

ANNUAL REPORT

— 2023 —

An aerial photograph of a large, modern office building complex, likely an Auto-Owners Insurance office, surrounded by trees and a parking lot. The image is overlaid with a light blue tint.

Auto-Owners
INSURANCE

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We are very pleased to have our financial strength ratings affirmed. AM Best recognizes the good things being done within all companies, which have led to our exceptional results.

”

Year in Review

Auto-Owners Companies Earn AM Best Superior Ratings

Auto-Owners property & casualty companies (*Auto-Owners Insurance Group*) 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 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 Insurance 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 affirmed as A+ (*Superior*).



Capital Insurance Group

AM Best also affirmed the A (*Excellent*) financial strength rating for Capital Insurance Group, which Auto-Owners acquired in 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.

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.



2023 Project and Initiative Highlights

Advancing Service: Policy Administration Modernization

Auto-Owners Insurance has embarked on a multi-year initiative to modernize our policy administration system. This forward-thinking project aims to bring faster access to new insurance coverages and products, enabling us to quickly adapt to the changing needs of our industry and maintain our competitive edge. By investing in these advancements, Auto-Owners is preparing to ensure that both agents and associates will benefit from a more responsive and user-friendly interface, reinforcing our commitment to quality service and customer satisfaction.

Auto-Owners Service Center

We continue to onboard agencies to our service center, which offers full agency services provided by licensed customer service representatives employed by Auto-Owners. These services are offered to agencies for personal lines, farm and commercial business. The goal is to write business that we wouldn't have otherwise written for agencies that are committed to a service center model.

Lansing Construction Project Continues, Another Started

Auto-Owners completed the first phase of the home office renovation and began the second phase, with construction estimated to be complete by July 2024. Moving departments back into the newly finished space will take place throughout the remainder of 2024.

Auto-Owners began assisting the Crowne Plaza Lansing West hotel with the design and construction management for a guest room renovation; the project will continue into 2025.

Relocations

The Florence (SC) and Conyers (GA) claims offices were moved to new locations.

The Concord Group expanded its lease space in Bedford (NH).

Atlantic Casualty Insurance Company moved to a larger office space in Scottsdale (AZ).

Property Sales

Auto-Owners sold its former claims office in Portage (MI) on Newport Road; the current location is on Creekside Drive in Portage.

Auto-Owners also sold two investment properties: One East Campus in Columbus (OH), and Fort Mills (SC).

New Branches

There were no new Auto-Owners Insurance offices opened in 2023.



Renovations in progress in the home office building.



Main entrance to the Crowne Plaza Lansing West hotel.



New Concord lease space in Bedford, New Hampshire.

Comments from the CEO

Last year was challenging for the insurance industry and for Auto-Owners Insurance Group. Continued inflationary pressures, along with escalated weather-related losses, impacted our financial experience. These headwinds led to an unprofitable year.

The underwriting loss caused a decline in our policyholder surplus of approximately \$390 million. Still, we remain financially solid with nearly \$14.3 billion in policyholder surplus. We continue to have the capacity needed to support all of the good business agents have to place with us in 2024, and for years to come.

Even with these challenges, Auto-Owners had much to be proud of in 2023. Our associates continued to use our simple human sense® approach to provide excellent service to our agents and our policyholders.

We remain focused on our strategies for profitable growth. We experienced our largest ever annual increase in premium of over \$1.8 billion. We were fortunate to receive a mixture of personal and commercial lines business from our outstanding independent agents.

In-force policy count grew by over 353,000 policies, bringing the total number to 5.95 million. Auto-Owners Life Insurance Company had another excellent year as well.

All three of our affiliates enjoyed another outstanding year:

- **Atlantic Casualty Insurance Company** (*our excess and surplus lines subsidiary*) had another banner year with profitable growth, which is its 10th consecutive year with an underwriting profit.
- **Concord General Mutual** (*our affiliate operating in the four northern-most New England states*) continued to experience solid growth, but was challenged with weather activity in the Northeast.
- **Capital Insurance Group** (*our subsidiary in the five Western states*) had its third consecutive year with profitable growth.

We remain dedicated to the independent agency system. Our hard-working associates are committed to providing the service our independent agency partners and our policyholders expect and deserve.



Jamie P. Whisnant, Chairman & CEO

A-O by the Numbers

Company Reports

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 \$36,230,354,082 at year-end 2023. Net written premiums totaled \$13,013,528,115, up by \$2.065 billion from the previous year. More than 6.8 million life, personal and commercial insurance policies were in force at year-end.

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Financial stability is a top priority of the company, as it has been throughout its history. Our adherence to a **SAFE. SOUND. SECURE.® investment philosophy strengthens the promise that Auto-Owners will be there when you need us most.**

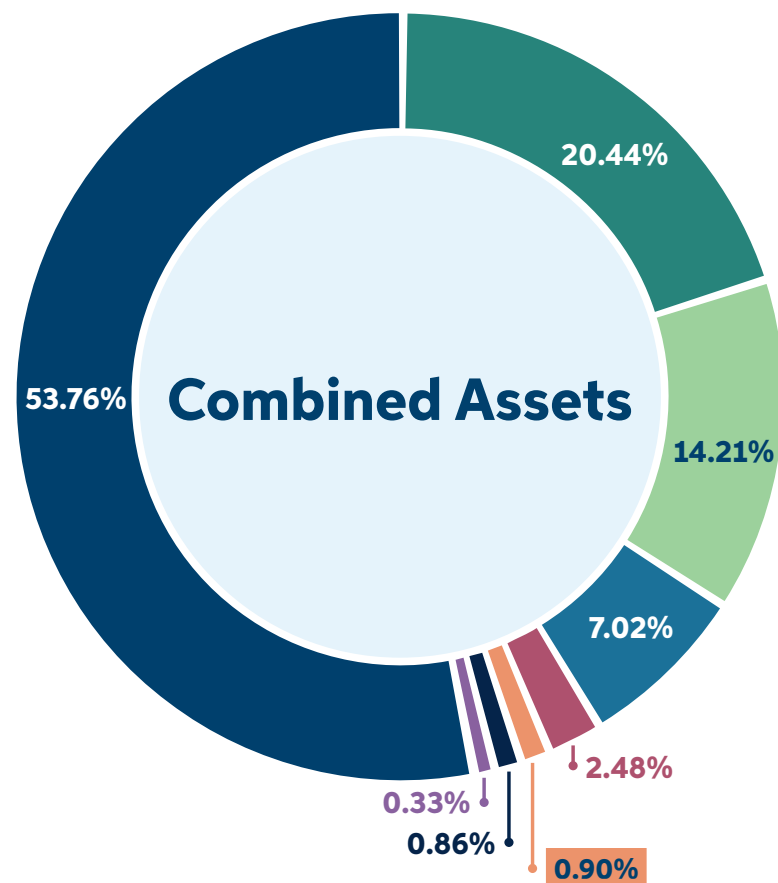
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Summary of Invested Assets

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 in the chart is a breakdown of the invested assets of the Auto-Owners Insurance Group combined as of Dec. 31, 2023.

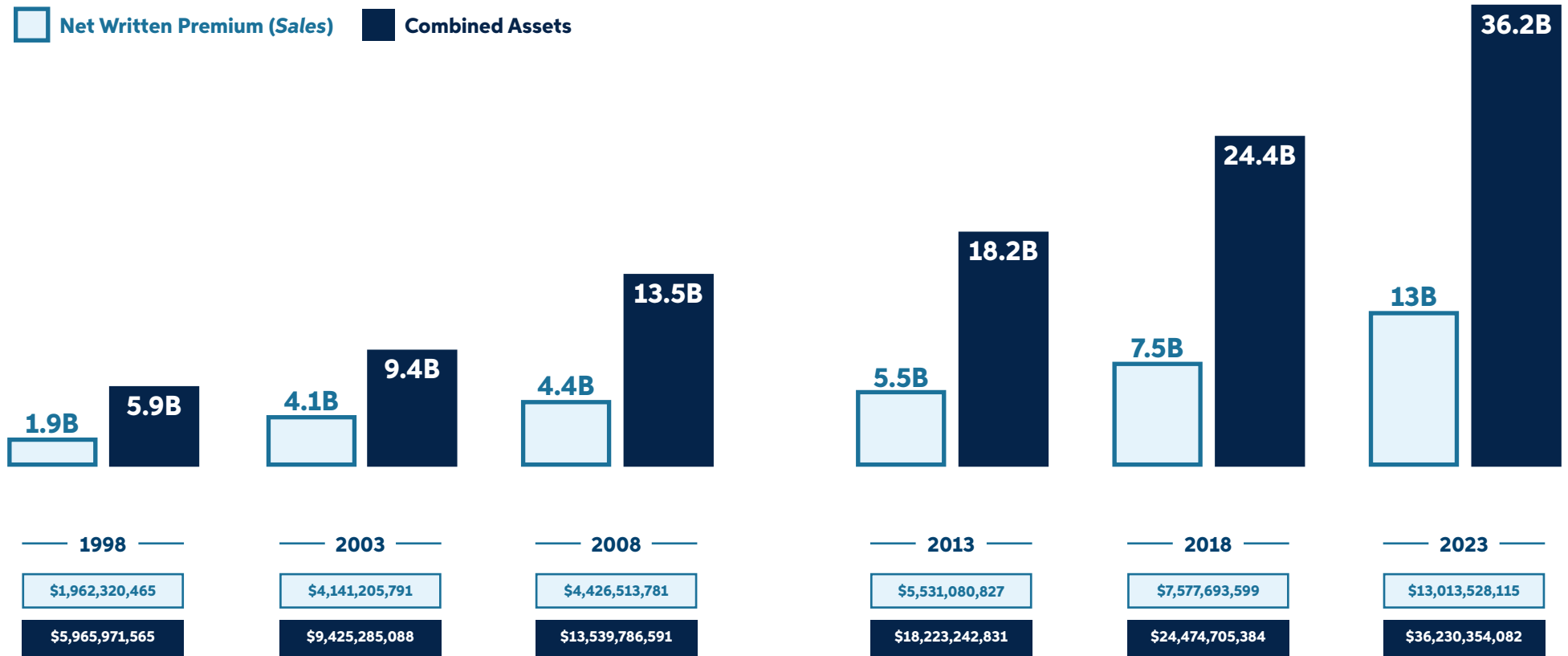
The combination of U.S. government bonds and investment-grade bonds represents 74.20% of invested assets, compared to 76.72% on Dec. 31, 2022. Common stocks were 14.21% of invested assets versus 12.41% on Dec. 31, 2022. Non-investment-grade bonds represent only 0.86% of invested assets, compared to 0.83% on Dec. 31, 2022. Miscellaneous assets includes 1.23% in cash.



53.76%	Investment-Grade Bonds	2.48%	Subsidiaries
20.44%	U.S. Government Bonds	0.90%	Real Estate Owned & Mortgages
14.21%	Common Stocks	0.86%	Non-Investment-Grade Bonds
7.02%	Miscellaneous Assets	0.33%	Preferred Stocks

Net Written Premium (Sales)

Combined Assets



Financial Report

Assets	Life Company	Property & Casualty Consolidated
Bonds	\$3,264,877,048	\$20,586,190,570
Stocks	\$419,268,072	\$4,080,688,849
Mortgages	\$322,503,769	\$13,907,854
Real Estate Owned	\$174,673,860	\$234,281,611
Premiums Receivable	\$60,562,440	\$2,360,297,965
Other Assets	\$392,085,449	\$4,321,016,595
Total Assets	\$4,633,970,638	\$31,596,383,444

Liabilities	Life Company	Property & Casualty Consolidated
Claim and Policy Reserves	\$2,986,312,511	\$9,662,493,284
Unearned Premiums	–	\$6,235,691,190
Other Liabilities	\$1,061,264,376	\$1,984,716,291

Capital	Life Company	Property & Casualty Consolidated
Funds for the Protection of Policyholders	\$585,393,751	\$13,713,482,679
Total Liabilities & Capital	\$4,633,970,638	\$31,596,383,444

Profit & Loss Statement

Revenue	Life Company	Property & Casualty Consolidated
Net Premium Earned	\$277,728,098	\$11,644,104,844
Net Investment Income	\$147,774,745	\$770,727,383
Total Income Earned	\$425,502,842	\$12,414,832,227

Expenses	Life Company	Property & Casualty Consolidated
Claim- & Policy-Related Expense	\$344,134,619	\$10,299,655,347
Service & Administrative Expense	\$94,108,879	\$3,218,319,603
Total Expenses	\$438,243,497	\$13,517,974,950

Net Income	Life Company	Property & Casualty Consolidated
Net Income Before Income Taxes	(\$12,740,655)	(\$1,103,142,723)
Income Tax Expense	\$4,453,045	(\$204,477,856)
Net Income	(\$17,193,700)	(\$898,664,867)

Operating States

Auto-Owners

Home Office
6101 Anacapi Blvd.
Lansing, MI

Operating States

Atlantic Casualty

Home Office
400 Commerce Ct.
Goldsboro, NC

All states with the
exception of Alaska

CIG

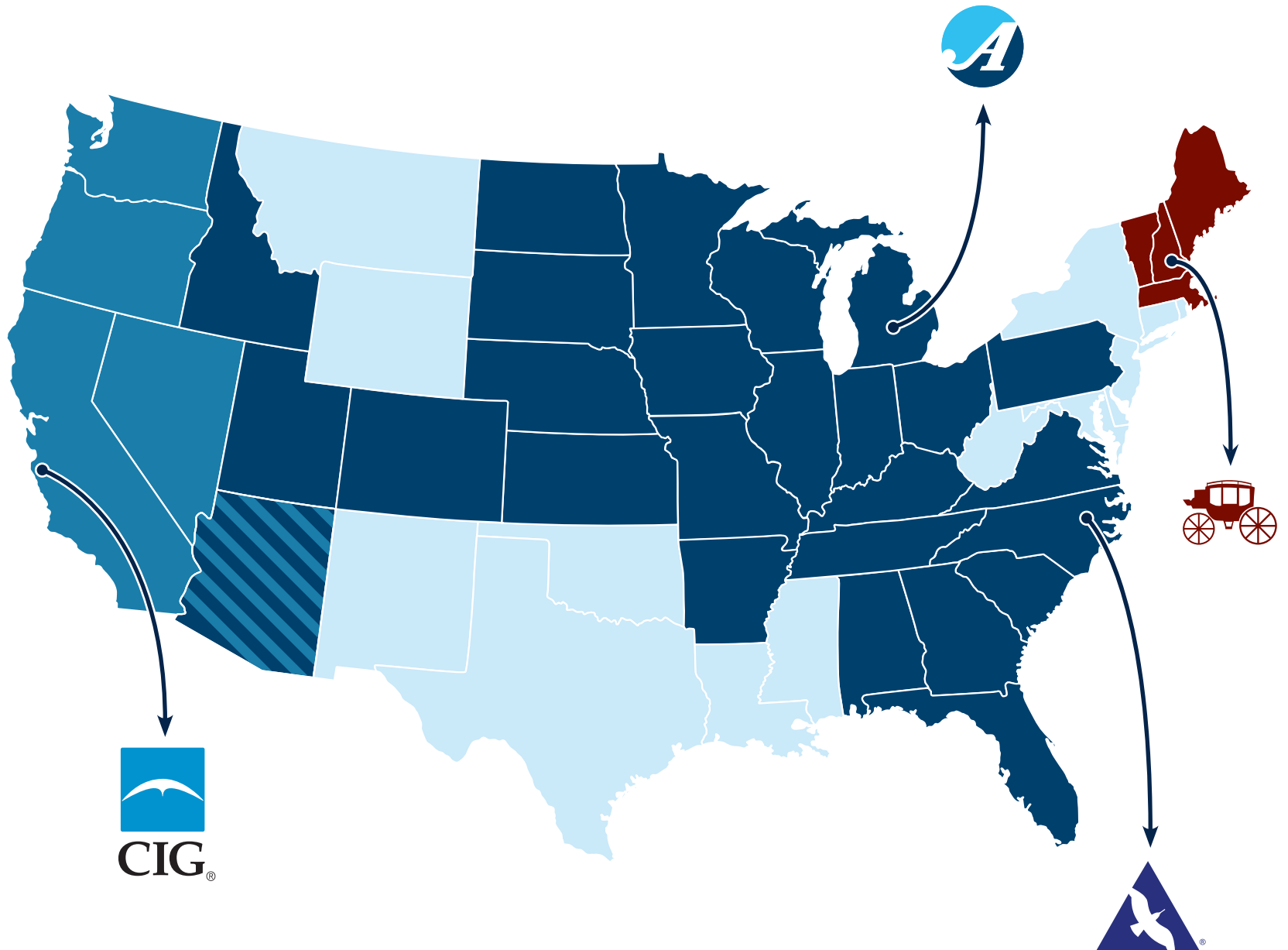
Monterey Office
1 Lower Ragsdale Dr.
Monterey, CA

Operating States

Concord

Home Office
35B Constitution Dr. Suite 101
Bedford, NH

Operating States



Subsidiaries and Affiliates

Auto-Owners Insurance Company *(established 1916)*

Represented by approximately 49,000 agents in 6,231 agencies, and is the Group's largest insurer. This mutual insurance company ranks among the leading property & casualty insurers in the U.S. with recorded net written premiums of \$7,516,206,309 in 2023, an increase of 26.2% from the previous year.

Auto-Owners Life Insurance Company *(incorporated 1966)*

Experienced another great year; applications received exceeded 36,000. The Company recorded \$49,987,784,236 of life insurance in force at year-end, an increase of 3.7% from the previous year. Total assets decreased 0.04% to \$4,633,970,638.

Home-Owners Insurance Company *(affiliated in 1973)*

Recorded written premiums of \$319,782,287 in 2023, a decrease of 46.0% from the previous year. This property & casualty stock company writes business primarily in Michigan and Ohio.

Owners Insurance Company *(incorporated 1975)*

Recorded written premiums of \$2,705,602,560 in 2023, an increase of 14.9% from the previous year. This stock company is the second largest property & casualty insurer in the Auto-Owners Insurance group and operates in 25 states of the Auto-Owners regional market.

Property-Owners Insurance Company *(incorporated 1976)*

Recorded written premiums of \$196,884,004 in 2023, an increase of 14.3% from the previous year. This stock insurer writes property & casualty products in Indiana, Michigan and Georgia.

Southern-Owners Insurance Company *(incorporated 1995)*

Recorded written premiums of \$715,325,177 in 2023, an increase of 24.3% from the previous year. This stock insurer writes property & casualty products in Florida.

Atlantic Casualty Insurance Company *(acquired 2016)*

Recorded written premiums of \$478,679,576 in 2023, an increase of 33.8% 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 \$267,154,810 in 2023, an increase of 20.4% 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 \$536,165,294 in 2023, an increase of 13.5% from the previous year. This group of insurers writes property & casualty products in Arizona, California, Nevada, Oregon and Washington.



