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November 2, 2017

To The Shareholders of Pekin Life Insurance Company:

The first nine months of 2017 show significant improvement in operating results over the first nine months of 2016. The operating results are summarized below.

The results for the first nine months of 2017 reflect net income of \$5.2 million, or \$0.31 per share compared to a net loss of \$2.2 million, or \$0.13 per share, last year. Realized capital gains were \$1.2M, or \$0.07 per share, compared to a realized capital loss of \$2.5 million, or \$0.15 per share, last year.

Premium growth was seen in Medicare supplement by \$2.5 million to \$24.7 million, or 11.2 percent. In addition, Universal life premium increased \$0.8 million to \$19.0 million, or 4.7 percent. Overall premium decreased \$16.0 million, or 9.5 percent primarily due to the continued runoff of group fully insured business. Group health premium decreased \$14.4 million, or 48.7 percent in the first nine months of 2017. As intended, the exit from the group fully insured market resulted in decreased benefits of \$11.9 million, or 49.5 percent.

Expenses decreased \$2.5 million in the first nine months of 2017 compared to the first nine months of 2016. Reduced expenses were recognized relating to the exit of our group health line of business. Additionally, management continues to monitor and control ongoing costs.

Investment income excluding capital gains increased to \$43.9 million in the first nine months of 2017, or 4.5 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, all of which are investment grade.

As of September 30, 2017, assets were \$1.5 billion. Book value increased during the first nine months of the year by \$4.7 million, or 3.8 percent from year end 2016. Book value per share was \$7.58 at September 30, 2017.

Further information regarding the results of the first nine months of 2017 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
NINE MONTHS ENDED
SEPTEMBER 30,**

	2017	2016
Premium Income	\$ 152,122,263	\$ 168,146,554
Investment Income	43,901,926	42,021,214
Total Income	196,024,189	210,167,768
Benefits to Policyholders	106,064,451	114,799,557
Additions to Policy Reserves	41,417,194	48,662,008
Commissions and Service Fees	17,298,033	18,966,496
Expenses and Insurance Taxes	25,235,124	27,746,326
Total Deductions	190,014,802	210,174,387
Income (Loss) Before Income Taxes and Realized Capital Gains (Losses)	6,009,387	(6,619)
Income Taxes	1,965,926	(346,047)
Income Before Realized Capital Gains (Losses)	4,043,461	339,428
Realized Capital Gains (Losses), Net of Tax	1,182,965	(2,547,702)
Net Income (Loss)	\$ 5,226,426	\$ (2,208,274)
Net Income Before Net Realized Capital Gains (Losses) Per Share	\$.24	\$.02
Net Realized Capital Gains (Losses) Per Share	\$.07	\$ (.15)
Net Income (Loss) Per Share	\$.31	\$ (.13)
Book Value Per Share	\$ 7.58	\$ 7.02
Weighted Average Shares Outstanding	17,068,023	17,068,023

OTHER FINANCIAL INFORMATION

Premium Income by Product Line:

Ordinary & Universal Life	\$ 54,010,831	\$ 53,246,183
Pre-Need Life & Annuity	33,270,951	33,128,345
Annuity	8,262,885	11,022,305
Group Annuity	2,813,514	2,881,511
Group Life & Health	16,573,074	31,099,780
Medicare Supplement	24,748,245	22,258,059
Credit Life & Health	12,442,763	14,510,371
Total	\$ 152,122,263	\$ 168,146,554

	AS OF	
	September 30, 2017	December 31, 2016
Assets	\$ 1,465,562,200	\$ 1,459,574,027
Capital and Surplus	\$ 129,291,386	\$ 124,564,239
Insurance In Force	\$ 17,570,816,641	\$ 17,164,980,000

NOTE: Information for the nine months ended September 30, 2017 and 2016 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 21-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