ANNUAL REPORT 2019





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 reflect its balance sheet strength, which AM Best categorizes as strongest, as well as its very strong operating performance, favorable business profile and appropriate ERM (*enterprise risk management*).... AOIG has exhibited generally improved operating performance in recent years."

AM Best also praised the Life Company: "The ratings of AOLIC reflect its balance sheet strength, which AM Best categorizes 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 GROUP

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 of A (*Excellent*) affirmed. According to AM Best, Atlantic Casualty has benefited from the support it has received from Auto-Owners, especially in the areas of actuarial services, product development, reinsurance and IT. "The ratings also reflect Atlantic Casualty's improved operating performance in recent years," AM Best said.

CONCORD GROUP

Meanwhile, the Concord Group, which Auto-Owners entered into an affiliation with in 2017, had its outlook revised to positive from stable, and had its financial strength rating of A (*Excellent*) affirmed. "The rating actions reflect ... significant operating and financial benefits that Concord Group has realized as a result of its April 2017 affiliation with Auto-Owners," AM Best said.

CAPITAL INSURANCE GROUP

AM Best removed from under review with developing implications and affirmed the financial strength rating of A- (*Excellent*) for Capital Insurance Group, which Auto-Owners acquired in May 2019. "The rating affirmations consider explicit and implicit support from Capital's newest parent, Auto-Owners Insurance Company," AM Best said. "Positive rating actions could occur over the near term if integration benefits from the Auto-Owners acquisition are realized and demonstrated in the group's operating results."

FORTUNE

OVER **100**



AWARD WINNING SERVICE

AUTO-OWNERS LIFE INSURANCE COMPANY UPDATES THREE LIFE PRODUCTS

Auto-Owners Life Insurance Company updated three Simplified Issue life products: Simplified Issue 5 Year Level Term, Simplified Issue Whole Life, and Simplified Issue Children's Advantage Plan Plus[®].

With these products, no physical exams or medical tests are required. Applicants only have to be able to answer "no" to a few questions on the application in order to qualify.

These updated products further enhance the Auto-Owners portfolio of products available to take care of the life, health and annuity needs of its clients.

NEW/EXPANDED OFFICES TO BETTER SERVE OUR CUSTOMERS

The Auto-Owners approach is to build deeper, more personal relationships with its agency partners through placing branches near them. We believe that providing our customers with more localized underwriting and claims teams helps our company to deliver on its mission to put lives back together.

To that end, Auto-Owners began three construction projects in 2019, with another slated for completion by the end of 2020:

- Ground was broken on the 236,500-square-foot South Campus Claims Building in Lansing (*MI*); estimated completion is late 2021.
- A new regional office for Lakeland (FL) was completed at the end of February 2020. Associates occupied the 37,700-square-foot building at the beginning of March 2020.
- A 9,364-square-foot addition for the Duluth (GA) underwriting office is slated for completion in 2020.
- Ground was broken in January 2020 on a new 18,106-square-foot building for the Montgomery (AL) office, which is estimated to be complete by year-end.

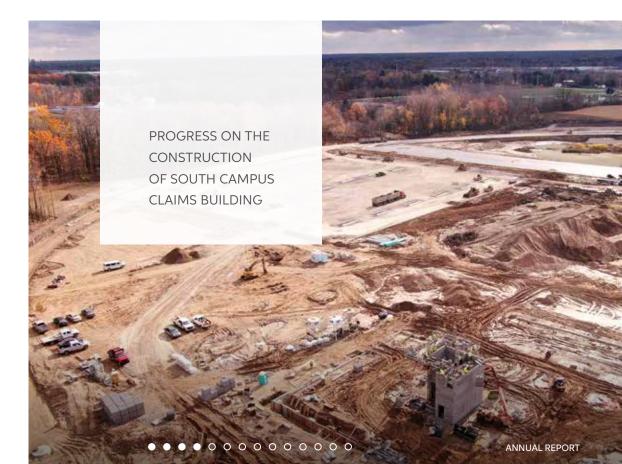
Also, a parking lot expansion was completed at the home office in 2019, adding 380 parking spaces.

RELOCATIONS

The Raleigh (*NC*) claims office moved to a larger suite, which it is sharing with Atlantic Casualty Insurance Company. The new suite is 8,297 square feet.

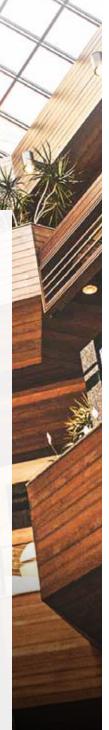
NEW BRANCHES

Concord General Mutual Insurance Company opened a new 6,110-square-foot office in Westborough (*MA*) and expanded its lease in Concord (*NH*) from 6,513 square feet to 9,993 square feet.



COMMENTS FROM THE CEO

"FINANCIAL STABILITY HAS ALWAYS BEEN A TOP PRIORITY OF THE COMPANY SINCE ITS FOUNDING OVER 100 YEARS AGO. OUR ADHERENCE TO A SAFE, SOUND, SECURE.® INVESTMENT PORTFOLIO HELPS ASSURE THAT WHEN YOU NEED US MOST, AUTO-OWNERS WILL BE THERE."



Auto-Owners enjoyed another year of profitable growth in 2019, extending the record streak to eight consecutive years with an underwriting profit. Competition remains intense, but agents selected Auto-Owners as their carrier of choice on nearly \$1.2 billion of new business premium. Total premium grew more than \$525 million, or 7.2%. We are thankful for the agents and their decision to partner with us to help serve their policyholders.

In-force policy count grew by more than 224,000, bringing the total number of policies in force to more than 5.25 million. Aided by an excellent year in the stock market, policyholder surplus increased to more than \$12.4 billion. We have all the capacity we need to support premium and policy growth for years to come. Auto-Owners Life Insurance Company had another excellent year as well.

Auto-Owners continues to be recognized by AM Best for our strong performance and financial strength. Our A++ (Superior) rating was reaffirmed, making it 48 consecutive years we have received their highest available rating.

Atlantic Casualty Insurance Company, the excess and surplus lines carrier we acquired in 2016, had a spectacular year, once again achieving record premium growth to go along with an excellent combined ratio. Concord General Mutual, our affiliate operating in four New England states, also enjoyed excellent results, highlighted by their fourth consecutive year with an underwriting profit and total premiums now exceeding \$200 million.

In May, Auto-Owners acquired Capital Insurance Group, expanding our footprint to the West Coast. Capital withstood significant wildfire losses in 2017 and 2018, and remains the dominant regional carrier writing exclusively through independent agents on the West Coast.

It is a privilege for me to work with so many hard-working associates who show agents every day that personal relationships matter.



leff S. Tagsold Chairman & CEO

Comments from J.S. Tagsold, Chairman & CEO, Auto-Owners Insurance

AUTO-OWNERS BY THE NUMBERS

COMPANY REPORTS

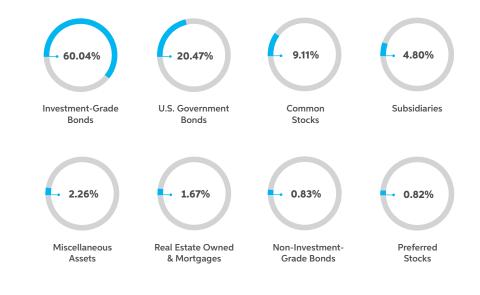
Auto-Owners Insurance Group continues to be recognized for exceptional financial strength and stability among the nation's largest insurers. Comprised of 16 property & casualty companies and one life/health/annuity insurer, the companies had combined assets of \$27,128,244,309 at year-end 2019. Net written premiums totaled \$8,828,991,523, up by \$1.25 billion, from the previous year. More than 5.6 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 on the next page is a breakdown of the invested assets of the Auto-Owners Insurance Group as of Dec. 31, 2019. The combination of U.S. government bonds and investment-grade bonds represents 80.51% of invested assets. Non-investment-grade bonds represent only 0.83% of invested assets.





COMBINED ASSETS

NET WRITTEN PREMIUM (SALES)



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FINANCIAL REPORT -

ASSETS	Life Company	Property & Casualty Consolidated
Bonds	\$3,463,753,136	\$17,500,409,175
Stocks	\$267,048,094	\$2,474,846,425
Mortgages	\$76,074,497	\$27,621,122
Real Estate Owned	\$153,681,471	\$188,531,227
Premiums Receivable	\$50,783,665	\$1,643,502,004
Other Assets	\$189,749,781	\$1,092,243,712
Total Assets	\$4,201,090,644	\$22,927,153,665

LIABILITIES	Life Company	Property & Casualty Consolidated
Claims- and Policy-Related Expenses	\$3,573,847,296	\$5,876,751,815
Unearned Premiums	-	\$4,023,401,197
Other Liabilities	\$89,983,542	\$1,121,297,200

CAPITAL	Life Company	Property & Casualty Consolidated
Funds for the Protection of Policyholders	\$537,259,807	\$11,905,703,453
Total Liability & Capital	\$4,201,090,644	\$22,927,153,665

PROFIT & LOSS STATEMENT -

REVENUE	Life Company	Property & Casualty Consolidated
Net Premium Earned	\$243,161,852	\$8,297,169,315
Net Investment Income	\$119,749,076	\$1,291,642,979
Total Income Earned	\$362,910,928	\$9,588,812,294

EXPENSES	Life Company	Property & Casualty Consolidated
Claims- and Policy-Related Expenses	\$261,843,108	\$5,633,642,415
Service & Administrative Expenses	\$45,246,132	\$2,486,713,501
Total Expenses	\$307,089,240	\$8,120,355,916

Net Income	\$42,773,554	\$1,311,535,840
Income Tax Expense	\$13,048,134	\$156,920,538
Net Income Before Income Taxes	\$55,821,688	\$1,468,456,378

OPERATING STATES



Auto-Owners Home Office 6101 Anacapri Blvd.

Lansing MI,

Operation

Atlantic Casualty Home Office 400 Commerce Ct, Goldsboro, NC

Operation

Operates in all states with the exception of Alaska.

CIG

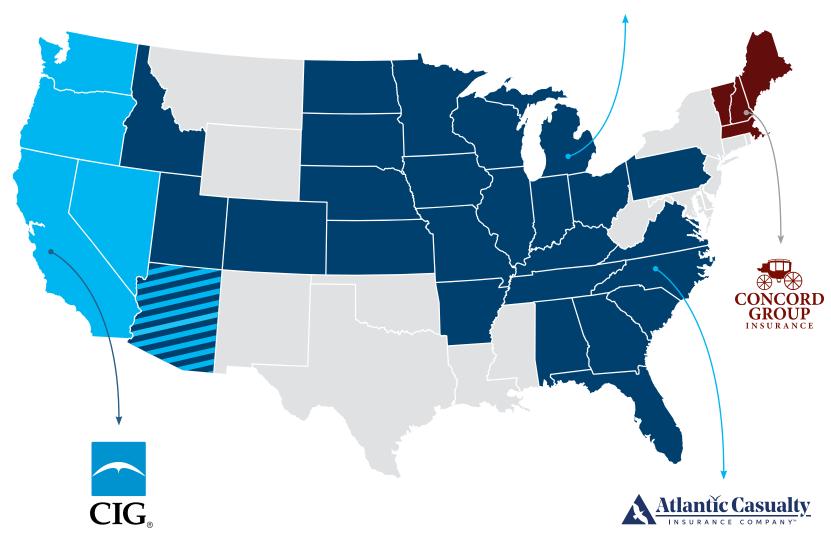
Home Office 2300 Garden Road, Monterey, CA

Operation



Concord Home Office 4 Bouton St. Concord, NH

Operation



SUBSIDIARIES & AFFILIATES

Auto-Owners Insurance Company (established 1916) is represented by 48,000 agents in 6,320 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 \$4,279,921,152 in 2019, an increase of 9.2% from the previous year.

Auto-Owners Life Insurance Company (*established 1965***)** experienced another great year in 2019; applications received exceeded 45,000. The Company recorded \$42,384,198,513 of life insurance in force at year-end, an increase of 6.0% from the previous year. Total assets increased 5.1% to \$4,201,090,644.

Home-Owners Insurance Company (established 1973) recorded written premiums of \$935,370,955 in 2019, a decrease of 4.2% 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 \$2,028,166,832 in 2019, an increase of 12.8% 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 \$147,104,369 in 2019, an increase of 5.2% 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 \$444,833,528 in 2019, an increase of 6.1% from the previous year. This stock insurer writes property & casualty products in Florida.

Atlantic Casualty Insurance Company (*acquired* **2016)** recorded written premiums of \$162,688,770 in 2019, an increase of 43.1% 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 \$204,118,261 in 2019, an increase of 7.4% 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 \$383,625,804 in 2019, an increase of 0.7% from the previous year. This group of insurers writes property & casualty products in Arizona, California, Nevada, Oregon and Washington.

