

Life Insurer Financial Analysis

Company	National Western
Ratings	
A.M. Best Company (Best's Rating, 15 ratings)	A-
Standard & Poor's (Financial Strength, 20 ratings)	A
Moody's (Financial Strength, 21 ratings)	
Fitch Ratings (Financial Strength, 21 ratings)	
Comdex (Percentile in Rated Companies)	73
Asset Analysis	
Total Admitted Assets	6,078,774
Total Liabilities	5,367,839
Separate Accounts	0
Total Surplus & AVR	751,965
As % of General Account Assets	12.4%
Invested Assets	5,990,732
Bonds (%)	92.3%
Stocks (%)	2.1%
Mortgages (%)	1.7%
Real Estate (%)	0.1%
Policy Loans (%)	1.4%
Cash & Short-Term (%)	1.9%
Other Invested Assets (%)	<u>0.5%</u>
	100.0%
Net Yield on Mean Invested Assets	
2007 (Industry Average 5.63%)	5.30%
2006 (Industry Average 5.54%)	6.67%
2005 (Industry Average 5.52%)	5.64%
2004 (Industry Average 5.50%)	6.35%
2003 (Industry Average 5.82%)	7.17%
5 Year Average (Industry Average 5.60%)	6.23%
Total Investment Return	
2007 (Industry Average 5.74%)	5.33%
2006 (Industry Average 6.06%)	6.86%
2005 (Industry Average 5.80%)	6.00%
2004 (Industry Average 5.95%)	6.52%
2003 (Industry Average 6.27%)	7.46%
5 Year Average (Industry Average 5.97%)	6.43%
Asset Growth	
2007 Total Admitted Assets	6,078,774
1-Year Growth	1.9%
3-Year Compound Growth	4.7%
2007 Total Surplus & AVR	751,965
1-Year Growth	5.0%
3-Year Compound Growth	9.4%

Data for Year-End 2007 from the life insurance companies' statutory annual statements. All dollar amounts are in thousands. All ratings shown are current as of March 02, 2009.

Presented by: Vickie Good, Creative Marketing, 7415 W. 130th Street, , PO Box 25958, Overland Park, KS 66213 Phone: 913-814-0510 Email: scrable@cmic.net

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Asset Quality Analysis

Non-Investment Grade Bonds (Class 3 - 6)	
Non-Investment Grade Bonds/Total Bonds	2.0%
Non-Investment Grade Bonds/Surplus & AVR	15.0%
Non-Performing Bonds (Class 6)	
Non-Performing Bonds/Total Bonds	0.0%
Non-Performing Bonds/Surplus & AVR	0.2%
Non-Performing Mortgages & Real Estate	
Non-Performing Mort & R.E./ Total Mort & R.E.	3.1%
Non-Performing Mort & R.E./Surplus & AVR	0.5%
Non-Performing Assets/Surplus & AVR	
Bonds In or Near Default	0.2%
Problem Mortgages	0.4%
Real Estate Acquired by Foreclosure	<u>0.0%</u>
Total Non-Performing Assets/Surplus & AVR	0.7%
As a Percent of Invested Assets	0.1%

Bond Portfolio Analysis

Total Bonds Book Value	5,527,240
Total Bonds Market Value	5,510,050
Bonds Market Value/BookValue	99.7%
Quality	
Class 1: Highest Quality	73.1%
Class 2: Higher Quality	24.9%
Class 3: Medium Quality	1.5%
Class 4: Low Quality	0.5%
Class 5: Lower Quality	0.0%
Class 6: In or Near Default	0.0%
Weighted Bond Class	1.3
Maturity	
1 Year or Less	8.3%
1 to 5 Years	17.5%
5 to 10 Years	61.9%
10 to 20 Years	12.0%
Over 20 Years	0.3%
Weighted Bond Maturity (Years)	7.1

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Operating Income Analysis

Total Income	953,957
Total General Expenses	43,759
Total General Expenses/Total Income	4.6%
Earnings Before Policy Dividends & Taxes	37,457
Policy Dividends	88
Policy Dividends/Earnings	<u>0.2%</u>
Pretax Earnings from Operations	37,369
Federal Income Taxes	8,295
Income Taxes/Pretax Earnings	<u>22.2%</u>
Net Earnings from Operations	29,075
Net Realized Capital Gains	<u>3,215</u>
Net Income	32,290
As % of Admitted Assets	0.5%
Unrealized Capital Gains	-3,309

Premium Growth

2007 Total Premium Income	607,305
1-Year Growth	-3.2%
3-Year Compound Growth	-14.8%
2007 Ordinary Life Premium	173,207
1-Year Growth	15.2%
3-Year Compound Growth	12.5%

Profitability

Return on Assets	0.5%
Return on Equity	4.3%
2007 Lapse Ratio	11.0%
3-Year Average Lapse Ratio	11.6%
Net Investment Income	309,860
Required Interest	174,428
Interest Margin	77.6%
Ordinary Life Expenses/Premiums	13.0%
General Expenses/Total Income	4.6%
Commissions & General Expenses/Total Income	16.8%

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Analysis of Face Amount of Insurance

Total Insurance In Force	17,634,312
Ordinary Life	100.0%
Group Life	0.0%
Other	0.0%
 Total Reinsurance Ceded	 5,005,338
% of In Force Ceded	
Ordinary Life	28.4%
Group Life	0.0%
Other	0.0%
 Ordinary Life Policies In Force	 150,279
Average Policy Size (in dollars)	117,344
Ordinary Life Policies Issued in 2007	13,856
Average Policy Size (in dollars)	264,950

Analysis by Line of Business

Net Premiums Written	607,305
Individual	
Life	28.5%
Annuities	55.7%
Health	0.0%
Group	
Life	0.0%
Annuities	15.7%
Health	0.2%
Credit Life & Health	0.0%
Other Lines	0.0%
 Net Earnings from Operations	 29,075
Individual	
Life	10.5%
Annuities	-28.0%
Health	0.0%
Group	
Life	0.0%
Annuities	32.0%
Health	0.1%
Credit Life & Health	0.0%
Other Lines	85.5%

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