



PEOPLE. PASSION. PURPOSE.

ANNUAL REPORT

2022





Overview

Our Greatest Value:
People First

Financial Strength

Passion in Community
Engagement

Purpose-Driven
Leadership

FROM OUR PRESIDENT & CEO

LISA CORLESS

"Strategies without action are simply words on paper, which is why our success is reflective of a team committed to execution. As a passionate, people-first organization driven to outperform, we are truly unique in the marketplace."



2022

Throughout a year of dramatic change in the market and workforce, our performance was guided by focused business strategies that once again led to results outpacing the industry.

In 2022, we further established our workers' compensation core processes, strategically expanded into new industry segments and geographies and achieved excellent underwriting results.

Our unrelenting focus on the customer led to the exploration of new technologies that improved injured worker outcomes, enabled quicker identification of new market opportunities and provided agility in responding to rapid market changes toward long-term profitable growth.

All of this laid a solid foundation for our acquisition of AmeriTrust Group, generating momentum to accelerate our five-year strategy toward further growth and diversification.



In April 2022, AF Group announced its intent to purchase AmeriTrust Group – a nationally recognized Property and Casualty insurer headquartered in Southfield, MI. With decades of success, strong agent partnerships and a financial rating of "A-" from A.M. Best, AmeriTrust further strengthens AF Group's portfolio and adds more than 800 high-performing teammates nationwide. The acquisition was formally completed on Jan. 3, 2023.

OUR GREATEST VALUE

PEOPLE FIRST

As tireless representatives of our People First culture, our teammates were celebrated in 2022 for their immense contributions to the organization. Their efforts continue to distinguish us in the industry, as evidenced by their commitment to providing an exceptional customer experience to our agent partners, customers, injured workers and to each other.



Employee of the Year
Cindy Hall



Leader of the Year
Kim Drew

Each year, we celebrate these achievements by recognizing teams and individuals from across the organization with our annual employee awards — which was capped by the naming of our Employee of the Year Cindy Hall and Leader of the Year Kim Drew.

1,000
teammates
joined together

As a clear reflection of our People First and diverse culture, more than 1,000 teammates joined together to engage in our employee resource networks, which create awareness through dynamic educational opportunities to increase competency in inclusion and diversity — knowledge we believe is critical to our business.



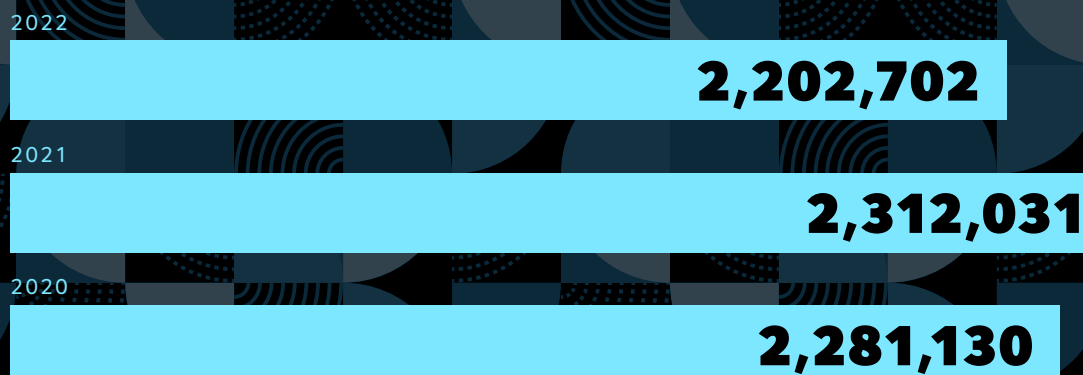
FINANCIAL STRENGTH



COLLECTIVE FINANCIAL PERFORMANCE (DOLLARS IN THOUSANDS)
YEAR ENDED DECEMBER 31



Gross Written Premium



	2022	2021	2020
Net Income	13,629*	174,432	149,287
Return on Equity	-0.3%	10.6%	9.7%
Statutory Net Written Premium/ Surplus	0.95	1.18	1.32

	2022	2021	2020
Underwriting Ratios as a Percentage of Net Earned Premium Calendar Year Combined Ratio	93.8%	93.5%	98.6%

Underwriting Ratios as a Percentage of Net Earned Premium Calendar Year Combined Ratio

**Reflective of significant volatility in the investment market in 2022.*



WORKERS' COMPENSATION DIVISION

SELECTED FINANCIAL DATA
(DOLLARS IN THOUSANDS)

Our newly defined Workers' Compensation Division entered 2022 with a number of growth-focused initiatives, including a broadened appetite and the exploration of new ways to write middle market business — toward the goal of achieving increased success in a challenging marketplace.

Efforts to streamline and build strong partnerships across our Loss Control and Claim teams led to a positive response from the market, which further demonstrated our brand value to agent partners and our shared customers.



Direct Written Premium

2022



2021



2020



GAAP CY Combined Ratio

2022

90.4%

2021

92.7%

2020

94.9%



Direct Written Premium

2022



2021



2020



GAAP CY Combined Ratio

2022

91.0%

2021

91.6%

2020

109.0%

CompWest

Direct Written Premium

2022



2021



2020



GAAP CY Combined Ratio

2022

122.0%

2021

102.8%

2020

108.0%

ThirdCoast Underwriters

Direct Written Premium

2022



2021



2020



GAAP CY Combined Ratio

2022

100.3%

2021

100.4%

2020

103.1%



DIVERSIFICATION BRANDS

SELECTED FINANCIAL DATA
(DOLLARS IN THOUSANDS)

In 2022, our diversification brands benefited from a growing reputation in the market — the result of our commitment to partnership and delivering on our promises. Our focus on building relationships with an analytics-driven, personalized sales approach continues to serve as a market differentiator.



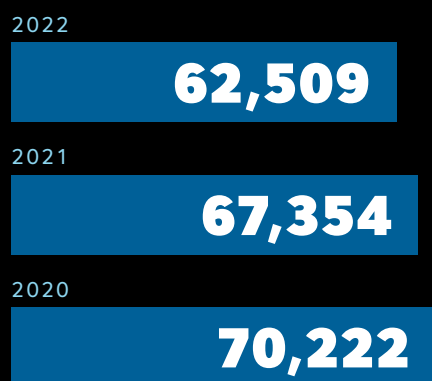
Gross Written Premium



Underwriting Margin as a Percentage of GEP	2022	2021	2020
	3.9%	3.8%	3.9%



Direct Written Premium



Fee Income Earned	2022	2021	2020
	100.3%	100.4%	103.1%

Gross Written Premium

2022



2021



2020



GAAP CY Combined Ratio

2022

112.0%

2021

97.8%

2020

99.2%



COMMUNITY ENGAGEMENT



Together with our Emerging Markets teammates, our focus on impacting, influencing and giving back to the communities in which we work and live remains paramount.

With an award-winning culture and lasting commitment to others, we're proud of the spirit of benevolence we've established as a caring, dedicated community partner.

Community-Focused Strategic Pillars:

- **Diversity**
- **Economic Development**
- **Education**
- **Health and Human Services**

HERE ARE A FEW WAYS WE MADE A DIFFERENCE IN 2022:

\$1M

in corporate donations

\$325K

in employee donations

96

pints of blood donated

147

charitable groups supported



"Ele's Place and AF Group have walked hand in hand since our founding in 1991. We are so grateful for the partnership and the support of AF Group, Emergent Holdings and their associates for helping us to ensure no Michigan children and teens have to grieve alone."

- Kate Powers, Interim President & CEO, Ele's Place Michigan



"Because of AF Group's generous donation of funds and handmade blankets, MOWWM continues to fill the bellies and warm the hearts of our seniors. Thank you for helping us realize our vision of a community where no senior is hungry or forgotten!"

- Tammy Mick, Director of Programs and Services, Meals on Wheels Western Michigan



"The Dalai Lama said, 'The intelligent way to be selfish is to work for the welfare of others.' AF Group repackaged 10,600 diapers that will help 212 babies and Nashville Diaper Connection couldn't be more happy for the support provided by this group for simply showing up. Thank you, a million times!"

- Renee Watkins, Volunteer Recruiter and Engagement Leader, Nashville Diaper Connection



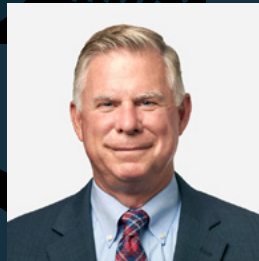
PURPOSE-DRIVEN

LEADERSHIP

With a passion for serving our People First, our leadership team carries decades of Property and Casualty experience, leading with insights and authenticity that have made us a destination employer.



Lisa Corless
President and CEO



Stephan Cooper
President, Commercial Markets



Paul Kearney
Chief Claims Officer



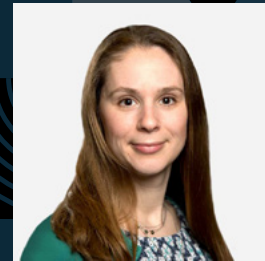
Keri Kittmann
Senior Vice President,
Business Performance,
Strategy and Chief of Staff



Kelly Fusner
President, Specialty Lines



Kelly Sudderth-Truscott
Senior Vice President,
Marketing & General Counsel



Amy Fournier
Vice President and
Chief Actuary



Walter Matthews
Vice President,
AF Specialty



Kevin Zielke
Senior Vice President &
General Counsel



AFGROUP.COM

©2023 AF GROUP