

Accident Fund Insurance Company of America and Subsidiaries

Combined Statutory-Basis Financial Statements
as of and for the Periods Ended June 30, 2025, and
December 31, 2024 *

* December 31, 2024, balances restated to combined Star Insurance Company and its affiliates

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

COMBINED STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS—STATUTORY-BASIS AS OF JUNE 30, 2025 AND DECEMBER 31, 2024 (Dollars in thousands)

	June 30 2025	December 31, 2024
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	\$ 5,125,196	\$ 5,132,310
Common stocks and mutual funds	200,625	190,750
Property occupied by the Company	94,949	96,198
Cash and cash equivalents	553,581	315,848
Short-term investments	116,308	130,568
Other invested assets - affiliated	126,096	182,369
Other invested assets - unaffiliated	285,080	271,973
Receivable from sale of securities	5,430	2,570
Securities lending reinvested collateral assets	12,136	56,301
Total cash and invested assets	<u>6,519,401</u>	<u>6,378,887</u>
OTHER ADMITTED ASSETS:		
Premiums in the course of collection	314,797	356,847
Premiums deferred and not yet due	479,690	492,305
Net deferred tax asset	119,492	125,469
Investment income due and accrued	46,297	45,455
Other assets	313,178	266,784
TOTAL	<u>\$ 7,792,855</u>	<u>\$ 7,665,747</u>
LIABILITIES AND CAPITAL AND SURPLUS		
LIABILITIES:		
Losses and loss adjustment expenses	\$ 3,594,144	\$ 3,492,682
Unearned premiums	1,110,521	1,002,353
Assessments, taxes, and fees payable	41,951	40,455
Payable for purchase of securities	29,376	7,135
Payable for securities lending	12,136	56,301
Note payables and accrued interest	19,869	5,840
Reinsurance balances payable	179,750	172,312
Funds held under reinsurance treaties	557,206	549,507
Accrued commissions	47,630	76,191
Accrued pension and postretirement benefits	55,180	50,595
Other accrued expenses	60,814	101,997
Other liabilities	123,331	135,430
Total liabilities	<u>5,831,908</u>	<u>5,690,798</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	1,473,947	1,487,949
Total capital and surplus	<u>1,960,947</u>	<u>1,974,949</u>
TOTAL	<u>\$ 7,792,855</u>	<u>\$ 7,665,747</u>

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

COMBINED STATEMENTS OF OPERATIONS—STATUTORY-BASIS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (Dollars in thousands)

	Six Months Ended June 30	
	2025	2024
NET PREMIUMS EARNED	\$ 1,384,564	\$ 1,306,100
UNDERWRITING DEDUCTIONS:		
Losses	777,762	724,401
Loss adjustment expenses	201,352	178,443
Other underwriting expenses	432,486	392,853
Policyholder dividends	<u>37</u>	<u>1</u>
Total underwriting deductions	<u>1,411,637</u>	<u>1,295,698</u>
NET UNDERWRITING GAIN	<u>(27,073)</u>	<u>10,402</u>
INVESTMENT INCOME:		
Net investment income	73,405	82,842
Net realized capital (loss) gain—net of tax expense (benefit) of \$(1,385) and \$5,957 in 2025 and 2024, respectively	<u>(17,079)</u>	<u>19,207</u>
Total investment income	<u>56,326</u>	<u>102,049</u>
OTHER EXPENSE—Net	<u>(6,062)</u>	<u>(6,731)</u>
INCOME BEFORE FEDERAL INCOME TAXES	23,191	105,720
FEDERAL INCOME TAXES	<u>(6,478)</u>	<u>(19,273)</u>
NET INCOME	<u>\$ 16,713</u>	<u>\$ 86,447</u>

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

COMBINED STATEMENTS OF CAPITAL AND SURPLUS—STATUTORY-BASIS FOR THE PERIODS ENDED JUNE 30, 2025 AND DECEMBER 31, 2024 (Dollars in thousands)

	June 30 2025	December 31, 2024
BALANCE—Beginning of period	\$ 1,974,949	\$ 1,836,013
Net income	16,713	215,530
Change in net unrealized gains and losses on investments—net of tax	15,807	1,927
Change in net deferred income taxes	(1,412)	(3,026)
Change in nonadmitted assets	12,701	46,215
Change in the provision for reinsurance	(2,811)	(17,428)
Dividends to stockholder	(55,000)	(102,102)
Other changes to surplus	<u>-</u>	<u>(2,180)</u>
BALANCE—End of period	<u>\$ 1,960,947</u>	<u>\$ 1,974,949</u>