Best's Rating Report

North American Company
for Life and Health Insurance
Since 1886

We're Here for Life®

West Des Moines, Iowa

Financial Strength Rating
A.M. BEST
A+ Superior

A+

Ultimate Parent:
Sammons Enterprises, Inc.

NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE

Exec/Admin: One Sammons Plaza
Sioux Falls, SD 57193
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AMB#: 006827 **NAIC#: 66974**
Ultimate Parent#: 051524 **FEIN#: 36-2428931**

BEST'S FINANCIAL STRENGTH RATING

Based on our opinion of the consolidated Financial Strength of the life/health members of Sammons Financial Group, which operate under a group structure, this group member is assigned a Best's Financial Strength Rating of A+ (Superior). The company is assigned the Financial Size Category of Class XIV which is the Financial Size Category of the parent.

RATING RATIONALE

Rating Rationale: North American Company for Life and Health Insurance (NACOLAH) is an important part of the group's current and future business strategies. NACOLAH is a significant contributor to SFG's new business production. The company is also a key contributor to the group's earnings and is fully integrated into SFG through its investment management, back office operations, and corporate oversight. The company markets a similar product portfolio as its affiliate, Midland National. NACOLAH distributes its products through managing general agents and independent marketing organizations.

The following text is derived from the report of Midland National Life Insurance Company.

The group rating of Midland National Life Insurance Company (Midland National) and North American Company for Life and Health Insurance (NACOLAH) — jointly referred to as the Sammons Financial Group (SFG) — reflects its diverse business profile, formidable marketing presence in the fixed-indexed annuity segment, positive net premium growth, profitable — although fluctuating — overall statutory and GAAP operating results, solid level of risk-adjusted capitalization, and well-defined hedging strategies, asset/liability management (ALM) and cash flow analysis techniques that support its interest-sensitive liabilities. The rating also reflects the financial backing of the parent organization, Sammons Enterprises, Inc. (SEI). Partially offsetting these positive factors are the challenges to manage its increasing exposure to interest-sensitive liabilities and industry issues related to potential market conduct and suitability, sales practices, the challenges to grow its ordinary life segment, and to lower its dependence on earnings derived from its spread businesses. The negative outlook assigned to the rating also reflects the potential for further asset impairments given the significant - although markedly improved - gross unrealized loss position in the fixed income investment portfolio, as well as its increased exposure to limited partnerships.

Midland National and NACOLAH represent the integral life insurance members of SEI, a privately held diversified holding company with interests in life insurance and non-insurance industries. SFG Reinsurance Company, a special purpose financial captive insurer, is a wholly owned subsidiary of Midland National. SFG is among the industry's top-10 writers of FIAs. SFG also offers traditional fixed and variable annuities, a wide array of individual life insurance prod-

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ucts where it holds top quartile positions in several ordinary life product lines, and corporate market products — primarily bank-owned life insurance (BOLI). Through its diverse distribution channels, niche marketing strategies, and competitive product designs for its middle-income and affluent customer target markets, SFG has developed and sustained profitable annuity businesses despite the challenging low interest rate environment. SFG has experienced generally strong premium growth over the past several years driven primarily by strong sales of its fixed-indexed and traditional fixed annuity products, while generally growing its ordinary life insurance and corporate market reserves. A.M. Best notes that the group has recently implemented a controlled annuity growth strategy aimed at managing capital strain. Positive GAAP and statutory operating performance demonstrates its strong competitive advantages combined with favorable persistency, effective expense controls, active spread management, and reinsurance activity. SFG maintains solid levels of risk-adjusted capitalization for its current business and investment risks enhanced by its overall profitable statutory operating results, high quality fixed-income portfolio, capital contributions made by SEI, and more recently, additional reinsurance activity that has partially offset investment losses incurred the past several years. A.M. Best notes that ALM is an integral component of SFG's investment philosophy supporting its annuity businesses and related liabilities in order to manage the impact of interest rate changes, as well as the duration risks of underlying assets and interest-sensitive liabilities. In addition, SFG employs hedging instruments in conjunction with external investment managers to mitigate exposure to equity risk in its indexed products and reduce earnings volatility. SFG continues to refine its enterprise risk management (ERM) processes that A.M. Best continues to view as lagging somewhat behind other life companies of similar size and risk profile.

SFG has significantly increased its interest-sensitive liabilities in recent years largely through strong growth of its annuity products and, to a lesser extent, traditional and equity-indexed universal life products. Continued interest-sensitive liability growth supported mainly by a fixed-income investment portfolio could be vulnerable to heightened market volatility and reinvestment risks. These risks are partially offset by surrender charge protection and market value adjustments within its annuity products. A.M. Best notes that the primary driver of its annuity growth in recent years has been its FIA products. A.M. Best believes that some FIA writers will continue to face challenges with regard to market conduct and regulatory risks given the FIA product's design, current non-registered status, long-term surrender charges, and high commission structure, which may ultimately impact sales and profitability. SFG's diverse business profile and integrated risk model, including hedging programs, well-defined ALM and cash flow analysis techniques, active market conduct and compliance programs, as well as FIA product designs with shorter surrender charge schedules somewhat mitigate these concerns. A.M. Best also believes that the increased growth of its annuity business may further exacerbate its exposure to operating leverage and heighten the demands on its capital resources. In response, SFG has implemented a controlled annuity growth strategy aimed at managing capital strain and has reinsured portions of its fixed annuity portfolio. While SFG's operating performance has been profitable, A.M. Best notes a larger percentage of earnings have been derived from its annuity, capital markets, and other spread businesses. In response, SFG has implemented strategies to bolster its ordinary life segment through the introduction of more profitable ordinary life products and the expansion of its distribution partnerships. Additionally, SFG has established a common product platform enabling a more efficient process, a quicker market delivery time for its products, and a better response to market needs. SFG remains exposed to a large — although improved — gross unrealized loss position relative to its adjusted statutory capital and surplus, which is spread across a range of asset classes, including mortgage-backed securities, asset-backed securities, and collateralized debt obligations. A.M. Best recognizes that SFG continues to aggressively monitor its investment exposures and has stress-tested them utilizing a variety of economic scenarios. However, while much of SFG's unrealized losses are more a function of spread widening rather than credit deterioration, the potential exists for additional asset impairments. Finally, SFG has significantly increased its exposure to limited partnerships and maintains commitments to increase this exposure further. While these investments enhance SFG's spread management strategy, they reduce liquidity and could adversely affect SFG's operating performance and financial strength should economic conditions deteriorate further.

Best's Financial Strength Rating: A+ g **Outlook: Negative**

KEY FINANCIAL INDICATORS ($000)

Year	Assets	Total Capital Capital Surplus Funds	Condit'l Reserve Funds	Net Premiums Written	Net Invest Income	Net Income
2005	5,103,273	432,732	29,202	563,312	293,119	41,003
2006	5,451,981	399,659	38,506	769,737	327,704	84,580
2007	6,637,313	387,652	50,567	1,114,656	342,699	2,370
2008	8,446,862	526,559	58,079	1,821,467	299,393	-18,257
2009	9,117,526	647,389	51,566	1,456,596	565,229	-7,720

BUSINESS REVIEW

NACOLAH is a key contributor to the operations of SFG. Other life insurance members of SFG include Midland National Life Insurance Company (Midland National) - the group's prominent life insurance member - and SFG Reinsurance Company (SFG Re). SFG Re, formed in 2005, is a direct wholly-owned subsidiary of Midland National. SFG Re, domiciled in the state of South Carolina, holds a certificate of authority as a special purpose financial captive insurer. Additionally, SFG's annuity division, based in Des Moines, Iowa, is a leading underwriter of fixed and, to a lesser extent, variable annuity products. This division is responsible for marketing, product development, management and operations as it relates to annuities for Midland National and NACOLAH. SFG's integrated life business operations center is located in Sioux Falls, South Dakota and is responsible for functions related to agency, underwriting and new business, claims, human resources, and finance and accounting. Overall SFG distributes its life insurance and annuity products through multiple distribution networks including broker-dealers, direct independent agents, independent marketing organizations, regional sales directors, 403(b) specialists and most recently the bank market.

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NACOLAH is licensed in 49 states, the District of Columbia, and Puerto Rico. NACOLAH markets to the upper-middle/mass-affluent customer offering a diversified portfolio - similar to Midland National - of individual life insurance products including term life, indexed universal life, and traditional universal life. SFG maintains Top-25 market shares in each category. NACOLAH also offers traditional fixed-deferred and immediate annuities in addition to fixed-indexed annuities (FIAs). The majority of NACOLAH's non-indexed annuities offer multi-year guarantees, while its FIAs offer multiple indices - including the S&P 500, DJIA, and NASDAQ - and several different types of crediting strategies including annual, monthly point-to-point, averaging and composite. The FIAs also feature guaranteed withdrawal benefits, nursing home and long-term care benefits among other riders. The product options have proven popular with agents and, along with a competitive commission structure, have led to strong increases in annuity production in recent years. NACOLAH markets its life insurance products primarily through its traditional distribution channels including more than 100 mid-sized managing general agents (MGAs), independent marketing organizations (IMOs) and selected broker-dealer relationships. Management plans to continue to expand its MGAs and IMOs going forward. Since its acquisition by SEI, NACOLAH has leveraged SFG's leading presence in the fixed and fixed-indexed annuity (FIA) markets. SFG's centralized annuity operation has provided NACOLAH with the opportunity to develop and market a portfolio of FIA and fixed annuities in a cost effective manner. SFG currently ranks among the Top-10 producers of FIA products. NACOLAH has begun to leverage the expertise of SFG to enter the corporate markets life insurance segment.

Management has pursued a variety of initiatives over the past several years designed to improve ordinary life sales and enhance persistency. Some of these include the ability to quickly develop new products for its broad niche strategy, providing marketing support for the field, and creating agent compensation packages geared toward productivity and long-term relationships. To improve growth in life sales, NACOLAH will continue its strategy to expand its distribution channels as well as continue to develop and modify its life insurance product portfolio to meet the needs of its customers. A.M. Best notes that indexed universal life and traditional universal life represented the majority of new ordinary life direct premium in 2009.

NACOLAH's principal driver of growth in annuity deposits in recent years has been the strong sale of FIAs. This growth has been aided by consumers' gravitation towards annuity products having the safety of guaranteed interest rates and protection of principal, while allowing for equity market participation. A.M. Best believes that some FIA writers may experience market conduct and regulatory risks, given the FIA product's complex design, long-term surrender charges, and high commission structure, which may result in reduced sales and impact profitability. SFG's diverse business profile and integrated risk model, including its hedging programs, strong asset/liability management, and active market conduct and compliance programs somewhat mitigate these concerns.

To reduce costs, management has been consolidating numerous administrative functions eliminating redundancies at both NACOLAH and Midland National. These efforts have included the integration of the data center, policy owner services, accounting and finance, corporate actuarial, legal, compliance and information systems functions into one organization. The individual identities of the two organizations have been preserved with separate executive offices in Chicago, Illinois, and Sioux Falls, South Dakota, respectively. Supporting its on-going commitment to achieving operational efficiency, management has completed the integration of Midland National and NACOLAH's life insurance processing specifically focused on the agency, underwriting and new business, claims, human resources and finance and accounting functions.

EARNINGS

NACOLAH's overall statutory operating performance has been positive, although fluctuating, in recent years. Overall net operating results have been impacted favorably by increasing levels of net investment income - excluding the impact of indexed option payouts, strong cash flow from premium growth - primarily annuity deposits, favorable mortality experience and improving persistency, and positive net interest spread management that have more than offset expense strains associated with the company's new business growth and the continuing challenges faced in this prolonged low interest rate environment. A.M. Best notes that 2009 and 2008 net operating results were favorably impacted by an Iowa prescribed practice whereby indexed options and the related reserve liabilities are accounted for on a cost basis. The impact of this prescribed practice increased earnings $147 million in 2009 and $22.7 million in 2008. In 2009, NACOLAH elected to establish a voluntary reserve of $123.5 million to offset the increases in the values of the derivative instruments. NACOLAH's ordinary life segment earnings were impacted by lower net premium income trends and higher mortality experience that offset increased net investment income. The profitability in the individual and group annuity segments has been driven by increased net investment income on a higher asset base, improving persistency, active spread management and surrender charges. A.M. Best notes that 2009 annuity segment earnings were impacted somewhat by narrower spreads and lower net option payouts.

NACOLAH has continued to emphasize individual FIAs and other fixed annuities leveraging its financial resources, diverse distribution platform and cost efficient infrastructure. A.M. Best notes that over the past two years the company's net annuity deposits have increased significantly requiring a capital contributions from the parent to fund this business growth. Additionally, the company has increased its reinsurance activity in the current year. Going forward, management has implemented strategies to control annuity growth at levels sustainable by the company's capital and surplus. NACOLAH's ordinary life segment has experienced declining net premium trends in recent years impacted by irregular sales of core ordinary life insurance products.

To further improve its overall operating performance going forward, NACOLAH plans to continue to emphasize its universal life product portfolios and term life products with improved profitability while leveraging the expertise of SFG to offer products into the corporate life insurance markets. Additionally, the company is exploring additional reinsurance solutions to mitigate capital strains. Furthermore, the company plans to continue its expense control initiatives and the possible securitization of its term life block of business, which is subject to Regulation XXX reserving.

NACOLAH's overall GAAP net earnings have been favorable over the past several years as a result of profitable earnings trends in both its ordinary life and annuity segments.

CAPITALIZATION

NACOLAH has experienced significant growth in interest-sensitive liabilities over the past two years, which generally requires additional capital to support policyholder obligations. In 2008, SFG received a total of $200 million - $50 million to Midland National and $150 million to NACOLAH - in cash capital contributions from its ultimate parent, SEI. No debt was issued to fund the capital contribution. SFG received no additional capital contributions from SEI in 2009.

NACOLAH maintains solid risk-adjusted capitalization for its current business and investment risks. The company's capital base is supported by its overall profitable operating performance, as well as high quality fixed-income investments and historical capital contributions made by the parent. While the company's current stand-alone risk-adjusted capitalization is solid, A.M. Best believes NACOLAH may be challenged to enhance its capital position as the continuing interest-sensitive annuity growth supported by its fixed-income investment portfolio could be vulnerable to heightened market volatility and reinvestment risks. Also, continued growth in annuity deposits will demand greater capital resources and to the company's operating leverage. In response, the company has implemented a controlled annuity growth strategy, continues to offer its annuities with market value adjustments and surrender charges and has increased reinsurance activity.

NACOLAH's total statutory capital and surplus trends have been increasing in recent years due to a positive operating performance and capital contributions made by SEI when needed to support business growth that have more than offset stockholder dividends and investment losses. In 2009, NACOLAH's total capital and surplus increased. This increase was impacted favorably by unrealized gains from the positive performance of its derivatives that support its indexed products, the benefits derived from accounting changes related to deferred income taxes, and reinsurance activity that more than offset large realized investment losses and dividends made to the parent. In 2006 total capital and surplus levels were impacted by $102 million in dividend payments made to the parent from the proceeds from the sale of a subsidiary.

A.M. Best notes that the realized investment losses were primarily the result of credit-related losses. Additionally, the company completed a re-securitization transaction by transferring non-agency residential mortgage-backed securities to a non-affiliated trust. The cash flows from the transferred securities were utilized to service re-tranched and re-rated securities issued by the trust. The trust in turn sold a portion of the re-issued securities to unaffiliated third parties for cash proceeds. Those cash proceeds - along with the interests in the remaining re-securitized securities - were transferred back to Midland National. The beneficial interests in the remaining securities issued by the trust were retained by Midland National at fair value, and as a result the company recognized a realized investment loss.

In 2009, NACOLAH entered into a coinsurance agreement with an affiliated reinsurer. This agreement was an indemnity agreement that covered 100% of all policies issued from January 1, 2008 through September 30, 2009 of specific annuity plans. The effective date of the agreement was October 1, 2009. NACOLAH transferred assets of $468.4 million which was equal to the statutory reserves associated with the policies as of the effective date of the agreement. In addition, NACOLAH entered into a reinsurance agreement with a non-affiliated reinsurer that covered certain risks with all policies issued in 2008 of specific annuity plans. The effective date of the agreement was June 30, 2009, at which time NACOLAH ceded $50 million of coinsurance reserves. In addition, NACOLAH amended an existing coinsurance agreement related to the reinsurance of its term life block of business that is subject to Regulation XXX reserving. The amendment added policies issued between January 1, 2006 and December 31, 2006 to the treaty. The positive impact to total capital and surplus from both annuity reinsurance agreements and the amendment to the life reinsurance agreement was $45.3 million in 2009.

Furthermore, NACOLAH benefits from a specific Iowa prescribed practices implemented in 2008 that changed the accounting for indexed options and the related reserve liabilities to a cost basis from a "market-based" accounting basis. The effect of this prescribed practice increased total statutory capital and surplus by a total of $169.6 million in 2009. This increase was offset (as previously discussed in the Earnings section) by a voluntary reserve in the amount of $123.5 million recorded by the Company in 2009.

INVESTMENTS AND LIQUIDITY

NACOLAH's invested assets have increased significantly over the past several years, reflecting primarily the substantial premium growth associated with its FIA products. NACOLAH maintains high asset quality and very good overall liquidity. NACOLAH's invested assets consist primarily of high quality long-term bonds representing more than ninety percent of total invested assets. The company's remaining investments are comprised of preferred and common stocks, contract loans, cash and short-term securities, limited partnerships, and index options purchased to hedge liability risk associated with its fixed indexed product reserves. While the company continues to emphasize investing in high quality fixed-income securities to ensure safety of principal and liquidity, it maintains diversification among various asset classes through periodic rebalancing of the investment portfolio as opportunities arise. This approach has become more important as the company's exposure to interest-sensitive liabilities has significantly increased in recent years. Additionally, while investment income - excluding the impact of indexed option payouts - has steadily increased as a result of the growth in invested assets, realized and unrealized investment losses have impacted the company's overall investment performance. NACOLAH's long-term bond portfolio, as well as its affiliate, Midland National, remains in a gross unrealized loss position that is maintained across a range of asset classes including mortgage-backed structured securities, asset-backed securities, collateral debt obligations and financial sector corporate bonds. A.M. Best notes the gross unrealized loss position has improved significantly although it continues to exceed that of most of its similarly-rated peers as a percentage of year-end adjusted statutory capital and surplus. A.M. Best recognizes that NACOLAH continues to aggressively monitor its

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investment exposures and has stress-tested them utilizing a variety of economic scenarios. However, while much of NACOLAH's unrealized losses are more a function of spread widening rather than credit deterioration, the potential exists for additional asset impairments.

The bond portfolio is comprised almost entirely of investment grade securities with slightly more than one-fourth in private placements that are well diversified across industry sectors and managed by its external investment manager. The bond portfolio is well diversified among corporate issues, special revenue, and U.S. Government debt. A.M. Best notes NACOLAH continues to maintain an elevated level of below-investment-grade (BIG) bonds relative to total capital and surplus as the company stretches for higher yielding assets to support its business growth in a time of low interest rates. As such, A.M. Best believes the company is vulnerable to capital losses from potential credit defaults within its BIG bond portfolio. In response, NACOLAH plans to reduce its exposure to BIG bonds through opportunistic sales. NACOLAH maintains slightly more than twenty percent of its bond portfolio in mortgage-backed structured securities that, coupled with its large and expanding block of interest-sensitive liabilities, expose the company to prepayment and extension risks. However, the exposure to these risks is mitigated somewhat as the majority of the mortgage-backed structured securities are represented primarily by collateralized mortgage obligations (CMOs)-sequentials, CMO-PACs and commercial mortgage-backed securities that tend to be less sensitive to fluctuations in interest rates. Additionally, the interest rate risk is further mitigated by the increased production of new annuity business with surrender protection and market value adjustment (MVA) features. Although the majority of the company's mortgage-backed securities and CMOs are in less interest-sensitive tranches, A.M. Best notes that a portion of these securities is in more risky CMO-inverse floaters and CMO-Z tranches that expose the company to extension and mismatch risks. A.M. Best believes that these holdings have been successfully managed internally through a floating rate/inverse floater pairing strategy and by only purchasing Z-bonds that are fully extended and represent the final cash flows for a mortgage security. Management further mitigates the risks by closely monitoring these securities and actively managing asset/liability durations. Despite its significant allocation to structured investment products, A.M. Best notes that the company has minimal exposure to the residential subprime and Alt-A mortgage markets. NACOLAH's commercial mortgage-backed securities are almost entirely in the highest rated tranches, earlier vintages, and have a high degree of subordination.

The majority of the increasing preferred stock portfolio is in investment grade securities that exhibit solid credit characteristics, with the majority of the return coming from dividends. The common stock portfolio consists primarily of its investment in the Agents Deferred Compensation Rabbi Trust, and Federal Home Loan Bank stock that helps the company to secure access to additional financing from the Federal Home Loan Bank of Des Moines. The company's other invested assets (Schedules BA and DB) consists primarily of limited partnerships, and financial options. The company significantly increased its exposure to limited partnerships in 2009 and maintains significant commitments to increase these exposures further. While these investments enhance the company's spread management strategy, they reduce liquidity and could adversely affect operating performance and financial strength should there be a further deterioration of the overall economy.

NACOLAH employs an investment hedging strategy, in conjunction with its external investment manager, using over-the-counter index call options to mitigate exposure to equity risk in its FIA products. Additionally, the company has enhanced its risk management programs used to hedge its fixed indexed annuity products by transitioning to a dynamic hedging program for a significant portion of its fixed indexed product liabilities. The program consists primarily of cash and futures which are accounted for at fair value. This dynamic hedging program is designed to reduce the overall cost of the economic hedges when compared to a static hedging program.

Securities lending programs (consisting of reverse repurchase agreements) supplement the overall investment yield and enhance the company's asset/liability management (ALM) duration matching process. NACOLAH has an agreement with its state of domicile, Iowa, to reduce the level of securities lending to approximately 10% of legal reserves as quickly as possible without incurring avoidable losses. As securities lending programs mature, they are not being replaced. At year-end 2009, the company's securities lending position was below the target. In addition, NACOLAH's membership in the Federal Home Loan Bank provides the company with some potential liquidity and a low-cost financing alternative. In the current year, the company borrowed $284 million in accordance with the terms of its membership agreement. The proceeds were used to complement its security lending program.

ALM and cash flow analysis remain integral parts of the company's investment philosophy and support the company's increased levels of annuity sales and other related liabilities. These strategies provide the company's management with detailed information on profitability, portfolio performance, disintermediation risk, and management of asset and liability option portfolios.

OFFICERS

Chairman of the Board, Michael M. Masterson; Chief Executive Officer, Esfandyar E. Dinshaw; President and Chief Operating Officer, Steven C. Palmitier; President, Cindy K. Reed (Annuity Division); Executive Vice President, Robert R. TeKolste; Senior Vice President and Chief Information Officer, Gary J. Gaspar; Senior Vice President and Chief Marketing Officer, Garth A. Garlock; Senior Vice President, Secretary and General Counsel, Stephen P. Horvat, Jr.; Senior Vice President and Actuary, Donald T. Lyons (Corporate); Senior Vice Presidents, John J. Craig II, C. Michael Haley (Human Resources), Ron G. Ottenbacher (Corporate Markets), Brian P. Rohr (Organizational Development); Vice President and Chief Financial Officer, Daniel M. Kiefer; Vice President and Chief Risk Officer, Brent A. Mardis; Vice President and Chief Compliance Officer, Thomas C. Stavropoulos; Vice President and Chief Administrative Officer, Rebecca L. Luloff; Vice President and Medical Director, Norma E. Davis; Vice Presidents, Darron Ash, David A. Bergstrom (Valuation), Robert W. Buchanan (Underwriting & New Business), Curtis C. Foody (Information Technology), Gary W. Helder (Policy Administration), Melody R.J. Jensen (Associate General Counsel), Dhiren Jhaveri (Strategic Initiatives), Heather Kreager, Ronald J. Markway (Annuity New Business & Agency), Barbara A. Murray

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(Business Systems Analysis), Joseph E. Paul (Corporate Markets), Timothy A. Reuer (Product Development), Bradley W. Rosenblatt (Marketing & Sales Support), Paul V. Swenson (IT Application Development).

DIRECTORS

Roland C. Baker, Willard Bunn III, John J. Craig II, Esfandyar E. Dinshaw, William D. Heinz, Robert W. Korba, Michael M. Masterson, Steven C. Palmitier, David E. Sams, Jr.

TERRITORY

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Balance Sheet
Assets ($000)

	12/31/2009
*Total bonds	$8,080,780
*Total preferred stocks	91,573
*Total common stocks	26,919
Contract loans	80,561
Cash & short-term inv	42,147
Other invested assets	389,356
Prems and consids due	15,509
Accrued invest income	72,793
Other assets	317,888
Assets	$9,117,526

Liabilities ($000)

Net policy reserves	$6,953,153
Policy claims	39,483
Deposit type contracts	138,266
Interest maint reserve	34,316
Comm taxes expenses	57,073
Borrowed money	942,124
Asset val reserve	51,566
Other liabilities	254,156
Total Liabilities	$8,470,137
Common stock	2,500
Paid in & contrib surpl	406,676
Unassigned surplus	237,500
Other surplus	713
Total	$9,117,526

*Securities are reported on the bases prescribed by the National Association of Insurance Commissioners.

Best's Rating Report

Why is this *Best's*® *Rating Report* important to you?

A Rating Report from the A.M. Best Company represents an independent opinion from the leading provider of insurer ratings of a company's financial strength and ability to meet its obligations to policyholders.

The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. The Financial Strength Rating **opinion** addresses the relative ability of an insurer to meet its ongoing insurance policy and contract obligations. The rating is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is **not a recommendation** to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

The company information appearing in this pamphlet is an extract from the complete company report prepared by the A.M. Best Company.

A Best's Rating is assigned after an extensive quantitative and qualitative evaluation of a company's financial strength, operating performance and market profile.

Best's Ratings are assigned according to the following scale:

Secure Best's Ratings

A++ and A+ . . . . .Superior
A and A- . . . . .Excellent
B++ and B+ . . . . .Good

Vulnerable Best's Ratings

B and B- . . . . .Fair
C++ and C+ . . . . .Marginal
C and C- . . . . .Weak
D . . . . .Poor
E . . . . .Under Regulatory Supervision
F . . . . .In Liquidation
S . . . . .Rating Suspended

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