

Combined Report of the Examination of  
American Family Mutual Insurance company, S.I. and its Wisconsin-Domiciled Property and Casualty  
Subsidiaries  
As of December 31, 2021

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May 10, 2023

Honorable Nathan D. Houdek  
Commissioner of Insurance  
State of Wisconsin  
125 South Webster Street  
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of the following Wisconsin-domiciled, multi-state property and casualty insurance companies, hereinafter referred to as the "Group":

AMERICAN FAMILY CONNECT INSURANCE COMPANY  
AMERICAN FAMILY CONNECT PROPERTY AND CASUALTY INSURANCE COMPANY  
De Pere, Wisconsin

AMERICAN FAMILY INSURANCE COMPANY  
AMERICAN FAMILY MUTUAL INSURANCE COMPANY S.I.  
AMERICAN STANDARD INSURANCE COMPANY OF OHIO  
AMERICAN STANDARD INSURANCE COMPANY OF WISCONSIN  
MIDVALE INDEMNITY COMPANY  
Madison, Wisconsin

HOMESITE INDEMNITY COMPANY  
HOMESITE INSURANCE COMPANY  
HOMESITE INSURANCE COMPANY OF THE MIDWEST  
Boston, Massachusetts

PERMANENT GENERAL ASSURANCE CORPORATION  
PERMANENT GENERAL ASSURANCE CORPORATION OF OHIO  
THE GENERAL AUTOMOBILE INSURANCE COMPANY, INC.  
Nashville, Tennessee

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of the Group was conducted in 2017 as of December 31, 2016.

The current examination covered the intervening period ending December 31, 2021, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The Group examination includes the examination of the following companies:

| <b>Company</b>   | <b>State</b> |
|--|--------------|
| American Family Connect Insurance Company (AFCIC)                        | Wisconsin    |
| American Family Connect Property and Casualty Insurance Company (AFPCIC) | Wisconsin    |
| American Family Insurance Company (AFIC)                                 | Wisconsin    |
| American Family Life Insurance Company (AFLIC)                           | Wisconsin    |
| American Family Mutual Insurance Company, S.I. (AFMICS)                  | Wisconsin    |
| American Standard Insurance Company of Ohio (ASICOH)                     | Wisconsin    |
| American Standard Insurance Company of Wisconsin (ASICW)                 | Wisconsin    |
| Austin Mutual Insurance Company (AMIC)                                   | Minnesota    |
| Grain Dealers Mutual Insurance Company (GDMIC)                           | Indiana      |
| Homesite Indemnity Company (HIC)   | Wisconsin    |
| Homesite Insurance Company (HCT)   | Wisconsin    |
| Homesite Insurance Company of California (HICCA)                         | California   |
| Homesite Insurance Company of Florida (HICFL)                            | Illinois     |
| Homesite Insurance Company of Georgia (HICGA)                            | Georgia      |
| Homesite Insurance Company of Illinois (HICIL)                           | Illinois     |
| Homesite Insurance Company of New York (HICNY)                           | New York     |
| Homesite Insurance Company of the Midwest (HICMW)                        | Wisconsin    |
| Homesite Lloyds of Texas (HLT)   | Texas        |
| Main Street America Assurance Company (MSAAC)                            | Florida      |
| Main Street America Protection Insurance Company (MSAPIC)                | Florida      |
| Midvale Indemnity Company (MIC)  | Wisconsin    |
| NGM Insurance Company (NGM)  | Florida      |
| Old Dominion Insurance Company (ODIC)                                    | Florida      |
| Permanent General Assurance Corporation (PGAC)                           | Wisconsin    |
| Permanent General Assurance Corporation of Ohio (PGACO)                  | Wisconsin    |
| Spring Valley Mutual Insurance Company (SVMIC)                           | Minnesota    |
| The General Automobile Insurance Company Inc. (GAIC)                     | Wisconsin    |
| Trusted Resource Underwriters Exchange (TRUE)                            | Florida      |

Representatives of all states that have domestic companies in the Group except South Carolina, participated in the examination, with Wisconsin acting in the capacity as the lead state for the coordinated 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 the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the companies 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 Group's operations accorded a high priority by the examiner-in-charge when planning the examination. Special attention was given to the actions taken by the Group to satisfy the recommendations and comments made in the previous examination reports.

The Group is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. The Group is approved to file consolidated audited financial statements that include AFMICS and all of its wholly owned and affiliated property and casualty insurance companies except HICNY, pursuant to s. Ins. 50.09, Wis. Adm. Code. All of the property and casualty subsidiaries and affiliates included in the consolidated audited financial statements of the Group are participants in 100% reinsurance arrangements with AFMICS. 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 concerning the alternative or additional examination steps performed during the examination.

Certain financial data in this report is rounded to the nearest thousand which may cause slight rounding differences for the totals. The report discloses which numbers are rounded.

### **Independent Actuary's Review**

An independent actuarial firm was engaged under a contract with the Wisconsin Office of the Commissioner of Insurance. The actuary reviewed the adequacy of the Group'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.

### **Investment Review**

The Capital Markets Bureau of the NAIC was engaged by the Office of the Commissioner of Insurance to perform a review of the AFMICS's invested assets portfolio as of December 31, 2021. The results of that review were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the findings of the review.

## II. HISTORY AND PLAN OF OPERATION

American Family Mutual Insurance Company, S.I. owns 100% interest in property and casualty insurance subsidiaries through a downstream holding company, AmFam, Inc. AFMICS was organized in 1927 as Farmers' Mutual Automobile Insurance Company (Farmers' Mutual). In 1963, Farmers' Mutual changed its name to American Family Mutual Insurance Company (AFMIC). Effective January 1, 2017, AFMIC converted into a stock insurance company owned by a newly organized mutual insurance holding company and changed its name to American Family Mutual Insurance Company, S.I.

ASICW was incorporated on April 5, 1961, under the provisions of ch. 611, Wis. Stat., as American Standard Insurance Company. In 1962, American Standard Insurance Company adopted the name American Standard Insurance Company of Wisconsin. ASICOH was incorporated on November 21, 1995 under the laws of the state of Ohio and commenced business on January 1, 1996. Effective September 30, 2016, ASICOH redomiciled from Ohio to Wisconsin. Midvale Indemnity Company was incorporated in 1970. It was acquired by AFMICS in 2012 under its former name, Lumberman's Casualty Insurance Company (LCIC). LCIC changed its name to Midvale Indemnity Company in 2013. MIC redomiciled from Illinois to Wisconsin effective November 16, 2017.

On December 31, 2012, AFMIC, through its wholly owned subsidiary AmFam, Inc., acquired 100% of the ownership in PGC Holdings Corp (PGC Holdings), a Delaware corporation. PGC Holdings directly and indirectly owns three insurance companies: GAIC, PGAC, and PGACO. The three insurance companies are referred to as Permanent General Companies (PGC). In August 2017 all three companies redomiciled to Wisconsin from Ohio.

On December 31, 2013, AFMIC, through AmFam, Inc., acquired 100% ownership in Homesite Group Incorporated (HGI), a Delaware corporation. HGI directly and indirectly owns nine insurance companies: HIC, HCT, HICCA, HICFL, HICGA, HICIL, HICNY, HICMW, and HLT. Collectively, these nine insurance companies are referred to as the "Homesite" Group. In September 2016, HIC, HCT, and HICMW redomiciled to Wisconsin from Kansas, Connecticut, and North Dakota, respectively.

Effective January 1, 2017, the Group's corporate structure was reorganized as a mutual insurance holding company. As part of the reorganization, AFMIC formed two new holding company entities: a mutual holding company, American Family Insurance Mutual Holding Company (AFIMHC), and

a wholly owned subsidiary of AFIMHC, AmFam Holdings, Inc. (AmFam Holdings). AFMIC then converted to a stock insurer, changed its name to AFMICS, and issued three million shares of \$1 par common stock to AmFam Holdings. AmFam Holdings issued 100% of its voting securities to AFIMHC, which became the ultimate controlling party of the Group which includes all insurance and non-insurance entities in the holding company group. Existing and future mutual policyholders' membership interests in AFMIC were replaced with membership interests in AFIMHC. Policyholders of American Family Insurance Company and American Standard Insurance Company of Ohio were also granted membership rights in AFIMHC. There are no plans for AFMICS to sell stock publicly.

On October 31, 2018, Main Street America Group Mutual Holdings, Inc. (MSA Holdings), a mutual insurance holding company organized under the laws of the State of Florida, merged with and into AFIMHC, with AFIMHC being the surviving corporation. MSA Holdings was the ultimate owner of Main Street America Group, Inc. (MSAGI), a Florida corporation, which directly and indirectly owns 100% interest in five insurance companies and is affiliated with three mutual insurance companies through common management and affiliation agreements. The MSA Group insurance companies are NGM, MSAAC, ODIC, and MSAPIC, all domiciled in Florida, MSA Insurance Company (MSAIC), domiciled in South Carolina, affiliates GDMIC domiciled in Indiana, and SVMIC and AMIC both domiciled in Minnesota. Collectively, these companies are referred to as "the MSA Group". All insurance companies except MSAIC are included in the current financial examination. The MSA Group entities participated in a separate financial examination for the period of January 1, 2016, through December 31, 2020, with Florida, South Carolina, Minnesota, and Indiana. MSAIC Insurance Company was included in that exam, and South Carolina issued a final examination report with no adverse findings on September 4, 2021. As a result of the merger, all policyholders that had membership interest in MSA Holdings prior to the merger were converted into and granted membership interest in AFIMHC. Subsequent to the merger, AFIMHC contributed 100% of the issued and outstanding capital stock of MSAGI to AFMICS.

On October 1, 2019, AFIMHC, through its indirect, wholly owned subsidiary AmFam, Inc., acquired 100% ownership of IDS Property Casualty Insurance Company and its wholly owned affiliate, Ameriprise Insurance Company from Ameriprise Financial, Inc. IDS Property Casualty Insurance Company's name was subsequently changed to American Family Connect Property and Casualty



Insurance Company, and Ameriprise Insurance Company's name was changed to American Family Connect Insurance Company.

The primary operating company brands in the Group are: American Family, Connect, Homesite, Permanent General Companies, and Main Street America (collectively the "Opcos".) The Opcos cede their business to AFMICS, either directly, or through the lead companies in their respective subgroups, which then retrocede all business to AMFICS. The only exception is HICNY which retains 20% of its business. Included below are the descriptions of the product offerings and distribution channels by each Opco. The descriptions include a general overview of each Opco and detailed information for each company included in this report. The MSA Group does not have a company domiciled in Wisconsin, however, a description of MSAGI is included to provide a holistic overview of the Group.

**American Family Brand Entities**

The American Family brand's property and casualty book of business is offered by five companies – AFMICS, AFIC, ASICOH, ASICW, and MIC. The major products are primarily marketed through a captive agency force of approximately 2,500 agents operating in 19 predominantly non-coastal states with a primary focus on the Midwest. The American Family brand products include personal automobile, homeowners, farm owners, mobile homeowners, and commercial multiple peril. In 2021, the companies in the American Family subgroup wrote direct premium in the following states:

**American Family Mutual Insurance Company S.I.**

|            |                        |               |
|------------|------------------------|---------------|
| Wisconsin  | \$ 756,173,798         | 19.4%         |
| Minnesota  | 637,965,268            | 16.4          |
| Missouri   | 600,421,667            | 15.4          |
| Illinois   | 320,658,900            | 8.2           |
| Colorado   | 293,390,694            | 7.5           |
| Kansas     | 277,800,976            | 7.1           |
| Arizona    | 158,819,484            | 4.1           |
| All others | <u>852,988,313</u>     | <u>21.9</u>   |
| Total      | <u>\$3,898,219,103</u> | <u>100.0%</u> |

AFMICS is licensed in 27 states and wrote business in 19 states in 2021. The major lines of business written by the AFMICS are homeowners multiple peril, auto physical damage, private passenger auto liability, and commercial multiple peril.

American Family Insurance Company

|            |                        |               |
|------------|------------------------|---------------|
| Colorado   | \$ 360,288,685         | 13.9%         |
| Missouri   | 339,168,590            | 13.1          |
| Wisconsin  | 243,302,967            | 9.4           |
| Illinois   | 223,170,414            | 8.6           |
| Arizona    | 195,686,335            | 7.6           |
| Minnesota  | 188,932,861            | 7.3           |
| Kansas     | 170,681,506            | 6.6           |
| All others | <u>866,090,833</u>     | <u>33.5</u>   |
| Total      | <u>\$2,587,322,191</u> | <u>100.0%</u> |

AFIC is licensed in 19 states and wrote business in all 19 states. The major lines of business written by AFIC are private passenger auto liability, homeowners multiple peril, auto physical damage, and commercial multiple peril.

American Standard Insurance Company of Ohio

|         |                      |               |
|---------|----------------------|---------------|
| Georgia | \$ 121,433,055       | 98.7%         |
| Ohio    | <u>1,626,785</u>     | <u>1.3</u>    |
| Total   | <u>\$123,059,840</u> | <u>100.0%</u> |

ASICOH is licensed in three states and wrote business in two states, but predominantly in Georgia. The major lines of business written by the ASICOH are private passenger auto liability, auto physical damage, and homeowners multiple peril.

American Standard Insurance Company of Wisconsin

|            |                     |               |
|------------|---------------------|---------------|
| Wisconsin  | \$14,971,194        | 30.7%         |
| Missouri   | 6,768,924           | 13.9          |
| Minnesota  | 6,383,599           | 13.1          |
| Kansas     | 4,045,858           | 8.3           |
| Illinois   | 2,699,963           | 5.5           |
| Iowa       | 2,636,189           | 5.4           |
| Colorado   | 2,125,846           | 4.4           |
| All others | <u>9,143,466</u>    | <u>18.7</u>   |
| Total      | <u>\$48,775,039</u> | <u>100.0%</u> |

ASICW is licensed in 23 states and wrote business in 17 states. The major lines of business written by the ASICW are private passenger auto liability and auto physical damage. Prior to 2021, ASICW offered reinsurance products to third party clients in various property and casualty lines, including

international business. Starting in 2021, all new and renewed reinsurance business is underwritten by AFCPCIC.

Midvale Indemnity Company

MIC writes small account commercial direct policies, direct personal auto business and personal umbrella insurance that support multiple personal lines auto and home products.

|               |                      |               |
|---------------|----------------------|---------------|
| New York      | \$ 25,466,151        | 10.3%         |
| Massachusetts | 23,129,885           | 9.4           |
| Arizona       | 20,843,092           | 8.4           |
| Colorado      | 20,192,479           | 8.2           |
| Illinois      | 19,995,199           | 8.1           |
| Missouri      | 13,968,002           | 5.7           |
| Wisconsin     | 12,034,380           | 4.9           |
| All others    | <u>111,289,170</u>   | <u>45.1</u>   |
| Total         | <u>\$246,918,358</u> | <u>100.0%</u> |

MIC is licensed in 50 states and the District of Columbia and wrote business in all 50 states and the District of Columbia. The major lines of business written by MIC include commercial multiple peril, other liability, workers compensation, commercial auto liability, auto physical damage, and private passenger auto liability.

Connect Entities

The Connect operating companies offer personal lines products including personal auto, homeowners, and umbrella insurance products and are marketed through non-related affinity partnerships, the largest of which is Costco Wholesale Corporation. AFCPCIC also markets personal lines products to its affiliated company clients at Ameriprise Financial Advisors and on the internet. Starting in 2021, AFCPCIC began offering reinsurance products which was previously offered by ASICW.

American Family Connect Property and Casualty Insurance Company

|            |                        |               |
|------------|------------------------|---------------|
| California | \$ 546,493,739         | 47.4%         |
| Washington | 96,576,660             | 8.4           |
| Texas      | 61,955,058             | 5.4           |
| Arizona    | 42,669,114             | 3.7           |
| Michigan   | 32,891,903             | 2.9           |
| Colorado   | 31,619,934             | 2.7           |
| Oregon     | 31,146,644             | 2.7           |
| All others | <u>309,957,516</u>     | <u>26.9</u>   |
| Total      | <u>\$1,153,310,568</u> | <u>100.0%</u> |

AFCPCIC is licensed in 50 states and the District of Columbia and wrote premium in 43 states and the District of Columbia. The major lines of business written by AFCPCIC include private passenger auto liability, auto physical damage, and homeowners multiple peril.

American Family Connect Insurance Company

|                |                     |               |
|----------------|---------------------|---------------|
| New York       | \$11,309,801        | 48.0%         |
| Georgia        | 10,994,177          | 46.7          |
| South Carolina | <u>1,241,481</u>    | <u>5.3</u>    |
| Total          | <u>\$23,545,459</u> | <u>100.0%</u> |

AFCIC is licensed in 38 states and the District of Columbia and wrote business in three states. AFCIC writes three lines of business - private passenger auto liability, auto physical damage, and homeowners multiple peril.

**Homesite Entities**

The Homesite Group of companies offers home, condominium, and renter insurance and writes most of its business through the direct online channel and through partnerships with other insurers and financial services companies.

Homesite Insurance Company of the Midwest

|              |                      |               |
|--------------|----------------------|---------------|
| New Jersey   | \$120,226,557        | 12.5%         |
| Michigan     | 112,219,095          | 11.6          |
| Ohio         | 110,102,355          | 11.4          |
| California   | 75,955,958           | 7.9           |
| Pennsylvania | 54,877,175           | 5.7           |
| Virginia     | 51,308,304           | 5.3           |
| Maryland     | 48,146,799           | 5.0           |
| All others   | <u>390,784,251</u>   | <u>40.6</u>   |
| Total        | <u>\$963,620,494</u> | <u>100.0%</u> |

HICMW is licensed in 36 states and the District of Columbia and wrote business in 34 states and the District of Columbia. The major line written by HICMW is homeowners multiple peril.

Homesite Insurance Company

|            |                |       |
|------------|----------------|-------|
| Texas      | \$ 126,865,633 | 12.6% |
| California | 92,175,366     | 9.2   |
| Arizona    | 63,640,427     | 6.3   |
| New Jersey | 60,016,297     | 6.0   |
| Indiana    | 56,542,988     | 5.6   |
| Washington | 56,440,745     | 5.6   |
| Maryland   | 54,292,151     | 5.4   |

|            |                        |               |
|------------|------------------------|---------------|
| All others | <u>497,002,487</u>     | <u>49.4</u>   |
| Total      | <u>\$1,006,976,094</u> | <u>100.0%</u> |

HCT is licensed in 44 states and the District of Columbia and wrote business in all 44 states. The major lines written by the HCT are homeowners multiple peril, other liability, inland marine, allied lines, medical professional liability, and commercial multiple peril.

Homesite Indemnity Company

|            |                      |               |
|------------|----------------------|---------------|
| Oklahoma   | \$ 36,692,422        | 34.4%         |
| Kansas     | 19,568,285           | 18.4          |
| Colorado   | 10,254,141           | 9.6           |
| Arizona    | 9,816,480            | 9.2           |
| Nevada     | 7,918,222            | 7.4           |
| Missouri   | 6,443,906            | 6.0           |
| Texas      | 5,169,928            | 4.9           |
| All others | <u>10,689,518</u>    | <u>10.1</u>   |
| Total      | <u>\$106,552,902</u> | <u>100.0%</u> |

HIC is licensed in 15 states and wrote business in 13 states. The major line written by the company is homeowners multiple peril.

**PGC Entities**

Permanent General Companies offer non-standard automobile insurance distributed through a multi-channel distribution system which includes the agency channel, retail channel, and internet. The companies operate as one brand, "The General".

Permanent General Assurance Corporation

|              |                      |               |
|--------------|----------------------|---------------|
| Florida      | \$ 150,759,398       | 27.3%         |
| California   | 73,023,593           | 13.2          |
| Washington   | 24,861,267           | 4.5           |
| Indiana      | 22,398,845           | 4.1           |
| Alabama      | 22,064,428           | 4.0           |
| Arizona      | 20,840,814           | 3.8           |
| Pennsylvania | 17,851,648           | 3.2           |
| All others   | <u>220,864,441</u>   | <u>40.0</u>   |
| Total        | <u>\$552,664,434</u> | <u>100.0%</u> |

PGAC is licensed in 49 states and the District of Columbia and wrote business in 43 states and the District of Columbia. PGAC writes two lines of business – private passenger auto liability and auto physical damage.

Permanent General Assurance Corporation of Ohio

|                |                      |               |
|----------------|----------------------|---------------|
| Pennsylvania   | \$ 47,457,677        | 19.0%         |
| Ohio           | 42,588,664           | 17.1          |
| Tennessee      | 41,752,005           | 16.7          |
| North Carolina | 27,760,494           | 11.1          |
| Georgia        | 21,783,667           | 8.7           |
| Colorado       | 20,987,103           | 8.4           |
| Massachusetts  | 19,187,214           | 7.7           |
| All others     | <u>27,958,475</u>    | <u>11.2</u>   |
| Total          | <u>\$249,475,299</u> | <u>100.0%</u> |

PGACO is licensed in 39 states and wrote business in 16 states. PGACO writes two lines of business – private passenger auto liability and auto physical damage.

The General Automobile Insurance Company, Inc.

|                |                     |               |
|----------------|---------------------|---------------|
| Virginia       | \$26,072,511        | 39.6%         |
| Ohio           | 10,239,726          | 15.5          |
| Oregon         | 8,554,100           | 13.0          |
| Pennsylvania   | 6,743,400           | 10.2          |
| Alabama        | 5,315,464           | 8.1           |
| Texas          | 3,510,243           | 5.3           |
| South Carolina | 2,288,535           | 3.5           |
| All others     | <u>3,189,491</u>    | <u>4.8</u>    |
| Total          | <u>\$65,913,470</u> | <u>100.0%</u> |

GAIC is licensed in 34 states and wrote business in 11 states. GAIC writes two lines of business – private passenger auto liability and auto physical damage.

**MSA Entities**

Companies in the MSA Group offer small business, personal insurance and fidelity and surety bonds through independent agents. None of the companies in the MSA Group domicile in Wisconsin.

The following table is a summary of the net insurance premiums written by the Group in 2021. AFMICS assumes 100% of the business of all of its property and casualty subsidiaries and affiliates on a quota share basis. The only exception is HICNY which retains 20% of its business. As such, substantially all of the Group net property and casualty results ultimately reside with AFMICS. The growth of the Group is discussed in the “Financial Data” section of this report.

| <b>Line of Business</b>                                | <b>Direct Premium</b>         | <b>Reinsurance Assumed</b>    | <b>Reinsurance Ceded</b>    | <b>Net Premium</b>             |
|--|-------------------------------|-------------------------------|-----------------------------|--------------------------------|
| Fire   | \$ 1,796,599                  | \$ 114,214,243                | \$ 1,537,757                | \$ 114,473,085                 |
| Allied lines   | 12,878,513                    | 19,934,402                    | 11,329,902                  | 21,483,013                     |
| Farmowners multiple peril                              | 113,290,389                   | 46,586,251                    | 13,373,399                  | 146,503,241                    |
| Homeowners multiple peril                              | 1,538,244,896                 | 3,549,178,851                 | 160,318,374                 | 4,927,105,373                  |
| Commercial multiple peril                              | 267,115,952                   | 573,720,550                   | 36,738,211                  | 804,098,291                    |
| Mortgage guaranty                                      |                               | 5,342,306                     |                             | 5,342,306                      |
| Inland marine  | 2,894,340                     | 48,547,405                    | 4,088                       | 51,437,657                     |
| Medical professional liability - claims made           |                               | 16,636,019                    | 14,845,756                  | 1,790,263                      |
| Earthquake   | 17,377,277                    | 10,557,529                    | 4,108,271                   | 23,826,535                     |
| Other accident and health                              | 22,020,475                    | 4,427,271                     | 14,234,013                  | 12,213,733                     |
| Workers' compensation                                  | 15,043,643                    | 73,820,977                    | (77,495)                    | 88,942,115                     |
| Other liability – occurrence                           | 141,211,201                   | 223,078,653                   | 97,622,083                  | 266,667,771                    |
| Other liability – claims made                          | 2,964,542                     | 119,993,976                   | 111,880,816                 | 11,077,702                     |
| Products liability – occurrence                        | 173,113                       | 8,295,969                     |                             | 8,469,082                      |
| Private passenger auto liability                       | 912,489,479                   | 2,572,790,923                 |                             | 3,485,280,402                  |
| Commercial auto liability                              | 42,428,648                    | 170,285,146                   | 47,373                      | 212,666,421                    |
| Auto physical damage                                   | 807,078,607                   | 1,554,152,422                 | 12,085,158                  | 2,349,145,871                  |
| Fidelity   |                               | 1,765,615                     | 43,925                      | 1,721,690                      |
| Surety   |                               | 40,375,443                    | 2,886,666                   | 37,488,777                     |
| Burglary and theft                                     | 1,211,428                     | 444,592                       |                             | 1,656,020                      |
| Boiler and machinery                                   |                               | 13                            | 4,072                       | (4,059)                        |
| Reinsurance – non-proportional assumed property        |                               | 72,931,214                    | 8,078,580                   | 64,852,634                     |
| Reinsurance – non-proportional assumed liability       |                               | 5,233,110                     | 5,233,110                   |                                |
| Reinsurance – non-proportional assumed financial lines |                               | <u>2,732,157</u>              |                             | <u>2,732,157</u>               |
| <b>Total All Lines</b>                                 | <b><u>\$3,898,219,102</u></b> | <b><u>\$9,235,045,037</u></b> | <b><u>\$494,294,059</u></b> | <b><u>\$12,638,970,080</u></b> |

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors of AFIMHC, the ultimate parent of American Family Mutual Insurance Company, S.I., consists of 16 members. There are three classes of directors, each class is elected annually to serve a three-year term. Officers are elected at the board's annual meetings to serve one-year terms. Directors serving on the boards of AFIMHC's insurance subsidiaries are elected at the annual meetings of shareholders for a term of one year.

Currently, the AFIMHC board of directors consists of the people listed in the table below.

Appendix A lists directors comprising the boards of all insurance companies included in the report.

| <b>Name and Residence</b>                                    | <b>Principal Occupation</b>  | <b>Term Expires</b> |
|--|--|---------------------|
| Christine M. Cumming<br>Brooklyn, New York                   | Retired First Vice President and Chief Operating Officer<br>Federal Reserve Bank     | 2024                |
| Londa J. Dewey<br>Madison, Wisconsin                         | Chief Executive Officer<br>The QTI Group   | 2025                |
| Fabian J. Fondriest<br>Boston, Massachusetts                 | Retired Chief Executive Officer<br>Homesite Group Incorporated                       | 2024                |
| Leslie Ann Howard<br>Madison, Wisconsin                      | United Way Independent Consultant<br>United Way Worldwide                            | 2026                |
| Idalene F. Kesner<br>Bloomington, Indiana                    | Dean Emeritus of Indiana University<br>Kelley School of Business                     | 2025                |
| Rakesh Khurana<br>Newton, Massachusetts                      | Danoff Dean<br>Harvard College   | 2026                |
| Michael M. Knetter<br>Madison, Wisconsin                     | President & CEO<br>University of Wisconsin Foundation                                | 2024                |
| Antoinette (Tonie) Leatherberry<br>Chadds Ford, Pennsylvania | Retired Partner, Deloitte Partner; Chief Executive<br>Officer, Amplify Advisors, LLC | 2024                |
| Rosa G. Rios<br>Danville, California                         | Former United States Treasurer; Chief Executive<br>Officer<br>Red River Associates   | 2026                |
| Jack C. Salzwedel<br>Madison, Wisconsin                      | Executive Chair<br>AFIMHC  | 2025                |
| Paul S. Shain<br>Verona, Wisconsin                           | President, Chief Executive Officer<br>Singlewire Software, LLC                       | 2025                |



| <b>Name and Residence</b>                    | <b>Principal Occupation</b>   | <b>Term Expires</b> |
|--|---|---------------------|
| Thomas M. Tefft<br>Dellwood, Minnesota       | Former Executive<br>Medtronic, Inc.   | 2024                |
| William B. Westrate<br>Lake Mills, Wisconsin | Chief Executive Officer<br>AFIMHC   | 2026                |
| Scott A. Wrobbel<br>Oconomowoc, Wisconsin    | Retired Central Region Market Leader, Milwaukee<br>Managing Partner, Deloitte LLP | 2026                |
| Telisa L. Yancy<br>Middleton, Wisconsin      | Enterprise President<br>AFIMHC  | 2024                |
| Thomas J. Zimbrick<br>Madison, Wisconsin     | Chief Executive Officer<br>Zimbrick, Inc.   | 2024                |

### **Officers of AFIMHC**

The principal officers currently serving are as follows:

| <b>Name</b>            | <b>Office</b>                                    |
|------------------------|--|
| Jack Salzwedel         | Executive Chair                                  |
| William B. Westrate    | Chief Executive Officer                          |
| Telisa L. Yancy        | Enterprise President                             |
| Troy P. Van Beek       | Enterprise Chief Financial Officer; Treasurer    |
| David C. Holman        | Chief Administration Officer; Secretary          |
| Michael D. Lorion      | AmFam Direct President                           |
| Jeffrey J. Swalve      | Agency President                                 |
| Elicia L. Azali        | Enterprise Chief Marketing Officer               |
| Timothy D. Constien    | Chief Claims Officer                             |
| David A. Graham        | Chief Investment Officer                         |
| Daniel J. Kelly        | Enterprise Chief Underwriting Officer            |
| Anthony M. Scavongelli | Enterprise Chief Partnerships Officer            |
| Jessica J. Stauffacher | Enterprise Chief People Officer                  |
| Tracy L. Schweitzer    | Enterprise Chief Transformation Officer          |
| Peter B. Settel        | Enterprise Chief Strategy and Technology Officer |
| Rondale L. Dunn        | Chief Sales Officer                              |
| Candy S. Embray        | Commercial & Farm Ranch President                |
| William Todd Fancher   | Life President                                   |
| Richard M. Steffen     | Personal Lines President                         |
| Theresa K. Sztuczko    | Assistant Treasurer                              |
| Mary A. Theilen        | Assistant Treasurer                              |
| Lauren K. Powell       | Assistant Secretary                              |

## **Committees of the Board**

The AFIMHC bylaws allow for the formation of certain committees by the AFIMHC board of directors. The committees currently serving are listed below:

### **Audit Committee**

Thomas M. Tefft, Chair  
Idalene F. Kesner  
Michael M. Knetter  
Rosa G. Rios  
Scott A. Wrobbel

### **Risk Committee**

Christine M. Cumming, Chair  
Fabian J. Fondriest  
Antoinette Leatherberry  
Thomas M. Tefft  
Scott A. Wrobbel  
Jack C. Salzwedel  
Rakesh Khurana  
William B. Westrate

### **Finance and Investment Committee**

Michael M. Knetter, Chair  
Jack C. Salzwedel  
Christine M. Cumming  
Londa J. Dewey  
Rosa G. Rios  
Paul S. Shain  
Fabian J. Fondriest  
William B. Westrate  
Troy Van Beek (ex officio)

### **Nominating & Governance Committee**

Idalene F. Kesner, Chair  
Jack C. Salzwedel  
Thomas J. Zimbrick  
Leslie Ann Howard  
Rakesh Khurana  
William B. Westrate

### **People, Culture, and Reward Committee**

Londa J. Dewey, Chair  
Jack C. Salzwedel  
Leslie Ann Howard  
Antoinette Leatherberry  
Paul S. Shain  
William B. Westrate  
Thomas J. Zimbrick

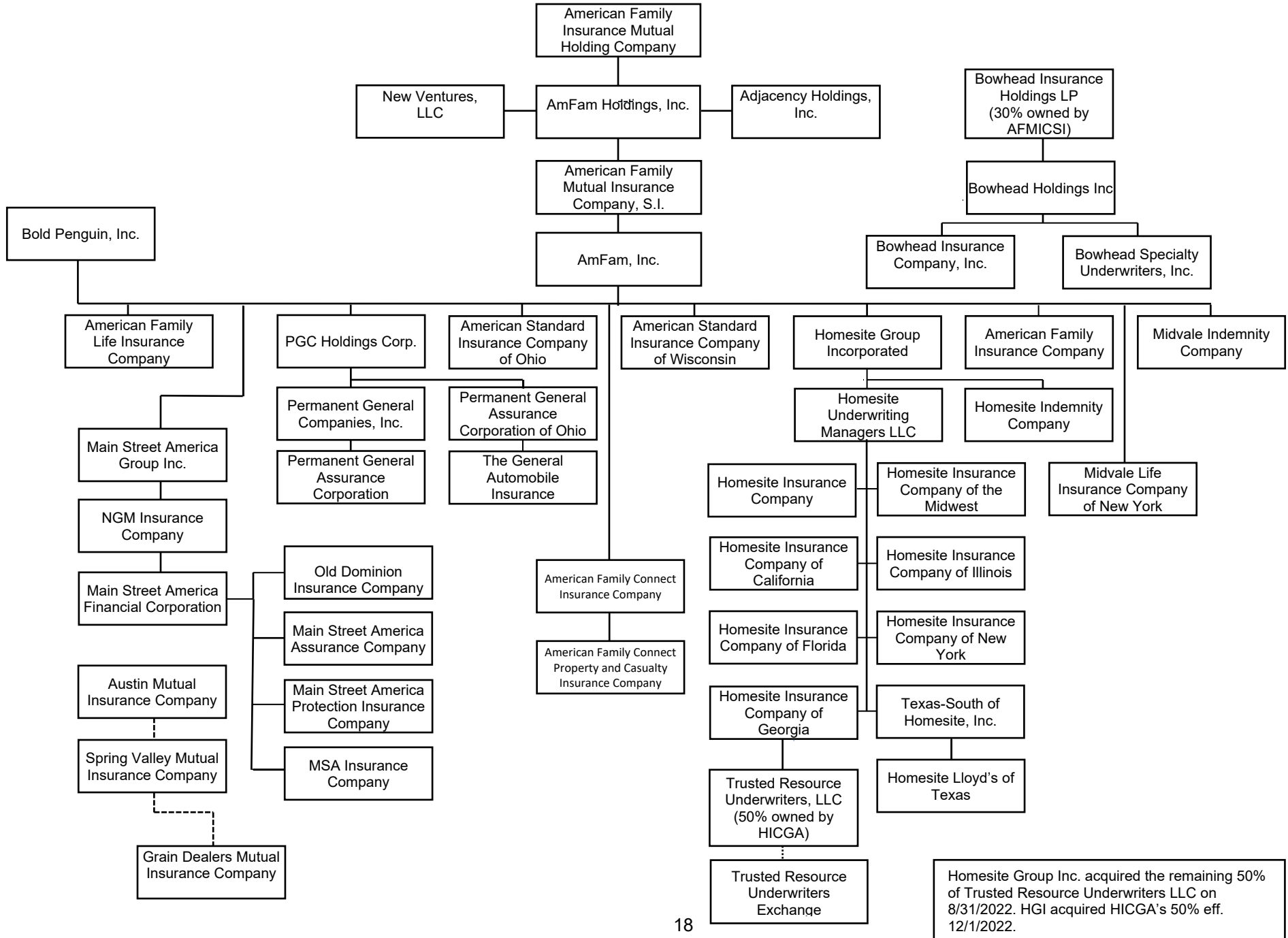
### **Executive Committee**

Jack C. Salzwedel, Chair  
William B. Westrate  
Christine M. Cumming  
Londa J. Dewey  
Idalene F. Kesner  
Michael M. Knetter  
Paul S. Shain  
Thomas M. Tefft

#### **IV. AFFILIATED COMPANIES**

The ultimate parent of the American Family Insurance Mutual Group is American Family Insurance Mutual Holding Company. The simplified organizational chart below depicts the relationships among the affiliates in the Group. A brief description of the significant affiliates follows the organizational chart.

**Organizational Chart  
As of December 31, 2021**



### **American Family Insurance Mutual Holding Company**

AFIMHC was incorporated on January 1, 2017, under the provisions of ch. 644, Wis. Stat. Membership of AFIMHC consists of policyholders of AFMICSI, AFIC, ASICOH, and NGM. AFIMHC's business is owning the stock and other equity interests of its subsidiaries. As of December 31, 2021, the consolidated GAAP audited financial statements of AFIMHC and subsidiaries reported assets of \$36,852,585,000, liabilities of \$25,443,731,000, and members' equity of \$11,408,854,000. Operations for 2021 produced a net income of \$898,090,000.

### **AmFam Holdings, Inc.**

AmFam Holdings, Inc. was incorporated on January 1, 2017, under the provisions of ch. 180, Wis. Stat. AmFam Holdings is a Wisconsin intermediary stock holding company wholly owned by AFIMHC.

### **AmFam Inc.**

AmFam, Inc., was incorporated in 1981 to serve as a downstream holding company for the Group.

### **Bowhead Insurance Holdings LP (Bowhead Holdings)**

Bowhead Holdings is a Delaware limited partnership which owns, through Bowhead Holdings Inc, all the issued and outstanding shares of Bowhead Insurance Company, Inc. The limited partnership interests in Bowhead Holdings are divided among three parties as follows: 68.34% interest held by GPC Partners Investments (SPV III) LP, a Delaware limited partnership; 29.29% interest held by AFMICSI; and 2.37% interest is held by individuals.

### **Bowhead Insurance Company, Inc. (BICI)**

BICI was incorporated in Wisconsin on October 12, 2020. On December 18, 2020, Bowhead Holdings, Inc, a Delaware corporation, acquired 100% interest in BICI. BICI is licensed in Wisconsin only. BICI provides reinsurance for its affiliates, including MIC, HCT, and HICFL on professional, casualty, and medical professional business produced, and managed by Bowhead Specialty Underwriters, Inc. As of December 31, 2021, the statutory audited financial statements of BICI reported total admitted assets of \$228,611,563, liabilities of \$168,115,288, and policyholders' surplus of \$60,496,275. Operations for 2021 produced a net loss of \$19,620,787.

### **Bowhead Specialty Underwriters, Inc. (BSU)**

BSU is a Delaware corporation serving as a producer and a managing general agent. BSU acts as the managing general agent for MIC, HCT, and HICFL to produce, and manage professional, casualty, and medical professional insurance business.

### **New Ventures, LLC**

New Ventures, LLC (New Ventures), a Wisconsin limited liability company, was formed in 2010 and is a direct, wholly owned subsidiary of AmFam Holdings, Inc. New Ventures owns 100% of three downstream subsidiaries and is a partial owner of four affiliate companies. Through New Ventures and its subsidiaries, the Group conducts minority venture capital investments in certain technology companies, focusing on insurance and financial sectors.

### **Adjacency Holdings, Inc.**

Adjacency Holdings, Inc., is a Wisconsin stock corporation formed in 2019, and is a direct, wholly owned subsidiary of AmFam Holdings. Adjacency Holdings, Inc., holds majority interests in a small number of subsidiary entities that are involved in ancillary business providing complementary value to the core insurance products of the Group.

### **Main Street America Group Inc. (MSAGI)**

MSAGI is a Florida stock intermediate holding company and a wholly owned direct subsidiary of AmFam, Inc. MSAGI became part of the Group on October 31, 2018. MSAGI owns 100% of NGM, a Florida stock insurance company, which owns 100% of the outstanding stock of Main Street Financial Corporation which in turn owns 100% of MSA Insurance Company, MSAAC, MASPIC, and ODIC. MSAGI has affiliated agreements with AMIC, GDMIC, and SVMIC. Collectively, these companies are referred to as “the MSA Group”. The MSA Group utilizes independent agents to write small business and personal insurance in 37 states, and fidelity and surety bonds in 47 states and the District of Columbia.

### **NGM Insurance Company (NGM)**

NGM is a stock insurance company domiciled in the State of Florida, and is a direct, wholly owned subsidiary of MSAGI. NGM primarily writes homeowners multiple peril, commercial auto liability and auto physical damage insurance business. NGM assumes 100% of the business from all insurance subsidiaries and affiliates in the MSA Group. This business is then ceded to AFMICS under a 100%

Quota Share Reinsurance Agreement. As of December 31, 2021, the statutory financial statements of NGM reported total admitted assets of \$846,361,216, liabilities of \$278,366,014, and policyholders' surplus of \$567,995,202. Operations for 2021 produced net income of \$19,277,828.

#### **PGC Holdings Corp. (PGC Holdings)**

PGC Holdings is a Delaware corporation that was acquired by the company through AmFam, Inc., on December 31, 2012. PGC Holdings is the direct parent of PGACO, which in turn owns GAIC. PGC Holdings is also the direct parent of Permanent General Companies, Inc., an intermediate holding company which owns PGAC. PGAC, PGACO, and GAIC are collectively known as the "Permanent General Group."

The Permanent General Group specializes in private passenger non-standard automobile insurance, primarily to consumers interested in acquiring an insurance policy to comply with state-level minimum insurance requirements. The Permanent General Group writes in 48 states and the District of Columbia and relies heavily on television advertising to promote the purchase of products through their internet distribution channel and call centers. Effective August 31, 2017, the Permanent General Group redomiciled from Ohio to Wisconsin.

#### **Homesite Group Incorporated (HGI)**

Homesite Group Incorporated is a Delaware corporation that was acquired by the company through AmFam, Inc., on December 31, 2013.

The purpose of the HGI acquisition was to broaden AFMICS's distribution channels and to expand its geographic footprint. HGI is an intermediate holding company which directly owns Homesite Indemnity Company and Homesite Underwriting Managers LLC, another intermediate holding company. Homesite Underwriting Managers LLC is the direct owner of HICMW, HCT, HICIL, HICNY, HICCA, HICFL, HICGA, and Texas-South of Homesite, Inc., which acts as the Attorney-in-Fact for Homesite Lloyd's of Texas. These nine insurance companies are collectively known as the "Homesite Group." The Homesite Group specializes in direct-to-consumer homeowners, renters, and condominium insurance. Its products are marketed nationally through its website, call centers, and partnerships with large financial institutions.

### **American Family Life Insurance Company (AFLIC)**

American Family Life Insurance Company was incorporated in 1957. AFLIC is currently licensed in 49 states and the District of Columbia and writes primarily whole life, term life, and fixed universal life products. AFLIC markets its business through AFMICS's agency force. As of December 31, 2021, the statutory audited financial statements for AFLIC reported total admitted assets of \$5,473,414,756, liabilities of \$5,028,038,893 (both amounts include \$392.7 million from separate accounts), and surplus of \$445,375,863. Operations for 2021 produced a net income of \$39,581,179 million.

### **Bold Penguin, Inc. (Bold Penguin)**

Bold Penguin is an Ohio-based technology company that aids in obtaining small business insurance. The Bold Penguin digital exchange is used by insurance agents, brokers, and other distributors to match, quote, and bind policies from a range of insurers to meet customer needs. Bold Penguin was acquired by AFMIHC on February 16, 2021.

### **Agreements with Affiliates**

#### Second Amended and Restated Intercompany Services and Cost Allocation Agreement

Effective July 1, 2020, AFMICS and certain of its subsidiaries and affiliates entered into a Second Amended and Restated Intercompany Services and Cost Allocation Agreement. Under this agreement, AFMICS may provide to the other parties and one or more of the other parties may provide to AFMICS goods, third party services, and management and other direct services, including executive, corporate strategy, legal, corporate governance, product development, underwriting, marketing, customer service, sales, policy administration, billing, claims, reserving, financial, treasury, investment, enterprise risk, reinsurance, internal audit, and other services used by the parties in the conduct of their business operations. The costs of services provided under this agreement are reimbursed based on the actual costs of the services provided or on a pass-through basis for the services provided by third parties. Settlement of all charges is done on a net basis and no less frequently than on a quarterly basis. This agreement replaced an Amended and Restated Intercompany Services and Cost Allocation Agreement between AFMICS and certain of its affiliates that was effective January 1, 2017. Currently, all companies included in this report are parties to this agreement.



#### Service and Cost Allocation Agreement between AFCIC and AFCPCIC

There is a Service and Cost Allocation Agreement between AFCIC and AFCPCIC effective January 1, 2006. Under this agreement, AFCPCIC provides all services essential to the day-to-day operation of AFCIC as requested by AFCIC. AFCIC reimburses AFCPCIC for expenses calculated to reflect only the actual value and cost to AFCPCIC for providing such services. Settlement of fees and expenses are made within 30 days of the end of each quarterly period of the fiscal year.

#### Second Restated Tax Allocation Agreement between AFMICS and Subsidiaries and Affiliates

AFMICS and certain of its subsidiaries and affiliates, including ASICW, AFIC, ASICOH, MIC, AFCIC, PGC Holdings, and HGI, are parties to a tax allocation agreement executed in 2002 and later amended multiple times to reflect the additions of various affiliated parties to the agreement. The agreement was amended in 2023 to become the Second Amended and Restated Tax Allocation Agreement. AFCPCIC was added to the agreement effective January 1, 2023.

The agreement provides the basis for computation and the method of settlement of federal income tax payments and refunds within the Group. The method for allocation is the percentage method under Treas. Reg. § 1.1502-33(d)(3) using the 100% allocation method. Under this agreement, AFMICS prepares and files a consolidated federal income tax return that includes all affiliates of the Group. Final settlement is due within 90 days of the filing of the consolidated federal tax return.

#### Tax Allocation Agreement between Homesite Group Incorporated and Subsidiaries

Companies in the Homesite Group, including Homesite Group Incorporated, HCT, HICMW, and HIC are parties to a Consolidated Federal Income Tax Liability Agreement effective January 1, 2013, and amended effective December 31, 2014. Under the agreement, each party participates in a federal income tax return filed on a consolidated basis. The method of allocation among the companies is based upon the separate return calculation with current credit for net losses. Intercompany tax balances are settled quarterly.

#### Tax Allocation Agreement between PGC Holdings Corp. and Subsidiaries

Companies in the Permanent General Group, including PGC Holdings, PGACO, PGAC, and GAIC, are parties to a Tax Allocation Agreement effective October 1, 2010, and amended effective January 1, 2021. Under the agreement, each party participates in a federal income tax return filed on a

consolidated basis. The method of allocation among the companies is based upon the separate return calculation with current credit for net losses. Intercompany tax balances are settled no less frequently than 30 days after the relevant filing or filing dates.

## V. REINSURANCE

The company's reinsurance portfolio and strategy at the time of the examination are described below. All reinsurance agreements were determined to have proper insolvency, entire contract, arbitration, and intermediary clauses as required by the Statement of Statutory Accounting Principles (SSAP) No. 62R. In addition, these agreements were found to include language that properly transfers risk as required by SSAP No. 62R.

### **Affiliated Ceding Contracts**

Effective July 1, 2010, AFMICS I entered into a 100% quota share agreement with AFLIC, under which AFLIC assumed a closed long-term care book of business written by AFMICS I.

Effective November 1, 2020, AFMICS I entered into a 100% Quota Share Reinsurance Agreement with its affiliate, Bowhead Insurance Company, Inc. (BICI). Under the agreement, BICI assumes 100% of AFMICS I's gross liability under all policies either 1) produced by Bowhead Specialty Underwriters, Inc., and issued by HCT, HICFL, and MIC pursuant to the terms of separate Managing General Agency Agreements between Bowhead Underwriters and each of HCT, HICFL, and MIC, or 2) specified classes and lines of business issued by certain affiliates of AFMICS I on or after November 1, 2020 and reinsured by AFMICS I.

### **Nonaffiliated Ceding Contracts**

The external catastrophe ceded reinsurance program is purchased for the entire Group. The various layers of the non-catastrophe property per risk and casualty excess reinsurance programs are utilized by the operating companies as appropriate for their risk and business needs.

### ***Non-Catastrophe***

AFMICS I purchases a non-catastrophe reinsurance program for property and casualty non-catastrophe exposure for the American Family, Main Street America, and Connect operating companies. The program consists of Excess of Loss treaties and automatic facultative coverage for limits exceeding reinsurance coverage provided by the treaties. For casualty exposure, the Group retains the first \$2 million per occurrence and purchases four layers of reinsurance. Reinsurance coverage provides a limit of \$48 million in excess of the Group's retention, with some lines of business carrying a higher retention

and lower limit. All layers offer reinstatements, which vary depending on the layer, from free and unlimited to one reinstatement per layer at full price.

For property, the Group retains the first \$2 million and co-participates 17% and 35% in the next two layers respectively, \$4 million in excess of \$2 million and \$4 million in excess of \$6 million, for the total coverage of \$8 million in excess of the initial retention of \$2 million. The next two layers, fully ceded, provide coverage of \$15 million in excess of \$10 million and \$25 million in excess of \$25 million, for total reinsurance coverage of \$48 million in excess of the Group's initial retention of \$2 million, with some lines of business carrying a higher retention and lower limit. All four layers offer reinstatements which vary from free and unlimited to one at full price.

The Group also buys supplemental facultative coverage for limits greater than \$50 million.

### ***Catastrophe***

AFMICS I purchases a group property catastrophe reinsurance program for the American Family, Homesite, Main Street America, Permanent General, and Connect operating companies. The current structure provides a \$2.375 billion limit excess of \$500 million retained, with six traditional reinsurance layers supplemented by three catastrophic bond issues. The traditional reinsurance layers provide coverage against all-weather perils including named storms.

The first layer provides coverage of \$150 million, excess of retention of \$500 million, and is 50% placed. The second and third layers cover \$400 million excess of \$650 million, and \$450 million excess of \$1.05 billion, respectively, and are 95% placed. The fourth layer covers the next \$600 million excess of \$1.5 billion and is 97.5% placed. The fifth layer covers \$650 million excess of \$2.1 billion and is 95% placed. The final layer covers \$125 million excess of \$2.75 billion and is fully placed. AFMICS I sponsored three catastrophe bonds issued through Four Lakes Re Ltd. which are supplemental to the Group's catastrophe program and considered in the calculation of the Group's participation level at each layer of reinsurance coverage. The first bond, \$175 million, was issued in 2020, followed by a \$125 million issuance in 2021 and \$100 million issued in December 2022. The catastrophe bond coverage provides reinsurance protection against losses from named storms, earthquakes, severe thunderstorms, winter storms, and wildfires across the United States. Coverage afforded by each issue runs for three years.

## **Affiliated Assuming Contracts**

AFMICS I reinsures all subsidiary and affiliate business under 100% quota share agreements, with the exception of HICNY which retains 20% of its business and TRUE and Bowhead which are not reinsured by AFMICS I. Below is a description of the existing quota share arrangements.

Effective January 1, 2012, AFMICS I entered into separate Amended and Restated Quota Share Reinsurance Agreements with ASICW, ASICOH, and AFIC, assuming 100% of each company's losses and claims expenses.

Effective January 1, 2013, AFMICS I entered into a 100% Quota Share Reinsurance Agreement with MIC assuming 100% of losses and claims expenses. The agreement is applicable to policies in runoff or in force on or after the effective date, as well as new and renewal policies.

Effective January 1, 2014, AFMICS I entered into a Loss Portfolio Transfer and 100% Quota Share agreement with HICMW assuming 100% of in force, new, and renewal direct and assumed losses. HICMW also has separate Loss Portfolio Transfer and 100% Quota Share Agreements in effect with each of the remaining Homesite affiliates under which 100% of losses are ceded to HICMW, which are then retroceded to AFMICS I. The only exception is HICNY which cedes 80% of losses to HICMW. The effect of these agreements is that AFMICS I ultimately assumes all Homesite Group's premiums and losses other than the 20% retained by HICNY. Effective January 1, 2016, the Quota Share Agreement between HICMWI and HICNY was amended to reduce HICMW's quota share to 80%.

Effective January 1, 2017, AFMICS I entered into a Loss Portfolio Transfer and 100% Quota Share agreement with PGAC assuming 100% of in force, new, and renewal direct and assumed losses. PGAC also has separate Loss Portfolio Transfer and 100% Quota Share agreements in effect with PGACO and GAIC under which 100% of losses are ceded to PGAC, which are then retroceded to AFMICS I.

Effective January 1, 2019, AFMICS I entered into a Loss Portfolio Transfer and 100% Quota Share agreement with NGM assuming 100% of runoff, in force, new, and renewal direct and assumed business. NGM also has separate 100% Quota Share agreements in effect with each of its subsidiaries and affiliates under which 100% of losses are ceded to NGM, which are then retroceded to AFMICS I.

Effective January 1, 2020, AFMICS I entered into a Loss Portfolio Transfer and 100% Quota Share agreement with AFCPCIC assuming 100% of runoff, in force, new, and renewal direct and assumed business. AFCPCIC also has a separate 100% Quota Share agreement in effect with its subsidiary AFCIC under which 100% of losses are ceded to AFCPCIC, which are then retroceded to AFMICS I.

### **Nonaffiliated Assuming Contracts**

The companies in the Group assume business from unaffiliated parties with the main goal of diversifying its risk profile. Historically, assumed reinsurance was primarily focused on property business which has been written by ASICW since 2011. Starting in 2021, all new business is written by AFCPCIC and reinsurance offerings were expanded into the casualty space. NGM also assumes business, primarily non-standard auto on a quota share basis. After the acquisition of the MSA Group in 2019, this business became a part of the Group's assumed reinsurance portfolio. The companies write both pro rata and excess-of-loss treaty business. All business assumed by any of the AFMICS I subsidiaries is ceded to AFMICS I under the existing quota share agreements. The companies utilize primarily broker channels to acquire business. The companies in the Group also assume business through various involuntary reinsurance pools and programs.

## **VI. FINANCIAL DATA**

The following financial statements reflect the financial condition of AFMICS, the lead company in the Group, as reported to the commissioner of insurance in the December 31, 2021, annual statement. Also included in this section are schedules that reflect the growth of AFMICS, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination for AFMICS, and the compulsory and security surplus calculation for AFMICS. The financial statements of the remaining companies included in this report are included in Appendix B. All dollar figures are in thousands. 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."

**American Family Mutual Insurance Company, S.I.**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | <b>Assets</b>       | <b>Nonadmitted<br/>Assets</b> | <b>Net<br/>Admitted<br/>Assets</b> |
|---|---------------------|-------------------------------|------------------------------------|
| Bonds   | \$15,414,617        | \$                            | \$15,414,617                       |
| Stocks:   |                     |                               |                                    |
| Common stocks   | 6,016,952           |                               | 6,016,952                          |
| Mortgage loans on real estate:  |                     |                               |                                    |
| First liens   | 237,271             |                               | 237,271                            |
| Other than first liens  |                     |                               |                                    |
| Real estate:  |                     |                               |                                    |
| Occupied by the company   | 216,614             |                               | 216,614                            |
| Properties held for sale  | 1,749               |                               | 1,749                              |
| Cash, cash equivalents, and short-term investments  | 494,836             |                               | 494,836                            |
| Other invested assets   | 2,102,232           | 1,750                         | 2,100,481                          |
| Receivables for securities  | 62,797              |                               | 62,797                             |
| Securities lending reinvested collateral assets   | 215,668             |                               | 215,668                            |
| Investment income due and accrued   | 79,180              |                               | 79,180                             |
| Premiums and considerations:  |                     |                               |                                    |
| Uncollected premiums and agents' balances in course of collection                         | 5,632               | 2,254                         | 3,378                              |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 1,955,954           |                               | 1,955,954                          |
| Accrued retrospective premiums and contracts subject to redetermination                   |                     |                               |                                    |
| Reinsurance:  |                     |                               |                                    |
| Amounts recoverable from reinsurers   | 18,103              |                               | 18,103                             |
| Funds held by or deposited with reinsured companies                                       | 25,183              |                               | 25,183                             |
| Net deferred tax asset  | 160,253             |                               | 160,253                            |
| Guaranty funds receivable or on deposit   | 5,289               |                               | 5,289                              |
| Electronic data processing equipment and software   | 333,988             | 324,614                       | 9,374                              |
| Furniture and equipment, including health care delivery assets                            | 35,189              | 35,189                        |                                    |
| Receivable from parent, subsidiaries, and affiliates                                      | 234,676             |                               | 234,676                            |
| Write-ins for other than invested assets:   |                     |                               |                                    |
| Overfunded plan asset   | 284,488             | 284,488                       |                                    |
| Advances  | 3,506               | 3,506                         |                                    |
| Prepaid expenses  | 62,012              | 62,012                        |                                    |
| Miscellaneous Receivables   | 21,665              |                               | 21,665                             |
| Cash items  | 194                 | 194                           |                                    |
|   | <u>          </u>   | <u>          </u>             | <u>          </u>                  |
| Total Assets  | <u>\$27,988,045</u> | <u>\$714,007</u>              | <u>\$27,274,038</u>                |



**American Family Mutual Insurance Company, S.I.**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|  |                            |
|--|----------------------------|
| Losses   | \$ 6,877,141               |
| Reinsurance payable on paid loss and loss adjustment expenses          | 401,678                    |
| Loss adjustment expenses   | 1,439,102                  |
| Commissions payable, contingent commissions, and other similar charges | 9,808                      |
| Other expenses (excluding taxes, licenses, and fees)                   | 1,345,218                  |
| Taxes, licenses, and fees (excluding federal and foreign income taxes) | 22,998                     |
| Current federal and foreign income taxes                               | 12,968                     |
| Borrowed money and interest thereon                                    | 1,023,499                  |
| Unearned premiums  | 5,590,223                  |
| Advance premium  | 39,387                     |
| Dividends declared and unpaid:   |                            |
| Policyholders  | 520                        |
| Ceded reinsurance premiums payable (net of ceding commissions)         | 59,226                     |
| Funds held by company under reinsurance treaties                       | 306                        |
| Amounts withheld or retained by company for account of others          | 35,866                     |
| Remittances and items not allocated                                    | 13,919                     |
| Provision for reinsurance  | 7,709                      |
| Payable to parent, subsidiaries, and affiliates                        | 521,048                    |
| Derivatives  | 1,016                      |
| Payable for securities   | 169,082                    |
| Payable for securities lending   | 215,668                    |
| Write-ins for liabilities:   |                            |
| All other liabilities  | 28,406                     |
| Liability for agents' program and pension & postretirement plans       | 158,451                    |
| Retroactive reinsurance reserve  | <u>(77,141)</u>            |
| <b>Total Liabilities</b>   | <b>17,896,098</b>          |
| Write-ins for special surplus funds:                                   |                            |
| Non-assessable guaranty fund   | 1,250                      |
| Common capital stock   | 3,000                      |
| Gross paid in and contributed surplus                                  | 1,489,449                  |
| Unassigned funds (surplus)   | <u>7,884,240</u>           |
| <b>Surplus as Regards Policyholders</b>                                | <b><u>9,377,940</u></b>    |
| <b>Total Liabilities and Surplus</b>                                   | <b><u>\$27,274,038</u></b> |

**American Family Mutual Insurance Company, S.I.**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

|   |                  |                   |
|---|------------------|-------------------|
| <b>Underwriting Income</b>  |                  |                   |
| Premiums earned   |                  | \$12,188,596      |
| Deductions:   |                  |                   |
| Losses incurred   | \$7,681,865      |                   |
| Loss adjustment expenses incurred   | 1,045,150        |                   |
| Other underwriting expenses incurred  | <u>3,975,028</u> |                   |
| Total underwriting deductions   |                  | <u>12,702,043</u> |
| Net underwriting gain (loss)  |                  | (513,447)         |
| <b>Investment Income</b>  |                  |                   |
| Net investment income earned  | 663,675          |                   |
| Net realized capital gains (losses)   | <u>178,049</u>   |                   |
| Net investment gain (loss)  |                  | 841,724           |
| <b>Other Income</b>   |                  |                   |
| Net gain (loss) from agents' or premium balances charged off                                    | (57,970)         |                   |
| Finance and service charges not included in premiums  | 126,728          |                   |
| Write-ins for miscellaneous income:   |                  |                   |
| Miscellaneous income/(expense)  | (35,122)         |                   |
| Retroactive reinsurance gain (loss)   | <u>(13,813)</u>  |                   |
| Total other income  |                  | <u>19,823</u>     |
| Net income (loss) before dividends to policyholders and before federal and foreign income taxes |                  | 348,100           |
| Dividends to policyholders  |                  | <u>1,174</u>      |
| Net income (loss) after dividends to policyholders but before federal and foreign income taxes  |                  | 346,926           |
| Federal and foreign income taxes incurred   |                  | <u>(882)</u>      |
| Net Income (Loss)   |                  | <u>\$ 347,808</u> |

**American Family Mutual Insurance Company, S.I.**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |                |                    |
|--|----------------|--------------------|
| Premiums collected net of reinsurance  |                | \$12,459,488       |
| Net investment income  |                | 754,634            |
| Miscellaneous income   |                | <u>13,103</u>      |
| Total  |                | 13,227,225         |
| Benefit- and loss-related payments   | \$7,141,499    |                    |
| Commissions, expenses paid, and<br>aggregate write-ins for deductions          | 5,046,239      |                    |
| Dividends paid to policyholders  | 1,415          |                    |
| Federal and foreign income taxes paid<br>(recovered)                           | <u>105,693</u> |                    |
| Total deductions   |                | <u>12,294,847</u>  |
| Net cash from operations   |                | 932,378            |
| Proceeds from investments sold,<br>matured, or repaid:                         |                |                    |
| Bonds  | \$14,860,131   |                    |
| Stocks   | 928,418        |                    |
| Mortgage loans   | 48,602         |                    |
| Real estate  | 12,057         |                    |
| Other invested assets  | 236,418        |                    |
| Net gains (losses) on cash, cash<br>equivalents, and short-term<br>investments | (11)           |                    |
| Miscellaneous proceeds   | <u>54,741</u>  |                    |
| Total investment proceeds  |                | 16,140,355         |
| Cost of investments acquired (long-<br>term only):                             |                |                    |
| Bonds  | 16,591,131     |                    |
| Stocks   | 1,038,011      |                    |
| Mortgage loans   | 70,750         |                    |
| Real estate  | 4,900          |                    |
| Other invested assets  | 496,379        |                    |
| Miscellaneous applications   | <u>45,700</u>  |                    |
| Total investments acquired   |                | <u>18,246,872</u>  |
| Net cash from investments  |                | <u>(2,106,517)</u> |
| Cash from financing and miscellaneous<br>sources:                              |                |                    |
| Capital and paid in surplus less<br>treasury stock                             | 998,759        |                    |
| Borrowed funds   | (191,000)      |                    |
| Dividends to stockholders  | 9,754          |                    |
| Other cash provided (applied)  | <u>506,774</u> |                    |
| Net cash from financing and<br>miscellaneous sources                           |                | <u>1,304,779</u>   |
| <b>Reconciliation:</b>   |                |                    |
| Net Change in Cash, Cash<br>Equivalents, and Short-Term<br>Investments         |                | 130,641            |
| Cash, cash equivalents, and short-term<br>investments:                         |                |                    |

|                   |                   |
|-------------------|-------------------|
| Beginning of year | <u>364,195</u>    |
| End of Year       | <u>\$ 494,836</u> |

**American Family Mutual Insurance Company, S.I.  
Compulsory and Security Surplus Calculation (in thousands)  
December 31, 2021**

|  |            |                     |
|--|------------|---------------------|
| Assets   |            | \$27,274,038        |
| Less security surplus of insurance subsidiaries  |            | (157,550)           |
| Less liabilities   |            | <u>17,896,098</u>   |
| Adjusted surplus   |            | 9,220,390           |
| Annual premium:  |            |                     |
| Individual accident and health   | \$ 12,214  |                     |
| Factor   | <u>15%</u> |                     |
| Total  |            | \$ 1,832            |
| Medical Malpractice  | \$ 1,790   |                     |
|  | <u>50%</u> | \$895               |
| Lines other than accident and health   | 12,673,680 |                     |
| Factor   | <u>20%</u> |                     |
| Total  |            | <u>2,534,736</u>    |
| Compulsory surplus (subject to a minimum of \$2 million)   |            | <u>2,537,463</u>    |
| Compulsory Surplus Excess (Deficit)  |            | <u>\$ 6,682,926</u> |
| Adjusted surplus (from above)  |            | \$ 9,220,390        |
| 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%) |            | <u>2,791,210</u>    |
| Security Surplus Excess (Deficit)  |            | <u>\$ 6,429,180</u> |

**American Family Mutual Insurance Company, S.I.**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|   | 2021               | 2020               | 2019               | 2018               | 2017               |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Surplus, beginning of year                      | \$7,628,412        | \$7,189,152        | \$6,335,532        | \$6,631,365        | \$6,866,974        |
| Net income                                      | 347,808            | 846,183            | 286,298            | 771,232            | 103,336            |
| Change in net unrealized capital gains/losses   | 316,987            | (392,195)          | 124,310            | (830,075)          | 306,295            |
| Change in net deferred income tax               | 7,753              | 61,683             | 118,164            | 35,569             | (315,559)          |
| Change in nonadmitted assets                    | (144,465)          | (86,644)           | 147,353            | (263,524)          | (10,121)           |
| Change in provision for reinsurance             | (1,771)            | (2,858)            | 975                | 8,434              | (11,808)           |
| Capital changes:                                |                    |                    |                    |                    |                    |
| Transferred from surplus                        |                    |                    |                    |                    | 3,000              |
| Surplus adjustments:                            |                    |                    |                    |                    |                    |
| Paid in   | 998,759            |                    | 490,690            |                    |                    |
| Transferred from capital                        |                    |                    |                    |                    | (3,000)            |
| Dividends to stockholders                       | (9,754)            | (20,793)           | (89,051)           | (30,223)           | (257,716)          |
| Change in treasury stock                        |                    |                    |                    |                    |                    |
| Write-ins for gains and (losses) in surplus:    |                    |                    |                    |                    |                    |
| SSAP 92 & 102 pension adjustment                | 134,148            | 109,894            | (72,923)           | 10,581             | (2,864)            |
| SSAP 92 & 102 contract termination payments adj | 100,063            | (72,352)           | (152,197)          | 2,172              | (47,172)           |
| Pension plan merger adjustment                  | _____              | (3,658)            | _____              | _____              | _____              |
| Surplus, End of Year                            | <u>\$9,377,940</u> | <u>\$7,628,412</u> | <u>\$7,189,152</u> | <u>\$6,335,532</u> | <u>\$6,631,365</u> |

**American Family Mutual Insurance Company, S.I.**  
**Insurance Regulatory Information System**  
**For the Five-Year Period Ending December 31, 2021**

The AFMICS'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                             | 2021 | 2020 | 2019 | 2018 | 2017 |
|-----------------------------------|------|------|------|------|------|
| #1 Gross Premium to Surplus       | 140% | 159% | 158% | 144% | 133% |
| #2 Net Premium to Surplus         | 135  | 156  | 157  | 142  | 130  |
| #3 Change in Net Premiums Written | 6    | 5    | 25   | 5    | 18   |
| #4 Surplus Aid to Surplus         | 0    | 0    | 0    | 0    | 0    |

| Ratio   | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------|------|------|------|------|
| #5 Two-Year Overall Operating Ratio                 | 95   | 94   | 95   | 96   | 99   |
| #6 Investment Yield                                 | 3.0  | 6.6* | 3.3  | 7.0* | 2.2* |
| #7 Gross Change in Surplus                          | 23   | 6    | 13   | -4   | -3   |
| #8 Change in Adjusted Surplus                       | 10   | 6    | 6    | -4   | -3   |
| #9 Liabilities to Liquid Assets                     | 85   | 89   | 91   | 78   | 77   |
| #10 Agents' Balances to Surplus                     | 0    | 0    | 0    | 0    | 0    |
| #11 One-Year Reserve Development to Surplus         | -6   | -4   | -1   | -1   | 1    |
| #12 Two-Year Reserve Development to Surplus         | -9   | -2   | 1    | -0   | -2   |
| #13 Estimated Current Reserve Deficiency to Surplus | -8   | -15  | -15  | -5   | 1    |

Ratio No. 6 measures the amount of the company's net investment income as a percentage of the average amount of cash and invested assets. The exceptional results in 2018 and 2020 were due to the inclusion of extraordinary distributions from the affiliated companies (see narrative below) in the investment income. The exceptional result in 2018 was due to the low interest rate environment as well as the company's reliance on tax-exempt bonds, which usually have a lower yield.

#### Growth of American Family Mutual Insurance Company, S.I. (in thousands)

| Year | Admitted Assets | Liabilities  | Surplus as Regards Policyholders | Net Income |
|------|-----------------|--------------|----------------------------------|------------|
| 2021 | \$27,274,038    | \$17,896,098 | \$9,377,940                      | \$347,808  |
| 2020 | 24,745,786      | 17,117,374   | 7,628,412                        | 846,183    |
| 2019 | 21,726,623      | 14,537,471   | 7,189,152                        | 286,298    |
| 2018 | 17,182,310      | 10,846,778   | 6,335,532                        | 771,232    |
| 2017 | 17,157,398      | 10,526,033   | 6,631,365                        | 103,336    |
| 2016 | 16,193,740      | 9,326,766    | 6,866,974                        | 211,707    |

| Year | Gross Premium Written | Net Premium Written | Premium Earned | Loss and LAE Ratio | Expense Ratio | Combined Ratio |
|------|-----------------------|---------------------|----------------|--------------------|---------------|----------------|
| 2021 | \$13,133,264          | \$12,638,970        | \$12,188,596   | 71.6%              | 31.3%         | 102.9%         |
| 2020 | 12,139,296            | 11,870,526          | 11,359,125     | 71.7               | 29.8          | 101.5          |
| 2019 | 11,377,526            | 11,268,782          | 10,424,948     | 76.0               | 27.1          | 103.1          |
| 2018 | 9,129,261             | 8,997,548           | 8,694,345      | 75.7               | 27.5          | 103.2          |
| 2017 | 8,794,376             | 8,605,162           | 8,190,801      | 77.2               | 28.6          | 105.8          |
| 2016 | 7,402,160             | 7,291,335           | 7,063,439      | 68.2               | 31.4          | 99.6           |

AFMICS I assumes 100% of underwriting activity (both written and assumed), except for HICNY, which retains 20% of its business, and TRUE and Bowhead, which are not reinsured by AFMICS I.

Gross and net premiums written increased 77% and 73%, respectively, over the period subject to examination. Group net premium written grew both organically as well as through two significant acquisitions. In addition, three intercompany reinsurance transactions have been executed since 2017. On January 1, 2017, AFMICS I entered a loss portfolio transfer and 100% quota share agreement with PGAC. Total premiums written and assumed by PGAC in 2021 were \$837 million. On January 1, 2019, AFMICS I entered a Loss Portfolio Transfer and 100% Quota Share Agreement with NGM which contributed \$1.3 billion to AFMICS I's gross written premium. And finally, on January 1, 2020, AFMICS I entered a Loss Portfolio Transfer and 100% Quota Share Agreement with AFCPCIC, which added \$1.1 billion to AFMICS I's gross premium written. Overall, the acquisitions accounted for approximately half of the total premium growth reported by AFMICS I over the examination period. In 2020 and 2021, AFMICS I provided policyholder premium relief of approximately \$502 million and \$112 million, respectively, in response to the global COVID-19 pandemic.

Business operations produced an underwriting loss in each year under examination, which is illustrated by the combined ratio ranging from 101.5% in 2020 to 105.8% in 2017. Underwriting losses reported by the Group are predominantly attributed to higher-than-normal losses from natural catastrophe perils, including Midwest convective storms, hurricane, and winter storms impacting homeowners and commercial lines and from rising claim severity in auto and home lines. Severity rose rapidly with inflation during late 2021 and early 2022 in all physical damage coverages, outpacing premium increases over that period. The expense ratio in 2020 increased 2.7%, with approximately half of the change driven by COVID-19 premium relief payments recognized as a reduction in premium written and earned. Underwriting losses were offset by net investment income, resulting in AFMICS I reporting net income in each year under examination. In 2018 net income included a \$500 million extraordinary dividend from AFLIC (via AmFam, Inc.) that was used for the purpose of funding AFMICS I's non-contributory qualified pension plan. In 2020, AFMICS I received extraordinary dividends of approximately \$797 million from its Wisconsin-domiciled subsidiaries. The purpose of the dividends aligns with the Group's overall capital

management strategy to centrally manage capital at the AFMICS I level. The dividends were reported as part of net investment income and unrealized losses on common stock of affiliates. Neither dividend distribution had an impact on the surplus reported by AFMICS I.

Total admitted assets increased 68% during the period under examination. The increase was driven primarily by the acquisitions of the MSA and Connect entities. Thus, in 2019, total admitted assets increased 26% over the prior year due to an increase of \$2.4 billion in bonds and an increase of \$1.6 billion in affiliated common stock. The increase in bonds was mainly due to the Loss Portfolio Transfer between AFMICS I and NGM that became effective on January 1, 2019. The increase in common stock was primarily due to the investment in AFCPCIC. In 2020, total admitted assets increased 14%, compared to the prior year. The increase was driven by an increase in long-term bonds, largely due to the loss portfolio transfer with AFCPCIC executed on January 1, 2020.

Surplus increased 37% during the period covered by the current examination. The largest increase of \$1.7 million was reported in 2021. AFMICS I contributed approximately \$514.2 million to AmFam, Inc., to fund the acquisition of Bold Penguin, Inc., a technology company that simplifies the process of obtaining small business insurance. AFMICS I funded this contribution by a loan of \$510 million from the Federal Home Loan Bank – Chicago (FHLB). In March 2021 AmFam Holdings, Inc. executed the placement of \$1 billion of senior unsecured notes in the private market and made a capital contribution of \$900 million to AFMICS I. A part of this contribution was used to repay a loan from FHLB.

### **Subsequent Events**

As of December 31, 2022, AFMICS I reported a net underwriting loss of \$1.6 billion and a net loss of \$1.4 billion. The combined ratio for 2022 was 110.2%. Primary factors driving underwriting results were several significant catastrophe weather events and inflationary pressure. Net investment income in 2022 was reduced by \$491 million of net realized capital losses, largely on bond dispositions. Surplus decreased \$2.0 billion, or 22%, compared to prior year end, and was \$7.3 billion as of December 31, 2022. The decrease in surplus was driven by the net loss and by the increase in net unrealized capital losses of \$837 million.



**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, 2021, is accepted.

## VII. SUMMARY OF EXAMINATION RESULTS

### Compliance with Prior Examination Report Recommendations

Specific comments and recommendations included in the previous examination reports are listed below. Comments and recommendations contained in the last examination reports and actions taken by the company are as follows:

#### AFMICS, ASICOH, ASICW, AFIC, PGAC, PGACO, GAIC, HIC, HCT, HICMW

1. Investments—It is recommended that the company revise its custodial agreement to include the guideline provisions contained in the NAIC's *Financial Condition Examiners Handbook*.

Action—Compliance.

#### HIC, HCT, HICMW

1. Executive Compensation—It is recommended that the company properly complete the "Report of Executive Compensation" as required by ss. 601.42 and 611.63 (4), Wis. Stat.

Action—Compliance.

2. Affiliated Agreements— It is recommended that the company amend its service agreement with HGI to be in compliance with s. Ins 40.04 (2) (d) (10), Wis. Adm. Code.

Action—Compliance

#### HIC

1. Affiliated Agreements—It is recommended that the company amend its service agreement with HGI to be in compliance with s. Ins 40.04 (2) (d) (3), Wis. Adm. Code

Action—Compliance

### **Summary of Current Examination Results**

The current examination resulted in no recommendations. There were no adjustments or reclassifications to the balance sheet amounts as a result of this examination.

## VIII. CONCLUSION

American Family Mutual Group includes 29 property and casualty and two life insurance companies domiciled in ten states. The current examination, which covered the period from January 1, 2017, to December 31, 2021, included 28 property and casualty and two life insurers. Representatives from nine states participated in the examination. This examination report includes 13 Wisconsin-domiciled property and casualty insurance companies.

Effective January 1, 2017, the company underwent a corporate reorganization and formed a mutual holding company. There were two major acquisitions during the examination period. The MSA Group was acquired in 2018, and the Connect entities were acquired in 2019. The acquisitions are part of the company's strategy to broaden its geographic footprint as well as its distribution channels.

Gross and net premiums written increased 77% and 73%, respectively, over the examination period. Group writings grew both organically as well as through acquisitions.

The current examination determined that all companies included in this report complied with the recommendations from the prior examination. The current examination resulted in no recommendations.

## **IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

The current examination resulted in no recommendations. There were no adjustments or reclassifications to the balance sheet amounts as a result of this examination.

## X. ACKNOWLEDGMENT

The courtesy and cooperation extended by the officers and employees of the company during the course of the examination 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:

| <b>Name</b>          | <b>Title</b>                                   |
|----------------------|--|
| Thomas Hilger, CFE   | Insurance Financial Examiner                   |
| James Lindell        | Insurance Financial Examiner                   |
| Gregory Mielke       | Insurance Financial Examiner                   |
| Jonathan Mundschau   | Insurance Financial Examiner                   |
| Nicholas Siskoff     | Insurance Financial Examiner                   |
| James Vanden Branden | Principal Analyst                              |
| Pierce Varney        | Insurance Financial Examiner                   |
| Yi Xu                | Insurance Financial Examiner                   |
| Jerry DeArmond, CFE  | Data Specialist                                |
| Eleanor Lu, CISA     | IT Specialist                                  |
| John Litweiler, AFE  | Exam Supervisor and Quality Control Specialist |

Respectfully submitted,



Terry Lorenz, CFE  
Examiner-in-Charge

## XI. Appendix A: Management and Control

### American Family Connect Insurance Company

#### Board of Directors

The board of directors of AFCIC consists of three members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of AFCIC consists of the following persons:

| <b>Name and Residence</b>                           | <b>Principal Occupation</b>                             | <b>Term Expires</b> |
|---|---|---------------------|
| David C. Holman<br>Verona, Wisconsin                | Chief Administration Officer, Secretary<br>AFMICS       | 2024                |
| Michael D. Lorion, Chair<br>Millbury, Massachusetts | AmFam Direct President<br>AFMICS                        | 2024                |
| Troy P. Van Beek<br>Waunakee, Wisconsin             | Enterprise Chief Financial Officer, Treasurer<br>AFMICS | 2024                |

#### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>         | <b>Office</b>           |
|---------------------|-------------------------|
| Michael D. Lorion   | President               |
| David C. Holman     | Secretary               |
| Troy P. Van Beek    | Treasurer               |
| Sharena Z. Ali      | Chief Operating Officer |
| Theresa K. Sztuczko | Assistant Treasurer     |
| Mary A. Theilen     | Assistant Treasurer     |
| Lauren K. Powell    | Assistant Secretary     |

## American Family Connect Property and Casualty Insurance Company

### Board of Directors

The board of directors of AFPCIC consists of six members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in Group.

Currently, the board of directors of AFPCIC consists of the following persons:

| <b>Name and Residence</b>                           | <b>Principal Occupation</b>                             | <b>Term Expires</b> |
|---|---|---------------------|
| David C. Holman<br>Verona, Wisconsin                | Chief Administration Officer, Secretary<br>AFMICS       | 2024                |
| Daniel J. Kelly<br>Madison, Wisconsin               | Enterprise Chief Underwriting Officer<br>AFMICS         | 2024                |
| Michael D. Lorion<br>Millbury, Massachusetts        | AmFam Direct President<br>AFMICS                        | 2024                |
| Troy P. Van Beek<br>Waunakee, Wisconsin             | Enterprise Chief Financial Officer, Treasurer<br>AFMICS | 2024                |
| William B. Westrate, Chair<br>Lake Mills, Wisconsin | Chief Executive Officer<br>AFMICS                       | 2024                |
| Telisa L. Yancy<br>Middleton, Wisconsin             | Enterprise President<br>AFMICS                          | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>         | <b>Office</b>           |
|---------------------|-------------------------|
| Michael D. Lorion   | President               |
| David C. Holman     | Secretary               |
| Troy P. Van Beek    | Treasurer               |
| Jeffrey N. Preston  | Vice President          |
| Sharena Z. Ali      | Chief Operating Officer |
| Theresa K. Sztuczko | Assistant Treasurer     |
| Mary A. Theilen     | Assistant Treasurer     |
| Lauren K. Powell    | Assistant Secretary     |



## American Family Insurance Company

### Board of Directors

The board of directors of AFIC consists of three members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of AFIC consists of the following persons:

| <b>Name and Residence</b>                       | <b>Principal Occupation</b>                             | <b>Term Expires</b> |
|---|---|---------------------|
| David C. Holman<br>Verona, Wisconsin            | Chief Administration Officer, Secretary<br>AFMICS       | 2024                |
| Jeffrey J. Swalve, Chair<br>Waunakee, Wisconsin | Agency President<br>AFMICS                              | 2024                |
| Troy P. Van Beek<br>Waunakee, Wisconsin         | Enterprise Chief Financial Officer, Treasurer<br>AFMICS | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>         | <b>Office</b>       |
|---------------------|---------------------|
| Jeffrey J. Swalve   | President           |
| David C. Holman     | Secretary           |
| Troy P. Van Beek    | Treasurer           |
| Theresa K. Sztuczko | Assistant Treasurer |
| Mary A. Theilen     | Assistant Treasurer |
| Lauren K. Powell    | Assistant Secretary |

## American Family Mutual Insurance Company, S.I.

### Board of Directors

The board of directors of AFMICS I consists of six members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of AFMICS I consists of the following persons:

| <b>Name and Residence</b>                           | <b>Principal Occupation</b>                               | <b>Term Expires</b> |
|---|---|---------------------|
| David C. Holman<br>Verona, Wisconsin                | Chief Administration Officer, Secretary<br>AFMICS I       | 2024                |
| Jessica J. Stauffacher<br>Lake Mills, Wisconsin     | Enterprise Chief People Officer<br>AFMICS I               | 2024                |
| Jeffrey J. Swalve<br>Waunakee, Wisconsin            | Agency President<br>AFMICS I                              | 2024                |
| Troy P. Van Beek<br>Waunakee, Wisconsin             | Enterprise Chief Financial Officer, Treasurer<br>AFMICS I | 2024                |
| William B. Westrate, Chair<br>Lake Mills, Wisconsin | Chief Executive Officer<br>AFMICS I                       | 2024                |
| Telisa L. Yancy<br>Middleton, Wisconsin             | Enterprise President<br>AFMICS I                          | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>            | <b>Office</b>                                  |
|------------------------|--|
| Jack C. Salzwedel      | Executive Chair                                |
| William B. Westrate    | Chief Executive Officer                        |
| Telisa L. Yancy        | Enterprise President                           |
| Troy P. Van Beek       | Enterprise Chief Financial Officer, Treasurer  |
| David C. Holman        | Chief Administration Officer, Secretary        |
| Michael D. Lorion      | AmFam Direct President                         |
| Jeffrey J. Swalve      | Agency President                               |
| Peter B. Settel        | Enterprise Chief Strategy & Technology Officer |
| Janet S. Embray        | Commercial & Farm Ranch President              |
| Jessica J. Stauffacher | Enterprise Chief People Officer                |
| Anthony M. Scavongelli | Enterprise Chief Partnership Officer           |
| Rondale L. Dunn        | Chief Sales Officer                            |
| William T. Fancher     | Life President                                 |
| Elicia L. Azali        | Enterprise Chief Marketing Officer             |

**Name****Office**

|                     |   |
|---------------------|---|
| Daniel J. Kelly     | Enterprise Chief Underwriting Officer   |
| David A. Graham     | Chief Investment Officer                |
| Timothy D. Constien | Chief Claims Officer                    |
| Richard M. Steffen  | Personal Lines President                |
| Tracy L. Schweitzer | Enterprise Chief Transformation Officer |
| Theresa K. Sztuczko | Assistant Treasurer                     |
| Mary A. Theilen     | Assistant Treasurer                     |
| Lauren K. Powell    | Assistant Secretary                     |
| Michael E. Silver   | Assistant Secretary                     |

## American Standard Insurance Company of Ohio

### Board of Directors

The board of directors of ASICOH consists of three members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of ASICOH consists of the following persons:

| <b>Name and Residence</b>                       | <b>Principal Occupation</b>                             | <b>Term Expires</b> |
|---|---|---------------------|
| David C. Holman<br>Verona, Wisconsin            | Chief Administration Officer, Secretary<br>AFMICS       | 2024                |
| Jeffrey J. Swalve, Chair<br>Waunakee, Wisconsin | Agency President<br>AFMICS                              | 2024                |
| Troy P. Van Beek<br>Waunakee, Wisconsin         | Enterprise Chief Financial Officer, Treasurer<br>AFMICS | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>         | <b>Office</b>       |
|---------------------|---------------------|
| Jeffrey J. Swalve   | President           |
| David C. Holman     | Secretary           |
| Troy P. Van Beek    | Treasurer           |
| Theresa K. Sztuczko | Assistant Treasurer |
| Mary A. Theilen     | Assistant Treasurer |
| Lauren K. Powell    | Assistant Secretary |

## American Standard Insurance Company of Wisconsin

### Board of Directors

The board of directors of ASICW consists of three members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of ASICW consists of the following persons:

| <b>Name and Residence</b>                       | <b>Principal Occupation</b>                             | <b>Term Expires</b> |
|---|---|---------------------|
| David C. Holman<br>Verona, Wisconsin            | Chief Administration Officer, Secretary<br>AFMICS       | 2024                |
| Jeffrey J. Swalve, Chair<br>Waunakee, Wisconsin | Agency President<br>AFMICS                              | 2024                |
| Troy P. Van Beek<br>Waunakee, Wisconsin         | Enterprise Chief Financial Officer, Treasurer<br>AFMICS | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>         | <b>Office</b>       |
|---------------------|---------------------|
| Jeffrey J. Swalve   | President           |
| David C. Holman     | Secretary           |
| Troy P. Van Beek    | Treasurer           |
| Theresa K. Sztuczko | Assistant Treasurer |
| Mary A. Theilen     | Assistant Treasurer |
| Lauren K. Powell    | Assistant Secretary |

## Homesite Indemnity Company

### Board of Directors

The board of directors of HIC consists of four members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of HIC consists of the following persons:

| <b>Name and Residence</b>                           | <b>Principal Occupation</b>                            | <b>Term Expires</b> |
|---|--|---------------------|
| Susan G. Anderson<br>Quincy, Massachusetts          | General Counsel, Senior Vice President<br>AmFam Direct | 2024                |
| Michael D. Lorion, Chair<br>Millbury, Massachusetts | AmFam Direct President<br>AFMICS                       | 2024                |
| Ferdinando Montano<br>Saugus, Massachusetts         | Vice President<br>AmFam Direct                         | 2024                |
| Lauren K. Powell<br>Waunakee, Wisconsin             | Governance & Licensing Vice President<br>AFMICS        | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>                | <b>Office</b>       |
|----------------------------|---------------------|
| Susan G. Anderson          | Assistant Secretary |
| Michael D. Lorion          | President           |
| Troy P. Van Beek           | Treasurer           |
| Rebecca S. Buchanan-Mackie | Assistant Secretary |
| David C. Holman            | Secretary           |
| Lauren K. Powell           | Assistant Secretary |
| Anthony M. Scavongelli     | Vice President      |
| Theresa K. Sztuczko        | Assistant Treasurer |
| Mary A. Theilen            | Assistant Treasurer |

## Homesite Insurance Company

### Board of Directors

The board of directors of HCT consists of six members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of HCT consists of the following persons:

| <b>Name and Residence</b>                           | <b>Principal Occupation</b>                            | <b>Term Expires</b> |
|---|--|---------------------|
| Susan G. Anderson<br>Quincy, Massachusetts          | General Counsel, Senior Vice President<br>AmFam Direct | 2024                |
| Michael D. Lorion, Chair<br>Millbury, Massachusetts | AmFam Direct President<br>AFMICS                       | 2024                |
| Sharena Z. Ali<br>Green Bay, Wisconsin              | Chief Operating Officer<br>AFCIC                       | 2024                |
| Ferdinando Montano<br>Saugus, Massachusetts         | Vice President<br>AmFam Direct                         | 2024                |
| Lauren K. Powell<br>Waunakee, Wisconsin             | Governance & Licensing Vice President<br>AFMICS        | 2024                |
| Telisa L. Yancy<br>Middleton, Wisconsin             | Enterprise President<br>AFMICS                         | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>                | <b>Office</b>       |
|----------------------------|---------------------|
| Susan G. Anderson          | Assistant Secretary |
| Michael D. Lorion          | President           |
| Troy P. Van Beek           | Treasurer           |
| Rebecca S. Buchanan-Mackie | Assistant Secretary |
| David C. Holman            | Secretary           |
| Lauren K. Powell           | Assistant Secretary |
| Anthony M. Scavongelli     | Vice President      |
| Theresa K. Sztuczko        | Assistant Treasurer |
| Mary A. Theilen            | Assistant Treasurer |

## Homesite Insurance Company of the Midwest

### Board of Directors

The board of directors of HICMW consists of four members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of HICMW consists of the following persons:

| <b>Name and Residence</b>                           | <b>Principal Occupation</b>                            | <b>Term Expires</b> |
|---|--|---------------------|
| Susan G. Anderson<br>Quincy, Massachusetts          | General Counsel, Senior Vice President<br>AmFam Direct | 2024                |
| Michael D. Lorion, Chair<br>Millbury, Massachusetts | AmFam Direct President<br>AFMICS                       | 2024                |
| Ferdinando Montano<br>Saugus, Massachusetts         | Vice President<br>AmFam Direct                         | 2024                |
| Lauren K. Powell<br>Waunakee, Wisconsin             | Governance & Licensing Vice President<br>AFMICS        | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>                | <b>Office</b>       |
|----------------------------|---------------------|
| Susan G. Anderson          | Assistant Secretary |
| Michael D. Lorion          | President           |
| Troy P. Van Beek           | Treasurer           |
| Rebecca S. Buchanan-Mackie | Assistant Secretary |
| David C. Holman            | Secretary           |
| Lauren K. Powell           | Assistant Secretary |
| Anthony M. Scavongelli     | Vice President      |
| Theresa K. Sztuczko        | Assistant Treasurer |
| Mary A. Theilen            | Assistant Treasurer |



## Midvale Indemnity Company

### Board of Directors

The board of directors of MIC consists of three members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of MIC consists of the following persons:

| <b>Name and Residence</b>                    | <b>Principal Occupation</b>                             | <b>Term Expires</b> |
|--|---|---------------------|
| David C. Holman<br>Verona, Wisconsin         | Chief Administration Officer, Secretary<br>AFMICS       | 2024                |
| Daniel J. Kelly, Chair<br>Madison, Wisconsin | Enterprise Chief Underwriting Officer<br>AFMICS         | 2024                |
| Troy P. Van Beek<br>Waunakee, Wisconsin      | Enterprise Chief Financial Officer, Treasurer<br>AFMICS | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>            | <b>Office</b>                      |
|------------------------|------------------------------------|
| Anthony J. DeSantis    | Chief Executive Officer, President |
| David C. Holman        | Secretary                          |
| Troy P. Van Beek       | Treasurer                          |
| Anthony M. Scavongelli | Chief Legal Officer                |
| Theresa K. Sztuczko    | Assistant Treasurer                |
| Mary A. Theilen        | Assistant Treasurer                |
| Lauren K. Powell       | Assistant Secretary                |

## Permanent General Assurance Corporation

### Board of Directors

The board of directors of PGAC consists of four members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of PGAC consists of the following persons:

| <b>Name and Residence</b>                          | <b>Principal Occupation</b>  | <b>Term Expires</b> |
|--|--|---------------------|
| Susan G. Anderson<br>Quincy, Massachusetts         | General Counsel, Senior Vice President<br>AmFam Direct                     | 2024                |
| Siddharth Jain<br>Alpharetta, Georgia              | Senior Vice President Product Manager<br>Permanent General Companies, Inc. | 2024                |
| Lauren K. Powell<br>Waunakee, Wisconsin            | Governance & Licensing Vice President<br>AFMICS                            | 2024                |
| Kautilya N. Raval, Chair<br>Swedesboro, New Jersey | President<br>PGC Holdings Corp.  | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>          | <b>Office</b>       |
|----------------------|---------------------|
| Kautilya N. Raval    | President           |
| David C. Holman      | Secretary           |
| Troy P. Van Beek     | Treasurer           |
| Allison W. Garretson | Vice President      |
| Steven C. Jay        | Vice President      |
| Eileen Manners       | Vice President      |
| Theresa K. Sztuczko  | Assistant Treasurer |
| Mary A. Theilen      | Assistant Treasurer |
| Lauren K. Powell     | Assistant Secretary |
| Susan G. Anderson    | Assistant Secretary |

## Permanent General Assurance Corporation of Ohio

### Board of Directors

The board of directors of PGACO consists of four members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of PGACO consists of the following persons:

| <b>Name and Residence</b>                          | <b>Principal Occupation</b>  | <b>Term Expires</b> |
|--|--|---------------------|
| Susan G. Anderson<br>Quincy, Massachusetts         | General Counsel, Senior Vice President<br>AmFam Direct                     | 2024                |
| Siddharth Jain<br>Alpharetta, Georgia              | Senior Vice President Product Manager<br>Permanent General Companies, Inc. | 2024                |
| Lauren K. Powell<br>Waunakee, Wisconsin            | Governance & Licensing Vice President<br>AFMICS                            | 2024                |
| Kautilya N. Raval, Chair<br>Swedesboro, New Jersey | President<br>PGC Holdings Corp.  | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>          | <b>Office</b>       |
|----------------------|---------------------|
| Kautilya N. Raval    | President           |
| David C. Holman      | Secretary           |
| Troy P. Van Beek     | Treasurer           |
| Allison W. Garretson | Vice President      |
| Steven C. Jay        | Vice President      |
| Eileen Manners       | Vice President      |
| Theresa K. Sztuczko  | Assistant Treasurer |
| Mary A. Theilen      | Assistant Treasurer |
| Lauren K. Powell     | Assistant Secretary |
| Susan G. Anderson    | Assistant Secretary |

## The General Automobile Insurance Company Inc.

### Board of Directors

The board of directors of GAIC consists of four members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of GAIC consists of the following persons:

| <b>Name and Residence</b>                          | <b>Principal Occupation</b>  | <b>Term Expires</b> |
|--|--|---------------------|
| Susan G. Anderson<br>Quincy, Massachusetts         | General Counsel, Senior Vice President<br>AmFam Direct                     | 2024                |
| Siddharth Jain<br>Alpharetta, Georgia              | Senior Vice President Product Manager<br>Permanent General Companies, Inc. | 2024                |
| Lauren K. Powell<br>Waunakee, Wisconsin            | Governance & Licensing Vice President<br>AFMICS                            | 2024                |
| Kautilya N. Raval, Chair<br>Swedesboro, New Jersey | President<br>PGC Holdings Corp.  | 2024                |

### Officers of the Company

The officers currently serving are as follows:

| <b>Name</b>          | <b>Office</b>       |
|----------------------|---------------------|
| Kautilya N. Raval    | President           |
| David C. Holman      | Secretary           |
| Troy P. Van Beek     | Treasurer           |
| Allison W. Garretson | Vice President      |
| Steven C. Jay        | Vice President      |
| Eileen Manners       | Vice President      |
| Theresa K. Sztuczko  | Assistant Treasurer |
| Mary A. Theilen      | Assistant Treasurer |
| Lauren K. Powell     | Assistant Secretary |
| Susan G. Anderson    | Assistant Secretary |

## XII. Appendix B: Financial Data

### American Family Connect Insurance Company Assets (in thousands) As of December 31, 2021

|  | Assets                 | Nonadmitted<br>Assets | Net<br>Admitted<br>Assets |
|--|------------------------|-----------------------|---------------------------|
| Bonds  | \$ 5,240               | \$                    | \$ 5,240                  |
| Cash, cash equivalents, and short-term investments   | 8,392                  |                       | 8,392                     |
| Investment income due and accrued                    | 49                     |                       | 49                        |
| Receivable from parent, subsidiaries, and affiliates | <u>8</u>               | <u>—</u>              | <u>8</u>                  |
| <b>Total Assets</b>                                  | <b><u>\$13,688</u></b> | <b><u>\$0</u></b>     | <b><u>\$13,688</u></b>    |

### American Family Connect Insurance Company Liabilities, Surplus, and Other Funds (in thousands) As of December 31, 2021

|  |                 |                        |
|--|-----------------|------------------------|
| Current federal and foreign income taxes |                 | \$ 1                   |
| Net deferred tax liability               |                 | <u>86</u>              |
| <b>Total Liabilities</b>                 |                 | <b>88</b>              |
| Common capital stock                     | \$ 8,000        |                        |
| Gross paid in and contributed surplus    | 37,726          |                        |
| Unassigned funds (surplus)               | <u>(32,126)</u> |                        |
| <b>Surplus as Regards Policyholders</b>  |                 | <b><u>13,601</u></b>   |
| <b>Total Liabilities and Surplus</b>     |                 | <b><u>\$13,688</u></b> |

### American Family Connect Insurance Company Summary of Operations (in thousands) For the Year 2021

|   |          |                     |
|---|----------|---------------------|
| <b>Investment Income</b>  |          |                     |
| Net investment income earned  | \$135    |                     |
| Net realized capital gains (losses)   | <u>2</u> |                     |
| <b>Net investment gain (loss)</b>   |          | <b>137</b>          |
| Net income (loss) before dividends to policyholders and before federal and foreign income taxes |          | 137                 |
| Net income (loss) after dividends to policyholders but before federal and foreign income taxes  |          | 137                 |
| Federal and foreign income taxes incurred   |          | <u>2</u>            |
| <b>Net Income (Loss)</b>  |          | <b><u>\$135</u></b> |

**American Family Connect Insurance Company**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |            |                |
|--|------------|----------------|
| Net investment income  |            | \$ 163         |
| Total  |            | 163            |
| Commissions, expenses paid, and aggregate write-ins for deductions | \$ 39      |                |
| Federal and foreign income taxes paid (recovered)                  | <u>37</u>  |                |
| Total deductions   |            | <u>76</u>      |
| Net cash from operations   |            | 88             |
| Proceeds from investments sold, matured, or repaid:                |            |                |
| Bonds  | \$591      |                |
| Total investment proceeds  | 591        |                |
| Cost of investments acquired (long-term only):                     |            |                |
| Bonds  | 566        |                |
| Total investments acquired   | <u>566</u> |                |
| Net cash from investments  |            | 25             |
| Other cash provided (applied)                                      | <u>(8)</u> |                |
| Cash from financing and miscellaneous sources:                     |            |                |
| Net cash from financing and miscellaneous sources                  |            | <u>(8)</u>     |
| <b>Reconciliation:</b>   |            |                |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments   |            | 104            |
| Cash, cash equivalents, and short-term investments:                |            |                |
| Beginning of year  |            | <u>8,288</u>   |
| End of Year  |            | <u>\$8,392</u> |

**American Family Connect Insurance Company**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|                                   | 2021              | 2020            | 2019              | 2018              | 2017              |
|-----------------------------------|-------------------|-----------------|-------------------|-------------------|-------------------|
| Surplus, beginning of year        | \$13,523          | \$52,608        | \$49,335          | \$48,347          | \$47,311          |
| Net income                        | 135               | 944             | 3,273             | 986               | 1,036             |
| Change in net deferred income tax | (57)              | (90)            | 60                | 2                 | 1                 |
| Change in nonadmitted assets      |                   | 61              | (60)              | (1)               |                   |
| Dividends to stockholders         | <u>          </u> | <u>(40,000)</u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Surplus, End of Year              | <u>\$13,601</u>   | <u>\$13,523</u> | <u>\$52,608</u>   | <u>\$49,335</u>   | <u>\$48,347</u>   |

**American Family Connect Property and Casualty Insurance Company**

**Assets (in thousands)  
As of December 31, 2021**

|   | <b>Assets</b>           | <b>Nonadmitted<br/>Assets</b> | <b>Net<br/>Admitted<br/>Assets</b> |
|---|-------------------------|-------------------------------|------------------------------------|
| Bonds   | \$479,901               | \$                            | \$479,901                          |
| Stocks:   |                         |                               |                                    |
| Common stocks   | 13,945                  | 344                           | 13,601                             |
| Real estate:  |                         |                               |                                    |
| Occupied by the company   | 287                     |                               | 287                                |
| Cash, cash equivalents, and short-term investments  | 32,716                  |                               | 32,716                             |
| Receivables for securities  | 1,937                   |                               | 1,937                              |
| Investment income due and accrued   | 1,428                   |                               | 1,418                              |
| Premiums and considerations:  |                         |                               |                                    |
| Uncollected premiums and agents' balances in course of collection                         | 589                     | 2                             | 587                                |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 142,427                 |                               | 142,427                            |
| Reinsurance:  |                         |                               |                                    |
| Amounts recoverable from reinsurers   | 90,316                  |                               | 90,316                             |
| Funds held by or deposited with reinsured companies                                       | 3,110                   |                               | 3,110                              |
| Net deferred tax asset  | 30,926                  | 22,034                        | 8,892                              |
| Electronic data processing equipment and software   | 4,403                   | 4,403                         |                                    |
| Furniture and equipment, including health care delivery assets                            | 1,167                   | 1,167                         |                                    |
| Net adjustments in assets and liabilities due to foreign exchange rates                   | (248)                   |                               | (248)                              |
| Receivable from parent, subsidiaries, and affiliates                                      | 20,667                  |                               | 20,667                             |
| Write-ins for other than invested assets:   |                         |                               |                                    |
| Advances  | 2                       |                               | 2                                  |
| Prepaid expenses  | 667                     | 667                           |                                    |
| Miscellaneous Receivables   | <u>7,925</u>            | <u>        </u>               | <u>7,925</u>                       |
| <b>Total Assets</b>   | <b><u>\$832,163</u></b> | <b><u>\$28,617</u></b>        | <b><u>\$803,546</u></b>            |

**American Family Connect Property and Casualty Insurance Company**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|   |                  |                  |
|---|------------------|------------------|
| Reinsurance payable on paid loss and loss adjustment expenses           | \$               | 85               |
| Commissions payable, contingent commissions, and other similar charges  |                  | 3,097            |
| Other expenses (excluding taxes, licenses, and fees)                    |                  | 30,395           |
| Taxes, licenses, and fees (excluding federal and foreign income taxes)  |                  | 4,200            |
| Current federal and foreign income taxes                                |                  | 28               |
| Net deferred tax liability  |                  |                  |
| Advance premium   |                  | 7,002            |
| Ceded reinsurance premiums payable (net of ceding commissions)          |                  | 156,310          |
| Amounts withheld or retained by company for account of others           |                  | 1,899            |
| Net adjustments in assets and liabilities due to foreign exchange rates |                  | (448)            |
| Payable to parent, subsidiaries, and affiliates                         |                  | 27,468           |
| Payable for securities  |                  | 12,382           |
| Write-ins for liabilities:  |                  |                  |
| All other liabilities   |                  | <u>2,454</u>     |
| Total Liabilities   |                  | 244,872          |
| Common capital stock  | \$ 5,000         |                  |
| Gross paid in and contributed surplus                                   | 706,506          |                  |
| Unassigned funds (surplus)  | <u>(152,832)</u> |                  |
| Surplus as Regards Policyholders  |                  | <u>558,674</u>   |
| Total Liabilities and Surplus   |                  | <u>\$803,546</u> |

**The American Family Connect Property & Casualty Insurance Company**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

|   |              |                 |
|---|--------------|-----------------|
| <b>Investment Income</b>  |              |                 |
| Net investment income earned  | \$9,004      |                 |
| Net realized capital gains (losses)   | <u>2,065</u> |                 |
| Net investment gain (loss)  |              | <u>\$11,070</u> |
| <b>Other Income</b>   |              |                 |
| Write-ins for miscellaneous income:   |              |                 |
| Miscellaneous income/(expenses)   | <u>5,399</u> |                 |
| Total other income  |              | <u>5,399</u>    |
| Net income (loss) before dividends to policyholders and before federal and foreign income taxes |              | 16,469          |
| Net income (loss) after dividends to policyholders but before federal and foreign income taxes  |              | 16,469          |
| Federal and foreign income taxes incurred   |              | <u>(196)</u>    |
| Net Income (Loss)   |              | <u>\$16,665</u> |



**The American Family Connect Property & Casualty Insurance Company**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |                 |                 |
|--|-----------------|-----------------|
| Premiums collected net of reinsurance                              |                 | \$11,466        |
| Net investment income  |                 | 13,249          |
| Miscellaneous income   |                 | <u>2,289</u>    |
| Total  |                 | 27,004          |
| Benefit- and loss-related payments                                 | \$16,952        |                 |
| Commissions, expenses paid, and aggregate write-ins for deductions | (7,302)         |                 |
| Federal and foreign income taxes paid (recovered)                  | <u>(20,889)</u> |                 |
| Total deductions   |                 | <u>(11,238)</u> |
| Net cash from operations   |                 | 38,242          |
| Proceeds from investments sold, matured, or repaid:                |                 |                 |
| Bonds  | \$546,816       |                 |
| Miscellaneous proceeds   | <u>5,792</u>    |                 |
| Total investment proceeds  |                 | 552,608         |
| Cost of investments acquired (long-term only):                     |                 |                 |
| Bonds  | 574,198         |                 |
| Total investments acquired   |                 | <u>574,198</u>  |
| Net cash from investments  |                 | (21,591)        |
| Cash from financing and miscellaneous sources:                     |                 |                 |
| Other cash provided (applied)                                      | <u>24,146</u>   |                 |
| Net cash from financing and miscellaneous sources                  |                 | <u>24,146</u>   |
| <b>Reconciliation:</b>   |                 |                 |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments   |                 | 40,798          |
| Cash, cash equivalents, and short-term investments:                |                 |                 |
| Beginning of year  |                 | <u>(8,082)</u>  |
| End of Year  |                 | <u>\$32,716</u> |

**The American Family Connect Property & Casualty Insurance Company**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|  | 2021             | 2020             | 2019             | 2018             | 2017             |
|--|------------------|------------------|------------------|------------------|------------------|
| Surplus, beginning of year                                     | \$538,903        | \$808,035        | \$789,281        | \$780,638        | \$800,321        |
| Net income   | 16,665           | 86,504           | 18,793           | 8,881            | (9,711)          |
| Net transfers (to) from protected cell accounts                |                  |                  |                  |                  |                  |
| Change in net unrealized capital gains/losses                  | (10,431)         | (35,302)         | 5,819            | 2,614            | 2,569            |
| Change in net unrealized foreign exchange capital gains/losses | 158              |                  |                  |                  |                  |
| Change in net deferred income tax                              | (3,513)          | (26,890)         | 40,146           | (694)            | (13,855)         |
| Change in nonadmitted assets                                   | 16,892           | 14,591           | (46,004)         | (30)             | 1,314            |
| Surplus adjustments:   |                  |                  |                  |                  |                  |
| Paid in  |                  | 75,666           |                  |                  |                  |
| Dividends to stockholders                                      |                  | (308,034)        |                  |                  |                  |
| Write-ins for gains and (losses) in surplus:                   |                  |                  |                  |                  |                  |
| Surplus Account Move   | _____            | (75,666)         | _____            | (2,128)          | _____            |
| Surplus, End of Year   | <u>\$558,674</u> | <u>\$538,903</u> | <u>\$808,035</u> | <u>\$789,281</u> | <u>\$780,638</u> |

**American Family Insurance Company**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | Assets          | Nonadmitted<br>Assets | Net<br>Admitted<br>Assets |
|---|-----------------|-----------------------|---------------------------|
| Bonds   | \$ 9,673        | \$                    | \$ 9,673                  |
| Cash, cash equivalents, and<br>short-term investments   | 52,652          |                       | 52,652                    |
| Investment income due and<br>accrued  | 150             |                       | 150                       |
| Premiums and considerations:<br>Uncollected premiums and<br>agents' balances in course<br>of collection | (86)            |                       | (86)                      |
| Reinsurance:<br>Amounts recoverable from<br>reinsurers  | <u>300</u>      | -                     | <u>300</u>                |
| Total Assets  | <u>\$62,087</u> | <u>\$</u>             | <u>\$62,087</u>           |

**American Family Insurance Company**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|   |                 |
|---|-----------------|
| Taxes, licenses, and fees (excluding federal and foreign<br>income taxes) | \$14,884        |
| Current federal and foreign income taxes                                  | 2               |
| Net deferred tax liability  | 19              |
| Advance premium   | 18,101          |
| Ceded reinsurance premiums payable (net of ceding<br>commissions)         | (46,020)        |
| Amounts withheld or retained by company for account of<br>others          | 199             |
| Remittances and items not allocated                                       | (1)             |
| Payable to parent, subsidiaries, and affiliates                           | 43,403          |
| Write-ins for liabilities:  | 4,344           |
| Total Liabilities   | 34,931          |
| Common capital stock  | \$3,000         |
| Gross paid in and contributed surplus                                     | 7,241           |
| Unassigned funds (surplus)  | <u>16,915</u>   |
| Surplus as Regards Policyholders  | <u>27,156</u>   |
| Total Liabilities and Surplus   | <u>\$62,087</u> |

**American Family Insurance Company  
Summary of Operations (in thousands)  
For the Year 2021**

|  |            |              |
|--|------------|--------------|
| <b>Investment Income</b>   |            |              |
| Net investment income earned   | \$167      |              |
| Net realized capital gains (losses)  | <u>(3)</u> |              |
| Net investment gain (loss)   |            | \$164        |
| <b>Other Income</b>  |            |              |
| Net income (loss) before dividends to policyholders and<br>before federal and foreign income taxes |            | 164          |
| Net income (loss) after dividends to policyholders but before<br>federal and foreign income taxes  |            | 164          |
| Federal and foreign income taxes incurred  |            | <u>(1)</u>   |
| Net Income (Loss)  |            | <u>\$165</u> |

**American Family Insurance Company  
Cash Flow (in thousands)  
For the Year 2021**

|  |                 |                 |
|--|-----------------|-----------------|
| Premiums collected net of<br>reinsurance                                 |                 | \$14,255        |
| Net investment income  |                 | <u>278</u>      |
| Total  |                 | 14,532          |
| Benefit- and loss-related<br>payments                                    | \$ (2,230)      |                 |
| Commissions, expenses paid, and<br>aggregate write-ins for<br>deductions | (5,619)         |                 |
| Federal and foreign income taxes<br>paid (recovered)                     | <u>(30)</u>     |                 |
| Total deductions   |                 | <u>(7,879)</u>  |
| Net cash from operations   |                 | 22,411          |
| Cost of investments acquired<br>(long-term only):                        |                 |                 |
| Bonds  | \$50            |                 |
| Total investments acquired   | <u>50</u>       |                 |
| Net cash from investments  |                 | (50)            |
| Other cash provided (applied)  | <u>(21,938)</u> |                 |
| Net cash from financing and<br>miscellaneous sources                     |                 | <u>(21,938)</u> |
| <b>Reconciliation:</b>   |                 |                 |
| Net Change in Cash, Cash<br>Equivalents, and Short-Term<br>Investments   |                 | 423             |
| Cash, cash equivalents, and<br>short-term investments:                   |                 |                 |
| Beginning of year  |                 | <u>52,229</u>   |
| End of Year  |                 | <u>\$52,652</u> |

**American Family Insurance Company**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|                                   | 2021            | 2020            | 2019            | 2018            | 2017            |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Surplus, beginning of year        | \$26,994        | \$26,390        | \$25,313        | \$24,208        | \$23,617        |
| Net income                        | 165             | 608             | 1,132           | 1,057           | 589             |
| Change in net deferred income tax | (4)             | (4)             | (55)            | 48              | 3               |
| Change in nonadmitted assets      | _____           | _____           | _____           | _____1          | _____(1)        |
| Surplus, End of Year              | <u>\$27,156</u> | <u>\$26,994</u> | <u>\$26,390</u> | <u>\$25,313</u> | <u>\$24,208</u> |

**American Standard Insurance Company of Ohio**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | Assets                 | Nonadmitted<br>Assets | Net<br>Admitted<br>Assets |
|---|------------------------|-----------------------|---------------------------|
| Bonds   | \$ 889                 | \$                    | \$ 889                    |
| Cash, cash equivalents, and short-term investments  | 12,505                 |                       | 12,505                    |
| Investment income due and accrued   | 15                     |                       | 15                        |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 1                      |                       | 1                         |
| Funds held by or deposited with reinsured companies                                       | (33)                   |                       | (33)                      |
| Net deferred tax asset  | <u>1</u>               | <u>1</u>              | <u>          </u>         |
| <b>Total Assets</b>   | <b><u>\$13,378</u></b> | <b><u>\$1</u></b>     | <b><u>\$13,377</u></b>    |

**American Standard Insurance Company of Ohio**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|  |              |                        |
|--|--------------|------------------------|
| Taxes, licenses, and fees (excluding federal and foreign income taxes) |              | \$ 2,814               |
| Unearned premiums  |              | 654                    |
| Ceded reinsurance premiums payable (net of ceding commissions)         |              | (3,603)                |
| Payable to parent, subsidiaries, and affiliates                        |              | 3,949                  |
| Write-ins for liabilities:   |              |                        |
| All Other Liabilities  |              | <u>371</u>             |
| <b>Total Liabilities</b>   |              | <b>4,184</b>           |
| Common capital stock   | \$1,000      |                        |
| Gross paid in and contributed surplus                                  | 1,825        |                        |
| Unassigned funds (surplus)   | <u>6,368</u> |                        |
| <b>Surplus as Regards Policyholders</b>                                |              | <b><u>9,193</u></b>    |
| <b>Total Liabilities and Surplus</b>                                   |              | <b><u>\$13,377</u></b> |

**American Standard Insurance Company of Ohio**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

|                                     |            |            |
|-------------------------------------|------------|------------|
| <b>Investment Income</b>            |            |            |
| Net realized capital gains (losses) | <u>\$6</u> | 6          |
| Net investment gain (loss)          |            | 6          |
| <b>Other Income</b>                 |            |            |
| Total other income                  |            | <u>6</u>   |
| Net Income (Loss)                   |            | <u>\$6</u> |

**American Standard Insurance Company of Ohio**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |                |                 |
|--|----------------|-----------------|
| Premiums collected net of reinsurance                              |                | \$ 938          |
| Net investment income  |                | <u>15</u>       |
| Total  |                | 953             |
| Benefit- and loss-related payments                                 | \$(2,979)      |                 |
| Commissions, expenses paid, and aggregate write-ins for deductions | (50)           |                 |
| Federal and foreign income taxes paid (recovered)                  | <u>(2)</u>     |                 |
| Total deductions   |                | <u>(3,031)</u>  |
| Net cash from operations   |                | 3,984           |
| Other cash provided (applied)                                      | <u>(3,936)</u> |                 |
| Net cash from financing and miscellaneous sources                  |                | (3,936)         |
| <b>Reconciliation:</b>   |                |                 |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments   |                | 48              |
| Cash, cash equivalents, and short-term investments:                |                |                 |
| Beginning of year  |                | <u>12,457</u>   |
| End of Year  |                | <u>\$12,505</u> |

**American Standard Insurance Company of Ohio**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|                                   | 2021           | 2020           | 2019           | 2018           | 2017           |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Surplus, beginning of year        | \$9,187        | \$9,052        | \$8,845        | \$8,738        | \$8,262        |
| Net income                        | 6              | 135            | 210            | 105            | 476            |
| Change in net deferred income tax | 1              |                | (2)            | 2              |                |
| Change in nonadmitted assets      | <u>(1)</u>     | <u>      </u>  | <u>      </u>  | <u>      </u>  | <u>      </u>  |
| Surplus, End of Year              | <u>\$9,193</u> | <u>\$9,187</u> | <u>\$9,052</u> | <u>\$8,845</u> | <u>\$8,738</u> |



**American Standard Insurance Company of Wisconsin**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | <b>Assets</b>           | <b>Nonadmitted<br/>Assets</b> | <b>Net<br/>Admitted<br/>Assets</b> |
|---|-------------------------|-------------------------------|------------------------------------|
| Bonds   | \$249,191               | \$                            | \$249,191                          |
| Cash, cash equivalents, and short-term<br>investments   | 15,312                  |                               | 15,312                             |
| Receivables for securities  | 1,443                   |                               | 1,443                              |
| Investment income due and accrued   | 1,269                   |                               | 1,269                              |
| Deferred premiums, agents' balances,<br>and installments booked but<br>deferred and not yet due | 35,876                  |                               | 35,876                             |
| Amounts recoverable from reinsurers   | 25,502                  |                               | 25,502                             |
| Funds held by or deposited with<br>reinsured companies  | 14,823                  |                               | 14,823                             |
| Current federal and foreign income tax<br>recoverable and interest thereon                      | 47                      |                               | 47                                 |
| Net deferred tax asset  | 97                      |                               | 97                                 |
| Receivable from parent, subsidiaries,<br>and affiliates   | 17,820                  |                               | 17,820                             |
| Write-ins for other than invested assets:   | <u>164</u>              | -                             | <u>164</u>                         |
| <b>Total Assets</b>   | <b><u>\$361,544</u></b> | <b>\$</b>                     | <b><u>\$361,544</u></b>            |

**American Standard Insurance Company of Wisconsin  
Liabilities, Surplus, and Other Funds (in thousands)  
As of December 31, 2021**

|   |          |                         |
|---|----------|-------------------------|
| Reinsurance payable on paid loss and loss adjustment expenses           |          | \$ 4,640                |
| Taxes, licenses, and fees (excluding federal and foreign income taxes)  |          | 149                     |
| Advance premium   |          | 181                     |
| Ceded reinsurance premiums payable (net of ceding commissions)          |          | 23,701                  |
| Amounts withheld or retained by company for account of others           |          | 7                       |
| Net adjustments in assets and liabilities due to foreign exchange rates |          | 799                     |
| Payable to parent, subsidiaries, and affiliates                         |          | 6,498                   |
| Derivatives   |          |                         |
| Payable for securities  |          | 6,560                   |
| Write-ins for liabilities:  |          |                         |
| All other liabilities   |          | 291                     |
| <b>Total Liabilities</b>  |          | <b>42,825</b>           |
| <br>  |          |                         |
| Common capital stock  | \$ 3,000 |                         |
| Gross paid in and contributed surplus                                   | 3,000    |                         |
| Unassigned funds (surplus)  | 312,719  |                         |
| <br>  |          |                         |
| Surplus as Regards Policyholders  |          | <u>318,719</u>          |
| <br>  |          |                         |
| <b>Total Liabilities and Surplus</b>                                    |          | <b><u>\$361,544</u></b> |

**American Standard Insurance Company of Wisconsin  
Summary of Operations (in thousands)  
For the Year 2021**

|   |         |                       |
|---|---------|-----------------------|
| <b>Investment Income</b>  |         |                       |
| Net investment income earned  | \$5,254 |                       |
| Net realized capital gains (losses)   |         |                       |
|   | 1,652   |                       |
| Net investment gain (loss)  |         | \$6,906               |
| <br><b>Other Income</b>   |         |                       |
| Write-ins for miscellaneous income:   | 129     |                       |
| Total other income  |         | 129                   |
| <br>  |         |                       |
| Net income (loss) before dividends to policyholders and before federal and foreign income taxes |         | 7,036                 |
| <br>  |         |                       |
| Net income (loss) after dividends to policyholders but before federal and foreign income taxes  |         | 7,036                 |
| Federal and foreign income taxes incurred   |         | 939                   |
| <br>  |         |                       |
| Net Income (Loss)   |         | <b><u>\$6,096</u></b> |

**American Standard Insurance Company of Wisconsin**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |                 |                 |
|--|-----------------|-----------------|
| Premiums collected net of reinsurance                                    |                 | \$ 7,581        |
| Net investment income  |                 | 5,260           |
| Miscellaneous income   |                 | <u>(6,341)</u>  |
| Total  |                 | 6,500           |
| Benefit- and loss-related payments                                       | \$(10,125)      |                 |
| Commissions, expenses paid, and aggregate write-ins for deductions       | (20)            |                 |
| Federal and foreign income taxes paid (recovered)                        | <u>1,984</u>    |                 |
| Total deductions   |                 | <u>(8,160)</u>  |
| Net cash from operations   |                 | 14,660          |
| Proceeds from investments sold, matured, or repaid:                      |                 |                 |
| Bonds  | \$419,518       |                 |
| Net gains (losses) on cash, cash equivalents, and short-term investments | <u>(6)</u>      |                 |
| Total investment proceeds  | 419,512         |                 |
| Cost of investments acquired (long-term only):                           |                 |                 |
| Bonds  | 388,680         |                 |
| Miscellaneous applications   | <u>341</u>      |                 |
| Total investments acquired   | <u>389,021</u>  |                 |
| Net cash from investments  |                 | 30,491          |
| Other cash provided (applied)  | <u>(44,722)</u> |                 |
| Net cash from financing and miscellaneous sources                        |                 | <u>(44,722)</u> |
| <b>Reconciliation:</b>   |                 |                 |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments         |                 |                 |
|  |                 | 430             |
| Cash, cash equivalents, and short-term investments:                      |                 |                 |
| Beginning of year  |                 | <u>14,882</u>   |
| End of Year  |                 | <u>\$15,312</u> |

**American Standard Insurance Company of Wisconsin**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|  | 2021             | 2020             | 2019             | 2018             | 2017             |
|--|------------------|------------------|------------------|------------------|------------------|
| Surplus, beginning of year                                     | \$311,915        | \$362,238        | \$351,119        | \$347,635        | \$343,137        |
| Net income   | 6,096            | 10,394           | 11,116           | 3,413            | 4,482            |
| Change in net unrealized capital gains/losses                  | (220)            | 16               | 53               | 7                | 46               |
| Change in net unrealized foreign exchange capital gains/losses | 926              | (714)            | (38)             | 84               | (32)             |
| Change in net deferred income tax                              | 2                | (19)             | (11)             | (20)             | 4                |
| Change in nonadmitted assets                                   |                  |                  |                  | 1                | (1)              |
| Dividends to stockholders                                      | _____            | (60,000)         | _____            | _____            | _____            |
| Surplus, End of Year   | <u>\$318,719</u> | <u>\$311,915</u> | <u>\$362,238</u> | <u>\$351,119</u> | <u>\$347,635</u> |

**Homesite Indemnity Company**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | Assets          | Nonadmitted<br>Assets | Net<br>Admitted<br>Assets |
|---|-----------------|-----------------------|---------------------------|
| Bonds   | \$ 3,033        | \$                    | \$ 3,033                  |
| Cash, cash equivalents, and short-term investments  | 4,397           |                       | 4,397                     |
| Investment income due and accrued   | 10              |                       | 10                        |
| Uncollected premiums and agents' balances in course of collection                         | 1,649           |                       | 1,649                     |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 8,578           |                       | 8,578                     |
| Reinsurance:  |                 |                       |                           |
| Amounts recoverable from reinsurers   | 11,501          |                       | 11,501                    |
| Receivable from parent, subsidiaries, and affiliates                                      | <u>6,061</u>    | -                     | <u>6,061</u>              |
| Total Assets  | <u>\$35,228</u> | <u>\$</u>             | <u>\$35,228</u>           |

**Homesite Indemnity Company**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|  |                 |                 |
|--|-----------------|-----------------|
| Commissions payable, contingent commissions, and other similar charges |                 | \$ 1,349        |
| Other expenses (excluding taxes, licenses, and fees)                   |                 | 227             |
| Taxes, licenses, and fees (excluding federal and foreign income taxes) |                 | 554             |
| Current federal and foreign income taxes                               |                 | 1               |
| Borrowed money and interest thereon                                    |                 | 2               |
| Advance premium  |                 | 3,136           |
| Ceded reinsurance premiums payable (net of ceding commissions)         |                 | 16,922          |
| Total Liabilities  |                 | 22,191          |
| Common capital stock   | 3,250           |                 |
| Gross paid in and contributed surplus                                  | 25,177          |                 |
| Unassigned funds (surplus)   | <u>(15,390)</u> |                 |
| Surplus as Regards Policyholders                                       |                 | <u>13,037</u>   |
| Total Liabilities and Surplus  |                 | <u>\$35,228</u> |

**Homesite Indemnity company**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

**Underwriting Income**

|                                      |               |             |
|--------------------------------------|---------------|-------------|
| Other underwriting expenses incurred | <u>\$(69)</u> |             |
| Total underwriting deductions        |               | <u>(69)</u> |
| Net underwriting gain (loss)         |               | 69          |

**Investment Income**

|                                     |            |    |
|-------------------------------------|------------|----|
| Net investment income earned        | 65         |    |
| Net realized capital gains (losses) | <u>(2)</u> |    |
| Net investment gain (loss)          |            | 64 |

|   |  |           |
|---|--|-----------|
| Net income (loss) after dividends to policyholders but before<br>federal and foreign income taxes |  | 132       |
| Federal and foreign income taxes incurred   |  | <u>27</u> |

|                   |  |              |
|-------------------|--|--------------|
| Net Income (Loss) |  | <u>\$105</u> |
|-------------------|--|--------------|

**Homesite Indemnity company**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |                |                 |
|--|----------------|-----------------|
| Premiums collected net of reinsurance                              |                | \$14,892        |
| Net investment income  |                | <u>67</u>       |
| Total  |                | 14,959          |
| Benefit- and loss-related payments                                 | \$7,136        |                 |
| Commissions, expenses paid, and aggregate write-ins for deductions | (476)          |                 |
| Federal and foreign income taxes paid (recovered)                  | <u>255</u>     |                 |
| Total deductions   |                | <u>6,915</u>    |
| Net cash from operations   |                | 8,044           |
|  |                |                 |
| Proceeds from investments sold, matured, or repaid:                |                |                 |
| Bonds  | <u>\$2,115</u> |                 |
| Total investment proceeds  |                | 2,115           |
| Cost of investments acquired (long-term only):                     |                |                 |
| Bonds  | <u>2,203</u>   |                 |
| Total investments acquired   |                | <u>2,203</u>    |
| Net cash from investments  |                | <u>(87)</u>     |
|  |                |                 |
| Other cash provided (applied)                                      | <u>(6,274)</u> |                 |
| Net cash from financing and miscellaneous sources                  |                | <u>(6,274)</u>  |
|  |                |                 |
| <b>Reconciliation:</b>   |                |                 |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments   |                | 1,683           |
| Cash, cash equivalents, and short-term investments:                |                |                 |
| Beginning of year  |                | <u>2,714</u>    |
| End of Year  |                | <u>\$ 4,397</u> |

**Homesite Indemnity company**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|                                   | 2021            | 2020            | 2019            | 2018            | 2017            |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Surplus, beginning of year        | \$12,932        | \$41,594        | \$40,533        | \$40,378        | \$40,200        |
| Net income                        | 105             | 1,891           | 1,070           | 175             | 171             |
| Change in net deferred income tax |                 | 30              | (9)             | (21)            | 7               |
| Dividends to stockholders         | _____           | (30,583)        | _____           | _____           | _____           |
| Surplus, End of Year              | <u>\$13,037</u> | <u>\$12,932</u> | <u>\$41,594</u> | <u>\$40,533</u> | <u>\$40,378</u> |



**Homesite Insurance Company**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | <b>Assets</b>    | <b>Nonadmitted<br/>Assets</b> | <b>Net<br/>Admitted<br/>Assets</b> |
|---|------------------|-------------------------------|------------------------------------|
| Bonds   | \$ 51,886        | \$                            | \$ 51,886                          |
| Cash, cash equivalents, and short-term investments  | 12,093           |                               | 12,093                             |
| Investment income due and accrued   | 155              |                               | 155                                |
| Premiums and considerations:  |                  |                               |                                    |
| Uncollected premiums and agents' balances in course of collection                         | 33,108           |                               | 33,108                             |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 41,892           |                               | 41,892                             |
| Reinsurance:  |                  |                               |                                    |
| Funds held by or deposited with reinsured companies                                       | 119,504          |                               | 119,504                            |
| Current federal and foreign income tax recoverable and interest thereon                   | 41               |                               | 41                                 |
| Receivable from parent, subsidiaries, and affiliates                                      | 43,171           |                               | 43,171                             |
| Prepaid Expenses  | <u>995</u>       | <u>995</u>                    | <u>995</u>                         |
| Total Assets  | <u>\$302,844</u> | <u>\$995</u>                  | <u>\$301,848</u>                   |

**Homesite Insurance Company**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|  |               |                  |
|--|---------------|------------------|
| Commissions payable, contingent commissions, and other similar charges |               | \$ 15,616        |
| Other expenses (excluding taxes, licenses, and fees)                   |               | 2,060            |
| Taxes, licenses, and fees (excluding federal and foreign income taxes) |               | 5,374            |
| Net deferred tax liability   |               | 9                |
| Advance premium  |               | 29,003           |
| Ceded reinsurance premiums payable (net of ceding commissions)         |               | 169,415          |
| Payable to parent, subsidiaries, and affiliates                        |               | 595              |
| Derivatives  |               |                  |
| Payable for securities   |               | <u>311</u>       |
| Total Liabilities  |               | 222,383          |
| Common capital stock   | \$ 4,540      |                  |
| Gross paid in and contributed surplus                                  | 55,210        |                  |
| Unassigned funds (surplus)   | <u>19,715</u> |                  |
| Surplus as Regards Policyholders                                       |               | <u>79,465</u>    |
| Total Liabilities and Surplus  |               | <u>\$301,848</u> |

**Homesite Insurance Company**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

|  |            |                 |
|--|------------|-----------------|
| <b>Underwriting Income</b>   |            |                 |
| Other underwriting expenses incurred   | \$(601)    |                 |
| Write-ins for underwriting deductions:   |            |                 |
| State income tax expense   | <u>12</u>  |                 |
| Total underwriting deductions  |            | <u>\$ (589)</u> |
| Net underwriting gain (loss)   |            | 589             |
| <b>Investment Income</b>   |            |                 |
| Net investment income earned   | 620        |                 |
| Net realized capital gains (losses)  | <u>243</u> |                 |
| Net investment gain (loss)   |            | 863             |
| <b>Other Income</b>  |            |                 |
| State tax credit   | <u>(3)</u> |                 |
| Total other income   |            | <u>(3)</u>      |
| Net income (loss) before dividends to policyholders and<br>before federal and foreign income taxes |            | 1,449           |
| Federal and foreign income taxes incurred  |            | <u>316</u>      |
| Net Income (Loss)  |            | <u>\$1,133</u>  |

**Homesite Insurance company**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |                 |                  |
|--|-----------------|------------------|
| Premiums collected net of reinsurance                                    |                 | \$124,555        |
| Net investment income  |                 | (3,517)          |
| Miscellaneous income   |                 | <u>(3)</u>       |
| Total  |                 | 121,035          |
| Benefit- and loss-related payments                                       | \$84,518        |                  |
| Commissions, expenses paid, and aggregate write-ins for deductions       | (10,273)        |                  |
| Federal and foreign income taxes paid (recovered)                        | <u>611</u>      |                  |
| Total deductions   |                 | <u>74,857</u>    |
| Net cash from operations   |                 | 46,178           |
| Proceeds from investments sold, matured, or repaid:                      |                 |                  |
| Bonds  | \$65,810        |                  |
| Net gains (losses) on cash, cash equivalents, and short-term investments | <u>(2)</u>      |                  |
| Total investment proceeds  |                 | 65,809           |
| Cost of investments acquired (long-term only):                           |                 |                  |
| Bonds  | 59,745          |                  |
| Miscellaneous applications   | <u>677</u>      |                  |
| Total investments acquired   |                 | <u>60,423</u>    |
| Net cash from investments  |                 | 5,386            |
| Cash from financing and miscellaneous sources:                           |                 |                  |
| Other cash provided (applied)  | <u>(44,881)</u> |                  |
| Net cash from financing and miscellaneous sources                        |                 | <u>(44,881)</u>  |
| <b>Reconciliation:</b>   |                 |                  |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments         |                 |                  |
|  |                 | 6,683            |
| Cash, cash equivalents, and short-term investments:                      |                 |                  |
| Beginning of year  |                 | <u>5,410</u>     |
| End of Year  |                 | <u>\$ 12,093</u> |

**Homesite Insurance Company**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|                                   | 2021            | 2020            | 2019            | 2018            | 2017            |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Surplus, beginning of year        | \$79,321        | \$91,343        | \$88,706        | \$87,960        | \$87,047        |
| Net income                        | 1,133           | 3,531           | 2,659           | 741             | 954             |
| Change in net deferred income tax | 6               | 8               | (22)            | 5               | (41)            |
| Change in nonadmitted assets      | (995)           |                 |                 |                 |                 |
| Dividends to stockholders         | _____           | (15,561)        | _____           | _____           | _____           |
| Surplus, End of Year              | <u>\$79,465</u> | <u>\$79,321</u> | <u>\$91,343</u> | <u>\$88,706</u> | <u>\$87,960</u> |

**Homesite Insurance Company of the Midwest**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | Assets           | Nonadmitted<br>Assets | Net<br>Admitted<br>Assets |
|---|------------------|-----------------------|---------------------------|
| Bonds   | \$ 75,915        | \$                    | \$ 75,915                 |
| Cash, cash equivalents, and short-term investments  | 91,110           |                       | 91,110                    |
| Investment income due and accrued   | 173              |                       | 173                       |
| Premiums and considerations:  |                  |                       |                           |
| Uncollected premiums and agents' balances in course of collection                         | 244,080          |                       | 244,080                   |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 46,257           |                       | 46,257                    |
| Accrued retrospective premiums and contracts subject to redetermination                   |                  |                       |                           |
| Reinsurance:  |                  |                       |                           |
| Amounts recoverable from reinsurers   | 107,922          |                       | 107,922                   |
| Current federal and foreign income tax recoverable and interest thereon                   | 13               |                       | 13                        |
| Aggregate write-ins for other than invested assets  | <u>36</u>        | <u>36</u>             | <u>          </u>         |
| Total Assets  | <u>\$565,506</u> | <u>\$36</u>           | <u>\$565,469</u>          |

**Homesite Insurance Company of the Midwest**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|  |               |                  |
|--|---------------|------------------|
| Reinsurance payable on paid loss and loss adjustment expenses          |               | \$164,956        |
| Commissions payable, contingent commissions, and other similar charges |               | 15,736           |
| Other expenses (excluding taxes, licenses, and fees)                   |               | 2,093            |
| Taxes, licenses, and fees (excluding federal and foreign income taxes) |               | 7,774            |
| Net deferred tax liability   |               | 3                |
| Advance premium  |               | 32,727           |
| Ceded reinsurance premiums payable (net of ceding commissions)         |               | 141,779          |
| Payable to parent, subsidiaries, and affiliates                        |               | 88,462           |
| Derivatives  |               |                  |
| Payable for securities   |               | <u>488</u>       |
| Total Liabilities  |               | 454,017          |
| Common capital stock   | \$ 3,500      |                  |
| Gross paid in and contributed surplus                                  | 64,592        |                  |
| Unassigned funds (surplus)   | <u>43,360</u> |                  |
| Surplus as Regards Policyholders                                       |               | <u>111,452</u>   |
| Total Liabilities and Surplus  |               | <u>\$565,469</u> |

**Homesite Insurance Company of the Midwest**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

|  |             |                 |
|--|-------------|-----------------|
| <b>Underwriting Income</b>   |             |                 |
| Other underwriting expenses incurred   | \$(278)     |                 |
| Write-ins for underwriting deductions:   | <u>53</u>   |                 |
| Total underwriting deductions  |             | <u>\$ (225)</u> |
| Net underwriting gain (loss)   |             | 225             |
| <b>Investment Income</b>   |             |                 |
| Net investment income earned   | 689         |                 |
| Net realized capital gains (losses)  | <u>179</u>  |                 |
| Net investment gain (loss)   |             | 868             |
| <b>Other Income</b>  |             |                 |
| Write-ins for miscellaneous income:  |             |                 |
| Miscellaneous expense  | <u>(10)</u> |                 |
| Total other income   |             | <u>(10)</u>     |
| Net income (loss) before dividends to policyholders and<br>before federal and foreign income taxes |             | <u>1,082</u>    |
| Net income (loss) after dividends to policyholders but before<br>federal and foreign income taxes  |             | 1,082           |
| Federal and foreign income taxes incurred  |             | <u>205</u>      |
| Net Income (Loss)  |             | <u>\$ 877</u>   |

**Homesite Insurance Company of the Midwest**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |               |                  |
|--|---------------|------------------|
| Premiums collected net of reinsurance                                    |               | \$(121,331)      |
| Net investment income  |               | 672              |
| Miscellaneous income   |               | <u>(10)</u>      |
| Total  |               | (120,669)        |
| Benefit- and loss-related payments                                       | \$(104,834)   |                  |
| Commissions, expenses paid, and aggregate write-ins for deductions       | 124           |                  |
| Federal and foreign income taxes paid (recovered)                        | <u>272</u>    |                  |
| Total deductions   |               | <u>(104,438)</u> |
| Net cash from operations   |               | (16,232)         |
| Proceeds from investments sold, matured, or repaid:                      |               |                  |
| Bonds  | \$94,504      |                  |
| Net gains (losses) on cash, cash equivalents, and short-term investments | <u>(3)</u>    |                  |
| Total investment proceeds  | 94,501        |                  |
| Cost of investments acquired (long-term only):                           |               |                  |
| Bonds  | 86,295        |                  |
| Miscellaneous applications   | <u>1,069</u>  |                  |
| Total investments acquired   | <u>87,365</u> |                  |
| Net cash from investments  |               | 7,136            |
| Cash from financing and miscellaneous sources:                           |               |                  |
| Other cash provided (applied)  | <u>86,025</u> |                  |
| Net cash from financing and miscellaneous sources                        |               | <u>86,025</u>    |
| <b>Reconciliation:</b>   |               |                  |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments         |               | 76,930           |
| Cash, cash equivalents, and short-term investments:                      |               |                  |
| Beginning of year  |               | <u>14,180</u>    |
| End of Year  |               | <u>\$ 91,110</u> |

**Homesite Insurance Company of the Midwest**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|                                     | 2021             | 2020             | 2019             | 2018             | 2017             |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Surplus, beginning of year          | \$110,598        | \$106,270        | \$103,422        | \$102,938        | \$102,592        |
| Net income                          | 877              | 4,301            | 2,856            | 425              | 129              |
| Change in net deferred income tax   | 14               | 28               | (8)              | (7)              | 188              |
| Change in nonadmitted assets        | (36)             |                  |                  |                  |                  |
| Change in provision for reinsurance | _____            | _____            | _____            | 67               | 28               |
| Surplus, End of Year                | <u>\$111,452</u> | <u>\$110,598</u> | <u>\$106,270</u> | <u>\$103,422</u> | <u>\$102,938</u> |



**Midvale Indemnity Company**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | <b>Assets</b>           | <b>Nonadmitted<br/>Assets</b> | <b>Net<br/>Admitted<br/>Assets</b> |
|---|-------------------------|-------------------------------|------------------------------------|
| Bonds   | \$ 9,701                | \$                            | \$ 9,701                           |
| Cash, cash equivalents, and short-term investments  | 2,715                   |                               | 2,715                              |
| Investment income due and accrued   | 52                      |                               | 52                                 |
| Premiums and considerations:  |                         |                               |                                    |
| Uncollected premiums and agents' balances in course of collection                         | 11,199                  | 5,412                         | 5,787                              |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 51,881                  |                               | 51,881                             |
| Reinsurance:  |                         |                               |                                    |
| Amounts recoverable from reinsurers   | 14,745                  |                               | 14,745                             |
| Current federal and foreign income tax recoverable and interest thereon                   | 141                     |                               | 141                                |
| Net deferred tax asset  | 1,231                   | 1,179                         | 53                                 |
| Receivable from parent, subsidiaries, and affiliates                                      | 33,319                  |                               | 33,319                             |
| Write-ins for other than invested assets:   |                         |                               |                                    |
| Miscellaneous receivables   | <u>11</u>               | <u>      </u>                 | <u>11</u>                          |
| <b>Total Assets</b>   | <b><u>\$124,995</u></b> | <b><u>\$6,591</u></b>         | <b><u>\$118,405</u></b>            |

**Midvale Indemnity Company**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|  |                  |                         |
|--|------------------|-------------------------|
| Reinsurance payable on paid loss and loss adjustment expenses          |                  | \$ 76                   |
| Commissions payable, contingent commissions, and other similar charges |                  | 1,963                   |
| Other expenses (excluding taxes, licenses, and fees)                   |                  | 318                     |
| Taxes, licenses, and fees (excluding federal and foreign income taxes) |                  | 1,839                   |
| Advance premium  |                  | 3,913                   |
| Ceded reinsurance premiums payable (net of ceding commissions)         |                  | 32,277                  |
| Amounts withheld or retained by company for account of others          |                  | 1,025                   |
| Payable to parent, subsidiaries, and affiliates                        |                  | 67,674                  |
| Write-ins for liabilities:   |                  |                         |
| All other Liabilities  |                  | <u>9</u>                |
| <b>Total Liabilities</b>   |                  | <b>109,094</b>          |
| Common capital stock   | \$ 3,500         |                         |
| Gross paid in and contributed surplus                                  | 174,898          |                         |
| Unassigned funds (surplus)   | <u>(169,087)</u> |                         |
| Surplus as Regards Policyholders                                       |                  | <u>9,311</u>            |
| <b>Total Liabilities and Surplus</b>                                   |                  | <b><u>\$118,405</u></b> |

**Midvale Indemnity Company**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

|   |              |                     |
|---|--------------|---------------------|
| <b>Investment Income</b>  |              |                     |
| Net investment income earned  | \$198        |                     |
| Net realized capital gains (losses)   | <u>(165)</u> |                     |
| Net investment gain (loss)  |              | \$ 33               |
| Net income (loss) before dividends to policyholders and before federal and foreign income taxes |              | <u>33</u>           |
| Net income (loss) after dividends to policyholders but before federal and foreign income taxes  |              | 33                  |
| Federal and foreign income taxes incurred   |              | <u>(80)</u>         |
| <b>Net Income (Loss)</b>  |              | <b><u>\$113</u></b> |

**Midvale Indemnity Company**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |              |                |
|--|--------------|----------------|
| Premiums collected net of reinsurance                              |              | \$(8,832)      |
| Net investment income  |              | <u>178</u>     |
| Total  |              | (8,654)        |
| Benefit- and loss-related payments                                 | \$ 1,186     |                |
| Commissions, expenses paid, and aggregate write-ins for deductions | (3,260)      |                |
| Federal and foreign income taxes paid (recovered)                  | <u>(84)</u>  |                |
| Total deductions   |              | <u>(2,158)</u> |
| Net cash from operations   |              | (6,496)        |
| Proceeds from investments sold, matured, or repaid:                |              |                |
| Bonds  | \$36,278     |                |
| Total investment proceeds  |              | 36,278         |
| Cost of investments acquired (long-term only):                     |              |                |
| Bonds  | 35,884       |                |
| Total investments acquired   |              | <u>35,884</u>  |
| Net cash from investments  |              | 394            |
| Cash from financing and miscellaneous sources:                     |              |                |
| Other cash provided (applied)                                      | <u>6,097</u> |                |
| Net cash from financing and miscellaneous sources                  |              | <u>6,097</u>   |
| <b>Reconciliation:</b>   |              |                |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments   |              | (5)            |
| Cash, cash equivalents, and short-term investments:                |              |                |
| Beginning of year  |              | <u>2,719</u>   |
| End of Year  |              | <u>\$2,715</u> |

**Midvale Indemnity Company**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|                                   | 2021            | 2020            | 2019            | 2018            | 2017            |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Surplus, beginning of year        | \$12,067        | \$14,060        | \$13,744        | \$13,317        | \$13,120        |
| Net income                        | 113             | 203             | 682             | 415             | 88              |
| Change in net deferred income tax | 476             | 367             | 293             | (25)            | 120             |
| Change in nonadmitted assets      | <u>(3,345)</u>  | <u>(2,563)</u>  | <u>(659)</u>    | <u>37</u>       | <u>(11)</u>     |
| Surplus, End of Year              | <u>\$ 9,311</u> | <u>\$12,067</u> | <u>\$14,060</u> | <u>\$13,744</u> | <u>\$13,317</u> |

**Permanent General Assurance Corporation**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | <b>Assets</b>    | <b>Nonadmitted<br/>Assets</b> | <b>Net<br/>Admitted<br/>Assets</b> |
|---|------------------|-------------------------------|------------------------------------|
| Bonds   | \$114,846        | \$                            | \$114,846                          |
| Stocks:   |                  |                               |                                    |
| Common stocks   | 12,264           | 12,264                        |                                    |
| Cash, cash equivalents, and short-term investments  | 14,512           |                               | 14,512                             |
| Receivables for securities  | 7                |                               | 7                                  |
| Investment income due and accrued   | 45               |                               | 45                                 |
| Premiums and considerations:  |                  |                               |                                    |
| Uncollected premiums and agents' balances in course of collection                         | 30,111           |                               | 30,111                             |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 308,387          |                               | 308,387                            |
| Reinsurance:  |                  |                               |                                    |
| Amounts recoverable from reinsurers   | 52,167           |                               | 52,167                             |
| Current federal and foreign income tax recoverable and interest thereon                   | 50               |                               | 50                                 |
| Net deferred tax asset  | 1,814            | 255                           | 1,558                              |
| Guaranty funds receivable or on deposit   |                  |                               |                                    |
| Receivable from parent, subsidiaries, and affiliates                                      | 80,641           |                               | 80,641                             |
| Write-ins for other than invested assets:   |                  |                               |                                    |
| Advance   | <u>897</u>       | <u>          </u>             | <u>897</u>                         |
| Total Assets  | <u>\$615,741</u> | <u>\$ 12,520</u>              | <u>\$603,221</u>                   |

**Permanent General Assurance Corporation**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|  |               |                          |
|--|---------------|--------------------------|
| Reinsurance payable on paid loss and loss adjustment expenses          |               | \$ 18,549                |
| Commissions payable, contingent commissions, and other similar charges |               | 2,001                    |
| Other expenses (excluding taxes, licenses, and fees)                   |               | 596                      |
| Taxes, licenses, and fees (excluding federal and foreign income taxes) |               | 2,297                    |
| Advance premium  |               | 715                      |
| Ceded reinsurance premiums payable (net of ceding commissions)         |               | 360,230                  |
| Amounts withheld or retained by company for account of others          |               | 160                      |
| Payable to parent, subsidiaries, and affiliates                        |               | 92,643                   |
| Write-ins for liabilities:   |               |                          |
| All Other Liabilities  |               | <u>1,962</u>             |
| <b>Total Liabilities</b>   |               | <u><b>479,153</b></u>    |
| <br>   |               |                          |
| Common capital stock   | \$ 5,000      |                          |
| Gross paid in and contributed surplus                                  | 86,966        |                          |
| Unassigned funds (surplus)   | <u>32,102</u> |                          |
| <br>   |               |                          |
| Surplus as Regards Policyholders                                       |               | <u>124,068</u>           |
| <br>   |               |                          |
| Total Liabilities and Surplus  |               | <u><b>\$ 603,221</b></u> |

**Permanent General Assurance Corporation**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

|   |              |                       |
|---|--------------|-----------------------|
| <b>Investment Income</b>  |              |                       |
| Net investment income earned  | \$1,842      |                       |
| Net realized capital gains (losses)   | <u>2,129</u> |                       |
| Net investment gain (loss)  |              | \$3,970               |
| <br>  |              |                       |
| Net income (loss) before dividends to policyholders and before federal and foreign income taxes |              | <u>3,970</u>          |
| <br>  |              |                       |
| Net income (loss) after dividends to policyholders but before federal and foreign income taxes  |              | 3,970                 |
| Federal and foreign income taxes incurred   |              | <u>731</u>            |
| <br>  |              |                       |
| Net Income (Loss)   |              | <u><b>\$3,239</b></u> |

**Permanent General Assurance Corporation**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |                  |                  |
|--|------------------|------------------|
| Premiums collected net of reinsurance                              |                  | \$(16,305)       |
| Net investment income  |                  | <u>3,195</u>     |
| Total  |                  | (13,111)         |
| Benefit- and loss-related payments                                 | \$ 8,384         |                  |
| Commissions, expenses paid, and aggregate write-ins for deductions | (759)            |                  |
| Federal and foreign income taxes paid (recovered)                  | <u>2,001</u>     |                  |
| Total deductions   |                  | <u>9,625</u>     |
| Net cash from operations   |                  | (22,735)         |
|  |                  |                  |
| Proceeds from investments sold, matured, or repaid:                |                  |                  |
| Bonds  | <u>\$131,264</u> |                  |
| Total investment proceeds  |                  | 131,264          |
| Cost of investments acquired (long-term only):                     |                  |                  |
| Bonds  | 127,511          |                  |
| Miscellaneous applications   | <u>7</u>         |                  |
| Total investments acquired   |                  | <u>127,518</u>   |
| Net cash from investments  |                  | 3,747            |
|  |                  |                  |
| Cash from financing and miscellaneous sources:                     |                  |                  |
| Other cash provided (applied)                                      | <u>26,003</u>    |                  |
| Net cash from financing and miscellaneous sources                  |                  | <u>26,003</u>    |
|  |                  |                  |
| <b>Reconciliation:</b>   |                  |                  |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments   |                  | 7,014            |
| Cash, cash equivalents, and short-term investments:                |                  |                  |
| Beginning of year  |                  | <u>7,498</u>     |
| End of Year  |                  | <u>\$ 14,512</u> |

**Permanent General Assurance Corporation**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|   | 2021             | 2020             | 2019             | 2018             | 2017             |
|---|------------------|------------------|------------------|------------------|------------------|
| Surplus, beginning of year                    | \$121,781        | \$138,359        | \$135,999        | \$135,765        | \$131,975        |
| Net income                                    | 3,239            | 6,049            | 3,676            | 1,226            | 16,502           |
| Change in net unrealized capital gains/losses | 4,163            | 2,948            | 1,021            | 827              | (208)            |
| Change in net deferred income tax             | 628              | 256              | 161              | (28)             | (12,850)         |
| Change in nonadmitted assets                  | (5,743)          | (2,966)          | (881)            | (740)            | 318              |
| Dividends to stockholders                     |                  | (22,879)         | (1,600)          | (1,050)          |                  |
| Write-ins for gains and (losses) in surplus:  |                  |                  |                  |                  |                  |
| Other   |                  |                  |                  |                  |                  |
| Increases/(Decreases)                         | _____            | 14               | (17)             | _____            | 28               |
| Surplus, End of Year                          | <u>\$124,068</u> | <u>\$121,781</u> | <u>\$138,359</u> | <u>\$135,999</u> | <u>\$135,765</u> |



**Permanent General Assurance Corporation of Ohio**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | <b>Assets</b>    | <b>Nonadmitted<br/>Assets</b> | <b>Net<br/>Admitted<br/>Assets</b> |
|---|------------------|-------------------------------|------------------------------------|
| Bonds   | \$ 12,017        | \$                            | \$ 12,017                          |
| Stocks:   |                  |                               |                                    |
| Common stocks   | 12,849           |                               | 12,849                             |
| Cash, cash equivalents, and short-term investments  | 13,318           |                               | 13,318                             |
| Receivables for securities  | 2                |                               | 2                                  |
| Investment income due and accrued   | 118              |                               | 118                                |
| Premiums and considerations:  |                  |                               |                                    |
| Uncollected premiums and agents' balances in course of collection                         | 21,487           |                               | 21,487                             |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 85,402           |                               | 85,402                             |
| Reinsurance:  |                  |                               |                                    |
| Amounts recoverable from reinsurers   | 16,438           |                               | 16,438                             |
| Current federal and foreign income tax recoverable and interest thereon                   | 164              |                               | 164                                |
| Net deferred tax asset  | 619              | 110                           | 509                                |
| Guaranty funds receivable or on deposit   |                  |                               |                                    |
| Write-ins for other than invested assets:   |                  |                               |                                    |
| Other Miscellaneous   | <u>13</u>        | <u>—</u>                      | <u>13</u>                          |
| Total Assets  | <u>\$162,426</u> | <u>\$110</u>                  | <u>\$162,316</u>                   |

**Permanent General Assurance Corporation of Ohio**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|  |                 |                         |
|--|-----------------|-------------------------|
| Commissions payable, contingent commissions, and other similar charges |                 | \$ 797                  |
| Other expenses (excluding taxes, licenses, and fees)                   |                 | 476                     |
| Taxes, licenses, and fees (excluding federal and foreign income taxes) |                 | 1,515                   |
| Advance premium  |                 | 341                     |
| Ceded reinsurance premiums payable (net of ceding commissions)         |                 | 71,352                  |
| Amounts withheld or retained by company for account of others          |                 | 123                     |
| Payable to parent, subsidiaries, and affiliates                        |                 | <u>42,727</u>           |
| <b>Total Liabilities</b>   |                 | <b>117,334</b>          |
| Common capital stock   | \$ 3,000        |                         |
| Gross paid in and contributed surplus                                  | 73,218          |                         |
| Unassigned funds (surplus)   | <u>(31,236)</u> |                         |
| <b>Surplus as Regards Policyholders</b>                                |                 | <u><b>44,982</b></u>    |
| <b>Total Liabilities and Surplus</b>                                   |                 | <u><b>\$162,316</b></u> |

**Permanent General Assurance Corporation of Ohio**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

|   |       |                     |
|---|-------|---------------------|
| <b>Investment Income</b>  |       |                     |
| Net investment income earned  | \$188 |                     |
| Net investment gain (loss)  |       | \$188               |
| Net income (loss) before dividends to policyholders and before federal and foreign income taxes |       | <u>188</u>          |
| Net income (loss) after dividends to policyholders but before federal and foreign income taxes  |       | 188                 |
| Federal and foreign income taxes incurred   |       | <u>(208)</u>        |
| <b>Net Income (Loss)</b>  |       | <u><b>\$396</b></u> |

**Permanent General Assurance Corporation of Ohio**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |               |                 |
|--|---------------|-----------------|
| Premiums collected net of reinsurance                              |               | \$(27,420)      |
| Net investment income  |               | <u>157</u>      |
| Total  |               | (27,263)        |
| Benefit- and loss-related payments                                 | \$ 514        |                 |
| Commissions, expenses paid, and aggregate write-ins for deductions | 461           |                 |
| Federal and foreign income taxes paid (recovered)                  | <u>5</u>      |                 |
| Total deductions   |               | <u>979</u>      |
| Net cash from operations   |               | (28,242)        |
|  |               |                 |
| Proceeds from investments sold, matured, or repaid:                |               |                 |
| Miscellaneous proceeds   | <u>\$ 2</u>   |                 |
| Total investment proceeds  |               | 2               |
| Cost of investments acquired (long-term only):                     |               |                 |
| Bonds  | 230           |                 |
| Miscellaneous applications   | <u>2</u>      |                 |
| Total investments acquired   | <u>232</u>    |                 |
| Net cash from investments  |               | (230)           |
|  |               |                 |
| Cash from financing and miscellaneous sources:                     |               |                 |
| Other cash provided (applied)                                      | <u>23,079</u> |                 |
| Net cash from financing and miscellaneous sources                  |               | <u>23,079</u>   |
|  |               |                 |
| <b>Reconciliation:</b>   |               |                 |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments   |               | (5,393)         |
| Cash, cash equivalents, and short-term investments:                |               |                 |
| Beginning of year  |               | <u>18,711</u>   |
| End of Year  |               | <u>\$13,318</u> |

**Permanent General Assurance Corporation of Ohio  
Analysis of Surplus  
For the Five-Year Period Ending December 31, 2021**

|   | 2021            | 2020            | 2019            | 2018            | 2017            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Surplus, beginning of year                    | \$44,277        | \$99,388        | \$96,481        | \$94,832        | \$92,871        |
| Net income                                    | 396             | 30,851          | 945             | 1,618           | 6,820           |
| Change in net unrealized capital gains/losses | 63              | (26,383)        | 1,781           | 10              | 744             |
| Change in net deferred income tax             | 276             | 97              | 61              | (8)             | (5,654)         |
| Change in nonadmitted assets                  | (29)            | (2)             | 113             | 29              | 25              |
| Change in treasury stock                      |                 | (59,672)        |                 |                 |                 |
| Write-ins for gains and (losses) in surplus:  | <u>      </u>   | <u>(1)</u>      | <u>7</u>        | <u>      </u>   | <u>27</u>       |
| Surplus, End of Year                          | <u>\$44,982</u> | <u>\$44,277</u> | <u>\$99,388</u> | <u>\$96,481</u> | <u>\$94,832</u> |

**The General Automobile Insurance Company Inc.**  
**Assets (in thousands)**  
**As of December 31, 2021**

|   | Assets                 | Nonadmitted<br>Assets | Net<br>Admitted<br>Assets |
|---|------------------------|-----------------------|---------------------------|
| Bonds   | \$16,232               | \$                    | \$16,232                  |
| Cash, cash equivalents, and short-term investments  | 702                    |                       | 702                       |
| Investment income due and accrued   | 40                     |                       | 40                        |
| Premiums and considerations:  |                        |                       |                           |
| Uncollected premiums and agents' balances in course of collection                         | 4,681                  |                       | 4,681                     |
| Deferred premiums, agents' balances, and installments booked but deferred and not yet due | 39,666                 |                       | 39,666                    |
| Reinsurance:  |                        |                       |                           |
| Amounts recoverable from reinsurers   | 5,744                  |                       | 5,744                     |
| Net deferred tax asset  | 180                    | 48                    | 131                       |
| Guaranty funds receivable or on deposit   | <u>51</u>              | <u>    </u>           | <u>51</u>                 |
| <b>Total Assets</b>   | <b><u>\$67,296</u></b> | <b><u>\$48</u></b>    | <b><u>\$67,247</u></b>    |

**The General Automobile Insurance Company Inc.**  
**Liabilities, Surplus, and Other Funds (in thousands)**  
**As of December 31, 2021**

|  |                 |                        |
|--|-----------------|------------------------|
| Commissions payable, contingent commissions, and other similar charges |                 | \$ 112                 |
| Other expenses (excluding taxes, licenses, and fees)                   |                 | 11                     |
| Taxes, licenses, and fees (excluding federal and foreign income taxes) |                 | 263                    |
| Current federal and foreign income taxes                               |                 | 16                     |
| Advance premium  |                 | 83                     |
| Ceded reinsurance premiums payable (net of ceding commissions)         |                 | 32,818                 |
| Amounts withheld or retained by company for account of others          |                 | 5                      |
| Payable to parent, subsidiaries, and affiliates                        |                 | 21,042                 |
| Payable for securities   |                 | <u>49</u>              |
| <b>Total Liabilities</b>   |                 | <b>54,398</b>          |
| Common capital stock   | \$ 3,000        |                        |
| Gross paid in and contributed surplus                                  | 36,871          |                        |
| Unassigned funds (surplus)   | <u>(27,022)</u> |                        |
| <b>Surplus as Regards Policyholders</b>                                |                 | <b><u>12,849</u></b>   |
| <b>Total Liabilities and Surplus</b>                                   |                 | <b><u>\$67,247</u></b> |

**The General Automobile Insurance Company Inc.**  
**Summary of Operations (in thousands)**  
**For the Year 2021**

**Investment Income**

|   |            |             |
|---|------------|-------------|
| Net investment income earned  | \$102      |             |
| Net realized capital gains (losses)   | <u>(6)</u> |             |
| Net investment gain (loss)  |            | \$97        |
| Net income (loss) after dividends to policyholders but before<br>federal and foreign income taxes |            | 97          |
| Federal and foreign income taxes incurred   |            | <u>81</u>   |
| Net Income (Loss)   |            | <u>\$16</u> |

**The General Automobile Insurance Company Inc.**  
**Cash Flow (in thousands)**  
**For the Year 2021**

|  |                 |               |
|--|-----------------|---------------|
| Premiums collected net of reinsurance  |                 | \$(16,802)    |
| Net investment income  |                 | <u>110</u>    |
| Total  |                 | (16,691)      |
| Benefit- and loss-related payments   | \$ 1,953        |               |
| Net transfers to separate accounts, segregated accounts, and protected cell accounts | (387)           |               |
| Federal and foreign income taxes paid (recovered)                                    | <u>274</u>      |               |
| Total deductions   |                 | <u>1,841</u>  |
| Net cash from operations   |                 | (18,532)      |
|  |                 |               |
| Proceeds from investments sold, matured, or repaid:                                  |                 |               |
| Bonds  | <u>\$ 9,871</u> |               |
| Total investment proceeds  | 9,871           |               |
| Cost of investments acquired (long-term only):                                       |                 |               |
| Bonds  | 9,516           |               |
| Miscellaneous applications   | <u>106</u>      |               |
| Total investments acquired   | <u>9,622</u>    |               |
| Net cash from investments  |                 | 249           |
|  |                 |               |
| Cash from financing and miscellaneous sources:                                       |                 |               |
| Other cash provided (applied)  | <u>18,627</u>   |               |
| Net cash from financing and miscellaneous sources                                    |                 | <u>18,627</u> |
|  |                 |               |
| <b>Reconciliation:</b>   |                 |               |
| Net Change in Cash, Cash Equivalents, and Short-Term Investments                     |                 | 344           |
| Cash, cash equivalents, and short-term investments:                                  |                 |               |
| Beginning of year  |                 | <u>358</u>    |
| End of Year  |                 | <u>\$ 702</u> |

**The General Automobile Insurance Company Inc.**  
**Analysis of Surplus (in thousands)**  
**For the Five-Year Period Ending December 31, 2021**

|  | 2021            | 2020            | 2019            | 2018            | 2017            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Surplus, beginning of year                                     | \$12,787        | \$39,170        | \$37,413        | \$37,379        | \$36,635        |
| Net income   | 16              | 2,682           | 1,676           | 35              | 4,593           |
| Change in net unrealized foreign exchange capital gains/losses |                 |                 | 1               | (1)             |                 |
| Change in net deferred income tax                              | 60              | 18              | 19              | 1               | (3,845)         |
| Change in nonadmitted assets                                   | (13)            | (13)            | 61              | (1)             | (4)             |
| Dividends to stockholders                                      | _____           | (29,070)        | _____           | _____           | _____           |
| Surplus, End of Year   | <u>\$12,849</u> | <u>\$12,787</u> | <u>\$39,170</u> | <u>\$37,413</u> | <u>\$37,379</u> |