

2024

ANNUAL REPORT

THE FARMERS AUTOMOBILE INSURANCE ASSOCIATION
PEKIN INSURANCE COMPANY
PEKIN SELECT INSURANCE COMPANY

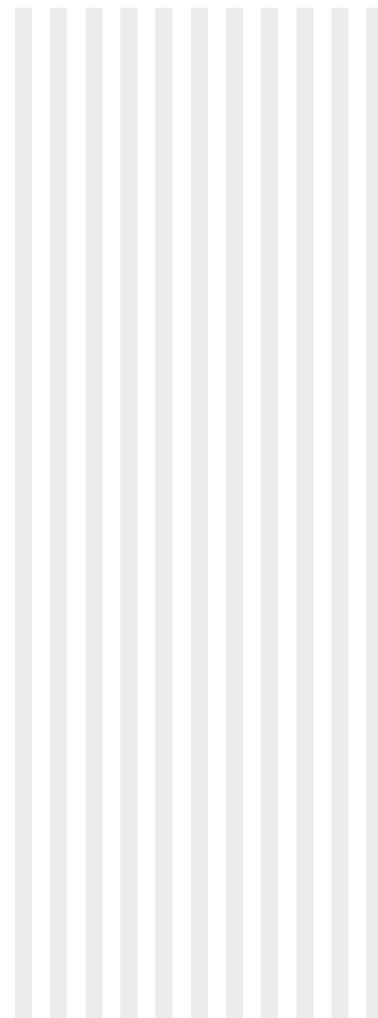
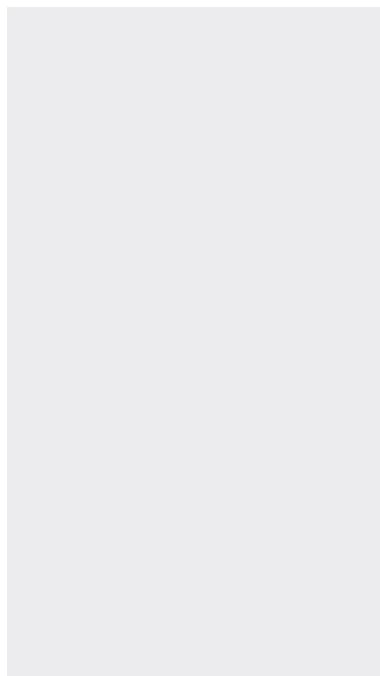
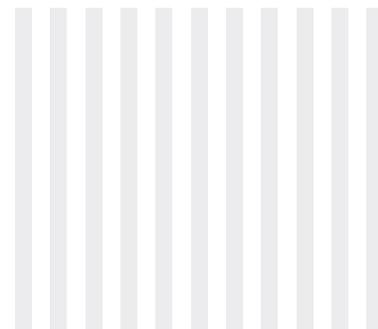


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PEKIN INSURANCE®



To the subscribers of The Farmers Automobile Insurance Association on behalf of the Farmers Automobile Management Corporation as Attorney-In-Fact and on behalf of the Advisory Committee thereof and to the shareholders of Pekin Insurance Company, this report of operations for the year 2024 is respectfully submitted by the Management and Board of Directors.

Pekin Insurance is a group name adopted to designate the combined operations of The Farmers Automobile Insurance Association, Pekin Insurance Company, Pekin Select Insurance Company, and Pekin Life Insurance Company. The joint operation of the four companies is conducted under the name or designation of Pekin Insurance. The Home Office of the companies is at 2505 Court Street, Pekin, Illinois.

The parent company, The Farmers Automobile Insurance Association, is a reciprocal, organized under the laws of the State of Illinois, April 1, 1921. The Attorney-In-Fact for the Association is Farmers Automobile Management Corporation. Subscribers to The Farmers Automobile Insurance Association appoint Farmers Automobile Management Corporation as Attorney-In-Fact to manage all affairs of the Association. Subscribers elect an Advisory Committee at their Annual Meeting to act for and on behalf of the subscribers on all matters relative to the conduct of the affairs of The Farmers Automobile Insurance Association that may come before the Advisory Committee. The Attorney-In-Fact Management Corporation is wholly owned by The Farmers Automobile Insurance Association.

Pekin Insurance Company is a capital stock insurance company organized under the laws of the State of Illinois, May 22, 1961. All outstanding shares of stock are owned by The Farmers Automobile Insurance Association.

Pekin Select Insurance Company is a capital stock insurance company organized under the laws of the State of Illinois, August 23, 2019. All outstanding shares of stock are owned by Pekin Insurance Company.

Pekin Life Insurance Company is a capital stock insurance company organized under the laws of the State of Illinois, April 28, 1965. The Farmers Automobile Insurance Association owns 14,524,501 shares and Pekin Insurance Company owns 1,293,776 shares of the 17,068,023 shares outstanding as of December 31, 2024. Remaining shares are owned substantially by agents and employees of the two companies.

THE FARMERS AUTOMOBILE INSURANCE ASSOCIATION

ADVISORY COMMITTEE
 Craig W. Concklin, Chairman
 Thomas C. Hornstein, Vice Chairman
 Anthony S. Burkhart | Daniel V. Connell
 Brian R. Dennison | James W. Hefti
 John S. Heller | Brian K. Lee | Sheri N. Roser

DIRECTORS AND OFFICERS

FARMERS AUTOMOBILE MANAGEMENT CORPORATION ATTORNEY-IN-FACT, PEKIN INSURANCE COMPANY, AND PEKIN SELECT INSURANCE COMPANY

Daniel V. Connell, Tremont, Illinois	Chairman of the Board, President, and Chief Executive Officer
Craig W. Concklin, Hinsdale, Illinois	Director and Vice Chairman of the Board
Anthony S. Burkhart, Vincennes, Indiana	Director
Brian R. Dennison, Morton, Illinois	Director
James W. Hefti, Peoria, Illinois	Director
John S. Heller, East Peoria, Illinois	Director
Thomas C. Hornstein, Marco Island, Florida	Director
Brian K. Lee, Pekin, Illinois	Director
Sheri N. Roser, Enfield, Illinois	Director
Joel M. Jackson, Morton, Illinois	Senior Vice President and Chief Operating Officer
Jocelyn A. Duncan, Bloomington, Illinois	Senior Vice President
Ryan J. Hanson, Brookfield, Wisconsin	Senior Vice President, Chief Financial Officer and Treasurer
Tyler D. Petersen, Peoria Heights, Illinois	Senior Vice President - General Counsel and Secretary
Amy L. Bingham, Groveland, Illinois	Vice President - Chief Information Officer
Cynthia D. Blackburn, Bloomington, Illinois	Vice President - Human Resources
David M. Coughlin, Washington, Illinois	Vice President - Sales and Marketing
Phillip L. Evans, Glasford, Illinois	Vice President - Administrative Services
Aaron Z. Potacki, Tremont, Illinois	Vice President - Chief Actuary & Underwriting Officer
Christine A. Henneberg, Bloomington, Illinois	Controller

DIRECTORS AND OFFICERS

PEKIN LIFE INSURANCE COMPANY

Daniel V. Connell, Tremont, Illinois	Chairman of the Board, President, and Chief Executive Officer
Craig W. Concklin, Hinsdale, Illinois	Director and Vice Chairman of the Board
Anthony S. Burkhart, Vincennes, Indiana	Director
Brian R. Dennison, Morton, Illinois	Director
James W. Hefti, Peoria, Illinois	Director
John S. Heller, East Peoria, Illinois	Director
Thomas C. Hornstein, Marco Island, Florida	Director
Brian K. Lee, Pekin, Illinois	Director
Sheri N. Roser, Enfield, Illinois	Director
Jocelyn A. Duncan, Bloomington, Illinois	Senior Vice President and Chief Operating Officer
Joel M. Jackson, Morton, Illinois	Senior Vice President
Ryan J. Hanson, Brookfield, Wisconsin	Senior Vice President, Chief Financial Officer and Treasurer
Tyler D. Petersen, Peoria Heights, Illinois	Senior Vice President - General Counsel and Secretary
James R. Smalley, M.D., PhD., Pekin, Illinois	Medical Director
Amy L. Bingham, Groveland, Illinois	Vice President - Chief Information Officer
Cynthia D. Blackburn, Bloomington, Illinois	Vice President - Human Resources
David M. Coughlin, Washington, Illinois	Vice President - Sales and Marketing
Amy M. Darling, Pekin, Illinois	Vice President - Life Brokerage and Claims
Phillip L. Evans, Glasford, Illinois	Vice President - Administrative Services
Erik M. Gravelle, Erie, Pennsylvania	Vice President - Life Actuary
Eric M. Shane, Pekin, Illinois	Vice President - Life Underwriting
Christine A. Henneberg, Bloomington, Illinois	Controller

THE FARMERS AUTOMOBILE INSURANCE ASSOCIATION

December 31, 2024
with Comparative Figures for 2023

STATEMENT OF ASSETS AND LIABILITIES

ASSETS	2024	2023
Investments:		
Bonds (Amortized values)	\$ 398,296,027	\$ 440,415,212
Stocks:		
Affiliated Companies (Statutory Equity)	233,909,897	208,420,130
Unaffiliated		
Preferred	1,261,725	1,261,725
Unaffiliated Common (Market Value)	89,557,959	88,189,833
Real Estate	32,143,917	33,803,565
Cash	52,053,698	56,129,079
Securities Lending Reinvested Collateral Assets	11,435,255	16,306,466
Receivable for Securities	14,347	-
Agency Loans Receivable	79,775	107,089
Total Cash and Investments	818,752,600	844,633,099
Premiums in Course of Collection	-	2,338,701
Premiums and Installments Not Yet Due	186,050,354	208,095,564
Reinsurance Recoverable on Paid Losses	3,416,696	2,322,529
Deferred Tax Asset	32,452,293	34,911,306
Accrued Investment Income	3,238,176	3,705,870
Receivable from Pekin Life Insurance Company	1,524,851	2,937,218
Receivable from Farmers Automobile Management Corporation	-	2,170
Receivable from Pekin Insurance Company	16,928,452	16,112,783
Receivable from Pekin Select Insurance Company	38,494	3,998
Total Assets	\$ 1,062,401,917	\$ 1,115,063,238
LIABILITIES & SURPLUS		
Reserves for Losses and Loss Adjustment Expenses:		
Losses	\$ 317,083,342	\$ 350,105,814
Loss Adjustment Expenses	65,565,423	76,980,092
Total Reserves	382,648,765	427,085,906
Commissions Payable	-	1,970
Commission on Premium Installments	6,118,260	6,617,851
Agents Contingent Commissions	9,488,213	7,870,709
Accrued Expenses and Taxes	20,731,086	24,907,772
Reserve for Unearned Premiums	205,363,432	248,609,331
Ceded Reinsurance Payable	-	6,577,080
Advance Premium Payments, Unallocated	4,800,807	5,118,043
Claim Drafts Outstanding	15,336,620	18,944,036
Post-Retirement Benefit Obligations	-	2,851,992
Payable for Securities	-	187,607
Payable for Securities Lending	11,435,255	16,306,466
Other Liabilities	20,678,101	19,098,934
Total Liabilities	676,600,539	784,177,697
Unassigned Surplus	385,801,378	330,885,541
Total Liabilities & Surplus	\$ 1,062,401,917	\$ 1,115,063,238

THE FARMERS AUTOMOBILE INSURANCE ASSOCIATION

Year Ended December 31, 2024
with Comparative Figures for 2023

STATEMENT OF INCOME

	2024	2023
Underwriting Operations:		
Premiums Earned	\$ 454,851,285	\$ 495,533,108
Policy Service Fees	1,597,729	2,533,509
Deductions:		
Losses Incurred	282,418,587	428,784,916
Loss Adjustment Expenses Incurred	36,385,127	49,136,531
Underwriting Expenses Incurred	137,578,371	178,267,389
Total Deductions	456,382,085	656,188,836
Net Income (Loss) from Underwriting Operations	66,929	(158,122,219)
Investment Operations:		
Income:		
Interest	18,008,524	17,544,003
Dividends	1,221,019	1,476,115
Rent	5,529,448	5,810,451
Gain from Sale of Securities	12,399,666	944,725
Total Income	37,158,657	25,775,294
Deductions:		
Investment Expenses Incurred	5,264,430	5,760,496
Depreciation on Buildings	1,752,648	1,771,732
Total Deductions	7,017,078	7,532,228
Net Income from Investment Operations	30,141,579	18,243,066
Other Income	606,723	695,636
Net Income (Loss) from Operations	30,815,231	(139,183,517)
Federal Income Tax Incurred	1,507	17,081
Net Income (Loss)	\$ 30,813,724	\$ (139,200,598)

STATEMENT OF SURPLUS

	2024	2023
Balance at Beginning of Year	\$ 330,885,541	\$ 437,304,310
Net Income (Loss) for the Year	30,813,724	(139,200,598)
Unrealized Gain (Loss) resulting from change in difference between Book and Admitted Values of Investments:		
Affiliated Companies	23,559,945	(22,577,559)
Unaffiliated	3,582,474	14,054,975
Change in Net Deferred Income Taxes	(13,195,039)	21,323,312
Change in Nonadmitted Assets	3,854,553	26,067,677
Change in Obligations for:		
Postretirement Benefits	3,422,585	(5,161,824)
Pension Benefits	<u>2,877,595</u>	<u>(924,752)</u>
Net Increase (Decrease)	<u>54,915,837</u>	<u>(106,418,769)</u>
Balance at End of Year	<u>\$ 385,801,378</u>	<u>\$ 330,885,541</u>

NOTES TO FINANCIAL STATEMENTS

- A** Securities are carried in accordance with the requirements of the National Association of Insurance Commissioners (NAIC), eligible bonds at amortized values, and other bonds and marketable stocks at current market quotations.
- B** At December 31, 2024, securities included in the statement at \$2,571,071 were on deposit as required by law and \$37,880,993 were posted as collateral in relation to the sale leaseback transaction.
- C** The Association participates in a securities lending program which requires a minimum of 102 percent and 105 percent of the fair value of the domestic and foreign securities loaned at the outset of the contract as collateral. Cash collateral received is invested in short-term investments. At December 31, 2024, cash collateral was \$11,071,982 while the market value of the securities on loan was \$10,818,718. The carrying value of the reinvested assets was \$11,435,255.
- D** A pension benefit obligation of \$6,329,568 is a non-admitted asset in the balance sheet and charged against surplus. This amount represents the required provision for the unfunded portion of the plan resulting from the difference between the pension obligation and the fair value of the pension assets at December 31, 2024. Fluctuations in this asset arise as the investment returns on plan assets and the assumed discount rates change.
- E** A postretirement asset of \$570,593 is a non-admitted asset in the balance sheet and charged against surplus. This amount represents the required provision for the unfunded portion of the plan resulting from the difference between the postretirement obligation and the fair value of the postretirement assets at December 31, 2024. Fluctuations in this asset arise as the investment returns on plan assets and the assumed discount rates change.

PEKIN INSURANCE COMPANY

December 31, 2024
with Comparative Figures for 2023

STATEMENT OF ASSETS AND LIABILITIES

ASSETS	2024	2023
Investments:		
Bonds (Amortized values)	\$ 235,082,529	\$ 236,394,661
Stocks:		
Affiliated Companies (Statutory Equity)	18,023,758	16,810,853
Unaffiliated		
Preferred	750,850	750,850
Common (Market Value)	26,753,680	26,960,268
Cash	6,554,528	13,308,119
Securities Lending Reinvested Collateral Assets	5,530,811	9,446,457
Receivable for Securities	9,089	36
Total Cash and Investments	<u>292,705,245</u>	<u>303,671,244</u>
Federal Income Tax Recoverable	1,273,161	1,273,161
Deferred Tax Asset	6,548,856	8,297,989
Accrued Investment Income	1,994,040	2,029,637
Total Assets	<u>\$ 302,521,302</u>	<u>\$ 315,272,031</u>
LIABILITIES, CAPITAL & SURPLUS		
Reserves for Losses and Loss Adjustment Expenses:		
Losses	\$ 79,270,836	\$ 87,526,453
Loss Adjustment Expenses	16,391,356	19,245,023
Total Reserves	<u>95,662,192</u>	<u>106,771,476</u>
Agents Contingent Commissions	2,372,112	1,967,677
Accrued Expenses and Taxes	6,467,012	7,187,202
Reserve for Unearned Premiums	51,340,858	62,152,333
Post-Retirement Benefit Obligations	-	712,998
Payable for Securities Lending	5,530,811	9,446,457
Due to The Farmers Automobile Insurance Association	16,928,452	16,112,783
Total Liabilities	<u>178,301,437</u>	<u>204,350,926</u>
Capital Paid Up	2,012,500	2,012,500
Unassigned Surplus	122,207,365	108,908,605
Total Capital and Surplus	<u>124,219,865</u>	<u>110,921,105</u>
Total Liabilities, Capital, & Surplus	<u>\$ 302,521,302</u>	<u>\$ 315,272,031</u>

See accompanying notes to financial statements.

PEKIN INSURANCE COMPANY

Year Ended December 31, 2024
with Comparative Figures for 2023

STATEMENT OF INCOME

	2024	2023
Underwriting Operations:		
Premiums Earned	\$ 113,712,821	\$ 123,883,277
Policy Service Fees	399,432	633,377
Deductions:		
Losses Incurred	70,604,647	107,196,229
Loss Adjustment Expenses Incurred	9,096,282	12,284,133
Underwriting Expenses Incurred	34,394,592	44,566,847
Total Deductions	<u>114,095,521</u>	<u>164,047,209</u>
Net Income (Loss) from Underwriting Operations	<u>16,732</u>	<u>(39,530,555)</u>
Investment Operations:		
Income:		
Interest	9,191,361	9,019,756
Dividends	354,383	458,588
Gain (Loss) from Sale of Securities	4,135,725	(167,332)
Total Income	<u>13,681,469</u>	<u>9,311,012</u>
Deductions:		
Investment Expenses Incurred	1,074,078	1,003,499
Total Deductions	<u>1,074,078</u>	<u>1,003,499</u>
Net Income from Investment Operations	<u>12,607,391</u>	<u>8,307,513</u>
Net Income (Loss) from Operations	<u>12,624,123</u>	<u>(31,223,042)</u>
Federal Income Tax Incurred (Benefit)	-	157,291
Net Income (Loss)	<u>\$ 12,624,123</u>	<u>\$ (31,380,333)</u>

See accompanying notes to financial statements.

STATEMENT OF SURPLUS

	2024	2023
Balance at Beginning of Year	\$ 110,921,105	\$ 133,000,546
Net Income (Loss) for the Year	12,624,123	(31,380,333)
Unrealized Gain resulting from change in difference between Book and Admitted Values of Investments:		
Affiliated Companies	1,212,905	147,290
Unaffiliated	696,518	4,732,356
Change in Net Deferred Income Taxes	(1,749,133)	5,366,570
Change in Nonadmitted Assets	(1,060,696)	576,313
Change in Obligations for:		
Postretirement Benefits	855,642	(1,290,451)
Pension Benefits	<u>719,401</u>	<u>(231,186)</u>
Net Increase (Decrease)	<u>13,298,760</u>	<u>(22,079,441)</u>
Balance at End of Year	<u>\$ 124,219,865</u>	<u>\$ 110,921,105</u>

**NOTES TO FINANCIAL
STATEMENTS**

- A** Securities are carried in accordance with the requirements of the National Association of Insurance Commissioners (NAIC), eligible bonds at amortized values, and other bonds and marketable stocks at current market quotations.
- B** At December 31, 2024, securities included in the statement at \$2,820,236 were on deposit as required by law.
- C** The Company participates in a securities lending program which requires a minimum of 102 percent and 105 percent of the fair value of the domestic and foreign securities loaned at the outset of the contract as collateral. Cash collateral received is invested in short-term investments. At December 31, 2024, the cash collateral was \$5,360,625 while the market value of the securities on loan was \$5,235,151. The carrying value of the reinvested assets was \$5,530,811.
- D** A pension benefit obligation of \$1,582,392 is a non-admitted asset in the balance sheet and charged against surplus. This amount represents the required provision for the unfunded portion of the plan resulting from the difference between the pension obligation and the fair value of the pension assets at December 31, 2024. Fluctuations in this asset arise as the investment returns on plan assets and the assumed discount rates change.
- E** A postretirement asset of \$142,644 is a non-admitted asset in the balance sheet and charged against surplus. This amount represents the required provision for the unfunded portion of the plan resulting from the difference between the postretirement obligation and the fair value of the postretirement assets at December 31, 2024. Fluctuations in this asset arise as the investment returns on plan assets and the assumed discount rates change.

PEKIN SELECT INSURANCE COMPANY

December 31, 2024
with Comparative Figures for 2023

STATEMENT OF ASSETS AND LIABILITIES

ASSETS	2024	2023
Investments:		
Bonds (Amortized Value)	\$ 7,238,508	\$ 6,127,412
Cash	<u>1,000,398</u>	<u>1,890,315</u>
Total Cash and Investments	8,238,906	8,017,727
Federal Income Tax Recoverable	15,699	-
Deferred Tax Asset	-	265
Accrued Investment Income	<u>41,170</u>	<u>35,215</u>
Total Assets	<u>\$ 8,295,775</u>	<u>\$ 8,053,207</u>
LIABILITIES, CAPITAL & SURPLUS		
Federal Income Tax Payable	\$ -	\$ 22,758
Deferred Tax Liability	4,119	-
Payable to The Farmers Automobile Insurance Association	<u>38,494</u>	<u>3,998</u>
Total Liabilities	<u>42,613</u>	<u>26,756</u>
Capital Paid Up	8,000,000	8,000,000
Unassigned Surplus	<u>253,162</u>	<u>26,451</u>
Total Capital and Surplus	<u>8,253,162</u>	<u>8,026,451</u>
Total Liabilities, Capital, & Surplus	<u>\$ 8,295,775</u>	<u>\$ 8,053,207</u>

PEKIN SELECT INSURANCE COMPANY

Year Ended December 31, 2024
with Comparative Figures for 2023

STATEMENT OF INCOME

	2024	2023
Underwriting Operations:		
Underwriting Expenses Incurred	\$ -	\$ -
Net Gain from Underwriting Operations	<u>-</u>	<u>-</u>
Investment Operations:		
Income:		
Interest	260,158	176,011
Gain (Loss) from Sale of Securities	<u>1,292</u>	<u>(24,553)</u>
Total Income	<u>261,450</u>	<u>151,458</u>
Deductions:		
Investment Expenses Incurred	<u>10,076</u>	<u>6,286</u>
Total Deductions	<u>10,076</u>	<u>6,286</u>
Net Income from Investment Operations	<u>251,374</u>	<u>145,172</u>
Net Income from Operations	251,374	145,172
Federal Income Tax Incurred	<u>20,279</u>	<u>44,758</u>
Net Income	<u>\$ 231,095</u>	<u>\$ 100,414</u>

PEKIN SELECT INSURANCE COMPANY

Year Ended December 31, 2024
with Comparative Figures for 2023

STATEMENT OF SURPLUS

	2024	2023
Balance at Beginning of Year	\$ 8,026,451	\$ 5,931,196
Net Income for the Year	231,095	100,414
Change in Net Deferred Income Taxes	(4,967)	(9,897)
Change in Nonadmitted Assets	583	4,738
Paid in Capital	-	2,000,000
Net Increase	226,711	2,095,255
Balance at End of Year	<u>\$ 8,253,162</u>	<u>\$ 8,026,451</u>

THE FARMERS AUTOMOBILE INSURANCE ASSOCIATION and PEKIN INSURANCE COMPANY and PEKIN SELECT INSURANCE COMPANY

Year Ended December 31, 2024
with Comparative Figures for 2023

CONSOLIDATED STATEMENT OF DIRECT PREMIUMS WRITTEN

LINES OF BUSINESS	2024	2023
<u>Personal Lines</u>		
Automobile:		
Auto Liability	\$ 53,236,838	\$ 83,662,931
Auto Physical Damage	58,261,177	86,818,346
Total Automobile	<u>111,498,015</u>	<u>170,481,277</u>
Property:		
Fire	-	2,957,620
Extended Coverage	384,018	4,058,412
Homeowners Multiple Peril	75,208,396	121,742,700
Inland Marine	1,598,330	3,403,504
Total Property	<u>77,190,744</u>	<u>132,162,236</u>
Umbrella	3,007,564	5,131,219
Total Personal Lines	<u>191,696,323</u>	<u>307,774,732</u>
<u>Commercial Lines</u>		
Automobile:		
Auto Liability	84,106,357	75,200,527
Auto Physical Damage	48,573,390	45,866,616
Total Automobile	<u>132,679,747</u>	<u>121,067,143</u>
Property:		
Fire	16,569,844	16,447,713
Extended Coverage	25,381,085	26,183,650
Businessowners Policy	21,841,939	34,309,879
Inland Marine	16,149,906	16,105,328
Total Property	<u>79,942,774</u>	<u>93,046,570</u>
Casualty:		
Umbrella	19,511,357	21,184,850
Other Liability	68,002,807	68,827,410
Workers Compensation	72,993,221	82,044,707
Total Casualty	<u>160,507,385</u>	<u>172,056,967</u>
Other:		
Burglary	454,319	487,264
Glass	-	22
Fidelity	258,724	394,622
Surety	324,120	602,155
Total Other	<u>1,037,163</u>	<u>1,484,063</u>
Total Commercial Lines	<u>374,167,069</u>	<u>387,654,743</u>
Grand Total All Lines	<u>\$ 565,863,392</u>	<u>\$ 695,429,475</u>

THE FARMERS AUTOMOBILE INSURANCE ASSOCIATION and PEKIN INSURANCE COMPANY and PEKIN SELECT INSURANCE COMPANY

December 31, 2024

CONSOLIDATED STATEMENT OF NET PREMIUMS EARNED AND LOSSES INCURRED

LINES OF BUSINESS	Premiums Earned	Losses Incurred	Ratio of Losses Incurred to Premiums Earned
<u>Personal Lines</u>			
Automobile:			
Auto Liability	\$ 66,711,764	\$ 48,830,282	73.20 %
Auto Physical Damage	71,778,327	43,091,328	60.03
Total Automobile	<u>138,490,091</u>	<u>91,921,610</u>	66.37
Property:			
Fire	980,800	277,659	28.31
Extended Coverage	669,527	1,392,680	208.01
Homeowners Multiple Peril	84,436,393	54,876,299	64.99
Inland Marine	2,320,197	301,416	12.99
Total Property	<u>88,406,917</u>	<u>56,848,054</u>	64.30
Umbrella	603,372	714,300	118.38
Total Personal Lines	<u>227,500,380</u>	<u>149,483,964</u>	65.71
<u>Commercial Lines</u>			
Automobile:			
Auto Liability	80,055,146	61,518,621	76.85
Auto Physical Damage	46,059,192	25,297,655	54.92
Total Automobile	<u>126,114,338</u>	<u>86,816,276</u>	68.84
Property:			
Fire	15,383,189	10,769,811	70.01
Extended Coverage	23,320,763	23,556,858	101.01
Businessowners Policy	16,676,844	26,495,606	158.88
Inland Marine	15,647,816	4,174,976	26.68
Total Property	<u>71,028,612</u>	<u>64,997,251</u>	91.51
Casualty:			
Umbrella	3,832,379	(485,440)	(12.67)
Other Liability	66,809,820	21,867,855	32.73
Workers Compensation	72,013,517	30,272,976	42.04
Total Casualty	<u>142,655,716</u>	<u>51,655,391</u>	36.21
Other:			
Burglary	482,206	56,963	11.81
Fidelity	306,809	(124)	(0.04)
Surety	476,045	13,513	2.84
Total Other	<u>1,265,060</u>	<u>70,352</u>	5.56
Total Commercial Lines	<u>341,063,726</u>	<u>203,539,270</u>	59.68
Grand Total All Lines	<u>\$ 568,564,106</u>	<u>\$ 353,023,234</u>	62.09 %

SUMMARY



The Board of Directors, Management, and Agency Force of The Farmers Automobile Insurance Association and its wholly owned subsidiary, Pekin Insurance Company as well as Pekin Select Insurance Company, are identical.

The year 2024 produced an underwriting gain. Surplus increased to \$385.8 million with combined direct written premium of \$565.9 million.

Investment income increased \$15.6 million from last year. The investment portfolio of the companies is managed with the primary concept of emphasis on safety of investments with rate of return the secondary consideration.

Beginning January 1, 1966, the companies entered into a pooling agreement. All underwriting functions are managed by The Farmers Automobile Insurance Association with participation in the results on a basis of 80 percent to The Farmers Automobile Insurance Association, 20 percent to Pekin Insurance Company, and 0 percent to Pekin Select Insurance Company.

Independent rate filings are made on Automobile, Homeowners, Businessowners, and Fidelity and Surety business in all states in which we are licensed to do business. Independent rate filings are also made on all other lines of business in Illinois. Rate filings for the other lines of business in states other than Illinois are a combination of loss costs filed by the Insurance Services Office plus a provision for our underwriting expenses and commissions.

Workers Compensation policies are rated through the National Council of Compensation Insurance in Arizona, Illinois, Indiana, and Iowa and through the Wisconsin Compensation Rating Bureau in Wisconsin.

All companies are members of the American Property and Casualty Insurance Association and of the Illinois Insurance Association, among other trade associations.

Reinsurance treaties are in effect providing protection so that excessive underwriting losses can be absorbed with reasonable safety in keeping with the relative size and financial structure of the companies.

Pekin Life Insurance Company was organized in 1965 as a companion carrier to provide Life and Accident and Health facilities. The Company's health products include primarily Medicare Supplement. The agency force of Pekin Life Insurance Company is primarily the same as those of the sponsoring companies thus providing a full line of coverages to serve the needs of the multiple-line agent and the insuring public.

The Advisory Committee elected by the subscribers at their Annual Subscribers' Meeting in 2024 convened at intervals throughout the year 2024 to receive and act upon various matters concerning operation of The Farmers Automobile Insurance Association as submitted to it by the Attorney-In-Fact. The Advisory Committee received an audit report from Strohm Ballweg, LLP, covering operations of the Association for the year 2023. The Advisory Committee has arranged for and will receive an audit report covering operations of the Association for the year 2024 from the same firm.

The financial statements contained in this report are based on the Annual Statements as they will be filed with the Illinois Department of Insurance and other states in which the companies are authorized to do business.

SUMMARY (continued)



The periodic examination of the affairs of The Farmers Automobile Insurance Association, Pekin Insurance Company, and Pekin Select Insurance Company was conducted by the Illinois Department of Insurance as of December 31, 2022. Their reports are available for inspection at the Home Office. The change in surplus position for the year 2024 with respect to The Farmers Automobile Insurance Association is detailed below.

Net Income from Underwriting	\$	66,929
Net Income from Investment		30,141,579
Other Income		<u>606,723</u>
Net Income Before Tax		30,815,231
Federal Income Tax Incurred		<u>1,507</u>
Net Income		30,813,724
Net Unrealized Capital Gain		27,142,419
Change in Deferred Income Tax		(13,195,039)
Change in Nonadmitted Assets		3,854,553
Change in Obligations for:		
Postretirement Benefits		3,422,585
Pension Benefits		<u>2,877,595</u>
Increase in Surplus Year 2024		54,915,837
Surplus to Policyholders, December 31, 2023		<u>330,885,541</u>
Surplus to Policyholders, December 31, 2024	\$	<u><u>385,801,378</u></u>

It is recommended by the Attorney-In-Fact that the increase in surplus for the year 2024 be added to the December 31, 2023, unassigned policyholders' surplus fund for the benefit of all subscribers, waiving any accounting of such surplus change to individual members.

Respectfully submitted,

Farmers Automobile Management Corporation
Attorney-In-Fact

Daniel V. Connell
Chairman of the Board, President, and Chief Executive Officer

DIRECTORS



DANIEL V. CONNELL,
Chairman of the Board,
President, and Chief
Executive Officer



CRAIG W. CONCKLIN,
Director and Vice Chairman
of the Board



ANTHONY S. BURKHART,
Director



BRIAN R. DENNISON,
Director



JAMES W. HEFTI,
Director



JOHN S. HELLER,
Director



THOMAS C. HORNSTEIN,
Director



BRIAN K. LEE,
Director



SHERI N. ROSER,
Director

OUR MISSION

Pekin Insurance provides financial protection and peace of mind for our customers. We deliver innovation and excellence in our products and services. In all we do, we are dedicated to going *Beyond the expected.®*

OUR VISION

Our vision is to set the standard of excellence among insurance providers by being innovative, being financially strong, and exceeding customer expectations. We will attract and retain the very best employees and agents to help us achieve this goal.



OUR VALUES

For our employees, agents, and policyholders, we strive to be...

QUICK. To communicate. To respond. To solve.

We don't waste the time of our customers, employees, or agents. As a company, we are upgrading to faster and more easily used systems and tools to better serve our customers and to allow the best work from our employees. And we recognize each other when we demonstrate "quick" in our daily work.

INNOVATIVE. In our products. Our technology. Our thinking.

The old way of thinking and doing isn't always the best way. Instead, we are always bringing out innovative new products and adopting new technology. We always value fresh, creative thinking.

NIMBLE. We challenge. We adapt. We bend, never break.

We don't get stuck in ruts. We are nimble. We change and adapt and adjust. We are versatile and flexible. We do what's needed to get the job done.

SENSIBLE. We listen. We weigh all sides. We are prudent.

We are able to think critically and evaluate all the available facts. We make sensible decisions based on all the facts.

RELIABLE. We are dependable. Steady. The calm inside the storm.

Who can count on us to be reliable? Our customers. Our employees. Our agents. Everyone.

TECH-SAVVY. We are efficient. Effective. Easy to do business with.

We can't be efficient and effective without being tech-savvy. It's an absolute requirement in today's world as we continually strive to make it easy for our agents and policyholders to do business with us.

RESPECTED. By our agents. Our policyholders. Our team. The industry.

When we live our mission, vision, and values, we earn respect.