

ELEVATING

2018 EMC NATIONAL LIFE COMPANY
CORPORATE REVIEW





TOGETHER WE
WILL DELIVER ON
OUR PROMISE BY
ELEVATING ALL
THAT WE DO.



The insurance industry is evolving, and these changes have created the momentum and mindset for us to elevate all that we do. We lead the charge through innovation and inspiration. Energy and enthusiasm. Better solutions. New products. And outstanding service.

In partnership with independent insurance agents, we provide our customers the personalized service and insurance protection they deserve. We are there to help families and loved ones continue on after a loss. To offer peace of mind when it matters most.

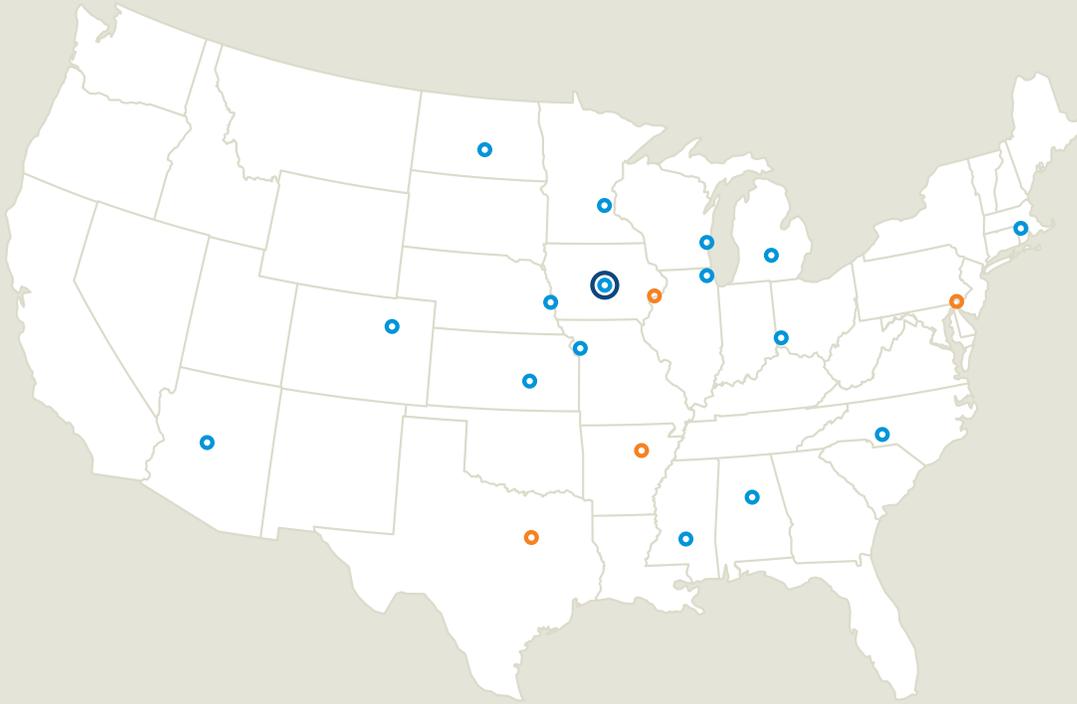
ELEVATING AGENT RELATIONSHIPS

By consistently elevating our relationships with our agents, we can deliver more value to them and our policyholders. We focus on developing partnerships to earn the trust and business of these agency partners and offer superior solutions that *Make Life Easy* and enhance customer experiences.

We know independent agents bring tremendous value to the insurance process. They are committed insurance professionals who take time to understand their clients' needs and recommend appropriate life insurance solutions. We stand behind independent agents as proven and trusted advisors we can rely on to sell our insurance products and services.

Our team members are committed to continually building stronger, more collaborative relationships with our agency partners. We take time for face-to-face interactions with our agents at all levels of the company—from executives to underwriters, administration and claims experts.

▶ EMC OFFICE LOCATIONS



▶ EMC OFFICE LOCATIONS

CORPORATE OFFICE

- Des Moines

BRANCH OFFICES

- Birmingham
- Bismarck
- Charlotte
- Chicago
- Cincinnati
- Denver
- Des Moines
- Jackson
- Kansas City
- Lansing
- Milwaukee
- Minneapolis
- Omaha
- Phoenix
- Providence
- Wichita

SERVICE OFFICES

- Dallas
- Davenport
- Little Rock
- Valley Forge

Our agents and policyholders know they can *Count on EMC®* to be a reliable, stable and financially secure insurance company. We have an advantage over our competitors because of the close ties we have with our agents across the country.

Our marketing team works closely with their assigned agents as a single point-of-contact to provide one-on-one support and quickly assist with their sales, underwriting and service needs.

Working together with EMC's P&C insurance experts in the 16 branch office locations, our teams can develop partnerships with these P&C agencies and offer the best in complete insurance protection.

ELEVATING OUR PRODUCTS

A revolution of growth and change is underway at EMC National Life (EMCNL) as we drive momentum with innovative and simple, straightforward life insurance products.

Rapid change, digital transformation and innovation are taking place in the insurance industry today, driven by increasing customer expectations and enabled by advancing technology. To keep pace with the industry and pioneer new innovative solutions for customers, EMCNL developed accelerated life insurance products which feature automated methods of gathering applicant information. This results in a quicker application process, faster underwriting and rapidly issued policies. Using smart data, we allow applicants to bypass medical requirements while retaining the most competitive rates. With accelerated products, we've created another way to simplify life.

Our Easy Choice Term and Easy Choice Whole Life products continue to provide affordable protection for short- and long-term needs. The Easy Choice products are simple—no medical exam is required and the application process is quick and easy.

THE PRODUCTS OF PARTNERSHIP

Partnership is one of the keys to elevating our products. We communicate with our agents each and every day and work together to identify emerging trends that are opportunities to grow profitability. With the constant flow of information from these relationships, we can be more flexible than the competition and design and tailor products to meet the needs of the specialty market, make underwriting decisions quickly, and change our business processes faster than larger carriers.

As the life company affiliate of EMC Insurance Companies, our expertise and resources are focused on promoting the opportunity to cross-sell life products through commercial lines business.



Our Just Ask initiative helps agents identify when and what to ask their customers to find appropriate life insurance solutions and help them plan for final expenses, covering debts or leaving a legacy. The most important thing is to Just Ask!

ELEVATING OUR SERVICES

Every customer interaction should reflect EMCNL's commitment to superior service. Whether we're responding to claims or answering policy questions, we're always working to elevate our services and meet the needs of our customers.

We know that customers expect fast, personalized service and easy access to information from their insurance company. They want convenience, speed, transparency, personalization and self-service, which is challenging us to elevate customer experiences to keep ahead of their demands, improve customer loyalty and keep the great customers we already have.

BUILDING THE BEST TEAM

Our team members are the ones who create top-quality products and services and provide excellent customer experiences. We rely on them and know that if we take care of our team members, they will take care of our customers. At EMCNL, we create a positive work culture and provide our team members with the resources, training and tools they need. Our operating philosophy is defined by three principles that every team member applies to everything we do—Focus, Discipline and Momentum.

JUST A CALL AWAY

When EMCNL policyholders have policy questions or needs, they expect assistance to be only a phone call away. That expectation is met every day with exceptional service provided by our knowledgeable team members who are sensitive to the needs of our customers and provide support in ordinary and difficult times. In 2018, nearly 100 percent of calls to our dedicated call center were answered. Our team members understand the importance of relationships and realize our customers have a choice when it comes to life insurance.

EXCEPTIONAL CLAIM SERVICE

Policyholders and agents *Count on EMC* to provide exceptional claim service. In 2018, we paid more than \$45 million in life and annuity death benefits, demonstrating our commitment to our policyholders. Our claims service exceeded expectations as reported by our customers on our 2018 surveys.

SEEKING CUSTOMER INSIGHTS

The experiences that agents and consumers have with EMCNL influence their decisions to do business with us. Our focus is on understanding and improving those touchpoints, specifically related to marketing, underwriting, policy service and claims.

Feedback is at the heart of our initiative to improve customer experiences. We constantly seek feedback from our agents and policyholders and results overwhelmingly show they appreciate the superior, personal service we continue to provide and that we really do *Make Life Easy*.

MAKING A DIFFERENCE

We believe in giving back to our communities and encourage our team members to do something that will improve the lives of their neighbors. At EMCNL, elevating our communities is such an important effort that we offer volunteer time off to everyone, and our team members generously donate time, money and supplies to many local nonprofit organizations throughout the year.

We make a monetary donation on behalf of our deceased insureds to a charitable organization designated by the beneficiary—a small gesture that makes a difference in the hearts of families of our insureds and the lives of others in the community.

FINANCIALS

FINANCIAL RESULTS

To provide financial stability for our customers, we must show strong and stable financial results year after year. It is through our disciplined and conservative investment strategy, sound underwriting practices, and diverse business profile that we are able to hit new milestones that matter to our long-term success.

ACHIEVING CONSISTENT, SOLID FINANCIALS

Our total capital and surplus and asset valuation reserve (AVR) for 2018 was \$122.25 million. The AVR supports our long-term investment strategy by providing a cushion against potential equity and credit losses.

Admitted assets for the year totaled \$909.55 million.

Bonds represented 86.5 percent of our total invested assets with only 2.10 percent rated below investment grade. Our non-investment grade bonds averaged 1.08 percent of total bonds over the last five years, compared to the life insurance industry average of 5.79 percent over the five-year period ending Dec. 31, 2018.

Careful investing, diversification and strong credit quality allows us to continually maintain a solid financial position and be the company of choice for all of our customers now and in the future.

A.M. BEST RATING

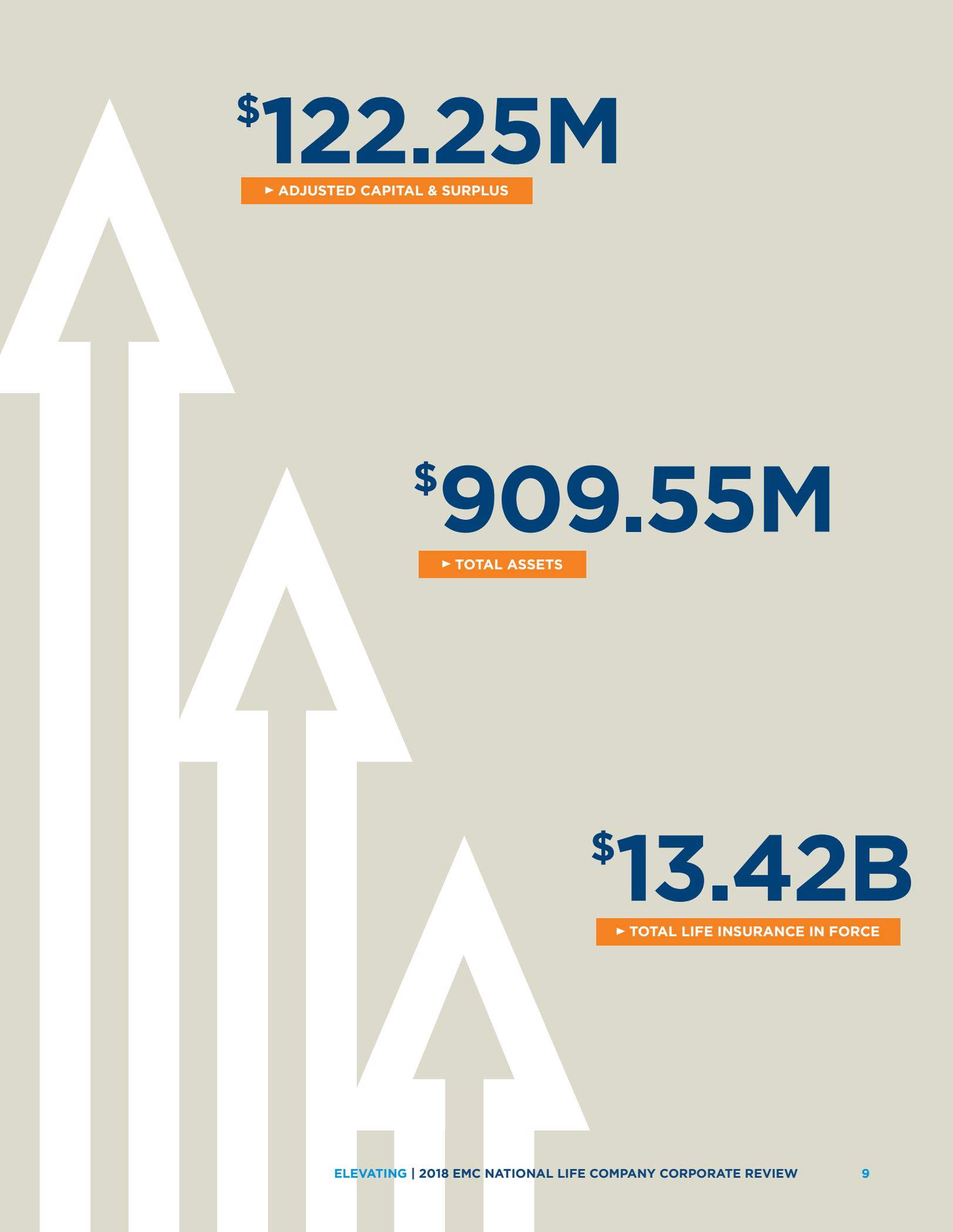
In 2018, A.M. Best, the insurance industry credit rating organization, reaffirmed EMCNL's financial strength rating of A- (Excellent) and the long-term issuer credit rating of "a-". The outlook for these ratings is stable. This solid rating is assigned to companies that have, in A.M. Best's opinion, an excellent ability to meet their ongoing obligations to policyholders. For the latest rating information, visit ambest.com.

2018 FINANCIALS

- Total assets of \$909.55 million at year-end 2018
- Total capital and surplus and asset valuation reserve (AVR) of \$122.25 million; the AVR supports EMCNL's long-term investment strategy by providing a cushion against potential equity and credit losses
- Total life insurance in force of \$13.42 billion
- EMCNL's investment yield on invested assets for 2018 was 4.44 percent, compared to 4.57 percent* for the life insurance industry
- EMCNL's non-investment grade bonds at year-end were 2.10 percent of total bonds, compared to 5.33 percent for the life insurance industry as of Dec. 31, 2018; EMCNL's non-investment grade bonds have averaged 1.08 percent of total bonds over the last five years, compared to the life insurance industry average of 5.79 percent over the five-year period ending Dec. 31, 2018*

INVESTMENT TYPE	BOOK VALUE	PERCENT OF TOTAL
Bonds	\$ 745,041,165	86.5%
Common & Preferred Stock	\$ 30,183,019	3.5%
Mortgage Loans	\$ 43,606,905	5.1%
Real Estate	\$ 1,009,051	0.1%
Policy Loans	\$ 18,606,191	2.2%
Cash & Short-Term Investments	\$ 17,333,174	2.0%
Other Invested Assets	\$ 5,645,449	0.6%
Total Invested Assets	\$ 861,424,954	

*Industry data from SNL Financial as of May 2019



\$122.25M

▶ ADJUSTED CAPITAL & SURPLUS

\$909.55M

▶ TOTAL ASSETS

\$13.42B

▶ TOTAL LIFE INSURANCE IN FORCE

► 2018 FINANCIALS

ASSETS	2018	2017	2016	2015	2014
Bonds	\$ 745,041,165	\$ 766,076,824	\$ 788,055,472	\$ 814,008,510	\$ 851,886,607
Stocks	\$ 30,183,019	\$ 34,443,958	\$ 36,420,253	\$ 33,964,887	\$ 29,321,852
Mortgage Loans	\$ 43,606,905	\$ 30,653,874	\$ 36,746,254	\$ 41,370,022	\$ 39,552,830
Real Estate	\$ 1,009,051	\$ 1,142,307	\$ 1,419,741	\$ 1,668,960	\$ 1,566,701
Policy Loans	\$ 18,606,191	\$ 19,460,840	\$ 19,879,143	\$ 21,312,754	\$ 22,017,753
Cash & Short-Term Investments	\$ 17,333,174	\$ 54,572,288	\$ 15,725,148	\$ 17,800,090	\$ 18,176,203
Other Invested Assets	\$ 5,645,449	--	--	--	\$ 283,783
Total Invested Assets	\$ 861,424,954	\$ 906,350,091	\$ 898,246,011	\$ 930,125,223	\$ 962,805,729
Other Assets	\$ 48,123,552	\$ 48,430,135	\$ 49,638,552	\$ 48,739,887	\$ 47,042,638
Total Assets	\$ 909,548,506	\$ 954,780,226	\$ 947,884,563	\$ 978,865,110	\$ 1,009,848,367

LIABILITIES	2018	2017	2016	2015	2014
Policy Reserves	\$ 753,814,196	\$ 782,540,348	\$ 796,187,054	\$ 830,309,766	\$ 863,317,455
Policy Dividend Liability	\$ 9,298,530	\$ 9,500,140	\$ 9,934,154	\$ 10,300,966	\$ 10,714,753
Other Policy Liability	\$ 7,350,194	\$ 7,707,429	\$ 7,054,062	\$ 7,715,636	\$ 7,631,047
Other Liabilities	\$ 23,463,720	\$ 49,456,238	\$ 30,730,899	\$ 31,069,144	\$ 29,338,741
Total Liabilities	\$ 793,926,640	\$ 849,204,155	\$ 843,906,169	\$ 879,395,512	\$ 911,001,996

CAPITAL & SURPLUS	2018	2017	2016	2015	2014
Capital Stock	\$ 35,666,700	\$ 35,666,700	\$ 35,666,700	\$ 35,666,700	\$ 35,666,700
Surplus	\$ 79,955,166	\$ 69,909,371	\$ 68,311,694	\$ 63,802,897	\$ 63,179,671
Total Capital & Surplus	\$ 115,621,866	\$ 105,576,071	\$ 103,978,394	\$ 99,469,597	\$ 98,846,371
Total Liabilities, Capital & Surplus	\$ 909,548,506	\$ 954,780,226	\$ 947,884,563	\$ 978,865,110	\$ 1,009,848,367
Insurance In Force	\$ 13,423,442,000	\$ 13,133,818,000	\$ 12,980,363,000	\$ 12,665,507,000	\$ 12,489,047,000

▶ LEADERSHIP

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Current as of March 1, 2019



Our mission is to protect the financial security of our customers by partnering with our independent agents to provide appropriate insurance solutions and superior service.

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