

# Living Our Mission



**Assurity**<sup>®</sup>  
*Life Insurance Company*

**2007 Annual Report**  
**Assurity Life Insurance Company**

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Bridget Tupa, underwriting, and her daughter, Larkin, at the 2007 American Cancer Society Relay For Life walk.

# To Our Policyholders and Friends

## We Live Our Mission at Assurity Life Insurance Company



Assurity Life's stated mission is "To help people through difficult times." Although the expression sounds very simple, it is in fact quite elegant. We believe helping people when they need it most is a noble mission.

Whether our customers have experienced the death of a loved one, a critical illness, a major disability or the need for long-term care, we're there to provide the funds and caring service to help them get through these difficult times.

The theme of our 2007 annual report is "Living Our Mission." Throughout these pages you'll find numerous examples of how Assurity Life and its associates are living our mission every day by touching the lives of others. As a company and as individuals, we all share the responsibility of making a meaningful difference in people's lives, by providing financial products and services and through the generosity of sharing our individual time and efforts.

Because the promises made by Assurity are largely long-term in nature, it's extremely important we keep our company financially strong to be able to fulfill our mission. I'm pleased to report we were able to further enhance our financial strength in 2007, as the following results indicate:

- Our net income was \$14.6 million, which is approximately \$2.2 million more than last year.
- Surplus, or capital, increased by more than \$17.7 million to \$245.5 million.
- Our risk-based capital ratio reached a very strong level of 612 percent.

- Our investment portfolio continues to be pristine. We had no exposure to sub-prime mortgages, structured investment vehicles or collateralized debt obligations, which have ravaged much of the financial services industry this past year. Our non-investment grade bonds as a percentage of our total bonds stood at 2.7 percent, which compares very favorably to an overall industry average of 5.6 percent.

These results bear witness to the success of a company which is financially at its strongest in a legacy that spans 117 years.

To demonstrate further our commitment to our mission, in 2007 we paid a record \$236.5 million in policyholders' benefits. When our customers and their beneficiaries are in need – a loved one dies prematurely, a serious illness strikes, accidents

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*As a company and as individuals, we all share the responsibility of making a meaningful difference in people's lives.*

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occur or funds are needed for long-term care – our protection products can help prevent difficult times from becoming a financial crisis as well.

Today Assurity Life has more than 39,000 representatives serving customers nationwide, and more than 422,000 policies and certificates now in force. In this past year alone we added 36,000 new clients.

A significant milestone occurred on January 1, 2007, with the merger of Security Financial Life and Assurity Life, forming – as I like to call it – the

“new” Assurity Life. We have now consolidated all of our departments and are truly operating as one company. We still occupy two buildings, but look forward to combining all of our associates into one headquarters facility. This past year we sold both of our current buildings, located at 40th and Pine Lake Road and at 1526 K Street. We’re working to secure a new headquarters site and have begun the extensive planning process involved in constructing a new home office facility.

Two of our long-time board members retired during 2007. Our deepest appreciation goes to Ted Forke who retired in April after nearly a quarter century of service to our board of directors. Ted provided leadership at Forke Brothers Auctioneers for more than 40 years, including 10 years as chief executive officer. With the experience Ted gained at the helm of the leading heavy equipment auctioneering firm in the country, he was well-qualified to provide positive leadership and wise counsel to our board. Again, we thank Ted for his contributions to our company’s prosperity and growth for 25 years.

At our annual meeting this past June, Dr. Art Weaver retired from our board of directors after serving nearly 13 years. Dr. Weaver is a world-renowned specialist in treating rheumatoid arthritis. He lectures and consults around the world on this debilitating disease. While Dr. Weaver is first and foremost a medical doctor and a scientist, he has been a valuable addition to our board; his insightful comments and observations served our company well. We are extremely grateful to Dr. Weaver for his counsel on behalf of our companies during his many years of service.

As you read our annual report, you will see that all of us at Assurity Life take seriously our mission to help people through difficult times. We believe it is a



Assurity CEO Tom Henning leads a roundtable discussion with college students involved in the J.D. Edwards Honors Program at the University of Nebraska-Lincoln. Tom is also a member and former chairman of the University of Nebraska Foundation Board of Directors.

monumental mission – and a privilege – to serve our customers in times of need. We dedicate ourselves to furthering our mission by extending financial protection to increasing numbers of policyholders and providing peace of mind to many more families in our great country.

A handwritten signature in black ink, appearing to read 'Tom Henning'.

*Thomas E. Henning, CLU, ChFC, CFA  
Chairman, President, Chief Executive Officer  
Assurity Life Insurance Company*

# Surviving a Critical Illness

## **Keeton's Payment Helped Her Focus on Recovery**

Marilyn Keeton, Durant, Oklahoma, had looked forward to retirement and spending more time at her sewing machine and with her husband, children, grandchildren and great-grandchildren. Retiring at age 60 from Wal-Mart, however, necessitated finding individual health insurance. She was surprised when she couldn't qualify for coverage because of osteoporosis. "I had always been healthy," Marilyn said. "I hadn't imagined that I would have a problem getting coverage."

After her health insurance application was declined, Agent Jack Mills called Marilyn back with another idea – Assurity's critical illness insurance which would pay her \$100,000 if she were diagnosed with a serious illness, such as a heart attack, stroke or cancer.

Just 13 months later, Marilyn's simple procedure for gallstones also delivered a diagnosis of invasive gall bladder cancer. The specialist was very frank – this was a "mean, aggressive and deadly" cancer.

"This will kill you," he told Marilyn. "Do whatever you have to do – sell your house and cash in your retirement savings to pay for the surgery." He was concerned that Marilyn would not get proper treatment without major medical coverage.

"I can't say enough about how much the critical illness benefit helped me. Jack's call was divine intervention," Marilyn said. "Because we received the entire benefit payment after my diagnosis, I was able to pay for my care and concentrate on my recovery during months of chemotherapy and radiation treatments."

Two years later, Marilyn is cancer-free and enjoying retirement with her husband Gene. "I don't know what we would have done without the benefit," she said.

*"I can't say enough about how this benefit helped me."*



### **Customer Service Award Winner – Jennifer Batty**

*The Customer Service Associate of the Month in September 2007 was Jennifer Batty, underwriter, who has been with Assurity since 2001.*

*An Assurity producer shared a very positive experience he had while working with Jennifer on a difficult case. His comments included: "This is the kind of treatment and service we'd like to get all the time from all our companies, and I got it from Assurity. It follows a couple of other instances in which I got an intelligent, focused review of an application, instead of today's standard cookie-cutter approach. I'm a believer in Assurity."*

*Assurity associates, both in the field force and home office, appreciate Jennifer's helpful, friendly work style. "Jennifer takes the time to look at other options, not just 'by the book,'" said Bruce Scheiber, director, underwriting services. "Her approach pleases the agent and the client while properly assessing the risk for Assurity."*



**Marilyn Keeton, Durant, Oklahoma, now enjoys leisure activities during her retirement.**



**Keeton is Grateful to Jack Mills, Her Assurity Agent**

*Jack Mills has been in the insurance business for 35 years and with Assurity since 2005. He has offered a variety of insurance products in the past, but is currently sold on critical illness (CI) insurance. "It gives my clients money so they can live and get well without the financial stress a serious illness can cause," Jack said.*

*Jack has witnessed many clients and their families helped through a health crisis by critical illness benefits. The policy proceeds are paid directly to the policyholder and can be used for any purpose, whether helping with medical bills as in Marilyn's situation or allowing an individual to take time off from work to care for his or her spouse.*

*"In my opinion, Assurity has the best CI product on the market today," Jack said. "They have worked hard to develop and administer quality insurance to protect my clients."*

*"Jack was there with the right policy at the right time for me," Marilyn said. "I can't thank him enough."*

# A Life-Changing Moment

## **Insurance Proceeds Help Essman Cope During Trying Times**

Betty Essman and her husband, Elmer, loved traveling to car rallies and listening to others “ooh” and “aah” over their cherry red ’51 Chevy. When they weren’t polishing its bumpers, they were busy at home in Tecumseh, Kansas, keeping up with their son and daughter, three college-age grandsons and a seven-year-old fourth grandson, the “best little pal ever.”

Betty had helped a physician open a private practice and served as his office manager for 21 years until he retired. Elmer had retired early after an accident left him with a back injury.

When Betty started to think about her own retirement, she and Elmer went to talk to Rick Miller, a longtime Assurity agent. Rick carefully assessed their financial situation and suggested Betty supplement her term life coverage by adding an Assurity universal life policy with a \$50,000 spouse rider for Elmer. Rick knew if something happened to Elmer, Betty would miss her husband’s Social Security income.

“Rick said the universal life policy would grow for us,” Betty said. “We trusted him. Whatever he told us to do, we did ... because we felt he had our best interests at heart.”

Elmer, 64, passed away very unexpectedly one ordinary Sunday morning while Betty was making their coffee. Shortly after the funeral, Betty and her daughter met with Rick. Betty had her benefit payment within days. It covered the funeral expenses and helped Betty pay off their accumulated debt. She also appreciated that it helped fill the income gap of Elmer’s Social Security benefit.

“Having Rick’s help and being able to rely on him and Assurity during that difficult time in my life meant the world to me,” Betty said. “I thank them all.”

*The benefits covered funeral expenses and helped Betty pay off their debt.*



### **Customer Service Award Winner – Bruce McKeag**

*Manager, Underwriting Bruce McKeag was named Customer Service Associate of the Month in October 2007. An insurance industry veteran, Bruce has been with Assurity for more than two years.*

*Bruce received commendation for his desire to do “the best he can for a client.” He has a strong work ethic and focuses on patiently helping agents and fellow associates.*

*Among the comments about Bruce, all agreed that his service-related strengths are in providing thorough, high-quality explanations whenever asked, and in always making time to answer all questions, from the simplest to the most complex.*

*“Bruce always goes above and beyond for the contact center. He helps us with any case or agent questions we have at any time, even if he’s busy,” a nominator wrote. “He has made a huge difference for us. His thorough explanations have helped us and the agents learn a lot ... he is very much appreciated.”*



**The help Betty Essman received from her Assurity agent meant the world to her.**



### **Miller has Served Essman and Many Other Clients for 36 Years**

*Rick Miller has helped clients with insurance and other financial products since 1972. He says he is motivated by providing a service that genuinely helps people.*

*"I want to offer clients like Betty condolences at the funeral of a loved one," Rick said. "But, more importantly, I want to be able to provide them with financial security that will help sustain them through that difficult period and for their lifetime."*

*Rick is president and CEO of T&M Financial, Inc. in Topeka, Kansas. He has authored a financial planning system and published numerous articles. "My work allows my clients to retire with an adequate income, provides funding for college educations and offers financial security to survivors," Rick said. Moreover, he added, his work is so fulfilling that he has decided to never retire.*

*Rick has been a top producer with Assurity for 27 years. "I appreciate Assurity's competitive products, excellent service to agents and clients, and their high level of integrity in conducting business," he said.*



# Facing a Disability

## **Teacher's Bills Are Paid Thanks to Disability Income Benefits**

Patricia Barry was not accustomed to being ill and missing work as a language arts teacher at a Newark, New Jersey, middle school. In 33 years of teaching, she had accrued 157 unused sick days. Her life was filled with church activities, graduate school and preparing for her classes.

In early 2007, severe headaches, respiratory distress, increased memory loss and extensive confusion kept Patricia home from teaching school. She consulted several physicians, but her symptoms did not point to a conclusive diagnosis.

The mystery was solved when a building inspector found a natural gas leak in the apartment in which she had lived for 10 years.

“At first, I wondered if I would be the only homeless teacher in New Jersey,” Patricia said. “I was unable to work. Besides the physical problems, I was confused and couldn’t even follow simple directions or conversations.”

Fortunately, Patricia had helped protect herself financially with a short-term disability income policy from Assurity at Work, Assurity’s worksite sales division, which offers a wide variety of voluntary employee benefits. She was able to buy the policy at her workplace – with the assistance of Kelvin Taitt and Robert Shebel – and pay premiums through convenient payroll deductions.

Patricia is on the mend and hopes to return to her students and active church life soon. “I don’t know what I would have done without the benefit from my disability income policy,” she said. “I am grateful for the financial help!”

*“At first, I wondered if I would be the only homeless teacher in New Jersey.”*



### **Customer Service Award Winner – Nancy Jennett**

*By providing best-in-class service and building solid customer relationships, Nancy Jennett, senior training and development consultant in the human resources department, earned the November 2007 Customer Service Award.*

*Nancy’s nominator highlighted her exceptional service-related strengths with the following comments: “Nancy is the consummate trainer. She is extremely accomplished and delivers training materials in an effective and enjoyable format. She creates a learning environment that encourages associates to ask questions and has a very warm rapport with everyone with whom she has contact.”*

*Nancy’s supervisor, Jan Zoucha, vice president, human resources, also was very complimentary of the broad base of knowledge Nancy has acquired since she joined Assurity in 2002. “Nancy takes the initiative to solve problems that associates experience with processes or systems because she knows how it all connects,” Jan said. “Nancy builds positive and trusting relationships with her customers. She single-handedly helps people be higher performers!”*



**Patricia Barry hopes to teach in Newark again soon.**



**Taitt and Shebel Work Together to Provide Valuable Voluntary Benefit Plans**

Assurity at Work producers Kelvin Taitt (left) and Robert Shebel work together as benefits consultants for the Newark, New Jersey, Public Schools. Kelvin, the primary agent for the case, relies on Robert for assistance when they work with Newark's 90 schools, which have approximately 9,000 employees.

*"The school system here does not offer their employees disability income insurance. Assurity at Work Disability Income Insurance can fill that gap in their insurance protection plans," Robert said. "It pays a benefit if insured employees are disabled by a sickness or accident on or off the job.*

*Patricia Barry is especially grateful for the service provided by Kelvin and Robert, and that her disability income policy was there when she needed it most.*

# A 401(k) Helps Employer

## Retirement Plan Boosts Greystone.net's Benefits Package

Many small employers find it difficult to compete with larger companies when recruiting and retaining associates. Kathy Divis, president and co-founder of Atlanta's Greystone.net, a firm which provides Web consulting, services and products for hospitals and healthcare systems, also found that to be true.

As a result, in 2000 Greystone added a 401(k) plan from Assurity Life's subsidiary company, Assurity Advisors, Inc., to its employee benefits package. Kathy appreciates the way her company's plan was set up "quickly and with little fuss."

Kathy believes that the Greystone 401(k) plan is a "vote of confidence" when an employee looks at a small company. She added that having the plan is "a way that our small company can provide a 'big' benefit to our employees."

Greystone's 10 associates are pleased with the plan's diverse investment options and the opportunity to build retirement savings with their employer contributing alongside them. Noting that most of Greystone's employees are younger, Kathy said, "It is fun to encourage them to participate and to help them understand the long-term value of saving for retirement when they are in their 20s and 30s."

Kathy added that working with the accessible, knowledgeable and friendly Assurity Advisors staff has been a pleasure. "They are right on top of all aspects of our plan, and helped us navigate through the needed changes as we sold off one of our divisions," she said. "I couldn't ask for a more responsive and accommodating team of advisors."

*"An Assurity Advisors 401(k) plan is a 'vote of confidence' when an employee looks at a small company."*

### Customer Service Award Winner – Trish Johnson

*The December Customer Service Award was presented to Trish Johnson, an associate with more than four years' experience in our claims department.*

*A claims analyst and team lead, Trish received kudos from two individuals – an agent and a claimant – who were each involved in very complex claims situations. Both contacted Assurity management to praise Trish for her knowledge and professional, thorough and patient approach.*

*Mary Lenners, director, claims management, also complimented Trish on her top-notch service. "Trish is an active listener who goes the extra mile to make sure that she understands the customer's questions before responding," Mary said. "She explains contract language to claimants in a way they can understand and follows up with her customers to ensure all their questions are answered."*

*We also appreciate Trish's active leadership in Assurity's Junior Achievement program, as well as her participation in other community activities.*





***Kathy Divis, president of Greystone.net, appreciates the responsive service of Assurity Advisors.***



### ***Osborne Works to Exceed Clients' Expectations***

*Jesse Osborne, a retirement plan administrator with Assurity Advisors, Inc. (AAI) for more than two years, greatly enjoys assisting Greystone.net President Kathy Divis, her employees and his other retirement plan clients with all of their administrative needs.*

*"I agree with Kathy that a 401(k) is a very important benefit," Jesse said. "It provides a significant tax benefit for both employers and employees, and especially with the uncertainty with the Social Security system, I think having a retirement benefit is a huge advantage."*

*Jesse also believes his clients appreciate the "bundled" approach AAI offers. The firm manages all aspects of its clients' retirement plans from government compliance to investment advisory services to individual distribution planning – a unique feature among retirement plan management providers.*

*"I hope Kathy and all our clients can see we're dedicated to exceeding expectations in every detail of plan management," Jesse said.*

# Living Our Mission ...

## Working for Our Customers and Our Community

The real-life stories featured in this report are just a few examples of how Assurity's financial products and services have made a difference at a critical juncture in the lives of our customers. These stories demonstrate the importance of the work we do and the tangible benefits we provide to thousands of people every year – they exemplify Assurity's mission to help people through difficult times.

Assurity associates put our mission into practice every day in many ways, working to serve our customers and on behalf of our community. Their stories contain a common thread of caring, dedication and willingness to go the extra mile for people in need.

### Financial Strength

We believe our primary responsibility in fulfilling our mission is to ensure that the long-term benefits promised to our policyholders are secure and protected.

Our policyholders – the true owners of a mutual organization – have made a commitment to us that is

beyond financial. They depend on us to provide peace of mind with the assurance that those they care about most will be financially secure into the future.

To meet these obligations, we have worked diligently to maintain a solid foundation our customers can rely on, whatever the future brings. For more than a century, throughout times of adversity, including two world wars, depressions and recessions, Assurity's financial strength and endurance have enabled us to keep our promises.

In 2007, Assurity provided record benefits totaling \$236.5 million to our customers. Of this total, beneficiaries received more than \$38.7 million in death proceeds. Dividends to policyholders accounted for \$24.4 million.

Living benefits comprised the largest portion, amounting to \$173.7 million for a variety of needs: disability income, critical illness and hospital indemnity payments to provide a financial safety net when serious illness or injuries occur; annuity and retirement plan payments so that retirees can enjoy

*We put our mission into practice every day in many ways.*



### Building with Habitat for Humanity

*Working with the Lincoln chapter of Habitat for Humanity, 19 Assurity associates donated nearly 60 hours in 2007 to help build a Lincoln home. Through volunteer labor and donations of money and materials, Habitat builds and rehabilitates thousands of homes throughout the world, which are sold to partner families at no profit. Monthly mortgage payments are then used to build more homes.*

Left photo: Steve Sloggett and Kathy Johnson, information technology, help pour cement for a Habitat for Humanity project. Right photo: Kristi Ronkar and Becky Duerfeldt, accounting, nail sheetrock for a Habitat home.

through Strength ...



**Shelley Ness (right front), employer-sponsored services, is accompanied by her mother, Nadyne Bauer, and daughter, Annie Ness (left front), at the 2007 Relay For Life walk.**



### **Teply Makes a Difference as Relay for Life Leader**

*Eric Teply, regional sales coordinator for Assurity's Individual Sales Division, has served the Lincoln community as a participant and leader for the American Cancer Society's Relay for Life for five years. The Relay for Life is an overnight event that enhances cancer awareness and raises funds for the American Cancer Society. In 2007, on a regional level, Eric served as a High Plains Tier 1 trainer and Nebraska Relay for Life Council training chair. He also is co-chairperson of the Lincoln Relay for Life event for the second consecutive year in 2008.*

*As a colon cancer survivor, Eric has benefited first-hand from the research and services for which he and millions before him have raised funds. Eric's passionate dedication to the Relay for Life effort was evident when he said, "Having heard the words 'you have cancer' changed my life and the lives of my family. I am committed to making a difference, because nobody should have to hear those words."*

# Living Our Mission ...

the fruits of a lifetime of working; low-cost cash value loans to help fund education, start a business, assist during emergencies or for any other purpose; and accelerated life insurance benefits to help alleviate financial worries if a policyholder becomes terminally ill or needs care in a nursing facility.

The benefits we deliver are the outward, visible evidence of our commitment to those who entrust their financial futures to Assurity. It's our "promise to pay" put to the test.

## **Ethics and Integrity**

Assurity's core values emphasize the importance of integrity and ethical behavior in the way we do business. Our most important value states, "We will conduct ourselves with the utmost integrity, fairness and honesty. We will never compromise our ethics for financial gains, nor sacrifice integrity for profit."

In simple words, we pledge to treat others as we ourselves would want to be treated in the same circumstances.

The companies that merged in 2007 as Assurity Life were founded on the principles of mutual organization – safeguarding the interests of policyholders. These principles of ethical conduct have been ingrained in our mission for more than a century.

In 2007, we were pleased that Assurity Life was recognized as recipient of the Better Business Bureau Integrity Award for our ethical business practices.

## **Sustaining Relationships**

Relationships are an important part of the value we provide our customers. Assurity fosters a culture that focuses on building strong relationships with our customers and our distributors, by providing quality financial products and services, fair treatment and best-in-class service.

The reputation and success of our company depend on the quality of the experience our customers have each time they come into contact with us. We strive to earn the trust and confidence they have placed in us, and to exceed their expectations.

*"We pledge to treat others as we ourselves want to be treated."*



## **Cedars Giving Tree**

*In 1947, the Rev. Charles and Alberta Danner told Lincoln juvenile authorities they would open their home to children caught up in chaotic or unstable family situations. With that single gift of love, Cedars Home for Children was born.*

*Supporting the Cedars Foundation annual holiday gift drive has become an Assurity tradition. In 2007, some 70 associates purchased presents for one or more children in the care of Cedars Youth Services, devoting more than 100 volunteer hours to the gift drive. The wrapped packages are gathered under a tree in the home office before being delivered to brighten the holidays for special youth in Lincoln.*

Photo: Gifts donated by Assurity associates during the 2007 holiday gift drive for Cedars Youth Services.

through Integrity...



**Joyce Lee (left) and Janice Labenz, claims, and Teri Bullock, underwriting, were part of the Paint-a-Thon team in 2007.**



### **Zoucha Contributes Time to Cedars Boards of Directors**

Vice President, Human Resources Jan Zoucha has helped Lincoln's Cedars organization for the past 12 years as a member of the Cedars Youth Services Board of Directors and Cedars Home for Children Foundation Board of Trustees. Cedars has a 60-year tradition of improving the lives of children in need and their families with a wide range of services including emergency shelter, foster care and juvenile justice programs, along with child daycare and school-age programs.

The Youth Services Board monitors and adjusts utilization of the program's operations budget, while the Foundation Board is responsible for monitoring investments to allow the Cedars legacy to continue for many decades to come. Jan has served as an officer on both boards, including as chairman of the Youth Services Board. Jan enjoys her role at Cedars, where she assists the organization as it furthers its tradition of "helping kids in crisis and fostering strong families" for the next 60 years.

Photo: Jan Zoucha, vice president, human resources, with her friend, Owen, at one of the Cedars early childhood development centers in Lincoln.



# Living Our Mission ...

Moreover, relationship-building creates a positive experience for us as well. For engaged associates who are passionate about our purpose, personal success comes from knowing that during our policyholders' times of need, we have responded with valuable financial benefits and prompt, caring service.

A companywide survey of our associates this past year confirmed their dedication to Assurity's mission. A very high percentage of responses reflected not only a strong commitment to our company's stated mission, but also a clear understanding of how we as individuals can provide the best-in-class service our customers want and deserve.

Strong relationships require mutual respect and trust. As our corporate values state, "We recognize our mutual success is inseparable."

## **Citizenship, community involvement and service**

Assurity's mission is put into practice not only through the products and services we deliver to our customers, but also by investing in strengthening

the Lincoln community. As a company and as individuals, we lend our support by donating our dollars as well as many volunteer hours to serve people throughout our community.

Our company makes generous financial contributions annually to a wide range of community organizations including health and human services, fine arts, education, civic interests and others. Assurity also offers a matching gift program to encourage associates to make personal donations to the causes they wish to support.

Based on a strong level of associate participation, Assurity has been a Pacesetter Company for the annual United Way workplace campaign nearly all of the past 18 years. In 2006 the United Way recognized Assurity with a "Top Ten" award among contributing companies in Lincoln.

More than through financial support alone, we at Assurity believe we can maximize our impact in the community by committing our greatest asset – our own people.

*"We recognize our mutual success is inseparable."*



## **Junior Achievement Brings 'Real World' into the Classroom**

*Assurity Life has been involved with Junior Achievement of Lincoln, Inc. since 2003. JA is the world's largest organization dedicated to educating young people about work readiness and entrepreneurship. About 160 Lincoln students from across the community were involved in JA this past year.*

*In 2007 Assurity associates volunteered over 700 hours with JA youth. Each year during the 11-week program, JA advisors help the students form and name a company. Officers are elected and, with money borrowed from Assurity, a marketable product is manufactured and sold.*

*At the end of the session, our JA partners were recognized with a number of honors, including best annual report (for the fifth straight year), runner-up top company sales, best attendance and veteran advisor of the year.*

*Photo, from left: Casey Adams, a senior at Lincoln Southeast High School, participates in JA with Assurity's D.C. McCauley, underwriting, and Trish Johnson, claims.*

through Community...



**Lincoln resident Leonard Bartek (left) receives lunch from Susi Beaver, information technology, and Edie Skelton, marketing services – two of the 115 Assurity associates who participate in the Meals On Wheels program.**



### **Schmeckle Serves as United Way Campaign Chair**

Vice President and Chief Investment Officer Bill Schmeckle chaired the 2007 Lincoln and Lancaster County United Way campaign. United Way donations help strengthen area organizations that help children, youth and individuals in crisis. Through Bill's leadership and the strong support of companies and individuals, the United Way exceeded its goal and raised more than \$5.6 million – the largest amount ever in our community.

"We attribute our success to new-donor development, companies holding campaigns earlier and the dedication of our volunteers," Bill said. "United Way has a strong base of support, and with the efforts of the Campaign Cabinet, we were able to educate others about the importance of giving to the United Way."

In addition to serving on the United Way Board of Directors, Bill is a director of the Downtown Lincoln Association. Bill also has been active in the Rotary International service organization since 1980. A member of the Lincoln Downtown Rotary Club, Bill has held several Rotary leadership roles and is currently president of the Rotary Foundation.

# Living Our Mission ...

Assurity encourages associates to contribute time and effort to our community, both through corporate-sponsored and individual volunteer activities. Our associates have always been committed to lending a helping hand, volunteering many hours for Assurity-sponsored programs including Junior Achievement, Meals on Wheels, Habitat for Humanity, American Cancer Society Relay for Life, Paint-A-Thon and Cedars Giving Tree. Some activities, including TeamMates of Lincoln and the Reading Mentor Program in schools, require weekly time commitments during working hours, which Assurity supports.

On average, more than 80 percent of our associates participate in at least one company-sponsored program each year. In 2007 Assurity volunteers donated 2,310 hours on company and personal time. Additionally, Assurity holds annual food drives for the Food Bank of Lincoln and provides associates the opportunity to donate blood to the Community Blood Bank with twice yearly onsite blood drives.

Many Assurity associates also provide leadership and countless volunteer hours on behalf of other

organizations and fundraising efforts, including Child Guidance Center, American Red Cross, BryanLGH Medical Center, Lincoln Kiwanis, Juvenile Diabetes Research Foundation, Saint Elizabeth Regional Medical Center, Rotary Club, Midget Football, Capital Humane Society, Cystic Fibrosis Foundation and Multiple Sclerosis Society.

Our associate volunteer program represents a valuable investment in corporate citizenship. At Assurity, we believe that investing in our own community is the right way of doing business.

## **Making a difference**

As President and CEO Tom Henning often tells Assurity associates, “Not only do we have a good place to work, but we have good work to do.”

Our company and our associates are committed to enhancing the quality of life for Assurity’s customers, the people of our community and one another every day by living our mission – helping people through difficult times.

*“We believe investing in our community is the right way of doing business.”*



## **Assurity TeamMates Mentor Local Youth**

*For many years, former University of Nebraska-Lincoln Football Coach and current Athletic Director Tom Osborne and his wife, Nancy, recognized the difficult challenges confronting today's young people. Coach Osborne (a former director for Security Mutual Life, one of the companies that would later merge to form Assurity Life) realized that one-to-one mentoring could help some middle school students learn how to make better decisions. Tom and Nancy's vision led to formation of the TeamMates Mentoring Program in 1991.*

*Today, dozens of TeamMates chapters have formed across Nebraska and Iowa. Volunteers meet weekly in schools with young people who can benefit from a mentor's attention and guidance. In 2007 Assurity mentors volunteered nearly 130 hours to help make a difference in the lives of local youth.*

Photo, from left: Deb Durre, information technology, meets with her TeamMate, Nesita, each week.

through Service.



**Bob Reisdorff, underwriting, listens as Tanner Crabel, a 5th grader at McPhee Elementary School, reads to him as part of the Reading Mentor Program.**



### **Meritorious Service Award Presented to Jansky**

*Vern Jansky, lead imaging specialist, received a letter of commendation, ribbon and medal for meritorious service from the Commandant of the Coast Guard in Washington, D.C., for his volunteer work with the U.S. Coast Guard Auxiliary. Vern has been a volunteer with the Coast Guard Auxiliary since November 1990.*

*A condensed version of his original float plan design was published in the 1994 edition of the "Federal Requirements and Safety Tips for Recreational Boaters" booklet and remains in use today. In 2003 he launched [www.FloatPlanCentral.org](http://www.FloatPlanCentral.org), the first and only Web site exclusively for providing and promoting float plans to recreational boaters throughout the U.S.*

*Vern was selected as the 8th Western Rivers Region "Publicist of the Year" in 2004 and 2005, and in 2006 was appointed as a branch chief in the Auxiliary's Department of Public Affairs for his efforts toward making the preparation of a float plan an integral part of boating activities in America.*

# Financials

## 2007 Statutory Financials for Assurity Life

(Dollars in Thousands)

### SUMMARY

	2007	2006
Total Assets	2,189,168	2,158,943
Surplus and Asset Valuation Reserve	269,341	250,813
Net Income after Capital Gains and Losses, FIT and Dividends	14,636	12,393
Total Premium and Deposits	273,856	268,565
Net Investment Income	123,891	125,200
Benefits and Reserve Increases	221,157	226,768
Dividend Payments	24,398	23,945
Total Liabilities	1,943,647	1,931,165

	2007	2006
<b>INCOME</b>		
Direct Premiums .....	273,856	268,565
Net Investment Income.....	123,891	125,200
<b>Total Direct Premiums and Net Investment Income .....</b>	<b>397,747</b>	<b>393,765</b>

<b>BENEFITS TO POLICYHOLDERS</b>		
Death Benefits .....	38,710	42,087
Living Benefits (Except Dividends) .....	173,704	168,922
Dividends .....	24,398	23,945
<b>Total Benefits.....</b>	<b>236,512</b>	<b>234,954</b>

<b>NET INCOME FROM OPERATIONS</b>		
Before Capital Gains and Losses, FIT and Dividends .....	46,800	37,205
After Capital Gains and Losses, FIT and Dividends .....	14,637	12,393

<b>OTHER FINANCIAL HIGHLIGHTS</b>		
Net Investment Yield.....	6.05%	6.25%
Surplus and Asset Valuation Reserve (AVR) .....	269,341	250,813
Surplus and Asset Valuation Reserve (AVR) as Percent of Assets .....	12.30%	11.62%

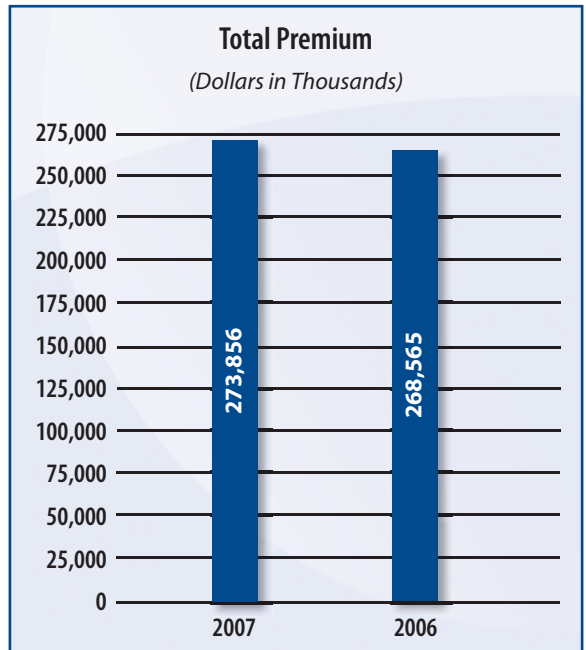
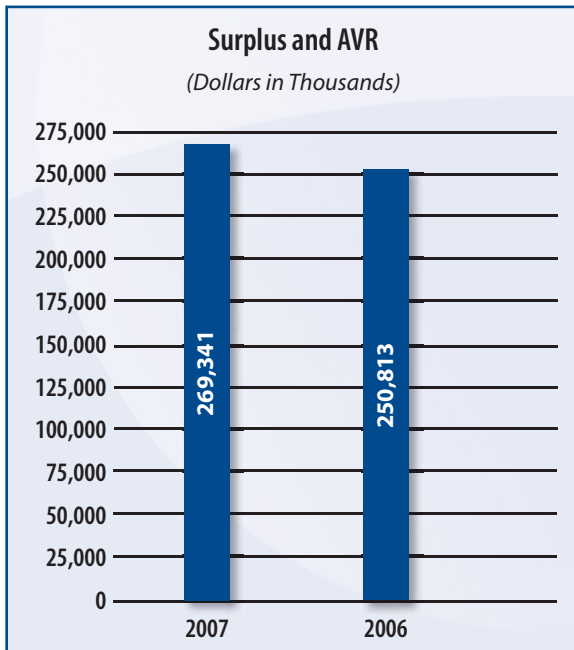
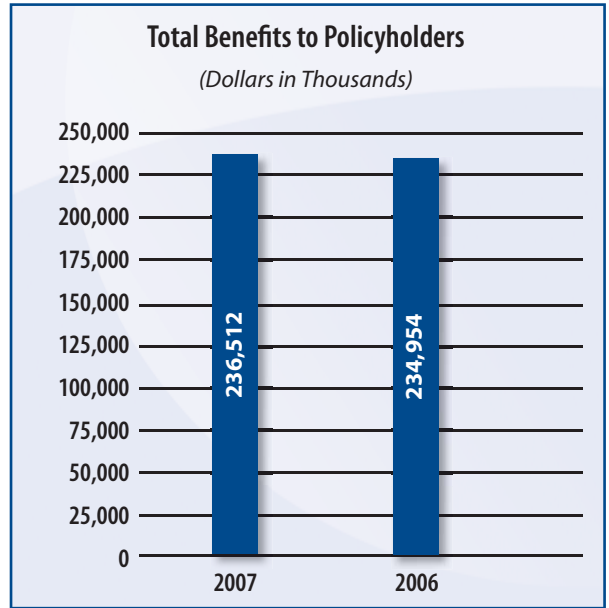
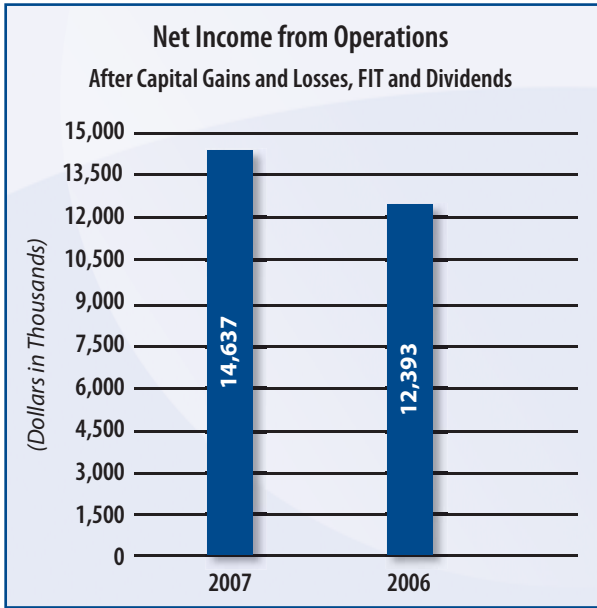
<b>OPERATING ACTIVITIES INCOME</b>		
Net Premiums and Deposit Administration Considerations.....	236,732	232,258
Net Investment Income.....	123,891	125,200
Miscellaneous Income.....	15,421	14,946
<b>Total Income .....</b>	<b>376,045</b>	<b>372,404</b>

	2007	2006
<b>DEDUCTIONS</b>		
Benefit and Reserve Increases.....	221,157	226,768
Dividend Payments .....	24,398	23,945
Insurance Expenses and Taxes Paid .....	117,318	110,075
<b>Total Deductions .....</b>	<b>362,873</b>	<b>360,788</b>

<b>ASSETS</b>		
Bonds.....	1,631,423	1,593,436
Stocks.....	60,295	61,144
Commercial Mortgage Loans.....	325,599	321,638
Real Estate .....	10,002	16,643
Policy Loans .....	99,852	97,570
Cash .....	(4,117)	1,193
Other.....	66,114	67,319
<b>Total Assets.....</b>	<b>2,189,168</b>	<b>2,158,943</b>

<b>LIABILITIES</b>		
Insurance Reserves.....	1,233,815	1,190,468
Annuity Reserves .....	370,281	398,912
Dividends Payable in Next Year .....	24,076	23,843
Liability for Deposit Funds.....	232,814	241,546
Other.....	82,661	76,395
<b>Total Liabilities .....</b>	<b>1,943,647</b>	<b>1,931,165</b>

Surplus Accounts.....	245,521	227,778
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# Board of Directors



**Thomas E. Henning,**  
CLU, ChFC, CFA  
Chairman, President, CEO  
Assurity Life Insurance Company



**Caren L. Hamilton**  
Auto Dealership Executive  
Bellevue and Kearney, Nebraska



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President, CEO  
Mapes Industries  
Lincoln, Nebraska



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U.S. Bank National Association  
Lincoln, Nebraska



**Frank H. Hilsabeck**  
Retired Executive Vice President  
Windstream Communications  
Lincoln, Nebraska



*"Every day, our associates focus on our company's core purpose of helping people through difficult times. We work to provide best-in-class service to our customers, distributors and the Lincoln community, while we practice our most important value of conducting our business with integrity, fairness and honesty."*

*– Tom Henning, CEO, Assurity Life Insurance Company*

Photo, from left: Assurity's Tom Henning with Better Business Bureau Board Chairman Don Nordell and President and CEO Jim Hegarty.



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Lincoln, Nebraska



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Executive Director  
Peter Kiewit Foundation  
Omaha, Nebraska



### **Assurity Life Earns Integrity Award**

*Assurity Life Insurance Company received a Better Business Bureau (BBB) Integrity Award for companies with more than 100 employees at an award ceremony at the Cornhusker Marriott in Lincoln on September 24. These awards focus on demonstrated ethical business practices with key stakeholders including customers, employees and the community at large, rather than a company's growth, profitability or popularity. The Integrity Award winners were chosen by an independent panel of business leaders and members of the academic community.*



*"The BBB Integrity Award Winners have shown that ethics and integrity is a core value of their organization," said Jim Hegarty, president and chief executive officer of the Better Business Bureau of Nebraska, South Dakota and southwest Iowa. "The 2007 BBB Integrity Award winners join an elite group of organizations that realize dealing fairly and honestly with employees, customers and partners is central to profitability and growth."*



# Management Team

## Chief Executive Officer

**Thomas E. Henning, CLU, ChFC, CFA**  
Chairman, President and CEO

## Senior Vice Presidents

**Susan L. Keisler-Munro, FSA, MAAA**  
Senior Vice President, Chief of Operations

**Todd W. Reimers, CLU, LLIF**  
Senior Vice President, Chief Marketing Officer

**David T. Wallman, FSA, MAAA, CLU, FLMI**  
Senior Vice President, Chief Actuary

## Vice Presidents

**Mark H. Bale, FSA**  
Vice President, Product Development,  
Reporting and Acquisitions

**Roseann R. Christensen, ChFC**  
Vice President, Marketing Services

**Richard D. Cruise, FSA, MAAA**  
Vice President, Assurity Direct Sales

**Marvin P. Ehly, FSA, MAAA**  
Vice President, Chief Financial Officer  
and Treasurer

**Patrick J. Kenney, CLU, ChFC**  
Vice President, General Agency

**William R. Schmeackle**  
Vice President, Chief Investment Officer

**Carol S. Watson, J.D., CLU, FLMI**  
Vice President, General Counsel and Secretary

**Patrick E. Young**  
Vice President, Business Sales

**Janice A. Zoucha**  
Vice President, Human Resources

## Senior Directors

**Kevin W. Hammond, CLU, FLMI**  
Senior Director, Investments

**Steven H. Hill**  
Senior Director, Real Estate Lending  
and Investments

**Thomas K. McCracken, CLU**  
Senior Director, Individual Brokerage Sales

**Eric L. Otterstein**  
Senior Director, Information Technology

**Keith K. Spilker, FSA, MAAA, CLU, ChFC**  
Senior Director, Corporate Actuarial

**Victor D. Weber, CFA**  
Senior Director, Investments

## Directors

**Eunice J. Cramer, FLMI, ACS**  
Director, Client Services

**Patricia J. Criger, ACS**  
Director, New Business Services

**Debra A. Durre, CSTE, FLMI**  
Director, Model Office

**Kevin G. Faltin, CPA**  
Director, Internal Audit

**Kathy L. Giddings**  
Director, Employer Sponsored Services

**Bryan D. Grosscup, FLMI**  
Director, Finance and Accounting  
Special Projects

**Timothy S. Janousek**  
Director, Network Operations

**Samuel E. Kruse, ALHC, FLMI, ACS**  
Chief Investigator, Claims Management

**Mary L. Lenners, FLMI**  
Director, Claims Management

**Debra K. Patterson, ACS, LTCP**  
Director, Long-Term Care

**John D. Ragsdale, J.D., CLU**  
Director, Deputy General Counsel

**William E. Ray**  
Director, Purchasing, Building and Mail Services


**Bruce K. Scheiber, FLMI, ACS**  
Director, Underwriting Services

**Kenneth J. Smith, CLU**  
Director, Critical Illness and Disability Income

**Kirk J. Spellman, FLMI, ACS**  
Director, Marketing Services

**Patricia K. Williams, J.D., CLU, FLMI, AIRC**  
Director, Deputy General Counsel

**Michael V. Woody, FLMI, CLU, ACS**  
Director, Product Development

A photograph showing the back of a person with short blonde hair wearing a bright yellow t-shirt. They are holding a baby who is wearing a brown cap with a colorful floral design and a pink shirt. The baby is looking towards the camera. The background is slightly blurred, showing what appears to be an outdoor event with a table and other people.

***Our Mission-  
To Help People  
Through Difficult  
Times.***

  
**Assurity**  
LIFE

## ***Assurity at a Glance***

### **Individual Plans**

- Critical Illness Insurance
- Disability Income Insurance
- Long-Term Care Insurance
- Term Life Insurance
- Universal Life Insurance
- Whole Life Insurance
- Annuities
- 412(i) Plans

### **Business Plans**

#### **Worksite Products**

- Accident Expense Insurance
- Critical Illness Insurance
- Disability Income Insurance
- Hospital Indemnity Insurance
- Cancer Insurance
- Term Life Insurance
- Universal Life Insurance

#### **Group or Voluntary Group Employee Benefits**

- Term Life Insurance
- Section 125 Plans
- Supplemental Medical Expense Reimbursement Insurance

**Retirement plan administration and management services**  
are offered through Assurity Advisors, Inc., a subsidiary company.



***Assurity***<sup>®</sup>  
*Life Insurance Company*

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