

**USALLIANCE**  
-CORPORATION-™

# 2017 SHAREHOLDER UPDATE

## DEAR FELLOW SHAREHOLDER:

We are excited to provide you with this report on the 2016 activities of your company.

As we look to our 9th year as a holding company and only our 4th year as a life insurance company, you can be proud of our progress. As you can see by the charts on the next page, our growth reflects our march to profitability.

On the back cover there is a list of our products and our strategic alliances. We have added Critical Illness, Short Term Disability, and Long Term Disability products since 2015.

From Kansas, we now have certificates of authority in North Dakota, Missouri, and most recently Oklahoma. We tailor our expansion plans to those areas where we believe we can attract existing, successful distribution networks.

In addition to our organic growth, we have several exciting opportunities in 2017!

We have signed a nonbinding letter of intent to acquire, by merger, another life insurance company which will increase our assets by over \$5,000,000!

We have bid on being a TPA (Third Party Administrator) for a life insurance company with over 6,000 policies in force.

We would be remiss if we didn't say thank you to our frontline warriors, our consultants and our producers, who travel the state, spending nights away from their families to help us build your company. From a handful of producers in January 2013, we proudly serve 490 producers and they proudly serve you each day on the frontlines of new business. Our team is here for you.

We also thank our directors, Professor Jim Concannon, Rochelle Chronister, Former Governor Bill Graves, and Kurt Scott, whose efforts are dedicated to building our company.

With our short four-year history as a life insurance company, we are proud of our progress...but there is still so much to do. The poem of Robert Frost rings true, "...but I have promises to keep and miles to go before I sleep, and miles to go before I sleep."

Please know that I and every member of your USAlliance team is dedicated to keep our promises to you and to continue building our Kansas-based life insurance company.

We are thankful for your investment and grateful for your confidence. Every day we work to build your company.

With every good wish.

**Jack H. Brier**  
President & Founder



PO Box 4026 | Topeka, Kansas 66604

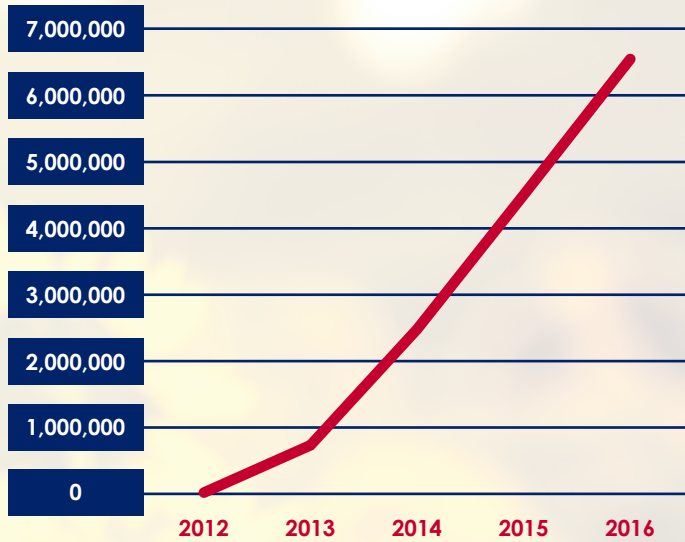
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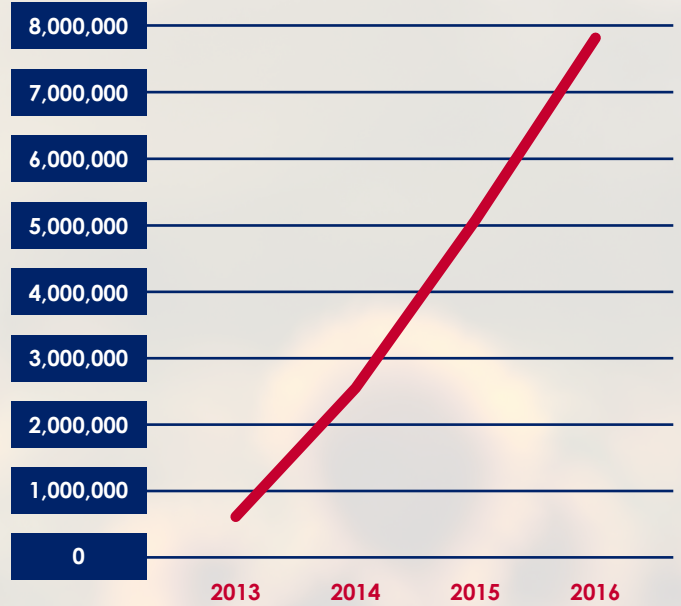
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USAlliance Life & Security Company is a member of the Better Business Bureau.

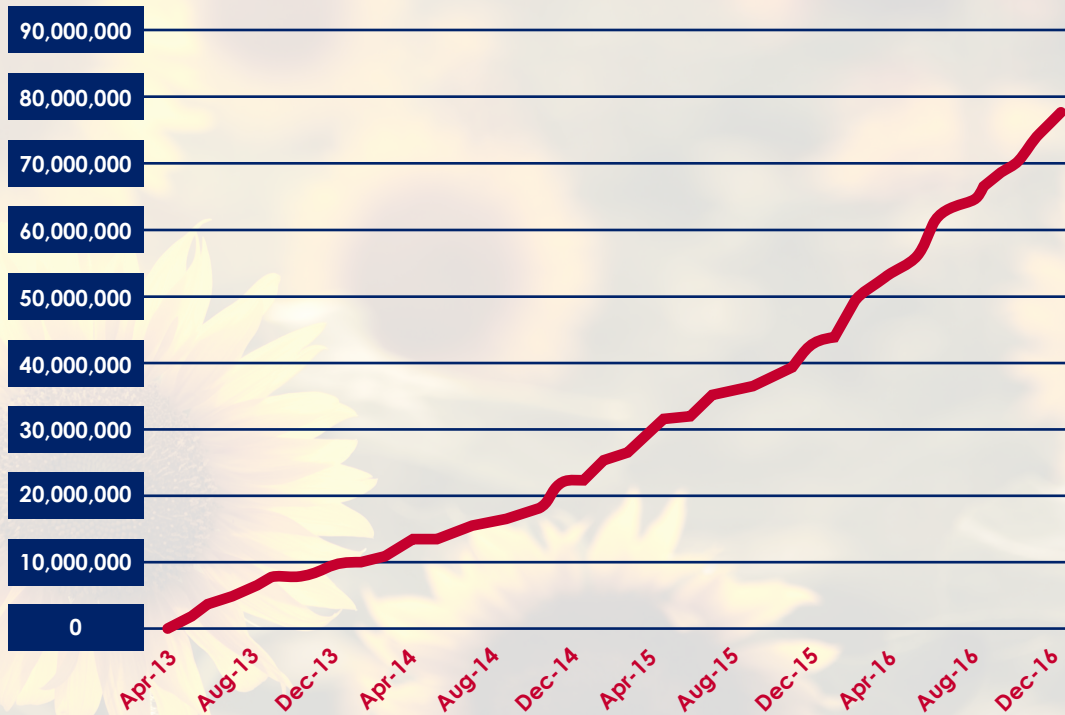
## GAAP REVENUES



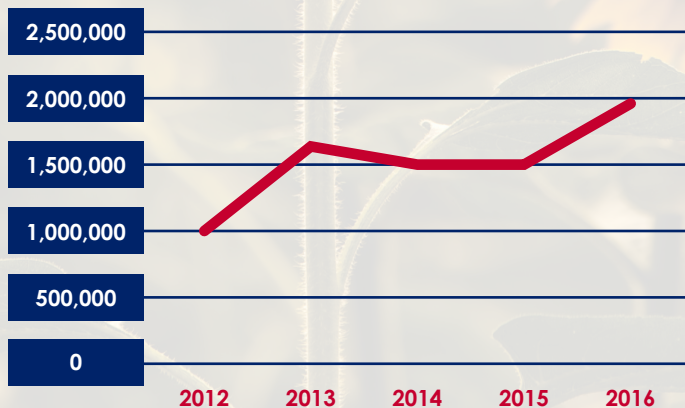
## STATUTORY PREMIUMS



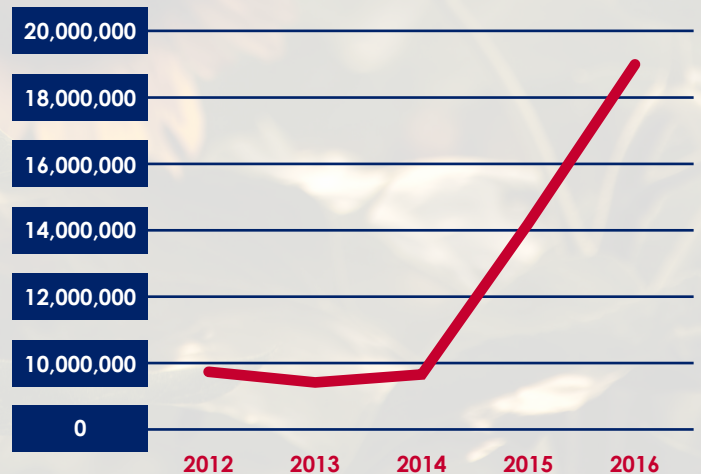
## ISSUED FACE AMOUNT



## OPERATING EXPENSES



## CONSOLIDATED ASSETS



## OUR PRODUCTS:

**Solid Solutions Term Life Series®** - This simplified issue term life insurance product is designed to provide coverage with a face value of \$250,000 or less. This product features limited underwriting.

**Sound Solutions Term Life Series®** - This is a fully underwritten term life insurance product designed to provide coverage for higher face amounts; Standard, Standard Plus, and Preferred available.

**Pioneer Whole Life** - This is a traditional whole life insurance product designed to provide permanent coverage; fully paid up in 10 or 20 years.

**Legacy Juvenile Series®** - This product is term life insurance to age 25 available for purchase on children up to the age of 16, with a one-time premium payment of \$200 or \$400.

**American Annuity Series®** - This product is a flexible premium deferred annuity with initial rates guaranteed for five years by company practice. A special rate of 3.1% for deposits of \$25,000 or more is available only to our shareholders.

**Thoughtful Pre-Need Series®** - This series of products includes a single or multiple pay premium pre-need policy sold by funeral homes.

**Group Products** - This is a series of group insurance products developed for the small group marketplace. Our group suite of products includes group term life insurance, group long term disability, and group short term disability.

**Critical Illness** - This individual policy provides cash benefits to the insured should certain defined illnesses or injuries occur.

## WE ARE SO PROUD TO LIST OUR STRATEGIC ALLIANCES (PARTNERS) HELPING US BUILD YOUR COMPANY:

1. **NEAM, a wholly owned subsidiary of Berkshire Hathaway, serves as the investment manager for USALSC and USAC. They manage over \$66 billion in insurance company investments;**
2. **Optimum Re, an A- rated company, provides reinsurance for USALSC on Solid Solutions Term and Pioneer Whole Life products;**
3. **Gen Re Life Corporation, wholly owned subsidiary of Berkshire Hathaway, an A++ rated company, provides reinsurance for USALSC on the Sound Solutions Term and Group Life products. Gen Re is the highest rated reinsurer in the world;**
4. **Custom Disability Solutions (CDS), a division of Reliance Standard Life Insurance Company, an A+ rated insurance company, provides reinsurance for USALSC on our short term and long term group disability products;**
5. **Unified Life Insurance Company, a B++ rated life insurance company from whom we assume business under a coinsurance treaty. This transaction provides an additional opportunity for the company;**
6. **Kerber, Eck & Braeckel LLP provides audit services for USAC and its subsidiaries;**
7. **United Systems and Software Inc. (USSI) provides USALSC a fully integrated insurance administrative system of policy administration, agency administration, imaging, customer and agent portals, integrated ledger, unique customer ID and in 2015, an online application system;**
8. **USALSC provides certain insurance administrative functions, data processing systems, daily operation services, management consulting, and marketing development services for Dakota Capital Life Insurance Company. As of December 31, 2016, we are providing administrative services on over 600 policies; and**
9. **Miller & Newberg, Inc. provides actuarial services for USALSC.**