

# 2018 FINANCIAL SUMMARY

The **Liberty Bankers Insurance Group (LBIG)** of companies continued its trend of steady growth and expansion during 2018. Total assets for the group and subsidiaries reached the **\$2.5 billion** mark as the volume of in-force business in all our lines of business reached record levels. The organization continues to post steady growth in **Premium, Income, Capital & Surplus** and **Earnings**. Adjusted Capital and Surplus is \$269 million, the highest in the Group's history. Premium income reflects the diversification of the company with 75% annuities and 25% life insurance.

The company footprint extends from coast to coast, as we have a successful sales and marketing presence in nearly all states. A.M. Best has assigned each company in the group a Financial Strength Rating of B++ (Secure, Stable).

## PRODUCTS

**Annuities** – Our comprehensive **array of annuity products** includes: multi-year guaranteed rate annuities, single premium immediate annuities, traditional fixed annuities and single premium whole life. For many years, our products have enjoyed the distinction of consistently offering rates that are among the industry's most competitive.

**Life Insurance** – We provide viable life insurance solutions to individuals and families across a range of marketing platforms, including home service, funeral homes, tele-marketing and independent general agents. The growth in our life insurance division has become a core strength of the organization.

**Medicare Supplement and Critical Illness** – Complementing our other lines of business, we are now effectively reaching thousands of Americans eligible for senior health care products and providing important supplemental health coverage.

**SERVICE** – Exceptional **customer service** and superior **sales support** is the cornerstone of long-standing relationships with our large and growing number of agents and their clients. There are more than 10,000 licensed agents now representing our group of companies across the United States, which connects the company personally to our trusting policyholders.

Significant investments in **technology** support has enabled agents and policyholders to access greater information more easily and quickly than ever before. Website and app-based services are available virtually anywhere and anytime.

The LBIG invested asset portfolio is comprised of the following major asset classes:

**Marketable Securities – 63%.** This asset class is made up primarily of high quality fixed income securities and preferred stock (average S&P rating A-) with a focus on matching our asset maturities with policy holder benefits. We have worked diligently to reduce our exposure to "below investment grade" holdings and it is currently at its lowest levels since the 2008-2009 financial crisis. Throughout 2018, we continued to diversify our risk exposures by varying industry groups and adding other international securities. The average credit quality of our Marketable Securities is BBB+.

**Commercial and Real Estate Mortgage Loans – 24%.** One of our **major competitive advantages** is our ability to generate high quality commercial loans. Although this asset class comprises less than a quarter of our total portfolio, it significantly enhances total investment return for policyholders and shareholders. These loans have an average maturity of less than five years and provide risk adjusted returns that are far superior to investments with comparable safety. LBIG's staff of knowledgeable mortgage loan underwriters use rigorous guidelines to evaluate commercial lending opportunities.

**Real Estate – 3%.** LBIG purchases real estate in select markets where we are able to identify an economic advantage. These properties are actively managed, leased and marketed for sale. The expertise of our staff enables us to efficiently acquire and sell properties, resulting in excellent returns for policyholders and shareholders.

**Common Stocks – 5.5%.** This class consists of equity investments in our subsidiary life companies and American Reserve Service Corporation, which holds several high quality commercial properties including office buildings in Memphis, TN and Dallas, TX and an apartment complex in Houston, TX. Our exposure to publicly traded equities is minimal.

**Cash Equivalents and Other Assets – 4.5%.** The majority of this asset class is liquid funds, but also includes contract loans and other short-term investments. We also hold certificates of deposit, reinsurance income due, investment income due and accrued and other miscellaneous assets. Given the volatility of today's financial markets, it is important to have ample liquidity to meet policyholder needs and unforeseen circumstances. In addition to cash and marketable securities, the group has access to additional cost effective liquidity through its brokerage and bank lines of credit.

LBIG's careful and conservative investment strategies have resulted in **steady growth and outstanding returns** for policyholders and shareholders.

★ Liberty Bankers Life ★ The Capitol Life ★ American Benefit Life ★ Continental Life ★

**Providing Quality Financial Products Since 1958**

Our mission is to offer competitive, consumer focused financial products paired with exceptional service that helps our policyholders achieve their financial goals.



Annuities



Life Insurance



Health Insurance