



Dear Fellow Shareholder:

Between 2017 and 2021 our direct premium rose from \$3,167,654 to \$8,566,404, an increase of 170%. From 2020 to 2021 direct premium has increased 35%.

For the first half of 2022 our sales efforts have been rewarded.

- Our preneed division has seen a sales increase for the first six months from 2021 to 2022 of 28%.
- Our group division has seen a sales increase for the first six months from 2021 to 2022 of 90%.
- Our individual products has seen a sales increase for the first six months from 2021 to 2022 of 219%.

While we are pleased with our sales growth, the market volatility and accounting rules have muted our success.

Today's environment tests our resiliency in ways we never imagined when we sold our first insurance policy on May 1, 2013.

Thus far in 2022 all of us have been confronted with a plethora of headwinds, chief among them the aggressive Fed tightening cycle, lockdowns in China, inflation (highest in four decades), rising interest rates, the recent jump in the US Dollar, the shortage of chips for cars, phones, and every item that we use, and of course, political uncertainty with Taiwan and China and the Russia Ukraine war.

All of this has resulted in market volatility in both stocks and bonds, and an unprecedented decline in the value of stocks and bonds simultaneously.

The S&P 500 fell 21% in the first half of the year while investment grade bonds lost 11% (I shares Core US Aggregate Bond Exchange). The Bloomberg US Aggregate Bond Index suffered its worst quarterly decline since 1980.

While the Fed is aiming for a "soft landing" there is widespread skepticism as a recession is already felt by so many.

Simply put, as an investor there has been no place to hide. Uncertainty seems to be outweighing hope as the prevalent attitude of today.

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



Please click [here](#) for a detailed financial report. Here is an unaudited summary of our results:

### US Alliance Corporation

	Six Months Ended June 30,	
	2022	2021
Income:	(unaudited)	
Premium income	\$ 6,726,209	\$ 6,352,098
Net investment income	2,570,687	2,631,572
Net investment gains (losses)	(2,154,307)	73,790
Other income	160,186	157,402
<b>Total income</b>	<b>7,302,775</b>	<b>9,214,862</b>
Expenses:		
Increase in policyholder reserves	2,143,630	2,342,659
Other policy-related expenses*	6,158,888	5,514,702
Operating expenses	1,722,933	1,479,015
<b>Total expense</b>	<b>10,025,451</b>	<b>9,336,376</b>
<b>Net Income (loss)</b>	<b>\$ (2,722,676)</b>	<b>\$ (121,514)</b>
<b>Net income (loss) per common share, basic and diluted</b>	<b>\$ (0.35)</b>	<b>\$ (0.02)</b>

\* Other policy-related expenses include death benefits, other benefits paid to policyholders, commissions and amortization of deferred acquisition expenses

You may access our full financial results by clicking on the "Securities and Exchange Commission Filings" link on our web-site

As you can see from the above chart the results are disappointing and distorted by the accounting rules adopted by FASB (Financial Accounting Standards Board) I have described in previous letters which force us to recognize unrealized losses and gains in the income statement (temporary we believe).

For the first six months of 2022, our net investment losses were \$2,154,307 compared to gains of \$73,790 in 2021. Of that amount, \$2,154,930 is attributable to accounting rules which require unrealized losses to be considered losses in the income statement. This same accounting rule resulted in an unrealized loss of \$43,800,000 for Berkshire Hathaway.

In addition to the investment returns and valuations please note that death claims increased by 38% for the first half of the year. Also please note our operating expenses increased as a result of transferring expenditures from the cost of issuance for our stock offering to other operating expenses. As the markets recover, we expect unrealized gains to increase.

Normally in a quarterly shareholder letter I don't discuss the balance sheet but because the change is so unprecedented and large an explanation is in order. Our stockholders equity has declined in the first half of 2022 by \$9,092,513. Of this amount, \$7,694,371 decline is with NEAM (part of Berkshire Hathaway) portfolios. This is a reflection of the impact of volatility. Of this amount there is not one single bond or preferred stock in our portfolio that has missed an interest or dividend payment and none are permanently impaired.

In previous letters, when the markets were positive, I said that what the markets give us, the markets can take away. And they have with a vengeance in 2022!

Please do not think we are making excuses for the results. They are what they are. We continue to work every day to build your company.

We have also attached the results of our shareholder vote. I join our directors in thanking you for your support and confidence as we work for you.

You can help us today by reviewing the products we offer. Please think of us when you think of your insurance needs and please think of us with your friends, neighbors, and small businesses. Together we continue to build great company, but we need your help.

Whether it is a temporary disability, a plan for the future, or a death we are here to serve people at perhaps one of the worst times in their life and we will not waiver from that responsibility and awesome opportunity to serve.

As always, if you have questions please contact me at [jack.brier@usalliancelife.com](mailto:jack.brier@usalliancelife.com).

We are humbled and grateful for your investment.

With every good wish.

Cordially,

A handwritten signature in black ink, appearing to read "Jack H. Brier". The signature is fluid and cursive, with a large initial "J" and "H".

Jack H. Brier

Chairman & Co-Founder  
US Alliance Group of Companies