

Statutory Financial Highlights

(Dec. 31, 2010)

- \$2.3 billion total assets
- \$2.1 billion total liabilities
- \$12.3 billion total insurance in force
- \$279.6 million total surplus and asset valuation reserve (AVR)
- 12.0 percent ratio of surplus and asset valuation reserve to assets, a strong measure of our ability to meet future obligations
- \$14.97 million net gain after capital gains and losses, FIT and dividends
- \$293.1 million total premium and deposits
- \$122.0 million net investment income
- \$218.5 million benefits paid to policyholders
- \$24.2 million dividends paid to policyholders

Products

Individual Products

Disability Income Insurance
Critical Illness Insurance
Accidental Term Insurance
Whole Life Insurance
Term Life Insurance
Universal Life Insurance
Fixed Annuities

Worksite Products

Disability Income Insurance
Critical Illness Insurance
Cancer Expense Insurance
Accident Expense Insurance
Hospital Indemnity Insurance
Universal Life Insurance
Whole Life Insurance
Term Life Insurance



2010 ANNUAL REPORT

Message from the President



During 2010, Assurity Life Insurance Company celebrated the 120th anniversary of its origins. Assurity represents the combination of three long-standing Lincoln, Nebraska-based mutual insurers – Woodmen Accident and Life, founded in York, Nebraska, in 1890; Security Financial Life, founded in Fremont, Nebraska, in 1895; and Lincoln Direct Life, founded in Aurora, Nebraska, in 1897. If still an independent company, Woodmen Accident and Life would have celebrated its 120th year in 2010. We are proud of this storied heritage, which places us high among U.S. mutual insurance companies with the longest histories.

Since 1890, our company and its predecessors have endured and recovered from no fewer than 25 economic recessions and depressions. We are proud of our ability to weather adverse financial conditions and continue to thrive, providing stability and security for our policyholders.

In this anniversary year, several meaningful financial milestones were achieved. You will find more information about these accomplishments in the financial results section of this report. We believe the mark of an exceptional company is consistently solid performance relative to its competitors and peers, regardless of economic conditions and competitive threats. We believe Assurity meets this mark. Thanks to our focused business strategy, disciplined investment and underwriting practices, and a talented and highly engaged workforce, we avoided many of the pitfalls that devastated other companies

in our industry during the recent period of economic difficulties.

One lesson that has been learned, or perhaps relearned, since those tumultuous economic times is there are major qualitative differences among financial services companies. It does matter who clients trust with their life, disability income and critical illness insurance needs. We will never lose sight of the fact that, as a mutual insurer, the security of our policyholders is objective No. 1.

With our long heritage, solid financial results, and no shareholders to accommodate or stock analysts to impress, we continue our focus on our policyholders and their best interests.

Our pride in our accomplishments since 1890 is second only to the enthusiasm we have for the future.

Thomas E. Henning, CLU, ChFC, CFA
Chairman, President, Chief Executive Officer
Assurity Life Insurance Company



Assurity will move into its new sustainable headquarters facility late in 2011. Read more in the Sustainability section of this report.

Assets and Capital Position

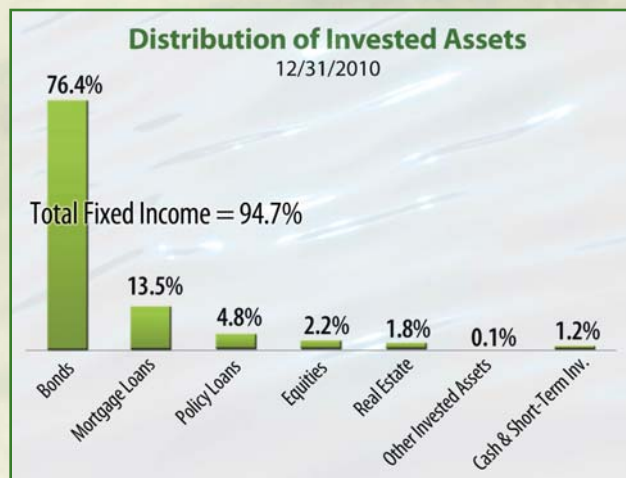
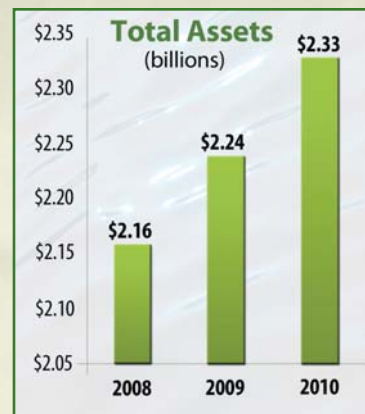
Company assets increased to \$2.3 billion, up 4 percent over 2009. Net gain from operations was nearly \$12.7 million, an increase of \$7.3 million. Our net income stood at nearly \$15 million, after capital gains and losses, as of Dec. 31, 2010.

Total surplus, including the asset valuation reserve (AVR), increased to a record \$279.6 million—a 4.9 percent gain over 2009. This brings Assurity's ratio of surplus and AVR to assets to 12 percent, a very strong capital

position and a high margin of customer safety.

Our risk-based capital (RBC) ratio stood at 582 percent, putting Assurity among the strongest, best capitalized companies in the life and health

insurance industry. In comparison, the industry's 2009 average ratio was 419 percent, the most recent information available, according to the American Council of Life Insurance.



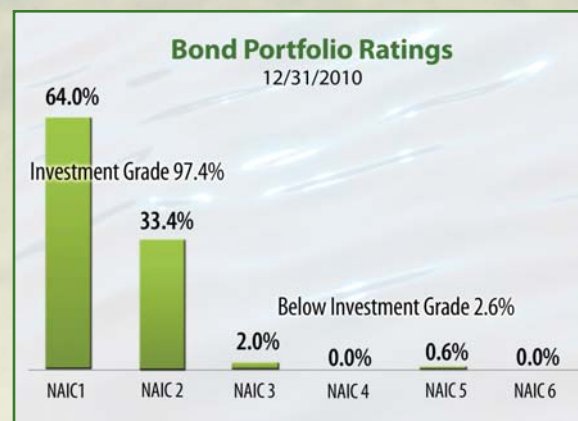
Investment Performance

To ensure our company will be able to meet its financial obligations over the long term, Assurity has remained steadfast in its commitment to a conservative, disciplined investment strategy.

By managing a diversified portfolio of carefully selected investments offering attractive risk-adjusted returns, Assurity's asset quality and investment yields historically have remained very stable.

The majority of our fixed-income portfolio is composed of high-quality investments, consisting primarily of corporate bonds at 76.4 percent, while commercial mortgage loans account for 13.5 percent; the remaining 10.1 percent includes policy loans, equities, real estate, cash and miscellaneous.

Our bond portfolio reflects our emphasis on high-quality investments. At year-end 2010, investment-grade bonds comprised 97.4 percent of our bond holdings, while only 2.6 percent



were rated noninvestment-grade, in contrast to the industry average of 6.9 percent as of Sept. 30, 2010. The mortgage loan portfolio continues to perform well with minimal and very manageable problem loans.

Independent Analyst's Opinion

Based primarily on Assurity's financial strength, A.M. Best Company, the insurance industry's leading independent evaluator, has rated our company A- (Excellent)* with a stable outlook. This rating is given to companies that, in the opinion of A.M. Best, have an excellent ability to meet their ongoing insurance obligations.

*A.M. Best ratings range from A++ (Superior) to F (in liquidation).

Board of Directors

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Assurity Life Insurance Company

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Mapes Industries
Lincoln, Nebraska

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U.S. Bank National Association
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Executive Director
Peter Kiewit Foundation
Omaha, Nebraska

Sustainability Initiative

Assurity Life has committed to being a leader in corporate environmental sustainability. While we have taken an environmentally conscious approach for some time, in 2010 we launched a corporate initiative to develop a comprehensive sustainability program.

We believe businesses today must make decisions which are environmentally sound, economically viable and socially equitable. A sustainable business must aspire to do what is right, not just for the bottom line or from a legal standpoint. The commitment of time and resources in developing a comprehensive sustainability program exemplifies Assurity's first corporate value—ethical behavior.

Our new headquarters building, now taking shape in Lincoln's Antelope Valley project, is a visible reminder of our commitment. The Assurity Center is designed to be a model of sustainability. It represents a major step toward reducing our environmental impact and stands as an investment in the future of our community.



We continue to seek ways to reduce our use of energy and resources, reuse or donate what is possible, recycle waste and use sustainable supplies.

The 2010 annual report represents a first for Assurity. In addition to this version, we are presenting our year-end financial results on a special website. By moving away from printing full-size annual reports, we are saving paper as well as the costs of printing and mailing. View our online annual report and read more about our 2010 financial results, sustainability initiative and new home office at http://www.assurity.com/annual_report/homepage.htm.