



**EXAMINATION REPORT  
OF  
American Heritage Life Insurance Company**

**NAIC Company Code: 60534**

**Jacksonville, Florida  
as of  
December 31, 2022**

**BY THE  
FLORIDA  
OFFICE OF INSURANCE REGULATION**

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May 24, 2024

Michael Yaworsky  
Commissioner  
Office of Insurance Regulation  
State of Florida  
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 69O-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (“NAIC”), we have conducted an examination as of December 31, 2022, of the financial condition and corporate affairs of

**American Heritage Life Insurance Company**

1776 American Heritage Life Drive  
Jacksonville, FL 32224

hereinafter referred to as “the Company.” Such report of examination is herewith respectfully submitted.

## SCOPE OF EXAMINATION

This examination covered the period of January 1, 2019, through December 31, 2022, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on April 5, 2023, to January 11, 2024. The fieldwork concluded as of May 24, 2024. The Company’s last full scope exam by representatives of OIR covered the period of January 1, 2014, through December 31, 2018.

The examination was a multi-state coordinated examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the Handbook”). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively. The lead state for this exam was Illinois, and states that participated in this exam are as follows: Massachusetts, New Jersey, and Texas.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with the NAIC Statements of Statutory Accounting Principles (“SSAP”). The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

## SUMMARY OF SIGNIFICANT FINDINGS

### Current Examination Findings

There were no significant findings of fact as a result of this examination.

### Previous Examination Findings

There were no significant findings in the previous examination.

## COMPANY HISTORY

### General

The Company was incorporated in Florida on September 11, 1956, and commenced business on December 27, 1956. It was licensed by the OIR as a Life and Health Insurance Company on September 14, 1956, in accordance with Section 624.401, Florida Statutes.

### Dividends

In accordance with Section 628.371, Florida Statutes, the Company declared and paid dividends to its 100% stockholder American Financial Insurance Holdings Corporation (“AFIHC”) in 2022, 2021, 2020, and 2019, in the amounts of \$110,000,000, \$90,000,000, \$80,000,000, and \$80,000,000, respectively.

### Capital Stock and Capital Contributions

As of December 31, 2022, the Company’s capitalization was as follows:

Number of authorized common capital shares	4,000,000
Number of shares issued and outstanding	3,311,316
Total common capital stock	\$3,311,316
Par value per share	\$1.00

### Surplus Notes

The Company did not have any surplus notes during the period under examination.

## Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

## MANAGEMENT AND CONTROL

### Corporate Governance

The annual shareholder meeting for the election of the Board of Directors (“the Board”) was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2022, are shown below:

<b>Directors</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
Terrence Williams, Chair <sup>(a)</sup>	New Albany, Ohio	President, Protection Products and Services
David Allen Essary	Milton, Georgia	President, American Heritage Life Insurance Company
Eric Kyle Ferren <sup>(e)</sup>	Clarendon Hills, Illinois	Senior Vice President and Chief Financial Officer, Protection Products & Enterprise Services
Mario Imbarrato <sup>(b)</sup>	Willow Springs, Illinois	Senior Vice President and Chief Financial Officer, Allstate Investments and Financial Products
Paul Michael Montanari <sup>(c)</sup>	West Hartford, Connecticut	Chief Operating Officer, Allstate Health & Benefits
John Charles Pintozzi	Chicago, Illinois	Senior Vice President, Controller and Chief Accounting Officer, American Heritage Life Insurance Company
Scott Kenneth Randles	Jacksonville, Florida	Chief Financial Officer, American Heritage Life Insurance Company
Jeffrey Scott Sargent	Chicago, Illinois	Vice President and Group Chief Information Officer, Investments and Financial Products Allstate

April Felice Savoy <sup>(d)</sup>	Nashville, Tennessee	Senior Vice President and Secretary, American Heritage Life Insurance Company
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- (a) Chairman, resigned on May 23, 2023; Suren Gupta became a Director and Chairman effective August 31, 2023.
- (b) Resigned on March 13, 2023; re-elected as a Director on April 12, 2024.
- (c) Resigned on August 28, 2023.
- (d) Resigned on June 7, 2023.
- (e) Resigned on April 12, 2024.

In accordance with the Company's Bylaws, the Board appointed the following Senior Officers:

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
David Allen Essary	Milton, Georgia	President
Scott Kenneth Randles	Jacksonville, Florida	Chief Financial Officer
April Felice Savoy <sup>(a)</sup>	Nashville, Tennessee	Senior Vice President and Secretary
Alexandra Tal Band	Sarasota, Florida	Treasurer

(a) Resigned on June 7, 2023; Karen Elizabeth Millard became Secretary effective December 8, 2023.

The Company's Board appointed several internal committees. The following were the principal internal Board committees and their members as of December 31, 2022.

<b>Audit Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Terrence Williams, Chair <sup>(a)</sup>	New Albany, Ohio	President, Protection Products and Services
David Allen Essary	Milton, Georgia	President, American Heritage Life Insurance Company
John Charles Pintozzi	Chicago, Illinois	Senior Vice President, Controller and Chief Accounting Officer, American Heritage Life Insurance Company

(a) Chair, resigned on May 23, 2023; Suren Gupta became Chair effective August 31, 2023.

The Company maintained an Audit Committee, as required by Section 624.424(8), Florida Statutes.

<b>Liability Governance Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Scott Kenneth Randles, Chair	Jacksonville, Florida	Chief Financial Officer, Allstate Health & Benefits
Brian P. Guntli	Arlington Heights, Illinois	Director, Allstate Health & Benefits
Lindsey Erin Murray	Charlotte, North Carolina	Executive Vice President, Product, Pricing and Analytics <sup>(a)</sup>
Paul Michael Montanari <sup>(b)</sup>	West Hartford, Connecticut	Chief Operating Officer, Allstate Health & Benefits
John Charles Pintozzi	Chicago, Illinois	Senior Vice President, Controller and Chief Accounting Officer Allstate
April Felice Savoy, Secretary <sup>(c)</sup>	Nashville, Tennessee	Senior Vice President and Secretary, American Heritage Life Insurance Company
Parr Thomas Schoolman	Long Grove, Illinois	Senior Vice President, Allstate Insurance Company

(a) Title changed to Executive Vice President, Product, Pricing and Data Analytics on March 13, 2023.

(b) Resigned on August 28, 2023.

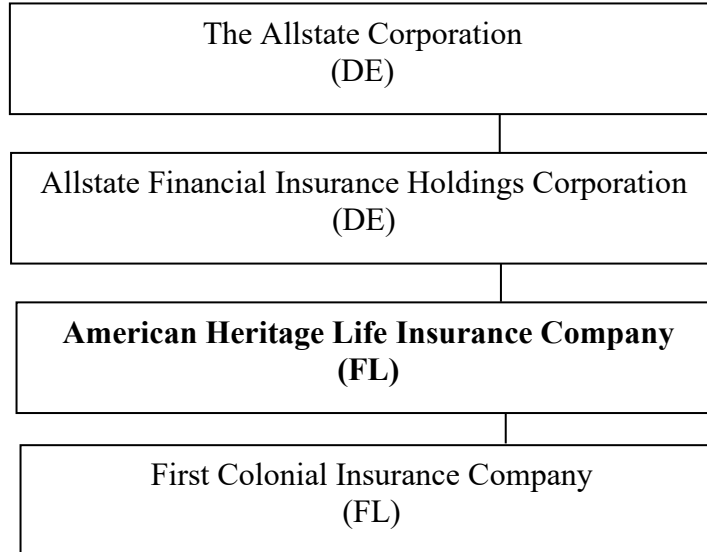
(c) Resigned June 7, 2023; Karen E. Millard became Committee Secretary effective December 8, 2023.

(d) Mario Imbarrato became a committee member effective April 15, 2024.

### **Holding Company System**

An organizational chart as of December 31, 2022, reflecting the holding company system, follows. Schedule Y of the Company's 2022 Annual Statement provided a list of all related companies of the holding company group.

**American Heritage Life Insurance Company**  
**Simplified Organizational Chart**  
**December 31, 2022**



## **AFFILIATED AGREEMENTS**

The following agreements were in effect between the Company and its affiliates:

### **Revolving Loan Agreement**

The Company and Road Bay Investments, LLC (“Road Bay”) entered into a Revolving Loan Credit Agreement (“Credit Agreement”) effective December 20, 2010, wherein the Company agreed to extend revolving credit loans to Road Bay in an amount which will not exceed an aggregate principal amount of \$15,000,000. As security for its obligations under the Credit Agreement, Road Bay enter into a Pledge and Security Agreement effective December 20, 2010, with the Company, pursuant to which Road Bay granted a pledge of and interest in Road Bay’s right, title, and interest in and to certain collateral, as defined in the agreement. As of December 31, 2022, the aggregate principal amount of loans outstanding under the Credit Agreement was \$0.

### **Service and Expenses or Cost Sharing Agreement**

Amended and Restated Service and Expense Agreement among Allstate Insurance Company (“AIC”) and The Allstate Corporation (“Allcorp”) and Certain Affiliates, executed January 1, 2004, wherein the parties consolidated and further amended the Service and Expense Agreement dated as of January 1, 1999, with Allcorp and certain insurance company affiliates and another Service Agreement and Expense Agreement dated as of January 1, 2000, with certain non-insurance affiliates, to allow for the provision by AIC and the affiliates of certain services and facilities to AIC and to other affiliates from time to time, and to provide for possible future alternative methods of costing for facilities and services.

### **Master Service Agreement**

The Company and Allstate Motor Club, Inc. (“AMC”) entered into a Master Service Agreement effective April 1, 2015, wherein the Company shall market AMC’s Roadside Advantage Plan to its payroll accounts that it desired to make the Roadside Advantage Plan available to their employees/members through its benefits plan offering.

## **Tax Sharing Agreement**

A Tax Sharing Agreement dated as of November 12, 1996, and effective for consolidated federal income tax returns filed after June 30, 1996, among the Allstate Corporation and its affiliated group, of which the Allstate Corporation is the common parent, as such terms are used or defined in Section 1504 of the Internal Revenue Code of 1986, including but not limited to the Company. The Company was added to the agreement effective January 7, 2005.

## **Settlement of State and Local Tax Credits Agreement**

Agreement for the Settlement of State and Local Tax Credits effective January 1, 2007, between Allstate Insurance Company and certain of its affiliates wherein a Company may invest in certain programs or arrangements that provide for state or local tax credits or otherwise obtain tax credits that can be legally transferred to such Company's affiliates.

## **Investment Management Agreement**

Investment Management Agreement among Allstate Investments, LLC, Allstate Insurance Company, The Allstate Corporation and certain of its non-insurance and insurance subsidiaries effective January 1, 2007, whereby Allstate Investments, LLC, will render investment management services and advise to the Allstate affiliates.

## **Borrowing Agreement**

The Allstate Corporation and certain direct and indirect subsidiaries entered into a Borrowing Agreement as of October 2, 2000. The agreement provides that each subsidiary, upon written request of The Allstate Corporation, may advance funds to The Allstate Corporation, to the extent that such subsidiary shall have funds available for that purpose.

## **Information Sharing Agreement**

Allstate Insurance Company and certain affiliates entered into an Information Sharing Agreement effective May 1, 2009, setting forth the terms and conditions under which customer information, owned by a party to the agreement, may be accessed for marketing purposes by another party to the Agreement in order to comply with certain provisions of the Fair and Accurate Credit Transaction Act of 2003.

## **Intercompany Loan Agreement**

Allcorp and certain of its direct and indirect subsidiaries, effective February 1, 1996, entered into an Intercompany Loan Agreement, which provides that each of Allcorp wholly owned subsidiaries, who are a party to the Agreement, may from time to time receive advances from Allcorp upon the terms and conditions of the Agreement. As of December 31, 2022, the aggregate principal amount of loans outstanding from Allcorp to any of its direct or indirect insurance company subsidiaries under the Intercompany Loan Agreement was \$0.

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in Jacksonville, Florida.

The Company and non-affiliates had the following material agreements:

### **Custodial Agreement**

The Company maintained a custodial agreement with the Bank of New York Mellon effective February 13, 2018. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

### **Independent Auditor Agreement**

An independent CPA, Deloitte & Touche LLP audited the Company's statutory basis financial statements annually for the years 2022, 2021, 2020, 2019, and 2018, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA firm as required by Rule 69O-137.002, Florida Administrative Code.

### **Corporate Records Review**

The recorded minutes of the Shareholders, Board, and the Audit and Liability Governance committees were reviewed for the period under examination. The recorded minutes of the Board

documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 625.304, Florida Statutes.

## **TERRITORY AND PLAN OF OPERATIONS**

The Company was authorized to transact insurance in the State of Florida. The Company was authorized to transact insurance in all U.S. states, District of Columbia, and U.S. territories except New York and American Samoa. The Company is currently authorized for individual life, group life, individual annuities, and group annuity lines of business as of December 31, 2022.

The following table shows the top 10 states where the Company wrote business during the year ended December 31, 2022:

State	Gross Premium Written
Florida	\$110,701,950
Texas	\$108,421,821
North Carolina	\$67,450,209
Washington	\$51,476,668
California	\$46,663,029
Georgia	\$46,265,345
Ohio	\$42,437,339
Illinois	\$36,872,584
Louisiana	\$30,230,988
South Carolina	\$29,815,477

## REINSURANCE

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines.

### **Reinsurance Assumed**

The Company assumed risk primarily on a coinsurance and yearly renewable term basis.

Effective October 1, 2021, the Company entered into a reinsurance agreement with Wilton Reassurance Company, ("Wilton Re"). The Company agreed to assume 100% of annuity and accident and health liabilities ceded from Wilton Re. The agreement called for settlements to take place no less than on a quarterly basis.

### **Reinsurance Ceded**

The Company ceded risk primarily on a coinsurance and yearly renewable term basis. The Company limited its aggregate and single exposure losses on large risks by ceding them to external and non-affiliated insurance companies.

Effective November 1, 2021, Allstate Life Insurance Company, ("ALIC"), was sold to Everlake US Holding Company. Immediately prior to the sell, the Company entered into recapture and termination agreements with ALIC. The agreement effective October 1, 2008, was terminated and individual and group life business was recaptured. A partial recapture and partial termination agreement was entered into with ALIC where individual and group disability were recaptured but did not amend provisions of the agreement related to single premium deferred annuities under the reinsurance agreement dated December 31, 2004. The Company and ALIC entered into a recapture and termination agreement covering certain universal life policies reserves for the reinsurance agreement dated December 31, 2004. ALIC transferred \$201,000,000 to the Company which equaled the liabilities related to the policies recaptured by the Company in 2021.

## **FINANCIAL STATEMENTS**

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; statutory Summary of Operations; and the statutory Analysis of Changes in Surplus for the year ended December 31, 2022. The financial statements are based on the statutory financial statements filed by the Company with the OIR and present the financial condition of the Company for the period ending December 31, 2022. Due to rounding, column amounts may not add to the totals reflected in this Report. There were no examination adjustments to the amounts reported by the Company.

**American Heritage Life Insurance Company**  
**Assets**  
**December 31, 2022**

	Per Company
Bonds	1,546,583,573
Stocks	
Preferred	193,783
Common	185,774,787
Mortgage loans on real estate	
First liens	101,632,017
Real Estate	
Properties held for sale	20,780,431
Cash, cash equivalents and short-term investments	10,199,321
Contract loans	119,595,307
Other invested assets	399,497
Receivables for securities	729,156
Subtotal cash and invested assets	1,985,887,872
Investment income due and accrued	20,139,278
Premiums and considerations	
Uncollected premiums and agents' balances	52,447,291
Deferred premiums and agents' balances	24,009,598
Reinsurance	
Amounts recoverable from reinsurer	847,964
Other amounts receivable under reinsurance contracts	110,032
Net deferred tax asset	42,439,162
Guaranty funds receivable or on deposit	4,093,954
Receivables from parent, subsidiaries and affiliates	310,989
Aggregate write-ins for other-than-invested assets	112,678,076
Totals	2,242,964,215

**American Heritage Life Insurance Company**  
**Liabilities, Surplus and Other Funds**  
**December 31, 2022**

	Per Company
Aggregate reserves for life contracts	1,118,942,833
Aggregate reserves for accident and health contracts	459,590,338
Liability for deposit type contracts	1,443,772
Contract claims	
Life	44,565,714
Accident and Health	136,542,440
Provisions for policyholder dividends and refunds to Members and coupons payable in following calendar year estimated amounts:	
Policyholders' dividends and refunds to members not yet apportioned	8,096
Coupons and similar benefits	3,896
Premium and annuity considerations for life and accident and health contracts received in advance including \$10,568,173 accident health premiums	11,252,659
Contract liabilities not included elsewhere	
Other amounts payable for reinsurance	470,187
Commissions to agents due or accrued-life and annuity contracts \$1,125,241 accident and health \$20,201,432	21,326,673
General expenses due and accrued	34,116,645
Taxes, licenses and fees due or accrued, excluding federal income taxes	5,898,290
Current federal and foreign income taxes, including \$7,019,708 on realized capital gains	1,280,788
Unearned investment income	308,428
Amounts withheld or retained by reporting entity as agent or trustee	1,543
Remittances and items not allocated	18,191,344
Liability for benefits for employee and agents if not included above	1,790,508
Asset valuation reserve	41,570,963
Payable to parent, subsidiaries, and affiliates	24,720,870
Aggregate write-ins for liabilities	15,245,576
<b>Total liabilities</b>	<b>1,937,271,562</b>

Common capital stock	3,311,316
Gross paid-in and contributed surplus	190,658,513
Unassigned funds (surplus)	111,722,824
Total capital and surplus	305,692,653
Total liabilities, capital and surplus	2,242,964,215

**American Heritage Life Insurance Company**  
**Summary of Operations**  
**December 31, 2022**

	Per Company
Premiums and annuity considerations for life and accident and health contracts	1,040,583,784
Net investment income	63,103,051
Amortization of Interest Maintenance Reserve	(2,059,420)
Commissions and expense allowances on reinsurance ceded	127,649
Aggregate write-ins for miscellaneous income	2,350,257
<b>Total revenues</b>	<b>1,104,105,322</b>
Death benefits	142,918,071
Matured endowments	729,721
Annuity benefits	230,191
Disability benefits and benefits under accident and health contracts	385,505,757
Coupons, guaranteed annual pure endowments and similar benefits	4,136
Surrender benefits and withdrawals for life contracts	24,638,397
Interest and adjustments on contract or deposit-type contract funds	297,176
Increase in aggregate reserves for life and accident and health contracts	5,522,574
<b>Totals (Lines 10 to 19)</b>	<b>559,846,023</b>
Commission on premiums and annuity considerations and deposit-type contract funds	202,039,641
Commission and expense allowances on reinsurance assumed	(730,939)
General insurance expenses and fraternal expenses	207,112,839
Insurance taxes, licenses and fees, excluding federal income taxes	30,157,263
Increase in loading on deferred and uncollected premiums	(6,426,251)
Aggregate write-ins for deductions	(4,149)
<b>Totals (Lines 20 to 27)</b>	<b>991,994,427</b>
Net gains from operations before dividends to policyholders, refunds to members and federal income taxes	112,110,895
Dividends to policyholders and refunds to members	2,874
Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes	112,108,020
Federal and foreign income taxes incurred	33,779,606

Net gain from operations after dividends from policyholders, refunds to members and federal income taxes and before realized gains or (losses)	78,328,415
Net realized capital gains (losses) less capital gains tax of (\$1,596,510)	(6,005,919)
Net Income	72,322,496

	Per Company
<b>Capital and Surplus Account</b>	
Capital and surplus, prior reporting year	350,698,606
Net Income	72,322,496
Change in net unrealized capital gains (losses) less capital gains tax of (\$1,315,299)	(6,883,099)
Change in net unrealized foreign exchange capital gain (loss)	237,673
Change in net deferred income taxes	10,297,105
Change in non-admitted assets	(23,661,212)
Change in asset valuation reserve	8,470,082
Dividends to stockholders	(110,000,000)
Aggregate write-ins for gains or (losses) in surplus	4,211,002
Net change in capital and surplus	(45,005,953)
Capital and surplus, end of reporting year	305,692,653

**American Heritage Life Insurance Company  
Reconciliation of Capital and Surplus  
December 31, 2022**

No adjustments were made to surplus as regards policyholders as a result of this examination.

<b>Capital/Surplus Change during Examination Period</b>			
Capital and Surplus at December 31, 2018, per Examination			323,869,272
	Increase	Decrease	
Change in surplus			
Change in net unrealized capital gain (loss)	9,201,890		
Change in net unrealized foreign exchange		98,947	
Change in net deferred income tax	35,504,686		
Change in non-admitted assets		32,253,021	
Change in AVR		26,212,041	
Transferred to surplus	351,449,232		
Transferred from surplus		360,000,000	
Aggregate write-ins for gains and losses	4,231,582		
Net increase (or decrease)			(18,176,619)
Capital and Surplus at December 31, 2022, per Examination			305,692,653

## **COMMENTS ON FINANCIAL STATEMENT ITEMS**

### **Liabilities**

#### **Losses and Loss Adjustment Expenses**

Louis B. Posick, Vice President and Appointed Actuary, Allstate, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2022, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The OIR consulting actuary, Solomon Frazier, of Examination Resources, reviewed the loss and loss adjustment expense work papers provided by the Company and he was in concurrence with this opinion.

#### **Capital and Surplus**

The amount of capital and surplus reported by the Company of \$305,692,653 exceeded the minimum of \$100,000,000 required by Section 624.408, Florida Statutes.

## **SUBSEQUENT EVENTS**

The Company paid AFIHC a cash dividend in the amount of \$40,000,000 on June 30, 2023.

## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of American Heritage Life Insurance Company as of December 31, 2022, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Examination Resources participated in the examination: Leland Mitchell, CFE, Examiner-in-Charge; TJ Allen, CFE, Participating Examiner; and Rachelle Gowins, CFE, MCM, Exam Manager. Members of the OIR who participated in the examination include Shantia Simmons, APIR, Examination Oversight Supervisor. Additionally, Dan Walker, Actuarial Analyst of Examination Resources, Solomon Frazier, Consulting Actuary, FSA, FCAS, MAAA of Examination Resources, and James Gowins IT Specialist of Examination Resources, are recognized for participation in the examination.

Respectfully submitted,



Leland Mitchell, CFE  
Examiner-in-Charge  
Examination Resources



Carolyn M. Morgan, APIR  
Director  
Life & Health Financial Oversight  
Florida Office of Insurance Regulation  
Date Signed: 6/28/24