

Amended Explanation Page

The Book Adjusted Carrying Value and Fair Value of Deposits for the Benefit of All Policyholders on Schedule E Part 3 – Special Deposits were not reported in its entirety. We originally reported a total \$2,157,141 in Column 3 BACV instead of \$5,293,497. We also originally reported a total of \$1,971,492 Fair Value in Column 4 instead of \$5,037,285.

Note 22 - Events Subsequent has been updated along with Note 23D – Uncollectible Reinsurance



ANNUAL STATEMENT
For the Year Ended DECEMBER 31, 2021
OF THE CONDITION AND AFFAIRS OF THE
CENTRAL MUTUAL INSURANCE COMPANY

NAIC Group Code	0036 (Current Period)	0036 (Prior Period)	NAIC Company Code	20230	Employer's ID Number	34-4202560
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	OH		
Country of Domicile	United States of America					
Incorporated/Organized	04/17/1876		Commenced Business	10/02/1876		
Statutory Home Office	800 SOUTH WASHINGTON STREET (Street and Number)		VAN WERT, OH, US 45891-2357 (City or Town, State, Country and Zip Code)			
Main Administrative Office	800 SOUTH WASHINGTON STREET (Street and Number)					
	VAN WERT, OH, US 45891-2357 (City or Town, State, Country and Zip Code)		(419)238-1010 (Area Code) (Telephone Number)			
Mail Address	P.O. BOX 351 (Street and Number or P.O. Box)		VAN WERT, OH, US 45891-0351 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	800 SOUTH WASHINGTON STREET (Street and Number)					
	VAN WERT, OH, US 45891-2357 (City or Town, State, Country and Zip Code)		(419)238-1010 (Area Code) (Telephone Number)			
Internet Website Address	WWW.CENTRAL-INSURANCE.COM					
Statutory Statement Contact	AMY RENEE DOUGAL (Name)		(419)238-5551-2176 (Area Code)(Telephone Number)(Extension)			
	ADOUGAL@CENTRAL-INSURANCE.COM (E-Mail Address)		(419)238-7626 (Fax Number)			

OFFICERS

Name	Title
EVAN PENNINGTON PURMORT	PRESIDENT
KEITH ALLEN GOAD	CHIEF FINANCIAL OFFICER
AMY RENEE DOUGAL	TREASURER

OTHERS

ROBERT JOSEPH COLEMAN, VICE PRESIDENT
ANGELA MARIE GIBSON, VICE PRESIDENT
MATTHEW PAUL KORTE, VICE PRESIDENT
TIMOTHY LEE RAUCH, VICE PRESIDENT

PAUL JOSEPH EDWARDS, VICE PRESIDENT
TRINTIN CHAD GLENN, CHIEF ACTUARY
DAVID T LEE, VICE PRESIDENT
JESSICA MARIE SEYMOUR, VICE PRESIDENT #

BENJAMIN SCOTT FAUROTE, VICE PRESIDENT
CYNTHIA MARIE HURLESS, CHIEF OPERATING OFFICER
JOCELYN LEIGH PFEIFER, VICE PRESIDENT
MATTHEW LANE ZOLLNER, VICE PRESIDENT

DIRECTORS OR TRUSTEES

EDWARD RAY BUHL
CYNTHIA MARIE HURLESS
EVAN PENNINGTON PURMORT
DENNIS DALE STRIPE

JOSIE LEE COVINGTON II
THOMAS B KEARNEY
FRANCIS WALWORTH PURMORT III
DAVID CARTER WARD

BENJAMIN SCOTT FAUROTE
EDWARD JOSEPH NOONAN
ROMEL GARRY SALAM #

State of Ohio
County of Van Wert ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
EVAN PENNINGTON PURMORT	KEITH ALLEN GOAD	AMY RENEE DOUGAL
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
PRESIDENT	CHIEF FINANCIAL OFFICER	TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[] No[X]
14th day of Sep, 2022	b. If no:	1
	1. State the amendment number	09/14/2022
	2. Date filed	
	3. Number of pages attached	

(Notary Public Signature)

Notes to Financial Statements

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of Central Mutual Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining solvency under the Ohio Insurance Law. The *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

	SSAP #	F/S Page	F/S Line #	2021	2020
NET INCOME					
(1) State basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	51,837,073	65,210,335
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
				0	0
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
				0	0
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	51,837,073	65,210,335
SURPLUS					
(5) State basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	1,004,413,798	892,601,960
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
				0	0
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
				0	0
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	1,004,413,798	892,601,960

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, Central Mutual Insurance Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds, mandatory convertible securities, and SVO-Identified investments identified in SSAP No. 26R are stated at amortized cost using the interest method.
- (3) Common stocks are stated at market value except investments in stocks of uncombined subsidiaries and affiliates in which Central Mutual Insurance Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.
- (5) Central Mutual Insurance Company holds no mortgage loans on real estate.
- (6) Loan-backed securities are stated at amortized cost. Prepayment assumptions for loan-backed bonds and structured securities are obtained from dealer surveys. These assumptions are consistent with the current interest rate and economic environment. The prospective adjustment method is used to value these securities.
- (7) Central Mutual Insurance Company owns 100% of the common stock of All America Insurance Company, a property and casualty insurance company. Central Mutual Insurance Company owns 100% of Security Central, a holding company. Stocks held in all subsidiaries are carried at their Admitted Asset Equivalent.
- (8) Central Mutual Insurance Company has minor ownership interest in a limited liability company. The company carries this interest based upon the underlying audited GAAP equity of the investee.
- (9) The Company does not own any derivatives.

Notes to Financial Statements

- (10) Central Insurance Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) N/A – The Company has no pharmaceutical rebate receivables.

D. Going Concern

N/A – No principal conditions or events have occurred to raise substantial doubt about the Company’s ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors

N/A – No changes in accounting principle and/or correction of errors.

3. Business Combinations and Goodwill

N/A – The Company has not engaged in a business combination, purchase, or merger. No goodwill is recorded in the Company’s assets.

4. Discontinued Operations

- A. Discontinued Operation Disposed of or Classified as Held for Sale – N/A, NONE
- B. Change in Plan of Sale of Discontinued Operation – N/A, NONE
- C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal – N/A, NONE
- D. Equity Interest Retained in Discontinued Operation After Disposal – N/A, NONE

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans – N/A, NONE
- B. Debt Restructuring – N/A, NONE
- C. Reverse Mortgages – N/A, NONE
- D. Loan-Backed Securities

- (1) The Company uses Clearwater Analytics for investments reporting. For fixed-rate agency mortgage-backed securities, Clearwater Analytics calculates prepayment speeds utilizing Mortgage Industry Advisory Corporation (MIAC) Mortgage Industry Medians (MIMs). MIMs are derived from a semi-monthly dealer-consensus survey of long-term prepayment projections. For other mortgage-backed, loan-backed, and structured securities, Clearwater utilizes prepayment assumptions from Moody’s Analytics. Moody’s applies a flat economic credit model and utilizes a vector of multiple monthly speeds as opposed to a single speed for more robust projections. In instances where Moody’s projections are not available, Clearwater uses data from Reuters, which utilizes the median prepayment speed from contributors’ models.
- (2) Securities with a recognized other-than-temporary impairment – N/A, NONE
- (3) Securities by CUSIP with an other-than-temporary impairment – N/A, NONE
- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

Description	Amount
a. The aggregate amount of unrealized losses:	
1. Less than 12 Months	662,000
2. 12 Months or Longer	508,520
b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 Months	70,435,001
2. 12 Months or Longer	11,340,912

- E. Dollar Repurchase Agreements and/or Securities Lending Transactions – N/A, NONE
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – N/A, NONE
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – N/A, NONE
- H. Repurchase Agreements Transactions Accounted for as a Sale – N/A, NONE

Notes to Financial Statements

- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – N/A, NONE
- J. Real Estate – N/A, No transactions to report
- K. Low-Income Housing Tax Credits (LIHTC) – N/A, NONE
- L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year					6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)	8 Total Nonadmitted Restricted	9 Total Admitted Restricted (5 minus 8)	Percentage	
	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)					10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
(a) Subject to contractual obligation for which liability is not shown	0	0	0	0	0	0	0	0	0	0.000	0.000
(b) Collateral held under security lending agreements	0	0	0	0	0	0	0	0	0	0.000	0.000
(c) Subject to repurchase agreements	0	0	0	0	0	0	0	0	0	0.000	0.000
(d) Subject to reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0.000	0.000
(e) Subject to dollar repurchase agreements	0	0	0	0	0	0	0	0	0	0.000	0.000
(f) Subject to dollar reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0.000	0.000
(g) Placed under option contracts	0	0	0	0	0	0	0	0	0	0.000	0.000
(h) Letter stock or securities restricted as to sale – excluding FHLB capital stock	0	0	0	0	0	0	0	0	0	0.000	0.000
(i) FHLB capital stock	0	0	0	0	0	0	0	0	0	0.000	0.000
(j) On deposit with states	3,873,841	0	0	0	3,873,841	6,574,957	(2,701,016)	0	3,873,841	0.190	0.195
(k) On deposit with other regulatory bodies	0	0	0	0	0	0	0	0	0	0.000	0.000
(l) Pledged as collateral to FHLB (including assets backing funding agreements)	0	0	0	0	0	0	0	0	0	0.000	0.000
(m) Pledged as collateral not captured in other categories	0	0	0	0	0	0	0	0	0	0.000	0.000
(n) Other restricted assets	0	0	0	0	0	0	0	0	0	0.000	0.000
(o) Total Restricted Assets	3,873,841	0	0	0	3,873,841	6,574,957	(2,701,016)	0	3,873,841	0.190	0.195

(a) Subset of column 1 (c) Column 5 divided by Asset Page Column 1, Line 28
(b) Subset of column 3 (d) Column 9 divided by Asset Page, Column 3, Line 28

- M. Working Capital Finance Investments – N/A, NONE
- N. Offsetting and Netting of Assets and Liabilities – N/A, NONE
- O. 5GI Securities – N/A, NONE
- P. Short Sales – N/A, NONE
- Q. Prepayment Penalty and Acceleration Fees

Description		(1) General Account	(2) Protected Cell
(1)	Number of CUSIPs	8	XXX
(2)	Aggregate Amount of Investment Income	342,879	XXX

- R. Reporting Entity’s Share of Cash Pool by Asset type – N/A

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. Central Mutual Insurance Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

- A. Due and accrued income was excluded from surplus on the following bases:
- All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.
- B. The total amount excluded was none (\$0).

8. Derivative Instruments

- A. Derivatives under SSAP No. 86—Derivatives – N/A, NONE
- B. Derivatives under SSAP No. 108—Derivative Hedging Variable Annuity Guarantees – N/A, NONE

Notes to Financial Statements

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.	Description	12/31/2021			12/31/2020			Change		
		(1) Ordinary	(2) Capital	(3) (Col. 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col. 4 + 5) Total	(7) (Col. 1 – 4) Ordinary	(8) (Col. 2 – 5) Capital	(9) (Col. 7 + 8) Total
(a)	Gross Deferred Tax Assets	43,789,119	1,387,507	45,176,626	43,609,917	1,387,507	44,997,424	179,202	0	179,202
(b)	Statutory Valuation Allowance Adjustments	0	0	0	0	0	0	0	0	0
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	43,789,119	1,387,507	45,176,626	43,609,917	1,387,507	44,997,424	179,202	0	179,202
(d)	Deferred Tax Assets Nonadmitted	6,364,943	0	6,364,943	15,834,294	0	15,834,294	(9,469,351)	0	(9,469,351)
(e)	Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	37,424,176	1,387,507	38,811,683	27,775,623	1,387,507	29,163,130	9,648,553	0	9,648,553
(f)	Deferred Tax Liabilities	1,565,729	16,123,832	17,689,561	1,870,172	6,842,550	8,712,722	(304,443)	9,281,282	8,976,839
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	35,858,447	(14,736,325)	21,122,122	25,905,451	(5,455,043)	20,450,408	9,952,996	(9,281,282)	671,714
2.	Admission Calculation Components SSAP No. 101	12/31/2021			12/31/2020			Change		
		(1) Ordinary	(2) Capital	(3) (Col. 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col. 4 + 5) Total	(7) (Col. 1 – 4) Ordinary	(8) (Col. 2 – 5) Capital	(9) (Col. 7 + 8) Total
(a)	Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	19,787,813	0	19,787,813	19,233,554	0	19,233,554	554,259	0	554,259
(b)	Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) Above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 below)	1,334,309	0	1,334,309	1,216,854	0	1,216,854	117,455	0	117,455
	1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	1,334,309	0	1,334,309	1,216,854	0	1,216,854	117,455	0	117,455
	2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	0	XXX	XXX	123,578,092	XXX	XXX	(123,578,092)
(c)	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	16,302,054	1,387,507	17,689,561	7,325,215	1,387,507	8,712,722	8,976,839	0	8,976,839
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	37,424,176	1,387,507	38,811,683	27,775,623	1,387,507	29,163,130	9,648,553	0	9,648,553

3.	Description	2021	2020
(a)	Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	1,008.000	842.000
(b)	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 Above.	983,140,299	872,088,886

4.	Impact of Tax-Planning Strategies	12/31/2021		12/31/2020		Change	
		(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col. 1 – 3) Ordinary	(6) (Col. 2 - 4) Capital
(a)	Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage						
	1. Adjusted gross DTAs amount from Note 9A1(c)	43,789,119	1,387,507	43,609,917	1,387,507	179,202	0
	2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0	3	0	3	0	0
	3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	37,424,176	1,387,507	27,775,623	1,387,507	9,648,553	0
	4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0	7	0	7	0	0

(b) Does the Company’s tax-planning strategies include the use of reinsurance? Yes[] No[X]

B. Regarding deferred tax liabilities that are not recognized: N/A

C. Current income taxes incurred consist of the following major components:

Description		(1) 12/31/2021	(2) 12/31/2020	(3) (Col. 1 – 2) Change
1.	Current Income Tax			
(a)	Federal	5,370,790	6,711,292	(1,340,502)
(b)	Foreign	298	156,619	(156,321)
(c)	Subtotal	5,371,088	6,867,911	(1,496,823)
(d)	Federal income tax on net capital gains	6,263,564	10,236,098	(3,972,534)
(e)	Utilization of capital loss carry-forwards	0	0	0
(f)	Other	(69,068)	(638,380)	638,380
(g)	Federal and foreign income taxes incurred	11,565,584	16,465,629	(4,830,977)
2.	Deferred Tax Assets:			
(a)	Ordinary			
(1)	Discounting of unpaid losses	7,601,333	7,173,260	428,073
(2)	Unearned premium reserve	13,720,726	13,355,072	365,654
(3)	Policyholder reserves	0	0	0
(4)	Investments	0	0	0
(5)	Deferred acquisition costs	0	0	0
(6)	Policyholder dividends accrual	0	0	0
(7)	Fixed assets	8,760,024	4,798,605	3,961,419
(8)	Compensation and benefits accrual	10,119,863	9,242,990	876,873

Notes to Financial Statements

(9) Pension accrual	4,766,307	9,093,321	(4,327,014)
(10) Receivables – nonadmitted	0	0	0
(11) Net operating loss carry-forward	0	0	0
(12) Tax credit carry-forward	0	0	0
(13) Other (including items < 5% of total ordinary tax assets)	(1,179,135)	(53,332)	(1,125,803)
(99) Subtotal	43,789,118	43,609,916	179,202
(b) Statutory valuation allowance adjustment	0	0	0
(c) Nonadmitted	6,364,943	15,834,294	(9,469,351)
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	37,424,175	27,775,622	9,648,553
(e) Capital:			
(1) Investments	1,387,507	1,387,507	0
(2) Net capital loss carry-forward	0	0	0
(3) Real estate	0	0	0
(4) Other (including items < 5% of total capital tax assets)	0	0	0
(99) Subtotal	1,387,507	1,387,507	0
(f) Statutory valuation allowance adjustment	0	0	0
(g) Nonadmitted	0	0	0
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	1,387,507	1,387,507	0
(i) Admitted deferred tax assets (2d + 2h)	38,811,682	29,163,129	9,648,553
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	0	0	0
(2) Fixed assets	0	0	0
(3) Deferred and uncollected premium	0	0	0
(4) Policyholder reserves	228,344	198,441	29,903
(5) Other (including items < 5% of total ordinary tax liabilities)	1,337,385	1,671,731	(334,346)
(99) Subtotal	1,565,729	1,870,172	(304,443)
(b) Capital:			
(1) Investments	16,123,832	6,842,550	9,281,282
(2) Real estate	0	0	0
(3) Other (including items < 5% of total capital tax liabilities)	0	0	0
(99) Subtotal	16,123,832	6,842,550	9,281,282
(c) Deferred tax liabilities (3a99 + 3b99)	17,689,561	8,712,722	8,976,839
4. Net deferred tax assets/liabilities (2i – 3c)	21,122,121	20,450,407	671,714

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The significant items causing a difference between the statutory federal income tax rate and Central Mutual's effective income tax rate are as follows:

	2021	Effective Tax Rate
Provision computed at statutory rate	13,314,558	21.0%
Change in nonadmitted assets	(3,961,420)	-6.2%
Tax exempt income deduction	(617,468)	-1.0%
Proration of tax exempt investment income	447,422	0.7%
Disallowed other permanent non-deductible items	65,552	0.1%
Dividends received deduction	(1,172,221)	-1.8%
Change in deferred tax on pension plan & post retirement expenses	3,854,394	
Change in statutory valuation allowance		
Prior year - over under accrual	(848,878)	-1.3%
Totals	11,081,938	11.4%
Federal and foreign income taxes incurred	11,565,584	18.2%
Change in net deferred income taxes	(483,646)	-0.8%
	11,081,938	17.5%

Notes to Financial Statements

E. Operating Loss and Tax Credit Carryforwards

- (1) At December 31, 2021, the Company had no unused operating loss carryforwards available to offset against future taxable income.
- (2) The following is income tax expense for 2021 and 2020 that is available for recoupment in the event of future net losses:

Year	Amount
2021	\$11,634,056
2020	\$5,131,771

- (3) The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

- (1) The Company's federal income tax return is consolidated with the following entities:

All America Insurance Company
CAFCO, Inc.
Central Insurex Agency
Security Central

- (2) The method of allocation among companies is subject to a written agreement, approved by the Board of Directors. It is agreed among the companies that the tax liability of the subsidiaries shall be determined as if each was filing an individual tax return and the amount of tax so determined, if any, shall be paid to Central Mutual Insurance Company, which, in turn, shall be responsible for payment of the total tax liability calculated in the consolidated return. In the event the subsidiary produces a tax loss, which is utilized by Central Mutual in the consolidated return to reduce its tax liability, Central Mutual shall pay to the subsidiary the tax cash benefit so utilized in the consolidated tax return.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

H. Repatriation Transition Tax (RTT)
N/A

I. Alternative Minimum Tax Credit – N/A, None

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. There no transactions with affiliated companies other than reinsurance transaction and cost allocation transactions that are based on generally accepted accounting principles.
- B. There no transactions with affiliated companies other than reinsurance transaction and cost allocation transactions that are based on generally accepted accounting principles.
- C. Transactions with related party who are not reported on Schedule Y – N/A, NONE
- D. At December 31, 2021, Central Mutual Insurance Company reported \$2,746,103 as amounts payable to its subsidiary, All America Insurance Company. The terms of the settlement require that this amount be settled within 30 days.
- E. Central Mutual Insurance Company has an intercompany pooling agreement with its subsidiary All America Insurance Company whereby premiums, losses, underwriting and claims expenses are shared 84%/16% respectively in accordance with the pooling arrangement between the two entities. Investment expenses are allocated based on number of securities held in each company.
- F. No guarantees or undertakings have been taken for the benefit of an affiliate or related party that result in a material contingent exposure for Central Mutual Insurance Company.
- G. Central Mutual Insurance Company owns 100% of the shares of All America Insurance Company which is domiciled in the State of Ohio.

Notes to Financial Statements

- H. Central Mutual Insurance Company owns no shares of an upstream company.
- I. Central Mutual Insurance Company has no Subsidiary, Controlled or Affiliate companies whose carrying value is equal to or exceeds 10% of admitted assets.
- J. Central Mutual Insurance Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated companies during the statement period.
- K. Central Mutual Insurance Company has no investment in foreign insurance subsidiaries.
- L. Central Mutual Insurance Company does not utilize the look-through approach for the valuation of downstream non-insurance entities. Such entities are non-admitted assets.
- M. Central Mutual Insurance Company does not have any non-insurance Subsidiary, Controlled or Affiliate companies.
- N. Audited statutory equity of investments in insurance Subsidiary, Controlled or Affiliated companies does reflect NAIC statutory accounting practices and procedures.
- O. Central Mutual Insurance Company does not have any losses in an SCA that exceed it investment.

11. Debt

- A. The Company has no debt obligations.
- B. FHLB (Federal Home Loan Bank) Agreements – N/A, NONE

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

- A. Defined Benefit Plan

The Company sponsors a non-contributory defined benefit pension plan (qualified pension plan) covering substantially all of its employees. The Company also sponsors a post-retirement health care (PRHC) plan. As of December 31, 2021, the Company accrued in accordance with actuarially determined amounts with an offset to the pension cost and PRHC accruals for the incremental asset amortization.

The Company also a non-qualified pension plan to pay benefits to certain employees whose pension benefits under the qualified plan are limited by Sections 415 and 401(a)(17) of the Internal Revenue Code. The non-qualified plan is unfunded and will pay the difference of (1) the benefit determined by the qualified plan formula with no IRC limits applied less (2) the benefit determined by the qualified plan formula after the IRC limits are applied. The Company’s share of this liability as of December 31, 2021 is \$13,201,106.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2021 and 2020:

- 1. Change in benefit obligation

Description	Overfunded		Underfunded	
	2021	2020	2021	2020
a. Pension Benefits				
1. Benefit obligation at beginning of year	0	0	247,775,101	206,201,556
2. Service cost	0	0	11,850,619	8,915,819
3. Interest cost	0	0	6,775,101	7,220,280
4. Contribution by plan participants	0	0	0	0
5. Actuarial gain (loss)	0	0	18,099,654	(31,439,898)
6. Foreign currency exchange rate changes	0	0	0	0
7. Benefits paid	0	0	(6,488,415)	(6,002,452)
8. Plan amendments	0	0	0	0
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	0	0	0	0
10. Benefit obligation at end of year	0	0	241,812,752	247,775,101
b. Postretirement Benefits				
1. Benefit obligation at beginning of year	0	0	50,314,962	48,288,903
2. Service cost	0	0	804,486	726,237
3. Interest cost	0	0	1,365,450	1,682,511
4. Contribution by plan participants	0	0	0	0
5. Actuarial gain (loss)	0	0	(1,976,222)	(1,523,412)
6. Foreign currency exchange rate changes	0	0	0	0
7. Benefits paid	0	0	(1,749,650)	(1,906,101)
8. Plan amendments	0	0	0	0
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	0	0	0	0
10. Benefit obligation at end of year	0	0	52,711,470	50,314,962
c. Special or Contractual Benefits Per SSAP No. 11				
1. Benefit obligation at beginning of year	0	0	0	0

Notes to Financial Statements

2.	Service cost	0	0	0	0
3.	Interest cost	0	0	0	0
4.	Contribution by plan participants	0	0	0	0
5.	Actuarial gain (loss)	0	0	0	0
6.	Foreign currency exchange rate changes	0	0	0	0
7.	Benefits paid	0	0	0	0
8.	Plan amendments	0	0	0	0
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits	0	0	0	0
10.	Benefit obligation at end of year	0	0	0	0

2. Change in plan assets

Description	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits Per SSAP No 11	
	2021	2020	2021	2020	2021	2020
a. Fair value of plan assets at beginning of year	204,473,571	181,163,320	22,940,821	21,186,068	0	0
b. Actual return on plan assets	21,130,894	29,312,703	(348,783)	578,333	0	0
c. Foreign currency exchange rate changes	0	0	0	0	0	0
d. Reporting entity contribution	0	0	2,244,368	3,082,521	0	0
e. Plan participants' contributions	0	0	0	0	0	0
f. Benefits paid	(6,488,415)	(6,002,452)	(1,749,650)	(1,906,101)	0	0
g. Business combinations, divestitures and settlements	0	0	0	0	0	0
h. Fair value of plan assets at end of year	219,116,050	204,473,571	23,086,756	22,940,821	0	0

3. Funded status

Description	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
a. Components				
1. Prepaid benefit costs	22,605,947	28,501,362	0	0
2. Overfunded plan assets	(22,605,947)	(28,501,362)	0	0
3. Accrued benefit costs	0	0	0	0
4. Liability for pension benefits	0	0	(29,624,714)	(27,374,141)
b. Assets and liabilities recognized				
1. Assets (nonadmitted)	0	0	0	0
2. Liabilities recognized	(22,696,702)	(43,301,530)	(29,624,714)	(27,374,141)
c. Unrecognized liabilities	(45,302,649)	(71,802,892)	379,881	6,408,142

4. Components of net periodic benefit cost

Description	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits Per SSAP No 11	
	2021	2020	2021	2020	2021	2020
a. Service cost	11,850,619	8,915,819	804,486	726,237	0	0
b. Interest cost	6,775,101	7,220,280	1,365,450	1,682,511	0	0
c. Expected return on plan assets	(16,106,140)	(14,270,382)	(1,720,772)	(1,583,788)	0	0
d. Transition asset or obligation	0	0	0	0	0	0
e. Gains and losses	3,375,835	2,747,643	323,283	210	0	0
f. Prior service cost or credit	0	0	(2,305,767)	(2,305,767)	0	0
g. Gain or loss recognized due to a settlement or curtailment	0	0	0	0	0	0
h. Total net periodic benefit cost	5,895,415	4,613,360	(1,533,320)	(1,480,597)	0	0

5. Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

Description	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
a. Items not yet recognized as a component of net periodic cost – prior year	71,802,892	58,152,958	(6,408,142)	(11,242,566)
b. Net transition asset or obligation recognized	(3,375,835)	(2,747,643)	1,982,484	2,305,557
c. Net prior service cost or credit arising during the period	0	0	0	0
d. Net prior service cost or credit recognized	0	0	0	0
e. Net gain and loss arising during the period	23,124,408	16,397,577	4,045,777	2,528,867
f. Net gain and loss recognized	0	0	0	0
g. Items not yet recognized as a component of net periodic cost – current year	45,302,649	71,802,892	(379,881)	(6,408,142)

6. Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

Description	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
a. Net transition asset or obligation	0	0	0	0
b. Net prior service cost or credit	0	0	(1,982,484)	(2,305,767)
c. Net recognized gains and losses	3,375,835	2,747,643	0	210

7.

Description	2021 Amount	2020 Amount
Weighted-average assumptions used to determine net period benefit cost as of Dec 31:		
a. Weighted-average discount rate	2.770	3.550
b. Expected long-term rate of return on plan assets	8.000	8.000
c. Rate of compensation increase	5.500	5.500
d. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)	0.000	0.000
Weighted-average assumptions used to determine projected benefit obligations as of Dec 31:		
e. Weighted-average discount rate	3.110	2.770
f. Rate of compensation increase	5.500	5.500
g. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)	0.000	0.000

Notes to Financial Statements

8. The amount of the accumulated benefit obligation for defined benefit pension plans was \$241,812,752 for the current year and \$182,467,669 for the prior year.
10. The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Year(s)	Amount
a. 2022	6,763,676
b. 2023	7,010,866
c. 2024	7,247,243
d. 2025	7,538,626
e. 2026	7,860,195
f. 2027 through 2031	45,575,598

11. The Company does not have any regulatory contribution requirements for 2021, and the Company does not intend to make any voluntary contributions to the defined benefit pension plan. At this time, the expected 2022 contribution amount to the postretirement plan is not known.
12. There are no securities of the employer or related parties included in plan assets. There are no future annual benefits of plan participants covered by insurance contracts issued by the employer or related parties. There were no significant transactions between the employer or related parties and the plan during the period.
13. There were no alternative methods used to amortize prior service amounts or unrecognized net gains and losses.
14. There were no substantive commitments used as the basis for accounting for the benefit obligation.
15. There were no costs of providing special or contractual termination benefits during the period.
16. There were no significant changes in the benefit obligation or plan assets that are not otherwise apparent in the previous disclosures.
17. Accumulated Postretirement and Pension Benefit Obligation Disclosures

	Pension Benefits 2021	Postretirement Benefits 2021
Accumulated Benefit Obligation	\$ 180,258,344	\$
Projected Benefit Obligation	\$ 241,812,752	\$ 52,711,470
Fair Value of Plan Assets	\$ 219,116,050	\$ 23,086,756
Funded Status – (under)/over	\$ (22,696,702)	\$ (29,624,714)

18. N/A

- B. The Plan’s investment consultant and Investment Policy Statement (IPS) assist the Company in establishing guidelines for managing the Plan investments and to provide a framework for making consistent investment decisions in accordance with the stated objectives, risk tolerance, liability assumptions and time horizon of the Plan. In establishing risk tolerance, the ability to withstand short and intermediate term variability was considered, leading the Company to conclude that risk tolerance is balanced to moderate. The Company desires a portfolio that is balanced between lower risk investments with lower potential returns and more volatile investments with higher potential returns.

Consistent with the above considerations, the Company desires a portfolio with a target asset allocation of 45% in fixed income type assets with a permissible range of 40%-50%, and 55% in equity type assets, with a permissible range of 50%-60%. Both historical and 10-year projected return expectations for a portfolio constructed in such a manner are reviewed on a periodic basis. On a monthly basis (or more frequently if requested by the Company), the Investment Consultant will recommend whether rebalancing is appropriate based on the Plan’s allocation targets and permissible ranges. Changes to the strategic allocation target specified beyond the minimum and maximum allowable thresholds noted will warrant a new IPS. As of 12/31/21, the actual asset allocations of the Plan were 41.7% in fixed income type investments and 58.3% in equity type investments.

Fixed Income type assets may include, but are not limited to, individual bond securities, whether or not managed by an Investment Manager, bond mutual funds or exchange traded funds, and cash.

Equity type assets may include, but are not limited to, domestic and foreign individual stock securities, whether or not managed by an Investment Manager, and domestic and foreign stock mutual or exchange traded funds.

- C.
- (1) Fair Value Measurements of Plan Assets at Reporting Date

Description for Each Class of Plan Assets	(Level 1)	(Level 2)	(Level 3)	Total
Equity Securities	219,116,050	0	0	0
Total Plan Assets	219,116,050	0	0	0

- D. An optimization analysis is utilized in order to review asset allocation guidelines consistent with expected long-term rate of return, liability duration, and spending policy/requirements. Various sources and third parties are considered in order to leverage optimization programs for the analysis. The analysis is designed to assist with determining optimal asset allocation strategies while understanding the trade-off between investment risk and return. The analysis utilizes modeled returns for various long-term timeframes. The modeled returns are based on a diversified portfolio using capital market

Notes to Financial Statements

projections, and assists to illustrate the potential range of returns, market values, and spending policy outcomes associated with various asset mixes. The illustrations generated assist in making fixed income and equity equivalent allocation decisions.

The analysis incorporates a variety of current economic data (such as current interest rates, stock price/earnings ratios, and stock price/cash flow ratios, etc.) while using historical data as a foundation to derive expected ranges of returns, standard deviations, and yields for each asset class. The modeling is reviewed and updated on an annual basis. While the models do not differ drastically from historical data, they do allow for the incorporation of more current information in setting risk and return expectations for short and long-term periods.

E. Defined Contribution Plans

- a. Qualified Defined-Contribution Plan - Central Mutual Insurance Company has a qualified Savings and Profit Sharing Plan (SPP) for which substantially all employees are eligible. Up to 5% of each employee's savings is matched at 20% by contributions by the company each year. Additionally, 5% of the combined insurance companies' net income before federal income taxes is contributed to the plan each year. Central Mutual Insurance Company's contribution for the plan was \$3.36 for 2021 and \$4.14 million for 2020, respectively. At December 31, 2021, the fair value of plan assets was \$182.3 million.
- b. Non-Qualified Defined-Contribution Plan - Central Mutual Insurance Company also has a non-qualified Savings and Profit Participation Equalization Plan (Plan), which coordinates with the benefits available under the Central Employees' Savings and Profit Participation Plan (SPP), to provide a supplemental savings program for key executive employees who are limited by Sections 401(a)(17), 415, and 402(g) of the Internal Revenue Code. The non-qualified Plan is unfunded and a participant is eligible to defer compensation under the non-qualified Plan only if he has made the maximum elective contributions which are permitted under the qualified SPP Plan. Central Mutual's share of this liability as of December 31, 2021 is \$5,669,337.

F. Multi-employer Plans – N/A, NONE

G. Consolidated/Holding Company Plans – N/A, NONE

H. Post-employment Benefits and Compensated Absences

The Company established a reserve of \$29.6 M for its post-employment health care benefit obligations at 12/31/21.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Beginning 1/1/2020, Central Mutual Insurance Company moved its Medicare-eligible retirees to the Aetna Medicare Advantage plan. Thus, the company is no longer receiving the Medicare Part D subsidy.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- A. The Company is a mutual company with no capital stock outstanding.
- B. The Company has no preferred stock outstanding.
- C. The Company has no dividend restrictions.
- D. No ordinary or extraordinary dividends were paid.
- E. None of the Company’s profits will be paid as ordinary dividends. There are no stockholders.
- F. There are no restrictions placed on the Company’s surplus.
- G. There are no advances on surplus.
- H. There is no stock held for special purposes.
- I. There are no balances held in special surplus funds.
- J. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$49,005,457.
- K. The Company has no surplus debentures or similar obligations.
- L. N/A – No quasi-reorganization has taken place.
- M. N/A – No quasi-reorganization has taken place.

14. Liabilities, Contingencies and Assessments

- A. Contingent Commitments – N/A, None
- B. Assessments

Notes to Financial Statements

It is expected that various insolvencies will result in guaranty fund assessments against the company of \$5,418 and have been charged to operations in 2021. A decrease in premium tax credits of \$5,294 was incurred in 2021 to offset premium taxes in multiple states over the next ten years. Various other smaller insolvency assessments are accrued for by the company.

- C. Gain Contingencies – N/A, None
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$195,619

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

Indicate whether claim count information is disclosed: per claim or per claimant

(f) Per Claim [X] (g) Per Claimant[]

- E. Product Warranties – N/A, None. The Company does not offer any product warranties.
- F. Joint and Several Liabilities – N/A, None. The Company does not have any joint and several liability arrangements.
- G. All Other Contingencies – N/A, None

15. Leases

- A. Lessee Operating Lease
 - (1)
 - a. Central Mutual Insurance Company leases office space under various non-cancelable operating lease agreements that expire through December 2021. Rental expense for 2021 and 2020 was approximately \$1,288,213 and \$1,039,863, respectively.
 - b. Central Mutual Insurance Company leases computer hardware and software under various non-cancelable operating lease agreements. Central Mutual's share of this rental expense for 2021 and 2020, was approximately \$1,353,430 and \$1,256,469, respectively.
 - c. Central Mutual Insurance Company leases automobiles under various non-cancelable operating lease agreements that expire through December 2021. Central Mutual's share of this rental expense for 2021 and 2020 was approximately \$420,000 and \$415,000, respectively.
 - (2) a. At December 31, 2021, Central Mutual Insurance Company’s share of the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2022	657,240
2. 2023	566,192
3. 2024	470,685
4. 2025	442,746
5. 2026	70,234
6. TOTAL	2,207,097

- (3) The Company is not involved in any material sales-leaseback transactions.
- B. Lessor Leases – N/A, None. The Company does not have any operating or leveraged lessor leases.

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk – N/A, None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales – N/A, None
- B. Transfer and Servicing of Financial Assets – N/A, None
- C. Wash Sales – N/A, None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

N/A, None. The Company does not offer A&H coverages or provide services as an ASO or ASC plan administrator.

Notes to Financial Statements

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

N/A, None. The Company does not write business through managing general agents or third party administrators.

20. Fair Value Measurements

A.

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
PREFERRED STOCK	1,834,875	0	0	0	1,834,875
COMMON STOCK	365,805,082	0	177,151,410	0	542,956,492
BONDS	1,095,974,218	0	0	0	1,095,974,218
DERIVATIVES - WARRANTS	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total assets at fair value / NAV	1,463,614,175	0	177,151,410	0	1,640,765,585
b. Liabilities at fair value					
DERIVATIVE LIABILITIES	0	0	0	0	0
	0	0	0	0	0
Total liabilities at fair value	0	0	0	0	0

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Beginning Balance at 01/01/2021	Transfers into Level 3	Transfers out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2021
a. Assets										
EQUITY SECURITIES	170,522,180	0	0	0	6,629,231	0	0	0	0	177,151,411
	0	0	0	0	0	0	0	0	0	0
Total Assets	170,522,180	0	0	0	6,629,231	0	0	0	0	177,151,411
b. Liabilities										
Total Liabilities	0	0	0	0	0	0	0	0	0	0

B. N/A

C. Not Practicable to Estimate Fair Value – N/A, None

D. N/A, None

E. N/A, None

21. Other Items

A. Unusual or Infrequent Items – N/A, None

B. Troubled Debt Restructuring – N/A, None

C. Other Disclosures

1. Assets in the amount of \$3,873,941 and \$5,034,463 at December 31, 2021 and 2020, respectively, were on deposit with government authorities or trustees as required by law. No assets were maintained as compensating balances or pledged as collateral for bank loans or other financing agreements.
2. At December 31, 2021 and 2010, the company had admitted assets of \$201,575,234 and \$194,831,514, respectively, in accounts receivable amounts due from agents and insureds. Central Mutual Insurance Company routinely assesses the collectibility of these receivables. Based on Central Mutual's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to Central Mutual's financial condition.

D. Business Interruption Insurance Recoveries – N/A, None

E. State Transferable Tax Credits – N/A, None

F. Subprime-Mortgage-Related Risk Exposure – N/A, None

G. Insurance-Linked Securities (ILS) Contracts – N/A, None

H. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy – N/A, None

22. Events Subsequent

In March 2022, the Company made an additional investment of \$13.9M into a limited liability company that is not registered or readily trackable on a securities exchange.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

Notes to Financial Statements

Central Mutual Insurance Company has the following unsecured reinsurance recoverables in excess of 3% of Policyholders' Surplus:

	NAIC #	FED ID #	Amount
All America Insurance Company	20222	34-0935740	\$1338,095,000

B. Reinsurance Recoverable in Dispute – N/A, None

C. Reinsurance Assumed and Ceded

(1)

Description	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserves	Commission Equity
a. Affiliates	35,013,997	5,998,951	61,231,465	10,484,758	(26,217,468)	(4,485,807)
b. All Other	1,478,467	164,234	6,588,696	1,319,990	(5,110,229)	(1,155,756)
c. TOTAL	36,492,464	6,163,185	67,820,161	11,804,748	(31,327,697)	(5,641,563)
d. Direct Unearned Premium Reserve			352,792,855			

Line (c) of Ceded Reinsurance Premium Reserve Column must equal Page 3, Line 9, first inside amount.

(2)

REINSURANCE

Description	Direct	Assumed	Ceded	Net
a. Contingent Commission	11,194,819	1,838,965	3,173,676	9,860,108
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commission arrangements	0	0	0	0
d. TOTAL	11,194,819	1,838,965	3,173,676	9,860,108

(3) N/A

D. Uncollectible Reinsurance

As of December 31, 2020, the Company had recorded a \$27M reinsurance recoverable on paid losses from one reinsurer related to one claim for which the reinsurer disputed the full recovery amount. The matter went to arbitration in 2021, and a consensus final order was issued. As a result, the reinsurer reimbursed the Company \$11M of the \$27M reinsurance recoverable. The remainder of the balance was written off by the Company during 2021.

E. Reinsurance Accounted for as a Deposit – N/A, None

F. Transfer of Property and Casualty Run-off Agreements – N/A, None

G. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – N/A, None

H. Reinsurance Agreements Qualifying for Reinsurer Aggregation – N/A, None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. N/A, None – The Company does not issue policies that are retrospectively rated or subject to redetermination.
- B. N/A, None – The Company does not issue policies that are retrospectively rated or subject to redetermination.
- C. N/A, None – The Company does not issue policies that are retrospectively rated or subject to redetermination.
- D. N/A, None – The Company does not issue policies that are retrospectively rated or subject to redetermination.
- E. N/A, None – The Company does not issue policies that are retrospectively rated or subject to redetermination.
- F. Risk Sharing Provisions of the Affordable Care Act (ACA) – N/A, The Company does not write accident and health insurance premium.

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2020 were \$493.4 million. As of December 31, 2021, \$154.2 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$304.3 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Personal Auto, Commercial Auto, CMP, and Homeowners lines of insurance. Therefore, there has been a \$34.9 million favorable prior-year development since December 31, 2020 to December 31, 2021. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this decrease, the Company experienced \$0.0 million of prior year claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

There were no changes in the methodologies and assumptions used in calculating the liability for unpaid losses and loss adjusting expenses for the most recent reporting period.

26. Intercompany Pooling Arrangements

Notes to Financial Statements

An intercompany pooling agreement exists between the following companies to share in premiums, losses, expenses and accounts receivable balances according to the percentages shown:

Lead Company:	Central Mutual Insurance Company	20230	84%
Affiliate:	All America Insurance Company	20222	16%

All lines of business are pooled. Each company can make facultative cessions to non-affiliated reinsurers prior to pooling. All treaty cessions are processed through the lead company after cessions are made from the affiliate. Both companies have contract rights under all non-affiliated treaty reinsurance contracts.

27. Structured Settlements

Central Mutual Insurance Company has purchased several annuities on which claimants are payees in settlement of claims under the company's policies. The company has obtained releases from the respective claimants acknowledging that receipt of the structured settlement under each annuity is full payment of the claim. Central Mutual has no contingent liability for these annuities since ownership has been transferred to another insurance company.

28. Health Care Receivables – N/A, None

29. Participating Policies – N/A, None

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$0.00
2. Date of the most recent evaluation of this liability	12/31/2021
3. Was anticipated investment income utilized in the calculation? (Yes / No)	Yes

31. High Deductibles – N/A, The Company does not issue policies subject to high deductibles on claims.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses – N/A, The Company does not discount liabilities for unpaid losses or unpaid loss adjustment expenses.

33. Asbestos/Environmental Reserves

A&D.

Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes (X) No ()

Does All America Insurance Company have on the books, or has it ever written an insured for which it has been identified as having a potential for the existence of, a liability due to environmental losses?
Yes(X) No()

Central Mutual's exposure arises primarily from the sale of general liability insurance, including the general liability portion of commercial package policies. However, smaller exposure also exists for these lines of insurance: workers' compensation, homeowners, and commercial property.

Central Mutual tries to estimate the full impact of the environmental and asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported loss reserves and allocated loss adjustment reserves based on previous experience.

The previous experience is combined with the other Company experience and analyzed in a combined manner as part of the regular loss reserve analysis.

Central Mutuals's systems do not separate environmental and asbestos-related claims. Therefore, only combined environmental and asbestos-related loss data is available for presentation. Environmental claims represent the majority of the exposure included in the following numbers.

Central Mutual's environmental and asbestos-related losses (including coverage dispute costs) for each of the five most recent calendar years were as follows:

Description	2017	2018	2019	2020	2021
(1) Direct -					
a. Beginning reserves:	6,659,049	5,976,025	5,645,339	5,417,324	5,272,445
b. Incurred losses and loss adjustment expense:	(381,371)	249,898	154,337	352,917	971,772
c. Calendar year payments for losses and loss adjustment expenses:	301,653	580,584	382,352	497,796	826,267
d. Ending reserves:	5,976,025	5,645,339	5,417,324	5,272,445	5,417,950
(2) Assumed Reinsurance -					
a. Beginning reserves:	0	0	0	0	0
b. Incurred losses and loss adjustment expense:	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expense:	0	0	0	0	0
d. Ending reserves:	0	0	0	0	0

Notes to Financial Statements

(3) Net of Ceded Reinsurance -					
a. Beginning reserves:	5,290,961	5,006,594	5,069,173	4,099,213	4,040,695
b. Incurred losses and loss adjustment expense:	17,286	643,163	(894,537)	438,681	2,381,210
c. Calendar year payments for losses and loss adjustment expenses:	301,653	580,584	75,423	497,199	1,133,793
d. Ending reserves:	5,006,594	5,069,173	4,099,213	4,040,695	5,288,112

B&E. State the amount of the ending reserves for Bulk + IBNR included in D (Loss & LAE):

Description	Amount
(1) Direct Basis:	4,284,950
(2) Assumed Reinsurance Basis:	0
(3) Net of Ceded Reinsurance Basis:	4,155,112

C&F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

Description
(1) Direct Basis:
(2) Assumed Reinsurance Basis:
(3) Net of Ceded Reinsurance Basis:

34. Subscriber Savings Accounts – N/A, None

35. Multiple Peril Crop Insurance – N/A, None

36. Financial Guaranty Insurance – N/A, None