

ASSETS AND CAPITAL POSITION

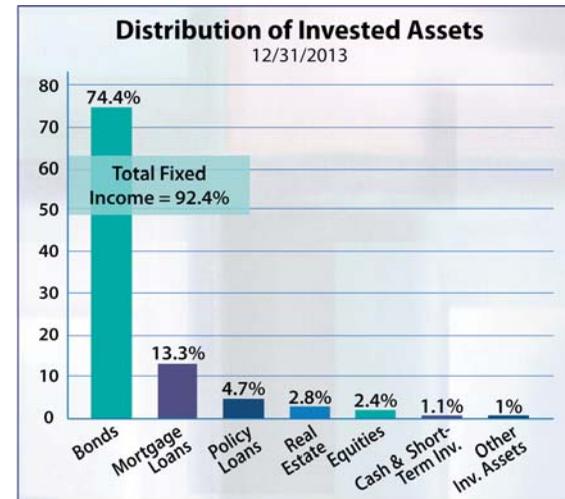
Assurity had another strong year in 2013, increasing total assets to \$2.45 billion. Total surplus, including the asset valuation reserve (AVR), increased 10.6 percent to a record \$336.8 million. Along with policy reserves, surplus provides the company with protection against the unexpected.



Financial strength is a core value at Assurity. Surplus and AVR as a percentage of total assets grew to 13.75 percent at year-end 2013. This level of capitalization is very strong compared to the standards set by industry regulators and rating agencies.

Assurity's net gain from operations

after federal income tax and dividends but before realized capital gains or losses was \$15.6 million, up 47 percent. After taking into account capital gains and losses, 2013 net income stood at \$14.6 million.



Revenues totaled \$334.3 million, made up of premium income of \$194.1 million, net investment income of \$118.3 million and miscellaneous income of \$21.9 million.

Benefits paid to policyholders or beneficiaries totaled \$198.6 million. Death benefits made up \$59.7 million of that amount, while living benefits paid to policyholders totaled \$121.8 million. Assurity returned \$17.2 million to policyholders in the form of dividend payments on participating products.

At year-end 2013, life insurance in force totaled \$14.32 billion.

INVESTMENT PORTFOLIO

Assurity's asset portfolio performed admirably in 2013, despite the protracted period of low interest rates and slow growth in the economy.

The bulk of the company's cash and invested assets is held in corporate bonds (74.7 percent). The next major asset class is mortgage loans (13.3 percent). The remaining 12 percent includes policy loans, equities, real estate, cash and miscellaneous.

The bond portfolio consists primarily of high-quality investments, with 98.6 percent rated investment grade. The prominent role of investment-grade bonds is important because their default rates have historically been very low. Assurity's non-investment-grade holdings represent a modest 1.4 percent compared to the industry average of 6.3 percent (Sept. 30, 2013). The mortgage loan portfolio continues to perform well with minimal, very manageable problem loans.

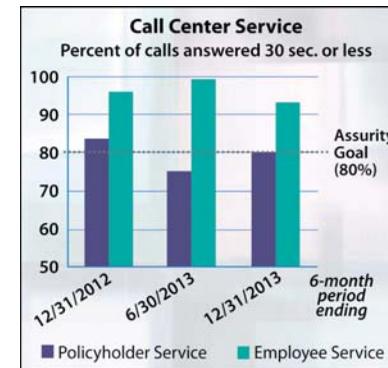
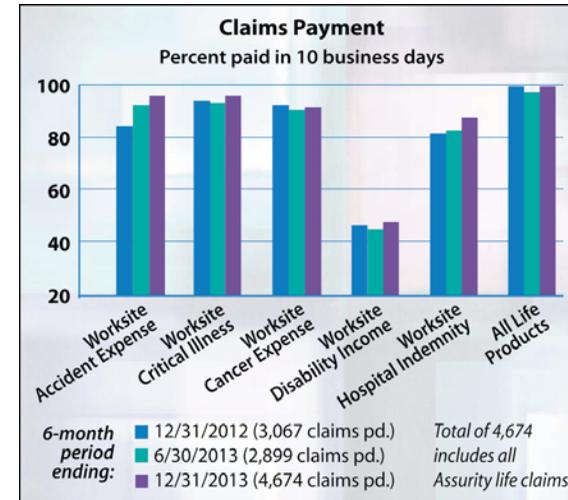


In 2013, Assurity ranked third among the large employers named Best Places to Work in Lincoln, Nebraska.

BEST-IN-CLASS SERVICE

At Assurity, we set our service standards very high. Our customers see us exceed these goals each and every day.

Our experienced claims specialists strive to pay claims as quickly as possible. The chart below shows Assurity's high percentages of claims paid within 10 business days (or 14 calendar days) by product. (Claims include riders.)



This chart shows Assurity's call center associates on average meet or exceed their goal of 80 percent of calls answered in 30 seconds or less.



The full 2013 annual report is at <http://mrk.assurity.com/AR/2013>, or use your QR code reader to view it.

PROTECTING MIDDLE AMERICANS

Family Plans Ahead

Early in their marriage, Sandy and Jeff purchased affordable term life insurance policies to financially protect one another in case of premature death.



Sandy was an EMT and Jeff ran a small carpentry business. After having their second child, Jeff took fewer clients in order to be a stay-at-home dad.

The family needed more insurance. Their Assurity agent explained how a permanent plan can build cash value for future needs. For Sandy, they chose a whole life policy with a term rider to provide more coverage for less cost – for Jeff, a larger term policy.

Working part-time, Jeff didn't qualify for disability income insurance, but their agent suggested adding a critical illness rider to his term policy.

Jeff was diagnosed with cancer at age 40. Even though they had good health insurance, the critical illness rider benefit and whole life cash value helped pay the mortgage, plus out-of-pocket medical and child care costs. The insurance plans Jeff and Sandy purchased provided peace of mind during very difficult times.

Prepared Partners, Business Perseveres

Together Stan and Roger grew their garden center to 10 employees. Tragically, Stan suffered a stroke and could not resume working. However, they had a business overhead expense disability income insurance policy to pay operating costs if either became disabled. The benefits also gave Roger two years to find and train a new partner.



Because Stan also had an Assurity individual disability policy, his family would have a monthly

Continued on next panel ▶

Prepared Partners continued...

income until he turned 65. Although the partners had life insurance coverage to fund a buyout if either owner died, Stan also had an individual whole life policy that accumulated cash value and helped pay for emergencies, children's education and retirement.

With Stan in mind, Roger offered employees new worksite benefits – Assurity's voluntary disability income and critical illness insurance, and a year later, whole life.

Stories representative of real scenarios.

STATUTORY FINANCIAL SUMMARY

(Ending Dec. 31, 2013)

- ▶ \$2.45 billion total assets
- ▶ \$2.1 billion total liabilities
- ▶ \$14.3 billion total insurance in force
- ▶ \$336.8 million total surplus and asset valuation reserve (AVR)
- ▶ 13.75 percent ratio of surplus and asset valuation reserve to assets, a strong measure of our ability to meet future obligations
- ▶ \$14.6 million net gain after capital gains and losses, FIT and dividends
- ▶ \$249.6 million total premium and deposits
- ▶ \$118.3 million net investment income
- ▶ \$181.5 million benefits paid to policyholders
- ▶ \$17.2 million dividends paid to policyholders

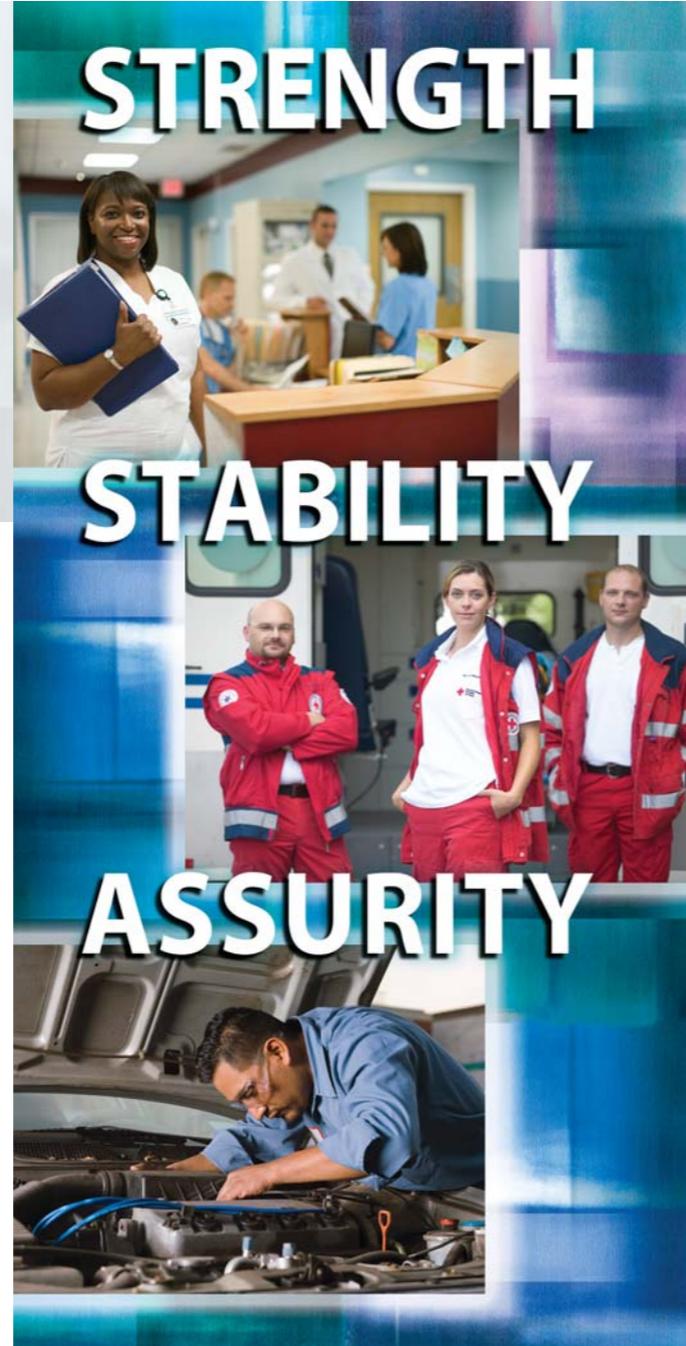
OUR PRODUCTS

Individual Products

Disability Income Insurance
 Critical Illness Insurance
 Accidental Death Insurance
 Whole Life Insurance
 Term Life Insurance
 Universal Life Insurance
 Fixed Annuities

Worksite Products

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



STRENGTH

STABILITY

ASSURITY



MESSAGE FROM THE PRESIDENT

Assurity Life continued to thrive in 2013. Our winning combination of financial strength, disciplined investment practices and an entrepreneurial approach to growing our business held us in good stead.

I'm pleased to report our capital reached a record \$336.8 million. This high level ensures our company will be able to honor its commitments to our policyholders as we have for 124 years. Our ratio of capital and surplus to assets, an important indicator of capital strength, stands at 13.75 percent.

Assurity's performance and financial strength continue to attract more customers every year. We have built our success and that of our policyowners by focusing on the needs of Middle America. Today, Assurity's vision is to bring peace of mind to more and more middle-income consumers and small businesses by providing easy access to insurance protection products.

Our mission – "To help people through difficult times" – guides all of our actions. We are here to provide funds when people are most in need of help – at the death of a loved one, becoming disabled or contracting a critical illness. We take this mission very seriously.

I wish to express appreciation to the board of directors along with company officers and associates for their support of our objectives during the year.

As a mutual organization with no outside shareholders, we operate in the best interests of our policyholders and our clients. We remain focused on the long term to deliver consistent and dependable value – in 2014 and beyond.

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

COMPANY HISTORY



Assurity takes pride in our legacy spanning nearly 124 years. Our company represents the combined strength of three leading Nebraska-

based insurers – Woodmen Accident and Life, Security Financial Life and Lincoln Direct Life – each dating back to the late 1800s. These three pioneering companies joined forces in 2007 under the Assurity name.

- 1890 Modern Woodmen Accident Association (later Woodmen Accident and Life) founded
- 1895 Security Mutual Life (later Security Financial Life) founded
- 1896 Royal Highlanders (later Lincoln Direct Life) founded
- 2001 Woodmen and Lincoln Direct Life merge to form Lincoln Insurance Group
- 2003 Woodmen renamed Assurity Life Insurance Company
- 2005 The holding companies of Assurity Life and Security Financial Life consolidate. Lincoln Direct becomes a division of Assurity Life.
- 2007 Assurity Life and Security Financial Life consolidate into one operating company, Assurity Life Insurance Company

INDEPENDENT ANALYST'S OPINION

Based on Assurity's financial strength, A.M. Best Company, the insurance industry's leading independent evaluator, has rated our company A- (Excellent)* with a stable outlook. This rating is given to companies that, in the opinion of A.M. Best, have an excellent ability to meet their ongoing insurance obligations.

**A.M. Best ratings range from A++ (Superior) to F (In liquidation).*