



Dear Fellow Shareholder:

Our 3rd quarter 2018 results are in! They are filed with the Securities and Exchange Commission and can be found on our website, www.usalliancecorporation.com, under Securities and Exchange Commission Filings.

As of December 31, 2017 our assets were \$38,988,091. As of September 30, 2018 our assets were \$42,109,336, an 8% increase this year!

I have heard from a number of shareholders who find the financials we are required to file with the Securities and Exchange Commission confusing.

So we thought we would try a different approach with this letter. We know it is important for you to be able to compare last year with this year to evaluate our progress. With our acquisition strategy, those unique purchases of blocks of business or other companies make year over year comparisons difficult.

Let me try to compare last year with this year by showing the effect of the company/block transactions last year and the results as if those purchases had not occurred.

In 2017 for the nine months ending September 30, revenues were \$8,902,208 and for the first nine months of 2018, \$6,651,103. On its face it would appear our revenue is in decline. In the 3rd quarter in 2017, we concluded a co-insurance transaction with American Life & Security Corporation which resulted in a one-time premium revenue of \$3,854,902. If we took that one-time premium gain out of our results in 2017, our 2018 revenues to date have increased from 2017 by \$717,253 or an increase of 29%.

The same is true for the 3rd quarter results. By reducing 3rd quarter premium by the amount of the 3rd quarter one-time co-insurance transaction, our revenues increased in the 3rd quarter 2018 by \$461,889 or 52%.

Another one-time gain, which makes year over year and quarter over quarter comparisons difficult, is the sale of our equity portfolio in 2017 for a gain of \$435,392. We sold those securities in order to purchase the block of business from American Life & Security Corporation. In 2018, we had a net loss from portfolio sales of \$327. Again, you can see the impact of these one-time transactions.

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US Alliance Life & Security Company & Dakota Capital Life Insurance Company are members of the Better Business Bureau.



Our net loss per share for the first nine months of 2017 was \$0.10 per share and for 2018 it is \$0.11 per share. For the 3rd quarter our loss in 2017 was \$0.01 per share and for the same period in 2018 it was \$0.03 per share. As we look at earnings per share, the loss in the 3rd quarter of 2017 would have been \$0.05 per share had we not had the realized gains from our equity portfolio. The 2018 3rd quarter loss of \$0.03 per share is an improvement in our results.

As we look at our expenses, our total expense for nine months in 2017 was \$10,456,506 and \$8,509,227 in 2018. For the three month's total, the expense was \$5,665,413 and \$2,362,371 in 2018. Again, those numbers are skewed by the 2017 policy reserves increase of \$4,357,257 compared to \$604,647 in 2018. Remember, policy reserves are required to be shown as an expense even though we still have the money and we are still investing it in order to pay claims and benefits for our policyholders. Clearly these transactions have a material effect on our financial results.

Finally, we want to update you on a pending transaction. On October 11, 2018 your company entered into a Stock Purchase Agreement to purchase all of the outstanding shares of Great Western Life Insurance Company ("GWLIC") from Great Western Insurance Company, a wholly-owned subsidiary of American Enterprise Group, Inc. Pending Montana regulatory approval this transaction will provide our group of companies with a Montana domiciled life insurance company even though it has not issued any life insurance policies since 1974. GWLIC has total assets of approximately \$2.2 million and statutory capital and surplus of approximately \$1.7 million. The Company will pay \$500,000 to acquire the outstanding shares of GWLIC. This transaction will create a one-time gain of approximately \$1,100,000.

It is my hope that these explanations have been helpful.

We are so pleased you are an owner of US Alliance Corporation. Please think of us when you have insurance needs. We are your friends, your neighbors, and your small business, and with your help we will continue to grow our company.

As Thanksgiving ends and the holidays begin, we give thanks to you for your investment in USAC. We continue to build Dakota Capital Life and US Alliance Life.

As always, you are welcome to contact me by emailing jack.brier@usalliancecorporation.com or calling our toll-free number (866) 953-4675.

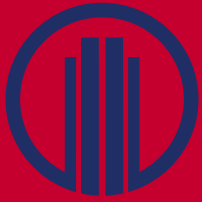
We are working every day for you!

With every good wish.

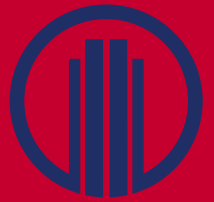
Cordially,



Jack H. Brier
Chairman & Co-Founder
US Alliance Group of Companies



Our North Dakota Products



Term Life Insurance or Whole Life Insurance?

What's the difference?

Term life insurance is temporary. It is available for 10, 15, 20, 25, or 30-year terms. We offer both fully underwritten and simplified issue.

Whole life is permanent life insurance. Premiums are fixed and payable for 10 or 20 years



Group Life & Disability

Products designed for companies with as few as 3 employees! Custom plan designs and simple application process make this a great fringe benefit for your employees. Short Term Disability (STD) has a 13 – 26 week benefit period while Long Term Disability (LTD) features a simple application process with benefits paid after an elimination period.

Critical Illness (Cancer, Heart Attack, Stroke)

Features issue ages from 18 – 70. Plans are available for cancer, heart attack, stroke, kidney failure, major organ transplant, blindness, coma, deafness, paralysis, severe burn, and more!

Little Missouri Juvenile Series®

Our Little Missouri Juvenile Product features a simple application process, a one-time premium, and can be issued from birth to age 15.

Badlands Annuity Series®

We also offer our Badlands Annuity Product which features a guaranteed minimum interest rate, a 5-year rate guarantee, with an annual 10% free withdrawal provision.

Peace Garden Pre-Need Series®

We also offer specialized Pre-Need funeral products which are offered by funeral directors to facilitate prepayment of funeral expenses.