

## 2017 Financials

- Total assets of \$954.78 million at year-end 2017
- Record year-end total capital and surplus and asset valuation reserve (AVR) of \$112.89 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 \$13.13 billion
- EMCNL's investment yield on invested assets for 2017 was 4.55 percent, compared to 4.54 percent\* for the life insurance industry
- EMCNL's non-investment grade bonds at year-end were 1.60 percent of total bonds, compared to 5.70 percent for the life insurance industry as of Dec. 31, 2017; EMCNL's non-investment grade bonds have averaged 0.71 percent of total bonds over the last five years, compared to the life insurance industry average of 5.90 percent over the five-year period ending Dec. 31, 2017\*

Investment Type	Book Value	Percent of Total
Bonds	\$ 766,076,824	84.5%
Common & Preferred Stock	\$ 34,443,958	3.8%
Mortgage Loans	\$ 30,653,874	3.4%
Real Estate	\$ 1,142,307	0.1%
Policy Loans	\$ 19,460,840	2.1%
Cash & Short-Term Investments	\$ 54,572,288	6.0%
Total Invested Assets	\$ 906,350,091	

\*Industry data from SNL Financial as of April 2018

## Financial Statement

Assets	2017	2016
Bonds	\$ 766,076,824	\$ 788,055,472
Stocks	\$ 34,443,958	\$ 36,420,253
Mortgage Loans	\$ 30,653,874	\$ 36,746,254
Real Estate	\$ 1,142,307	\$ 1,419,741
Policy Loans	\$ 19,460,840	\$ 19,879,143
Cash & Short-Term Investments	\$ 54,572,288	\$ 15,725,148
Total Invested Assets	\$ 906,350,091	\$ 898,246,011
Other Assets	\$ 48,430,135	\$ 49,638,552
Total Assets	\$ 954,780,226	\$ 947,884,563
Liabilities	2017	2016
Policy Reserves	\$ 782,540,348	\$ 796,187,054
Policy Dividend Liability	\$ 9,500,140	\$ 9,934,154
Other Policy Liability	\$ 27,759,279	\$ 7,054,062
Other Liabilities	\$ 29,404,388	\$ 30,730,899
Total Liabilities	\$ 849,204,155	\$ 843,906,169
Capital & Surplus	2017	2016
Capital Stock	\$ 35,666,700	\$ 35,666,700
Surplus	\$ 69,909,371	\$ 68,311,694
Total Capital & Surplus	\$ 105,576,071	\$ 103,978,394
Total Liabilities, Capital & Surplus	\$ 954,780,226	\$ 947,884,563
Insurance In Force	\$ 13,133,818,000	\$ 12,980,363,000

## Leadership

### Board of Directors

**Chairman of the Board**  
**Bruce G. Kelley, J.D., CPCU, CLU**  
*President, Chief Executive Officer & Treasurer*  
 EMC Insurance Companies  
 Des Moines, Iowa

### Board Members

**Lawrence K. Hedlin**  
*Retired President*  
 Hedlin Enterprises Inc.  
 West Des Moines, Iowa

**Frederick H. Lock, MAI, SRPA**  
*President*  
 Iowa Appraisal and Research Corporation  
 Des Moines, Iowa

**Edward A. Murphy**  
*Retired Senior Vice President*  
 National Travelers Life Company  
 Urbandale, Iowa

### Executive Management

**Chief Executive Officer**  
 Mick A. Lovell, CPCU

**President & Chief Operating Officer**  
 Eric J. Faust, CIOP, CXAP, ACS

### Senior Vice Presidents

Chris D. Frazier, CPA, ALMI, ACS

Jenifer L. Mercer-Klimowski, J.D., CPCU, AIC

Cameron S. Torstenson, CLU

### Vice Presidents

Julie K. Hanson, FLMI

Kevin R. Lund, ALHC, FLMI, HIA, ACS

Mark C. Rowley, FSA, MAAA

Tammy J. Snyder, FLMI, ACS (retired Jan. 2, 2018)

Mark A. Unkrich, FLHC, ALMI, FALU, ACS

### Assistant Vice Presidents

Steven C. Brown, FLMI, ACS, AIAA, AIRC, GBDS

Sandra K. Struthers, ALMI, ACS

### Assistant Secretary

David J. Pokorny, FLMI, ACS, AIRC

## Our Company

EMC National Life Company is a financially stable life insurance company and life affiliate of EMC Insurance Companies that has been in business for 107 years. In June 2017, A.M. Best reaffirmed our financial strength rating of A- (Excellent) with a stable outlook. For the latest rating, access [ambest.com](http://ambest.com).

We distribute products solely through the independent insurance agency system and believe our partnership with those agents brings a superior level of personal service to our customers. Our agents, policyholders and team members know they can *Count on EMC®*.

### EMC Locations



699 Walnut Street, Suite 1100, Des Moines, IA 50309  
 515-237-2000 | 800-232-5818 | [www.emcnationallife.com](http://www.emcnationallife.com)

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Our People  
 Our Policyholders

What Matters Most

Our Agents  
 Our Communities  
 Our Future

2017 In Review





**Mick Lovell**  
EMCNL Chief Executive Officer and EMC Executive Vice President of Operations



**Bruce Kelley**  
EMC President, Chief Executive Officer and Treasurer



**Eric Faust**  
EMCNL President and Chief Operating Officer

## To Our Customers

Understanding what matters most can sometimes be challenging. At EMC National Life, it's simple. Our agency partners, policyholders, team members and communities matter most. All of these people, their livelihoods and their businesses drive our desire to deliver positive experiences and the protection they need to feel secure.

To provide the security our customers expect, we need to be a financially stable company—and we are. In 2017, our adjusted capital and surplus was a record high \$112.89 million. Our year-end assets were \$954.78 million. And, we have seen eight years of profitable growth with a combined net operating gain of \$66.11 million since 2010.

What matters most to us is that you can *Count on EMC®*—and focusing on that is the foundation of our success.

**Eric J. Faust, CIOP, CXAP, ACS**  
President & Chief Operating Officer

### ✓ Our Agents

## Focus On Partnerships

Because we rely on independent agents—the experts our policyholders turn to when making important insurance decisions—to promote the benefits of our products and services, earning the trust and business of these agency partners matters. That's why we continue to innovate and launch products and services that *Make Life Easy*.

### Just Ask!

Planning for final expenses, covering debts or leaving a legacy can be stressful, but the solution doesn't have to be. We focus on simple, straightforward products and processes that make life insurance easy to sell and easy to understand. Our Just Ask initiative helps agents identify when and what to ask to help their customers find appropriate insurance solutions. The most important thing is to Just Ask!



Our marketing team will take it from there and provide the necessary expertise to ensure our customers receive the most suitable life insurance and annuity products to protect their financial security. To deliver outstanding one-on-one support and quickly assist with the sales and service needs of our agents, each member on our marketing team works closely with agencies in their geographic region including property and casualty agents associated with one of EMC's branch offices located across the country.

### ✓ Our Financials

## Discipline For 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 2017 was \$112.89 million, the highest ever for the company. The AVR supports our long-term investment strategy by providing a cushion against potential equity and credit losses.

Admitted assets for the year totaled \$954.78 million.

Bonds represented 84.5 percent of our total invested assets with only 1.60 percent rated below investment grade. Our non-investment grade bonds averaged 0.71 percent of total bonds over the last five years, compared to the life insurance industry average of 5.90 percent over the five-year period ending Dec. 31, 2017.

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.

### Financial Strength Rating

In 2017, A.M. Best reaffirmed EMCNL's financial strength rating of A- (Excellent) with a stable outlook. 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](http://ambest.com).

### ✓ Our Customers

## Momentum With Service

Providing exceptional service is what we strive to do each day. Every insurance company has insurance. What sets us apart is our team members. They are knowledgeable, sensitive to the needs of our agents and policyholders, understand the importance of relationships, and realize our customers have a choice when it comes to life insurance.

### Seeking Customer Insights

We ensure loyalty by building on the value our products and services deliver and listening to the needs of our customers. The ongoing feedback we receive from our agents and policyholders overwhelmingly shows they appreciate the superior, personal service we continue to provide and that we really do *Make Life Easy*.

### Refreshing Our Web Presence

Online services are more responsive and allow us to deliver unbeatable service. Our website, [emcnationallife.com](http://emcnationallife.com), was refreshed in 2017 with a new design and navigation that works seamlessly on all devices. Agents can view current product information, underwriting and sales tools, and online quoting and applications. Policyholders have secure, quick and convenient access to their policy information, including benefit amount, fund values, beneficiary designations and more.



### ✓ Our Communities

## Making A Difference

Enhancing the quality of life in the communities we serve matters. Our team members donate time, money and supplies to many local nonprofit organizations which help create a brighter, stronger community. In addition, we make a monetary donation on behalf of our deceased insureds to a charitable organization designated by the beneficiary—a small gesture that goes the distance in the hearts of families of our insureds.

Realizing Success With

*Focus, Discipline  
& Momentum*

### ✓ Our People

## Building The Best Team

Team members do their highest quality work when they're engaged and empowered. At EMCNL, we create a positive work culture and provide our team members with the resources, training and tools they need to be their best. Our operating philosophy is defined by three principles that every team member applies to everything we do—Focus, Discipline, and Momentum. It is through our *Focus* on relationships, our *Disciplined* operational strategy and the *Momentum* from our superior service that we are able to realize success and deliver quality protection to those we serve.