



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

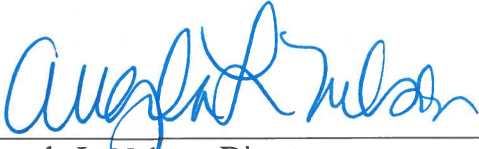
ORDER

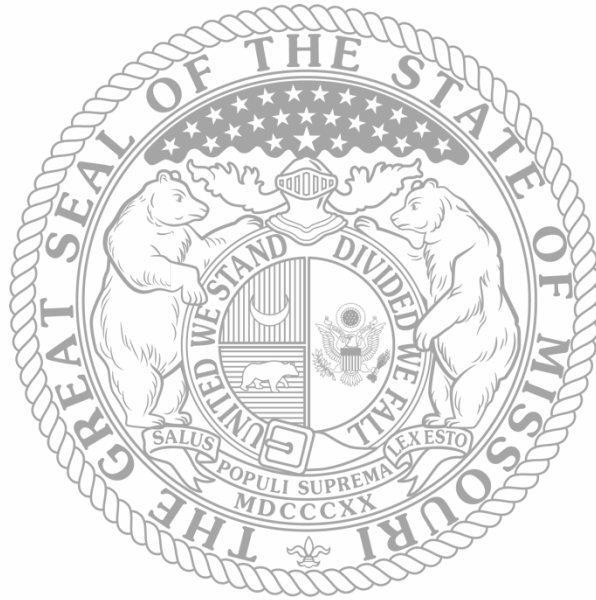
After full consideration and review of the report of the financial examination of American Automobile Insurance Company for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director of the Missouri Department of Commerce and Insurance pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of American Automobile Insurance Company as of December 31, 2023, be and is hereby ADOPTED as filed and for American Automobile Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 23rd day of June, 2025.




Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF THE
FINANCIAL EXAMINATION OF

AMERICAN AUTOMOBILE INSURANCE COMPANY

AS OF
DECEMBER 31, 2023

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

SCOPE OF EXAMINATION	1
PERIOD COVERED	1
PROCEDURES.....	1
SUMMARY OF SIGNIFICANT FINDINGS	2
COMPANY HISTORY.....	2
GENERAL.....	2
MERGERS, ACQUISITIONS, AND MAJOR CORPORATE EVENTS.....	2
DIVIDENDS AND CAPITAL CONTRIBUTIONS	2
SURPLUS NOTES.....	2
MANAGEMENT AND CONTROL	3
BOARD OF DIRECTORS	3
SENIOR OFFICERS	3
PRINCIPAL COMMITTEES	4
CORPORATE RECORDS	4
HOLDING COMPANY, SUBSIDIARIES, AND AFFILIATES	4
ORGANIZATIONAL CHART	4
INTERCOMPANY TRANSACTIONS.....	5
TERRITORY AND PLAN OF OPERATION	5
GROWTH OF COMPANY AND LOSS EXPERIENCE.....	5
REINSURANCE.....	6
GENERAL.....	6
ASSUMED REINSURANCE	6
CEDED REINSURANCE	6
ACCOUNTS AND RECORDS.....	6
INDEPENDENT AUDITOR.....	6

ACTUARIAL OPINION.....	6
CONSULTING ACTUARY	6
INFORMATION SYSTEMS.....	7
FINANCIAL STATEMENTS	7
ASSETS.....	8
LIABILITIES, SURPLUS AND OTHER FUNDS.....	8
STATEMENT OF INCOME	9
RECONCILIATION OF CAPITAL AND SURPLUS	9
COMMENTS ON FINANCIAL STATEMENT ITEMS	10
FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION	10
SUMMARY OF RECOMMENDATIONS	10
SUBSEQUENT EVENTS.....	10
ACKNOWLEDGMENT	11
VERIFICATION.....	11
SUPERVISION	12

Jefferson City, MO
May 16, 2025

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

In accordance with your financial examination warrant, a full-scope financial examination has been made of the records, affairs, and financial condition of

American Automobile Insurance Company (NAIC #21849)

hereinafter referred to as such, as American Auto, or as the Company. Its administrative office is located at 225 W. Washington Street, Suite 1800, Chicago, Illinois 60606, telephone number 888-466-7883. The fieldwork for this examination began on July 10, 2024, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multi-state financial examination of American Auto. The last examination of the Company by the Department covered the period of January 1, 2014, through December 31, 2018. The current examination covers the period of January 1, 2019, through December 31, 2023, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

This examination was conducted as a part of a coordinated examination of the Allianz Insurance Group (Group), which is comprised of thirteen property and casualty (P&C) insurers and two life insurance companies domiciled in various states. The Minnesota Department of Commerce is the lead state regulator for the Group and was the facilitator for the examination of the life insurance companies. The Illinois Department of Insurance acted as the examination facilitator for the P&C insurance companies. In addition to Illinois and Missouri, regulators from California and New Jersey participated in the examination of the P&C subgroup.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook (Handbook)*, except where practices, procedures, and applicable regulations of the Department or statutes of the state of Missouri prevailed. The *Handbook* requires that we plan and perform the examination 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 the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination also included reviewing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination

does not attest to the fair presentation of the financial statements included herein. If an adjustment is identified during the examination, the impact of such adjustment will be documented separately following the Company's financial statements.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to American Auto included Premiums and Underwriting, Claims Handling, Reinsurance, Reserves, and Investments. The examination also included a review and evaluation of information technology general controls.

This examination report includes significant findings of fact, as mentioned in section 374.205 of the Revised Statutes of Missouri (RSMo) (Examination, director may conduct, when...) and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

No material adverse findings, significant non-compliance issues, or material changes to the financial statements were noted during the examination.

COMPANY HISTORY

General

American Auto was incorporated on December 14, 1911, under the insurance laws of Missouri and was issued a certificate of authority on January 1, 1912. The Company operates under the provisions of Chapter 379 RSMo (Insurance Other Than Life).

On January 2, 1991, the Company and its direct parent, Fireman's Fund Insurance Company (FFIC), and its subsidiaries were sold to Allianz of America, Inc. (AZOA). Effective January 1, 2015, AZOA contributed all outstanding shares of the stock of FFIC to Allianz Global Risks US Insurance Company (AGR US). Allianz SE, located in Germany, is the ultimate controlling entity of American Auto.

Mergers, Acquisitions, and Major Corporate Events

There were no mergers, acquisitions, or other major corporate events noted during the examination period.

Dividends and Capital Contributions

The Company did not pay any dividends or receive any capital contributions during the examination period.

Surplus Notes

There were no surplus notes issued or outstanding during the examination period.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that are appointed by the shareholder on an annual basis. The Company's Articles of Incorporation specify that the Board of Directors shall consist of nine members. The Board of Directors appointed and serving as of December 31, 2023, were as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Adam Hamm Chicago, IL	Chief Compliance Officer Allianz Global Corporate and Specialty, North America
Heidi Devette Chicago, IL	Head of Reporting and Investment Accounting Allianz Global Risks US Insurance Company
Andrew Koren Chicago, IL	Senior Actuarial Manager Allianz Global Risks US Insurance Company
Vinko Markovina New York, NY	Senior Vice President, Global Head Midcorp. Allianz Global Risk US Insurance Company
Frank Sapio Chicago, IL	Vice President, Regional Head of Claims Allianz Global Risks US Insurance Company
Rani Christie Alpharetta, GA	Senior Vice President, Distribution Allianz Global Risks US Insurance Company
Paul Davis Chicago, IL	Chief Financial Officer, Managing Director Finance Allianz Global Risks US Insurance Company
Tracy Ryan Chicago, IL	President and Chief Executive Officer Allianz Global Risks US Insurance Company
Elliott Foster Chicago, IL	Associate General Counsel Allianz Global Risks US Insurance Company

Senior Officers

The officers elected and serving, as of December 31, 2023, were as follows:

<u>Name</u>	<u>Office</u>
Tracy Ryan	Chairman of the Board, President, and Chief Executive Officer
Elliott Foster	Corporate Secretary and Regional Head of Legal
Paul Davis	Senior Vice President, Chief Financial Officer, and Treasurer
Heidi Devette	Vice President, Controller and Assistant Treasurer
Steve Handley	Assistant Treasurer

Principal Committees

The Articles of Incorporation and Bylaws do not require any committees, but the Bylaws do allow for committees to be appointed by the Board of Directors. American Auto utilizes and relies upon several key committees of AGR US, which regularly review and approve actions or transactions that may directly or indirectly affect the operations of the Company. These committees include Audit, Reinsurance, and Investment committees.

Corporate Records

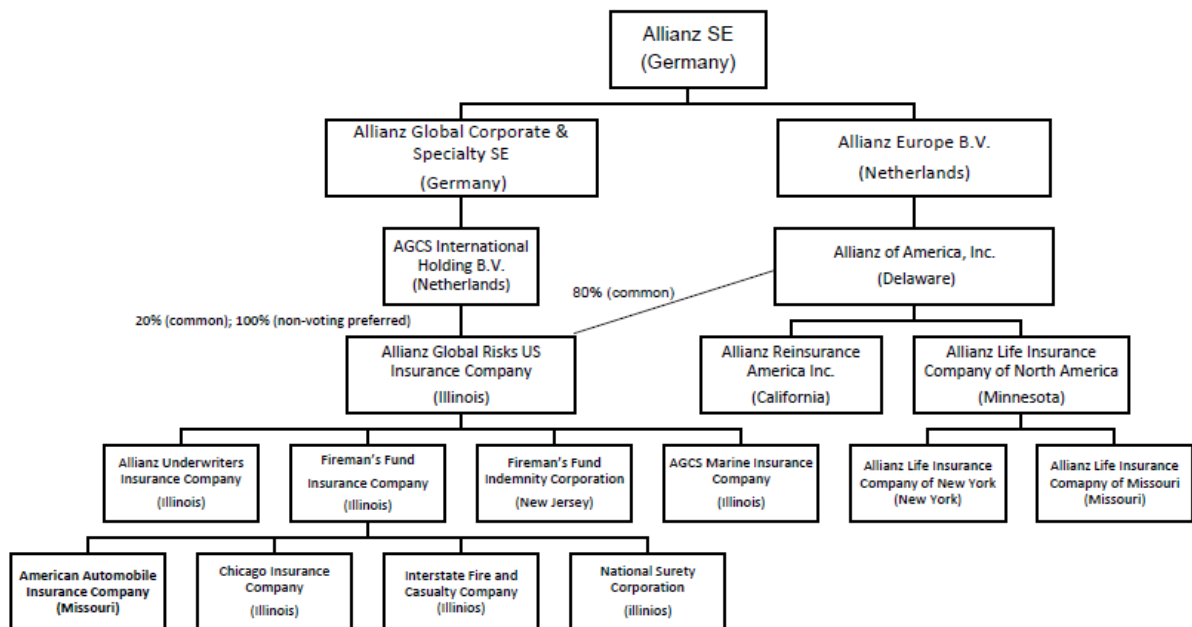
The Company's Articles of Incorporation and Bylaws were reviewed. There were no revisions to either document during the examination period. As a part of a coordinated examination, the minutes of the AGR US Group's Board of Directors' meetings, committee meetings, and policyholder meetings were reviewed for proper approval of corporate transactions for the period under examination.

Holding Company, Subsidiaries, and Affiliates

American Auto is a member of an Insurance Holding Company System, as defined by section 382.010, RSMo (Definitions). The Company is wholly owned by Fireman's Fund Insurance Company (FFIC), whose voting stock is owned entirely by AGR US. The voting stock of AGR US is held 80% by Allianz of America, Inc. which is a wholly owned subsidiary of Allianz Europe B.V., a subsidiary of Allianz SE. The remaining 20% of the voting stock of AGR US is held by AGCS International Holding B.V., a wholly owned subsidiary of Allianz Global Corporate & Specialty SE, which is a wholly owned subsidiary of Allianz SE. Allianz SE is the ultimate controlling entity within the holding company system.

Organizational Chart

The following abbreviated organizational chart depicts the relevant portion of the holding company group as of December 31, 2023.



Intercompany Transactions

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2023. A brief description of these agreements are as follows:

Investment Management Agreement: Effective January 1, 1981, the Company is party to an Investment Management Agreement with its parent, FFIC, under which FFIC performs administrative, accounting, clerical, statistical, and corporate services that are required in connection with the administration of the investment affairs of all parties to the agreement. Costs are distributed based on the percentage of assets invested to total investments under management. Effective February 1, 2011, the Company consented to delegate investment management services by FFIC to an affiliate, Pacific Investment Management Company, LLC (PIMCO). PIMCO performs investment management services for American Auto's fixed-income securities portfolio.

Intercompany Service Agreement: Effective January 1, 2012, the Company is a party to an Intercompany Service Agreement with FFIC and seven of FFIC's insurance subsidiaries (the Recipients). FFIC provides the Recipients with services determined to be reasonably necessary for its operations and the administration of reinsured liabilities under the Amended Pooling Agreement (see the Reinsurance section of this report). Charges for such services include all direct and indirectly allocable expenses plus a reasonable charge for overhead.

Tax Reimbursement Agreement: Effective December 17, 1999, the Company is party to a Tax Reimbursement Agreement with Allianz of America, Inc., FFIC, and FFIC's insurance subsidiaries. The parties to the Agreement agree to annually file a consolidated federal income tax return for each taxable year. The tax liability or refund due from or to each party will be computed as if each member had filed a separate stand-alone federal return. Payments shall be made at the time and in the amounts as if each member had filed a separate stand-alone return.

TERRITORY AND PLAN OF OPERATION

American Auto writes commercial automobile (auto) liability and auto physical damage, workers' compensation, commercial multi-peril, other liability, product liability, boiler and machinery, and inland marine coverages. Products are marketed to hospitality, real estate, entertainment, and farm and ranch industries. Primary distribution channels are through insurance brokers and independent agents.

The Company is licensed and writes business in all 50 states and the District of Columbia. In 2023, direct written premiums in three states exceeded 10% of the total: New York (32.6%), Florida (15.3%), and California (10.6%).

GROWTH OF COMPANY AND LOSS EXPERIENCE

As described in the Reinsurance section of this report, American Auto is party to an intercompany reinsurance pooling agreement under which it cedes 100% of direct and assumed business to FFIC. For this reason, net premiums written, net underwriting income, loss adjustment expenses (LAE), and related ratios were zero during the examination period.

REINSURANCE

General

The Company's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

(\$000s omitted)

Premium Type	2019	2020	2021	2022	2023
Direct Premiums Written	\$ 201,119	\$ 210,648	\$ 198,873	\$ 239,724	\$ 378,109
Reinsurance Assumed:	-	-	-	-	-
Reinsurance Ceded:					
Affiliates	201,119	210,648	198,873	239,724	378,109
Net Premiums Written	\$ -	\$ -	\$ -	\$ -	\$ -

Assumed Reinsurance

The Company did not assume any premiums during the period under examination.

Ceded Reinsurance

American Auto and its parent and subsidiaries operate under an intercompany reinsurance pooling arrangement. Under the terms of the intercompany reinsurance agreement, pool members cede 100% of their direct and assumed business to the lead company, FFIC.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance contract.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, PricewaterhouseCoopers (PwC) LLP, of Chicago, Illinois, performed the statutory audit of the Company for the years of 2019 through 2023. Reliance was placed upon the CPA workpapers as deemed appropriate. Such reliance included, but was not limited to, Premiums and Underwriting, Claims Handling, Reinsurance, Reserves, Investments, and Financial Reporting.

Actuarial Opinion

The Company's actuarial opinion regarding loss reserves, LAE reserves, and other actuarial items was issued by Andrew M. Koren, FCAS, MAAA for all years under examination. Mr. Koren is employed by AGR US, located in Chicago, Illinois.

Consulting Actuary

Pursuant to a contract with the Illinois Department of Insurance, Risk & Regulatory Consulting LLC (RRC) reviewed the underlying actuarial assumptions and methodologies used by AGR US and its insurance subsidiaries (including American Auto) to determine the adequacy of loss and LAE reserves. RRC determined that the Company made a reasonable provision for the loss and LAE reserves that were reported in the statutory financial statements as of December 31, 2023.

Information Systems

John Albertini, CISA, CISM, CISSP, CISO, MBA and David Gordon, CISA, CIA, CFE (Fraud), CDFE, MBA, both Information Systems Financial Examiners with The INS Companies, conducted a review of the Group's information systems.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of American Auto for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual key activity.

ASSETS

As of December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 85,484,048	\$ -	\$ 85,484,048
Cash, Cash Equivalents, and Short-Term Investments	948,538	-	948,538
Receivable for Securities	1,697	-	1,697
Investment Income Due and Accrued	359,680	-	359,680
Reinsurance:			
Amounts Recoverable from Reinsurers	57,924,138	-	57,924,138
Current Federal and Foreign Income Tax Recoverable	34,839	-	34,839
Receivables from Parent, Subsidiaries, and Affiliates	48,524	-	48,524
Aggregate Write-Ins for Other-Than-Invested Assets	107,696,016	-	107,696,016
TOTAL ASSETS	\$ 252,497,480	\$ -	\$ 252,497,480

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2023

Losses	\$ -
Loss Adjustment Expenses	-
Other Expenses	9,752
Ceded Reinsurance Premiums Payable	165,455,964
Payable to Parent, Subsidiaries and Affiliates	561,879
TOTAL LIABILITIES	\$ 166,027,595
Common Capital Stock	3,500,000
Gross Paid In and Contributed Surplus	5,956,803
Unassigned Funds (Surplus)	77,013,082
TOTAL CAPITAL AND SURPLUS	\$ 86,469,885
TOTAL LIABILITIES AND SURPLUS	\$ 252,497,480

STATEMENT OF INCOME
For the Year Ended December 31, 2023

Premiums Earned	\$ -
DEDUCTIONS:	
Losses and Loss Adjustment Expenses Incurred	-
Net Underwriting Gain (Loss)	\$ -
Net Investment Income Earned	2,707,445
Net Realized Capital Gains (Losses)	(2,474,095)
Net Investment Gain (Loss)	\$ 233,350
Federal and Foreign Income Taxes Incurred	584,537
NET INCOME (LOSS)	\$ (351,187)

RECONCILIATION OF CAPITAL AND SURPLUS
Changes from January 1, 2019, to December 31, 2023

(\$000s omitted)

	2019	2020	2021	2022	2023
Capital and Surplus,					
Beginning of Year	\$ 79,858	\$ 81,525	\$ 83,036	\$ 84,848	\$ 86,821
Net Income (Loss)	1,385	1,300	2,794	2,378	(351)
Change in Net Unrealized					
Capital Gains (Losses)					
Less Capital Gains Tax	200	131	(1,005)	(391)	-
Change in Net Deferred					
Income Tax	82	80	23	(14)	-
Net Change in Capital and					
Surplus	\$ 1,667	\$ 1,511	\$ 1,812	\$ 1,973	\$ (351)
Capital and Surplus, End					
of Year	\$ 81,525	\$ 83,036	\$ 84,848	\$ 86,821	\$ 86,470

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

Arch Insurance North America, a division of Arch Capital Group, acquired Allianz's U.S. MidCorp and Entertainment Insurance Businesses from Allianz Global Corporate & Specialty SE on August 1, 2024. The acquisition included businesses underwritten by Fireman's Fund Insurance Company and its subsidiaries.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of American Automobile Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Lisa Li, CFE, CPA, ARe, examiner for the Missouri Department of Commerce and Insurance, participated in this examination.

VERIFICATION

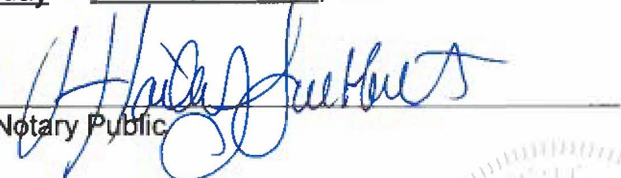
State of Missouri)
)
County of Cole)

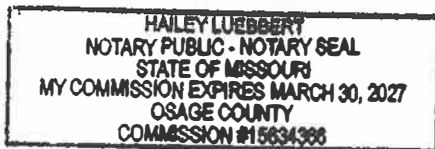
I, Marc Peterson, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of American Automobile Insurance Company, its agents or other persons examined, or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs, and such conclusions and recommendations as the examiners find reasonably warranted from the facts.



Marc Peterson, CFE
Examiner-In-Charge
Missouri Department of Commerce and
Insurance

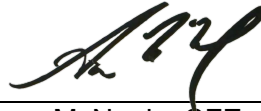
Sworn to and subscribed before me this 10th day of March, 2025.

My commission expires: March 30, 2027 
Notary Public



SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.



Sara McNeely, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance