

ANNUAL REPORT

2021



Armed Forces Insurance
OUR MISSION IS YOU.®



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Here in Leavenworth, Kansas, we are fortunate to have a close-knit Armed Forces Insurance family. Although it's not typical to start an annual report on a sad note, I would be remiss not to share with our membership that in 2021 we lost two great leaders who served both their country and Armed Forces Insurance with distinction.

COL John F. Orndorff, USA, Ret. and COL Stephen J. Kempf, USA, Ret. worked tirelessly for our membership during the 1980s, 1990s and early 2000s. They both originally began their leadership rolls by serving as elected members of our Subscribers' Advisory Committee then in turn they each agreed to accept leadership positions at Armed Forces Insurance, ultimately serving as President and Chairman of the Board of Directors prior to their respective retirements. Even after retiring they both continued to be strong advocates who supported the Leavenworth community, Armed Forces Insurance and our mission. They were both great individuals and it was an honor for me to have the opportunity to learn from both of them during my career at Armed Forces Insurance. Their values established many of the principles that we at Armed Forces Insurance hold true to this day and they will both be dearly missed.



For many of our members, 2021 brought a lot of challenges, particularly from a catastrophic weather perspective. We started the year with the terrible winter storm and power outages in the southern plains and ended with the devastating wildfire in Denver, Colorado. In 2021, we had to help many of our members deal with a second year of off-the-charts heavy catastrophic weather events. Throughout the year, our members dealt with tornadoes, hail, windstorms, freeze/power outage events, wildfires, hurricanes and tropical storms. From an insurance industry perspective, it was an incredibly challenging year for insurance carriers.

Fortunately, Armed Forces Insurance continued to fulfill our mission to help our members in their time of need. The past two years have been busy, but we are still strong and dedicated to our members. Our efforts to provide premier service when our members have a claim once again resulted in an increase in our member satisfaction score in 2021.

While it has been challenging, some good changes have come out of these past two years. Our staff has embraced the ability to work from home or an alternate location. Our remote access capabilities have allowed us to improve our member services and keep operations open even during weather events (like blizzards) when we must shut down our physical locations. We are saving trees and have made more progress automating paper and manual processes over the past two years than we made in the past decade.

Overall, we have made good progress adapting and taking advantage of opportunities and it is good to see that our management team and employees were able to turn some lemons into lemonade.

One of the bigger challenges of working for a company that is 135 years old is that it requires constant “maintenance and upgrades” to keep things running smoothly and to keep us up to date. Spending time working on upgrades and new technologies is critical to keeping our company relevant and competitive.

Our management team looked at 2021 as a great opportunity to work on enhancing our technology and improving our members’ experiences. With a goal of providing our great service and products in a more efficient and timely manner, we invested in new technologies to bring us up to the leading edge of insurance providers – all while making sure that we can continue to provide the excellent service our members deserve.

With our new phone system in place, we expanded our capabilities for online chat, updated our website infrastructure and enhanced our online capabilities. If you have not been to our website recently, you should take the opportunity to look at the enhancements we have made. Our new online quoting processes are now in the top percentile of all insurance carriers in terms of how quickly we can deliver quotes online or over the phone. Whether your preference is to talk to your favorite agent in person or connect with us online we’ve made it easier and faster to work with Armed Forces Insurance for all your needs.

I think one of the best ways to make sure we achieve the correct goals is to keep focusing on what we do and who we do it for. Working hard to serve those who serve our nation is one of the most rewarding jobs in the world, and that’s why all of us working at Armed Forces Insurance are here and I want to make sure that all employees remember who we serve as we look to our future endeavors.

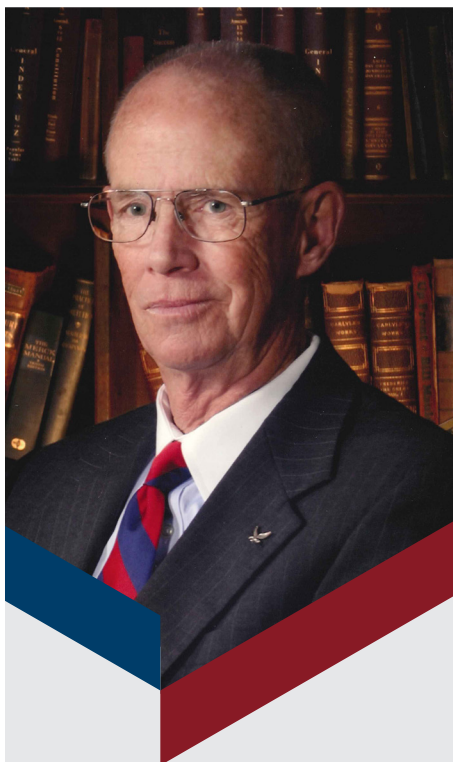
Most importantly as I reflect on the past year, I want to thank you, our members, for continuing to put your trust in Armed Forces Insurance. Your support and trust are both motivating and appreciated.

On behalf of all our employees, I wish you a safe and somewhat less eventful year in 2022 and assure you that we are here to serve our members, because at Armed Forces Insurance Our Mission is You!®



Arlen L. Briggs

President & Chief Executive Officer



Colonel John Ordorff, USA, Retired
Former AFI President (1992-1998)

1937 - 2021



Colonel Stephen Kempf, USA, Retired
Former AFI President (1998-2002)

1939 - 2021

***"The greatness of a leader is measured by the achievements of the led.
This is the ultimate test of his effectiveness."***

- Omar N. Bradley

During the year 2021 Armed Forces Insurance saw many challenges and opportunities as well. The insurance industry itself struggled with the same challenges including the pandemic, catastrophic weather events, and ongoing threats like cyber-attacks. However, I am reminded that AFI has seen plenty of challenges over our 135 year history including two world wars, a depression, multiple recessions, and of course adverse weather as well. As Mr. Briggs mentions in his President's report, the art of staying ahead or on top of future challenges requires thinking, planning, organizing, and executing with precision. Of course in order to do any of this properly, you must recruit and retain top talent and keep them motivated. Our chief motivation is standing behind those that have served our nation – everyone at AFI understands the importance of that statement.



While we can lament about past challenges, we know we have to continue to improve while hoping that we get a break on the big weather events. It's the improvement part that will lead us out of future challenges and that's where the AFI Board of Directors remain focused. The BOD works closely with the Executive Leadership Team ensuring that all good ideas are considered, some are investigated closely, and some of those move on to further evaluation and implementation. We only have the resources and personnel to take on those ideas that we know will benefit Armed Forces Insurance (and therefore our members) the most.

We all thank you for your support and membership in Armed Forces Insurance. This is your company and those of us who work for AFI appreciate the opportunity to serve you. Finally, thank you for your service. Recent events in Europe reminds us that the security of our nation and that of our allies stands on the shoulders of those currently serving or have served this great nation.

A handwritten signature in black ink, appearing to read 'Stanley E. Clarke III'.

Lieutenant General Stanley E. Clarke III

Air Force, Retired
Chairman, Board of Directors



Stanley E. Clarke III

Lieutenant General, Air Force, Retired
Chairman, Board of Directors



Arlen L. Briggs

President & Chief Executive Officer



Michael J. Yaguchi

Lieutenant Colonel, Air Force, Retired
SAC Chairman



Lynn C. Crawford

VP, Chief Claims & Operations Officer



Martin B. Hogan

VP, Chief Financial Officer



Kevin J. Lund

VP, Chief Information Officer
& Chief Innovation Officer



Michael T. Nixon

Sr. VP, Chief Operations Officer
President, AFI Agency



Lori L. Simmons

VP, Chief Growth & Marketing Officer
President, AFI Foundation



Tracey R. Sommerla

VP, Chief Risk Officer

Board of Directors

Lieutenant General Stanley E. Clarke III

Air Force, Retired
Chairman, Board of Directors

Lieutenant Colonel Michael J. Yaguchi*

Air Force, Retired
SAC Chairman

Chief Master Sergeant Danny R. Walker*

Air National Guard, Retired
SAC Vice-Chairman

Ms. Becky S. Blades

Mr. Arlen L. Briggs*

President/CEO (ex officio)

Mr. Thomas M. Fogt

Mr. Scott T. Forland

Lieutenant Colonel Michelle M.E. Garcia*

Army, Retired

Colonel Norman D. Greczyn*

Army, Retired

Colonel Myron J. (Mike) Griswold*

Army, Retired

Mr. Paul E. Heacock

Lieutenant Colonel Randy T. Johnson*

Army, Retired

Ms. Lucille K. Pittard*

Mr. Ken A. Selzer

Mr. George J. Zock

**Subscribers' Advisory Committee Member*

United Way

Armed Forces Insurance is one of the United Way's strongest supporters and largest contributors in Leavenworth County.

As an incentive to contribute both financial resources and time to worthwhile charitable causes, AFI instituted a new community service policy a couple of years ago. Those contributing to the United Way campaign were granted an Administrative Day in 2021. This time was for volunteering with a charitable service organization of their choice. 100% of contributions stayed right here in Leavenworth County.

The Armed Forces Insurance total pledge to the 2021 United Way Campaign was \$26,908, which was almost \$5,000 over last year's total pledge.

Armed Forces Insurance also supports its local area school districts, as well as several civic organizations that continue to support the community and are dedicated to improving the lives of others.



The Salvation Army

Armed Forces Insurance and its employees raised over \$4,076 for the Salvation Army Red Kettle during the 2021 holiday season. In addition to our employees raising money, they also manned over 20 hours of bell ringing at a local grocery store.

**Due to COVID many of the annual community activities that Armed Forces Insurance participates in were cancelled in 2021.*

AFI's current eligibility categories include:

- Active duty, retired or those with general discharge under honorable conditions of all branches of the U.S. military, including the National Guard, Reserves and Coast Guard
- Active or retired U.S. Department of Defense and U.S. Department of Veterans Affairs civilian employees
- Service Academy including Merchant Marine or ROTC cadet
- Children and parents of a current or former AFIE or AFIA member
- Spouse or surviving spouse of an active duty, retired, or honorably discharged military, including National Guard, Reserves and Coast Guard
- Active, retired or former commissioned officer of the NOAA or PHS
- Members of the Civil Air Patrol, Coast Guard Auxiliary, Merchant Marine, Military Auxiliary Radio System and Marine Corps Auxiliary
- Former spouse of a current or former AFIE or AFIA member
- Former AFI member (once a member, always a member!)

Every Member, Refer a Member

For over 135 years, AFI's growth strategy has relied extensively on member referrals. We realize that each member referred to us over the years has placed their trust in our products, our services, and our people, because in everything we do, Our Mission Is You.®

The best compliments we receive always come from members like yourself when referring your friends, family, or colleagues to AFI. We appreciate every opportunity to grow the AFI family and consider it an honor to provide your friends and family with the high caliber service AFI is known for.

If you know someone who would benefit from becoming a member of the AFI family, we invite you to recommend us to them by visiting afi.org/referral-form.



Home

Protect your largest investment against damage, destruction and loss. In addition to coverage for your home and contents, a homeowner policy safeguards your assets if you are found liable for someone else's injuries or property damage.

Auto

Auto insurance is required in most states, and we aim to provide the highest level of service and quality for our members.

Renter

Protect your belongings from unexpected damage or loss such as fire, theft, water damage and other circumstances. We also offer personal liability coverage for added protection. Renter insurance from AFI will cover your household goods anywhere in the world.

Umbrella

Umbrella coverage helps protect you if a lawsuit against you results in a judgment that exceeds your basic liability coverage from your homeowner insurance or auto insurance.

Business

Find the right solution for medical, dental, or legal practices, contractors, ranch or farm operations and veteran organization facilities, such as American Legion and VFW halls.

Condo

Protect your personal property inside your condo and safeguard your assets if you are found liable for someone else's injuries or property damage.

Dwelling Fire (Landlord)

A dwelling fire policy, sometimes called landlord insurance, insures the dwelling from fire, wind and hail damage and vandalism.

Flood

Flood coverage is available in all states for communities that participate in the National Flood Insurance Program (NFIP). Private flood insurance options are available in select areas.

Boat/Personal Watercraft

Whether your boat or personal watercraft is tied up or you're out on the water, make sure you and your watercraft are protected against damages and liability.

Collector Vehicle

Policy options are also available for antiques, muscle cars, street rods, modern classics or trucks, and include vehicles under active restoration.

Motorcycle & Off-Road Vehicle

Motorcycle and off-road vehicle insurance will cover a variety of bikes as well as ATVs, UTVs and golf carts.

Motorhome/Travel Trailer

Recreational vehicles may require specialized coverage for your Class A, B and C motorhomes as well as travel trailers, pop-ups and fifth-wheels.

Mobile Home

Mobile and manufactured homes require a policy that addresses the special exposures that are typically associated with them.

Valuable Item

Expand your standard policy limits for theft of certain types of items such as jewelry, watches and firearms with a policy that provides additional coverage with no out-of-pocket deductible.

Pet Health

Caring for your pet goes beyond routine vet visits. One in three pets require unexpected medical care each year. We offer plans to cover your cat or dog against accidents and illnesses.

Life

Because life insurance protection is so important, we offer life insurance options that have both competitive prices and features.

Insurance products are provided by Armed Forces Insurance Exchange (AFIE), Armed Forces Insurance Agency (AFIA) and its affiliated partners. All policies and endorsements are subject to underwriting approval. Coverages, deductibles, limits, and discounts vary by state.

At Armed Forces Insurance, we are passionate about supporting the military community and we take pride in providing personal service to those who serve. We're honored to partner with other organizations that share the same commitment.



AFI Foundation

The Armed Forces Insurance Foundation — founded in 2014 — has partnered with several additional organizations to provide education and resources to military service men and women. These include: the National Military Spouse Network (NMSN), the pre-eminent networking, mentoring, and professional development organization committed to the education, empowerment, and advancement of military spouses; the National Veteran-Owned Business Association (NaVOBA), an organization dedicated to contracting opportunities for America's Veterans and Service-Disabled Veteran's Business Enterprises (VBEs/SDVBEs) through certification, advocacy, outreach, recognition, and education; and the National Veteran Small Business Experience (NVSBE) by the Veterans Affairs.



Berkshire Hathaway Home Services

Armed Forces Insurance is a preferred vendor for the real estate professionals at Berkshire Hathaway HomeServices and Real Living Real Estate.

Berkshire Hathaway HomeServices is one of the world's fastest-growing residential real estate brokerage franchise networks, with more than 50,000 real estate professionals, nearly 1,500 offices throughout the U.S., Canada, Mexico, Europe and the Middle East, and more than \$138 billion in real estate sales volume.

Real Living Real Estate is a full-service real estate brokerage franchise with a comprehensive and integrated suite of resources for franchisees and their sales professionals, as well as for consumers who work with them. Based in Minneapolis, Minn., HomeServices of America, Inc. is the second-largest, full-service residential real estate brokerage firm and the largest brokerage-owned settlement services.

Boyer Hill Military Housing – Hill Air Force Base



Boyer Hill Military Housing is the on base provider of housing for military families who are stationed at Hill AFB. For nearly 1,100 military families, Boyer Hill Military Housing has created an award-winning Privatized Military Housing Community with all the amenities of outside residential communities.

Hill AFB is an Air Force Materiel Command base located in northern Utah. It is the Air Force's second largest base by population and geographical size, and is home to many operational and support missions.

Discovering Your Spark



Armed Forces Insurance is a proud sponsor of Discovering Your Spark, an interactive workshop that encourages military spouses to find their passion and live their military life with purpose. Facilitated by our 2017 Armed Forces Insurance Military Spouse of the Year® Brittany Boccher, the workshop is designed to take military spouses "back to the basics." Boccher also helps them work through life's moments and fears to determine what is stopping them from living their lives with passion and purpose.

Frontier Community Credit Union



Armed Forces Insurance has an Affinity Partnership with Frontier Community Credit Union located in Leavenworth KS. AFI provides personal insurance options for all members of Frontier Community Credit Union.

Founded in 1954, FCCU serves all military personnel, Federal Civil Service personnel employed, retired military personnel of the US Government, retired Federal Civil Service personnel residing within a 100-mile radius of Ft. Leavenworth along with other residents who work, worship, or belong to organizations in the following Kansas Counties: Atchison, Brown, Doniphan, Douglas, Franklin, Jackson, Jefferson, Johnson, Leavenworth, Miami, Osage, Shawnee, and Wyandotte.



MilHousing Network

MilHousing Network connects military families with pre-screened military real estate experts all over the country. The company was built by military spouses to help military spouses and military families PCS better. Every home sold within their network directly supports the military spouse community by creating employment opportunities for spouses.

Armed Forces Insurance provides insurance education opportunities by writing an educational blog every month highlighting AFI's insurance products, facilitating home buying webinars, VA Loan Classes, and contributing to Facebook Live events that support MilHousing Network's Movie Night. All of these activities help to support MilHousing Network of military clients and families.



Military Spouse Advocacy Network

Armed Forces Insurance is excited for our continued partnership with the Military Spouse Advocacy Network. As part of our relationship, Armed Forces Insurance supports MSAN's mission to create stronger military families through education, empowerment, and support.

MSAN believes in working with military spouses and their communities to create national and local awareness of the importance of both a military spouse support network and knowledge of benefits and resources. Through AFI's support, MSAN's team of Chapter Advocates, mentors, coordinators, and staff will continue to develop programs and resources focused on finance, deployment, career and employment, education, mental health, and peer-to-peer mentorship to close the gaps.



United Communities: Joint Base McGuire-Dix-Lakehurst

Armed Forces Insurance signed an Affinity Partnership with United Communities LLC at Joint Base MDL which is located just outside of Trenton, New Jersey. With over 2,200 housing units under their control, United Communities LLC has partnered with AFI to offer our industry leading military renter insurance program to United Communities' current and future residents.

Joint Base MDL, N.J., is home to five wings. The 87th Air Base Wing is the host wing. The wing's vision is to be America's premier joint warfighting installation and air mobility center of excellence. The wing's mission is to provide unrivaled installation support to all mission commanders and to provide mission-ready, motivated, expeditionary Airmen to our combatant commanders.

The 87th ABW provides installation support to more than 88 mission partners spread across 42,000 acres at McGuire, Dix, and Lakehurst – the Department of Defense's first joint base and only joint base that consolidated Air Force, Army, and Navy installations.

Veterans Growing America

In 2021, Armed Forces Insurance sponsored and supported Veterans Growing America in their mission to spotlight the contributions of Veterans and Military Entrepreneur through events and technology. Veterans Growing America and The Rosie Network partnered with Army & Air Force Exchange Services to present a one-of-a-kind shopping experience that features veteran and military spouse owned businesses via the Veterans Growing America Business Expo.



Gary Sinise, the Founder, President and Chairman of the Gary Sinise Foundation and Golden Globe-winning actor, was the recipient of the 2021 Lockheed Martin Armed Forces Bowl Great American Patriot Award. Presented annually by Armed Forces Insurance at the Lockheed Martin Armed Forces Bowl, the Great American Patriot Award honors a candidate in recognition of their exemplary service to the United States.

For nearly 40 years, Sinise has stood as an advocate on behalf of America's service members. In 2011, he established the Gary Sinise Foundation with the mission to serve and honor America's defenders, veterans, first responders, Gold Star families and those in need by creating and supporting unique programs designed to entertain, educate, inspire, strengthen, and build communities.



"Freedom and security are precious gifts that we, as Americans, should never take for granted. It has been my great honor to support our defenders and families who willingly sacrifice to provide that freedom and security. It has been my great pleasure to have performed with my band at the Armed Forces Bowl game and to be honored with this award by Armed Forces Insurance is truly humbling. I couldn't be more grateful." said Gary Sinise.

Following the attacks of Sept. 11, 2001, Sinise's dedication to the nation's active duty defenders, veterans, first responders and their families became a tireless crusade of support, service and gratitude for all those who protect our freedom and serve our country.

In 2003, he formed the "Lt. Dan Band" and began entertaining troops serving at home and abroad. Over the years, the 13-piece cover band has performed hundreds of shows for charities and fundraisers supporting wounded heroes, Gold Star families, veterans and troops around the world.

In 2008, he was given the Presidential Citizens Medal, the second-highest civilian honor awarded to citizens for exemplary deeds performed in service of the nation, becoming only the third actor ever to receive this honor.

In recognition of his humanitarian work, Sinise has earned many distinguished honors including two awards from the Congressional Medal of Honor Society – the Bob Hope Award for Excellence in Entertainment, and their highest honor, the Congressional Medal of Honor Society's Patriot Award.

Other awards include the Spirit of the USO Award, the Ellis Island Medal of Honor, the Spirit of Hope Award by the Department of Defense, the Sylvanus Thayer Award from the West Point Association of Graduates and the George Catlett Marshall Medal from the Association of the United States Army (AUSA).



In 2021, Armed Forces Insurance earned the 2022 Military Friendly® Employer designation. Institutions earning the Military Friendly® Employer designation were evaluated using both public data sources and responses from a proprietary survey. Over a thousand companies participated in the 2022 Military Friendly® survey.

Methodology, criteria, and weightings were determined by VIQTORY with input from the Military Friendly® Advisory Council of independent leaders in the higher education and military recruitment community. Final ratings were determined by combining an organization's survey score with an assessment of the organization's ability to meet thresholds for Applicant, New Hire Retention, Employee Turnover, and Promotion & Advancement of veterans and military employees.

"As an insurance company that benefits active military, veterans, and their families, Armed Forces Insurance is proud to be designated as a Military Friendly employer. Hiring military veterans, National Guard and Reserve members to work for our company is a trifecta approach to customer satisfaction. At AFI, we value the contributions of our military who understand the importance of excellence in all that we do. Hiring military personnel is not only the right thing to do, it's the smart thing as well. Our non-military employees gain a lot from the experience of our prior or current military employees." Said Lt Gen Sid Clarke US Air Force, Retired, Chairman, Armed Forces Insurance.

"Companies earning the Military Friendly Employers® designation create and elevate the standard for military programs across the globe, they have invested in substantive programs to recruit, retain and advance the veterans and service members within their organizations," said Kayla Lopez, Director of Military Partnerships, Military Friendly®. "To them, hiring veterans and servicemembers is more than just the right thing to do, it makes good business sense."

Armed Forces Insurance will be showcased along with other 2022 Military Friendly® Employers in the December issue of G.I. Jobs® magazine and on MilitaryFriendly.com.



September 7th in Washington D.C. saw the kick off the first day of the Armed Forces Insurance Military Spouse of the Year® Town Hall, a three-day event of panels, networking, and recognition of all of the hard work, challenges, and accomplishments of military spouses across all branches. The attendees, past and present winners of the AFI Military Spouse of the Year® award, learned and laughed while building connections that they can take back with them to benefit their installations and communities.

AFI MSOY - Townhall

The topics covered in the panels recognized the diversity of goals, ambitions, and backgrounds among the attendees. This was clear right from the first speaker of the event, 2019 Armed Forces Insurance Scott AFB SOY Catherine Vandament, who told attendees how they could engage their installation to bring about change through the power of the Military Spouse of the Year® Title.

Next, the focus widened to making a difference through engagement with government and policy initiatives. A political advocacy panel that included Rosemary Williams, Kaprece James, Sarah Streyder, and Sue Hoppin of the National Military Spouse Network gave military spouses plenty of food for thought when it comes to stepping into the political arena.

After an update on the AFI MSOY program from VP and Chief Marketing Officer for Armed Forces Insurance Lori Simmons, Town Hall attendees had an opportunity to mix, mingle, and shop during networking hour and marketplace. Then, it was time to change into jeans and AFI MSOY t shirts for a laidback welcome reception that included photo ops for spouses to announce their service affiliation, veteran status, and overall support for service members and their families! The Town Hall's only full day was Wednesday, September 8th, which was chock full of resources and valuable content. After the pledge of allegiance and some opening remarks from Lori Simmons, milspouse power house and entrepreneur Lakesha Cole kicked off the day by talking to attendees about making the most of their social media presence to amplify their causes.

Next, Dr. Kendra Lowe gave the military spouses in attendance some crucial information for military life: tips on coping with stress. The rest of the day was a mix of networking, information and tips for military life and advocacy, and a panel of the 2020-2021 AFI MSOY branch winners sharing their experiences, all capped off with a cocktail hour.

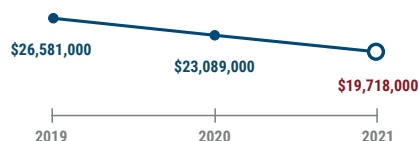
"I know this year's Town Hall was smaller and I only have 2019 to compare — but I loved every moment of it," said Day 2 panel member Jess Manfre, who spoke to attendees about building corporate sponsorships.

The final day began early in the morning with the Million Mile walk to raise awareness about suicide prevention. The day also featured the Town Hall's crown jewel, the Military Spouse of the Year Luncheon, with keynote speaker Patty Barron, Deputy Assistant Secretary of Defense for Military Community and Family Policy. During the luncheon, AFI MSOY honored its Legacy Award Recipient, Elaine Rogers.

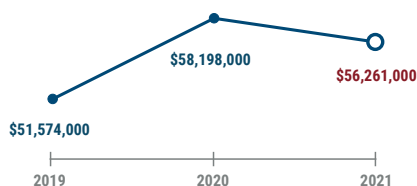
Premium



Expenses



Losses



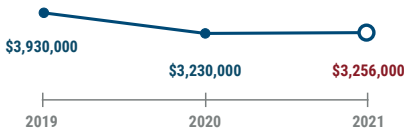
New policies issued increased by 12.2% during 2021, however, overall premium decreased 1.2% as compared to 2020 primarily due to cancellations stemming from homes sales and the lifting of moratoriums on all cancellations related to the pandemic. To improve online sales capabilities in 2021, the Exchange unveiled a new online quoting system, Quote Hub, which will improve efficiencies in the sales process and make the buying experience better for our members.

While 2021 did not experience the same hurricane loss events as 2020, losses related to catastrophic events was nearly equal to 2020 (\$28.5M in 2021 compared to \$29.1M in 2020) primarily due to freeze, wind, tornado and hail loss events. Mitigating these losses were recoveries from the Company's reinsurance program of \$9.1M and \$4.2M for 2021 and 2020, respectively.

Reducing overhead costs continues to be a key goal for management in order to keep premiums as low as possible for our members. Overall, general expenses declined approximately \$3.4M from 2021 and \$6.9M over the past two years.

Losses continued to be extremely high in 2021 primarily driven by much heavier than normal catastrophe losses and by inflationary increases in building materials. While the Exchange's "non-catastrophe" losses was at expected levels, the improvement was offset by increased freeze, tornado, hail and wind losses. With catastrophe losses representing over half of the 2021 losses, the total losses of \$56.2M was the primary driver of an overall operating loss for the year.

Investment Income

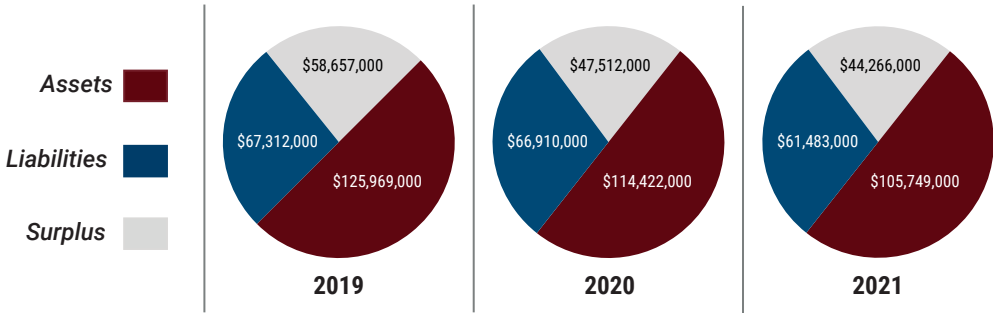


Net Income



Armed Forces Insurance’s bond and equity portfolio is comprised of high-quality bonds and stocks of conservative companies. The low interest rate environment persisted during 2021 causing earned investment income to decline slightly as compared to 2020; however, realized gains offset this decline and total investment income remained flat as compared to 2020.

For the year 2021, Armed Forces Insurance consolidated entities generated a net loss of \$3.6M. While the net loss is disappointing, the groundwork has been laid to improve results. For example, regarding non-catastrophe losses, the Exchange has been able to improve the loss ratio from 60.0% in 2011 to 37.2% in 2021, primarily due to implementing new technologies to more accurately and competitively price policies. Additionally, management’s efforts have decreased the expense ratio from 41.4% in 2019 to 36.7% in 2021.



Despite the recent cluster of heavy catastrophe losses and the very real prospect of more in the future, AFIE’s balance sheet remains in a strong position. Although AFIE sustained a net loss for the year, AFIE’s risk-based capital position, which is a measure of financial strength used by all state insurance regulators, increased from 426% in 2020 to 462% at the end of 2021. Armed Forces Insurance continues to make sure we are positioned to continue to provide the excellent protection our members expect and deserve.



Armed Forces Insurance

OUR MISSION IS YOU.®

2021

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