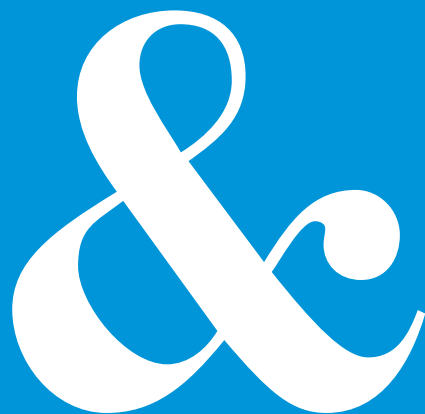




PEOPLE



PARTNER-  
SHIPS

2019 EMC NATIONAL LIFE COMPANY  
CORPORATE REVIEW

Insurance is a relationship business built on mutual trust, respect and a clear vision for the future. By working closely with our agent partners, we can provide the ingredients needed to grow and thrive: experience and engagement, innovation and inspiration, success and satisfaction.

#### From the President

##### To Our Customers:

We've seen changes at EMC National Life Company (EMCNL) recently: my transitioning to EMC to become Executive VP, Chief Synergy Officer, Chris Frazier assuming responsibility for the daily operations of EMCNL as COO, CFO & Treasurer, and the introduction of our complete suite of accelerated underwriting products.

I'm excited to be a part of the EMC executive leadership team and also help guide EMCNL into the future by building on the success of our continued commitment to independent agents and serving our policyholders. With Focus, Discipline and Momentum, and our talented and knowledgeable team, we are ready to meet the future through our people and our partnerships with you.



**Eric Faust**, CIOP, CXAP, MCMC, ACS  
President and Chief Executive Officer  
January 2020



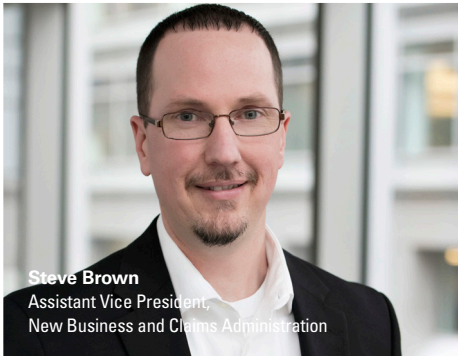
**Mark Rowley**  
Vice President,  
Managing Actuary



**Kevin Lund**  
Senior Vice President,  
Policy and Technology Administration



**Mark DeVries**  
Assistant Vice President,  
Supervising Actuary



**Steve Brown**  
Assistant Vice President,  
New Business and Claims Administration



**Jennifer Mercer-Klimowski**  
Senior Vice President,  
Corporate Counsel and Secretary



**Chris Frazier**  
Chief Operating Officer,  
Chief Financial Officer and Treasurer



**Eric Faust**  
President & CEO



**Cameron Torstenson**  
Executive Vice President,  
Chief Marketing Officer



**David Pokorny**  
Assistant Secretary,  
Corporate Compliance



**Mark Unkrich**  
Senior Vice President,  
Claims and Underwriting



**Sandy Struthers**  
Assistant Vice President,  
Controller and Assistant Treasurer

Our people and the partnerships we cultivate with each other and our agents make it possible to improve lives across the country.



THE ENTIRE EMCNL TEAM supports and enhances independent agency relationships.

# EXPERIENCE

&

# ENGAGEMENT

Our experienced team members are dedicated to building strong, collaborative relationships and connections with our agents and customers so we can provide the valuable life insurance protection, customized service and financial security our customers count on.

## CONNECTING WITH AGENTS

Our success is built on long-standing partnerships with experienced, professional agents committed to profitable growth and excellent service, just like we are. We value our relationships with independent insurance agents and work with them to provide the coverage and protection our customers need to help improve their lives.

Our marketing team works together with the property and casualty insurance experts in EMC's 16 branch office locations to develop partnerships with P&C agencies so we can offer the best in complete insurance protection. They provide the necessary expertise and one-on-one support to quickly assist agents with their sales, underwriting and service needs. Our agents know they can *Count on EMC®*.

With our *Just Ask* initiative, we help agents identify when and what to ask to help their customers find appropriate insurance solutions. And, we are constantly looking for opportunities to partner with our agents to simplify the sales process and *Make Life Easy*.

## ACHIEVING PROFITABILITY

We know our agents rely on us to have the right products and excellent service that their customers expect. We concentrate on opportunities to write profitable business, and through our disciplined and conservative investment strategy, sound underwriting processes and diverse business profile, are able to maintain a solid financial position year after year.

### ADJUSTED CAPITAL & SURPLUS

# \$113.96M

### TOTAL ASSETS

# \$886.52M

### TOTAL LIFE INSURANCE IN FORCE

# \$13.96B

We are committed to flexibility and transformative thinking and evolving our products and services to meet the ever-changing needs of our agents and customers.

# INNOVATION



# INSPIRATION

Our culture of innovation inspires our team members to find new and better ways to collaborate and be successful. By combining technology, data and creative thinking, we can generate unique ideas and solutions for our evolving industry.

## FOSTERING INNOVATION

The life insurance industry is rapidly changing and evolving driven by increased customer expectations and advancing technology. EMCNL has developed a full suite of accelerated life insurance products that utilize automated methods of gathering applicant information. The application and underwriting process is quicker and policies are issued faster. Using smart data allows applicants to bypass medical requirements while we are still able to offer competitive rates.

While many of our innovation initiatives are driven from within, we emphasize building effective and meaningful industry partnerships to inspire new ideas. Our agents help us identify emerging trends and opportunities for profitable growth. We have the ability to be more flexible than the competition and design and tailor products to meet the needs of the specialty market. We are able to make quick underwriting decisions and change and adapt our business processes faster than larger carriers.

## TRANSFORMING TECHNOLOGY

We integrate technology into all areas of our business. We review our products and processes and ask ourselves how we can provide exceptional experiences for our policyholders, agents and team members.

We continue to develop enhancements to our accelerated underwriting process and online application capabilities. Our agent, policyowner and group websites allow all of our customers secure, easy access to product information, underwriting and sales tools, as well as policy information including benefit amount, fund values and more.

## ENHANCING OUR CULTURE

We create a positive corporate culture driven by our five core values: honesty and integrity, customer focus, collaboration, innovation and driving results. In addition, we define our operating philosophy by three principles every team member applies to everything we do—Focus, Discipline and Momentum. We're committed to being adaptive and flexible and to making our culture better and stronger.

We believe our company's ability to thrive is directly connected to having a diverse workforce, an inclusive culture and a strong presence in our communities. We are committed to learning about others without judgment and expanding our lens through which we see situations and make decisions.

We are a company of choice because we embrace diversity, equity, and inclusion and are creating a culture where all team members feel valued, respected and empowered.

## DEVELOPING TEAM MEMBERS

With an aging workforce and low unemployment rate in the insurance industry, attracting and retaining talent is more important and competitive than ever. We are committed to the progress and growth of our team members and want them to continue their careers with EMCNL. We provide team members the resources, training and tools necessary for their development and to help them provide excellent customer experiences. We know that if we take care of our team members, they will take care of our customers.

## From Day One

Inspiring our team members starts the moment they walk through our doors. As soon as they join EMCNL, we want them to feel empowered to achieve their best.

## Experience EMC: Our Internship Program

EMC's internship program, Experience EMC, is designed to create a pipeline of top talent and motivate college students to explore a career in insurance. From a unique career fair experience to building relationships with schools, our thorough, consistent internship program creates EMC enthusiasts before graduation.

## MentorMatch: Our Mentoring Program

MentorMatch complements our existing training and development activities and offers the opportunity for team members to improve skills and build their knowledge by partnering and learning from a mentor who possesses related expertise.

## Giving Back

We give back to our communities and encourage our team members to help improve the lives of their neighbors. At EMCNL, team members are eligible for volunteer time off and generously donate time, money and supplies to many local nonprofit organizations throughout the year.

We make a monetary donation on behalf of our deceased insureds to a charitable organization designated by the beneficiary—a small gesture that makes a difference in the hearts of families of our insureds and the community.

# SUCCESS

# &

# SATISFACTION

We use feedback to drive focus and boost results. We take time to listen, analyze what we hear and take action to implement the best possible solutions for improved performance. This kind of two-way communication brings people together to accomplish shared goals and mutual success.

## ASKING OUR CUSTOMERS

To satisfy our customers we must meet their expectations of fast, personalized service. We do this every day through the exceptional service provided by our knowledgeable team members. In 2019, almost 100 percent of calls to our call center were answered and resolved by a live person. Our team members understand the importance of relationships and realize our customers have a choice when it comes to life insurance.

We constantly seek feedback from our agents and policyholders to help us focus on understanding and improving touchpoints specifically related to marketing, underwriting, policy service and claims, and we use that feedback to prioritize our companywide projects and initiatives. Survey results overwhelmingly show we really do provide superior service and *Make Life Easy*, which our customers appreciate.

## EXCELLENT CLAIMS SERVICE

In 2019, we paid almost \$43 million in life and annuity death benefits. All of our customers rely on us to provide outstanding claims service at a time when it is needed most. Our team members are there to help families and loved ones continue on after a loss. Survey results in 2019 show our claims service exceeded expectations.

## TOP WORKPLACE IN IOWA

EMC and EMCNL were named a Top Workplace in Iowa by *The Des Moines Register* in 2019. The list is based solely on team member feedback on a survey administered by a third-party research company. This distinction gives us a competitive advantage and demonstrates that we value our team members and are committed to helping them bring their best to work each day.





EMCNL TEAM MEMBERS gather to welcome agents to the home office and build lasting relationships.

## Financials

### 2019 HIGHLIGHTS

- **Total assets of \$886.52 million at year-end 2019**
- **Total capital and surplus and asset valuation reserve (AVR) of \$113.96 million.** The AVR supports EMCNL's long-term investment strategy by providing a cushion against potential equity and credit losses
- **Total life insurance in force of \$13.96 billion**
- **EMCNL's investment yield on invested assets for 2019 was 4.52 percent,** compared to 4.41 percent\* for the life insurance industry
- **EMCNL's non-investment grade bonds at year-end were 0.65 percent of total bonds,** compared to 5.19 percent\* for the life insurance industry as of Dec. 31, 2019
- **EMCNL's non-investment grade bonds have averaged 1.19 percent of total bonds over the last five years,** compared to the life insurance industry average of 5.65 percent\* over the five-year period ending Dec. 31, 2019

### FINANCIAL RATINGS REAFFIRMED

A.M. Best reaffirmed the ratings for EMC National Life:

- Financial Strength Rating (FSR) of A- (Excellent)
- Long-Term Issuer Credit Rating (Long-Term ICR) of "a-"

The outlook of these credit ratings is stable. The following is an excerpt from the A.M. Best news release:

*The ratings of EMCNL reflect its balance sheet strength, which A.M. Best categorizes as very strong...its strategic importance to its parent, EMCC, its diversified product profile of life, annuity and workplace products, strong risk-adjusted capitalization...*

For the latest rating information, visit [ambest.com](http://ambest.com).

INVESTMENT TYPE	BOOK VALUE	PERCENT OF TOTAL
Bonds	\$ 694,784,815	83.0%
Stocks	\$ 32,770,495	3.9%
Mortgage Loans	\$ 64,374,460	7.7%
Real Estate	\$ 971,753	0.1%
Policy Loans	\$ 17,980,413	2.1%
Cash & Short-Term Investments	\$ 16,878,448	2.0%
Other Invested Assets	\$ 9,101,041	1.1%
Total Invested Assets	\$ 836,861,425	

\*Industry data from S&P Global Market Intelligence Report retrieved May 2020

## 2019 FINANCIALS

ASSETS	2019	2018	2017	2016	2015
Bonds	\$ 694,784,815	\$ 745,041,165	\$ 766,076,824	\$ 788,055,472	\$ 814,008,510
Stocks	\$ 32,770,495	\$ 30,183,019	\$ 34,443,958	\$ 36,420,253	\$ 33,964,887
Mortgage Loans	\$ 64,374,460	\$ 43,606,905	\$ 30,653,874	\$ 36,746,254	\$ 41,370,022
Real Estate	\$ 971,753	\$ 1,009,051	\$ 1,142,307	\$ 1,419,741	\$ 1,668,960
Policy Loans	\$ 17,980,413	\$ 18,606,191	\$ 19,460,840	\$ 19,879,143	\$ 21,312,754
Cash & Short-Term Investments	\$ 16,878,448	\$ 17,333,174	\$ 54,572,288	\$ 15,725,148	\$ 17,800,090
Other Invested Assets	\$ 9,101,041	\$ 5,645,449	--	--	--
Total Invested Assets	\$ 836,861,425	\$ 861,424,954	\$ 906,350,091	\$ 898,246,011	\$ 930,125,223
Other Assets	\$ 49,656,566	\$ 48,123,552	\$ 48,430,135	\$ 49,638,552	\$ 48,739,887
Total Assets	\$ 886,517,991	\$ 909,548,506	\$ 954,780,226	\$ 947,884,563	\$ 978,865,110

LIABILITIES	2019	2018	2017	2016	2015
Policy Reserves	\$ 732,746,820	\$ 753,814,196	\$ 782,540,348	\$ 796,187,054	\$ 830,309,766
Policy Dividend Liability	\$ 8,850,262	\$ 9,298,530	\$ 9,500,140	\$ 9,934,154	\$ 10,300,966
Other Policy Liability	\$ 8,471,822	\$ 7,350,194	\$ 7,707,429	\$ 7,054,062	\$ 7,715,636
Other Liabilities	\$ 31,838,302	\$ 23,463,720	\$ 49,456,238	\$ 30,730,899	\$ 31,069,144
Total Liabilities	\$ 781,907,206	\$ 793,926,640	\$ 849,204,155	\$ 843,906,169	\$ 879,395,512

CAPITAL & SURPLUS	2019	2018	2017	2016	2015
Capital & Stock	\$ 23,666,700	\$ 35,666,700	\$ 35,666,700	\$ 35,666,700	\$ 35,666,700
Surplus	\$ 80,944,085	\$ 79,955,166	\$ 69,909,372	\$ 68,311,694	\$ 63,802,897
Total Capital & Surplus	\$ 104,610,785	\$ 115,621,866	\$ 105,576,072	\$ 103,978,394	\$ 99,469,597
Total Liabilities, Capital & Surplus	\$ 886,517,991	\$ 909,548,506	\$ 954,780,226	\$ 947,884,563	\$ 978,865,109
Insurance In Force	\$ 13,958,721,000	\$ 13,423,442,000	\$ 13,133,818,000	\$ 12,980,363,000	\$ 12,665,507,000

## Leadership

### PRESIDENT AND CHIEF EXECUTIVE OFFICER

**Eric J. Faust**, CIOP, CXAP, MCMC, ACS

### CHIEF OPERATING OFFICER, CHIEF FINANCIAL OFFICER AND TREASURER

**Chris D. Frazier**, CPA, ALMI, ACS

### EXECUTIVE VICE PRESIDENT

**Cameron S. Torstenson**, CLU  
*Chief Marketing Officer*

### SENIOR VICE PRESIDENTS

**Kevin R. Lund**, ALHC, FLMI, HIA, ACS  
*Policy & Technology Administration*

**Jenifer L. Mercer-Klimowski**, JD, CPCU, AIC  
*Corporate Counsel & Secretary*

**Mark A. Unkrich**, FLHC, ALMI, FALU, ACS  
*Claims & Underwriting*

### VICE PRESIDENT

**Mark C. Rowley**, FSA, MAAA

### ASSISTANT VICE PRESIDENTS

**Steven C. Brown**, FLMI, ACS, AIAA, AIRC, ALHC

**Mark J. DeVries**, FSA, CERA, MAAA

**Sandra K. Struthers**, ALMI, ACS, AIRC

### ASSISTANT SECRETARY

**David J. Pokorny**, FLMI, ACS, AIRC

Current as of March 2020

## Board of Directors

### CHAIRMAN OF THE BOARD

**Eric J. Faust**, CIOP, CXAP, MCMC, ACS  
*Executive VP, Chief Synergy Officer*  
EMC Insurance Companies  
Des Moines, Iowa

### VICE-CHAIRMAN OF THE BOARD

**Chris D. Frazier**, CPA, ALMI, ACS  
*COO, CFO & Treasurer*  
EMC National Life Company  
Des Moines, Iowa

### BOARD MEMBERS

**Lauren L. Burgeson**  
*Executive Vice President*  
Iowa State Bank  
Des Moines, Iowa

**Raymond W. Davis**  
*Retired Senior Vice President & Treasurer*  
EMC Insurance Companies  
Des Moines, Iowa

**Kevin J. Krause**  
*Partner and CFO*  
BP Real Estate Group  
Des Moines, Iowa

## Leadership Changes

Eric Faust was named Executive VP, Chief Synergy Officer of EMC Insurance Companies on January 3, 2020. Eric is part of the executive leadership team named by Scott Jean, who assumed the role of President and Chief Executive Officer of EMC Insurance Companies upon the retirement of Bruce G. Kelley.

At the same time, Chris Frazier was named Chief Operating Officer, Chief Financial Officer and Treasurer of EMCNL. He will lead the day-to-day operations at EMCNL, reporting directly to Eric who was also named President and Chief Executive Officer of EMCNL.

Cameron Torstenson was named Executive VP, Chief Marketing Officer of EMCNL. The senior leadership team at EMCNL, including Cameron, will now report directly to Chris.

## EMC BRANCH OFFICE LOCATIONS

### Corporate Office

◆ Des Moines

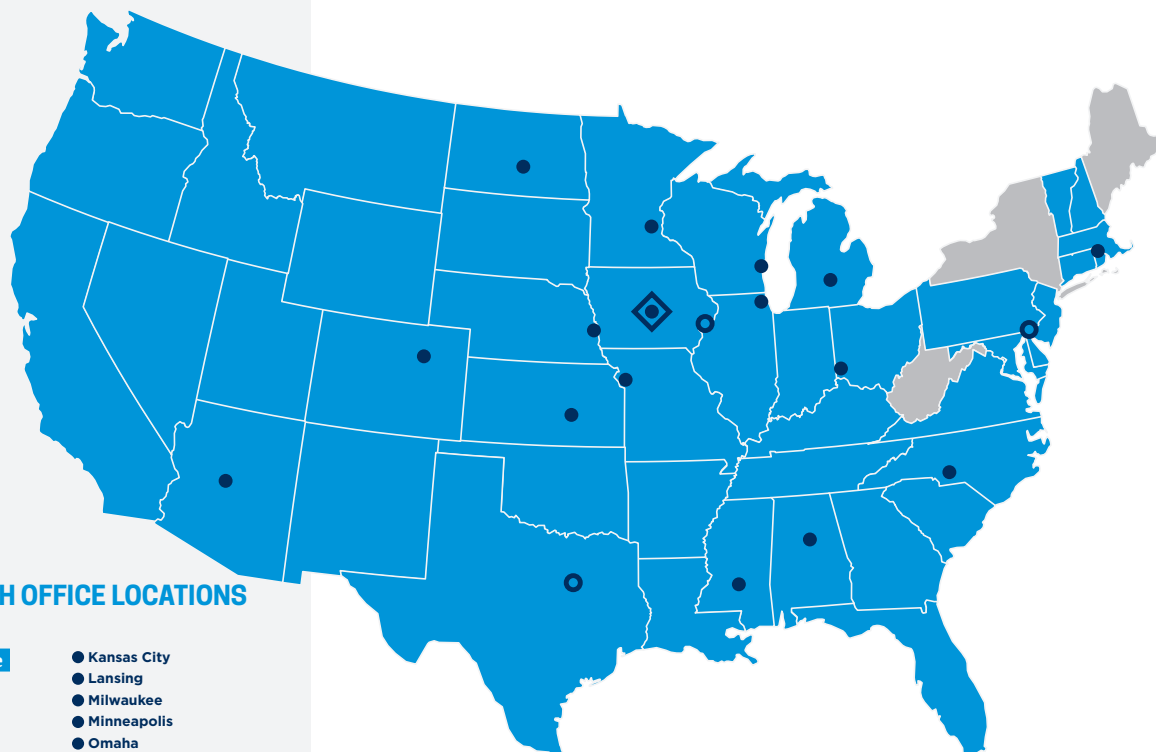
### Branch Offices

● Birmingham  
● Bismarck  
● Charlotte  
● Chicago  
● Cincinnati  
● Denver  
● Des Moines  
● Jackson

● Kansas City  
● Lansing  
● Milwaukee  
● Minneapolis  
● Omaha  
● Phoenix  
● Providence  
● Wichita

### Service Offices

○ Dallas  
○ Davenport  
○ Valley Forge





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Our mission is to protect the financial security  
of our customers by partnering with our  
independent agents to provide appropriate  
insurance solutions and superior service.

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699 Walnut Street, Suite 1100 Des Moines, IA 50309  
515-237-2000 | 800-232-5818 | [www.emcnationallife.com](http://www.emcnationallife.com)

