

American Family Mutual Insurance Company S.I.

GAAP Highlights
(\$000s Omitted)

INCOME STATEMENT				BALANCE SHEET		
Three Months Ended March 31,				March 31,	December 31,	
	2018	2017	Change	2018	2017	Change
P&C Premiums Written, Net	\$ 2,079,846	\$ 1,660,645	25.2%			
P&C Premiums Written, Net (AmFam brand)	1,530,873	1,395,592	9.7%			
P&C Premiums Written, Direct	1,123,923	1,183,271	(5.0%)			
P&C Premiums Earned	2,107,894	1,830,514	15.2%			
P&C Losses Incurred	1,159,172	1,075,353	7.8%			
P&C Loss Adj. Expense Incurred	214,425	202,014	6.1%			
Underwriting Expense Incurred	628,542	569,650	10.3%			
Underwriting Gain (Loss)	105,755	(16,503)				
Net Investment Income	76,202	66,551	14.5%			
Fair Value Adjustments on Investments & Debt	22,865	1,831	1148.8%			
Other Revenue	28,948	11,980	141.6%			
Other Expense	19,766	17,571	12.5%			
Gain (Loss) From Operations	214,004	46,288	362.3%			
Realized Capital Gains (Losses)	108,077	162,630	(33.5%)			
Income (Loss) Before Taxes	322,081	208,918	54.2%			
Income Tax Expense (Benefit)	67,979	70,548	(3.6%)			
Net Income (Loss) Before Income from Affiliates	254,102	138,370	83.6%			
Net Income of Affiliates	14,399	21,039	(31.6%)			
Net Income (Loss)	268,501	159,409	68.4%			
Other Comprehensive Income (Loss)						
Change in Unrealized Gains (Losses)						
Bonds	(109,304)	48,475				
Stocks	(154,125)	(58,259)				
Tax Impact of Unrealized Gains	58,952	3,609				
Change in Post Retirement Benefit Obligations	62,154	8,863				
Other Comprehensive Income (Loss) of Affiliates	(88,273)	11,952				
Other Comprehensive Income (Loss)	(230,596)	14,640				
Comprehensive Income (Loss)	\$ 37,905	\$ 174,049				

STATEMENT OF EQUITY				BALANCE SHEET		
Three Months Ended March 31,				March 31,	March 31,	
	2018	2017		2018	2017	Change
Beginning Equity Balance	\$ 7,798,208	\$ 7,749,206				
Comprehensive Income (Loss)	37,905	174,049				
Distribution to AFI MHC	(12,202)	(105,147)				
Ending Equity	\$ 7,823,911	\$ 7,818,108				

ASSETS			
	March 31, 2018	December 31, 2017	Change
Bonds	\$ 8,498,662	\$ 8,500,511	(0.0%)
Stocks, Unaffiliated	2,181,013	2,417,229	(9.8%)
Stocks, Affiliated	2,820,698	2,883,337	(2.2%)
Real Estate	258,058	259,602	(0.6%)
Mortgages	66,044	49,931	32.3%
Other Invested Assets	1,016,030	999,075	1.7%
Short Term Investments	181,214	129,814	39.6%
Cash and Cash Equivalents	310,656	315,328	(1.5%)
Premiums Receivable	1,996,975	1,886,578	5.9%
Investment Income Receivable	84,557	88,065	(4.0%)
Reinsurance Recoverable	440,424	430,829	2.2%
Prepaid Reinsurance Premium	233,809	163,715	42.8%
Deferred Policy Acquisition Costs	447,742	453,788	(1.3%)
Furniture & Equipment	64,497	65,122	(1.0%)
Computer Software and Equipment	391,934	382,216	2.5%
Income Tax Receivable	96,580	154,145	(37.3%)
Other Assets	553,424	145,329	280.8%
Total Assets	<u>19,642,317</u>	<u>19,324,614</u>	<u>1.6%</u>

LIABILITIES			
	March 31, 2018	December 31, 2017	Change
P&C Loss Reserves	3,806,715	3,899,680	(2.4%)
LAE Reserve	811,591	842,968	(3.7%)
Unearned Premium Reserve	3,690,983	3,648,936	1.2%
Contract Termination Payments	736,964	762,347	(3.3%)
Employee Post Retirement Liabilities	300,598	336,491	(10.7%)
Ceded Premiums Payable	142,569	72,276	97.3%
Other Accrued Expenses	235,935	349,956	(32.6%)
Short-Term Notes Payable	130,000	130,000	0.0%
Long-Term Debt	627,575	647,566	(3.1%)
Other Liabilities	1,335,476	836,186	59.7%
Total Liabilities	<u>11,818,406</u>	<u>11,526,406</u>	<u>2.5%</u>

EQUITY			
	March 31, 2018	December 31, 2017	Change
Stock & Paid in Capital ⁽¹⁾	3,000	3,000	0.0%
Accum. Other Comprehensive Inc.	342,435	573,031	(40.2%)
Retained Earnings ⁽¹⁾	7,478,476	7,222,177	3.5%
Total Equity	<u>7,823,911</u>	<u>7,798,208</u>	<u>0.3%</u>
Total Liabilities & Equity	<u>\$ 19,642,317</u>	<u>\$ 19,324,614</u>	<u>1.6%</u>

PERSONNEL			
	March 31, 2018	March 31, 2017	Change
P&C Policies in Force - AmFam Brand	7,657,612	7,617,024	0.5%
AFMIC/ASIC Policy Retention Rate	n/a	87.16	
Full-Time Agents	2,603	2,748	(5.3%)
Part-Time Agents ⁽²⁾	-	-	-
Agency Sales Managers/Assistants	86	172	(50.0%)
Full-Time Equivalent Employees	8,715	8,467	2.9%
Total Personnel	<u>11,404</u>	<u>11,387</u>	<u>0.2%</u>

⁽¹⁾ As part of American Family's conversion to a mutual holding company, \$3,000 of Retained Earnings was reclassified to Stock in order to convert American Family Mutual Insurance Company to a stockholding enterprise.

⁽²⁾ In 2017, AFMICS entered into a 100% quota share reinsurance agreement with PGC, under which 100% of the in-force, new, and renewal direct and assumed business in respect of all losses (whenever occurring) and net of all third-party reinsurance would be reinsured from PGC to AFMICS. The agreement had an effective date of January 1, 2017 and as such the December 31, 2017 and March 31, 2018 Balance Sheets and March 31, 2018 Income Statement and Statement of Equity reflect the results of this agreement. The March 31, 2017 Income Statement and Statement of Equity were not retroactively recast to reflect the effects of this agreement and therefore P&C Losses Incurred, P&C Loss Adjustment Expense Incurred, Underwriting Expense Incurred, and related components are not comparable between 2017 and 2018 on these two statements.