

## Assurity Life Insurance Company Fast Facts:

**Home Office:** Lincoln, Neb.

**Employees:** 400

**Structure:** Assurity Life Insurance Company is an operating company of Assurity Security Group Inc., a mutual holding company.

**Distribution:** Independent Agents, Worksite, Group

### Individual Products

- Disability Income Insurance
- Critical Illness Insurance
- Accident Insurance
- Long-Term Care Insurance
- Whole Life Insurance
- Term Life Insurance
- Universal Life Insurance
- Annuities

### Worksite Products

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

### Group or Voluntary Group Employee Benefits

- Term Life Insurance
- Section 125 Plans

*Product availability, rates and features may vary by state.*



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*Hallmarks  
of Strength*

*A*t Assurity Life, our mission is “to help people through difficult times.” We accomplish this day in and day out by providing competitive, protection-based life and supplemental health insurance products and annuities to our valued customers. With a legacy that spans 120 years, we recognize the long-term nature of the promises we make to our customers — promises that must last a lifetime.

Our mission is fully aligned with our corporate structure as a mutual holding company. A mutual insurance company’s focus is on the best interests of its policyholders, in contrast to a stock company with its core objective of creating and increasing value for shareholders. Assurity’s structure allows us to first and foremost ensure the long-term financial strength of the company, notwithstanding economic cycles and a multitude of other influences.

### ***Assurity’s policyholder benefits***

The fundamental reason for our existence and a test of our success is in keeping our commitments to our policyholders by providing benefits when they are needed. With these benefit payments, we help protect tens of thousands of individuals, families and small businesses from the risks each of us faces.

In uncertain economic times, it is easy to see why financial strength, one of our core values, is so important. This core value reads: “We manage our company for profitability levels which best serve the long-term interests of all our stakeholders. This allows our company both to honor our commitments and to change and grow with the times. We emphasize improving our productivity and reducing unit costs. To provide financial security to others, we must maintain unquestioned financial strength.”



### ***Investment performance***

Assurity’s overall conservative investment philosophy has held our company in good stead.

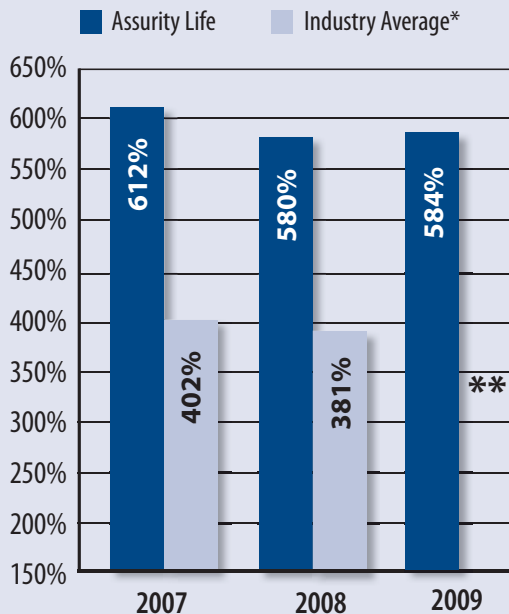
We have found over the decades that fixed-income securities (bonds) provide both a strong, reliable level of income and the recurring cash flow needed to pay our ongoing liabilities. Additionally, our company has a successful background in the commercial mortgage-lending arena. The mortgage loan portfolio is broadly diversified, both by property type and geographic area. More than 95 percent of our commercial mortgage loans have personal guarantees from the borrowers. In total, more than 91 percent of our company’s invested assets are held either in corporate bonds or commercial mortgage loans.

Our company does not participate in the volatile, speculative investments which recently caused many financial services companies serious difficulties. We have only 2 percent of our assets invested in common stocks, which has been an advantage. Our company’s holdings are viewed as long-term in nature, and very little portfolio turnover occurs. Because of the diversification in our equity investments, our results were better than broad market averages like the S&P 500.

## Year-end 2009 Statutory Financial Results

- \$2.24 billion in total assets
- \$1.99 billion in total liabilities
- \$10.9 billion of total insurance in force
- \$266.4 million in total surplus and asset valuation reserve (AVR)
- 11.90 percent ratio of surplus and asset valuation reserve to assets in 2009, a strong measure of our ability to meet future obligations
- \$24.3 million in dividends paid to policyholders in 2009
- \$239.0 million in benefits paid to policyholders in 2009

## NAIC Risk-Based Capital Ratio



\* Ward's Results, 2009 Edition. \*\* Industry results from 2009 not yet available.

Assurity's total investment yield has consistently ranked in the top one-third of all mutual insurance companies. Recent market conditions, combined with the likelihood of a prolonged period of weak economic scenarios, may have put at risk a number of companies that are challenged by weaker capitalization and higher-risk profiles in their investments and business mix.

Virtually no company in our industry has been able to avoid investment losses in recent difficult times. As a result, it is very important for customers to be aware of the financial strength of the companies in which they place their trust.

## Assurity's strength and capital position

While the financial strength of a company can be demonstrated in various ways, the key measures focus on balance sheet strength, especially the capital levels. A well-capitalized insurer provides the best protection to policyholders. It is no coincidence that Assurity Life entered this recessionary period in a very strong capital position — it's the way we have always run our business.

The net worth of a company consists of its capital and surplus. Or, it is the company's total admitted assets less its financial liabilities. Capital serves the company in various ways, such as providing a level of confidence for attracting new customers, and in uncertain economic times, it also serves as a cushion for unforeseen losses. Our surplus and asset valuation reserve (AVR) increased by 14.2 percent from the previous year. Assurity's capital position remains very strong with capital ratios well above industry averages.

A key gauge of a company's financial strength is its risk-based capital (RBC) ratio. The RBC ratio is a company's total adjusted capital divided by

the calculated risk-based capital. The higher the company's RBC ratio, the healthier or stronger its financial condition. Assurity Life significantly exceeds recent industry averages with its RBC ratio of 584.2 percent, a very strong figure (see chart below left).



### ***An Independent analyst's opinion***

Based primarily on Assurity Life'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.

### ***Insurance industry regulation***

Rating agency assessments aside, few industries are subject to government supervision as strict and detailed as the oversight of life and health insurance companies.

Regulatory supervision of insurance companies is provided by the insurance departments of each state. In addition, the National Association of Insurance Commissioners (NAIC) performs a vital role in the development of recommended regulatory

law and in coordinating the activities of all state insurance commissioners. Assurity Life determines the value of its assets and liabilities and prepares its financial statements in conformity with the statutory accounting practices prescribed by the Nebraska Department of Insurance. As required by regulation, Assurity's annual statutory financial statement is reviewed and certified by KPMG, our independent audit firm.

With the oversight in the industry and Assurity's mutual organizational structure, outstanding financial strength, conservative and prudent investment policies and diversified product distribution, policyholders can remain confident in our company's ability to thrive and continue to provide for their protection needs, even in these uncertain economic times.

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

