

2017 ANNUAL REPORT

different opinion
different opinion a different
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different



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An aerial, black and white photograph of a city landscape. In the foreground, a multi-lane highway with a complex interchange curves through the scene. Several cars are visible on the road. Beyond the highway, a dense urban area with various buildings, including some taller structures, stretches towards the horizon under a clear sky.

Introduction

American Fidelity Assurance Company

We focus on serving our markets with a different opinion. Our value-added products and services provide our Customers with a unique advantage to meet the needs of their employees in an ever-changing world.

Bill Cameron is proud that the Company his grandfather and father started is still operated like a family business. **"We are committed to keeping the Company private and independent,"** he says. "I'm building on their foundation, and I want to pass these opportunities on to my kids and to future generations."

*www.ambest.com/consumers (May 8, 2018)
(A+ is the 2nd out of 16 with 1 being the highest)



We are committed to keeping the Company private and independent.



Message from Our CEO

For nearly sixty years, American Fidelity Corporation has stayed true to our foundation by specializing in meeting the financial security needs of hard-working people. When they founded the Company, my grandfather, C.W. Cameron, and my father, C.B. Cameron, understood the importance of making things easier for Customers by tailoring products and services to the needs of specific groups and their individual circumstances.



I am proud of the success that American Fidelity has achieved and remain committed to providing the products and services our specialized markets need and deserve.

Today, our flagship Company, American Fidelity Assurance Company (American Fidelity), has grown to serve more than 1.3 million policyholders in 49 states. The whole of the Cameron family of companies has Customers and business interests in more than 20 countries worldwide. We remain unwavering in our commitment to provide specialized employer benefit solutions to our specialized markets.

Our Colleagues are committed to ensuring our Customers get more than their expected level of service and expertise from American Fidelity. Our goal is to anticipate employer benefit needs and offer specialized solutions for our Customers, and our priority is to do this with 100 percent Customer satisfaction.

American Fidelity continues to earn recognition for our sound business practices that demonstrate our commitment to our Customers as well as from business insiders who appreciate our commitment to creating a strong culture for our Colleagues. 2017 was a strong year for us on both fronts. We again earned "A+" ratings from A.M. Best, one of the insurance industry's oldest and most-respected ratings agencies. Among other honors from Fortune magazine, American Fidelity was named one of the 100 Best Companies to Work For, a designation we have achieved 12 times since 2004. I believe that in order to serve our Customers well, we have to have a great culture. The awards we have received are a testament to not only our commitment to our Colleagues, but to our Customers as well.

I am proud of the success that American Fidelity has achieved and remain committed to providing the products and services our specialized markets need and deserve. American Fidelity, along with the other Cameron companies, is poised to continue offering a different opinion to our ever-growing Customer base for generations to come.

Bill Cameron

Chief Executive Officer

Message from Our President

2017 was another strong year for American Fidelity, the flagship Company of the Cameron group of diversified Companies. We specialize in providing worksite benefits and services in the K-12 education, public, healthcare and auto sectors as well as employer stop loss coverage. Being able to narrow our Customer focus enables us to better understand the challenges that each of our niche markets encounter. Whether it is facing the challenges of funding in the education and public sector markets or continued consolidation in the auto sector, our goal is to assist and be a different opinion with simplified products and services designed to fit their individual needs.

American Fidelity's leadership team and I remain committed to building on the tradition of cultivating a workplace that empowers Colleagues to innovate and engage in new ways to make it easier for our Customers. An example of our Colleagues' commitment was evidenced in the recent launch of our 'different opinion' brand. Colleague champions of the brand are able to openly present and implement ideas that raise the bar in delivering on our promise to our Customers.

As the pace of business continues to rapidly evolve, there is an atmosphere of sincere excitement for constant improvement within the organization. From the introduction of robotics in the workplace to our work in data analytics, innovation is front and center. We also continue our multi-year project to rid American Fidelity of many of our legacy systems. Implementation of new technology will not only build greater efficiencies but will provide the foundation for a more rapid implementation of future technologies.

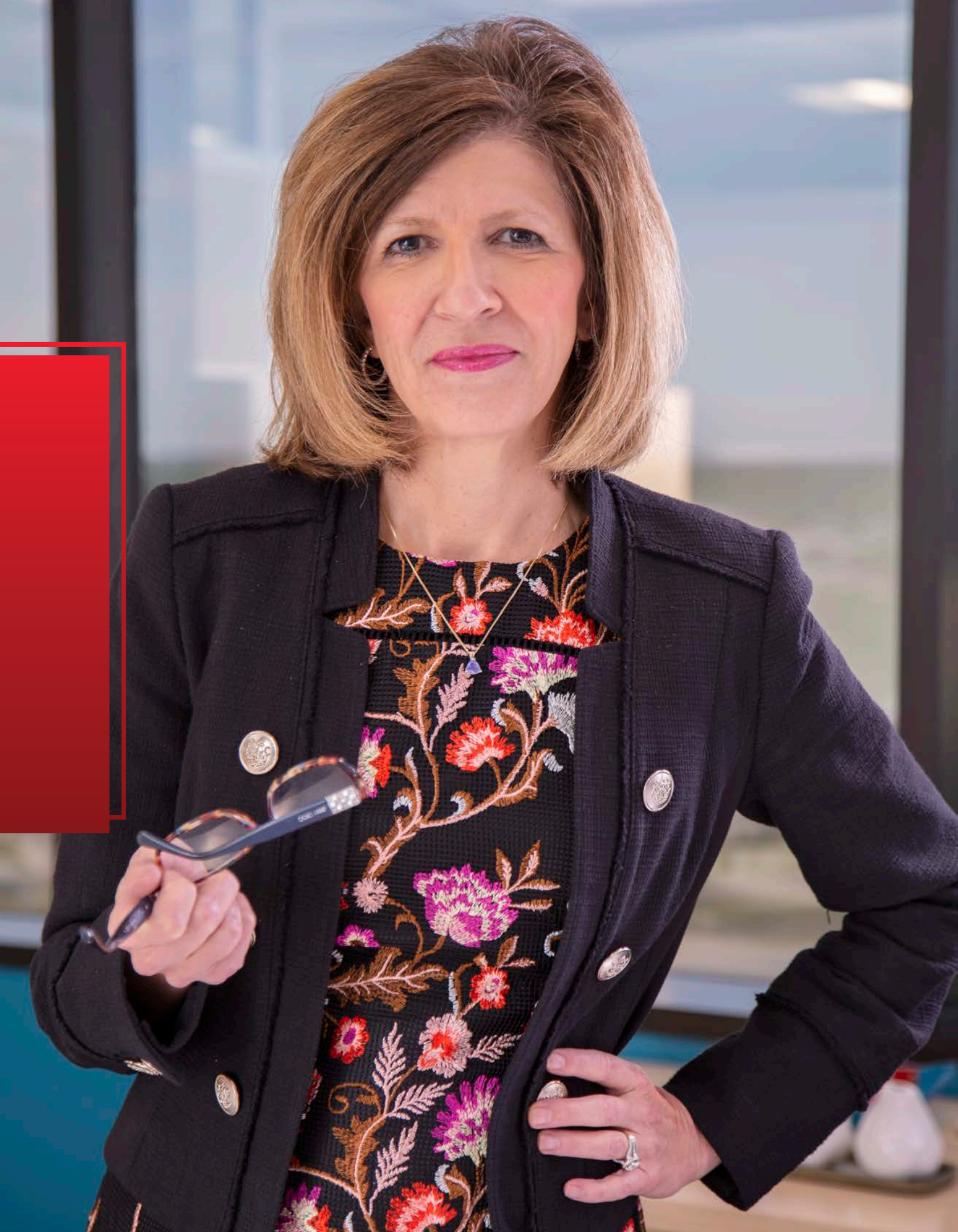
We feel confident that our diversified team of dedicated, caring Colleagues is positioned to provide differentiating solutions for our niche Customers. Thanks to their hard work, American Fidelity will remain focused on creating valuable, long-term financial security solutions in 2018 and the years to come.



Jeanette Rice
AFA President



As the pace of business continues to rapidly evolve, there is an atmosphere of sincere excitement for constant improvement within the organization.



American Fidelity Corporation

Making a Difference

FORTUNE
100
BEST
COMPANIES
TO WORK FOR®
2018



FOUNDED IN
1960



COLLEAGUES
2,156



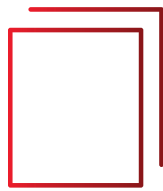
AVERAGE COLLEAGUE TENURE

10 YEARS



LICENSED TO DO BUSINESS IN

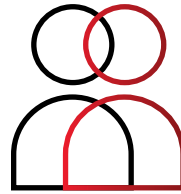
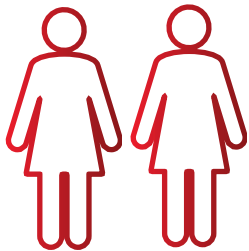
49 STATES*



OUR POLICYHOLDERS

1.5 MILLION

POLICIES IN FORCE

2.5 MILLION***BEST**Workplaces for
Giving Back***BEST**Workplaces for
Diversity***BEST**Workplaces for
Women***BEST**Workplaces in
Financial Services &
Insurance***BEST**Workplaces for
Millennials**100 BEST Companies to
Work For in America***AFA/APL/AFIBL 2017 Earned
Premium Income (GAAP)**\$981.5 MILLION**AFC Consolidated 2017
Total Revenue**\$1.3 BILLION****Strength & Stability
rated A+ by A.M. Best***

*AmericanFidelity.com

Committed to Our Customers

American Fidelity's business units, **American Fidelity Educational Services (AFES)** and **Association and Worksite Division (AWD)**, market our life and health supplemental products to our Customers in the education, auto dealer, public sector and health care facility markets.

Our **Strategic Alliances** division focuses primarily on medical stop loss and direct first dollar benefits.



Our focus on these specialized industries and our solutions provide a different opinion for our Customers and sets us apart from other insurance companies.

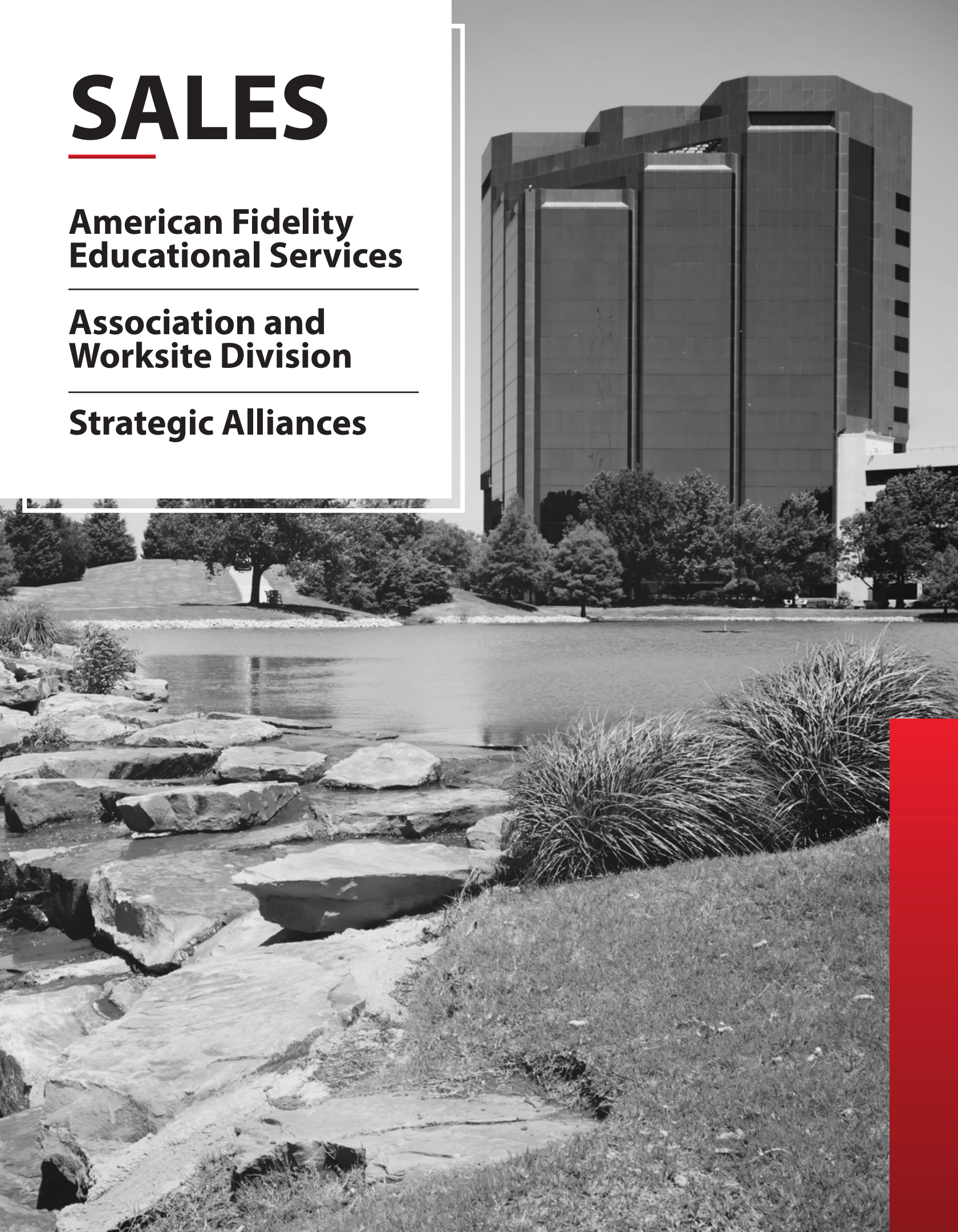


SALES

**American Fidelity
Educational Services**

**Association and
Worksite Division**

Strategic Alliances





American Fidelity Educational Services



AFES will continue to spotlight our Customer experience while reducing expenses and growing eight to ten percent in sales.

Who We Are

American Fidelity Educational Services (AFES) provides supplemental insurance, investment products, vital financial services and administrative solutions to the education community. AFES offers Customers the products and services they need at a value they can appreciate.

2017 Accomplishments

American Fidelity Educational Services completed another strong sales year in 2017. AFES met 114 percent of quota at year-end, up two percent from 2016.

AFES implemented new coaching tools for their sales teams that strengthened our workforce and had a positive impact on sales.

New technology also helped push AFES over quota as it assisted with planning and serving our Customers' needs.

2018 Goals

AFES will continue to spotlight our Customer experience while reducing expenses and growing eight to ten percent in sales.

The division has developed more concise business plans on a regional and state level to better our efficiencies and will continue to update as needed to achieve our goals.

AFES remains focused on new accounts, utilizing new enrollment platforms that support our brand and reinforce the Company's business strategies.

Keith Johnson

AFES Chief Sales Officer



Association and Worksite Division

The division is working with key broker partners across the United States to develop strategic partnerships.



WHO WE ARE

We provide a different opinion in employee benefits strategies by offering a top-notch Customer experience. Our account managers are dedicated to ensuring the benefit program fits both the employers' needs and budget. The Association and Worksite Division's (AWD) goal is to make things simple by offering strategic voluntary benefits to pair with health insurance, section 125 plan enrollment support, online enrollment tools and communication and employee benefits education as an extension of the employer's human resources department.

2017 ACCOMPLISHMENTS

AWD exceeded our sales goals in all areas in 2017. The division continues to grow in the municipal market with continued growth in California and Oklahoma. Kentucky and Alabama are already strong AFES states and AWD is growing in these municipal markets through name recognition. New groups in the public sector niche is key to success in Colorado, Massachusetts and Arkansas. Key partnerships with brokers and risk pools that specialize in our public sector niche are key to AWD market share growth across the country. AWD achieved success in servicing our current Customers and achieving our enrollment goals by being the strategic advisor to our valued employer groups.

2018 GOALS

AWD goals for 2018 include eight percent sales growth, expense reduction and living the AF brand. All goals

are viewed through these three metrics. Expansion into the public sector market remains a priority for AWD in 2018 along with growing and developing our brokerage block of business. The division plans to grow in existing markets while also aggressively expanding into new markets, especially those tied to our public sector market. Public sector growth in California, Texas, Kentucky, Alabama, Oklahoma, Colorado, Ohio and the Northeast part of the United States is important for AWD. The division is working with key broker partners across the United States to develop strategic partnerships. Growth into counties along with cities is key to AWD eight percent growth success. Our goal is to offer seamless, cost-efficient administration of benefit programs to our employers through multiple enrollment options including one-on-one enrollment, online enrollment, call center enrollment and kiosk.

To continue our growth, we will need to recruit new sales talent by promoting our compensation program and hiring candidates who can help American Fidelity achieve success while advancing their own career by becoming the strategic advisor for our niche employer partners.

Nancee Roberson-Caldwell

AWD Chief Sales Officer

Strategic Alliances

Who We Are

Strategic Alliances' primary solutions are medical stop loss and direct first dollar benefits. Employers and health plans use stop loss coverage as a risk management tool to mitigate catastrophic risk. Employers offer our direct benefits to employees as an affordable way to support their individual health insurance needs. In addition to our direct-to-market stop loss model, Strategic Alliances maintains distribution and operating relationships with a variety of excellent insurance marketing and administrative partners. We also participate in the growing market for Medicare Supplement insurance.

2017 Accomplishments

2017 marked the initiation of our AF Direct stop loss sales and operation model. Commencing with our first sale in the second quarter we progressed to exceed our target premium levels for the year. This success reflected our team's initiative and focus on key TPA and broker distribution relationships. These distribution partners are aligned with our market strategy to bring stable, value-added solutions to employers that complement the partner's core competencies. Although our Managing General Underwriter (MGU) production declined in 2017 as the result of many factors, we are pleased that we maintained stop loss distribution relationships with a number of quality MGUs. Total earned premium for all products exceeded our budgeted level by 3.3 percent, a reflection of our successful roll out of AF Direct stop loss, continued MGU support and increased sales of Medicare Supplement coverage.

2018 Goals

In 2018, our earned premium target is an increase of 11.8 percent. We anticipate consistent strong growth from our direct stop loss sector, supported by continuing growth from our Medicare Supplement programs and independent distribution partners. Within AF we are continuing to build on distribution relationships with AWD and AFES that have promise for future collaboration.

A portrait of Marc Marion, a middle-aged man with glasses, wearing a dark suit, white shirt, and a striped tie. He is looking slightly to the left of the camera with a neutral expression. The background is a blurred outdoor scene with trees and a building.

Marc Marion

Strategic Alliances Chief Operating Officer

“ Our 2017 strategic shift to an investment in a direct model stop loss facility was rewarded with excellent growth. Improving market conditions and the quality of our products and services position us to successfully leverage our different opinion message in achieving our goals.

Our move to the direct stop loss model affords us improved loss ratio management, underwriting control and expense ratio management. These are essential components in 2018. Market movement to more rational pricing and continued market exit of some quality competitors will also strengthen our earnings position. Our anticipated earned premium growth will enhance our excellent expense ratio, contributing to improved margins.

As always 2018 will remain a dynamic legislative and regulatory period.

Our division Colleagues, with the support of our outstanding corporate resources, will continue to respond effectively to client needs as they evolve. We look forward to our ability to leverage the unique qualities of AF in creating prompt solutions for our partners and clients.



Dave Carpenter
AFC President

American Fidelity Corporation (AFC) and Affiliates

The American Fidelity Corporation and the other Cameron companies have a lot to offer our Customers, and we want to make sure you know all the different ways we can serve you and make your jobs easier.

You're probably familiar with the benefit administration solutions for employers offered by our flagship Company, American Fidelity Assurance, through products like life, disability, annuity and many of the services we offer. But our group can also offer plenty of other solutions to meet a variety of needs.

Suffice it to say, we can offer you access to entities that share the same values and commitment to you, our Customer.

Our goal is to align the Cameron Companies to provide you with a menu of options that deliver superior value and market-leading convenience for evaluating, purchasing and using all necessary services to help you achieve your health and financial wellness goals.

Thank you for being a valued Customer of American Fidelity Corporation, and let us know if any of our other companies can offer you a different opinion.



We can offer you access to entities that share the same values and commitment to you, our Customer.



INSURICA

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



First Financial Group of America

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



InvesTrust Wealth Management

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



First Fidelity Bank

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



American Fidelity Assurance Company (AFA)

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



AF Property Company, Inc. (AFPC)

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



Dallas Wings Basketball

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



Alcott HR

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



AF Administrative Services (AFAS)

Founded in 2012, American Fidelity Administrative Services, LLC (AFAS) offers health and welfare benefit plan analysis and consulting services, as well as compliance assistance with the Affordable Care Act (ACA).



American Public Life (APL)

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



AF International (Bermuda) Ltd. (AFIBL)

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



CUSTOMER EXPERIENCE

Operations

Products

Information Technology

Marketing



Dedicated to Our Customers

We are dedicated to being a different opinion for our Customers, and that starts with the experience you have when you interact with our Company. Whether it's the interactions with our sales force, our operations Colleagues or our Products and Services, we are hard at work to ensure your expectations are met.



We are
dedicated to
being a different
opinion for our
Customers.



Operations

2017 was another year focused on living our brand and being a different opinion for our Customers.

In 2018, we will continue our focus on our brand strategies aimed at improving our billing, claims and Customer engagement processes.

Some of our projects that will continue our growth as a different opinion include the first release of our new Policy Administration Project, completion of a new flex administration system with Customer engagement portals, adding additional products to our Quick Claims automated claim filing and payment processes and automations for claim processing.

We will continue to enhance our Customer engagement avenues and build efficiencies, including chatbots and robotic processes.



In 2018 we will continue our focus on our brand strategies aimed at improving our billing, claims and Customer engagement processes.

Lisa Knatvold

Senior Vice President, Operations

Products



In 2017 we successfully rolled out our new series of Express Issue Worksite Term and Whole Life products with accelerated riders for Long Term Illness and Critical Illness. We also successfully introduced our AFQuickClaims™ process which allows us to process our supplemental health diagnostic testing, health screening and wellness benefits without human touch enabling faster turnaround for our Customers.

Our goals for 2018 are:

In 2018 our individual life and supplemental health products will be converted to our new Policy Administration System and we will complete the development of our new HSA compatible Group Hospital Indemnity product on our new policy administration system for release in early 2019.

And overall, in an effort to improve the enrollment process and increase our competitiveness, enhancements and enablers will be made to our existing products.

Alex Bagby

Senior Vice President, Chief Product Officer



Our product solutions continue to center around improving our **Customer experience at the time of enrollment as well as at the time of a claim.**

Information Technology



Ultimately, we are building more tools for business users to deliver faster results benefitting our Customers in the near future.

Work in 2017 to identify how we can adapt to an ever-changing business and IT world led to an early 2018 reorganization of our Information Technology division to better align with business needs.

Now that we've realigned to better serve the business, our focus is on our Policy Administration Project Release 1, which will lay the foundation for future technology improvements and enhancements within the organization.

Our cloud strategy and ServiceNow projects will provide intuitive and convenient interfaces that ensures our Colleagues are better equipped to serve our Customers.

Ultimately, we are building more tools for business users to deliver faster results benefitting our Customers in the near future. This includes enhancements to our enrollment platform, AFenroll®, and collaboration with our product area to further enhance our enrollment process.

Jasper Purvis

Vice President,
Chief Technology Strategy Officer



Marketing

Numerous tools and resources were delivered to the American Fidelity sales team and our Customers in 2017. Collaboration throughout the Company will continue to enhance delivery of future projects.

In 2017 we delivered new custom benefits sites for employers to help with communication of their overall benefit programs. We initiated the use of artificial intelligence to enhance sales growth and lower expenses. Enhancements to our software and tools were made to help our agents better anticipate Customer needs and efficiently deliver products and services. We also updated our online service center and AFmobile® application to help ensure Customers and policyholders have the access they need, when they need it.

In an effort to better serve our Customers, a Customer mapping project was initiated, allowing us to link together all of the touchpoints a Customer has with our organization.

The AF leadership team kicked off 2018 with a focus on developing a new public website that has an improved emphasis on employer tools and self-service for our Customers. We will continue to improve software and the automation of processes to better serve Customers in the future.

Larry Alkire

Senior Vice President, Chief Marketing Officer



Our Community

It's Who We Are

American Fidelity's leaders believe that to have a strong company, you must have a strong community. As a result, the American Fidelity Foundation distributed nearly \$1.4 million in 2017 to organizations dedicated to improving the quality of life in Oklahoma City and beyond. The Company also partners directly with other organizations to support education and other important community initiatives.

Our Colleagues get in on the act of giving as well. Each month, they donate about \$1,250 to a designated charity. Collectively, they also support the United Way, Allied Arts, the Regional Food Bank of Oklahoma and Buchanan Elementary, our partner school. Individual divisions and departments also sponsor volunteer efforts and donation drives to organizations of their choice.

2017 Accomplishments

Annually, American Fidelity hosts a pair of worksite giving campaigns to support Allied Arts and the United Way. Each spring, Colleagues host a variety of creative fundraisers to support Allied Arts. In 2017, Colleagues pledged more than \$45,000 to Allied Arts, and the AF Foundation also contributed \$60,000. A fall campaign helps set the pace for the United Way of Central Oklahoma's annual effort. Colleagues pledged to donate a record amount of \$362,044 while the Foundation added \$220,000 to the mix.

The AF Foundation coupled with corporate donations provided grants totaling more than \$1 million to over 150 individual agencies. In addition, the Foundation matched \$86,167 in donations made by individual Colleagues, doubling the impact of those individual donations to organizations nationwide.

The Company continued its partnerships with the NBA's Oklahoma City Thunder, the WNBA's Dallas Wings, KFOR's Weatherschool, the Teacher Feature on Magic 104 FM radio, our partner school Buchanan Elementary and others.

AF sponsors the Thunder's literacy programs including the Rolling Thunder Book Bus, Teacher of the Game, Read to Achieve Reading Timeouts and the Reading Challenge. Since its debut in 2007, the Rolling Thunder Book Bus has distributed about 145,000 books and visited about 1,900 schools and day care groups.



Rolling Thunder Book Bus

In the 2016-17 school year, more than 550 schools participated in the Reading Challenge, and about 46,750 students logged more than 28 million minutes of reading.

The Company's paid volunteer time program continued to provide time for Colleagues to volunteer for non-profit organizations or schools and match their paid personal time with paid volunteer time. Colleagues used about 660 hours of paid volunteer

Tom McDaniel
AF Foundation President



Oklahoma City Memorial Marathon

time, meaning they spent more than 1,300 hours working in the community during business hours. Colleagues are allowed up to 20 hours a year. This year's Famboree, an event each fall for Colleagues and their family members, raised funds and awareness for four local agencies. All Paw's Rescue, All Things Baby, City Rescue Mission and No Boundaries International all received \$2,000 and were invited to the event to talk with Colleagues.



KFOR Weatherschool

The American Fidelity Foundation and the family of companies are proud to be strong corporate citizens committed to building a vibrant community for our Colleagues and Customers. **We believe it's always the right time to do the right thing.**

Our Culture

At American Fidelity, we believe the strength of our brand is directly related to the strength of our culture. Our Colleagues continue to become more engaged in our journey to deliver a positive experience for our Customers. We are focused on building on our culture where Colleagues are engaged and feel their efforts and voices are heard.

Because of our relentless commitment to building a culture where Colleagues want to stay and work for their entire career, we know we can't stop fostering that great place to work environment for all.



American Fidelity Colleagues enjoy the family-oriented culture of our Company with events, discounts, giving back and more. Our Colleagues enjoy celebrating successes together, getting healthy together and giving back to our community together.



This year, we were ranked on Fortune Magazine's List of the 100 Best Places to Work For in America for the twelfth time and as a testament to our dedication to being an Employer of Choice for our Colleagues, we have received additional workplace accolades including:

Best Workplaces in Finance and Insurance

Best Companies for Giving Back

Best Workplaces for Women

Best Workplaces for Diversity

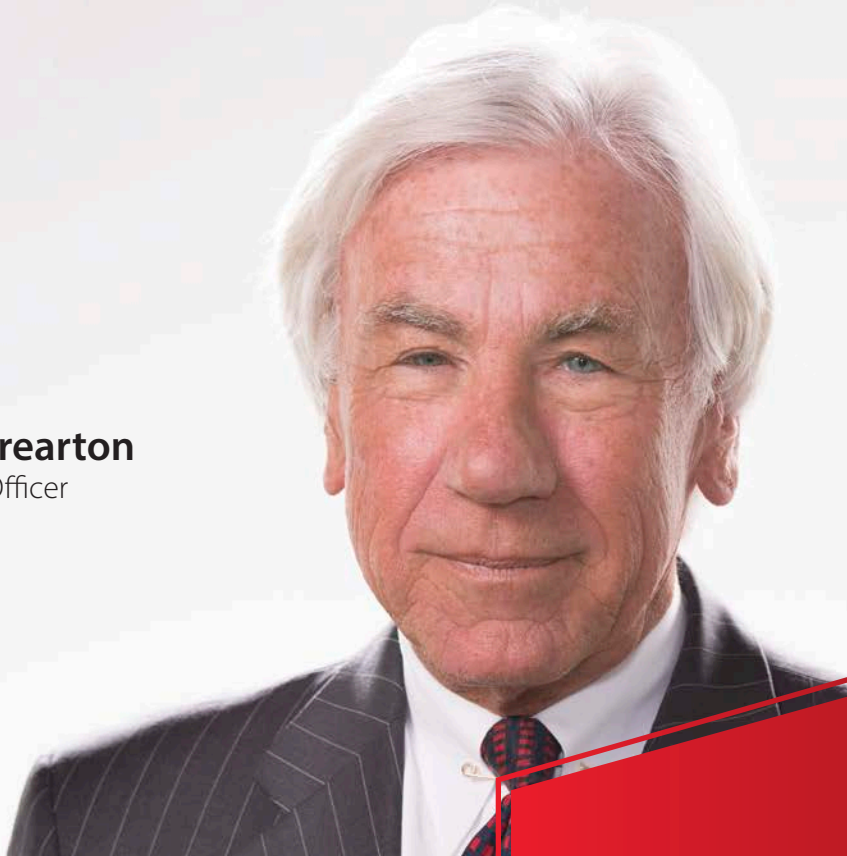
Best Workplaces for Millennials

Computerworld's Best Places to Work in IT
Training Top 125



Our Results

Robert D. Brearton
Chief Financial Officer



2017 was a year in which American Fidelity Corporation and subsidiaries (AFC) extended its record of success and furthered its opportunities. Our consolidated GAAP net income in 2017 rose 20.5 percent over 2016 to \$124.6 million. Our consolidated GAAP equity exceeded \$1.2 billion and our assets increased by over \$500 million to \$8.5 billion.

We are optimistic that our conservative approach to financial management, enhancements in technology, commitment to Customer service and the strengthening of our niche markets will continue to provide us with a strong base for consistent ongoing growth and success.



While we are proud of our accomplishments this past year, we are equally excited about AFC's future, particularly opportunities to further utilize technologies for the benefit of our operations and Customers. Looking back on 2017, we are pleased with the consistency and breadth of our financial performance, including:

- Our core business units deliver sound financial performance. Our product enhancements, new technology initiatives, branding and Customer-oriented programs continue to generate positive results.
- The strength and quality of our investment portfolio continues to produce solid returns despite low yielding bond markets. We continue to closely monitor our portfolios and strengthen our asset liability matching programs.
- The further strengthening of our regulatory capital and liquidity position continues to provide us with greater financial flexibility, credibility with regulators and security for all policyholders.

These initiatives have and will continue to position us well to meet the challenges facing the industry in the upcoming years.

A few additional 2017 highlights are as follows:

- Maintenance of strong capital ratios continues to be one of our top priorities. From a U.S. regulatory standpoint, 2017 risk-based capital (RBC) ratios for American Fidelity Assurance Company (AFA) and American Public Life Insurance Company (APL) were 765 and 989, respectively.
- RBC is used by the National Association of Insurance Commissioners (NAIC) to measure the amount of capital needed to operate an insurance company, based on its size and business-risk profile. Our RBC ratio continues to be well above the NAIC's requirements. Our strong capital ratios reflect the ongoing strength of our balance sheet and commitment to maintaining financial strength for the benefit of our policyholders.
- In 2018 AFA and APL were given an A.M Best Financial Strength rating of A+g Stable. AFA was also again named by the Ward Group as one of its Top 50 U.S. life insurers.



Our Results

Total Revenue

2017

\$1.3B

2016

\$1.2B

2015

\$1.0B

2014

\$1.1B

GAAP Equity

2017

\$1.2B

2016

\$1.1B

2015

\$1.0B

2014

\$978M

Accumulated Benefits Paid to Customers

2017

\$11.2B

2016

\$10.6B

2015

\$10.0B

2014

\$9.5B

Consolidated Assets

2017

\$8.5B

2016

\$7.9B

2015

\$7.5B

2014

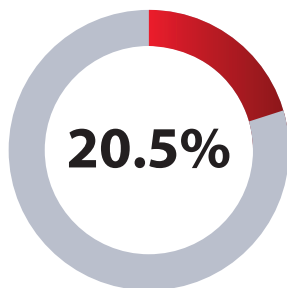
\$7.4B

AFC Financial Statement

 **\$8,530,818,000**

Total Assets

2017 was a year in which American Fidelity Corporation and subsidiaries (AFC) extended its record of success and furthered its opportunities.



Our consolidated GAAP net income in 2017 rose **20.5 percent** over 2016 to **\$124.6 million**.

\$1.2B

Our consolidated GAAP equity exceeded **\$1.2 billion**

\$500M
 **\$8.5B**

our assets increased by over **\$500 million** to **\$8.5 billion**.

RECONCILIATION OF CAPITAL, SURPLUS & RETAINED EARNINGS (IN THOUSANDS)	2017	2016
CAPITAL & SURPLUS REPORTED ON STATUTORY BASIS	\$461,430	\$441,016
NET DEFERRED POLICY ACQUISITION COSTS	\$634,299	\$595,739
POLICY LIABILITIES	(\$9,686)	(\$11,566)
DEFERRED FEDERAL INCOME TAXES	(\$120,176)	(\$172,940)
OTHER	\$180,839	\$123,078
STOCKHOLDER'S EQUITY OF NONINSURANCE SUBSIDIARIES, NET OF CONSOLIDATING ELIMINATIONS	\$105,149	\$136,078
BALANCE AS DETERMINED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	\$1,251,855	\$1,111,405

2017

(CONSOLIDATED GAAP, IN THOUSANDS)

ASSETS	2017	2016
CASH	\$357,759	\$332,291
BONDS	\$3,668,362	\$3,425,146
PREFERRED & COMMON STOCKS	\$147,882	\$114,701
TRADING INVESTMENTS	\$827,943	\$790,013
SHORT TERM & OTHER INVESTMENTS	\$8,961	\$6,424
MORTGAGE LOANS	\$482,857	\$447,100
REAL ESTATE & POLICY LOANS	\$183,276	\$152,842
ACCRUED INVESTMENT INCOME	\$42,230	\$42,033
ACCOUNTS RECEIVABLE	\$1,158,527	\$1,147,338
DEFERRED POLICY ACQUISITION COSTS	\$695,995	\$656,795
OTHER ASSETS	\$173,309	\$182,302
SEPARATE ACCOUNT ASSETS	\$783,717	\$649,818
TOTAL ASSETS	\$8,530,818	\$7,946,803
RESERVES, OBLIGATIONS & SURPLUS		
POLICY & OTHER CONTRACT RESERVE FUNDS SET ASIDE & INVESTED TO ASSURE PAYMENT OF FUTURE BENEFITS TO POLICY OWNERS & BENEFICIARIES	\$4,524,147	\$4,276,648
UNEARNED PREMIUMS	\$8,371	\$10,031
NOTES PAYABLE	\$664,900	\$654,051
INCOME TAX LIABILITY & OTHER OBLIGATIONS	\$1,297,956	\$1,244,971
SEPARATE ACCOUNT LIABILITIES	\$783,717	\$649,818
CAPITAL SURPLUS AND RETAINED EARNINGS FOR THE FUTURE PROTECTION OF POLICY OWNERS & BENEFICIARIES	\$1,251,855	\$1,111,405
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY APPLICABLE TO AFC	\$8,530,946	\$7,946,924
NON CONTROLLING INTEREST	(\$128)	(\$121)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$8,530,818	\$7,946,803

Board of Directors

Greg Allen

CEO

Maine Street Holdings, Inc.

Bill Cameron

Chairman & CEO

American Fidelity Corporation

Bill Durrett

Senior Chairman

American Fidelity Corporation

Ted Elam

Attorney

McAfee & Taft

Tom McDaniel

President

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SB-26159