Report of the Examination of

IDS Property Casualty Insurance Company

De Pere, Wisconsin

As of December 31, 2018

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Tony Evers, *Governor*
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September 25, 2019

Nathan Houdek
Deputy Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Deputy Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

IDS PROPERTY CASUALTY INSURANCE COMPANY
De Pere, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of IDS Property Casualty Insurance Company (IDSPC or the company) was conducted in 2014 as of December 31, 2013. The current examination covered the intervening period ending December 31, 2018, and included a review of such 2019 transactions as deemed necessary to complete the examination.

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC*) Financial Condition Examiners Handbook*. This approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the “Financial Data” section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

Independent Actuary's Review

An independent actuarial firm was engaged under a contract with the Office of the Commissioner of Insurance. The actuary reviewed the adequacy of the company’s loss and loss adjustment expense reserves. The actuary’s results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary’s conclusion.

II. HISTORY AND PLAN OF OPERATION

The company was organized in 1972 as Wisconsin No-Fault Insurance Company, Inc. Effective October 1979, Wisconsin Employers Group, Inc. (WEG) acquired ownership of the company's common capital stock, and the company's corporate name was changed to Wisconsin Employers Casualty Company (WECC). Effective with the 1982 acquisition of WEG by Fireman's Fund Insurance Company, WECC became a subsidiary of Fireman's Fund Employers Insurance Company.

The company was acquired by IDS Reinsurance Company (IDS Re), a subsidiary of the American Express Company, on December 31, 1986, and was merged with IDS Re in May 1987. WECC was the surviving entity of the 1987 merger. Subsequent to the merger, the name of the company was changed to IDS Property Casualty Insurance Company. The name of the immediate parent was changed from IDS Financial Corporation to American Express Financial Corporation (AEFC) in 1995.

In 2002, American Express Company (AXP) contributed all of the outstanding shares of AMEX Assurance Company (an Illinois-domiciled company) to AEFC, which in turn contributed the shares to the company. In December 2002, the Illinois director approved the transaction and AMEX Assurance Company (AAC) became the wholly owned subsidiary of IDSPC.

On September 30, 2005, AXP executed a tax-free spin-off of the common stock of AEFC through a special dividend to AXP common shareholders. As a result of the spin-off, AEFC became Ameriprise Financial, Inc. (AMPF), a publicly traded company. As of September 30, 2005, the company became a wholly owned subsidiary of AMPF. As part of the spin-off, the company and its parent entered into a share purchase agreement to sell AMEX Assurance Company back to AXP for a fixed price of $115 million, which occurred on September 30, 2007.

Ameriprise Insurance Company (AIC) was organized and incorporated on October 14, 2005. The company was capitalized on January 17, 2006, at $45.7 million. AIC is a wholly owned subsidiary of IDSPC and is the subject of a contemporaneous examination report.

On April 12, 2019, American Family Insurance Mutual Holding Company (AFIMHC) and AmFam, Inc., filed a request for approval of the acquisition of control of IDSPC and AIC [Referred together as Ameriprise Home & Auto (AAH)] by indirectly acquiring 100% of the issued and outstanding capital stock of IDSPC. The acquisition was approved by the Wisconsin Office of the Commissioner of Insurance (OCI) on August 20, 2019. IDSPC and AIC became indirect wholly owned subsidiaries of AFIMHC effective October 1, 2019.

In 2018, the company wrote direct premium in the following states:

California	$ 422,163,874	39.13%
Washington	84,183,640	7.80
Texas	69,749,139	6.46
Michigan	57,680,025	5.35
Arizona	36,825,120	3.41
All others	408,345,850	37.85
Total	$1,078,947,648	100.00%

The company is licensed in all 50 states and the District of Columbia. The major products marketed by the company include personal auto, homeowner's, and umbrella insurance products and are marketed through non-related affinity partnerships, the largest of which is Costco Wholesale Corporation. The sale of products to Costco members represents approximately 70% of earned premiums and 93% of new policy sales. The company also markets personal lines products to its affiliated company clients at Ameriprise Financial Advisors and on the internet.

The following table is a summary of the net insurance premiums written by the company in 2018. The growth of the company is discussed in the "Financial Data" section of this report.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Homeowners multiple peril	$ 280,306,262	$ 513,729	$41,356,881	$ 239,463,110
Other liability – occurrence	9,138,913		8,225,022	913,891
Private passenger auto liability	458,326,654	22,013,002	2,126,734	478,212,922
Auto physical damage	331,175,814	11,257,841	2,960,458	339,473,197
Total All Lines	$1,078,947,643	$33,784,572	$54,669,095	$1,058,063,120

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of seven members. Directors are elected annually to serve a one-year term. Officers are elected at the board's annual meeting. Members of the company's board of directors may also be members of other boards of directors in the holding company group. The board members do not receive compensation for serving on the board.

Currently the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Thomas Botsford** Suamico, Wisconsin	Senior Vice President – Operations IDSPC	2019
James Brefeld Jr. Wayzata, Minnesota	Senior Vice President and Treasurer Ameriprise Financial, Inc.	2019
Thomas Ealy Chicago, Illinois	President and Chief Executive Officer IDSPC	2019
Christopher Malone* North Grafton, Massachusetts	Senior Vice President and Lead Financial Officer IDSPC	2019
Brian McGrane Bloomington, Minnesota	Senior Vice President and Lead Financial Officer of Asset Management, Insurance & Annuities; Ameriprise Financial, Inc.	2019
Joseph Sweeney New Canaan, Connecticut	President of Financial Planning, Products & Services Ameriprise Financial, Inc.	2019
Richard Yocius Libertyville, Illinois	Senior Vice President and Chief Actuary IDSPC	2019

* Resigned on March 11, 2019
**Retired on September 27, 2019.

Officers of the Company

The officers serving at the time of this examination are as follows:

Name	Office	2018 Compensation
Thomas Ealy	President and Chief Executive Officer	$949,229
Thomas Moore*	Secretary	0
James Brefeld Jr*	Treasurer	0
Thomas Botsford**	VP Operations	800,649
Jennifer Drevs	Vice President – Product Management	416,619
Jon Gingrich	Vice President – Sales Auto & Home	444,580
Timothy Johnston	Vice President – Policyholder Services	272,907

Name	Office	2018 Compensation
Lisa Jossart	Vice President – Marketing	404,876
Carol Kammin	Vice President – Customer Service	363,896
Christopher Malone**	Vice President – Finance	600,463
Jason Manns**	Vice President – Claims	564,079
Christine Pasqualucci	Vice President Business Program Management	290,264
John Whalin	Vice President – Product Management AAH	354,045
Richard Yocius	Vice President – Chief Actuary	356,482

* Mr. Moore and Mr. Brefeld are officers of Ameriprise Financial, Inc. No compensation is allocated to them for work performed for IDSPC.

** Mr. Malone left the company in March 2019. Gerald Dias was named as his replacement. Mr. Manns left the Company in September 2018. Eric Spencer was hired as his replacement. Mr. Botsford retired on September 27, 2019.

Committees of the Board

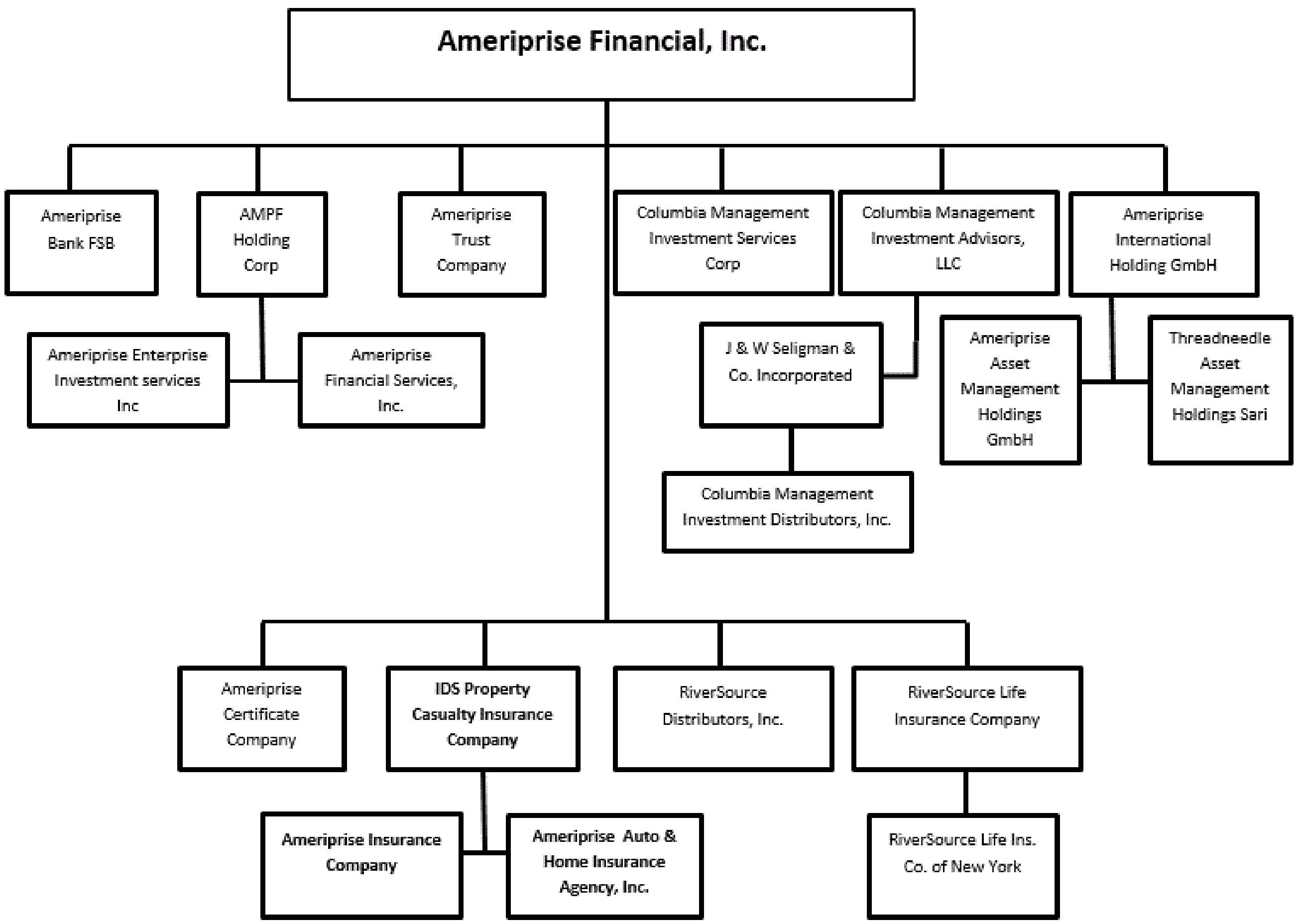
The company's bylaws allow for the formation of certain committees by the board of directors. The committees at the time of the examination are listed below:

Investment Committee
Tom Ealy, Chair
Tom Botsford
Christopher Malone

IV. AFFILIATED COMPANIES

IDSPC is a member of a holding company system. The organizational chart below depicts the relationships among the affiliates in the group. This organizational chart is abbreviated due to the complexity of the group's structure; there are over 140 affiliated entities reported in the company's annual statement. A brief description of the significant affiliates follows the organizational chart.

Organizational Chart
As of December 31, 2018



IDSPC and AIC became indirect, wholly owned subsidiaries of American Family Insurance Mutual Holding Company on October 1, 2019. AFIMHC is a Wisconsin mutual insurance holding company incorporated under Chapter 644 of the Wisconsin Statutes on January 1, 2017. AFIMHC's principal business is to operate as the ultimate parent and mutual holding company for purposes of owning, directly or indirectly, the issued and outstanding shares of capital stock of, or otherwise controlling, its direct and indirect downstream subsidiaries and affiliates.

Ameriprise Financial, Inc.

Ameriprise Financial, Inc., provides financial planning, products, and services that are designed to be utilized as solutions for its clients' cash and liquidity, asset accumulation, income protection, and estate and wealth transfer needs. It operates through five segments: Advice & Wealth Management, Asset Management, Annuities, Protection, and Corporate & Other.

- The Advice & Wealth Management segment provides financial planning and advice, as well as full-service brokerage and banking services, primarily to retail clients, through affiliated financial advisors.

- The Asset Management segment provides investment advice and investment products to retail, high net worth and institutional clients on a global scale through Columbia Threadneedle Investments. Note that reference to the group of companies in Ameriprise Asset Management Holdings GmbH and Threadneedle Asset Management Holdings Sarl is referred to as "Threadneedle" while "Columbia Threadneedle Investments" refers to both Columbia Management and Threadneedle and reflects the global manner in which they operate asset management business in line with the Columbia Threadneedle Investments brand. The Threadneedle group of companies is the primary provider of non-U.S. investment management products and services.

- The Annuities segment provides RiverSource variable and fixed annuity products to individual clients. The RiverSource Life companies provide variable annuity products through advisors, and the fixed annuity products are distributed through both affiliated and unaffiliated advisors and financial institutions.

- The Protection segment provides a variety of products to address protection and risk management needs of retail clients, including life, disability income and property-casualty insurance. IDSPC and its subsidiaries are part of this segment.

- The Corporate & Other segment consists of long-term care business and net investment income or loss on corporate level assets, including excess capital held in subsidiaries and other unallocated equity and other revenues as well as unallocated corporate expenses.

As of December 31, 2018, the audited financial statements of Ameriprise Financial, Inc., reported assets of $137.2 billion, liabilities of $131.6 billion, and shareholders' equity attributable to AMPF's direct or indirect controlling financial interest of $5.7 billion. Operations for

2018 produced net income attributable to AMPF's direct or indirect controlling financial interest of $2.1 billion.

Ameriprise Insurance Company

Ameriprise Insurance Company was organized and incorporated on October 14, 2005. As stated earlier, AIC was capitalized on January 17, 2006, at $45.7 million. On January 26, 2006, the company was issued a certificate of authority and was licensed to write business in the state of Wisconsin. IDSPC is the direct parent company of Ameriprise Insurance Company. AIC has no employees of its own and all day-to-day operations are conducted with staff provided by IDSPC in accordance with the business practices and internal controls of that organization. Expenses are allocated in accordance with an intercompany service and cost-sharing agreement whereby the company cedes 100% of its business to IDSPC.

As of December 31, 2018, the audited financial statements of Ameriprise Insurance Company reported assets of $51.0 million, liabilities of $1.6 million, and surplus of $49.4 million. Operations for 2018 produced net income of $986,211. AIC is licensed in 38 states but exclusively writes automobile insurance coverage in New York and Georgia and homeowner's insurance coverage in South Carolina.

Ameriprise Auto & Home Insurance Agency, Inc.

Ameriprise Auto & Home Insurance Agency, Inc. (Ameriprise Agency) was created by IDSPC to facilitate placement of insurance through partnerships for client coverages it does not directly write. Ameriprise Agency is appointed to act as the company's agent for the solicitation of potential insureds for the purchase of insurance.

As of December 31, 2018, the unaudited financial statements of Ameriprise Auto & Home Agency reported assets of $5.5 million, liabilities of $1.8 million, and shareholders' equity of $3.7 million. Operations for 2018 produced net income of $1.7 million.

Columbia Management Investment Advisers, LLC

In 2010, Ameriprise Financial, Inc., acquired the long-term asset management business of Columbia Management from Bank of America. Columbia Management Investment

Advisers, LLC serves as the investment adviser for the majority of funds in the Columbia Management family of funds and to U.S. and non-U.S. institutional accounts and private funds.

As of December 31, 2018, the unaudited financial statements of Columbia Management Investment Advisers, LLC reported assets of $897 million, liabilities of $495 million, and shareholders' equity of $402 million. Operations for 2018 produced net income of $287 million.

Ameriprise Financial Services, Inc.

Ameriprise Financial Services, Inc. (AMPFS) is a registered broker-dealer and registered investment adviser and is the primary financial planning and retail distribution subsidiary. The company is a wholly owned subsidiary of AMPF Holding Corporation, which in turn is a wholly owned subsidiary of Ameriprise Financial, Inc. As of December 31, 2018, the unaudited financial statements of Ameriprise Financial Services, Inc., reported assets of $1.5 billion, liabilities of $1.1 billion and shareholders' equity of $391 million. Operations for 2018 produced net income of $459 million.

Agreements with Affiliates

Service and Cost Allocation Agreement

The company has a service and cost allocation agreement with AMPF and AMPFS, effective December 31, 2005, and as amended effective April 30, 2009. Under this agreement, AMPF and AMPFS make their employees available to IDSPC to perform services in connection with:

- senior administrative management;
- marketing and advertising coordination and support;
- sales referral and servicing assistance;
- accounting, finance, audit, investment, legal and compliance service;
- claims administration and support;
- technology and data processing support and coordination;
- senior human resources, payroll and employee benefits assistance and coordination; and
- any other activity deemed beneficial and necessary by IDSPC.

IDSPC compensates AMPF and AMPFS on a time and materials basis for all direct expenses and/or allocable expenses charged to any of the applicable general ledger accounts. All charges are calculated and billed monthly to reflect only the actual value and cost to AMPF and AMPFS for providing such services. Settlements of fees and expenses are made no later than 30 days after the end of each month.

Service and Cost Allocation Agreement

The company has a service and cost allocation agreement with Ameriprise Insurance Company effective January 1, 2006. Under this agreement, IDSPC provides all services essential to the day-to-day operation of AIC as requested by AIC. IDSPC makes its employees available to AIC to perform services in connection with:

- administrative management, marketing, sales, and advertising;
- policyholder service, claims processing, and contract issuance;
- actuarial, accounting, finance, audit, investment, underwriting, compliance, and legal service;
- technology, data processing, and communications;
- human resources and employee benefits; and
- any other activity deemed beneficial and necessary by AIC.

AIC reimburses IDSPC for expenses calculated to reflect only the actual value and cost to IDSPC for providing such services. Settlements of fees and expenses are made within 30 days of the end of each quarterly period of the fiscal year.

Federal Income Tax Sharing Agreement

Effective December 1, 2010, the company entered into a federal income tax sharing agreement. Under this agreement, Ameriprise Financial, Inc., files a consolidated U.S. federal income tax return that includes IDSPC and other affiliates of the holding company group, whereby the parties allocate the federal income tax liability among the members of the consolidated group using the “percentage method” of tax allocation described in Treasury Regulation Sections 1.1552-1(a)(2)(ii) and 1.1502-33(d)(3). All settlements as determined under this agreement are made annually in cash within 30 days after the filing of the consolidated federal corporate tax return.

State Income Tax Sharing Agreement

Effective December 10, 2013, the company entered into a state income tax sharing agreement. Under this agreement, Ameriprise Financial, Inc., and its subsidiaries, including IDSPC and AIC, file combined, consolidated or unitary state income tax returns on behalf of the members of the consolidated or unitary group. A member’s portion of the tax liability of the group is allocated by multiplying the tax liability of the group by a fraction, the numeration of which is the separate return tax liability of the member, and the denominator of which is the sum of the separate return tax liabilities of all members. All settlements as determined under this agreement shall be paid by the owing member owing such amount within 30 days of the payment of any tax due.

Investment Management Agreement

The company entered into an investment management and services agreement with RiverSource Investments, LLC, effective October 1, 2005, and as amended effective April 21, 2006. In 2010 Ameriprise Financial, Inc., acquired the long-term asset management business of Columbia Management from Bank of America and integrated this business with RiverSource Investments, LLC, under a new name, Columbia Management Investment Advisers, LLC. Under this agreement, Columbia Management Investment Advisers, LLC acts as the company's agent and attorney-in-fact with respect to its investment portfolio. Subject to the company's board of directors, board-appointed investment committee and investment guidelines, Columbia Management Investment Advisers, LLC has complete day-to-day discretionary control, including the power to make acquisitions and disposals of investments, and issue instructions to brokers and custodians. Columbia Management Investment Advisers, LLC also provides asset-liability services with respect to the investments designed to assist IDSPC in managing the relationship between its assets and liabilities. The company compensates Columbia Management Investment Advisers, LLC, monthly an amount equal to allocated cost incurred by Columbia Management Investment Advisers, LLC in the performance of its duties under this agreement.

Intercompany Agency Agreement

As mentioned earlier, Ameriprise Auto & Home Insurance Agency, Inc., was created by IDSPC to facilitate placement of insurance through partnerships for client coverages it does not write directly. Effective December 31, 2005, the company entered into an agency agreement with Ameriprise Agency. Under this agreement, Ameriprise Agency is appointed to act as the company's agent for the solicitation of potential insureds for the purchase of insurance. IDSPC provides sales, servicing, accounting, compliance, audit, legal, and other general administrative services. Settlements of fees and expenses are made within 30 days of the end of each quarterly period of the fiscal year.

Capital Support Agreement

IDSPC entered into a Capital Support Agreement with Ameriprise Financial, Inc., effective September 30, 2015, and as amended effective February 1, 2016, February 1, 2017, April 1, 2018, and April 1, 2019. Under this agreement, AMPF shall, subject to conditions set forth in the agreement, provide to IDSPC such capital as may be necessary to maintain IDSPC's current financial strength ratings by AM Best. AMPF's obligation to provide, or cause to be provided, capital under this agreement is limited to an aggregate amount of $150,000,000 over the term of this agreement. The agreement shall remain in effect until April 1, 2020, as long as IDSPC is a wholly owned subsidiary of AMPF.

V. REINSURANCE

The company's reinsurance portfolio and strategy are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contained proper insolvency provisions.

Reinsurance is sought to mitigate risks in all of the company's lines of business as well as providing surplus protection. Reinsurance contracts are negotiated through their reinsurance broker, Willis Re. The broker does not have the authority to accept, bind or manage reinsurance on behalf of the company.

Nonaffiliated Ceding Contracts

1. Type: Multiple Line Excess of Loss

		Participation
Reinsurer:	Aspen Re America, Inc. obo Aspen Ins. UK Ltd.	10.00%
	AXIS Reinsurance Company	12.50
	Hannover Ruck SE	10.00
	Mapfre Re, Compania De Reaseguros, S.A	8.75
	Partner Reinsurance Company of the U.S.	10.00
	QBE Reinsurance Corporation	36.25
	Swiss Reinsurance America Corporation	12.50
	Total	100.00%

Scope:	Property: Homeowner's and inland marine business Casualty: Homeowner's section II and worker's compensation in those states that mandate worker's compensation coverage on homeowner's policies; and private passenger automobile business.	
Retention:	$1,000,000	
Coverage:	Property:	$1,000,000 in excess of $1,000,000 per risk and an aggregate limit of $4,000,000
	Casualty:	$1,000,000 in excess of $1,000,000 per loss occurrence and an aggregate limit of $4,000,000
Reinstatement:	One free and two at 100% not to exceed $16,000,000 in respect of all losses occurring during the term of the contract.	
Premium:	The company shall pay the reinsurer a deposit premium of $2,000,000, payable in equal installments of $500,000 subject to a minimum premium of $1,600,000.	
Effective date:	January 1, 2018, to January 1, 2019	
Termination:	At expiration or cancellation of the agreement subject to a maximum run-off period of 12 months. Company may also exercise a Special	

Termination on a cutoff basis if reinsurer suffers financial hardships, regulatory hardships, or if AM Best or S&P rating falls below A-.

2. Type: Umbrella Liability Quota Share

Reinsurer:

Aspen Re America, Inc. obo Aspen Ins. UK Ltd.	5.0%
Mapfre Re, Compania De Reaseguros, S.A.	6.0
Munich Reinsurance American, Inc.	22.0
Partner Reinsurance Company of the U.S.	14.0
QBE Reinsurance Corporation	29.0
Swiss Reinsurance America Corporation	14.0
Total	90.0%

Scope: All business classified as Personal Umbrella Liability

Coverage: The reinsurer shall accept as reinsurance from the company a quota share percentage participation, as noted above, of the company's net liability in respect of all policies subject to the contract; however, the reinsurers' maximum liability for net liability shall not exceed its share of $5,000,000 each occurrence, each policy.

Commissions: Flat rate of 33% of premium ceded

Effective date: January 1, 2017, to January 1, 2019

Termination: At expiration or cancellation of the agreement subject to a maximum run-off period of 12 months. Company may also exercise a Special Termination on a cutoff basis if reinsurer suffers financial hardships, regulatory hardships, or if AM Best or S&P rating falls below A-.

3. Type: Property Catastrophe Excess of Loss

Reinsurer:

		Participation	
	1st Layer	**2nd Layer**	**3rd Layer**
Allied World Insurance Company	2.50%	2.50%	1.50%
Argo Re Ltd.	2.50	5.00	5.00
American Agriculture Ins. Company	1.25	1.00	1.00
Aspen Bermuda Limited	-	4.00	4.00
AXIS Specialty Limited	2.50	2.50	2.50
Endurance Specialty Ins. Limited	10.00	7.25	5.75
Fidelis Insurance Bermuda Limited	1.50	-	3.00
Fidelis Underwriting Limited	1.50	-	1.50
General Insurance Corp. of India	8.75	2.00	3.90
Hamilton Re, Ltd.	-	0.50	1.00
Hannover Re (Bermuda), Ltd.	5.00	7.00	6.50
Korean Reinsurance Company	1.50	1.50	1.50
Lancashire Insurance Company Ltd.	-	-	1.00
Mapfre Re Co. De Reaseguros, S.A.	10.00	10.00	10.00
MS Amlin AG	-	-	2.00
Noen Underwriting Bermuda Limited	0.25	0.25	0.75
New India Assurance Company Ltd	1.00	0.75	0.75
Partner Reinsurance Company Ltd	10.00	5.00	5.00
Qatar Reinsurance Company Ltd	2.50	2.50	2.00
QBE Reinsurance Corp	6.00	7.50	7.50

	Participation		
	1st Layer	**2nd Layer**	**3rd Layer**
XL Bermuda Limited	8.75	10.00	7.50
Lloyd's of London Syndicates	24.50	30.75	26.35
Total	100.00%	100.00%	100.00%

Scope: All property business including inland marine, homeowner's (property perils only, including earthquake coverage endorsed to the homeowner's policy), and personal lines automobile physical damage (comprehensive peril only)

Retention: $20,000,000

Coverage:

First Layer	$10,000,000 excess of $20,000,000 per loss occurrence and an aggregate limit of $20,000,000
Second Layer	$30,000,000 excess of $30,000,000 per loss occurrence and an aggregate limit of $60,000,000
Third Layer	$120,000,000 excess of $60,000,000 per loss occurrence and an aggregate limit of $240,000,000

Reinstatement: The amount of coverage can be reinstated from the time of loss occurrence subject to an additional premium

Premium:

First Layer	0.929% of net earned premium with a minimum premium of $2,560,000 and annual deposit of $3,200,000
Second Layer	1.350% of net earned premium with a minimum premium of $3,720,000 and annual deposit of $4,650,000
Third Layer	1.568% of net earned premium with a minimum premium of $4,320,000 and annual deposit of $5,400,000

Effective date: January 1, 2018, to January 1, 2019

Termination: At expiration or cancellation of the agreement subject to a maximum run-off period of 12 months. Company may also exercise a Special Termination on a cutoff basis if reinsurer suffers financial hardships, regulatory hardships, or if AM Best or S&P rating falls below A-.

4. Type: Property Catastrophe Excess of Loss Top & Drop

Reinsurer:

Reinsurer	**Participation**
American Agriculture Ins. Company	0.50%
Aspen Bermuda Limited	7.50
AXIS Specialty Limited	2.50
Fidelis Underwriting Limited	1.50
General Insurance Corp. of India	10.00
Hannover Re (Bermuda), Ltd.	5.00
Mapfre Re Co. De Reaseguros, S.A.	5.00
Noen Underwriting Bermuda Limited	0.25
Nephila Capital Limited	54.25
New India Assurance Company Ltd	1.00
Qatar Reinsurance Company Ltd	2.50
XL Bermuda Limited	7.50

Reinsurer	Participation
Lloyd's of London Syndicates	2.50
Total	100.00%

Scope: Property business, including but not limited to, the property coverage parts of multiple peril policies

Retention: $10,000,000

Coverage: Reinsurer is liable for the Ultimate Net Loss in excess of the company's retention of $10,00,000 as a result of any one Loss Occurrence, subject to a limit of liability to the reinsurer of $20,000,000 in respect of any one Loss Occurrence

Inuring: The coverage and retention set forth above shall be net of the following inuring coverage:

- Deemed excess layer of $10,000,000 excess of $10,000,000 with aggregate limit of $10,000,000
- 1st excess layer: $10,000,000 excess $20,000,000 with aggregate limit of $20,000,000
- 2nd excess layer: $30,000,000 excess $30,000,000 with aggregate limit of $60,000,000
- 3rd excess layer: $120,000,000 excess $60,000,000 with aggregate limit of $240,000,000

Reinstatement: One reinstatement allotted to each excess layer

Premium: The company shall pay the reinsurer a premium rate of 0.900% times its Net Earned Premium for the term of the contract subject to a minimum premium of $2,480,000, payable in six equal installments of $516,667

Effective date: January 1, 2018, to January 1, 2019

Termination: At expiration or cancellation of the agreement subject to a maximum run-off period of 12 months. Company may also exercise a Special Termination on a cutoff basis if reinsurer suffers financial hardships, regulatory hardships, or if AM Best or S&P rating falls below A-.

5. Type: Property Aggregate Excess of Loss

Reinsurer:

Reinsurer	Participation
AXIS Specialty Limited	2.50%
Chubb Tempest Reinsurance Ltd	8.00
General Insurance Corp. of India	10.00
Hannover Re (Bermuda), Ltd.	7.50
Hiscox Insurance Co (Bermuda) Ltd	4.00
Mapfre Re Co. De Reaseguros, S.A.	10.00
Swiss Reinsurance America Corp	19.50
Qatar Reinsurance Company Ltd	2.50
XL Bermuda Limited	20.00
Lloyd's of London Syndicates	16.00
Total	100.00%

Scope:	Property business, including but not limited to, inland marine, homeowner's (property only), personal lines automobile physical damage comprehensive coverage, and the property coverage parts of multiple peril policies
Retention:	$35,000,000
Coverage:	The reinsurer shall be liable in the aggregate for all Loss Occurrences during the term of this contract, for the Ultimate Net Loss over and above the initial Ultimate Net Loss of $35,000,000 in the aggregate for all Loss Occurrences during the term of this contract. The limit of liability of the reinsurer in the aggregate for all Loss Occurrences during the term of this contract shall not exceed $25,000,000 and shall be subject to a $1,500,000 deductible for each Loss Occurrence
Inuring:	Multiple Line Excess of Loss and Florida Hurricane Catastrophe Fund
Reinstatement:	None
Premium:	The company shall pay the reinsurer a premium rate of 1.742% times its Net Earned Premium for the term of this contract on all business the subject matter hereof, subject to a minimum premium of $4,800,000 and deposit premium of $6,000,000 paid in six equal installments
Effective date:	January 1, 2018, to January 1, 2019
Termination:	At expiration or cancellation of the agreement subject to a maximum run-off period of 12 months. Company may also exercise a Special Termination on a cutoff basis if reinsurer suffers financial hardships, regulatory hardships, or if AM Best or S&P rating falls below A-.

6. Type: Progressive Net Quota Share

Reinsurer:

Reinsurer	Participation
Aspen	1.50%
AXIS Specialty Limited	1.00
Catlin Re Switzerland Ltd (Bermuda)	5.00
Everest Reinsurance Company	5.00
Mapfre Re Co. De Reaseguros, S.A.	2.50
Munich Reinsurance America, Inc.	33.00
Partner Reinsurance Company	2.00
Swiss Reinsurance America Corp	40.00
Total	90.00%

Scope:	Homeowner's produced through Progressive Home Advantage
Retention:	The company shall retain through co-participation a 10% part of 100% share of its Net Liability ceded to this contract
Coverage:	90% of the company's Net Liability in respect of all policies subject to this contract. The reinsurer's maximum liability for any one Loss Occurrence shall be $20,000,000
Inuring:	Property CAT Excess of Loss, Top & Drop, Aggregate Excess of Loss and Multiple line Excess of Loss inure to the benefit of this contract.

Commission:

Term*	Commission Structure*	Provisional Ceding Commission	Minimum Ceding Commission
1/1/17 – 1/1/19	Flat	22.85%	-
1/1/17 – 1/1/19	Sliding Scale	23.60%	17.60%
1/1/18 – 1/1/19	Sliding Scale	21.90%	16.90%
1/1/18 – 1/1/19	Sliding Scale	19.19%	13.19%

*The Company's quota share program for Progressive business is placed with some reinsurers for a 1-year term and others with a 2-year term and are subject to a sliding scale commission structure related to the ratio of Non-Catastrophe Losses Incurred to Net Earned Premium

Effective Date: January 1, 2017, to January 1, 2019

Termination: The company may terminate the contract by giving the reinsurer not less than thirty (30) days advance notice by certified mail or by exercising the Special Termination on cutoff basis if reinsurer suffers financial hardships, regulatory hardships, or if AM Best or S&P rating falls below A-. Two-year contracts allow for termination after 12 months and meaningful change to the portfolio.

Affiliated Assuming Contracts

1. Type: 100% Quota Share

Reinsured: Ameriprise Insurance Company

Scope: All business written by Ameriprise Insurance Company

Coverage: 100% of all losses incurred on business reinsured

Premium: 100% of all premiums on reinsured policies, less ceding commission of 18% based on direct premium written paid within 45 days after the close of each calendar quarter

Effective date: January 1, 2006, and as amended effective February 1, 2012. Agreement shall remain continuously in force

Termination: Upon 12 months' prior written notice by either party

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the Commissioner of Insurance in the December 31, 2018, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.

IDS Property Casualty Insurance Company
Assets
As of December 31, 2018

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$1,558,901,019	$	$1,558,901,019
Stocks:			
Common stocks	53,017,329	3,682,632	49,334,697
Mortgage loans on real estate:			
First liens	36,116,877		36,116,877
Real estate:			
Occupied by the company	989,308		989,308
Cash, cash equivalents, and short-term investments	5,373,821		5,373,821
Investment income due and accrued	15,125,074		15,125,074
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	499,744		499,744
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	78,670,858		78,670,858
Reinsurance:			
Amounts recoverable from reinsurers	18,725,777		18,725,777
Other amounts receivable under reinsurance contracts	346,104		346,104
Current federal and foreign income tax recoverable and interest thereon	5,104,124		5,104,124
Net deferred tax asset	21,002,392		21,002,392
Electronic data processing equipment and software	7,500,625	5,826,316	1,674,309
Furniture and equipment, including health care delivery assets	3,154,047	3,136,119	17,928
Receivable from parent, subsidiaries, and affiliates	6,244,097		6,244,097
Write-ins for other than invested assets:			
Prepaid expenses	1,451,062	1,451,062	
Misc Receivable	4,532		4,532
Total Assets	$1,812,226,791	$14,096,129	$1,798,130,662

IDS Property Casualty Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2018

Losses		$ 494,583,566
Loss adjustment expenses		109,408,928
Other expenses (excluding taxes, licenses, and fees)		32,351,521
Taxes, licenses, and fees (excluding federal and foreign income taxes)		4,618,052
Current federal and foreign income taxes		2,276,443
Unearned premiums		337,858,587
Advance premium		7,081,080
Ceded reinsurance premiums payable (net of ceding commissions)		8,193,917
Amounts withheld or retained by company for account of others		293,366
Payable to parent, subsidiaries, and affiliates		9,841,959
Write-ins for liabilities:		
Unclaimed Property and Other Misc Liabilities		2,341,870
Total Liabilities		1,008,849,289
Common capital stock	$ 5,000,000	
Gross paid in and contributed surplus	630,839,908	
Unassigned funds (surplus)	153,441,465	
Surplus as Regards Policyholders		789,281,373
Total Liabilities and Surplus		$1,798,130,662

IDS Property Casualty Insurance Company
Summary of Operations
For the Year 2018

Underwriting Income		
Premiums earned		$1,042,385,913
Deductions:		
Losses incurred	$793,061,581	
Loss adjustment expenses incurred	126,870,474	
Other underwriting expenses incurred	181,556,240	
Total underwriting deductions		1,101,488,295
Net underwriting gain (loss)		(59,102,382)
Investment Income		
Net investment income earned	58,507,682	
Net realized capital gains (losses)	(256,423)	
Net investment gain (loss)		58,251,259
Other Income		
Net gain (loss) from agents' or premium balances charged off	(2,228,306)	
Finance and service charges not included in premiums	4,429,868	
Write-ins for miscellaneous income:		
Miscellaneous Income	385,522	
Total other income		2,587,084
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		1,735,961
Federal and foreign income taxes incurred		(7,145,158)
Net Income [Loss]		$ 8,881,119

IDS Property Casualty Insurance Company
Cash Flow
For the Year 2018

Premiums collected net of reinsurance			$1,055,255,978
Net investment income			66,159,478
Miscellaneous income			2,587,084
Total			1,124,002,540
Benefit- and loss-related payments		$800,406,521	
Commissions, expenses paid, and aggregate write-ins for deductions		304,023,362	
Federal and foreign income taxes paid (recovered)		(13,234,305)	
Total deductions			1,091,195,578
Net cash from operations			32,806,962
Proceeds from investments sold, matured, or repaid:			
Bonds	$159,098,641		
Mortgage loans	1,492,030		
Net gains (losses) on cash, cash equivalents, and short-term investments	4		
Total investment proceeds		160,590,675	
Cost of investments acquired (long-term only):			
Bonds	151,576,394		
Mortgage loans	7,720,000		
Real estate	791,355		
Total investments acquired		160,087,749	
Net cash from investments			502,926
Cash from financing and miscellaneous sources:			
Other cash provided (applied)			(9,177,714)
Reconciliation:			
Net Change in Cash, Cash Equivalents, and Short-Term Investments			24,132,175
Cash, cash equivalents, and short-term investments:			
Beginning of year			(18,758,353)
End of Year			$ 5,373,822

IDS Property Casualty Insurance Company
Compulsory and Security Surplus Calculation
December 31, 2018

Assets		$1,798,130,662
Less investments in insurance subsidiaries		49,334,697
Plus security surplus excess of insurance subsidiaries		46,534,696
Less liabilities		1,008,849,289
Adjusted surplus		786,481,372
Annual premium:		
Lines other than accident and health	$1,058,063,120	
Factor	20%	
Compulsory surplus (subject to a minimum of $2 million)		211,612,624
Compulsory Surplus Excess (Deficit)		$ 574,868,748
Adjusted surplus (from above)		$786,481,372
Security surplus (140% of compulsory surplus, factor reduced 1% for each $33 million in premium written in excess of $10 million, with a minimum factor of 110%)		232,773,886
Security Surplus Excess (Deficit)		$553,707,486

IDS Property Casualty Insurance Company
Analysis of Surplus
For the Five-Year Period Ending December 31, 2018

The following schedule details items affecting surplus during the period under examination as reported by the company in its filed annual statements:

	2018	2017	2016	2015	2014
Surplus, beginning of year	$780,637,714	$800,320,941	$683,602,591	$559,944,250	$530,713,684
Net income	8,881,119	(9,711,480)	(8,352,567)	(44,382,227)	(25,291,906)
Change in net unrealized capital gains/losses	2,614,366	2,569,279	127,852	871,218	3,513,238
Change in net deferred income tax	(693,777)	(13,855,415)	251,660	927,711	3,008,662
Change in nonadmitted assets	(29,788)	1,314,390	6,454,834	(9,846,079)	(3,385,698)
Surplus adjustments:					
Paid in			118,236,571	176,087,718	51,386,271
Prior Year Premium Adj	(2,128,261)				
Surplus, End of Year	$789,281,373	$780,637,714	$800,320,941	$683,602,591	$559,944,250

IDS Property Casualty Insurance Company
Insurance Regulatory Information System
For the Five-Year Period Ending December 31, 2018

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

	Ratio	2018	2017	2016	2015	2014
#1	Gross Premium to Surplus	141%	145%	136%	159%	182%
#2	Net Premium to Surplus	134	123	133	156	179
#3	Change in Net Premiums Written	11	-10	0	7	13
#4	Surplus Aid to Surplus	0	1	0	0	0
#5	Two-Year Overall Operating Ratio	101*	103*	106*	108*	102*
#6	Investment Yield	3.6	3.5	3.7	4.1	4.5
#7	Gross Change in Surplus	1	-2	17	22	6
#8	Change in Adjusted Surplus	1	-2	-0	-9	-4
#9	Liabilities to Liquid Assets	59	59	58	61	63
#10	Agents' Balances to Surplus	0	0	0	0	0
#11	One-Year Reserve Development to Surplus	1	2	-2	11	11
#12	Two-Year Reserve Development to Surplus	2	-1	10	18	14
#13	Estimated Current Reserve Deficiency to Surplus	3	-6	-4	5	9

Ratio No. 5 measures the company's profitability over the previous two-year period. The exceptional results during the period under examination are due to large underwriting losses in each year.

Growth of IDS Property Casualty Insurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2018	$1,798,130,662	$1,008,849,289	$789,281,373	$ 8,881,119
2017	1,789,935,270	1,009,297,556	780,637,714	(9,711,480)
2016	1,826,317,319	1,025,996,380	800,320,940	(8,352,567)
2015	1,661,810,013	978,207,423	683,602,591	(44,382,227)
2014	1,414,322,994	854,378,743	559,944,249	(25,291,906)
2013	1,268,348,797	737,635,112	530,713,685	11,265,406

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2018	$1,112,732,215	$1,058,063,120	$1,042,385,913	88.3%	16.9%	105.2%
2017	1,128,582,464	957,355,868	993,344,234	92.2	17.5	109.7
2016	1,084,889,976	1,065,253,075	1,073,880,935	91.2	17.4	108.6
2015	1,087,180,856	1,068,231,149	1,043,397,584	97.7	15.8	113.5
2014	1,018,156,177	1,000,940,608	955,148,983	95.6	15.5	111.1
2013	899,997,101	883,653,801	845,033,425	88.2	16.3	104.5

During the period under examination IDSPC reported a 41.7% increase in assets, a 36.7% increase in liabilities, and a 48.7% increase in surplus. The company reported net losses in four out of five years under examination, primarily due to increased underwriting losses that outpaced solid investment income.

Underwriting losses grew over this period, primarily from increased frequency and severity of severe weather events, rising loss costs, and significant levels of adverse reserve development, particularly in the automobile liability coverages. These factors contributed to the growing underwriting losses, resulting in average underwriting losses of over $102 million with an average combined ratio of approximately 110% over the latest five-year period. Elevated Loss and LAE ratios overshadowed the companies' competitive expense advantage as a direct writer for affinity groups.

Growth in policyholder surplus in the most recent five-year period is driven entirely by capital contributions from its parent company, Ameriprise Financial, Inc. IDSPC received from Ameriprise Financial, Inc., approximately $50 million in 2013, $50 million in 2014, $175 million in 2015, and $118 million in 2016 in order to strengthen the loss reserves and to maintain adequate surplus. There were no contributions in 2017 or 2018. Gross and net premium written increased by 23.6% and 19.7%, respectively, mostly due to the expansion of the company's affinity partnership with Costco Corporation.

The investment portfolio is primarily comprised of high-quality municipal bonds, as well as U.S. Treasuries, corporate bonds, and residential mortgage backed securities. The portfolio is managed conservatively to provide reasonable returns while limiting exposure to credit risk. The fixed maturity portfolio is comprised of high quality, marketable securities. The investment portfolio is managed by an affiliate, Columbia Management Investment Advisers, LLC.

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2018, is accepted.

Examination Reclassifications

No reclassifications were made as a result of the examination.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were no specific comments and recommendations in the previous examination report.

Summary of Current Examination Results

The current examination resulted in no exam recommendations, reclassifications, or surplus adjustments.

VIII. CONCLUSION

IDS Property Casualty Insurance Company is a stock insurance company writing primarily private-passenger automobile coverage, homeowner's insurance, and umbrella products to the clients of non-related affinity partnerships, the largest of which is Costco Wholesale Corporation. The company is licensed in 50 states and the District of Columbia. Personal auto and homeowner’s represent approximately 74% and 26% of net written premium in 2018.

Effective October 1, 2019, IDSPC and AIC became indirect, wholly owned subsidiaries of American Family Insurance Mutual Holding Company, a Wisconsin mutual holding company. AFIMHC’s principal business is to operate as the ultimate parent and mutual holding company for purposes of owning, directly or indirectly, the issued and outstanding shares of capital stock of, or otherwise controlling, its direct and indirect downstream subsidiaries and affiliates.

Over the course of the examination period, invested assets have steadily grown and are comprised of fixed income securities, primarily tax-exempt municipal obligations, and investment grade corporate bonds. IDSPC continued to produce solid investment income from a conservative, highly rated investment portfolio. Offsetting IDSPC favorable expense ratio and solid investment gains were unfavorable underwriting results, as measured by its five-year average combined ratio of approximately 110% and average year to year underwriting losses of $102 million over the examination period.

During the period under examination, the company’s admitted assets increased 41.7%, liabilities increased 36.7%, and surplus increased 48.7%. The increase in admitted assets and surplus was driven by the solid investment income over the past five years and the parent’s capital infusion of $400 million made between 2013 and 2016. Gross and net premium written increased during the five-year period by 23.6% and 19.7%, respectively.

As of December 31, 2018, IDSPC reported surplus of $789,281,373, assets of $1,798,130,662, and liabilities of $1,008,849,289. The examination resulted in no adjustments to surplus, no recommendations, and no reclassifications.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

The current examination resulted in no comments or recommendations.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Adrian Jaramillo	Insurance Financial Examiner
Abdel-Aziz Kondoh	Insurance Financial Examiner
Ryan Maren	Insurance Financial Examiner
Gabriel Gorske	Insurance Financial Examiner
James Vanden Branden	ACL Specialist
David Jensen, CFE	IT Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,

Nicholas Hartwig
Examiner-in-Charge