

Accident Fund Insurance Company of America and Subsidiaries

Consolidated Statutory-Basis Financial Statements
as of and for the Periods Ended September 30, 2022, and
December 31, 2021

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS—STATUTORY-BASIS AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021 (Dollars in thousands)

	September 30, 2022	December 31, 2021
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds and stocks:		
Bonds	\$ 2,749,712	\$ 2,935,324
Preferred stocks	-	-
Common stocks and mutual funds	175,338	281,300
Property occupied by the Company	101,771	103,715
Cash and cash equivalents	595,808	232,035
Short-term investments	39,861	67,557
Other invested assets	222,652	226,431
Receivable from sale of securities	6,719	1,012
Securities lending reinvested collateral assets	1,657	57,937
Total cash and invested assets	<u>3,893,518</u>	<u>3,905,311</u>
OTHER ADMITTED ASSETS:		
Premiums in the course of collection	268,805	340,182
Premiums deferred and not yet due	474,091	415,199
Net deferred tax asset	120,122	123,654
Investment income due and accrued	20,883	19,951
Other assets	110,535	95,691
TOTAL	<u>\$ 4,887,954</u>	<u>\$ 4,899,988</u>
LIABILITIES AND CAPITAL AND SURPLUS		
LIABILITIES:		
Losses and loss adjustment expenses	\$ 2,340,576	\$ 2,185,452
Unearned premiums	698,835	722,947
Assessments, taxes, and fees payable	47,021	33,841
Payable for purchase of securities	18,543	40,011
Payable for securities lending	1,657	57,937
Note payables and accrued interest	9,990	11,512
Reinsurance balances payable	166,183	232,431
Accrued commissions	49,336	55,995
Accrued pension and postretirement benefits	40,932	33,350
Other accrued expenses	59,294	46,152
Other liabilities	126,878	112,017
Total liabilities	<u>3,559,244</u>	<u>3,531,645</u>
COMMITMENTS AND CONTINGENCIES		
CAPITAL AND SURPLUS:		
Common capital stock	3,000	3,000
Contributed surplus	134,000	134,000
Unassigned surplus	1,191,710	1,231,343
Total capital and surplus	<u>1,328,710</u>	<u>1,368,343</u>
TOTAL	<u>\$ 4,887,954</u>	<u>\$ 4,899,988</u>

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS—STATUTORY-BASIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (Dollars in thousands)

	Nine Months Ended September 30	
	2022	2021
NET PREMIUMS EARNED	\$ 1,284,552	\$ 1,249,859
UNDERWRITING DEDUCTIONS:		
Losses	699,997	683,644
Loss adjustment expenses	169,781	169,175
Other underwriting expenses	301,931	274,885
Policyholder dividends	820	-
Total underwriting deductions	1,172,529	1,127,704
NET UNDERWRITING GAIN	112,023	122,155
INVESTMENT INCOME:		
Net investment income	67,854	59,430
Net realized capital (loss) gain—net of tax expense of \$(1,605) and \$22,126 in 2022 and 2021, respectively	(50,028)	79,530
Total investment income	17,826	138,960
OTHER EXPENSE—Net	(11,546)	(9,472)
INCOME BEFORE FEDERAL INCOME TAXES	118,303	251,643
FEDERAL INCOME TAXES	(33,722)	(30,224)
NET INCOME	\$ 84,581	\$ 221,419

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITAL AND SURPLUS—STATUTORY-BASIS FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND DECEMBER 31, 2021 (Dollars in thousands)

	September 30, 2022	December 31, 2021
BALANCE—Beginning of period	\$ 1,368,343	\$ 1,213,173
Net income	84,581	242,541
Change in net unrealized losses on investments—net of tax	(64,948)	(15,150)
Change in net deferred income taxes	(20,687)	31,051
Change in nonadmitted assets	19,415	(22,672)
Change in the provision for reinsurance	-	(228)
Dividends to stockholder	(58,000)	(85,500)
Other changes to surplus	<u>6</u>	<u>5,128</u>
BALANCE—End of period	<u>\$ 1,328,710</u>	<u>\$ 1,368,343</u>