

Woman's Life[®]

connection. community. cause.

annual report

2009 - 2010 financials reviewed

maximize your legacy

Intuitions[®] Single Premium Whole Life
can help make it happen

Summer 2011

a publication of Woman's Life Insurance Society[®]

connecting women brings dramatic growth

During these past few years we have focused our attention on implementing programs intended to grow and further strengthen our membership while maintaining the financial integrity of this organization. Today, we are reporting dramatic results.

Dramatic, not only in terms of positive net membership growth, but also financially. Even as the economy ran into one of the most challenging financial crises the country has experienced in over 70 years, the extremely strong financial position of Woman's Life was not compromised.

Woman's Life is successfully connecting women with other women who care. During these challenging times, Woman's Life has given women a special place to belong and a close community of friends. And Woman's Life has provided women with an unparalleled opportunity to make a difference together for causes important to them.

Our growing membership, supported by the Society's strong financial position, remains a powerful, positive force for the good of humanity.



Janice Whipple
National President

Woman's Life[®]
connection. community. cause.

Volume 117, Number 2

Woman's Life (ISSN 1093-9903) is published quarterly by Woman's Life Insurance Society, 1338 Military St., Port Huron, MI 48060. Periodicals postage paid at Port Huron, MI 48061 and additional offices. POSTMASTER: Send address changes to Woman's Life Insurance Society, P.O. Box 5020, Port Huron, MI 48061-5020.

Woman's Life is the official publication of Woman's Life Insurance Society, a fraternal benefit society serving the life insurance, financial and fraternal needs of women and their families. Circulation 23,000. All manuscripts and editorial inquiries should be sent to the attention of the associate editor.

Questions or comments? Call the Woman's Life Sales & Marketing Department at 1-800-521-9292, ext. 281.

©Woman's Life is a registered trademark of Woman's Life Insurance Society. All others are registered trademarks of their respective companies.

Editor

Janice Whipple
National President
Club 611, Port Huron

Managing Editor

Wendy L. Krabach
Director of Sales & Marketing
Club 757, Port Huron

Associate Editor

Patti Samar
The Write Company
Club 611, Port Huron

Editorial Assistant

Karen Deschaine
Communications Coordinator
Club 757, Port Huron

Intuitions[®] Single Premium Whole Life

maximize the amount of money you leave your heirs
while maintaining control during your lifetime

by wendy l. krabach, FIC, CFFM, director of sales and marketing

With one single premium payment of \$10,000 or more you can instantly increase the legacy you leave to your heirs. Your premium purchases a fully paid-up insurance policy with a death benefit, which, in many cases, will be double the single premium you pay.

The death benefit is guaranteed and will never decrease, provided you do not surrender the policy or take any loans from the policy during your lifetime. Unpaid policy loans will reduce the death benefit. Further, in most cases, the death benefit is received by the beneficiary income tax free and without probate.

In addition to funding a tax-free benefit for your heirs, your single premium whole life insurance plan will have guaranteed cash value that will accumulate tax-deferred over the lifetime of your policy.

In the event of unforeseen circumstances that arise, the cash value of your policy may be accessed through loans, and, if your needs should change drastically, you have the option to surrender your policy for its net cash value.

A Woman's Life Intuitions Single Premium Whole Life Insurance policy may be right for you if...

- You are between the ages of 45 and 85.
- You have a large sum (\$10,000 or more) earning currently taxable income that you do not anticipate needing for your own use during your lifetime and intend to transfer to your loved ones.
- You would like to immediately increase the amount you can pass on to your heirs or favorite charity and guarantee that the amount will never decrease.
- You want your beneficiaries to receive the proceeds free of income tax and the hassle and expense of probate.
- You value the simplicity of establishing this strategy with a single, lump sum premium, which creates a guaranteed death benefit and guaranteed cash value accumulation.
- You value the ability to access the cash value in the event of an unforeseen circumstance.

Call your Woman's Life representative or our Sales Department for more details and to find out if this powerful, dynamic estate transfer tool is right for you.



** The Intuitions Single Premium Whole Life Insurance policy is a modified endowment contract (MEC). As a MEC, if there is any gain in the policy, the portion of the gain included in any distribution from the policy, including loans, may be taxable and must be reported as taxable income. Also, if a distribution occurs prior to age 59 1/2, the distribution may be subject to a 10% tax penalty. Therefore, it is important that you only purchase a SPWL policy with assets that you are reasonably confident you will not need in the future for your own use.*

M05-3000 SPWL
Not available in all states

annual report

statement of financial & fraternal position

by Christopher J. Martin, National Secretary-Treasurer

What a busy year for Woman's Life Insurance Society in 2010! The year included four separate factors which greatly influenced the Society's financial results for the year.

Four Financial Factors

The first major factor was the Society transferring all Canadian policies to FaithLife Financial as of January 1, 2010. This transaction occurred to provide enhanced service to our Canadian members, especially regarding Canadian regulatory matters. This transaction resulted in the Society transferring in excess of \$7,000,000 in both assets and liabilities to FaithLife Financial to support the policies and was less than 5% of Society liabilities and 4% of Society assets. The transfer resulted in a \$165,000 gain for the Society.

Even with the transfer, we are very excited that all Canadian members who had their policies transferred to FaithLife Financial will remain members of Woman's Life Insurance Society.

A second major event was happening throughout the year and that was the sale of annuity products. Annuity sales of over \$12,000,000 reached the second highest level in the Society's history and resulted in the Society reporting its second highest level of net premiums written. New product sales result in a first-year loss after reserves, commissions and operating expenses are taken into account. These losses are offset by profitability in renewal years. The increase in annuity sales added approximately \$270,000 to the Society's loss in 2010.

The third factor was declining interest rates. Interest rates continued to decline in 2010 thereby impacting the Society's portfolio yield. The investment yield on the Society's portfolio dropped from 6.20% in 2009 to 5.74% in 2010. This reduced yield, when applied to the Society's \$171,000,000 bond portfolio, results in a \$786,600 reduction in investment income. The reduction in investment income negatively impacted the Society's net income in 2010.

The fourth factor was a \$487,372 increase in fraternal expenses in 2010. This was the result of many factors including expansion of the fraternal department in order to support and develop chapter activities, increased chapter support expenses including matching funds and volunteer service grants and the cost of hosting the 2010 National Convention in San Antonio, Texas.



Members of Woman's Life Chapter #827, Canton, Michigan.

Community Outreach, Fraternal Support & Benefits

We are very proud of the Society's fraternal accomplishments. In 2010, members of Woman's Life chapters held 1,565 charitable events and devoted 128,626 hours of service in support of their local communities. Additionally, the chapters spent \$438,514 on these events, which were further supported by \$350,038 of payments made by the Home Office. Our active members determined the recipients of this combined \$788,554 which included needy individuals, local and national causes and worthy charities in their respective communities. Our members continue to have an important and significant impact on their communities.

Considerable effort was also expended on maintaining our local chapters, providing personal development and building fellowship among our members. Our chapters held 1,418 social events and business meetings, spending more than \$80,000 on these efforts, with the Home Office spending an additional \$1,188,615 in 2010.

The Society provides individual benefits of membership in addition to the chapter support benefits. In 2010, these benefits included Scholarships, Breast and Prostate Screening Benefits, Annual Physical Benefits and others. Through the



Members of Woman's Life Chapter #809, Port Huron, Michigan, serve up a pancake luncheon.

Good Health Benefits program, Woman's Life paid \$55,050 in support of these individual benefits.

Members of Woman's Life chapters invested a considerable amount of volunteer time and fund-raising efforts to support individuals, organizations and causes that are important to them in 2010. Utilizing the Woman's Life chapter support programs, members were able to significantly further their benevolent activities and monetary support with additional dollars. Throughout the years, the successful business operations of Woman's Life have allowed for continued expansion and growth of community outreach programs to make this possible.

Net Loss & Surplus

These four factors contributed to the Society's net loss in 2010. The Society reported a net loss from operations before refunds (dividends) of \$220,407. The Society continued to pay refunds in 2010. Refunds to members of \$633,696 combined with the operating loss and offset by a small realized gain resulted in the Society reporting a net loss of \$826,603.

The net loss resulted in the Society's surplus declining in 2010. Surplus decreased \$1,165,342, less than 4%, in 2010 to \$28,071,927.

One way to look at our surplus is as the Society's "savings" or the amount of funds available for "rainy days", unexpected financial needs, or expansion efforts. This "savings" is important as it provides a cushion against unfavorable economic conditions or net loss positions. More importantly, our surplus level is very strong and continues to provide a substantial cushion for future rainy days. The strength is

demonstrated by the Society reporting \$117.72 of assets for every \$100 of liabilities as of December 31, 2010.

While this ratio is just one measure of the Society's financial stability, it is a good way to judge a company's ability to meet all obligations as they come due. The Society's \$117.72 ratio compares very favorably to the \$105.74 average ratio of the 25 largest life insurance companies in the United States.

Even with the transfer of the Canadian business, Society assets reached an all-time high of \$186,505,144 at the end of 2010. Bonds remain the Society's largest asset at \$170,999,377 and comprise 91.7% of total assets. The Society's bond portfolio is very strong heading into 2011, with 98.0% of the bonds rated as investment grade.

The Society's second largest asset is the loans on certificates of \$8,022,975. The Society also had \$3,963,190 of cash and short-term investments as of December 31, 2010. Sufficient cash and short-term investments are maintained to ensure the Society can process and pay all certificate liabilities in a timely manner.

Society liabilities were \$158,433,218 at the end of 2010. The majority of our liabilities, \$145,766,478 or 92.0%, are the reserves we hold to pay future policyholder claims.

Looking Ahead

The Society values the trust that you have placed in us. We are committed to serving our members and take pride in our disciplined investment approach which has prepared the Society for the uncertainty of the future.

We had a very busy year in 2010 and we are eager to meet the challenges of 2011 and the future!

Statement of Financial Position

As of December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS:		
Bonds	\$170,999,377	\$168,263,328
Real estate	567,370	631,077
Certificate loans.....	8,022,975	9,166,382
Cash and short-term investments.....	3,963,190	4,634,398
Other assets	<u>2,952,233</u>	<u>3,005,893</u>
TOTAL ASSETS	<u>\$186,505,145</u>	<u>\$185,701,078</u>
 LIABILITIES:		
Certificate reserves	\$141,242,613	\$138,661,895
Liability for deposit-type contracts.....	3,713,120	5,101,848
Claims in process of payment.....	810,745	928,589
Dividends payable next year	728,339	933,295
Interest maintenance reserve	3,117,869	3,281,738
General expenses due or accrued.....	4,797,928	4,604,442
Asset valuation reserve.....	735,061	785,957
Other liabilities.....	<u>3,287,543</u>	<u>2,166,045</u>
TOTAL LIABILITIES	<u>\$158,433,218</u>	<u>\$156,463,809</u>
 SURPLUS:		
Special reserves	\$ 3,150,000	\$ 3,150,000
Unassigned funds	<u>24,921,927</u>	<u>26,087,269</u>
TOTAL SURPLUS	<u>\$28,071,927</u>	<u>\$29,237,269</u>
 TOTAL LIABILITIES AND SURPLUS	 <u>\$186,505,145</u>	 <u>\$185,701,078</u>

Securities are valued in accordance with the rules and regulations of the National Association of Insurance Commissioners.

Summary of Operations

For the years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
REVENUES:		
Premiums	\$15,853,011	\$9,816,627
Net investment income.....	10,123,740	10,768,816
Other income	<u>460,502</u>	<u>287,048</u>
TOTAL REVENUES	<u>\$26,437,253</u>	<u>\$20,872,491</u>
 BENEFITS AND EXPENSES:		
Death benefits	\$ 3,105,300	\$ 3,188,881
Annuity benefits	1,807,877	3,181,252
Other insurance benefits.....	5,814,960	3,139,939
Increase in certificate reserves.....	8,545,966	3,651,633
Insurance expenses and taxes.....	5,773,722	5,550,117
Fraternal expenses.....	<u>1,609,835</u>	<u>1,065,484</u>
TOTAL BENEFITS AND EXPENSES	<u>\$26,657,660</u>	<u>\$19,777,310</u>
 NET GAIN FROM OPERATIONS		
BEFORE DIVIDENDS TO MEMBERS.....	(\$ 220,407)	\$ 1,095,181
Dividends to members.....	<u>633,696</u>	<u>864,885</u>
 NET GAIN FROM OPERATIONS		
BEFORE NET REALIZED CAPITAL GAINS(LOSSES).....	<u>(\$ 854,103)</u>	<u>\$ 230,297</u>
 NET REALIZED CAPITAL GAINS(LOSSES)	 <u>\$ 27,500</u>	 <u>\$ 624,542</u>
 NET GAIN(LOSS)	 <u>(\$ 826,603)</u>	 <u>\$ 854,839</u>

Valuation Report

As of December 31, 2010 and 2009

ADMITTED ASSETS:	<u>2010</u>	<u>2009</u>
Assets available for payment of		
all legal liabilities	\$158,433,218	\$156,463,809
Special reserves and unassigned funds	<u>28,071,927</u>	<u>29,237,269</u>
TOTAL ADMITTED ASSETS	<u>\$186,505,145</u>	<u>\$185,701,078</u>

LIABILITIES:		
Certificate reserves for all benefits	\$141,242,613	\$138,661,895
Claim reserves	810,745	928,589
All other liabilities	<u>16,379,860</u>	<u>16,873,325</u>
TOTAL LIABILITIES	<u>\$158,433,218</u>	<u>\$156,463,809</u>

RATIO OF SOLVENCY..... 118% 119%

**STATE OF MICHIGAN
COUNTY OF ST. CLAIR**

James C. Borema, being duly sworn deposes and says that he is the Actuary who made the foregoing valuation concerning the condition of the Woman's Life Insurance Society as of December 31, 2010 and 2009, and that the same is correct and true to the best of his information, knowledge and belief.

Subscribed and sworn to
before me this 1st day of April, 2011

James C. Borema

James C. Borema

Nell E. Schmidt

Nell E. Schmidt
Notary Public, St. Clair County
My commission expires May 23, 2015

Important Notice About Your Privacy

Woman's Life Insurance Society values your business. We also value the trust that you have placed in us. We strongly believe in protecting the confidentiality and the security of the information that we collect about you. The following is an outline of our privacy policy.

We restrict the access to nonpublic personal information that we have about you. It may only be accessed by our employees who have a need for such information to do their job. These are the people who provide our products and services to you or who conduct Woman's Life business. Any of our employees who do have access to customer information are required by us to protect it and to keep it private. We safeguard all of the private information that we receive. This is done in a way that meets with our established security standards and procedures. The measures that we take include the use of physical, electronic and procedural safeguards. All of these safeguards comply with state and federal laws and regulations.

We collect information about a person who applies for or obtains products or services from us. We also collect it about a person to: help us serve that person's financial needs; provide customer service; offer new products or services; and fulfill any legal and regulatory requirements that we must meet.

The type of information we collect varies according to the

products or services you request. It may include information that is:

- On your application and on any related forms. (Items such as your name, address, social security number, assets and income.)
- About your relationship with us. (Items such as products or services that are purchased, account balances and payment history.)
- From nonaffiliated third parties with which you have dealt. (Parties such as other insurers.)
- From consumer reporting agencies.

We use this information only for business purposes. These purposes include items such as: assessing requests that are made for insurance and other services that we offer; the administration of our products; and the processing of transactions and claims.

Woman's Life makes disclosures to affiliated and nonaffiliated third parties only as permitted by law. This includes disclosures that are needed to maintain your policy or for customer service. We may make disclosures to other financial institutions with which we have joint marketing agreements. We do that in order to provide a better range of benefits to our members. We do not sell customer lists or information. We do not share medical information or motor vehicle reports for marketing purposes.

the power of membership

convert your membership status & receive dues reimbursement!



You know the powerful benefits of membership in Woman's Life because you are already a member.

Women can join Woman's Life in one of two

ways:

- **Dues-paying membership:** Members pay \$50 a year in dues, which entitles members to all of the benefits of membership
- **Benefit membership:** With the purchase of a life insurance or annuity product offered by Woman's Life, members become a benefit member. Benefit members do not pay the \$50 annual dues. Furthermore, benefit members have the opportunity to participate in the governance of the Society at state, district and national levels.

And did you know that, if you initially joined as a dues-paying member, when you become a benefit member you receive a refund of the \$50 you paid for your current membership dues!

Many, many members of Woman's Life find it is a very natural transition from dues-paying membership to benefit membership once they learn about the benefit of purchasing life insurance or an annuity product to enhance their financial security.

For more information about converting your membership from dues-paying to benefit membership, please contact the Sales and Marketing Department at 800-521-9292.

