

# Life Insurer Financial Analysis

Company Great-West  
Life & Ann

## Ratings

A.M. Best Company (Best's Rating, 15 ratings)	A+
Standard & Poor's (Financial Strength, 20 ratings)	AA
Moody's (Financial Strength, 21 ratings)	Aa3
Fitch Ratings (Financial Strength, 21 ratings)	AA+

## Asset Analysis

Total Admitted Assets	40,039,587
Total Liabilities	38,664,320
Separate Accounts	19,073,700
Total Surplus & AVR	1,532,052
As % of General Account Assets	7.3%

Invested Assets	19,812,043
Bonds (%)	67.7%
Stocks (%)	0.8%
Mortgages (%)	7.3%
Real Estate (%)	0.3%
Policy Loans (%)	20.0%
Cash & Short-Term (%)	2.4%
Other Invested Assets (%)	<u>1.6%</u>
	100.0%

Net Yield on Mean Invested Assets	
2009 (Industry Average 4.63%)	5.65%
2008 (Industry Average 5.40%)	5.69%
2007 (Industry Average 5.63%)	5.53%
2006 (Industry Average 5.54%)	5.29%
2005 (Industry Average 5.52%)	6.19%
5 Year Average (Industry Average 5.34%)	5.67%

Total Investment Return	
2009 (Industry Average 4.72%)	5.83%
2008 (Industry Average 3.36%)	5.14%
2007 (Industry Average 5.74%)	5.83%
2006 (Industry Average 6.06%)	5.73%
2005 (Industry Average 5.80%)	5.86%
5 Year Average (Industry Average 5.14%)	5.68%

Asset Growth	
2009 Total Admitted Assets	40,039,587
1-Year Growth	14.5%
3-Year Compound Growth	0.6%
2009 Total Surplus & AVR	1,532,052
1-Year Growth	41.0%
3-Year Compound Growth	-8.7%

Data for Year-End 2009 from the life insurance companies' statutory annual statements. All dollar amounts are in thousands. All ratings shown are current as of June 15, 2010.

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### Asset Quality Analysis

Non-Investment Grade Bonds (Class 3 - 6)	
Non-Investment Grade Bonds/Total Bonds	5.5%
Non-Investment Grade Bonds/Surplus & AVR	49.1%
Non-Performing Bonds (Class 6)	
Non-Performing Bonds/Total Bonds	0.4%
Non-Performing Bonds/Surplus & AVR	3.5%
Non-Performing Mortgages & Real Estate	
Non-Performing Mort & R.E./ Total Mort & R.E.	0.0%
Non-Performing Mort & R.E./Surplus & AVR	0.0%
Non-Performing Assets/Surplus & AVR	
Bonds In or Near Default	3.5%
Problem Mortgages	0.0%
Real Estate Acquired by Foreclosure	<u>0.0%</u>
Total Non-Performing Assets/Surplus & AVR	3.5%
As a Percent of Invested Assets	0.3%

### Bond Portfolio Analysis

Total Bonds Book Value	13,420,423
Total Bonds Market Value	13,357,177
Bonds Market Value/BookValue	99.5%
Quality	
Class 1: Highest Quality	67.5%
Class 2: Higher Quality	27.1%
Class 3: Medium Quality	2.4%
Class 4: Low Quality	1.7%
Class 5: Lower Quality	1.0%
Class 6: In or Near Default	0.4%
Weighted Bond Class	1.4
Maturity	
1 Year or Less	12.8%
1 to 5 Years	40.1%
5 to 10 Years	27.9%
10 to 20 Years	10.4%
Over 20 Years	8.8%
Weighted Bond Maturity (Years)	7.1

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### Operating Income Analysis

Total Income	7,471,259
Total General Expenses	199,023
Total General Expenses/Total Income	2.7%
Earnings Before Policy Dividends & Taxes	449,406
Policy Dividends	71,358
Policy Dividends/Earnings	<u>15.9%</u>
Pretax Earnings from Operations	378,048
Federal Income Taxes	40,494
Income Taxes/Pretax Earnings	<u>10.7%</u>
Net Earnings from Operations	337,553
Net Realized Capital Gains	<u>-55,520</u>
Net Income	282,033
As % of Admitted Assets	0.7%
Unrealized Capital Gains	84,743

### Premium Growth

2009 Total Premium Income	6,056,018
1-Year Growth	42.9%
3-Year Compound Growth	-3.4%
2009 Ordinary Life Premium	943,592
1-Year Growth	-13.9%
3-Year Compound Growth	5.8%

### Profitability

Return on Assets	1.0%
Return on Equity	37.4%
2009 Lapse Ratio	7.6%
3-Year Average Lapse Ratio	6.9%
Net Investment Income	1,067,393
Required Interest	735,381
Interest Margin	45.1%
Ordinary Life Expenses/Premiums	2.7%
General Expenses/Total Income	2.7%
Commissions & General Expenses/Total Income	1.7%

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### Analysis of Face Amount of Insurance

Total Insurance In Force	95,029,955
Ordinary Life	58.5%
Group Life	41.5%
Other	0.0%
 Total Reinsurance Ceded	 14,537,940
% of In Force Ceded	
Ordinary Life	15.2%
Group Life	15.4%
Other	0.0%
 Ordinary Life Policies In Force	 495,954
Average Policy Size (in dollars)	111,997
Ordinary Life Policies Issued in 2009	20,780
Average Policy Size (in dollars)	134,422

### Analysis by Line of Business

Net Premiums Written	6,056,018
Individual	
Life	15.6%
Annuities	0.9%
Health	0.0%
Group	
Life	1.1%
Annuities	81.7%
Health	0.7%
Credit Life & Health	0.0%
Other Lines	0.0%
 Net Earnings from Operations	 337,553
Individual	
Life	16.1%
Annuities	4.2%
Health	0.0%
Group	
Life	12.4%
Annuities	20.2%
Health	45.3%
Credit Life & Health	0.0%
Other Lines	1.9%

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