



2025

ANNUAL REPORT



Armed Forces Insurance
OUR MISSION IS YOU.®

Annual Report Contents

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A message from our president



A handwritten signature in black ink, appearing to read 'Arlen L. Briggs', written in a cursive style.

Arlen L. Briggs

President & CEO

During challenging times, staying true to core values is essential. Experience also teaches us that obstacles and turmoil are nothing new.

At Armed Forces Insurance, we understand our mission, our values and our objective – Our Mission is You. We faithfully protect those who protect our nation by providing quality insurance products and services to our members. That is what we do, it is all we do.

In 2025, despite the challenging insurance environment, we have strived to keep our core values top of mind as we helped our members navigate catastrophic losses, inflationary pressures and insurance availability issues.

Many insurance companies are, quite honestly, struggling in this dynamic environment and are making reactionary decisions that excessively impact their customers. One of the benefits of working with Armed Forces Insurance is that, with 139 years of experience, we have a longer-term perspective and more experience managing insurance in environments that throw a curveball.

After all, Armed Forces Insurance has faithfully served our members through every war since the Spanish-American War, and we've survived everything from stagflation to shrinkflation.

That perspective enables Armed Forces Insurance to mitigate the negative impact on our members in ways that only an experienced hand with a longer-term outlook can envision.

As I look back on 2025, one reality stands out clearly: it was certainly an interesting year.

I will honestly say that the January California Palisades and Eaton Wildfires were simply horrific on so many fronts. Rest assured that Armed Forces Insurance took care of our impacted members, but it was a rough way to start 2025.

On the other hand, 2025 was the first year since 2015 that no hurricanes made landfall in the continental United States – a nice respite for our hurricane-weary members.

Core inflation in the United States slowed, but the average cost to repair damaged homes (our biggest expense) increased by over 8% due to inflationary pressures and increased construction labor costs.

Financially, it was closer to a “normal” year, with the Exchange producing a small profit and rebuilding our reserves, but geographic moratoriums and limitations remain an obstacle to “business as usual”.

In 2025, we added new insurance options for members with properties in areas where

Armed Forces Insurance

A message from our president

insurance options are limited. This key achievement provides greater flexibility for our members. Finding new options for our members when others are limiting options is part of our mission.

We also upgraded some of our key infrastructure, successfully completing our homeowners' policy upgrade and improving our online member service portal.

Please check out our new Upgraded AFIconnect Member Service Portal at afiiconnect.aficorp.com.

Overall, it was an interesting but productive year. An AI tool suggested that I end my letter with the statement:

"In the midst of volatility, our organization demonstrated resilience, discipline and the ability to adapt with purpose. The challenges of 2025 did not slow us—they sharpened our focus and strengthened our commitment to delivering value, serving our members and preparing for a future that demands agility."

It's not a bad close, but when I asked one of our Dedicated Agents what we accomplished in 2025, they said, "We stayed focused on helping our members".

Indeed – core values, what an excellent close.

Thank you for your continued trust in Armed Forces Insurance.

"Our Mission is You"

"As our nation celebrates its 250th anniversary this year, I would like to point out that Armed Forces Insurance has been insuring our members for more than half of this time. In fact, Armed Forces Insurance can trace its roots back to 1887. A lot has changed in the United States since those days and insurance is no exception. What hasn't changed since those days is the concept that we have each other's back or as we fighter pilots like to say, "I have your six (o'clock)". To make that statement real, you must demonstrate it consistently. And we have done that many times over this past year with great customer service, which is something we are very proud of.

Going forward in these challenging times as described in the accompanying letter by our President and CEO, Arlen Briggs, we will have your six. It's an honor to do so!

— **Lt. Gen. Sid Clarke, U.S. Air Force, Retired**
Chair, Armed Forces Insurance Corporation

Armed Forces Insurance Leadership

Board of Directors

Lt Gen Stanley E. Clarke III

Air Force, Retired
Chair, Board of Directors

LTC Michelle M.E. Garcia*

Army, Retired
SAC Chair

CMSgt David A. Rodriguez*

Air National Guard, Retired
SAC Vice-Chair

Mr. Arlen L. Briggs*

President/CEO (SAC ex. officio)

Mr. Gregg R. Bermond

Ms. Becky S. Blades

Mr. Scott T. Forland

COL Norman D. Greczyn*

Army, Retired

Mr. Paul E. Heacock

Dr. Christina D. Love*

COL David L. Musgrave*

Army, Retired

Mr. Kenneth A. Selzer

COL Kay K. Wakatake*

Army, Retired

CMSgt Danny R. Walker*

Air National Guard, Retired

AFI Management Team

Mr. Arlen L. Briggs

President/CEO (SAC ex. officio)

Mr. Lynn C. Crawford

VP & Chief Claims & Operations Officer

Mr. Kevin J. Lund

VP & Chief Information Officer
& Innovation Officer

Mr. Deryck M. Malone

VP & Chief Financial Officer

Ms. Lori L. Simmons

VP & Chief Growth & Marketing Officer

Ms. Tracey R. Sommerla

VP & Chief Risk Officer

* Subscribers' Advisory Committee member

Armed Forces Insurance

Powered by our people

Service you can trust— through the dedication of our people

At Armed Forces Insurance, our ability to serve those who serve depends on the strength and dedication of our people. Behind every policy, every conversation and every moment of support is a team deeply committed to our members and their families.

Many of our employees have been part of the AFI family for decades—a testament to both their commitment and the culture of service that defines our organization. Their experience brings continuity, deep expertise and a true understanding of the unique needs of military life.

From navigating PCS moves to protecting homes and guiding members through life's unexpected moments, our employees are the foundation of the trust we've built over generations. Their dedication ensures that every member receives not just coverage, but care, guidance and peace of mind.

We are especially proud to recognize those who have reached remarkable service milestones:

40 Years of Service

Lisa Baker
Kelly Dunn
Roxanne Turnbull
David Wolk
Michelle Wolk

30 Years of Service

Arlen Briggs
Julie Eastburn
Cheryl Farris
Brenda Garvey
Kelly Herken
Kimberly McMillan
Melissa Miller
Katina Root
Tammy Russell
Tracey Sommerla
Rebecca Turnbull
Stacey Wolters
Julie Zule

20 Years of Service

Janella Cummings
Tami Connel
Deborah Lewis
Thaneshia Lindsey
Amanda Klindedinst
Wendy Noll
Sandra Robison
Brian Savoie
Joshua Shockey
Lori Simmons
Lisa Snodgrass
Stacey Unzicker
Shelli Venable
Melissa Willcott
Leann Zell

Their loyalty, expertise and commitment embody the very best of Armed Forces Insurance and make our mission possible every day.

Armed Forces Insurance Community involvement

United Way

Armed Forces Insurance is one of the United Way's strongest supporters and largest contributors in Leavenworth County and pledged \$18,460 in 2025.

As an incentive to contribute both financial resources and time to worthwhile charitable causes, AFI instituted a community service policy a couple of years ago. Those contributing to the United Way campaign were granted an Administrative Day in 2024. This time was for volunteering with a charitable service organization of their choice. 100% of contributions stayed right here in Leavenworth County.

Armed Forces Insurance also supports its local area school districts, as well as several civic organizations that continue to support the community and are dedicated to improving the lives of others.

The Salvation Army

Armed Forces Insurance and its employees raised over \$2,818 for the Salvation Army Red Kettle during the 2025 holiday season. In addition to our employees raising money, they also manned over 20 hours of bell ringing at a local grocery store.

Employees participated in Salvation Army Angel Tree program providing Christmas gifts for children around the community by donating new clothing and toys to be placed under their family Christmas tree.



Armed Forces Insurance

Membership eligibility

AFI's current eligibility categories include:

- Active duty, retired or those with general discharge under honorable conditions of all branches of the U.S. military, including the National Guard, Reserves and Coast Guard
- Active or retired U.S. Department of Defense and U.S. Department of Veterans Affairs civilian employees
- Service Academy including Merchant Marine or ROTC cadet
- Children and parents of a current or former AFIE or AFIA member
- Spouse or surviving spouse of an active duty, retired or honorably discharged military, including National Guard, Reserves and Coast Guard
- Active, retired or former commissioned officer of the NOAA or PHS
- Members of the Civil Air Patrol, Coast Guard Auxiliary, Merchant Marine, Military Auxiliary Radio System and Marine Corps Auxiliary
- Former spouse of a current or former AFIE or AFIA member
- Former AFI member (once a member, always a member!)

Every Member, Refer a Member

For over 135 years, AFI's growth strategy has relied extensively on member referrals. We realize that each member referred to us over the years has placed their trust in our products, our services and our people, because in everything we do, Our Mission Is You.®

The best compliments we receive always come from members like yourself when referring your friends, family or colleagues to AFI. We appreciate every opportunity to grow the AFI family and consider it an honor to provide your friends and family with the high caliber service AFI is known for.

If you know someone who would benefit from becoming a member of the AFI family, we invite you to recommend us to them by visiting afi.org/referral-form.



Armed Forces Insurance

Insurance offerings

Home

Protect your largest investment against damage, destruction and loss. In addition to coverage for your home and contents, a homeowner policy safeguards your assets if you are found liable for someone else's injuries or property damage.

Auto

Auto insurance is required in most states and we aim to provide the highest level of service and quality for our members.

Renter

Protect your belongings from unexpected damage or loss such as fire, theft, water damage and other circumstances. We also offer personal liability coverage for added protection. Renter insurance from AFI will cover your household goods anywhere in the world.

Umbrella

Umbrella coverage helps protect you if a lawsuit against you results in a judgment that exceeds your basic liability coverage from your homeowner insurance or auto insurance.

Business

Find the right solution for medical, dental or legal practices, contractors, ranch or farm operations and veteran organization facilities, such as American Legion and VFW halls.

Condo

Protect your personal property inside your condo and safeguard your assets if you are found liable for someone else's injuries or property damage.

Dwelling Fire (Landlord)

A dwelling fire policy, sometimes called landlord insurance, insures the dwelling from fire, wind and hail damage and vandalism.

Flood

Flood coverage is available in all states for communities that participate in the National Flood Insurance Program (NFIP). Private flood insurance options are available in select areas.

Armed Forces Insurance

Insurance offerings

Boat/Personal Watercraft

Whether your boat or personal watercraft is tied up or you're out on the water, make sure you and your watercraft are protected against damages and liability.

Collector Vehicle

Policy options are also available for antiques, muscle cars, street rods, modern classics or trucks and include vehicles under active restoration.

Motorcycle & Off-Road Vehicle

Motorcycle and off-road vehicle insurance will cover a variety of bikes as well as ATVs, UTVs and golf carts.

Motorhome/Travel Trailer

Recreational vehicles may require specialized coverage for your Class A, B and C motorhomes as well as travel trailers, pop-ups and fifth-wheels.

Mobile Home

Mobile and manufactured homes require a policy that addresses the special exposures that are typically associated with them.

Valuable Item

Expand your standard policy limits for theft of certain types of items such as jewelry, watches and firearms with a policy that provides additional coverage with no out-of-pocket deductible.

Pet Health

Caring for your pet goes beyond routine vet visits. One in three pets require unexpected medical care each year. We offer plans to cover your cat or dog against accidents and illnesses.

Life

Because life insurance protection is so important, we offer life insurance options that have both competitive prices and features.

Insurance products are provided by Armed Forces Insurance Exchange (AFIE), Armed Forces Insurance Agency (AFIA) and its affiliated partners. All policies and endorsements are subject to underwriting approval. Coverages, deductibles, limits and discounts vary by state.

Armed Forces Insurance

Supporting our military community

At Armed Forces Insurance, we are passionate about supporting the military community and we take pride in providing personal service to those who serve. We're honored to partner with other organizations that share the same commitment.



Armed Forces Benefits Association

Armed Forces Insurance has partnered with Armed Forces Benefits Association (AFBA) for all of our member's life insurance needs. AFBA was founded in 1947, in the basement of the Pentagon, with the support of the General of the Army, Dwight D Eisenhower. AFBA's original mission was to ease the strain on military members and their families by providing supplementary life insurance benefits that were not available to service members at that time. Today, AFBA continues to honor its mission for those who serve this great nation, including our military, emergency first responders, government employees, contractors and their families. AFBA products include life insurance, health plans and life plans for their 650,000 members and has paid nearly \$2 billion in death benefits to military families since their inception.



Association of the United States Army

AUSA supports soldiers, their families and Army civilians, provides a voice for the Army, and honors those who have served. As the Army's premier, nonprofit, educational and professional association, we:

- **Educate** those we serve (soldiers and their families, Army civilians, retired soldiers and veterans and the businesses and industries that support the Army) with programs, products, resources and events...
- **Inform** our members, Congress and the American public about issues affecting America's Army – Regular Army, Army National Guard and Army Reserve and...
- **Connect** America's Total Army, its industry partners, like-minded associations and other supporters at the national, regional and chapter levels.

Armed Forces Insurance is proud to be a corporate member of AUSA and participate in our local Henry Leavenworth AUSA Chapter activities and events.

Armed Forces Insurance

Supporting our military community

Boyer Hill Military Housing – Hill Air Force Base



Boyer Hill Military Housing is the on base provider of housing for military families who are stationed at Hill AFB. For nearly 1,100 military families, Boyer Hill Military Housing has created an award-winning Privatized Military Housing Community with all the amenities of outside residential communities.

Hill AFB is an Air Force Materiel Command base located in northern Utah. It is the Air Force's second largest base by population and geographical size, and is home to many operational and support missions.

Discovering Your Spark



Armed Forces Insurance is a proud sponsor of Discovering Your Spark, an interactive workshop that encourages military spouses to find their passion and live their military life with purpose. Facilitated by our 2017 Armed Forces Insurance Military Spouse of the Year® Brittany Boccher, the workshop is designed to take military spouses "back to the basics." Boccher also helps them work through life's moments and fears to determine what is stopping them from living their lives with passion and purpose.

Frontier Community Credit Union



Armed Forces Insurance has an Affinity Partnership with Frontier Community Credit Union located in Leavenworth KS. AFI provides personal insurance options for all members of Frontier Community Credit Union.

Founded in 1954, FCCU serves all military personnel, Federal Civil Service personnel employed, retired military personnel of the US Government, retired Federal Civil Service personnel residing within a 100-mile radius of Ft. Leavenworth along with other residents who work, worship or belong to organizations in the following Kansas Counties: Atchison, Brown, Doniphan, Douglas, Franklin, Jackson, Jefferson, Johnson, Leavenworth, Miami, Osage, Shawnee and Wyandotte.

Supporting our military community



Military Warriors Support Foundation

Armed Forces Insurance has had a long-standing relationship with the Military Warriors Support Foundation (MWSF) as the preferred insurance company for MWSF programs. The MWSF, through Homes4WoundedHeroes, the homes donation program, awards 100% mortgage-free homes to combat wounded veterans.



National Military Community Foundation

The National Military Community Foundation is a not-for-profit organization that serves and supports veterans, military spouses and their families through the recognition of their accomplishments and advocacies. The Armed Forces Insurance Military Spouse of the Year® Program is an activity of the National Military Community Foundation. The foundation also offers education opportunities to veterans and their families to help them make informed decisions on their insurance needs and other financial choices.



National Veteran-Owned Business Association

Armed Forces Insurance is proud to be a member of the National Veteran-Owned Business Association (NaVOBA). NaVOBA is an organization dedicated to contracting opportunities for America's Veteran's and Service-Disabled Veteran's Business Enterprises (VBEs/SDVBEs) through certification, advocacy, outreach, recognition and education.

Supporting our military community

Stronghold Community Food Pantry



The 2022 Armed Forces Insurance Army Spouse of the Year, Monica Bassett saw a need for a food pantry with 1 in 4 military families struggling with food insecurity. Stronghold Community Food Pantry is a not-for-profit, 100% volunteer operated organization on Ft Leavenworth, Kansas. Due to a generous donation of space by Armed Forces Insurance, Stronghold Food Pantry operates out of the old AFIE headquarters at 655 Biddle Blvd on Fort Leavenworth. This has allowed Stronghold Food Pantry to directly reach the soldiers and their families at Ft. Leavenworth through weekly food pickups and special drive through events such as: Spring Cleaning with Stronghold, Easter Holiday with Stronghold, Family Valentine's Day event, Cookies With Santa and Stretch Your Thanksgiving Meal event.

United Communities: Joint Base MDL



Armed Forces Insurance signed an Affinity Partnership with United Communities LLC at Joint Base MDL which is located just outside of Trenton, New Jersey. With over 2,200 housing units under their control, United Communities LLC has partnered with AFI to offer our industry leading military renter insurance program to United Communities' current and future residents.

Joint Base MDL, N.J., is home to five wings. The 87th Air Base Wing is the host wing. The wing's mission is to provide unrivaled installation support to all mission commanders and to provide mission-ready, motivated, expeditionary Airmen to our combatant commanders.

The 87th ABW provides installation support to more than 88 mission partners spread across 42,000 acres at McGuire, Dix and Lakehurst — the Department of Defense's first joint base and only joint base that consolidated Air Force, Army and Navy installations.

2025 Great American Patriot Award



L to R- Lieutenant General Clarke, Major General Brady

Gen. Patrick Henry Brady, widely recognized as the most highly decorated living veteran, was the 2025 Great American Patriot Award honoree. Presented annually by Armed Forces Insurance at the Lockheed Martin Armed Forces Bowl, the Great American Patriot Award honors a candidate in recognition of their exemplary service to the United States.

Gen. Brady is the only living veteran to hold both the Medal of Honor and the Distinguished Service Cross, the nation's second highest award and one of very few soldiers ever to receive those two honors as well as the Distinguished Service Medal. In all, he earned more than 85 medals during his career, including 65 combat-related and 12 for valor.

"Armed Forces Insurance is extremely proud to recognize General Brady as the 2025 Great American Patriot Award recipient," said Lt Gen Sid Clarke, US Air Force, Retired, Chair, Armed Forces Insurance. "His incredible heroism and service to the United States of America make him a most deserving honoree."

Among Gen. Brady's other awards are the Defense Superior Service Medal, the Legion of Merit, six Distinguished Flying Crosses, two Bronze Stars, the Purple Heart, the Vietnamese Cross of Gallantry with palm and silver star and 53 Air Medals. His civilian awards include the Distinguished Citizen Award from the American Legion, the organization's highest award and the Daughters of the American Revolution's Medal of Honor.

In two tours in Vietnam (1964-65, 1967-68), he flew more than 2,500 combat missions and helped rescue over 5,000 wounded men, women and children, enemy as well as friendly. He was awarded the Medal of Honor during his second tour while commanding a UH-1H ambulance helicopter. On Jan. 6, 1968, he piloted four flights into a combat zone to rescue 51 wounded soldiers. He used three different Huey helicopters that day, replacing his aircraft after each was hit with bullets or had its controls shot away.

Gen. Brady is a Master Army Aviator and member of both the Army Aviation and Dust Off Halls of Fame. Additionally, he is the first and only Army Aviator in the National Aviation Hall of Fame. The lone Army Aviator to receive the Bob Hoover Freedom of Flight Award, he was recently inducted into the Living Legends of Aviation.

After graduating from Seattle University, Gen. Brady was commissioned a second lieutenant in the Army Medical Services Corp in March of 1959. He served in West Berlin, Germany, until 1961 before graduating from the United States Army Aviation School at Fort Rucker, Ala., in 1963. He retired from the United States Army as a major general on Sept. 1, 1993, after 34 years of service.

Armed Forces Insurance

About the Armed Forces Insurance Military Spouse of the Year® Program

The Armed Forces Insurance Military Spouse of the Year® (AFI MSOY) award was founded in 2008 to honor military spouses from all branches of service. More than one million military spouses support and maintain the homefront while our service members defend this great nation.

The AFI MSOY award recognizes military spouses' important contributions and unwavering commitment to the military community and our country. Nominations for AFI MSOY are made by both the civilian and military community. There are four rounds of advancement, culminating in the announcement of the overall AFI MSOY in our nation's capital in early May. AFI MSOY is so much more than an award!

Jaime Billert - 2025 AFI Military Spouse of the Year®

Develops leadership pathways that connect isolated spouses to supportive communities, building networks that ensure Coast Guard families thrive through reliable access to resources and mentorship.

Vince Afaisen - 2025 AFI Army Spouse of the Year

Champions meaningful involvement across military communities, transforming isolated spouses into connected leaders who build supportive networks where everyone discovers their unique purpose.

Brittany Contreras - 2025 AFI Marine Corps Spouse of the Year

Advances holistic wellness for military families, developing practical initiatives that build resilience, strengthen connections and create opportunities for families to thrive through life's challenges.

Jennifer Barnhill - 2025 AFI Navy Spouse of the Year

Amplifies authentic military family voices through impactful journalism and advocacy, creating essential connections between policymakers and the lived experiences that drive meaningful change.

Shaun Beal - 2025 AFI Air Force Spouse of the Year

Creates spaces of genuine belonging where every military spouse—regardless of background—discovers their value and finds their light, fostering connections that strengthen the community through thoughtful, personal gestures.

Meljun Kruk - 2025 AFI Space Force Spouse of the Year

Builds innovative support systems for Space Force families navigating new challenges, creating stability amid change and ensuring spouses and children access the resources they need to grow and succeed.

Hope Daupert - 2025 AFI National Guard Spouse of the Year

Empowers Guard families through accessible financial education that transforms complex benefits into clear opportunities, ensuring families remain protected and prepared for whatever comes their way.

Military Friendly Employer



In 2025, Armed Forces Insurance earned the 2025 Military Friendly® Employer designation.

Institutions earning the Military Friendly® Employer designation were evaluated using both public data sources and responses from a proprietary survey. Over a thousand companies participated in the 2024 Military Friendly® survey.

Methodology, criteria and weightings were determined by VIQTORY with input from the Military Friendly® Advisory Council of independent leaders in the higher education and military recruitment community. Final ratings were determined by combining an organization's survey score with an assessment of the organization's ability to meet thresholds for Applicant, New Hire Retention, Employee Turnover and Promotion & Advancement of veterans and military employees.

"As an insurance company that benefits active military, veterans and their families, Armed Forces Insurance is proud to be designated as a Military Friendly employer. Hiring military veterans, National Guard and Reserve members to work for our company is a trifecta approach to customer satisfaction. At AFI, we value the contributions of our military who understand the importance of excellence in all that we do. Hiring military personnel is not only the right thing to do, it's the smart thing as well. Our non-military employees gain a lot from the experience of our prior or current military employees." Said Lt Gen Sid Clarke US Air Force, Retired, Chair, Armed Forces Insurance.

"Companies earning the Military Friendly Employers® designation create and elevate the standard for military programs across the globe, they have invested in substantive programs to recruit, retain and advance the veterans and service members within their organizations," said Kayla Lopez, Director of Military Partnerships, Military Friendly®. "To them, hiring veterans and servicemembers is more than just the right thing to do, it makes good business sense."

Armed Forces Insurance

Financial highlights

The insurance operations of the Armed Forces Insurance group is comprised of Armed Forces Insurance Exchange (the "Exchange"), an insurance carrier writing business for you, our members, in all fifty states and the District of Columbia, and Armed Forces Insurance Agency (the "Agency"), an insurance agency, offering an array of products to members through additional external partner carriers.

46,529
TOTAL MEMBERS

75,459
TOTAL POLICIES

As of year-end 2025, over 46,000 members with 75,459 policies are written through Armed Forces Insurance. The following summarizes the 2025 financial results for both Armed Forces Insurance Exchange and Armed Forces Insurance Agency.

ARMED FORCES INSURANCE EXCHANGE

Income Statement

The Exchange reported statutory net income of \$0.6 million for the year-ended December 31, 2025. This is a significant improvement from the statutory net loss of \$13.2 million for the year-ended December 31, 2024. However, it should be noted that the 2024 result includes a one-time, accounting charge of \$8.5 million relating to the termination of our legacy pension plan which was overfunded and had been in a frozen status since 2020. While negatively impacting net income, the pension termination did not impact our surplus as direct provisions to surplus had been made in prior years. Excluding this one-time charge, the normalized net loss for the year-ended 2024 was \$4.7 million.

The improved result in the current year represents a reduction in incurred losses following record levels of catastrophe losses over the past two years coupled with favorable investment returns.

Premium Growth

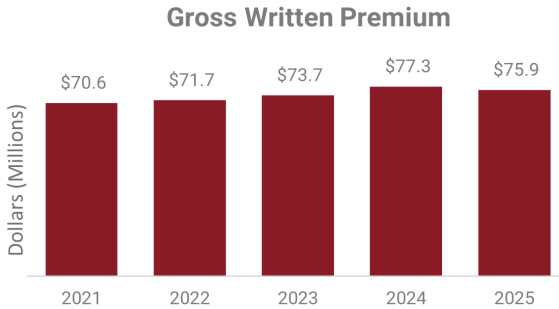
Gross written premium declined slightly in 2025 following three years of increases. The decline primarily reflects underwriting initiatives to selectively withdraw from certain states where the company had limited scale and/or unfavorable results. These select withdrawals included the decision to exit the Florida Homeowners line of business. The Florida Homeowner line was one of our larger lines of business with \$5.5 million in written premium in 2024 – thus, this decision was not taken lightly. However, after a strategic review of the regulatory environment, catastrophe volatility, related reinsurance costs and our ability to obtain adequate pricing for the risks assumed within the state, we requested permission to withdraw from the state which was approved in July 2025. Nonrenewals are on-going and we anticipate substantial completion by July 2026. We will continue to service in-force policies and administer and settle all claims arising from those policies through policy expiration. In addition, we have secured replacement coverage options for affected members to place new coverage with Florida carriers through the Armed Forces Insurance Agency.

Armed Forces Insurance

Financial highlights

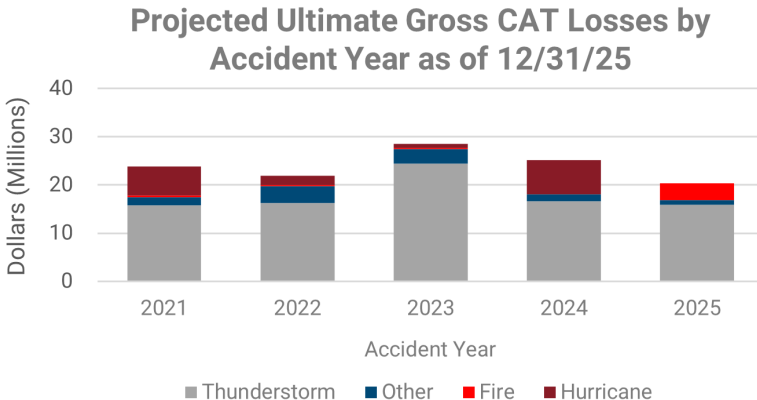
Premium Growth (cont.)

Partially offsetting the reductions above, we continue to seek selective rate increases in states and lines of business where such increases are supported by data analysis. These actions reflect our ongoing effort to align pricing with underlying loss trends and rising claims costs, as well as broader inflationary pressures impacting repair and replacement costs. These rate adjustments are undertaken to ensure that premiums remain adequate for the risks insured, while supporting our financial strength.



Claims/Incurred Losses

Net incurred losses and loss adjustment expenses (LAE) totaled \$36.3 million in 2025 as compared to \$39.8 million in 2024. Non-catastrophe losses for 2025 were higher than originally projected reflecting severity associated with several individual large fire losses. On the catastrophe front, results for 2025 benefited from the lack of Hurricanes during the year – with no Hurricanes making landfall in the U.S. during the year. This compares to an active 2024 hurricane season which produced losses of \$7.0 million.



Armed Forces Insurance

Financial highlights

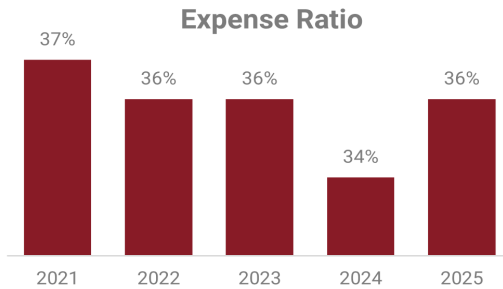
Claims/Incurred Losses (cont.)

However, offsetting this, we did have several members impacted by the California wildfires which occurred in January 2025 and resulted in gross losses of \$5.1 million. Severe convective storm losses remained elevated but were less than 2024 levels. Gross catastrophe losses incurred for all catastrophe events by accident years, valued as of year-end 2025, were \$20.1 million and \$25.0 million, for 2025 and 2024 respectively.

As noted above, in response to both the continued frequency and severity of convective storm losses and the potential for other catastrophe related events (i.e., hurricanes, wildfires, earthquake), we have continued to file for select rate increases. As a member organization we do not take premium rate increases lightly – however, the level of catastrophe losses over the last several years, coupled with inflation and the resulting higher costs for repair materials and labor, have necessitated an increase in rates. In addition, in line with many in the industry, we have updated our underwriting guidelines where the prospect of an adequate premium is not achievable.

Underwriting Expenses

In light of the challenges to profitability, management has remained focused on controlling underwriting expenses to ensure that we can offer our insurance products at a competitive price. While underwriting expenses in absolute dollars was down slightly compared to the prior year, with the decrease in written premiums, the expense ratio increased to 36% during the year compared to 34% in the prior year.



Investment Income

Fixed income and equity markets both had positive returns for the year and net investment income during 2025 totaled \$3.6 million. Fixed income securities (i.e., bonds), representing the largest component of our investment portfolio, had an annualized return of 6.9%. Likewise, equity securities were positive in 2025, with a return of 13.0%. Investment income for the current year also reflects \$2.0 million in dividends contributed from our downstream subsidiary investments based on positive net income. Net investment income during 2024 was \$2.2 million, which included dividends from subsidiaries totaling \$1.35 million.

Armed Forces Insurance

Financial highlights

Balance Sheet (\$ thousands)

	2025	2024
Cash and Invested Assets	79,454	74,630
Premium/Reinsurance Receivables	11,068	11,718
Other Assets	5,805	5,192
TOTAL ASSETS	96,327	91,540
Loss & LAE Reserves	16,567	17,234
Unearned Premiums	29,794	31,850
Other Liabilities	9,104	7,955
TOTAL LIABILITIES	55,465	57,039
SURPLUS	40,862	34,501

Cash and Investments

The largest asset holding – approximately 82% of the total – is related to our investment holdings. Our investment portfolio is a conservative and diversified portfolio comprised of high-quality bonds and high-quality dividend paying stocks. Overall, the total invested balance increased compared to the prior year on improved cashflow.

Premium/Reinsurance Recoverables

Premium and reinsurance recoverables remained in line with the prior year. Our members have historically demonstrated strong payment discipline, and we have experienced minimal collection issues or write-offs of premium receivables. Likewise, for amounts recoverable from our reinsurers, we have a stable and highly rated panel of reinsurers providing protection against large loss events and/or an aggregation of losses. We review our reinsurance coverage, and the quality of the reinsurers, on an on-going basis with our reinsurance broker and have historically not had any reinsurance collection issues.

Loss & LAE Reserves

Loss and LAE reserves declined as compared to the prior year. The fourth quarter in 2025 was particularly benign in terms of weather-related losses which resulted in a historical low level of outstanding claims at December 31, 2025. On an annual basis, we do have an independent third party review our reserve positions to ensure that our carried reserves (i.e., what we have recorded) are in line with actuarial indications. This review confirmed that our carried reserves in the aggregate are in line with actuarial indications.

Surplus

Surplus represents funds, or capital, which ensures we continue to meet all our obligations. After several years of surplus declines resulting from challenges from rising catastrophe related losses, increased loss costs, tightening reinsurance market pricing and higher

Armed Forces Insurance

Financial highlights

inflation, surplus increased by \$6.4 million to \$40.9 million driven by a combination of the net profit from the Exchange and subscriber contributions from our members.

Subscriber contributions are recorded in individual member subscriber capital accounts and is money set aside as working capital so that the Exchange can build adequate reserves for long-term stability while lowering the cost of capital and ensuring premiums remain competitive.

ARMED FORCES INSURANCE AGENCY

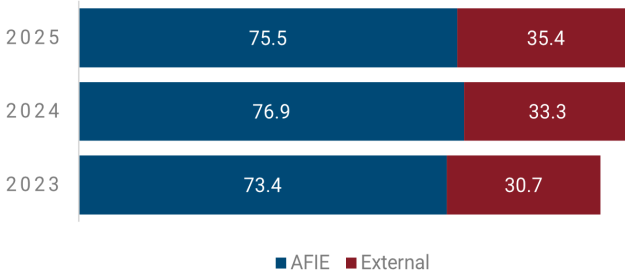
The Agency continues to play a vital role in Armed Forces Insurance’s ability to serve you, our members. The Agency allows our agents to offer members additional coverage options given its affiliation and access to insurance products written through a network of nationally recognized external insurance carriers.

2025 was another successful year for the Agency. Premiums written, for which the Agency receives revenue in the form of commissions, are split between the Exchange and external carriers as noted below.

Overall, the Agency benefited from increased written volume while also recording a reduction in operating expenses compared to the prior year. The combination allowed the Agency to report net income of \$2.5 million in 2025, an increase of nearly \$0.8 million compared to 2024.

Agency Written Premium

Dollars (Millions)





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2025

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