

Life Insurer Financial Analysis

Company EMC National
Life Co

Ratings

A.M. Best Company (Best's Rating, 15 ratings)	B++ (5)
Standard & Poor's (Financial Strength, 20 ratings)	
Moody's (Financial Strength, 21 ratings)	
Fitch Ratings (Financial Strength, 21 ratings)	
TheStreet.com (Safety Rating, 16 ratings)	C (8)
Comdex (Percentile in Rated Companies)	

Asset Analysis

Total Admitted Assets	682,705
Total Liabilities	641,434
Separate Accounts	11,713
Total Surplus & AVR	41,982
As % of General Account Assets	6.3%

Invested Assets	631,747
Bonds (%)	84.9%
Stocks (%)	3.5%
Mortgages (%)	3.8%
Real Estate (%)	0.2%
Policy Loans (%)	1.3%
Cash & Short-Term (%)	6.3%
Other Invested Assets (%)	<u>0.0%</u>
	100.0%

Net Yield on Mean Invested Assets	
2008 (Industry Average 5.40%)	5.81%
2007 (Industry Average 5.63%)	5.84%
2006 (Industry Average 5.54%)	5.93%
2005 (Industry Average 5.52%)	5.78%
2004 (Industry Average 5.50%)	5.54%
5 Year Average (Industry Average 5.52%)	5.78%

Total Investment Return	
2008 (Industry Average 3.36%)	5.22%
2007 (Industry Average 5.74%)	5.94%
2006 (Industry Average 6.06%)	6.27%
2005 (Industry Average 5.80%)	5.82%
2004 (Industry Average 5.95%)	5.94%
5 Year Average (Industry Average 5.38%)	5.84%

Asset Growth	
2008 Total Admitted Assets	682,705
1-Year Growth	2.9%
3-Year Compound Growth	-0.1%
2008 Total Surplus & AVR	41,982
1-Year Growth	-23.6%
3-Year Compound Growth	-17.2%

Data for Year-End 2008 from the life insurance companies' statutory annual statements. All dollar amounts are in thousands. All ratings shown are current as of April 01, 2010.

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Asset Quality Analysis

Non-Investment Grade Bonds (Class 3 - 6)	
Non-Investment Grade Bonds/Total Bonds	0.6%
Non-Investment Grade Bonds/Surplus & AVR	7.8%
Non-Performing Bonds (Class 6)	
Non-Performing Bonds/Total Bonds	0.1%
Non-Performing Bonds/Surplus & AVR	1.3%
Non-Performing Mortgages & Real Estate	
Non-Performing Mort & R.E./ Total Mort & R.E.	0.0%
Non-Performing Mort & R.E./Surplus & AVR	0.0%
Non-Performing Assets/Surplus & AVR	
Bonds In or Near Default	1.3%
Problem Mortgages	0.0%
Real Estate Acquired by Foreclosure	<u>0.0%</u>
Total Non-Performing Assets/Surplus & AVR	1.3%
As a Percent of Invested Assets	0.1%

Bond Portfolio Analysis

Total Bonds Book Value	536,044
Total Bonds Market Value	527,168
Bonds Market Value/BookValue	98.3%
Quality	
Class 1: Highest Quality	91.7%
Class 2: Higher Quality	7.7%
Class 3: Medium Quality	0.1%
Class 4: Low Quality	0.1%
Class 5: Lower Quality	0.3%
Class 6: In or Near Default	0.1%
Weighted Bond Class	1.1
Maturity	
1 Year or Less	21.7%
1 to 5 Years	21.1%
5 to 10 Years	21.5%
10 to 20 Years	34.9%
Over 20 Years	0.8%
Weighted Bond Maturity (Years)	7.8

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Operating Income Analysis

Total Income	160,099
Total General Expenses	16,678
Total General Expenses/Total Income	10.4%
Earnings Before Policy Dividends & Taxes	-17,687
Policy Dividends	258
Policy Dividends/Earnings	<u>-1.5%</u>
Pretax Earnings from Operations	-17,945
Federal Income Taxes	-72
Income Taxes/Pretax Earnings	<u>0.4%</u>
Net Earnings from Operations	-17,873
Net Realized Capital Gains	<u>-4,119</u>
Net Income	-21,992
As % of Admitted Assets	-3.2%
Unrealized Capital Gains	147

Premium Growth

2008 Total Premium Income	119,317
1-Year Growth	-2.5%
3-Year Compound Growth	6.9%
2008 Ordinary Life Premium	22,441
1-Year Growth	-12.2%
3-Year Compound Growth	2.6%

Profitability

Return on Assets	-2.7%
Return on Equity	-33.7%
2008 Lapse Ratio	7.8%
3-Year Average Lapse Ratio	8.5%
Net Investment Income	35,624
Required Interest	23,533
Interest Margin	51.4%
Ordinary Life Expenses/Premiums	20.7%
General Expenses/Total Income	10.4%
Commissions & General Expenses/Total Income	17.6%

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Analysis of Face Amount of Insurance

Total Insurance In Force	11,524,046
Ordinary Life	68.3%
Group Life	31.7%
Other	0.0%
 Total Reinsurance Ceded	 6,237,556
% of In Force Ceded	
Ordinary Life	71.3%
Group Life	17.1%
Other	0.0%
 Ordinary Life Policies In Force	 100,345
Average Policy Size (in dollars)	78,418
Ordinary Life Policies Issued in 2008	6,004
Average Policy Size (in dollars)	157,785

Analysis by Line of Business

Net Premiums Written	119,317
Individual	
Life	18.8%
Annuities	46.8%
Health	29.4%
Group	
Life	4.9%
Annuities	0.0%
Health	0.0%
Credit Life & Health	0.0%
Other Lines	0.0%
 Net Earnings from Operations	 -17,873
Individual	
Life	4.6%
Annuities	-13.7%
Health	104.6%
Group	
Life	4.5%
Annuities	0.0%
Health	0.0%
Credit Life & Health	0.0%
Other Lines	0.0%

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