Why is this *Best's®* *Rating Report* important to you?

A Rating Report from the A.M. Best Company represents an independent opinion from the leading provider of insurer ratings of a company's financial strength and ability to meet its obligations to policyholders.

The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. Best's Ratings represent the current and independent **opinion** of a company's financial strength and ability to meet obligations to policyholders. Best's Ratings are **not a warranty** of an insurer's current or future ability to meet obligations to policyholders, nor are they a recommendation of a specific policy form, contract, rate, or claim practice.

The company information appearing in this pamphlet is an extract from the complete company report prepared by the A.M. Best Company.

A Best's Rating is assigned after an extensive quantitative and qualitative evaluation of a company's financial strength, operating performance and market profile.

Best's Ratings are assigned according to the following scale:

Secure Best's Ratings

A++ and A+	Superior
A and A-	Excellent
B++ and B+	Good

Vulnerable Best's Ratings

B and B-	Fair
C++ and C+	Marginal
C and C-	Weak
D	Poor
E	Under Regulatory Supervision
F	In Liquidation
S	Rating Suspended

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Printed September 23, 2008

Best's Rating Report

Assurity®
Life Insurance Company

Lincoln, Nebraska

Financial Strength Rating
AM BEST
A- Excellent

A-

Ultimate Parent:
Assurity Security Group

ASSURITY LIFE INSURANCE COMPANY

Mail: P.O. Box 82533, Lincoln, NE 68501-2533
Web: www.assurity.com
Tel: 402-476-6500 **Fax: 402-437-4395**
AMB#: 07374 **NAIC#: 71439**
Ultimate Parent#: 51403 **FEIN#: 38-1843471**

BEST'S RATING

Based on our opinion of the company's Financial Strength, it is assigned a Best's Rating of A- (Excellent). The company's Financial Size Category is Class IX.

RATING RATIONALE

Rating Rationale: The rating of Assurity Life Insurance Company (Assurity) is based on its excellent risk-adjusted capitalization, good investment performance and its successful distribution channels. The rating also reflects the strategic and financial benefits of its re-organization under the Assurity Security Group, Inc. (ASGI) mutual holding company. A.M. Best notes that the combined operating entities have benefited from greater economies of scale, synergies that reduce expenses and a broader product portfolio available to an expanded policyholder base. Offsetting these strengths are the company's volatile earnings trends due to its acquisitions of blocks of business, weak underwriting performance in its worksite product line and the challenges associated with managing integration while growing the revenue base.

Assurity Life management has developed a strategy to create synergies, increase scale and reduce unit costs in its core lines by streamlining its operations. As a result, earnings enhancement is expected through further expense reductions while growth is expected through expanded distribution channels across the core individual life insurance, annuity, and individual disability income, and specialty health insurance lines. Assurity has continued to expand both the independent agent distribution system and worksite marketing efforts as part of its strategy to broaden its distribution base. The company has maintained good risk-based capital levels during this growth phase due to strategic capital management and conservative investment policies.

Assurity Security Group, Inc. has grown through the combination of various companies and the acquisition of blocks of business; as a result, earnings have been volatile as these activities have been integrated. The organization has been restructured in all areas of operations as the various back-office operations were combined. Some liquidity risk may exist in the investment portfolio as the company continues to maintain a large allocation of private issue bonds. In addition, the commercial mortgage portfolio of Assurity is relatively high as a percentage of total assets and capital, but has had no foreclosures over the past 10 years. Furthermore, the company has been challenged with poor claims experience on its worksite disability income business, placing a drag on statutory profitability. As a result, the company has implemented rate increases and a revised underwriting approach on that business going forward.

Best's Rating: A- **Outlook: Stable**

KEY FINANCIAL INDICATORS ($000)

Year	Assets	Total Capital Capital Surplus Funds	Condit'l Reserve Funds	Net Premiums Written	Net Invest Income	Net Income
2002	1,763,800	175,576	7,758	192,191	117,978	11,178
2003	1,938,309	200,399	16,291	264,122	119,415	1,221
2004	2,025,362	208,676	19,580	235,270	120,451	16,281
2005	2,111,749	214,276	19,917	246,009	121,232	11,034
2006	2,158,992	227,778	23,035	231,389	123,175	12,393
2007	2,189,168	245,521	23,820	236,020	122,264	14,637

BUSINESS REVIEW

Assurity Life Insurance Company, is a Nebraska-domiciled stock life insurance company. The company is a wholly owned subsidiary of Security Financial Inc. (formerly ASG Inc.), an intermediate stock company. Security Financial Inc. is a wholly owned subsidiary of Assurity Security Group, Inc. (ASGI), a Nebraska mutual holding company. Assurity Advisors, Inc., formerly known as Pine Lake Advisors, Inc., is a direct subsidiary of Assurity Life. Assurity Advisors, Inc., is an SEC Registered Investment Advisory firm offering pension management services to small business employers.

Assurity Life merged with Security Financial Life Insurance Company effective January 1, 2007. This merger was part of an ongoing process of consolidation which included the merger of the mutual holding companies of Lincoln Insurance Group and Security Mutual Life (effective January 1, 2005); the merger of Woodmen Accident and Life Company into its subsidiary Assurity Life Insurance Company in October 2003; and Lincoln Direct Life consolidated into Assurity Life Insurance Co. and became a division of Assurity Life now referred to as Assurity Direct on January 1, 2005.

The mergers combined each entity's products for cross-sell distribution initiatives to achieve better profitability and improved efficiency. ASGI has been able to consolidate expenses, investments, marketing, technology, administration and legal services to improve overall unit costs and increase profitability. The merger of Security Financial Life with Assurity Life completes the integration plan of ASGI. The organization enjoys significant strategic advantages in complementary multi-channel distribution systems offering life, disability income, critical illness, long-term care insurance, hospital indemnity insurance and annuities for the middle income market. Assurity is represented in the marketplace by nearly 20,000 independent agents. These agents are well established in the 49 states and the District of Columbia where Assurity operates. Assurity at Work, the merged worksite division, became operational in January 2005, through the consolidation of the worksite divisions of Assurity Life and Security Financial Life.

The life insurance products offered by Assurity include a portfolio of traditional whole life, universal life and term insurance. Assurity also developed a unique portfolio of life and wealth management products for major Independent Marketing Organizations. In addition to the life insurance products, individual disability income, individual single premium deferred annuities, and critical illness insurance represent the breadth of the company's operations. Included in the distribution system for Assurity are former Security Financial Life general agents and agents.

Assurity Life has continued to expand the individual disability income line of business through a combination of organic growth and a series of acquisitions of blocks of business from companies exiting the disability income business. The last major acquisition of a block of disability business occurred in 2003 when Assurity acquired the existing block of approximately 22,000 disability income policies from Nationwide Life Insurance Company. The presence in the individual disability income business, with products including a catastrophic disability income rider and a graded benefit disability income policy for the middle income marketplace also has the added benefit of attracting good producers who service this market. Overall product development included more products offered with simplified issue underwriting for specific markets. In addition, a critical illness rider, long-term care policy and individual hospital indemnity policy have recently been introduced.

EARNINGS

Assurity Life manages diversified lines of business through its broad product portfolio and the net gains from operations, a core measure of the company's operating performance, improved in 2007 over 2006 and the preceding four years. The 2007 results were enhanced primarily due to an adjustment in reserves of $8.5 million based on the company's revised estimate associated with group life business. Nonetheless, a majority of its core lines of business have generated profitability over the past five years. However, its individual accident and health line has generated losses in each of the past five years due to losses in the worksite disability income line. Losses however have narrowed in this line due to the company's ongoing measures to improve profitability. The individual accident and health business is comprised of two distinct product groups which focus on disability income: worksite generated business and individual business. Net investment income declined somewhat in 2007, while net realized capital gains continued to contribute positively to the company's overall profitability.

Net written premiums trends have been mixed over the past five years, with significant fluctuations noted in its core lines of business. Ordinary life premiums have generally demonstrated increased premiums over the past five years, while individual disability income and annuity lines have reported lower premium. Group health premiums have increased consistently over the past five years as the company has implemented several measures to improve the underlying performance. Future growth opportunities have been identified in its core markets and the company is focused on efficient independent agency distribution combined with targeted new product development. Prudent investments in home office and field technology will permit better efficiency and reduced costs going forward.

Assurity had experienced significant strain in the ordinary life line of business due to strong sales of individual life single premium business; however, growth has moderated in more recent periods. The company's worksite marketing business continues to generate losses from higher than expected morbidity on certain older blocks of business.. Acquisition activity of disability income blocks result in depressed earnings in the year of the transaction, due to the ceding commission, which occurs as a one-time extraordinary charge. As a result, overall statutory earnings have been volatile, and profitability returns have been relatively low over the latest five years.

The underlying experience of the disability income line for Assurity has been generally favorable and indicates the future profitability of the individual disability income business can be achieved through careful management of claims and expenses, and premium rate increases where appropriate. The individual annuity segment has positively contributed to earnings over the last five years due to reduced new annuity production combined with seasoned existing business which is generating earnings.

The acquisitions of blocks of business and consolidations of the various legal entities which have resulted in Assurity Life today continue to impact the reported results. The consolidation of Lincoln Direct into Assurity, through the creation of the Assurity Direct Sales Division, offers additional opportunities for efficiencies. Key strategies have been to pursue cross-selling opportunities within its in-house customer base and the development of affinity marketing. A.M. Best expects that the company should be able to produce better efficiencies going forward, although operational results from the consolidations have been mixed to date.

The worksite market is a fast growing sector due to reductions or limitations of employer-paid benefits. In recent years, the worksite business has generated losses, and profitability concerns were a driving force behind the process that created Assurity at Work. Industry leading consultants in the segment were utilized to identify and develop plans to return this line to profitability. As part of this process, a redesigned and repriced product portfolio is being introduced for the worksite market. Assurity Life Insurance plans to continue its strategic distribution of its product lines through a number of broker and direct relationship channels for maximum growth and profitability in the individual life, disability income, fixed annuity, critical illness, long-term care, hospital indemnity and worksite marketplace.

CAPITALIZATION

Assurity Life has maintained more than adequate levels of capital & surplus and has shown increases during the last five years due to profitable operating gains combined with realized capital gains. In 2003, Assurity issued $20 million in surplus notes to provide additional capital for acquisitions and growth. With the January 1, 2007 merger of Security Financial Life with Assurity Life, the capital & surplus exceeded $245 million at year-end. A.M. Best expects the now fully merged former affiliated insurance companies of ASGI will continue to benefit from increased operating efficiencies, positive operating results, and stable investment performance.

INVESTMENTS AND LIQUIDITY

Growth in invested assets has maintained a positive trend over the past five years due to premium growth and a merger with Security Financial Life Insurance Company, effective January 1, 2007. Assurity Life Insurance Company maintains a good quality investment portfolio, with minimal exposure to below investment grade bonds. In addition, the company has minimized its exposure to interest-rate risk by generally avoiding investments in mortgage-backed securities. Assurity continues to maintain a higher than industry average in private placement issues, with approximately four-tenths of bonds classified as private issues at year-end. The company also maintains a higher allocation to lower quality investment grade bonds. Overall investment returns have steadily declined as a low interest rate environment persists in the U.S.

Performance of the mortgage portfolio, making up less than one-fifth of invested assets, has also been good, with minimal exposure to restructured loans and foreclosures. These mortgages are secured primarily by commercial properties with the largest geographic concentrations in Arizona, Nebraska and California covering 41% of total book value. In these states, the mortgages are predominantly industrial, office and retail properties. Commercial mortgages are underwritten with a maximum 75% loan to value ratio. Real-estate investments consist of the company's home office and investment property.

OFFICERS

Chairman of the Board, President and Chief Executive Officer, Thomas E. Henning; Senior Vice President and Chief Operating Officer, Susan L. Keisler-Munro; Senior Vice President and Chief Marketing Officer, Todd Reimers; Senior Vice President and Chief Actuary, David Wallman; Vice President, Treasurer and Chief Financial Officer, Marvin P. Ehly; Vice President and Chief Investment Officer, William R. Schmeeckle; Vice President, Secretary and General Counsel, Carol S. Watson.

DIRECTORS

William R. Cintani, Steven D. Erwin, Caren L. Hamilton, Ronald L. Harris, Thomas E. Henning, Frank H. Hilsabeck, Marc E. LeBaron, James E. McClurg, Angela L. Muhleisen, Thomas D. Potter, Paul M. Schudel, Lyn Wallin Ziegenbein.

TERRITORY

The company is licensed in the District of Columbia, AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI and WY.

Balance Sheet
Assets ($000)

	12/31/2007
*Total bonds	$1,617,599
*Total common stocks	60,295
Mortgage loans	325,599
Real estate	10,002
Contract loans	99,852
Cash & short-term inv	9,707
Prems and consids due	22,155
Accrued invest income	24,065
Other assets	19,894
Assets	$2,189,168

Liabilities ($000)

Net policy reserves	$1,604,096
Policy claims	25,370
Deposit type contracts	230,293
Interest maint reserve	5,580
Comm taxes expenses	20,194
Asset val reserve	23,820
Other liabilities	34,294
Total Liabilities	$1,943,647
Common stock	2,500
Surplus notes	20,000
Unassigned surplus	223,021
Total	$2,189,168

*Securities are reported on the bases prescribed by the National Association of Insurance Commissioners.