

ANNUAL REPORT 2021

Auto-Owners[®]
INSURANCE

Year in Review

Auto-Owners Companies Earn AM Best Superior Ratings

Auto-Owners property & casualty companies are rated A++ (*Superior*) by AM Best Company, a nationally recognized independent insurance company rating organization. Auto-Owners Life Insurance Company is rated A+ (*Superior*) by AM Best. According to AM Best Company, “The ratings of AOIG (*Auto-Owners Insurance Group*) reflect its balance sheet strength, which AM Best assesses as strongest, as well as its very strong operating performance, favorable business profile and appropriate ERM (*enterprise risk management*).”

AM Best also praised the Life Company: “The ratings of AOLIC reflect its balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate ERM.”

In AM Best’s opinion, companies in the A++ and A+ classifications – their highest classifications – have a superior ability to meet ongoing obligations to policyholders. Auto-Owners Group has been rated A++ since 1992, and the Life Company has been rated A+ since 1976.



Atlantic Casualty Insurance Company

In addition, Atlantic Casualty Insurance Company, an excess and surplus lines insurance carrier acquired by Auto-Owners Insurance in 2016, had its financial strength rating upgraded to A+ (*Superior*). The outlook for the company’s credit ratings has been revised to stable from positive. According to AM Best, “The rating upgrades of Atlantic Casualty reflects its increased level of integration, as well as tangible operating benefits and synergies derived from ownership by Auto-Owners in various functions including, but not limited to: investments, actuarial services, product development, reinsurance, claims, marketing and information technology.”

Concord Group

Meanwhile, the Concord Group, which Auto-Owners entered into an affiliation with in 2017, had its financial strength rating of A+ (*Superior*) affirmed. AM Best identified Concord’s balance sheet strength, operating performance, and several ways Concord is benefiting from being part of Auto-Owners Insurance Group.

Capital Insurance Group

AM Best also affirmed the A (*Excellent*) financial strength rating for Capital Insurance Group, which Auto-Owners acquired in April 2019. AM Best cited recent improvement in operating performance and several ways in which CIG is benefiting from the affiliation with Auto-Owners Insurance Group.



Lansing South Campus Building Expansion

Auto-Owners Life Insurance Company Updates Three Term Life Products

Auto-Owners Life Insurance Company updated three term life products in 2021: 10-, 20- and 30-year term. These term life insurance products provide a level death benefit for a 10-, 20- or 30-year period. The premium is guaranteed to remain level for the entire length of the initial term. Coverage may extend to age 95. Term life insurance is often an affordable option because it offers protection for a specific number of years and can be valuable to a family or a business.

These updated products further enhance the Life Company's portfolio of products available to take care of the life, health and annuity needs of its clients.

Several Construction Projects Completed

- Construction of the new Montgomery (AL) regional office was completed in 2021, and the associates moved into the new 18,862-square-foot office in March.
- Atlantic Casualty Insurance Company moved into its renovated office space in December with completion of the 28,261-square-foot addition. The building addition will increase its capacity for continued growth.
- Construction of the 236,500-square-foot South Campus building was completed in February 2022. Associates began moving into this building in February.
- In 2022 Auto-Owners will begin an infrastructure update of its oldest sections of the home office – which opened in 1976 – updating the fire sprinkler system, mechanical system, plumbing and sanitary piping, some window replacement and ceiling replacement.

Relocations

The Auto-Owners Portage (MI) claim office moved to a larger suite at a new office location in 2021. In addition, Capital Insurance Group signed a new lease for Reno (NV) office space and will move into the new location in 2022.

Sales

Auto-Owners sold the former Lakeland (FL) underwriting and claims buildings, and the former Montgomery (AL) regional office, in 2021.

New Branches

There were no new Auto-Owners Insurance offices opened in 2021.

Comments From Jeff Tagsold

Chairman, Auto-Owners Insurance

Auto-Owners enjoyed another tremendous year in 2021. Much like 2020, our associates continued to provide excellent service to agents and policyholders, with many working primarily from home in light of the pandemic.

Auto-Owners achieved a record 10th consecutive profitable year in 2021. On top of that, the annual increase in premium was nearly \$510 million, an improvement from 2020. We were fortunate to receive nearly \$1.2 billion in new business from the many outstanding independent agents who represent us. This was split fairly evenly between personal lines and commercial lines.

In-force policy count grew by more than 62,000, bringing the total number of policies in force to more than 5.43 million. With the help of another excellent year in the stock market, policyholder surplus increased to more than \$15 billion. We have the capacity needed to support all of the good business the agents have to place with us in 2022, and for years to come. Auto-Owners Life Insurance Company had another excellent year as well.

Auto-Owners was once again recognized by AM Best for our strong performance and financial strength. Our A++ (*Superior*) rating was reaffirmed, making it 50 consecutive years we have received the highest available rating given out by AM Best.

Atlantic Casualty Insurance Company, our excess and surplus lines subsidiary, enjoyed another outstanding year of profitable growth. This was recognized by AM Best, which upgraded Atlantic Casualty's financial strength rating from A to A+. Concord General Mutual, our affiliate operating in the four northern-most New England states, also grew profitably in 2021. Capital Insurance Group, acquired in 2019, experienced vastly improved results in 2021, generating an underwriting profit.

It is a privilege for me to work with our hard-working associates, showing agents that no carrier can partner better with them when it comes to taking care of policyholders.



A handwritten signature in black ink that reads "Jeff Tagsold". The signature is written in a cursive, flowing style.

Jeff Tagsold, Chairman

Summary of Invested Assets

Company Report

Auto-Owners Insurance Group continues to be recognized for exceptional financial strength and stability among the nation's largest insurers. Comprised of 16 property & casualty companies and one life/health/annuity insurer, the companies had combined assets of \$32,480,501,816 at year-end 2021. Net written premiums totaled \$9,874,154,474, up by \$1.64 billion from the previous year. More than 6.2 million personal and commercial insurance policies were in force at year-end.

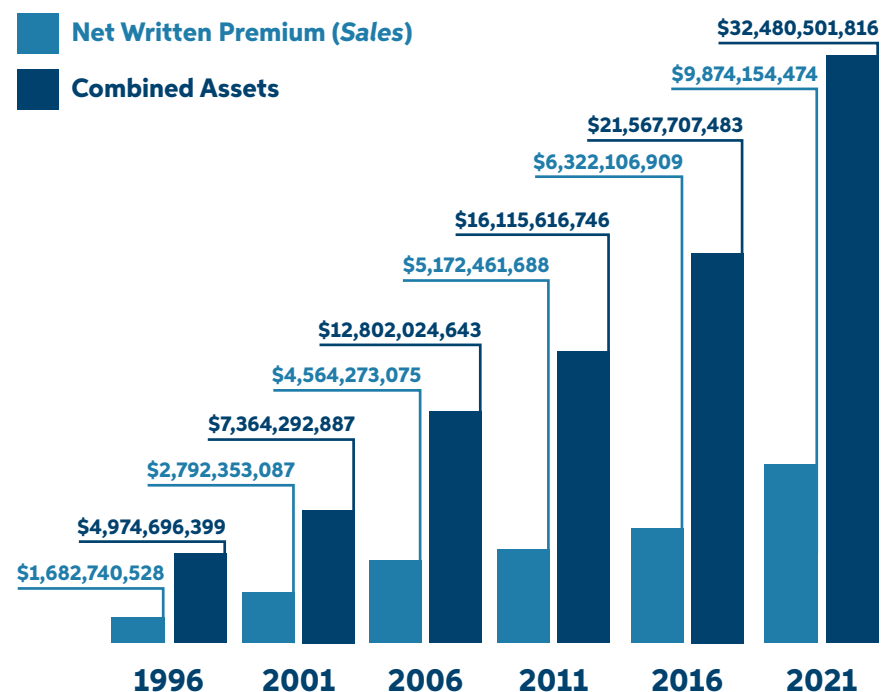
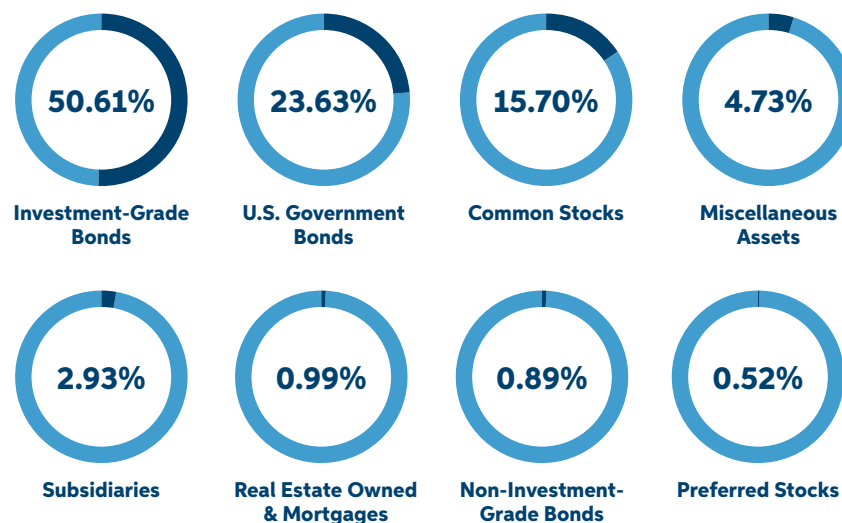
Summary of Invested Assets

Auto-Owners remains committed to maintaining a high-quality investment portfolio. A conservative investment philosophy has helped us travel a steady path throughout the years.

Depicted to the right is a breakdown of the invested assets of the Auto-Owners Insurance Group combined as of Dec. 31, 2021.

The combination of U.S. government bonds and investment-grade bonds represents 74.24% of invested assets, compared to 69.78% on Dec. 31, 2020. Common stocks were 15.70% of invested assets versus 19.34% on Dec. 31, 2020. Non-investment-grade bonds represent only 0.89% of invested assets, compared to 1.40% on Dec. 31, 2020. Miscellaneous assets includes 1.11% in cash.

Combined Assets



Financial Report

Assets	Life Company	Property & Casualty Consolidated
Bonds	\$3,073,013,272	\$19,311,983,358
Stocks	\$437,902,898	\$4,303,282,196
Mortgages	\$572,125,430	\$18,419,564
Real Estate Owned	\$186,462,403	\$235,311,953
Premiums Receivable	\$55,624,068	\$1,754,083,717
Other Assets	\$330,436,324	\$2,201,856,633
Total Assets	\$4,655,564,395	\$27,824,937,421

Liabilities	Life Company	Property & Casualty Consolidated
Claim and Policy Reserves	\$2,819,272,233	\$6,856,737,620
Unearned Premiums	–	\$4,561,995,158
Other Liabilities	\$1,217,610,452	\$1,760,079,733

Capital	Life Company	Property & Casualty Consolidated
Funds for the Protection of Policyholders	\$618,681,709	\$14,646,124,910
Total Liabilities & Capital	\$4,655,564,395	\$27,824,937,421

Profit & Loss Statement

Revenue	Life Company	Property & Casualty Consolidated
Net Premium Earned	\$220,107,344	\$9,358,337,589
Net Investment Income	\$192,168,659	\$1,146,085,088
Total Income Earned	\$412,276,003	\$10,504,422,677

Expenses	Life Company	Property & Casualty Consolidated
Claim- and Policy-Related Expense	\$237,626,283	\$6,162,468,912
Service & Administrative Expense	141,205,673	\$2,872,647,243
Total Expenses	\$378,831,956	\$9,035,116,155

Net Income Before Income Taxes	\$33,444,047	\$1,469,306,522
Income Tax Expense	\$2,465,961	\$179,954,953
Net Income	\$30,978,085	\$1,289,351,569

Subsidiaries and Affiliates

Auto-Owners Insurance Company (established 1916)

Represented by 49,000 agents in 6,299 agencies, and is the largest insurer of the group. This mutual insurance company ranks among the leading property & casualty insurers in the U.S. with recorded net written premiums of \$4,917,168,510 in 2021, an increase of 8.6% from the previous year.

Auto-Owners Life Insurance Company (established 1965)

Experienced another great year in 2021; applications received exceeded 36,000. The Company recorded \$46,635,027,809 of life insurance in force at year-end, an increase of 4.9% from the previous year. Total assets increased 3.1% to \$4,655,564,394.

Home-Owners Insurance Company (established 1973)

Recorded written premiums of \$847,217,911 in 2021, a decrease of 3.6% from the previous year. This property & casualty stock company writes business primarily in Michigan and Ohio.

Owners Insurance Company (established 1975)

Recorded written premiums of \$2,279,074,433 in 2021, an increase of 6.8% from the previous year. This stock company is the second-largest property & casualty insurer in the Auto-Owners Insurance Group and operates in 25 of the 26 states that make up the Auto-Owners regional market.

Property-Owners Insurance Company (established 1976)

Recorded written premiums of \$173,036,310 in 2021, an increase of 12.4% from the previous year. This stock insurer writes property & casualty products in Indiana, Michigan and Georgia.

Southern-Owners Insurance Company (established 1995)

Recorded written premiums of \$499,482,721 in 2021, an increase of 10.9% from the previous year. This stock insurer writes property & casualty products in Florida.

Atlantic Casualty Insurance Company (acquired 2016)

Recorded written premiums of \$288,364,299 in 2021, an increase of 37.5% from the previous year. This stock insurer writes excess and surplus lines in 49 states and the District of Columbia.

Concord Group Insurance Companies (affiliated 2017)

Including Concord General Mutual Insurance Company, Green Mountain Insurance Company, State Mutual Insurance Company, Sunapee Mutual Fire Insurance Company, and Vermont Accident Insurance Company, recorded written premiums of \$219,856,650 in 2021, an increase of 2.4% from the previous year. This group of insurers writes property & casualty products in Maine, Massachusetts, New Hampshire and Vermont.

Capital Insurance Group (acquired 2019)

Including California Capital Insurance Company (incorporated 1898), Eagle West Insurance Company (incorporated 1960), Monterey Insurance Company (incorporated 1987), and Nevada Capital Insurance Company (incorporated 2001), recorded written premiums of \$429,846,296 in 2021, an increase of 7.4% from the previous year. This group of insurers writes property & casualty products in Arizona, California, Nevada, Oregon and Washington.

