

Liberty Bankers Life

Group Affiliation: Liberty Bankers Group
Address: 1605 LBJ Freeway Suite 710
 Dallas TX 75234
Phone: 972-484-6063

Domicile: OK
NAIC Number: 68543
Year Established: 1957
Company Type: Stock

Ratings

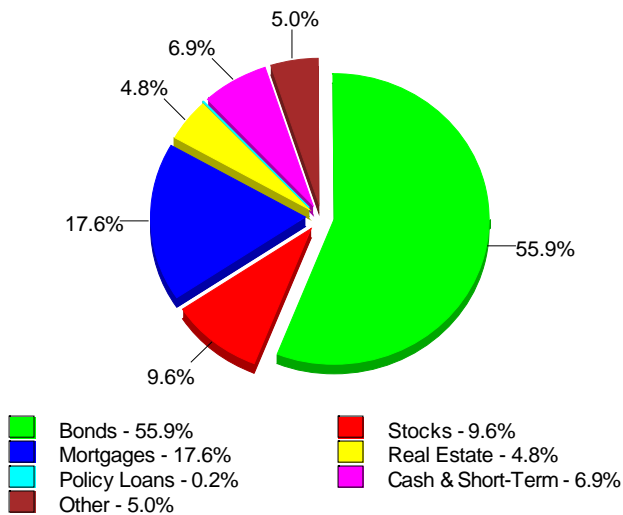
A.M. Best Company(Best's Rating, 15 ratings) B- (8)
 Weiss(Safety Rating, 16 ratings) D+ (10)

Assets & Liabilities

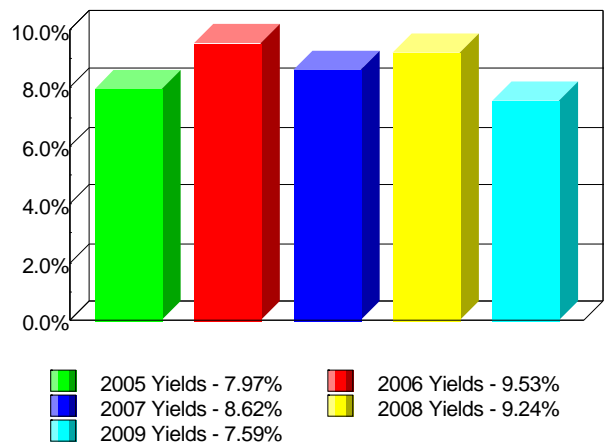
Total Admitted Assets 1,040,432
 Total Liabilities 944,421
 Separate Accounts 0
 Total Surplus & AVR 109,243
 As % of General Account Assets 10.5%

Invested Assets

Total Invested Assets 1,011,978



Investment Yields



5 Year Average 8.59%

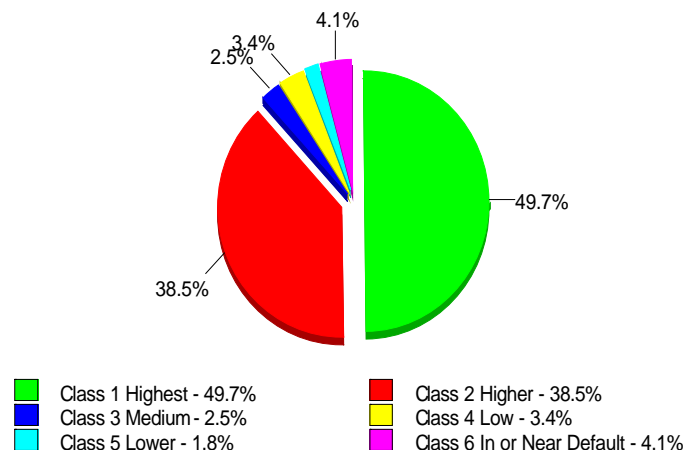
Non-Performing Assets

Bonds In or Near Default 21.2%
 Problem Mortgages 5.9%
 Real Estate Acquired by Foreclosure 23.9%
 Total Non-Performing Assets/Surplus & AVR 51.0%
 As a Percent of Invested Assets 5.5%

Income & Earnings

Total Income 352,393
 Net Premiums Written 290,644
 Earnings Before Dividends and Taxes 16,133
 Net Operating Earnings 11,034

Bond Quality



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 August 16, 2010.

Presented by: jeff Affronti, SPIAquote.com, 5530 Corbin Ave, #333, Tarzana, CA 91356 Phone: 8188816970 Email: jeff@spiaquote.com

Liberty Bankers Life Insurance Company

LBL celebrated its 50th anniversary in 2008. Today, the company operates in 37 states, is represented by more than 2,500 independent agents and is experiencing unprecedented growth. Our goal is to provide annuity and life insurance products of outstanding value to policyholders across America. We project continued growth in the years ahead because our products offer **safety, competitive yields and tax advantages** . . . all important benefits that buyers want, particularly in today's volatile and challenging economic climate.

Outstanding Products & Service

The key to our success is our ability to provide more attractive products and better service than our competitors. All of our annuity and life products have been developed and refined to include features that meet the specific needs of our target markets. Agents and policyholders are attracted by our excellent products, superior marketing support and personal attention provided them by our administrative staff.

Leadership Team

The LBL executive office is located in Dallas, Texas near the DFW airport. From there, our seasoned management team oversees the company's financial, investment, regulatory, and compliance areas. Policy issue and administrative services are performed in Springfield, Illinois and annuity marketing support is based in Waco, Texas. Our leadership team is recognized for their industry achievements and experience.

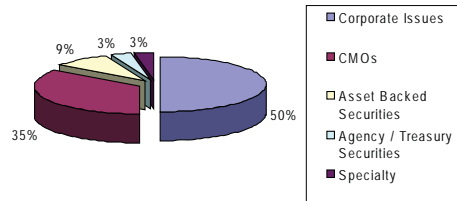
Investment Management

LBL's careful and conservative investment strategies have resulted in **steady growth and outstanding returns** for policyholders and shareholders. In 2008, after recognizing capital losses due to general economic conditions, we achieved the following statutory results:

• Total Assets	\$807,083,550
• Capital & Surplus	\$ 63,125,595
• Net Gain from Operations	\$ 14,380,118
• Net Income	\$ 1,987,179

Our investment portfolio is comprised of the following major asset classes:

Fixed Income – 57%. This class is primarily bonds of exceptionally high quality (average A+ rating) and properly matched to our liabilities (average 7½ years). The company's fixed income portfolio has virtually no exposure to subprime mortgage securities or collateralized debt obligations (CDO's), two asset categories that incurred large losses for many financial institutions.



Commercial Mortgage Loans – 24%. One of our **competitive advantages** is our ability to generate high quality commercial loans. Although this asset class comprises only a small portion of our total portfolio, it significantly enhances total investment return for policyholders and shareholders. These loans generally have maturities of less than two years and provide risk adjusted returns that are far superior to investments with comparable safety. LBL's staff of knowledgeable mortgage loan underwriters uses rigorous guidelines to evaluate commercial lending opportunities.

Real Estate - 3%. LBL purchases real estate in select markets where we are able to identify an economic advantage. These properties are actively managed, leased and marketed for sale. The expertise of our staff enables us to efficiently acquire and sell properties resulting in excellent returns for policyholders and shareholders.

Common Stocks - 4%. This is primarily our equity investments in subsidiary life companies - Winnfield Life and Capitol Life. Our exposure to publicly traded equities is virtually zero.

Cash - 8%. Given the extreme volatility of today's financial markets, we hold enough cash to meet unexpected needs.

Other Short Term and Cash Equivalents - 4%. We also have certificates of deposit, commercial paper, reinsurance income due and other miscellaneous assets.

LBL's balanced, conservative portfolio is designed to perform well during all economic cycles.

LBL's Family of Companies

The LBL group of insurance companies is owned by an insurance holding company, Heritage Guaranty Holdings. This rapidly growing family of financial service companies offers annuity and life insurance products which help individuals and businesses meet their financial goals.

Our companies are ultimately owned by a private investment group with diversified holdings in the financial services sector, as well as, real estate ownership and management. The group also operates four publicly traded real estate entities with more than \$3 billion in assets under management.

Related Insurance Companies

LBL is one of four life insurance companies in the financial services group. The related companies include:

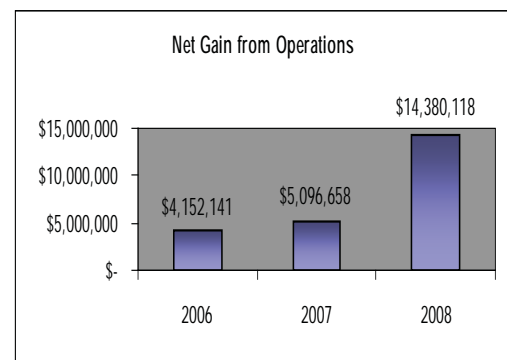
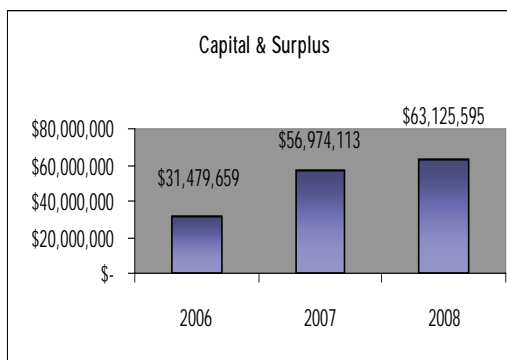
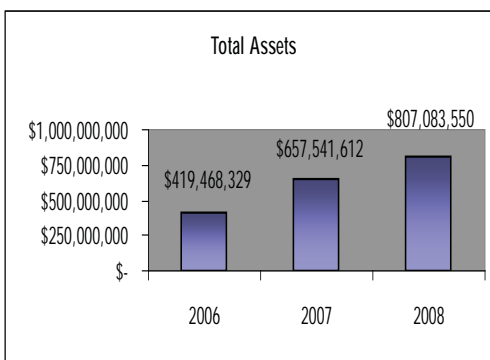
- Liberty Bankers Life
- The Capitol Life
- Mid-Continent Preferred Life
- Winnfield Life

LBL is a legal reserve life insurance company currently rated "B" by A.M. Best Company and "BBBq" by Fitch Ratings, two of the most recognized rating agencies for the insurance industry. For more information, please refer to our website:

www.LibertyBankersLife.com



Executive Office
1605 LBJ Freeway, Suite 710
Dallas, Texas 75234





September 19, 2008

TO ALL LIBERTY BANKERS AGENTS

Over the past several months we have witnessed a period of unprecedented turmoil and volatility in the US financial markets. It seems that every day a new casualty comes to light and new losses are being uncovered. Most recently, American International Group had to be rescued with an \$85 billion loan from the US Government. I am sure that a year ago the idea of AIG of being insolvent would have seemed ridiculous. I also feel sure that the reality of AIG's rescue causes all of us to reassess our assumptions and wonder about other financial institutions. For this reason, I feel that it is important to write to you, our agents, and point out some key distinctions between Liberty Bankers Life Insurance Company and the troubled institutions making headlines today.

First, let's address AIG. What brought about AIG's problems was \$440 billion of derivative securities that AIG issued, called Credit Default Swaps. Essentially, the company guaranteed \$440 billion worth of debt against default. The problem was that over \$80 billion was related to sub-prime mortgages and other risky bonds. It is important for you to know that Liberty Bankers has no exposure to the Credit Default Swaps. **It has not issued or purchased any Credit Default Swaps.**

Of course, the other major problem with US financial institutions has been their exposure to sub-prime mortgages and residential mortgages in general. Here again, Liberty Bankers does not share the risks that have created so many problems. Less than 2% of Liberty Bankers' assets have exposure to sub-prime residential mortgages. All of our holdings in this area consist of the most senior tranches, and after extensive modeling of these securities, we believe that the Company will realize minimal losses. However, even if the housing recession is much longer and deeper than we expect, **our exposure in this area is not large enough to have a significant impact on the Company.** It is also important to note that Liberty Bankers has no exposure to residential mortgage Collateralized Debt Obligations (CDOs). This has been the most toxic component of the residential melt-down, and fortunately, Liberty Bankers never purchased a single residential CDO.

Finally, it is important to note that our commercial mortgage portfolio continues to perform well. While the overall economic environment has impacted some of our borrowers, our loans were conservatively underwritten and continue to perform. In fact, we have only a small percentage of our portfolio that is in the process of foreclosure, and in all instances, we believe that we are fully covered by the value of our collateral.

In short, Liberty Bankers' core insurance business continues to perform well. We will undoubtedly take some losses due to our exposure to certain financial institutions such as Lehman Brothers; however, our portfolio is well diversified (with holdings in over 400 separate companies). In addition, management raised \$8 million of new capital in the third quarter, and we fully expect Liberty Bankers to end the year in a stronger capital position than it began it.

In this turbulent environment, I think it is important for you, our agent, to have frank information from management so you will know where Liberty Bankers stands and be able to communicate that to your clients. As always, management and members of our marketing group are happy to talk to agents and answer additional questions about the Company's operations.

Sincerely,

A handwritten signature in black ink that reads "Brad A. Phillips". The signature is written in a cursive, slightly stylized font.

Bradford A. Phillips
Chief Executive Officer