



2023 | ANNUAL REPORT

# One Team.

Celebrating greater...

**Possibilities.**  
**Performance.**  
**People.**  
**Expertise**  
**Service.**  
**Leadership.**



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# From the president and CEO.



*“Over the course of a year that included relentless market challenges and the integration of the largest acquisition in our company’s history, we proved once again that the power of team can create the greatest of possibilities.”*

A handwritten signature in white ink, appearing to read 'H. Fab', positioned below the quote.



If the best way to predict the future is to create it, 2023 clearly demonstrated how the efforts of a committed group can generate new possibilities for success.

At AF Group, during a year that included relentless market challenges and the integration of AmeriTrust, our team successfully navigated these challenges in partnership with our valued agents and partners by focusing on the strengths that have long differentiated us in the market – further redefining how we believe business should be done.

This was highlighted with our AmeriTrust partnership, the capstone of our year that united two high-performing, respected organizations into a \$3 billion+ national specialty solutions carrier. In parallel with this effort, we continued to execute a long-term strategy centered on controlled growth and underwriting discipline across our three business segments, and successfully leveraged relationships to offer creative insurance solutions that reflected an evolving market and greater customer demands.

All of this was guided by our steadfast commitment to ‘People First’ – the hallmark of our culture that encourages openness, inspires ideas and builds trust.

With gratefulness to the more than 2,300 teammates who are aligned toward our collective success, and with the many agent partners and clients who are dedicated to the same, I encourage you to share our appreciation for this commitment as you review this summary of last year’s accomplishments.



## Celebrating Partnership: AmeriTrust

With the acquisition of AmeriTrust, AF Group has broadened its portfolio by aligning with an “A-” carrier offering outstanding service and solutions for more than 60 years. With capabilities that include specialty admitted products and programs in excess and surplus lines and well-established agent partnerships, the addition of AmeriTrust to our brands has created exciting new possibilities for our shared future.

# Financial stability, sustained profitability.



*“Our financial stability is grounded in our commitment to sustaining profitability through the work of a team dedicated to the collective success of our enterprise.”*

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

In 2023, AF Group achieved more than \$53 million in underwriting income, despite difficult market conditions and the finalization of the integration of AmeriTrust.



This impressive effort once again earned an A.M. Best rating of "A" (Excellent), an S&P financial strength rating of "A-" and, for the fifth consecutive year, recognition as a Ward's 50 company for outstanding financial stability, strength and performance over a five-year period.



# Collective Financial Performance

Year ended December 31 (dollars in thousands)

## GROSS WRITTEN PREMIUM

2023	<b>3,187,895</b>	2022	<b>2,202,702</b>	2021	<b>2,312,031</b>
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## UNDERWRITING RATIOS AS A PERCENTAGE OF NET EARNED PREMIUM

Calendar Year Combined Ratio

<b>97.2%</b>	<b>93.8%</b>	<b>93.7%</b>
2023	2022	2021

## RETURN ON EQUITY

<b>12.9%</b>	<b>-0.3%</b>	<b>10.6%</b>
2023	2022	2021

## NET INCOME

<b>153,173</b>	<b>(13,629)*</b>	<b>174,432</b>
2023	2022	2021

## STATUTORY NET WRITTEN PREMIUM/SURPLUS

<b>1.38</b>	<b>0.95</b>	<b>1.18</b>
2023	2022	2021

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

# Business Segments

Taking advantage of the new capabilities and synergies created from the integration of AmeriTrust, AF Group's business model has evolved to allow our brands the flexibility to respond to market and customer needs as we deliver exceptional products across each line of business.

Our business segments – Commercial Markets, Specialty Lines and Third-Party Administrator (Fee-Based) – are structured to reflect both efficiencies and the dynamic products offered within each line of business.





# Commercial Markets

Commercial Markets aligns our workers' compensation operations, which has continued to build upon more than a century of success and partnership. In 2023, the division overcame the challenges of a soft market to achieve notable success, due in large part to the ongoing support of our valued agents.

## BRANDS



# \$1.3B

WRITTEN PREMIUM

# 94.8%

COMBINED RATIO

# 82.9%

RETENTION



*"Our integration of AmeriTrust has given us the capability to offer multiline solutions to existing and prospective customers. We now have the people, resources and renewed vision to bring unique value to the insurance market."*

Steve Cooper  
President, Commercial Markets

# Specialty Lines

Specialty Lines provides insurance products for specialty risks not typically written in the standard lines marketplace, creating additional sources of revenue for the organization through binding, brokerage solutions, program business and assumed reinsurance.

In 2023, as a result of providing unique solutions to the market, 45 percent of AF Group's total written premium was generated by the brands within the Specialty Lines division. This continued strategic focus will create opportunities for additional growth in 2024.

## BRANDS



# \$1.3B

WRITTEN PREMIUM

# \$22.3M

UNDERWRITING INCOME



*“The success of our Specialty Lines division is evidence of a dedicated team committed to bringing creative, profitable new products to our portfolio of solutions.”*

Kelly Fusner  
President, Specialty Lines

# Fee Based (Third Party Administrator)

AF Group's acquisition of AmeriTrust expands our specialty offerings with the addition of Mackinaw Administrators, a Michigan-based third-party administrator providing risk management capabilities through TPA services for loss control, claim administration, self-insurance companies and municipal clients.

## BRANDS



\$11.6M

REVENUE

\$1.64M

EBITDA

(PRIOR TO OVERHEAD ALLOCATION)

9

ACTIVE STATES



*"The resources and support of AF Group have created significant opportunities for Mackinaw – and will enhance our strategy to become a national presence in the TPA space."*

Bill Brown  
President, Mackinaw Administrators

# Teammates propelling us to excellence.



The true essence of our organization is found in the significant contributions of more than 2,300 teammates across the nation – and is a core tenet that is reinforced by our commitment to People First.

During the course of the year, we celebrated the impact and achievements of teammates and teams through podcasts, blogs and other featured opportunities, which illustrated the remarkable spirit of connection and excellence that continues to drive our workforce.

# Supporting Organizations that Empower

Hand-in-hand with this effort, our teammates have welcomed the chance to share, learn and grow with one another through an expanding number of Employee Resource Networks – which allow for even deeper connections as we embrace the value of diverse thought and experiences.



## Native American and Indigenous Peoples

The mission of the American Indian and Alaskan Native ERN is to foster inclusion and diversity by providing awareness about the history and culture of Native American People, share the ongoing stories of indigenous culture and uphold 7 core values which are love, respect, bravery, honesty, wisdom, humility, and truth.



## ASIAN PACIFIC

The mission is to be the chief educational source and serve as the bridge between our enterprise communities and the larger Asian-Pacific community through community outreach and employee cultural development.



## AAIM-UP

Create a culture of inclusion for African American and Black employees and allies through education and awareness of real and relevant topics that impact our community by supporting the professional growth and development of employees, promoting diverse representation, supporting supplier diversity efforts, and creating awareness of and linkages to African American and Black business in our communities.



## Bright Blue

The mission of the BrightBlue ERN is to promote and facilitate a complete and seamless integration into the workforce and the community at large with an emphasis on neurodiversity, disabilities, chronic illnesses, and seen and unseen disabilities.



## EMPOWR

To serve as a resource to Emergent Holdings by furthering a culture of inclusion, promoting the professional development of LGBT+ employees, supporting our existing and future diverse workforce, and establishing Emergent Holdings as an industry leader in Diversity and Inclusion.



## Veterans

To serve as a resource to Emerging Markets by furthering a culture of inclusion, promoting the professional development of Veteran employees and their allies, supporting our existing and future diverse workforce, and establishing Emerging Markets as an industry leader in Diversity and Inclusion.



## UNIDOS

To maintain a network of employees and provide learning, professional development, and community outreach activities to connect with and experience the Hispanic/Latinx community.



## We Lead

We Lead will empower women to lean into their strengths and design a path to professional and personal fulfillment.

AMERITRUST



EMPLOYEE OF THE YEAR  
Jen Kuns

AF GROUP



EMPLOYEE OF THE YEAR  
Travis Miller

AMERITRUST



EMPLOYEE OF THE YEAR  
Jason Foreman

AF GROUP



EMPLOYEE OF THE YEAR  
Shannon Scholten

EMERGING MARKETS



EMPLOYEE OF THE YEAR  
Jariod Mattert

EMERGING MARKETS



EMPLOYEE OF THE YEAR  
Angela Warren



*“Our culture is about recognizing and appreciating people for who they are and where they are — helping them to achieve what they hope to be. It is a culture where meaningful and substantive engagement resides and realness thrives!”*

Paul Kearney  
Chief Claims Officer

# Our efforts affirmed.

These accolades also reinforce the thought leadership, expertise and excellence that continues to mark AF Group as a leader in the industry... and beyond.



While the pursuit of awards and recognition is not the reason for the exceptional work we do, honors from our peers and those outside our industry affirm the tremendous commitment of our teammates.

**ALM | PROPERTYCASUALTY360**

**NAMED RISK MANAGEMENT INNOVATION HONOREE**  
for our Agent Report Center portal and Loss Run Automation with Groundspeed initiative



**RECOGNIZED AS AUTOMATION CHAMPION OF THE YEAR**



**HONORED FOR IT PRACTICE, DIGITAL AND DATA**



**SAM HOSEY RECOGNIZED AS A TOP 100 UNDER 50 EXECUTIVE AND EMERGING LEADER.**

# A culture of caring in communities, nationwide.



The concept of People First doesn't simply apply to actions within our organization – it's reflected in the steps we consistently take to support the communities where we work and live.

Together with our Emergent Holdings teammates, AF Group has sustained its commitment to developing new strategies to increase our impact on our communities and their future and to supporting others, particularly in times of need.

In 2023, we extended this culture of caring through new partnerships with nonprofits across the country, including Ohio, Kansas and California – reflecting our desire to further impact our world.



IMPACT BY THE NUMBERS

\$1.9M

Corporate donations given

\$338K

Employee donations given

147

Pints of blood donated

190

Charitable groups supported



*“Our organization is committed to actively engaging our communities, reflecting our sincere desire to be truly helpful in our service to others.”*

Kevin Zielke  
Senior Vice President & General Counsel  
Board Member, Lansing Regional Chamber of Commerce



*“The Community Foundation is immensely grateful to AF Group for their outstanding support of our community and their commitment to inclusivity and wellness for all. As the presenting sponsor of Play Michigan!, AF Group helped us create the region’s first universally-accessible playground so that children of all abilities can play together. Thank you, AF Group, for making a lasting, positive impact on our community for generations to come!”*

Laurie Strauss Baumer, President and CEO  
Capital Region Community Foundation



*“Mid-Ohio Food Collective (MOFC) is the largest hunger relief organization in central and eastern Ohio. Through our five assets (the Mid-Ohio Foodbank, Mid-Ohio Farm, Mid-Ohio Pharmacy, Mid-Ohio Kitchen, and Mid-Ohio Market), MOFC addresses the root causes of hunger while working with more than 600 partner agencies in 20 counties to feed hundreds of thousands of hungry Ohioans every year. In 2023, AF Group provided over \$15,000 worth of groceries to neighbors in need across MOFC’s footprint. Learn how MOFC is co-creating hunger-free, healthier communities at [mofc.org](http://mofc.org).”*

Sam Grimsley, Coordinator, Corporate Partnerships  
Mid-Ohio Food Collective



*“Partnering with AF Group just makes sense for Communities In Schools of Michigan. As an organization that supports students across the state, particularly in Lansing and Detroit, a funder who hires, lives, and works in these communities is crucial to us. We believe that it’s important for companies to give back to the places they populate, and AF Group’s partnership does just that; they understand the importance of educational equity, community support, and what it means to be #allinforkids.”*

Mallory DePrekel, MPS, CEO  
Communities In Schools of Michigan





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