



ACCIDENT FUND HOLDINGS, INC.
 Celebrating a Century of Caring for Injured Workers
2012 Annual Report



ACCIDENT FUND HOLDINGS, INC.

Individual Focus. Collective Strength.



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1912

Michigan became the second state in the country, behind Washington, to create an entity known as an “Accident Fund” to guarantee a stable source of workers’ compensation insurance coverage for all employers.

82 years

We served as the state’s workers’ compensation agency before the company was privatized.

1994

Accident Fund was purchased by Blue Cross Blue Shield of Michigan (BCBSM)

2000

Accident Fund sold workers’ compensation insurance in just one state – Michigan. The company is now licensed to sell workers’ compensation insurance in 48 states and the District of Columbia

Message from President & CEO

2012 was a significant year for Accident Fund in many ways. It not only marked the company's 100th anniversary, but we also produced good financial results, despite a challenging environment.

In 1912, Michigan became the second state in the country, behind Washington, to create an entity known as an "Accident Fund" to guarantee a stable source of workers' compensation insurance coverage for all employers. We served as the state's workers' compensation agency for 82 years before the company was privatized. In 1994, Accident Fund was privatized through its purchase by Blue Cross Blue Shield of Michigan (BCBSM) and it became known as Accident Fund Company in 1995. Up until our national expansion in 2000, Accident Fund sold workers' compensation insurance in just one state – Michigan. The holding company now operates through four distinct operating units and is licensed to sell workers' compensation insurance in 48 states and the District of Columbia – a far cry from the state fund we started as 100 years ago.

While our company has grown and evolved immensely over the last

Accident Fund now operates through a holding company and four distinct operating units.

Our efforts over the past year paid off as we not only hit our plan goals, but instead exceeded them, and produced good financial results, despite the continued negative economic conditions.

century, we are proud to say we have always remained dedicated to helping employers create safer work environments, protecting their organizations from unpredictable, and often significant, costs related to workplace injuries and helping injured workers return to as normal a life as possible as quickly as possible.

As our business moves into its next century, it seems fitting that 2012 shaped up as a good year for Accident Fund. Our strategic efforts over the

past several years paid off as we not only hit our plan goals, but instead exceeded them, and produced good financial results, despite the continued negative economic conditions.

I am pleased with the many accomplishments our company has achieved in 2012 and proud to be the leader of the Accident Fund team.

As we reflect on our century of caring for injured workers, we are especially grateful to the business owners across the country that trust us to assist them and to the independent agents who partner with us. We know that if we continue to work together to care for America's workers the success we can achieve is limitless. As we move into our second century of operation, we look forward to many exciting opportunities on the horizon as we strive to remain on the cutting edge as one of the nation's leaders in workers' compensation insurance.

Elizabeth R. Haar




2012 In Review

Over the course of our 100-year history, Accident Fund has experienced a wide variety of economic and market conditions. In looking back, the past few years have, by far, been the toughest we have ever seen. However, over the past year, we began to see an overall improvement in both the economy and the market.

Despite the many challenges we faced, Accident Fund worked hard to weather the tough conditions, maintaining a strong capital position and an excellent financial strength rating. As shown below, our statutory surplus approaches \$634 million and we maintain a very conservative premium-to-surplus ratio of 1.02 as of the end of 2012. Additionally, we maintain a strong and conservative balance sheet. Our investment portfolio totals over \$2 billion, and is comprised primarily of investment grade bonds, with an average S&P rating of A+, and high quality equity securities.

	2012	2011	2010	2009	2008
Shareholders' Equity	862,714	829,591	841,558	884,836	783,205
Statutory Surplus	633,605	578,901	648,218	689,921	577,274
Net Income/(Loss)	33,089	(53,394)	(53,712)	79,093	(30,749)
Net Written Premium/Surplus	1.02	1.04	1.12	1.13	1.50
Leverage Ratio — Net Written Premium + Net Reserves/Surplus	2.54	2.94	2.99	2.74	3.41



Financial Results

2012 represented a major improvement for Accident Fund and a return to profitability after two very challenging years. This improvement in our financial performance was the direct result of our strategic efforts to adjust the operations of the enterprise for the new economic climate. Through our underwriting initiatives we have enhanced the price adequacy and quality of our book of business. In response to growing workers' compensation medical costs, we created innovative medical and claims management processes. Our management team and staff worked together to help control expenses and improve efficiency throughout the organization through our "spend-smart" strategies.

Adverse development on prior year losses, especially in California, and the recession years of 2007 to 2009 continue to negatively impact our financial results. We have, however, been strategically responsive to these increases in loss costs and focused our resources on improving our claims management practices to control loss costs for our company and our insureds.

The strategies and successes in 2012 will carry over to 2013 and help us to remain profitable and continue to grow our markets. We believe Accident Fund is well positioned for an even more positive 2013.

Current year results for Accident Fund were excellent, producing an underwriting profit of \$50.3 million, resulting in an Accident Year Combined Ratio before investments in our stakeholders and future of 93.7%. Due to these strong results, we were able to take the following actions:

Share profits with our policyholders

Superior current year results allowed select operating units to pay over \$30 million in Policyholder Dividends to specific insureds who produced excellent results.

Share profits with our workforce

Recognizing the strong team that provides excellent service, we were able to share \$11.7 million in Employee Incentive Payments with our entire workforce.

Share profits with our agents

Select Operating Units paid \$6.7 million in incentive and contingent commissions to select agents across the country who helped produce exceptional results.

Invest in our Future

In order to fulfill our mission for years to come we must remain financially stable. In 2012, we added \$47 million to prior year reserves and \$54 million to surplus to continue to insure long-term financial stability.

With the recognition of our stakeholders and investing in our future, Accident Fund reports net income of \$33.1 million and a combined ratio of 105.6%, which is significantly better than industry averages.

Accident Fund Holdings, Inc.*Dollars in thousands*

Year Ended December 31

	2012	2011	2010
Revenues			
Direct Written Premiums	824,817	771,686	743,009
Net Written Premiums	647,496	605,584	726,528
Net Earned Premiums	629,725	592,619	750,054
Net Investment Income	54,591	60,594	68,567
Net Investment Gains	71,051	47,759	71,644
Total Revenues	755,367	700,972	890,265
Pre-Tax Operating (Loss) Income	(20,005)	(130,760)	(139,330)
Net (Loss) Income From Operations	(13,094)	(84,436)	(100,280)
Net (Loss) Income	33,089	(53,394)	(53,712)
Return on Equity	5.3%	-7.9%	-6.9%

Underwriting Ratios as a Percentage of Net Earned Premiums*

Losses & Loss Adjustment Expenses	72.8%	78.8%	82.3%
Policy Acquisition & Other	23.4%	27.4%	24.4%
Underwriting Expenses			
Policyholder Dividends	3.5%	4.3%	3.4%
Accident Year Combined Ratio	99.7%	110.5%	110.1%
Calendar Year Combined Ratio	105.6%	122.3%	121.7%

Balance Sheet Data as of Year End

Cash and Investments	2,073,128	2,019,299	1,947,307
Total Assets	3,345,317	3,166,669	2,981,653
Reserves for Losses and Loss	1,451,411	1,438,041	1,399,664
Adjustment Expenses	142,692	189,541	159,611
Notes and Subordinated Debt			
Shareholder's Equity**	836,295	800,936	841,558
Statutory Surplus	633,605	578,901	648,218

*Excludes premiums ceded and corresponding amount of losses associated with \$400,000 in excess of \$100,000 reinsurance treaty in 2011 and 2012

**Exclusive of Non-Controlling Interest

“I think that 2012 could be called the year of teamwork. We all, every operating company and employee within the Enterprise, buckled down and made what seemed impossible possible. Through adversity, we will survive.”

*– Shelly Riess, Deskside Services Coordinator,
Accident Fund Holdings, Inc.*

“I think that our greatest accomplishment of 2012 was the expansion of our book of business, which was facilitated through the strong partnerships we have developed with our agents and brokers.”

*– David Calovich, Loss Control Specialist,
United Heartland*

2012 Achievements

In 2012, Accident Fund was able to prove the strength of its strategies, and its focus on execution, by delivering significant financial achievements during the most tumultuous market we have seen in our lifetime. This year was shaped by a variety of significant events as well as investments in innovation.

Since we started as the state of Michigan's workers' compensation agency 100 years ago, Accident Fund has always looked for new and improved ways to help injured workers have the best possible outcomes by providing them with access to the right care and support. The way we accomplish that goal is through ensuring our employees have access to the right tools and continued investment in the strategic use of data and predictive analytics. And, when it comes to data and predictive analytics, we are leading the industry with the work we are doing. In 2012, we continued to expand our use of data with our Care Analytics[®] tools, which provides data-driven capabilities to get injured workers the care they need at the time they need it, resulting in reduced claims durations and better controlled costs. Care Analytics[®] also provides early warning notices to our team so they can act on potentially serious situations early (i.e. opioid use) to ensure injured workers are properly cared for. Additionally, we successfully transitioned to a single medical bill review platform as well as an enterprise-wide pharmacy benefit program which will result in better outcomes for injured workers and financial performance for the enterprise. These changes resulted in increased savings and reduced healthcare costs for our customers.

We also continue to lead the industry in the recognition of the very dangerous problems associated with the use of narcotics in pain management. In partnership with Johns Hopkins University, our medical management team published a study on this topic in the Journal of Environmental and Occupational Medicine (JOEM) and we continue to be recognized in the insurance industry as a leader in advocating for the smarter use of narcotics in the treatment of injured workers.

Another key part of our strategic focus is our commitment to underwriting excellence. As part of that commitment, in 2012, we hired a chief underwriting officer to lead our underwriting and product and market development efforts. With regard to our underwriting efforts this year, we developed a comprehensive strategy on predictive modeling for both underwriting and claims. As a result of our predictive analytics efforts, Accident Fund Companies saw an overall improvement in the quality of their book of business, causing their lost time claim frequency to drop by 15 percent. CompWest also benefited from predictive modeling efforts this year, seeing an improved risk profile and profitability in their book of business.

15 Percent

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We continued to enter new markets in 2012 to ensure we meet customers needs and demands. Our team developed an expansion plan for the oil and gas market as well as agency expansion in selected states for Third Coast Underwriters. Finding new market opportunities and focusing on specific market appetites is integral to keeping strong overall results. With that in mind, we continue to focus on analyzing our markets very carefully to find growth opportunities and diversify the business to support the long-term health of the company.

While we know we will face more challenges ahead, we will continue to be very disciplined in our underwriting standards and are excited about the opportunities on the horizon. These opportunities include the better monitoring of the care and treatment that is being prescribed for injured workers, further supporting our goal of getting the best possible outcome for injured workers. We will also continue to evolve our use of data in identifying

high-risk claims and hone our predictive modeling efforts with regard to underwriting. The success we have had in 2012, coupled with our continued focus on underwriting excellence and improving claims outcomes, has positioned us well for the future.

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Customer-Centered Focus

Accident Fund Holdings

ACCIDENT FUND HOLDINGS, INC.

Accident Fund Holdings coordinates the operations of, and provides corporate and administrative functions for, our four insurance operating units. The efforts of the combined enterprise make Accident Fund Holdings the 13th largest provider of workers' compensation, and the largest non-governmental specialty writer, in the country. We strive to continuously increase the long-term value of our organization by outperforming our industry peers; attracting, developing and retaining top talent; and fostering a culture of underwriting and claims excellence and innovation.

Our enterprise has a national footprint, complimented by a regional market approach, allowing for individual focus with collective strength. Our four distinct operating units have an intimate knowledge of their customers, injured workers, and agents and brokers. Each operating unit offers superior underwriting, claims, loss control and marketing services in their niche and focused markets. Our Enterprise Services division provides quality and efficient integrated corporate services to each of our operating units. The holding company seeks out attractive investment opportunities and proactively manages risk appetite, performance standards and capital in a way that drives profitable long-term growth for the organization.

Our business units operate using two market strategies that we believe produce profitable results over the long-term. Our data-driven model takes advantage of our scalability and insight on market, legislative, geographic and economic dynamics. We rely heavily on data and predictive analytics in our underwriting strategies. Two of our business units operate with this model – Accident Fund Companies and CompWest.

Our niche market model targets specific market segments that include geographic specialization, as well as specific underwriting markets. We utilize specialized underwriting, claim and loss control expertise to meet customers' needs

and our distribution channels are aligned with market segments. United Heartland and Third Coast Underwriters operate with this model.

“I believe Accident Fund is a great place to work simply because the people who are in charge of the big business are handling things well to maintain stability within our enterprise. Our leaders are selfless and I feel as though they think about all of the families who are dependent upon them making the right decisions for our entire enterprise. I have been with Accident Fund for 11 years, and during that time I have had three babies and dealt with my husband doing a tour in Iraq when he was in the military. Accident Fund supported me in all of those major transitions in my life. When my husband was overseas Accident Fund sent care packages to my husband and his unit for an entire year until they came home safely.”

– Tara Ferguson, Bill Quality Specialist – Corporate Claims, Accident Fund Holdings, Inc.



Accident Fund Insurance Company of America*

Accident Fund Insurance Company of America focuses on small to mid-sized accounts domiciled primarily in the Midwest and Southeast United States. These employers typically have less complicated insurance needs, but are looking for an efficient way to meet their responsibility to provide workers' compensation coverage that adequately protects their employees.

We faced many challenges in 2012, such as a prolonged soft pricing environment and a sluggish economy. Fortunately, our company has outstanding expertise in analyzing data and developing sound operational strategies, allowing us to capitalize on industry patterns and trends to improve outcomes for agents, policyholders and injured workers. More importantly, our crisp execution of these strategies in the marketplace allowed us to change direction quickly when needed. The strategies we put in place for 2012 led to an improved overall quality of our book of business, causing our lost time claim frequency to drop by 15 percent. This was a major driver in being able to reduce our accident year combined ratio by more than 10 points in one calendar year. We ended 2012 with a 97.2% accident year combined ratio, while still growing premiums by 6%. We are proud to have seen the biggest improvement in operating results in our company's history during 2012.

Overall, 2012 was a very rewarding year for Accident Fund. It highlights the ability of our talented staff to come together around a common initiative, regardless of the degree of difficulty, and produce the results we all expect. The progress made during 2012 has established a solid foundation for 2013 and ensuing years.

Accident Fund Companies Selected Financial Data

(dollars in thousands)

	2012	2011	2010	2009
Direct Written Premium	490,011	459,779	431,997	473,495
Net Earned Premiums	494,931	444,063	444,436	465,467
Underwriting Gain (Loss)	13,955	(78,768)	(57,170)	(22,711)
GAAP Combined Ratio	97.2%	117.7%	112.9%	104.9%

*Accident Fund Companies includes Accident Fund Insurance Company of America, Accident Fund National and Accident Fund General.

“During my career I have worked for various companies, some were extremely large, while others were small, but none of them seem to be a perfect fit like Accident Fund. I appreciate the feeling of being considered a key contributor to this organization. As a field employee I work closely with two other team members, which represent Accident Fund for the entire state of North Carolina. We work extremely hard to ensure we deliver the best product and services to our customers, in addition to marketing Accident Fund to the fullest extent.”

– Craig Cupil, WorkSafe Consultant, Loss Control,
Accident Fund Insurance Company of America

United Heartland*



United Heartland is a large account specialist in workers' compensation with expertise in the core segments of health care, manufacturing, nonprofits, nursing homes, schools/colleges, social services, transportation and wholesale/retail. The company's high touch, service-oriented approach to underwriting, loss control and claims is designed to lower customers total cost of risk.

2012 was a challenging year for United Heartland due to a continued tough economic environment. Even with the reserve development issues associated with a recovering economy, we are again significantly outperforming the industry by posting a 100.8% combined ratio. United Heartland exceeded annual profit targets by strictly adhering to a disciplined underwriting approach and improving pricing of under-performing segments of business. We also focused on developing the right level of "checks and balances" with underwriting authority and developed metrics to measure individual account pricing and profitability. During the year, the loss control department enhanced the granularity of the loss control grading to provide a more detailed risk evaluation to the underwriters which improved the accuracy of pricing decisions. The loss control team was also very active with educating customers on the benefits of using occupational physicians to treat work-related injuries and the benefits of using the Care Analytics[®] tools. The United Heartland claim department continued to lead the industry with their ability to deliver a proactive claim handling process and procedures for policyholders, injured workers and physicians.

Underlying trends for the 2012 results are encouraging and we are confident United Heartland is well positioned for continued success in 2013.

United Heartland Selected Financial Data

(dollars in thousands)

	2012	2011	2010	2009
Direct Written Premium	239,781	229,625	209,369	208,884
Net Earned Premiums	234,756	219,178	208,251	204,488
Underwriting Gain (Loss)	(1,949)	(27,801)	(4,599)	4,844
GAAP Combined Ratio	100.8%	112.7%	102.1%	97.6%

*United Heartland is the marketing name for United Wisconsin Insurance Company.

“United Heartland is a great place to work because, despite the company growth and expansion, we have continued to treat our company and our colleagues as our extended family. We work hard, help each other out, and know how to have some fun from time to time as well. Employee access to all levels of management shows their commitment to the United Heartland employees and fosters the ownership so many employees take in this company.”

– Stephanie Gibas, Senior Underwriter, United Heartland



Third Coast Underwriters*

Third Coast Underwriters focuses on customers with complex operations and challenging exposures that require unique workers' compensation solutions including construction, non-trucking transportation, maritime, energy (gas & oil), and emerging markets. Third Coast made a very successful transition in 2012 from a start-up organization to a fully operational company with a broader mix of business and array of states. Our production picked up momentum as we continued to gain credibility in the marketplace, establishing us as a strong regional niche player.

Despite the continued challenging economy, Third Coast ended 2012 with a combined ratio of 95.3%. We missed our top line growth goals, as our competitors continued to write business at prices below where we believe we can be profitable. We compensated by siding with slower growth and higher profitability, tripling in size our written premium and retaining close to 90 percent of our current business. Responding to slow payroll growth in many of our target classes, we focused on overall diversification of business and added emphasis on classes less impacted by the economy such as energy and recycling.

This past year also resulted in performance better than our targeted loss ratio. We believe this is a result of our initial account pricing and selection, but also the full implementation of our service model. In our second full year of operation, Third Coast matured the individual strategies we had as a start-up company into an "outcome based" approach to business. This is a customer-focused approach to better overall outcomes for companies whose profitability is directly impacted by workers' compensation experience. By improving policy holder safety culture, preventing claims and improving the claims experience for all the parties after an accident, we are changing the policy holders expectations of their workers' compensation carrier.

Looking ahead to 2013, Third Coast will continue to mature and broaden our capabilities, looking for expansion opportunities that allow for profit within the company's niche as well as choosing the right partners in the marketplace.

Third Coast Underwriters Selected Financial Data

(dollars in thousands)

	2012	2011	2010	2009
Direct Written Premium	37,512	13,251	3,657	N/A
Net Earned Premiums	24,620	7,819	1,145	N/A
Underwriting Gain (Loss)	1,152	(5,489)	(2,024)	N/A
GAAP Combined Ratio	95.3%	170.2%	276.8%	N/A

*Third Coast Underwriters is a division of Accident Fund Holdings, Inc. and its subsidiaries.

“Third Coast Underwriters is a great place to work because of the people who work here. We not only believe in what we are doing, but we believe why we are doing it every day. The camaraderie amongst our team betters not only ourselves personally and professionally, but also the communities and the customers we represent on a daily basis.”

– Mike Valiante, Director of Field Operations, Third Coast Underwriters

CompWest Insurance Company



CompWest employs a targeted marketing approach that focuses on California-based businesses in manufacturing (light-to-medium hazard), hospitality/restaurant, retail/wholesale, property management, and professional services. We pride ourselves on providing quality care for injured workers through our highly-skilled accident prevention and claims staff.

Despite prolonged turbulent market conditions, CompWest made many improvements in 2012 that have had a positive impact on the company including: incorporating predictive modeling into our underwriting process to improve the risk profile in our book of business; improved claims initiatives that helped reduce litigation rates, increase claim closures and reduce claim handling costs; and targeted broker expansion with enhanced marketing messaging that has led to a 25 percent increase in new business submissions and a nearly 50 percent increase in new business premium over last year.

As we look ahead to 2013, we know the workers' compensation reform legislation that was signed into law late last year will bring significant changes. We believe the changes we made in 2012, coupled with the enhancements we plan to make to our predictive modeling and the strategies we have put in place for 2013, have positioned us well for what the road ahead may bring.

CompWest Selected Financial Data

(dollars in thousands)

	2012	2011	2010	2009
Direct Written Premium	57,513	65,021	92,945	111,158
Net Earned Premiums	45,719	64,849	92,889	107,094
Underwriting Gain (Loss)	(59,757)	(69,989)	(94,376)	(17,676)
GAAP Combined Ratio	230.7%	207.9%	201.6%	116.5%

“The people who work at CompWest make this a great place to work. The market in California has presented some challenges for CompWest in past months. The employees at CompWest have shown remarkable resilience in dealing with some of the challenges presented. Their dedication in working towards achieving CompWest profitability goals is impressive.”

– Denna Sneddon, Senior Business Development Consultant, CompWest

Culture that Fosters Caring

Culture of Diversity and Inclusion

Accident Fund Holdings and its subsidiaries have an excellent reputation for having a positive workplace culture based upon open communication, a commitment to inclusion and innovation, and family-like camaraderie. Our workforce is highly engaged and committed to doing whatever it takes to ensure our company is successful.

From top to bottom, our organization is involved in creating and sustaining a diverse and inclusive culture. We are keenly aware that diversity and inclusion are essential to innovation. Commitment from leadership, supportive programs, and training all help build an organization that makes the most of our unique differences as employees. Accident Fund celebrates diversity throughout the year, highlighting a variety of cultures and practices and sharing the stories of our employees, their families and heritage. By celebrating our diversity as an organization, we best position ourselves to service our increasingly diverse customer base.

Across the organization, employees are supported through outstanding compensation and benefit offerings which include fitness facilities and wellness programs, tuition support and flexible work schedules where possible. Sixty percent of our employees participate in the wellness program and Accident Fund Holdings provides a supportive environment that encourages healthy practices. Together, our employees have lost over 8,000 pounds in the last five years and in 2012 alone, Accident Fund spent nearly \$500,000 in support of our employees' education and development endeavors.

Accident Fund (which includes Accident Fund Holdings, Accident Fund Insurance Company of America and Third Coast Underwriters) and United Heartland are multi-year winners of the "Best Places to Work in Insurance Award," a designation awarded annually by Business Insurance. In 2012, the organizations secured the number one and two positions for mid-sized employers and achieved

regional recognition as top places of employment – United Heartland being named to the "Top 100 Places to Work in Southeastern Wisconsin" for the second year in a row by the Milwaukee Journal Sentinel and Accident Fund was named as the number one "Cool Place to Work in Michigan" by Crain's Detroit Business.

The authentic camaraderie in our workplace not only helps create an environment where people want to work, but it also spills into our commitment to our communities as well.

"Accident Fund offers countless benefits that make all employees feel valued. Whether it is healthcare benefits, education, wellness or a flexible schedule, I really appreciate my needs as a person being considered. It creates a better work environment and allows us to serve our customers to the best of our ability."

– Janaya Royal, Technical Assistant, Service Center, Accident Fund Insurance Company of America



Giving Back to Our Communities

Accident Fund Holdings is widely known for our generosity and compassion in the communities across the country in which we do business. Our employees donate to many different human service organizations, giving nearly \$350,000 in 2012 alone. Over and above monetary donations, our employees also volunteer a great deal of their free time to hands-on activities such as blood drives, Habitat for Humanity builds, collections for local food banks and participating in charity walk events.

Our largest community service event in 2012 was serving as corporate sponsor for the Juvenile Diabetes Research Foundation (JDRF) Walk For The Cure in East Lansing, Michigan. We surpassed our fundraising goal for this campaign by 20 percent, raising a total of \$54,545. Accident Fund Holdings was the top 2012 team contributor, raising the most money ever by a corporate sponsor. 2012 also marked the first time we have held enterprise-wide charity events which included the JDRF Walk For The Cure, our annual “Caring and Sharing” campaign and food bank collections. A donation to our annual “Caring and Sharing” campaign increased by 18 percent, raising a total of \$85,707 and 500 pounds of food was donated enterprise-wide for local food banks. Additionally, 16 Accident Fund employees gave up a Saturday in October to participate in a local Habitat for Humanity team build project.

In addition to the enterprise-wide charitable giving activities, our employees also participated in many different events in their local communities.

CompWest Employees Give Back Through Two Different Collections

Pajamas and prom dresses were the unlikely components of two successful community drives at our CompWest offices at the end of February 2012. Both events exemplified CompWest’s commitment to giving back to the communities in which they live.

“There is honestly nothing more important than giving back to the community. We all, more or less, live in the community or have family in the community. Taking care of people other than ourselves is extremely important both to show we care and to show that we are not just a ‘cold and uncaring’ insurance company that seems to be portrayed in the media.”

– Chris Brown, Claims Specialist, CompWest

“Reaching out and supporting the local community creates a bond that says we truly care. I am a firm believer of giving back to the community and those who are in need. By supporting those less fortunate we take on some of their burden and really reflect what it means to be a community partner. Being part of something bigger than yourself makes you feel grateful to be able to make a difference in someone’s life.”

– Lupe Rangel, Vendor Coordinator – Corporate Procurement, Accident Fund Holdings, Inc.



For CompWest employees at the San Francisco office, supporting the Pajama Program was an easy choice. Over the course of the week-long drive, 35 pairs of new pajamas and five new books were collected.

At CompWest's Santa Ana office, it was eveningwear of a different sort being collected for an event called Belle of the Ball. The event, benefitting nearly 400 at-risk teen girls, allows them to shop for their dream prom dress and coordinating accessories while participating in workshops on body image and wellness. The annual Orange County event is sponsored by Women Helping Women, Orange Coast College, Orangewood Children's Foundation and Girls Incorporated.

Formal and bridesmaids dresses of all sizes and styles, as well as various accessories, were collected at CompWest over the course of a couple of weeks. By the end of the drive, two racks of dresses had been collected along with several pairs of shoes, purses, bracelets and necklaces.



Accident Fund Continues its Tradition of Supporting Organizations with Ties to the Company

Accident Fund's commitment to the communities where we live and do business runs deep. We support worthwhile organizations with ties to our company and, when possible, we also support causes championed by our key agency partners.

This year Accident Fund helped sponsor the seventh annual InPro Blood Drive and Fun Fair held at Barnard Elementary School in Troy, Mich., to benefit the American Red Cross of Southeastern Michigan. InPro Insurance Group partnered with the school, Accident Fund and other businesses to create a fun event aimed at saving lives that was filled with food, music and entertainment. This event alone resulted in the collection of 146 pints of blood.

"Each year, I'm in awe of the generosity of the local community and commitment of our sponsors who come together to make this event a success," said Dave Goodman, president of InPro Insurance Group. "We thank Accident Fund, the community and our sponsors for their support and dedication to this great cause."

This is just one example of how Accident Fund supports our agencies' philanthropic efforts. Some other organizations that Accident Fund helped support in 2012 and the agencies involved include:

- EVE Inc. — The Campbell Group (Acrisure)
- Leukemia & Lymphoma Society — Senn Dunn Agency
- March of Dimes — Sterling Agency
- Orchard Place — Lamair Agency
- Woodland Hospice — General Insurance Agency

We are grateful for the opportunity to support our agency partners in these efforts and to help those in need throughout our core business communities.



Metro Detroit/Southeast Michigan Chapter
24359 Northwestern Highway, Suite 225
Southfield, MI 48075
248-355-1133

December 17, 2012

Dear Accident Fund Holdings, Inc. Team:

We would like to take this opportunity to express our deep thanks and sincere gratitude to the Accident Fund Holdings Team for your participation in the 2012 JDRF Walk to Cure Diabetes and for partnering with JDRF in our mission to find a cure for diabetes.

Thank you for your commitment and for leading the JDRF Walk to a great success! From the Executive Head Shaving Challenge to Jeans Weeks, Bake Sales, Cookouts and Raffles - your team's innovative and creative fundraising ideas definitely put the "fun in fundraising" and brought an unprecedented level of enthusiasm and excitement to all Walk participants!

And speaking of unprecedented... Accident Fund Holdings, Inc. raised a record-setting \$54,545 for diabetes research representing the highest amount raised by a Corporate Team in the history of the JDRF East Lansing Walk to Cure Diabetes!

On behalf of JDRF and the millions of people living with type 1 diabetes to which our work is dedicated, we say thank you for your commitment and unwavering generosity. We are forever grateful for your leadership and partnership.

In closing and in reference to the message on your team's award-winning Team T-Shirt: **"One Step at a Time... I was important in the Life of a Child"** - please know that each and every one of you took vital steps and have solidified your place in our collective quest for a cure. Thank you for all you have done to make an impact and a real difference for all those we serve.

Thank you and Happy Holidays.

The JDRF Staff Team





December 17, 2012

In 2012, Accident Fund partnered with Habitat for Humanity Lansing and helped build a new home on Hillcrest on Lansing's south side by supplying funding and manpower. The donated funds went directly to the purchase of building materials such as: paint, siding, and drywall.

Additionally, more than 15 Accident Fund employees voluntarily participated in the launch of our Team Build Workshop. The workshop offered an experiential learning component that focused on teambuilding skills which began with an hour and a half learning session which focused on team dynamics, human behavior, roles, and volunteer expectations. The Workshop continued on the following Saturday at the Hillcrest home, where employees put up siding on the outside of the home, installed pillars on the porch, and primed and painted walls. The team worked hard and enjoyed the chance to work together to give back to the community where they live and work. The build day was followed by a debrief session that included a group discussion of their experience working on a Habitat home.

Accident Fund President, Mike Britt, is the Vice President of our Board of Directors. Mike is actively involved at build sites and participates at Habitat fundraising events. This past June Mike worked at our annual board build – which involved heavy clean-up in the yard at a rehab project in Reo Town.

Our mission is to eliminate substandard housing in the Greater Lansing community and improve neighborhoods by working in partnership with local economically disadvantaged families to achieve and maintain homeownership.

We are grateful to have the support of Accident Fund!



AFHI Board of Directors

We would like to give special thanks to our Board of Directors:



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Special Recognition to A. Barry McGuire (1933-2012) for his long-term service and commitment to the company as director of the Board of Accident Fund Holdings from November 1994 to April 2012.

ACCIDENT FUND HOLDINGS, INC.

Individual Focus. Collective Strength.



