



2505 Court Street • Pekin, Illinois 61558
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February 4, 2019

To The Shareholders of Pekin Life Insurance Company:

Operating results were positive for 2018 with increased premium in several product lines. The operating results are summarized below.

The results for 2018 reflect net income of \$3.4 million, or \$0.20 per share compared to net income of \$7.4 million, or \$0.43 per share, last year. Realized capital gains were \$1.8 million, or \$0.11 per share, compared to a realized capital gain of \$1.2 million, or \$0.07 per share, last year.

Our strategic effort to grow premium was achieved in several product lines this year. Ordinary life increased by \$2.8 million to \$50.1 million, or 5.8 percent. Preneed life increased \$1.0 million to \$42.7 million, or 2.4 percent. Universal life increased by \$0.5 million to \$26.0 million, or 2.1 percent. Medicare supplement increased by \$0.9 million to \$33.5 million, or 2.7 percent. Overall premium decreased \$14.8 million, or 7.4 percent in 2018 compared to 2017. This decrease is attributable to the exit of our group health fully insured line of business. As intended, the exit from the group health fully insured market resulted in decreased benefits of \$12.9 million, or 98.8 percent in 2018 compared to 2017.

Investment income excluding capital gains increased to \$60.2 million in 2018, or 2.7 percent from last year. This increase reflects premium dollars that have been invested in the growing bond portfolio at rates that are up slightly from previous years. Additionally, our bond portfolio is comprised of high quality holdings, all of which are investment grade.

As of December 31, 2018, assets were \$1.5 billion. Book value increased during the year by \$1.6 million, or 1.2 percent from year end 2017. Book value per share was \$7.57 at December 31, 2018.

Further information regarding the results for the year 2018 can be found on our Internet website at www.pekininsurance.com.

We appreciate the continued support of our shareholders, agents, and employees.

Scott A. Martin, FLMI
Chairman of the Board, President, and Chief Executive Officer

CONDENSED STATEMENTS OF INCOME

**FOR THE
YEAR ENDED
DECEMBER 31,**

	2018	2017
Premium Income	\$ 184,498,536	\$ 199,335,081
Investment Income	60,159,998	58,551,110
Total Income	244,658,534	257,886,191
Benefits to Policyholders	146,893,368	142,969,698
Additions to Policy Reserves	39,378,390	52,131,188
Commissions and Service Fees	21,932,719	23,157,084
Expenses and Insurance Taxes	32,619,098	31,799,137
Total Deductions	240,823,575	250,057,107
Net Income Before Income Taxes and Realized Capital Gains	3,834,959	7,829,084
Income Taxes	2,229,751	1,655,519
Net Income Before Realized Capital Gains	1,605,208	6,173,565
Realized Capital Gains, Net of Tax	1,834,507	1,231,522
Net Income	\$ 3,439,715	\$ 7,405,087
Net Income Before Net Realized Capital Gains Per Share	\$.09	\$.36
Net Realized Capital Gains Per Share	\$.11	\$.07
Net Income Per Share	\$.20	\$.43
Book Value Per Share	\$ 7.57	\$ 7.48
Weighted Average Shares Outstanding	17,068,023	17,068,023

OTHER FINANCIAL INFORMATION

Premium Income by Product Line:

Ordinary Life & Universal Life	\$ 76,063,514	\$ 72,764,902
Pre-Need Life & Annuity	45,261,419	44,366,354
Annuity	7,867,412	10,257,042
Group Annuity	4,285,393	3,854,991
Group Life & Health	2,323,672	19,253,154
Medicare Supplement	33,524,136	32,667,011
Credit Life & Health	15,172,990	16,171,627
Total	\$ 184,498,536	\$ 199,335,081

AS OF

	December 31, 2018	December 31, 2017
Assets	\$ 1,503,868,780	\$ 1,474,989,917
Capital and Surplus	\$ 129,198,331	\$ 127,625,057
Insurance In Force	\$ 18,250,933,000	\$ 17,703,845,000

NOTE: Information for the year ended December 31, 2018 is unaudited. The above is prepared on the basis of accounting practices prescribed by the Illinois Department of Insurance.



Pekin Life Insurance Company, headquartered in Pekin, Illinois, became an integral member of the Pekin Insurance® group of companies in April 1965. Joining together with our property/casualty companies, The Farmers Automobile Insurance Association, Pekin Insurance Company, and PAC, Inc., we are committed to providing quality insurance service to our policyholders spanning a 24-state marketing area. Our property/casualty products deliver coverage to protect homes, autos, businesses, and a wide range of other insurance needs. The Company's life and health products listed below offer a diverse portfolio of coverages to help families and businesses achieve secure financial futures. Whether for property/casualty, life, annuity, or medicare supplement insurance, we are committed to going the extra mile to provide the products and services necessary for your peace of mind. Now, more than ever, it is important that policyholders have complete trust in their insurance company. Pekin Insurance ... going *Beyond the expected*® to meet your insurance needs.

Universal Life

Preferred Whole Life

Term Life

Transitional Life

Flexible & Single Premium Annuities

Medicare Supplement

Credit Life

Debt Protection

Group Life Insurance

Qualified Retirement Programs for Individual & Business Needs

Funeral Preplanning

Voluntary Products