

Accident Fund Insurance Company of America and Subsidiaries

Consolidated Statutory-Basis Financial Statements
as of and for the Periods Ended March 31, 2023, and
December 31, 2022

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS—STATUTORY-BASIS AS OF MARCH 31, 2023 AND DECEMBER 31, 2022 (Dollars in thousands)

| | March 31, 2023 | December 31, 2022 |
|---|---------------------|----------------------|
| ADMITTED ASSETS | | |
| CASH AND INVESTED ASSETS: | | |
| Bonds | \$ 2,855,348 | \$ 2,759,645 |
| Common stocks and mutual funds | 220,066 | 205,850 |
| Property occupied by the Company | 100,525 | 101,148 |
| Cash and cash equivalents | 119,965 | 833,746 |
| Short-term investments | 87,031 | 55,245 |
| Other invested assets - affiliated | 598,342 | 596,677 |
| Other invested assets - unaffiliated | 245,539 | 240,677 |
| Receivable from sale of securities | 11,663 | 33,027 |
| Securities lending reinvested collateral assets | 2,086 | 2,595 |
| Total cash and invested assets | <u>4,240,565</u> | <u>4,828,610</u> |
| OTHER ADMITTED ASSETS: | | |
| Premiums in the course of collection | 248,031 | 267,750 |
| Premiums deferred and not yet due | 503,179 | 467,572 |
| Net deferred tax asset | 117,020 | 120,544 |
| Investment income due and accrued | 22,962 | 20,447 |
| Other assets | 105,714 | 82,984 |
| TOTAL | <u>\$ 5,237,471</u> | <u>\$ 5,787,907</u> |
| LIABILITIES AND CAPITAL AND SURPLUS | | |
| LIABILITIES: | | |
| Losses and loss adjustment expenses | \$ 2,325,747 | \$ 2,328,332 |
| Unearned premiums | 708,943 | 677,424 |
| Assessments, taxes, and fees payable | 54,593 | 34,400 |
| Payable for purchase of securities | 44,342 | 50,821 |
| Payable for securities lending | 2,086 | 2,595 |
| Note payables and accrued interest | 9,017 | 9,501 |
| Reinsurance balances payable | 163,315 | 151,621 |
| Accrued commissions | 34,369 | 56,553 |
| Accrued pension and postretirement benefits | 25,459 | 23,994 |
| Other accrued expenses | 74,470 | 81,026 |
| Payable for AmeriTrust Group acquisition (Miracle Nova I) | 2,935 | 608,859 |
| Other liabilities | 64,232 | 63,865 |
| Total liabilities | <u>3,509,508</u> | <u>4,088,991</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| CAPITAL AND SURPLUS: | | |
| Common capital stock | 3,000 | 3,000 |
| Contributed surplus | 134,000 | 134,000 |
| Surplus notes | 350,000 | 350,000 |
| Unassigned surplus | 1,240,963 | 1,211,916 |
| Total capital and surplus | <u>1,727,963</u> | <u>1,698,916</u> |
| TOTAL | <u>\$ 5,237,471</u> | <u>\$ 5,787,907</u> |

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS—STATUTORY-BASIS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (Dollars in thousands)

| | Three Months Ended March 31 | |
|---|--------------------------------|------------|
| | 2023 | 2022 |
| NET PREMIUMS EARNED | \$ 421,946 | \$ 418,249 |
| UNDERWRITING DEDUCTIONS: | | |
| Losses | 225,227 | 234,164 |
| Loss adjustment expenses | 59,313 | 54,739 |
| Other underwriting expenses | 120,265 | 100,419 |
| Policyholder dividends | - | 823 |
| Total underwriting deductions | 404,805 | 390,145 |
| NET UNDERWRITING GAIN | 17,141 | 28,104 |
| INVESTMENT INCOME: | | |
| Net investment income | 23,014 | 20,863 |
| Net realized capital (loss) gain—net of tax expense (benefit) of \$279 and \$(1,347) in 2023 and 2022, respectively | (1,135) | (15,213) |
| Total investment income | 21,879 | 5,650 |
| OTHER EXPENSE—Net | (4,792) | (2,304) |
| INCOME BEFORE FEDERAL INCOME TAXES | 34,228 | 31,450 |
| FEDERAL INCOME TAXES | (10,313) | (12,269) |
| NET INCOME | \$ 23,915 | \$ 19,181 |

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITAL AND SURPLUS—STATUTORY-BASIS FOR THE PERIODS ENDED MARCH 31, 2023 AND DECEMBER 31, 2022 (Dollars in thousands)

| | March 31, 2023 | December 31, 2022 |
|--|-----------------------------|-----------------------------|
| BALANCE—Beginning of period | \$ 1,698,916 | \$ 1,368,343 |
| Net income | 23,915 | 58,505 |
| Change in net unrealized gains and losses on investments—net of tax | 12,869 | (44,998) |
| Change in net deferred income taxes | 1,597 | (13,022) |
| Change in nonadmitted assets | (9,334) | 14,803 |
| Change in the provision for reinsurance | - | (2,193) |
| Dividends to stockholder | - | (58,000) |
| Issuance of surplus notes | - | 350,000 |
| Other changes to surplus | - | 25,478 |
| | <u> </u> | <u> </u> |
| BALANCE—End of period | <u>\$ 1,727,963</u> | <u>\$ 1,698,916</u> |