirmed in several places in the Filing, e.g., FAQ #5 and FAQ #6 of the Frequently Asked Questions document and in the Policyholder Information Statement under the heading "SUMMARY—Effects

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of MHC Conversion-*Effect on Contract Rights and Equity Rights of AFMIC Members/Policyholders.*”

For statutory accounting purposes, SSAP 70 prescribes expenses to be allocated between loss adjustment expenses (“LAE”), investment, and underwriting classifications. The underwriting classification is further broken down into acquisition, taxes/licenses/fees, and general, which is defined as all expenses not assignable to other groups. There is no defined concept of “other expenses” that are not allocated to LAE, investment, or underwriting within statutory guidance or the annual statement blanks. AFMIC plans to include expenses related to the mutual holding company restructuring (primarily legal, printing, and postage) in underwriting expenses on the annual statement to be consistent with SSAP 70. From a pricing standpoint, AFMIC will isolate these expenses in a separate cost center, and when analyzing expenses for pricing purposes these expenses will not be included. This practice is not unprecedented, as AFMIC modifies the expense load in the pricing formula from time to time to adjust for the impact of other expenses that are not directly related to LAE, investment, or underwriting, for example, to exclude expenses related to acquisitions of other insurance companies. We feel this method is appropriate as it complies with the requirements of SSAP 70 while not generating premium increases.

6. *Proposed Officers and Directors: The filing indicates that the proposed officers and directors of the Converted American Family Mutual Insurance Company will not mirror the proposed officers and directors of American Family Insurance Mutual Holding Company and AmFam Holdings, Inc. Please explain the rationale for the differences in the proposed officers and directors for the three companies.*

The proposed officers and directors of AFI MHC immediately after the restructuring will mirror the officers and directors of AFMIC immediately prior to the restructuring. This will be a board made up of a majority of outside directors which complies with the requirements made applicable to mutual insurance companies by Wis. Stat. § 611.51. This will be the board of directors whose election is subject to a vote of the members, and which owes a direct fiduciary duty to the members. This board will oversee the management and affairs of the entire enterprise, and the Audit Committee, Finance Committee, and Risk Committee of this board, which are made up wholly (in the case of the Audit Committee) or predominantly of outside directors, will also serve as the Audit Committee, Finance Committee, and Risk Committee for each of the insurance company subsidiaries, including Converted AFMIC. The board of directors of AFI MHC, as the ultimate parent company, maintains ultimate control through its direct and indirect authority to remove and replace directors of its subsidiaries.

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The proposed officers and directors of Converted AFMIC will, as permitted under Wis. Stat. § 611.51(4) for a Wisconsin stock insurance company which is a wholly owned subsidiary of another entity, be made up of management level employees of Converted AFMIC (who are also officers of AFI MHC and officers and directors of other affiliated companies).

Likewise, the proposed officers and directors of AmFam Holdings, Inc. meet the requirements of Wis. Stat. § 180.0803.

The proposed officers and directors of Converted AFMIC and AmFam Holdings, Inc. are consistent with American Family's longstanding corporate governance practices. It is not deemed necessary or appropriate to replicate a full board of outside directors at the level of each wholly owned subsidiary company.

7. *Biographical Affidavit — Jessica J. Stauffacher: The filing indicated that the biographical affidavit for Jessica J. Stauffacher will be submitted under separate cover. Please provide the biographical affidavit for Jessica J. Stauffacher.*

Jessica J. Stauffacher's biographical affidavit was delivered to OCI on June 8, 2016, to the attention of Jacki Karls.

8. *Pro Forma Financial Statements: The pro forma financial statements submitted for American Family Mutual Insurance Company, S.I. for 2016 — 2020 did not include the pro forma balance sheet or cash flow statement.*

- a) *Please provide a pro forma balance sheet and cash flow statement for 2016 — 2020.*

See the proforma Balance Sheet, and Statement of Cash Flows attached hereto as Schedules 8a-1 and 8a-2.

- b) *Please explain the purpose of the \$90 million "distribution to parent" shown in the 2016 projections.*

The \$90M distribution to parent reflects the expected in-kind return of capital distribution of the New Ventures, LLC member interests, currently held by AmFam, Inc. and American Family Life Insurance Company ("AFLIC"), to AmFam Holdings, Inc. These interests have a current estimated fair market value of \$40M and will first be distributed to AFMIC, who in turn will distribute the interests to AmFam Holdings, Inc. In addition, New Ventures, LLC will be further capitalized by a \$50M distribution from AFMIC, with such amount being distributed by AFMIC to AmFam Holdings, and then contributed from AmFam Holdings to New Ventures, LLC. The

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sum of these two items equals the \$90M distribution from AFMIC to AmFam Holdings.

See further discussion in response to Item 9.

c) *In addition, please provide 2016 — 2020 projections for:*

<ul style="list-style-type: none"> • <i>RBC</i> 	See Schedule 8c-1 attached.
<ul style="list-style-type: none"> • <i>Compulsory/Security Surplus (and Excess balances)</i> 	See Schedule 8c-2 attached.
<ul style="list-style-type: none"> • <i>Premium Writings (Direct, Assumed, Ceded, and Net) for each insurance entity</i> 	See Schedule 8c-3 attached. Please note that American Family does not forecast at the individual insurance entity level.
<ul style="list-style-type: none"> • <i>Loss Ratio (e.g., Loss & Loss Adjustment Expenses/Direct Premiums Earned)</i> 	See Schedule 8c-4 attached. Note that for purposes of compiling pro forma statements, loss adjustment expenses are included with underwriting expenses in the expense ratio.
<ul style="list-style-type: none"> • <i>Underwriting Expense Ratio (e.g., Underwriting Expenses/Direct Premiums Written)</i> 	See Schedule 8c-4 attached. Note that for purposes of compiling pro forma statements, loss adjustment expenses are included with underwriting expenses in the expense ratio.
<ul style="list-style-type: none"> • <i>Combined Ratio</i> 	See Schedule 8c-4 attached.
<ul style="list-style-type: none"> • <i>Assumptions — how the projections for AMFIC under the mutual holding company will differ from the current projections, and the underlying rationale</i> 	AFMIC’s projections under the MHC structure are materially the same as under the current structure. With the exception of the transfer of LLC member interests of New Ventures, LLC and provision of funds for investment by New Ventures, LLC into portfolio companies reflected in the Plan and further addressed in question 8b above, any assumptions used to create financial forecasts for the new structure are identical to those of the current structure.

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<ul style="list-style-type: none"> • <i>Expected stockholder dividends to be paid by each of the insurance entities</i> 	<p>No stockholder dividends are expected to be paid by any insurance entity, except for the transfer of LLC member interests of New Ventures, LLC and provision of funds for investment by New Ventures, LLC into portfolio companies reflected in the Plan and further addressed in question 8b above.</p>
<ul style="list-style-type: none"> • <i>The estimated number of AFMIC policies that are expected to be renewed in AFIC (or any other insurance subsidiary) over the next 5 years</i> 	<p>Customers have the choice of maintaining their AFMIC auto and homeowners policies or to non-renew or cancel in AFMIC and write a new policy in AFIC. We will prepare and submit an estimate of the rate at which AFMIC policyholders have elected to transfer their coverage to AFIC since the introduction of the new “Advance” products in 2014.</p>

9. Transfer of Subsidiary — New Ventures, LLC: According to the filing, on the effective date:
 (a) *AmFam, Inc. and American Family Life Insurance Company will transfer 100% of the limited liability membership interests of New Ventures, LLC to AmFam Holdings, Inc., and*
 (b) *AmFam, Inc. and American Family Life Insurance Company shall assign to AmFam Holdings, Inc. and AmFam Holdings, Inc. shall assume all of AmFam, Inc.’s and American Family Life Insurance Company’s rights and obligations under the Operating Agreement of New Ventures, LLC, and any related agreements or undertakings. Please provide the following information:*

a) *Please explain the rationale for the proposed transfer of New Ventures, LLC to AmFam Holdings, Inc.*

New Ventures, LLC was created in 2010 to support American Family’s “corporate venture capital” investments in, or acquisitions of, non-insurance businesses; in particular, companies that can provide important customer benefits, such as developing technologies or programs that can help prevent accidents and save lives. By moving ownership of New Ventures, LLC “upstream” from AFMIC, S.I., the enterprise will be able to continue to grow this portion of its business without putting the surplus of any insurance company at risk in such investments.

b) *Please provide the current fair market value of New Ventures, LLC, and discuss whether any consideration will be paid to American Family Life Insurance Company*

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and AmFam, Inc. as a result of the transfer (or explain the rationale as to why no consideration will be paid).

The current fair market value of New Ventures, LLC is approximately \$40M. As AmFam, Inc. and AFLIC plan to distribute these interests to AmFam Holdings as a return of capital, no consideration will be paid to AmFam, Inc. or AFLIC.

10. *Distribution of \$50M from AFMIC to New Ventures, LLC: The filing states that converted AFMIC will make a distribution to New Ventures, LLC in the amount of \$50 million. Please explain the rationale for this distribution.*

The \$50 million distribution from Converted AFMIC to New Ventures, LLC represents a capital contribution to fund further investments and/or acquisitions as described in 9(a) above. This is being made pursuant to an investment authorization that was approved by AFMIC's Board of Directors on August 11, 2015.

11. *Private Letter Ruling or Tax Opinion: The filing states that the Plan shall not become effective, and the restructuring shall not be consummated, until AFMIC receives a private letter ruling issued by the IRS, or an opinion of Foley & Lardner LLP or other independent tax counsel to AFMIC, in either case or in combination, substantially to the effect that: (a) Neither the members nor the newly admitted members will recognize taxable gain or loss in connection with the restructuring, and (b) Neither AFI MHC, AmFam Holdings, Inc., nor AFMIC will recognize taxable gain or loss in connection with the restructuring. Please provide a copy of this Private Letter Ruling (or Tax Opinion) (when available).*

We will provide a copy of the Private Letter Ruling and Tax Opinion when available.

12. *Securities Law Opinion: The filing states that the Plan shall not become effective, and the restructuring shall not be consummated, until AFMIC receives a "no action" letter from the SEC, or an opinion from Foley & Lardner LLP or other independent legal counsel in form and substance satisfactory to the duly authorized officers of AFMIC with respect to federal and state securities law matters. Please provide a copy of this Securities Law Opinion (when available).*

We will provide a copy of the SEC No-Action Letter or securities law opinion when available.

13. *Other Regulatory Approvals: The filing states that the Plan shall not become effective, and the restructuring shall not be consummated, until AFMIC has received all other regulatory approvals that the duly authorized officers of AFMIC deem to be necessary or appropriate. Please discuss the 'other regulatory approvals' deemed necessary or appropriate by AFMIC, and provide a copy of the other regulatory approval letters (when available).*

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We believe that either a Form A filing or official exemption therefrom is required in the state of domicile of each of AFMIC's downstream subsidiaries. Those states are: California, Connecticut, Georgia, Illinois, Kansas, New York, North Dakota, Ohio, and Texas. We are in the process of requesting an official exemption from the insurance regulator in each of these states, and are optimistic we will receive an exemption in each relevant state. We will provide copies of regulatory approvals and/or exemptions as we receive them.

14. *Newly Admitted Members: According to the Plan, American Family Insurance Company ("AFIC") and American Standard Insurance Company of Ohio ("ASICO") policyholders will be granted membership interests in American Family Mutual Holding Company, but American Standard Insurance Company of Wisconsin ("ASICW") and American Family Life Insurance Company ("AFLIC") policyholders will not be granted membership interests. Please explain the rationale as to why AFIC and ASICO policyholders will be granted membership interests, but not ASICW and AFLIC policyholders.*

AFIC and ASICO offer similar types of policies (P&C and commercial small business) to those offered by AFMIC. These policies would likely be issued by AFMIC (and the owners of these policies would therefore be mutual company members), but for AFMIC's decision to continue offering its "Classic" P&C products after introducing the "Advance" products to the market, so that customers would have an ongoing choice between the two product designs. In light of regulatory restrictions, AFMIC determined that the new products should be issued by a company or companies other than AFMIC.

In contrast to AFIC and ASICO, ASICW is primarily engaged in the business of assumed reinsurance, and AFLIC is a life insurance company, which are both outside the scope of business which American Family has historically conducted in the mutual company model. We are unaware of any situation in which members of a mutual holding company are comprised of a combination of life company policyholders and P&C company policyholders, and we believe this could give rise to anomalous results due to differing provisions of Wisconsin law with respect to the treatment of MHC members who are life company policyholders versus P&C company policyholders.

15. *Policyholder Communications: Please discuss:*

- a) *Does the Applicant plan to post information pertaining to the planned reorganization to the company's website? If yes, please discuss when this website is expected to be available, and provide a link to the website.*

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As a first step, a news release and frequently asked questions (FAQ) document on the proposed Plan were posted to American Family's online newsroom and distributed to the State's largest newspapers, the Milwaukee Journal Sentinel and Wisconsin State Journal, on June 16, 2016. The news release and FAQ can be viewed at <http://newsroom.amfam.com/seeking-flexibility-to-meet-future-customer-needs-american-family-insurance-files-plan-to-change-corporate-structure/>.

AFMIC is working with our proxy solicitation firm, AST Fund Solutions, LLC, to establish a website dedicated to providing information on the proposed restructuring. The website will also contain a toll-free number and email address for members' questions. Staff will be dedicated to managing the website and addressing policyholder inquiries in a timely manner. The website will become active at the same time the Policyholder Information Booklet is mailed to members, which will be in accordance with a schedule to be discussed and agreed upon with OCI. We will provide OCI with a link to this site as soon as it becomes available.

- b) *Does the Applicant plan to set-up a toll-free number, or email address where policyholders may ask questions concerning the planned reorganization? If yes, please discuss when this toll-free number is expected to be available, and provide the toll-free number.*

A toll-free number (844-505-6134) and email address (aplanforthefuture@amfam.com) are currently available to answer any policyholder questions and will continue to be available throughout the process. This information was included in the news release that was posted on our online newsroom on June 16, 2016.

16. *Procedural Matters — Proxy Forms and Ballots: Please discuss whether the Applicant has retained the services of a nationally significant tabulation agent to assist in the receipt, custody, safeguarding, verification and tabulation of proxy forms and ballots, and an independent public accounting firm to test and verify the process with respect to the mutual holding company plan.*

AFMIC has retained the services of AFT Fund Solutions, LLC to act as the proxy solicitation firm that will receive, safeguard, verify, and tabulate the proxy forms and ballots. AFMIC is currently seeking proposals for an independent public accounting firm to test and verify the proxy voting process.

17. *Holding Company Organizational Chart — Post-Restructuring: Please provide an organizational chart that outlines the corporate structure of the holding company system after the proposed mutual holding company restructuring.*

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See Schedule 17a and 17b attached for “before” and “after” organizational charts. These are also included at pp 5-6 of the Policyholder Information Statement that was included in the Filing.

18. *Group Policies: Please provide the number of group policies in American Family Mutual Insurance Company that would have rights in surplus in the mutual holding company.*

AFMIC does not have any in-force group policies.

19. *Electronic Filing: Please provide an electronic copy of the complete filing on a flash drive for posting to OCI's public website. [Note: If there are portions of the filing for which confidential treatment is being requested, please provide an electronic file with the complete public (redacted) version of the filing for posting to OCI's public website, and a separate electronic file with the confidential portions of the filing, along with a cover letter identifying the portions of the filing for which confidentiality is being requested, the legal basis for the request for confidentiality, and the name and contact information of the Applicant's attorney (in the event there is a Freedom of Information Act request for the confidentially-designated materials).]*

We will provide the requested electronic copy of the complete filing. We do not currently anticipate that confidentiality will be requested with respect to any portion of such materials.

We would be pleased to discuss AFMIC's responses with you after you have had an opportunity to review them. AFMIC would also be pleased, if you believe it would be beneficial to a resolution of the open issues, to meet with you in your offices if you so request.

Thank you in advance for your review and consideration of AFMIC's responses.

Respectfully submitted,



Anne E. Ross

Enclosures

cc: Mark V. Afable
Scott J. Seymour
Noreen J. Parrett

Schedule 8a-1

American Family Mutual Insurance Company, S.I
 Pro Forma Consolidated Property and Casualty Statutory Balance Sheet

<i>(\$ Millions)</i>	2016	2017	2018	2019	2020
Bonds	8,520	9,002	9,488	10,045	10,640
Stocks	3,724	3,984	4,264	4,574	4,912
Cash, equivalents, & short-term investments	617	649	681	718	758
Other invested assets	<u>1,323</u>	<u>1,387</u>	<u>1,452</u>	<u>1,526</u>	<u>1,605</u>
Subtotal, cash and invested assets	14,184	15,022	15,885	16,863	17,915
Premiums receivable	1,377	1,484	1,582	1,688	1,791
Other assets	<u>654</u>	<u>661</u>	<u>668</u>	<u>674</u>	<u>681</u>
Total admitted assets	<u>16,215</u>	<u>17,167</u>	<u>18,135</u>	<u>19,225</u>	<u>20,387</u>
Loss reserves	3,119	3,362	3,585	3,824	4,058
Loss adjustment expense reserves	712	768	819	874	927
Other expenses	1,007	1,017	1,027	1,037	1,047
Borrowed money	502	502	502	502	502
Unearned premiums	3,084	3,368	3,631	3,915	4,197
Other liabilities	<u>1,037</u>	<u>987</u>	<u>941</u>	<u>918</u>	<u>910</u>
Total liabilities	9,461	10,004	10,505	11,070	11,641
Policyholder surplus	<u>6,754</u>	<u>7,163</u>	<u>7,630</u>	<u>8,155</u>	<u>8,746</u>
Total liabilities and policyholder surplus	<u>16,215</u>	<u>17,167</u>	<u>18,135</u>	<u>19,225</u>	<u>20,387</u>

Schedule 8a-2

American Family Mutual Insurance Company, S.I.
 Pro Forma Consolidated Property and Casualty Statutory Statement of Cash Flows

<i>(\$ Millions)</i>	2016	2017	2018	2019	2020
Cash from Operations					
Premiums collected, net of reinsurance	7,263	7,836	8,352	8,914	9,466
Net investment income	289	308	326	343	360
Miscellaneous income	38	39	40	41	42
Subtotal	<u>7,590</u>	<u>8,183</u>	<u>8,718</u>	<u>9,298</u>	<u>9,868</u>
Loss related payments	3,921	4,221	4,564	4,854	5,174
Commissions & expenses paid	2,821	2,972	3,140	3,318	3,499
Dividends paid to policyholders	2	2	2	2	2
Other cash received (paid) from operations	261	372	392	410	429
Subtotal	<u>7,005</u>	<u>7,567</u>	<u>8,098</u>	<u>8,584</u>	<u>9,104</u>
Net cash from operations	<u>585</u>	<u>616</u>	<u>620</u>	<u>714</u>	<u>764</u>
Cash from Investments					
Proceeds from investments sold					
Bonds	6,495	6,690	6,891	7,098	7,311
Stocks	861	887	914	941	969
Other invested assets	150	155	160	165	170
Total investment proceeds	<u>7,506</u>	<u>7,732</u>	<u>7,965</u>	<u>8,204</u>	<u>8,450</u>
Cost of investments acquired					
Bonds	6,886	7,172	7,377	7,655	7,906
Stocks	913	952	979	1,016	1,049
Other invested assets	202	219	225	239	249
Total investments acquired	<u>8,001</u>	<u>8,343</u>	<u>8,581</u>	<u>8,910</u>	<u>9,204</u>
Net cash from investments	<u>(495)</u>	<u>(611)</u>	<u>(616)</u>	<u>(706)</u>	<u>(754)</u>
Cash from Financing & Miscellaneous Sources					
Cash provided (applied):					
Dividends to stockholders	(90)				
Other cash provided (applied)	26	27	28	29	30
Net cash from financing and miscellaneous sources	<u>(64)</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>
Net change in cash, cash equivalents, and short-term investments	<u>26</u>	<u>32</u>	<u>32</u>	<u>37</u>	<u>40</u>
Cash, cash equivalents, and short-term investments:					
Beginning of year	591	617	649	681	718
End of year	<u>617</u>	<u>649</u>	<u>681</u>	<u>718</u>	<u>758</u>

Redacted--Confidential Trade Secret Information

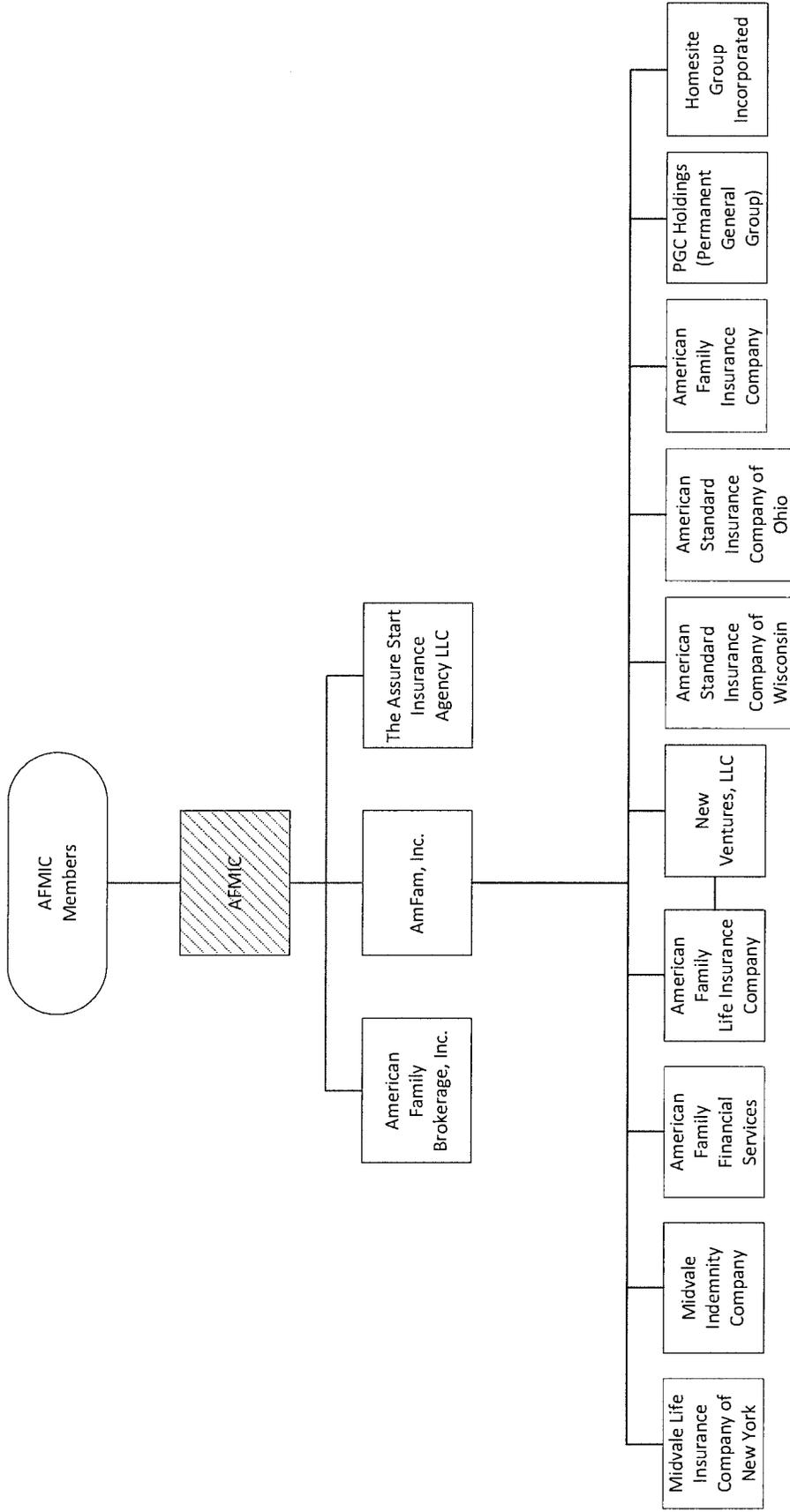
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Schedule 17a

Before the MHC Conversion



Schedule 17b

After the MHC Conversion

