

## Life Insurer Financial Analysis

Company West Coast  
Life Ins Co

### 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)	A2
Fitch Ratings (Financial Strength, 21 ratings)	A

### Asset Analysis

Total Admitted Assets	3,529,519
Total Liabilities	3,003,902
Separate Accounts	11,067
Total Surplus & AVR	529,764
As % of General Account Assets	15.1%

Invested Assets	3,421,605
Bonds (%)	68.8%
Stocks (%)	4.1%
Mortgages (%)	21.5%
Real Estate (%)	0.0%
Policy Loans (%)	1.0%
Cash & Short-Term (%)	4.6%
Other Invested Assets (%)	<u>0.0%</u>
	100.0%

Net Yield on Mean Invested Assets	
2009 (Industry Average 4.63%)	5.59%
2008 (Industry Average 5.40%)	5.65%
2007 (Industry Average 5.63%)	5.77%
2006 (Industry Average 5.54%)	5.87%
2005 (Industry Average 5.52%)	6.09%
5 Year Average (Industry Average 5.34%)	5.79%

Total Investment Return	
2009 (Industry Average 4.72%)	4.16%
2008 (Industry Average 3.36%)	3.42%
2007 (Industry Average 5.74%)	5.58%
2006 (Industry Average 6.06%)	7.33%
2005 (Industry Average 5.80%)	6.06%
5 Year Average (Industry Average 5.14%)	5.31%

Asset Growth	
2009 Total Admitted Assets	3,529,519
1-Year Growth	3.8%
3-Year Compound Growth	5.5%
2009 Total Surplus & AVR	529,764
1-Year Growth	55.7%
3-Year Compound Growth	13.1%

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	7.2%
Non-Investment Grade Bonds/Surplus & AVR	33.8%
Non-Performing Bonds (Class 6)	
Non-Performing Bonds/Total Bonds	0.7%
Non-Performing Bonds/Surplus & AVR	3.2%
Non-Performing Mortgages & Real Estate	
Non-Performing Mort & R.E./ Total Mort & R.E.	0.1%
Non-Performing Mort & R.E./Surplus & AVR	0.1%
Non-Performing Assets/Surplus & AVR	
Bonds In or Near Default	3.2%
Problem Mortgages	0.0%
Real Estate Acquired by Foreclosure	<u>0.1%</u>
Total Non-Performing Assets/Surplus & AVR	3.4%
As a Percent of Invested Assets	0.5%

## Bond Portfolio Analysis

Total Bonds Book Value	2,353,972
Total Bonds Market Value	2,360,471
Bonds Market Value/BookValue	100.3%
Quality	
Class 1: Highest Quality	44.6%
Class 2: Higher Quality	48.2%
Class 3: Medium Quality	4.9%
Class 4: Low Quality	1.1%
Class 5: Lower Quality	0.5%
Class 6: In or Near Default	0.7%
Weighted Bond Class	1.7
Maturity	
1 Year or Less	9.1%
1 to 5 Years	28.1%
5 to 10 Years	21.9%
10 to 20 Years	8.1%
Over 20 Years	32.7%
Weighted Bond Maturity (Years)	11.9

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### Operating Income Analysis

Total Income	487,307
Total General Expenses	93,465
Total General Expenses/Total Income	19.2%
Earnings Before Policy Dividends & Taxes	-33,884
Policy Dividends	1,620
Policy Dividends/Earnings	<u>-4.8%</u>
Pretax Earnings from Operations	-35,503
Federal Income Taxes	1,257
Income Taxes/Pretax Earnings	<u>-3.5%</u>
Net Earnings from Operations	-36,760
Net Realized Capital Gains	<u>-59,161</u>
Net Income	-95,921
As % of Admitted Assets	-2.7%
Unrealized Capital Gains	8,666

### Premium Growth

2009 Total Premium Income	215,182
1-Year Growth	18.2%
3-Year Compound Growth	2.4%
2009 Ordinary Life Premium	214,795
1-Year Growth	18.3%
3-Year Compound Growth	2.4%

### Profitability

Return on Assets	-1.1%
Return on Equity	-11.0%
2009 Lapse Ratio	4.9%
3-Year Average Lapse Ratio	4.4%
Net Investment Income	184,942
Required Interest	130,537
Interest Margin	41.7%
Ordinary Life Expenses/Premiums	10.7%
General Expenses/Total Income	19.2%
Commissions & General Expenses/Total Income	30.2%

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### Analysis of Face Amount of Insurance

Total Insurance In Force	315,319,120
Ordinary Life	100.0%
Group Life	0.0%
Other	0.0%
 Total Reinsurance Ceded	 277,202,580
% of In Force Ceded	
Ordinary Life	87.9%
Group Life	49.3%
Other	0.0%
 Ordinary Life Policies In Force	 684,328
Average Policy Size (in dollars)	460,765
Ordinary Life Policies Issued in 2009	63,850
Average Policy Size (in dollars)	486,498

### Analysis by Line of Business

Net Premiums Written	215,182
Individual	
Life	99.8%
Annuities	0.1%
Health	0.0%
Group	
Life	0.0%
Annuities	0.0%
Health	0.0%
Credit Life & Health	0.0%
Other Lines	0.0%
 Net Earnings from Operations	 -36,760
Individual	
Life	99.7%
Annuities	-0.2%
Health	-0.2%
Group	
Life	-0.1%
Annuities	0.0%
Health	0.0%
Credit Life & Health	0.0%
Other Lines	0.7%

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