

**CITIZENS, INC.**

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**DOMESTIC LIFE INSURANCE PRODUCTS**

Our domestic life insurance products have historically focused primarily on living needs and provided benefits focused toward accumulating financial benefits for the policyowner. The features of our domestic life insurance products include:

- cash accumulation/living benefits;
- tax-deferred interest earnings;
- guaranteed lifetime income options;
- monthly income for surviving family members;
- accidental death benefit coverage options; and
- an option to waive premium payments in the event of disability.

Our life insurance products have historically been designed to address the insured's concern about outliving his or her monthly income, while at the same time providing death benefits. The primary purpose of our current product portfolio is to help the insured create capital for needs such as retirement income, children's higher education, business opportunities, emergencies and health care needs. In addition, our insurance products offer financial benefits like savings protection and immediate funds in event of the insured's death.

**HOME SERVICE INSURANCE**

Our domestic Home Service Insurance segment operates through our subsidiaries SPLIC, MGLIC and SPFIC, and focuses on the life insurance needs of the middle and lower income markets, primarily in Louisiana, Mississippi and Arkansas. Our policies are sold and serviced through a home service marketing distribution system of 223 employee-agents who work on a route system and through over 221 funeral homes and independent agents who sell policies, collect premiums and service policyholders. To a lesser extent, our Home Service Insurance segment sells limited liability, named peril property policies covering dwelling and contents. In 2019, our Home Service Insurance segment comprised 25% of our total direct premiums.

**HOME SERVICE PRODUCTS AND COMPETITION**

Our Home Service Insurance products consist primarily of small face amount ordinary whole life and pre-need policies, which are designed to fund final expenses for the insured, primarily funeral and burial costs. The average life insurance policy face amount issued in 2019 was approximately \$7,200. Due to the lower risk associated with small face amount policies, the underwriting performed on these applications is limited. Our property coverages are limited to \$30,000 maximum coverage on any one dwelling and contents, while content-only coverage and dwelling-only coverage is limited to \$20,000. We face competition in Louisiana, Mississippi and Arkansas from other companies specializing in home service insurance. We seek to compete based upon our emphasis on personal service to our customers. We intend to continue premium growth within this segment via direct sales.

**OTHER NON-INSURANCE ENTERPRISES**

Other Non-Insurance Enterprises includes the results of the parent company, Citizens, Inc., and Computing Technology, Inc., which provides data processing services to the Company.

**OPERATIONS AND TECHNOLOGY**

Our administrative operations principally serve our Life Insurance segment and are conducted primarily at our executive offices in Austin, Texas through 103 administrative, operating and underwriting personnel. Our Home Service business is conducted, to a large degree, from our district offices in Louisiana, Arkansas and Mississippi, as well as our service center in Donaldsonville, Louisiana. At our executive offices, we also perform policy design, marketing oversight, underwriting, accounting and reporting, actuarial, customer service, claims processing, administrative and investing activities. At our Bermuda office, we have 3 personnel that perform underwriting, policy issuance and claims processing related to CICA Ltd.'s international policies.

We have a single integrated information technology system for our entire Company, which is a centrally-controlled, mainframe-based administrative system. Functions of our policy administrative system include policy set-up, administration, billing and collections, commission calculation, valuation, automated data edits, storage backup, image