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May 3, 2018

To The Shareholders of Pekin Life Insurance Company:

The first quarter of 2018 shows improvement over the first quarter of 2017. The operating results for the first quarter are summarized below.

The first quarter results for 2018 reflect net income of \$0.3 million, or \$0.02 per share compared to a net loss of \$0.4 million, or \$0.03 per share, last year. Realized capital gains in the first quarter of 2018 were \$1.2 million, or \$0.07 per share, compared to a realized capital gain of \$0.2 million, or \$0.01 per share, last year.

Premium growth was seen in several product lines through March 31, 2018, compared to March 31, 2017. Ordinary life increased by \$0.9 million to \$11.8 million, or 8.7 percent. Universal life increased by \$0.7 million to \$6.8 million, or 11.3 percent. Medicare supplement increased by \$0.3 million to \$9.1 million, or 3.9 percent. Overall premium decreased \$6.3 million, or 11.9 percent in the first quarter of 2018 compared to the first quarter of 2017. This decrease is attributable to the exit of our group fully insured line of business. As intended, the exit from the group fully insured market resulted in decreased benefits of \$5.1 million, or 98.3 percent in the first quarter of 2018 compared to the first quarter of 2017.

Investment income excluding capital gains increased to \$14.8 million in the first quarter of 2018, or 2.0 percent from last year. This increase reflects premium dollars that have been invested in the growing bond portfolio at rates that are moderately flat from previous years. Additionally, our bond portfolio is comprised of high quality holdings, of which 99.6 percent are investment grade.

As of March 31, 2018, assets were \$1.5 billion. Book value increased during the quarter by \$0.1 million, or 0.1 percent from year end 2017. Book value per share was \$7.48 at March 31, 2018.

Further information regarding the results of the first quarter of 2018 can be found on our Internet website at www.pekininsurance.com.

The Board of Directors of Pekin Life Insurance Company has declared a quarterly dividend of \$0.01 per share payable June 1, 2018, to shareholders of record April 30, 2018.

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
THREE MONTHS ENDED
MARCH 31,**

	2018	2017
Premium Income	\$ 46,563,289	\$ 52,855,307
Investment Income	14,763,191	14,471,316
Total Income	61,326,480	67,326,623
Benefits to Policyholders	37,727,879	39,691,207
Additions to Policy Reserves	9,147,716	13,060,504
Commissions and Service Fees	5,344,059	5,954,592
Expenses and Insurance Taxes	9,601,011	8,821,489
Total Deductions	61,820,665	67,527,792
Loss Before Income Taxes and Realized Capital Gains	(494,185)	(201,169)
Income Taxes	372,311	401,706
Loss Before Realized Capital Gains	(866,496)	(602,875)
Realized Capital Gains, Net of Tax	1,167,872	157,626
Net Income (Loss)	\$ 301,376	\$ (445,249)
Net Loss Before Net Realized Capital Gains Per Share	\$ (.05)	\$ (.04)
Net Realized Capital Gains Per Share	\$.07	\$.01
Net Income (Loss) Per Share	\$.02	\$ (.03)
Book Value Per Share	\$ 7.48	\$ 7.31
Weighted Average Shares Outstanding	17,068,023	17,068,023

OTHER FINANCIAL INFORMATION

Premium Income by Product Line:

Ordinary Life	\$ 18,628,260	\$ 16,990,257
Pre-Need Life & Annuity	10,806,163	11,345,717
Annuity	2,309,526	4,163,286
Group Annuity	1,724,697	979,021
Group Life & Health	605,722	6,839,641
Medicare Supplement	9,135,717	8,796,275
Credit Life & Health	3,353,204	3,741,110
Total	\$ 46,563,289	\$ 52,855,307

AS OF

	March 31, 2018	December 31, 2017
Assets	\$ 1,482,162,866	\$ 1,474,989,917
Capital and Surplus	\$ 127,722,744	\$ 127,625,057
Insurance In Force	\$ 17,780,146,352	\$ 17,703,850,000

NOTE: Information for the three months ended March 31, 2018 and 2017 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 23-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

Self-Funded Employee Benefit Plan Administration

Voluntary Products