

2023 Annual Report

American Fidelity
a different opinion

2023 Annual Report Table of Contents

A Message from Bill Cameron	4
Our President, Jeanette Rice	6
Sales, Products and Tech & Innovation	8
Affiliates	14
Community	16
Results	18
Board of Directors	22

We are a different opinion. For more than 60 years, we have been dedicated to making things easier for the people we serve. Our CEO and President share more on how we embrace being a different opinion for our Customers.



BILL CAMERON

Chairman and CEO

A Message from Our Chairman and CEO

In 2023, American Fidelity and our family of companies continued our focus of offering the products and services that our Customers need and want. I am proud of the innovation that our Colleagues and Company have shown in our more than 63 years of service to our Customers.

When my father and grandfather started this Company, they believed that the most important asset anyone has is their ability to work and earn a living. Our leaders today hold on to this truth, and that's why, since 1960, we've continued our dedication to provide products and services to help people protect their financial security.

I am proud of our efforts to successfully serve our Customers as well as with the growth and financial strength of our organization. As we remain focused on growing our business, we hold steadfast in ensuring that we provide our Customers with a different opinion and high levels of service when they need us most.

As we walk through our 64th year of serving our Customers, my goals remain centered on being the keeper of our strategy, governance and culture, developer of new ventures and leader of our promise to remain financially secure for our Customers, Colleagues and our community.

Today, our family culture, private ownership and focus on being financially secure, along with our ability to create products and services that deliver on our brand help us continue offering a different opinion to our Customers. American Fidelity remains committed to making a positive difference in the lives of our Customers and policyholders.

A+ (Superior) AM Best Rating since 1982

AM BEST NOTICE, MAY 31, 2023 (A+ IS THE 2ND HIGHEST OUT OF 16 WITH 1 BEING THE HIGHEST)



JEANETTE RICE

*President, American Fidelity
Assurance Company*

Certified Great Place to Work



A Message From Our President

Focusing on what we know best, and embracing change along the way, has allowed American Fidelity (AF) to remain strong for the past 63 years. The events of the past year remind us that success is never a destination but a continuous journey. We surpassed our targets, finished the year strong and are very proud of what our Colleagues have achieved.

Our strength lies in the tenure and experience of our management team and Colleagues, who have shown unwavering dedication and expertise. At AF, we take great pride in our workforce, which boasts a Colleague retention rate of over 90%. This remarkable figure reflects the commitment and expertise of our team, and it underscores our

ability to consistently provide exceptional service to our valued policyholders.

Like many organizations, we recognize the importance of transitioning knowledge and experience to the next generation of leadership. We have been actively working toward this goal, ensuring a transfer of expertise while maintaining the same high standards that have defined our success. We are confident that our future leaders will continue to drive AF forward and uphold our commitment to our select markets.

We are proud to serve niche markets within the public and private sectors. Our public niche markets include K-12 education and municipality sectors while our private markets include auto dealers, hospitals and manufacturing. In 2023, we achieved more than 8% premium growth in these niche markets, highlighting our strong presence and ability to provide a different opinion. We also made the strategic decision to exit the Stop Loss market during the year, impacting our overall growth. AF has maintained a Compound Annual Growth Rate of 5.2% since 2020.

Our primary objective at AF is to make our Customers' lives easier by addressing pain points and ensuring the financial security of both

employers and their employees. To achieve this, we offer a simplified portfolio of full benefit offerings, foster personal relationships and provide efficient administrative capabilities. Our comprehensive range of services includes:

***Full portfolio of supplemental insurance products
Employer and employee benefit communication and enrollment support
Compliance and regulatory consulting
Administrative services***

While we celebrate our successes, we also acknowledge the challenges our Customers face. We understand the impact of inflation on employers and employees, the ongoing challenges of teacher retention and shortages in public education and the ever-present regulatory risks that challenge our industry. In response to one of these challenges, AF provided leave service administration and paid leave plans to Customers in Oregon and Colorado, supporting the new demands of these states' enacted legislation.

We are committed to evolving with the changing landscape and continuously improving our services. As we embrace advances in artificial intelligence, we will ensure the security of our Customers while providing faster and more efficient solutions. Our philosophy is to develop conservative and well-thought-out plans, while maintaining strong governance. We will supplement our Colleagues' efforts by providing extensive knowledge-based libraries and developing the necessary technical support to deliver faster without compromising the human touch and oversight that define our work.

In conclusion, we would like to express our sincere gratitude for your unwavering trust and continued partnership. We remain dedicated to providing exceptional value and service to our policyholders, and we look forward to another year of growth and success together.

Sales, Products and Tech & Innovation



SUSAN WEED

AFES Chief Sales Officer

Who We Are

American Fidelity Educational Services (AFES) provides supplemental insurance and added value to our Customers. We focus on taking work off our employer Customers' plates by offering solutions that fit their unique needs.

2023 ACCOMPLISHMENTS

Sales Success

- AFES continued to have another successful year in 2023, recording yet again record growth in many states and expanded into new states. We continue to innovate and find solutions that solve our Customers' pain points.
- In 2023, American Fidelity implemented a Paid Family Medical Leave (PFML) team to assist with leave administration and new services.

Key Factors for Growth

- We solidified our value proposition with school employers through employee education on all benefits and demonstrated that our business distribution model works in a changing environment with products and services like PFML.
- We enhanced our campaigns to include larger employers, which was instrumental in working with unions and associations.
- We successfully executed our business plans, focused on clearly defined health metrics and continued tracking Objectives and Key Results at the region and division levels.

2024 AFES GOALS

Business Planning

- AFES will continue to focus on growing key states and expanding into new states.
- We will continue to secure new partnerships that will help increase market share.
- We will grow our sales team and leadership to support growth.

Employer Focused

- Our PFML team will continue to assist with leave administration and new services, as well as AFLeave to alleviate stress of leave tracking for school districts' Human Resources teams.

AFES Sales. We focus on taking work off our employer Customers' plates by offering solutions that fit their unique needs.



At a Glance Stats

16 Products and Services

Hundreds of Education Associations Relationships

Thousands of School Districts Served

61 years Working in Education

- We will continue to focus on the specific needs of employers and employees in the education community and price our products to fit the budget constraints that schools face.
- We will continue to educate employers who experience key decision-maker changes.
- We work closely with Home Office leaders and employers to add more payroll integration.
- AFES will continue to listen and respond to our market-based approach on the needs of the employer by offering new products and services.
- We will continue to keep employer pain points at the forefront of everything we provide.

Enrollment Enhancements/Communications

- We will work to always improve our enrollments based on our Customers' needs.
- AFES will continue to provide an effective, tailored marketing plan to every employer we serve.

Leadership Development

- We will intensify coaching, connecting and mentoring to grow leaders and teams while holding all accountable for results.
- We will implement two new programs for leaders including the Emerging Leaders Program and Leadership Launch School, both designed to develop our current leaders and attract new candidates into the leadership pipeline.
 - Equip leaders with skills and insights needed to drive results
 - Develop strategic mindset
 - Gain insight from seasoned leaders



RAFAEL GARCIA

AWD Chief Sales Officer

Who We Are

The Association and Worksite Division (AWD) provides Customers with valuable market and benefits expertise in alignment with our growth goals and overall profitability. We support our niche market Customers in the public sector, healthcare and auto dealerships with expense management, supplemental benefits, employee engagement and customized enrollment strategies. AWD is focused on creating tailored solutions that meet the needs of our Customers.

2023 ACCOMPLISHMENTS

Sales Success

- In 2023, AWD focused on being more predictable in our growth by setting clear goals and continued training and development leading to consistent and sustainable growth. AWD focused on developing best business practices for future growth.
- We enriched our Customers' company culture through increased benefits education and employee engagement, resulting in a high reservice rate and greater Customer satisfaction.
- AWD focused on clearly defined health metrics and Objectives and Key Results (OKRs) to drive business results.

Key Factors for Growth

- The division continues to focus on building the new group pipeline for continued growth. To manage our expected growth, AWD added 13 new account managers in 2023. We are focused on strong training efforts so our staff can meet our Customers' unique needs.
- We remain committed to maintaining relationships within our existing groups. By leveraging our key relationships we successfully aligned Customer and association needs leading to an increased reservice rate.
- AWD continues to gain presence in the key growth states of California, Texas, Ohio, Indiana and Florida.

AWD Sales. We focus on creating tailored solutions that meet the needs of our Customers.



By the Numbers

Thousands of Public sectors served today
Numerous Automotive association relationships
Thousands of Automotive employers served
31 years working in the public sector

2024 AWD GOALS

- AWD saw an increase in large new group relationships in 2023. This is a result of a continued focus and consistent measurement of the strategies in place. We continue to deliver our brand promise to our niche market Customers with an increased focus on solving pain points.
- AWD has a culture of strength, Customer focus, positive attitude, communication and a commitment to win.
- AWD will continue to place emphasis on recruiting to support rapid growth of our team and delivery of our brand promise. We will focus on improving the overall sales knowledge and skills of our account managers.
- AWD will place emphasis on our growth states and building a pipeline for future expansion. We will continue to focus on retention in our current groups and improve our reservice sales.
- All Colleagues will be involved in our continued focus on new account development and using OKRs with quarterly accountability.

Product Management Division. All major worksite product lines contributed to overall net-earned premium growth while also producing return on equity above our target.

Our product portfolio delivered another year of consistent performance with strong top-line premium growth coupled with bottom-line net income and return on equity that exceeded expectations. All major worksite product lines contributed to overall net-earned premium growth while also producing return on equity above our target. Our product diversity continues to remain balanced with four major product lines with over \$150M of inforce premium.

Our new individual accident product continues to perform well in all financial metrics during the first full year of sales while also returning enhanced value to Customers. We are now introducing our first group accident product with a strategy to complement the individual product in areas where it is a better fit. Our new Group Disability product was also released with specific state-by-state strategies where appropriate.

We completed development of our Paid Family Medical Leave (PFML) product in Oregon and Colorado, with Oregon going live in September of 2023. Early product



ALEX BAGBY
Chief Product Officer

performance is close to our pricing expectations through the first six months. We continue to develop PFML product solutions for other emerging states.

Two new products are now in development with targeted release dates in early 2025.

Tech & Innovation. Our security-minded and creative technology professionals are focused on delivering the capabilities our Company needs and our Customers expect.



Foundry's Computerworld 2024 Best Places to Work in IT, November 27, 2023 (Ranked 19th among mid-sized organizations)

IT's mission is to provide innovative technology to help AF achieve our strategic objectives. Looking back at 2023, the technology industry faced many challenges including a continued rise in ransomware and cybersecurity attacks, but also saw the significant evolution of technology with the advent of generative AI.

At American Fidelity, we have a world-class and passionate IT team dedicated to the Company's success. Our security-minded and creative technology professionals are focused on delivering the technology capabilities our Company needs and our Customers expect. We are a collaborative group dedicated to learning from one another through fun and innovative events.

2023 ACCOMPLISHMENTS:

In 2023, our technology and automations helped us roll out leave services to support PFML for our Customers and AF Bridge, which allows payroll connectivity for AF data.



DIANA BITTLE

Chief Information Officer

IT Risk Management and Governance saw advances with a formalized Vendor Management Program, steps to protect against ransomware and a technology risk framework. 2023 saw inclusion of generative AI in new and existing services, implementation of practices to improve perimeter security and introduced the AF AI Ready strategy. Our vulnerability management program continued to be strong by shortening remediation times, adding new capabilities to simulate attacks and identify indicators of compromise and implementing automation efforts that resulted in over 10,000 issues resolved through self-service.

2024 GOALS:

For 2024, we are focused on continuing to improve our Customer experience through technology, while supporting large technology project implementation for Enterprise Resource Planning and Human Capital Management system replacements. Our plans include implementation improvements to existing systems and continued execution of our legacy modernization roadmap. 2024 will see advancements to our disaster recovery capabilities, a data center move to improve system availability, additional cloud migrations and enhanced security for APIs.

The world of technology is ever evolving and always exciting and we will continue enhancing our business capabilities while making it easy for our Customers to do business with AF.

[COMPUTERWORLD'S BEST PLACES TO WORK IN IT, NOVEMBER 27, 2023 \(MID-SIZED ORGANIZATIONS RATING, 19 OUT OF 20, WITH 1 BEING THE HIGHEST\)](#)

Affiliates

Our family of companies care. Our focus is on financial security solutions for you.



DAVE CARPENTER

President, American Fidelity Corporation

Last year I referenced the ice storm in 2007 that knocked out electrical power for most of our headquarters' city. During that time without power, American Fidelity worked hard to achieve our goal to be "up and running and paying claims." While at a conference a few years later, I heard a competitor discuss a similar situation with their goal to be "up and running to pay agent commissions!"

Fast forward to a few days ago. I picked up my phone and noticed I had a voicemail waiting for me. A current Customer expressed their gratitude toward AF for taking their case seriously and for our thoughtful and kind Customer service.

Our family of companies care and serve. We work to meet your needs wherever you are and however you wish to be connected.

Our focus is on financial security solutions for you. From consumer loans and savings to life and health insurance, homeowners and auto coverages, investments and

trust services, even handling your employer responsibilities. Every one of our companies has the same culture of making certain that serving you is our top priority.

If you are a current Customer, thank you for letting us serve you. If you are a prospective Customer, try us, you will be pleased you have done so. If you are a past Customer, join us again. We continue to improve and are always striving to provide solutions for you and your life events.

Best wishes to you in 2024!



AF ADMINISTRATIVE SERVICES (AFAS)

Founded in 2012, American Fidelity Administrative Services, LLC (AFAS) offers compliance assistance with the Affordable Care Act (ACA).



AMERICAN FIDELITY COMMERCIAL REAL ESTATE (AFCRE)

Founded in 1964, American Fidelity CRE acquires, develops and manages real estate properties for many of the American Fidelity entities and related Cameron companies. AFC, through a variety of subsidiaries and LLCs, provides services such as grills, clinics and fitness centers.



ALCOTT HR

Founded in 1987, Alcott HR is an HR outsourcing solution that includes HR compliance, administration and technology, including payroll and taxes, employee benefits, training and development.



AMERICAN FIDELITY ASSURANCE COMPANY (AFA)

Founded in 1960, American Fidelity Assurance Company offers employer benefit solutions, such as expense management services, enrollment support, as well as employee benefits including disability, accident and cancer insurance.



AMERICAN FIDELITY INTERNATIONAL (BERMUDA)

Founded in 2000, American Fidelity International (Bermuda) Ltd. offers high-quality financial protection solutions to individuals throughout Latin America and Asia through an international consultant distribution system.



AMERICAN PUBLIC LIFE

Founded in 1945, American Public Life Insurance Company offers a wide variety of supplemental health and voluntary insurance products through a select group of brokers across the country.



DALLAS WINGS BASKETBALL

Founded in 1998, Cameron Enterprises purchased the Detroit Shock WNBA franchise in 2010 and formed Tulsa Pro Hoops, LLC dba Tulsa Shock. In 2015, the franchise moved to Arlington, Texas, and joined Cameron Enterprises under the name Full Court Partners, LLC dba Dallas Wings.



FIRST FIDELITY BANK

Founded in 1920, First Fidelity Bank offers community-centered financial services and solutions for commercial and retail customers. This includes checking, loans, investments and cash management services.



FIRST FINANCIAL GROUP OF AMERICA

Founded in 1966, the companies of First Financial Group of America provide employee benefit solutions, administration service solutions, insurance benefit consulting and enrollment solutions for school systems, hospitals, counties and city governments.



INSURICA

Founded in 1959, INSURICA is among the 50 largest insurance brokers in the US, providing access to insurance coverage and risk management programs for personal and commercial clients across the country.



INVESTRUST

Founded in 1997, InvesTrust is a full-service retirement savings plan provider and investment management firm for individuals, families, trusts, corporate entities and charitable organizations.



Volunteer Grants:
Colleagues can earn **\$10/**
hour for organizations
where they volunteer.
2023 totaled **\$2,620.**

Colleagues used
2,163.5 hours of Paid
Volunteer Time.



Allied Arts
\$57,773: Colleague
Contributions
\$70,000: AF Foundation



Charity Day: Colleagues
donated more than
\$14,600 to support **12**
different organizations.



United Way
\$458,667: Colleague
Contributions
\$220,000: AF Foundation



Board Service Incentive:
Colleagues can earn
a **\$1,000** donation to
organizations where they
serve on the board of
directors. 2023 totaled
\$15,000.



TOM MCDANIEL

President, American Fidelity Foundation

Community

\$3,305,372 Total Giving



136 Colleague Donations Matched by
AF Foundation = **\$65,205**

In 2023, American Fidelity and our American Fidelity Foundation continued working hard to make a positive difference in the communities that we serve. Our Company and Colleagues donated time and funds through our annual Allied Arts and United Way campaigns, onsite blood drives with Our Blood Institute, our sponsorship of The Rolling Thunder Book Bus, the Thunder Read to Achieve program and more.

Teams and Colleagues across the Company donated their time supporting local non-profits like the Oklahoma City Zoo, Positive Tomorrows, Citizens Caring for Children, Infant Crisis Services Center, the Regional Food Bank of

Oklahoma and more. We were excited to bring back our own MathCounts event and our tutoring program with our partner school, Buchanan Elementary. We were thrilled to have our Colleagues adopt more than 130 angels through the Salvation Army's Angel Tree program, and once again, our Colleagues were able to volunteer their time to their favorite organizations and earned volunteer and board service grant funds for the organizations.

American Fidelity and our Colleagues remain dedicated to making a positive impact in the communities we serve.

Here are a few of the ways we helped make a positive difference in 2023.

[READ REPORT ONLINE AT AMERICANFIDELITY.COM/COMMUNITYIMPACT](https://americanfidelity.com/communityimpact)

Results. AFC's operational growth is reflected in its 18.72% compound annual growth rate of pre-tax operating income since 2019.



JOHN CASSIL
Chief Financial Officer

American Fidelity Corporation and Subsidiaries

(AFC) reported consolidated GAAP net income of \$224 million in 2023. AFC's 2023 income was supported by strong revenue growth and lower benefits expense. Our continued commitment to providing the best Customer experience is reflected in our continued investments in technology, our Colleagues and Cameron Ventures, a venture capital fund focused on identifying and implementing the latest technology innovations in the Insurtech/Fintech space.

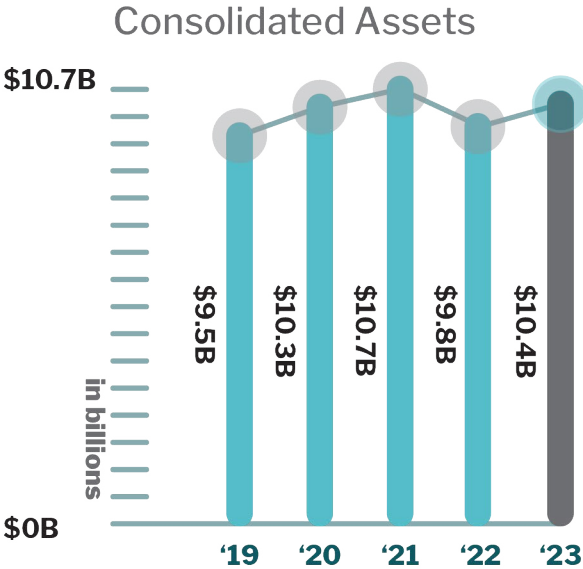
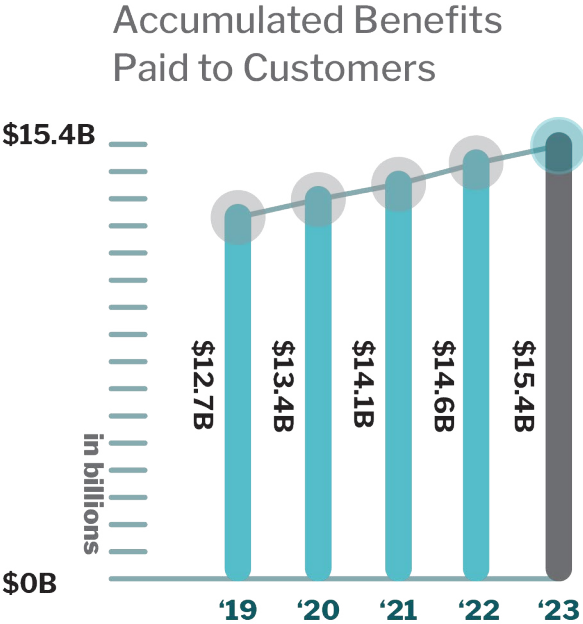
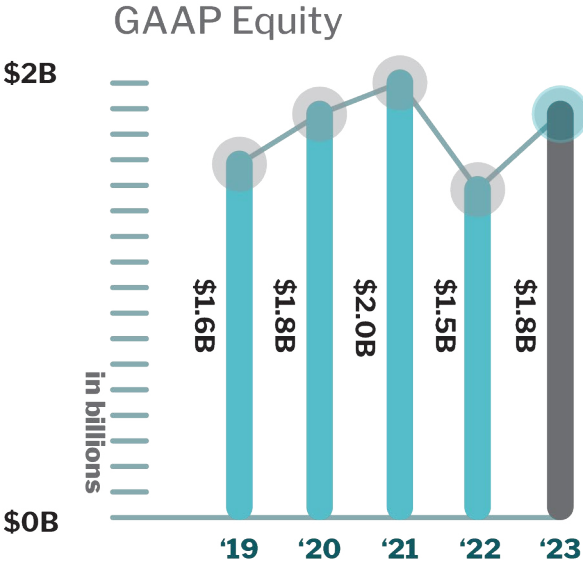
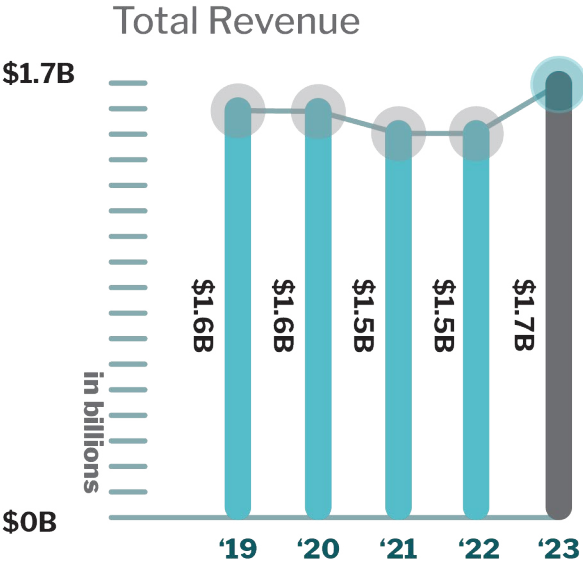
A guiding principle at AFC is a strong balance sheet to meet future Customer needs, which is reflected in American Fidelity Assurance Company's (AFA's) \$690 million of statutory surplus as of Dec. 31, 2023.

- Premium growth in 2023 was lower due to exiting the stop loss business.
- The rise in market interest rates provided support for the 15% increase in investment income over 2022.

- AFA's annual operating cash flows were \$351 million and our \$1.2 billion in consolidated liquidity provides strong financial flexibility to meet operational goals and policyholder needs.
- AM Best assigned a group rating of A+ superior for AFA and American Public Life (APL) for 2023. This rating was driven by our strong balance sheet and operating performance.

AM BEST NOTICE, MAY 31, 2023 (A+ IS THE 2ND HIGHEST OUT OF 16 WITH 1 BEING THE HIGHEST)

BY THE NUMBERS



CONSOLIDATED
GAAP IN
THOUSANDS

ASSETS	2023	2022
Cash	\$371,244	\$424,722
Bonds	\$3,945,275	\$3,640,120
Preferred & Common Stocks	\$192,180	\$131,760
Trading Investments	\$583,153	\$593,550
Short Term & Other Investments	\$303,812	\$332,240
Mortgage Loans	\$774,254	\$719,200
Real Estate & Policy Loans	\$114,190	\$118,444
Accrued Investment Income	\$45,293	\$42,153
Accounts Receivable	\$1,234,311	\$1,262,686
Deferred Policy Acquisition Costs	\$1,098,210	\$1,035,914
Other Assets	\$282,688	\$267,017
Separate Account Assets	\$1,483,844	\$1,207,970
TOTAL ASSETS	\$10,428,454	\$9,775,776
RESERVES, OBLIGATIONS & EQUITY	2023	2022
Policy & Other Contract Reserve Funds Set Aside & Invested to Assure Payment of Future Benefits to Policy Owners & Beneficiaries	\$5,561,538	\$5,349,655
Unearned Premiums	\$9,641	\$9,287
Notes Payable	\$320,673	\$444,269
Income Tax Liability & Other Obligations	\$1,253,098	\$1,230,170
Separate Account Liabilities	\$1,483,844	\$1,207,970
Capital Surplus & Retained Earnings for the Future Protection of Policy Owners & Beneficiaries	\$1,799,988	\$1,534,743
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY APPLICABLE TO AFC	\$10,428,782	\$9,776,094
Non Controlling Interest	\$(328)	\$(318)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$10,428,454	\$9,775,776
RECONCILIATION OF STATUTORY AND GAAP EQUITY	2023	2022
Capital & Surplus Reported on Statutory Basis	\$716,074	\$656,868
Net Deferred Policy Acquisition Costs	\$987,084	\$931,380
Policy Liabilities	\$73,173	\$59,912
Deferred Federal Income Taxes	\$(41,212)	\$(14,407)
OCI & Other	\$(475,758)	\$(560,672)
Stockholder's Equity of Noninsurance Subsidiaries, Net of Consolidating Eliminations	\$540,627	\$461,662
GAAP EQUITY	\$1,799,988	\$1,534,743

Ward's Top 50 Life and Health Insurance Companies

WARD'S 50, JULY 16, 2023 (TOP 50 LIFE AND HEALTH INSURANCE COMPANIES, UNRANKED WITHIN LIST)

Board of Directors

GREG ALLEN

CEO
Maine Street Holdings, Inc.

JOHN BENDHEIM, JR.

President
Bendheim Enterprises, Inc.

BILL CAMERON

Chairman and CEO
American Fidelity Corporation

LYNDA CAMERON

Director, AFA, AFC VP
Cameron Associates, Inc.

BILL DURRETT

Senior Chairman
American Fidelity Corporation

TED ELAM

Attorney
Retired, McAfee & Taft

LYNN C. FRITZ

Proprietor and General Manager
Lynmar Winery, LLC

CAROLINE IKARD

Vice President
American Fidelity Assurance Company

PAULA MARSHALL

CEO
The Bama Companies, Inc.

TOM MCDANIEL

President
American Fidelity Foundation

HENRY SOHN

Operating Partner
Morado Ventures

Plan Sponsor of the Year: Corporate Defined
Contribution > \$250MM - \$1B category





americanfidelity.com

American Fidelity Corporation

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