

Accident Fund Insurance Company of America and Subsidiaries

Consolidated Statutory-Basis Financial Statements
as of and for the Periods Ended June 30, 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 JUNE 30, 2023 AND DECEMBER 31, 2022 (Dollars in thousands)

	June 30 2023	December 31, 2022
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	\$ 2,895,189	\$ 2,759,645
Common stocks and mutual funds	228,464	205,850
Property occupied by the Company	99,902	101,148
Cash and cash equivalents	43,840	833,746
Short-term investments	59,524	55,245
Other invested assets - affiliated	608,910	596,677
Other invested assets - unaffiliated	255,728	240,677
Receivable from sale of securities	11,345	33,027
Securities lending reinvested collateral assets	37,713	2,595
Total cash and invested assets	<u>4,240,615</u>	<u>4,828,610</u>
OTHER ADMITTED ASSETS:		
Premiums in the course of collection	235,556	267,750
Premiums deferred and not yet due	490,072	467,572
Net deferred tax asset	98,787	120,544
Investment income due and accrued	22,480	20,447
Other assets	101,319	82,984
TOTAL	<u>\$ 5,188,829</u>	<u>\$ 5,787,907</u>
LIABILITIES AND CAPITAL AND SURPLUS		
LIABILITIES:		
Losses and loss adjustment expenses	\$ 2,361,416	\$ 2,328,332
Unearned premiums	685,716	677,424
Assessments, taxes, and fees payable	39,150	34,400
Payable for purchase of securities	51,235	50,821
Payable for securities lending	37,713	2,595
Note payables and accrued interest	8,540	9,501
Reinsurance balances payable	130,254	151,621
Accrued commissions	38,532	56,553
Accrued pension and postretirement benefits	26,924	23,994
Other accrued expenses	53,389	81,026
Payable for AmeriTrust Group acquisition (Miracle Nova I)	-	608,859
Other liabilities	45,340	63,865
Total liabilities	<u>3,478,209</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	1,223,620	1,211,916
Total capital and surplus	<u>1,710,620</u>	<u>1,698,916</u>
TOTAL	<u>\$ 5,188,829</u>	<u>\$ 5,787,907</u>

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS—STATUTORY-BASIS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (Dollars in thousands)

	Six Months Ended June 30	
	2023	2022
NET PREMIUMS EARNED	\$ 863,661	\$ 848,503
UNDERWRITING DEDUCTIONS:		
Losses	470,577	464,917
Loss adjustment expenses	118,985	111,422
Other underwriting expenses	233,791	201,109
Policyholder dividends	-	820
Total underwriting deductions	823,353	778,268
NET UNDERWRITING GAIN	40,308	70,235
INVESTMENT INCOME:		
Net investment income	51,942	43,570
Net realized capital (loss) gain—net of tax expense (benefit) of \$(1,385) and \$(3,370) in 2023 and 2022, respectively	(9,055)	(48,753)
Total investment income	42,887	(5,183)
OTHER EXPENSE—Net	(8,302)	(5,878)
INCOME BEFORE FEDERAL INCOME TAXES	74,893	59,174
FEDERAL INCOME TAXES	(14,424)	(20,674)
NET INCOME	\$ 60,469	\$ 38,500

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITAL AND SURPLUS—STATUTORY-BASIS FOR THE PERIODS ENDED JUNE 30, 2023 AND DECEMBER 31, 2022 (Dollars in thousands)

	June 30 2023	December 31, 2022
BALANCE—Beginning of period	\$ 1,698,916	\$ 1,368,343
Net income	60,469	58,505
Change in net unrealized gains and losses on investments—net of tax	27,390	(44,998)
Change in net deferred income taxes	5,439	(13,022)
Change in nonadmitted assets	(68,094)	14,803
Change in the provision for reinsurance	-	(2,193)
Dividends to stockholder	(13,500)	(58,000)
Issuance of surplus notes	-	350,000
Other changes to surplus	-	25,478
BALANCE—End of period	<u>\$ 1,710,620</u>	<u>\$ 1,698,916</u>