Best's Rating Report

Ameritas®

fulfilling life®

AMERITAS LIFE INSURANCE CORP.	**A**
AMERITAS LIFE INSURANCE CORP. OF NEW YORK	**A**
ACACIA LIFE INSURANCE COMPANY	**A**
THE UNION CENTRAL LIFE INSURANCE COMPANY	**A**

Lincoln, Nebraska

Financial Strength Rating
A M BEST
A Excellent

A

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Ultimate Parent: Ameritas Mutual Holding Company

AMERITAS LIFE INSURANCE CORP.

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AMB#: 006152 **NAIC#: 61301**
Ultimate Parent#: 051337 **FEIN#: 47-0098400**

BEST'S CREDIT RATING

Best's Financial Strength Rating: A **Outlook**: Stable
Best's Financial Size Category: XIII

RATING RATIONALE

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Rating Rationale: The ratings of the members of Ameritas Life Group (Ameritas) — Ameritas Life Insurance Corp. (Ameritas Life) and its New York subsidiary, Ameritas Life Insurance Corp. of New York (ALICNY) — reflect the group's strong risk-adjusted capitalization, diversified operating platform and favorable business profile. These strengths are tempered by the overall modest decline in statutory operating income over this most recent period, increased competition within some of Ameritas' core businesses — group dental and vision and life insurance — and the modest scale within its retirement plan and variable annuity lines.

Ameritas maintains a diversified operating profile, which includes life insurance, annuities, individual disability insurance, retirement plans and investment products, group dental and vision and mutual funds. Ameritas Life enjoys a strong position as a top-five provider of group dental and vision, which has historically produced favorable operating results. Ameritas' competitive position within the U.S. life marketplace has generally remained steady, although recent sales growth has underperformed the industry. In the past, Ameritas had demonstrated strong growth in life sales relative to the industry. However, sales were impacted by the recessionary economic environment and a strategic decision to scale back sales of certain products to reduce new business strain and preserve capital during the financial crisis. A.M. Best acknowledges that Ameritas has increased its market share in certain other product lines during this time, and traditional life insurance sales have increased noticeably in recent periods. The group has a favorable business profile complemented by a unified branding strategy, improved economies of scale and a broad product portfolio, including whole life, universal life, variable universal life, indexed life, fixed annuities, indexed annuities, variable annuities, disability income, retirement plans, dental, vision and auditory insurance. Ameritas' overall capitalization is strong, on both an absolute and risk-adjusted basis, with modest financial leverage, below-average intangibles and a generally conservative investment posture supporting its high quality balance sheet. A.M. Best notes the quality of Ameritas' portfolio has improved in recent periods due to a decline in below-investment-grade bonds and reduced exposure to non-agency residential mortgage-backed securities. The Union Central Life Insurance Company (Union Central) and Acacia Life Insurance Company (Acacia) were repositioned as subsidiaries of Ameritas Life as part of a company-wide legal entity reorganization in 2009. A.M. Best believes this has facilitated more efficient management of capital across Ameritas' life/health operating companies. Union Central and Acacia no longer market new business.

Overall earnings have been pressured in recent periods due to spread compression in its interest-sensitive lines of business, lack of scale in its retirement plans segment and a considerable decline in assets under management at its Calvert Investments, Inc., subsidiary. A.M. Best believes the group's earnings may be pressured somewhat going forward due to the low interest rate environment and the competitive challenges in many of the company's core business lines as the U.S. market continues to mature and consolidate. A.M. Best believes scale and financial flexibility are key drivers of success in the U.S. life and retirement savings arena. Although growth through past mergers has significantly enhanced Ameritas' overall business profile, the group is a middle-tier player (i.e., top 40) within the individual life and annuity markets. A.M. Best views favorably Ameritas' decision to refrain from being a major participant in the no-lapse universal life arena. A.M. Best believes a key to improving operating returns will be Ameritas' ability to continue to reduce unit costs within the life and annuity lines through strong organic growth and additional technological investments. Moreover, Ameritas needs to continue to build scale and improve its competitive position within the retirement plans segment. Other concerns include continued competition from other large national players in group dental and the potential for increased competition from health care exchanges.

Factors that could result in a positive rating action in the near to medium term include continued favorable earnings trends, improved operating performance at Calvert and continued overall top-line growth. Factors that may result in a negative rating action include deterioration in operating results, material investment losses or a lack of sustained revenue growth within the company's core lines of business.

FIVE YEAR RATING HISTORY

Date	Best's FSR	Date	Best's FSR
03/22/13	A	04/13/10	A
03/14/12	A	01/30/09	A
01/20/11	A	05/01/08	A

KEY FINANCIAL INDICATORS ($000)

Year	Assets	Capital Surplus Funds	Total Capital Asset Valuation Reserve	Net Premiums Written	Net Invest Income	Net Income
2008	5,142,388	710,625	4,995	1,298,953	139,353	-71,982
2009	6,529,456	1,248,997	27,106	1,227,602	119,619	49,927
2010	7,124,569	1,330,877	49,332	1,154,125	126,856	77,948
2011	7,278,337	1,349,148	52,001	1,264,985	161,138	26,187
2012	7,997,932	1,298,417	64,266	1,494,520	128,560	28

(*) Within several financial tables of this report, this company is compared against the Multiple Lines Composite.

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

BUSINESS PROFILE

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas Life Group (Ameritas) (formerly UNIFI) offers a broad array of insurance and financial products and services to individuals, families and businesses through its insurance subsidiaries. The company has four main business segments: Individual, Group, Financial and Retirement Plans. Due to capital requirements, regulatory and cost concerns, the company recently implemented changes to its long-term strategic direction. The new strategic direction includes issuing all new insurance company business through one New York company, Ameritas Life Insurance Corp. of New York (ALICNY), and one non-New York company (Ameritas Life). Management believes this will provide improved focus with a simplified, streamlined and more efficient operating structure. On May 2, 2012, UNIFI Mutual Holding Company changed its name to Ameritas Mutual Holding Company.

Scope of Operations: Ameritas' Individual segment includes the individual life, annuity and disability income product lines offered by its core insurance entities. Life insurance products are well diversified and include traditional whole life, term insurance, universal life, variable universal life, and indexed universal life. Total insurance inforce at year-end 2012 was $80.3 billion, an increase of 1.4% from 2011. Annuity product lines include traditional fixed annuities, indexed annuities and variable annuities (VAs). In 2007, Ameritas introduced a VA guaranteed lifetime withdrawal benefit rider to meet the needs of Baby Boomers as they move into the retirement phase. In response to the uncertain market environment, the company reduced benefits, increased fees and limited investment options in its variable annuity product line. The group also restricted distribution access to broker dealers. Disability income products include non-cancelable policies, guaranteed renewable policies, and business overhead expenses. Individual products are marketed in all 50 states using a multi-channel platform which includes core general agencies, captive agencies and strategic alliances. While Ameritas made a strategic decision to

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scale back somewhat on its distribution expansion plans in the Individual segment during the financial crisis, the company currently remains focused on increasing the productivity of its existing field force and expanding the number of producers. The Individual segment's earnings, before realized losses, represented just over two-thirds of Ameritas' consolidated 2012 pre-tax GAAP operating income.

Ameritas' group dental products include its Dental Rewards product, which offers a rollover benefit maximum to its plan participants. Dental Rewards has been a highly successful product for the group and is complemented by the FUSION product, which combines dental and vision benefits. Ameritas also introduced a Lasik Surgery insured benefit as a rider to the dental product, the first in the industry. The company's dental franchise continues to be a major contributor to earnings, supported by its efficient cost structure, dental block consolidation expertise, flexible product design, persistency and excellent customer service. The group's extensive dental database, which is utilized in pricing, product development and claims management, is crucial to facilitating favorable underwriting results. These competitive advantages continue to allow Ameritas and its partnerships to compete effectively in the increasingly competitive group market. Finally, captive distribution within the Group division consists of approximately 86 sales associates operating within 27 regional sales offices nationwide, and a number of strategic partnership alliances, third party administrators and brokerage general agency channels. In addition to dental and vision, Ameritas offers an auditory product to complement its current group product portfolio. Ameritas acquired Brokers National Life which added approximately $39 million of additional group dental premium in 2012.

The Financial segment includes AFSB and Calvert. Calvert had approximately $12 billion in AUM at year-end 2012, which is virtually flat compared to 2011 as an increase in sales and asset valuations were offset by continued redemptions. Calvert offers a broadly diversified portfolio of short-term bonds, equity and long-term bond mutual funds. Calvert has a strong retirement emphasis with a meaningful portion of its AUM from retirement plans invested across various Calvert funds, and also offers various institutional investment products. Ameritas announced its intent to sell AFSB in 2012. A sale was announced in June, 2013 and is currently pending regulatory approval. A.M. Best views the sale of AFSB positively as this will reduce the amount of regulatory burden. AFSB had been strategically shrinking its balance sheet as a result of the recent sluggish economic environment and currently has just under $785 million in total assets. Ameritas recorded a contingent pre-tax loss of $62.1 million in 2012 as a result of the writedown of AFSB book value. The bank has recorded pre-tax operating gains in recent periods due to lower loan loss provisions and higher gains on sales of loans and real estate. Ameritas had also contributed additional capital to the bank and removed non-performing assets to significantly strengthen its capital ratios in recent periods.

The Retirement Plans segment markets group annuities to the small and mid-sized 401(k) employer market (under 250 employees) and offers products on both a bundled and unbundled basis.

TOTAL PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW ($000)	DPW (% Chg)	Reinsurance Prem Assumed ($000)	Reinsurance Prem Assumed (% Chg)
2008	1,281,034	20.8	49,678	-12.7
2009	1,198,485	-6.4	55,213	11.1
2010	1,124,745	-6.2	56,915	3.1
2011	1,235,542	9.9	56,518	-0.7
2012	1,461,084	18.3	65,393	15.7
5-Yr CAGR	…	6.6	…	2.8

Period Ending	Reinsurance Prem Ceded ($000)	Reinsurance Prem Ceded (% Chg)	NPW & Deposits ($000)	NPW & Deposits (% Chg)
2008	31,759	8.6	1,447,730	24.7
2009	26,096	-17.8	1,286,456	-11.1
2010	27,535	5.5	1,203,604	-6.4
2011	27,075	-1.7	1,321,759	9.8
2012	31,956	18.0	1,544,700	16.9
5-Yr CAGR	…	1.8	…	5.9

Territory: The company is licensed in the District of Columbia, AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI and WY.

Business Trends: A.M. Best notes that growth in ordinary life sales have been below industry averages in recent years although sales of its traditional whole life insurance product has increased at a rate that is well above the industry average in recent periods.

Historically, the Group segment's dental line has outpaced industry sales results with double-digit growth rates. Ameritas' dental sales growth trends have historically been strong, particularly within DPPO, where it maintains a strong and growing dental provider network.

Year-end 2012 AUM in the retirement plans segment was approximately $3.9 billion, with approximately 110,000 participants. Sales, AUM and earnings have risen modestly over the most recent period after experiencing a general decline in prior years due to the financial crisis and the uncertain economic environment.

2012 BY-LINE BUSINESS ($000)

Product Line	DPW ($000)	DPW (%)	Reinsurance Prem Assumed ($000)	Reinsurance Prem Assumed (%)
Ordinary life	216,766	14.8	187	0.3
Individual annuities	330,156	22.6	…	…
Group annuities	361,108	24.7	…	…
Individual A&H	8,110	0.6	…	…
Group A&H	544,945	37.3	65,206	99.7
Total	1,461,084	100.0	65,393	100.0

Product Line	Reinsurance Prem Ceded ($000)	Reinsurance Prem Ceded (%)	NPW ($000)	NPW (%)
Ordinary life	28,102	87.9	188,850	12.6
Individual annuities	565	1.8	329,590	22.1
Group annuities	…	…	361,108	24.2
Individual A&H	3,289	10.3	4,821	0.3
Group A&H	…	…	610,151	40.8
Total	31,956	100.0	1,494,520	100.0

BY-LINE RESERVES ($000)

Product Line	2012	2011	2010	2009	2008
Ordinary life	810,822	742,834	696,487	700,857	706,218
Supplementary contr	9,105	9,658	10,204	10,494	10,520
Individual annuities	381,474	276,042	266,382	284,514	319,027
Group annuities	835,865	805,645	769,658	729,264	661,611
Deposit type contracts	210,599	205,982	198,502	197,409	197,433
Individual A&H	129	…	…	…	…
Group A&H	5,113	3,212	2,977	3,249	3,492
Total	2,253,107	2,043,372	1,944,210	1,925,787	1,898,301

LIFE POLICIES STATISTICS

Year	Ordinary Policies Issued	Ordinary Policies In Force	Group Policies Issued	Group Policies In Force	Group Certificates Issued	Group Certificates In Force
2008	2,689	115,802	…	…	…	…
2009	2,705	109,807	…	…	…	…
2010	939	103,751	…	…	…	…
2011	4,742	101,970	…	…	…	…
2012	12,909	108,534	…	…	…	…

LIFE INSURANCE IN FORCE ($000)

Year	Whole Life Endow. & Adds	Term	Credit	Group	Industrial	Total Insurance In Force
2008	14,827,440	4,863,771	…	…	…	19,691,211
2009	13,232,433	5,457,677	…	…	…	18,690,110
2010	12,572,924	4,972,390	…	…	…	17,545,314
2011	13,059,131	5,031,429	…	…	…	18,090,560
2012	14,476,738	8,388,253	…	…	…	22,864,991

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NEW LIFE BUSINESS ISSUED ($000)

Year	Whole Life & Endow.	Term	Credit	Group	Indus-trial	Total Insurance Issued	Non-Par (%)	Par (%)
2008	662,916	47,434	…	…	…	710,350	100	…
2009	919,941	15,256	…	…	…	935,196	100	…
2010	332,575	12,687	…	…	…	345,262	100	…
2011	1,390,149	406,144	…	…	…	1,796,293	82	18
2012	2,300,263	3,625,090	…	…	…	5,925,353	88	12

ORDINARY LIFE STATISTICS

Year	Ord. Lapse Ratio %	Renew Premium Persist %	Average Ord. Policy (in dollars) Issued	Average Ord. Policy (in dollars) In Force	Avg Prem ($/M)	1st Yr Prem / Total Prem	1st Yr Comm / 1st Yr Prem	Gen. Exp. / Policies In Force
2008	7.6	80.1	264,169	170,042	6.64	13.9	34.5	246.05
2009	8.8	77.4	345,729	170,209	7.31	25.1	24.5	333.62
2010	7.1	73.0	367,691	169,110	6.43	10.4	26.3	218.63
2011	6.4	88.5	378,805	177,411	8.37	33.9	16.1	332.86
2012	5.3	68.6	459,009	210,671	9.49	45.3	19.2	603.64

Year	Number of Policies Issued	Number of Policies In Force	First Year Premium (000)	Gen'l Exp/ Reserves (%)	Return on Reserves (%)
2008	2,689	115,802	18,151	3.76	-0.11
2009	2,705	109,807	34,279	4.88	1.64
2010	939	103,751	11,656	3.04	3.73
2011	4,742	101,970	51,248	4.29	0.13
2012	12,909	108,534	98,114	7.65	-1.97

INDIVIDUAL ANNUITY STATISTICS

Year	NPW (000)	Res (000)	Exp to Res(%)	Comm & Exp to NPW (%)	Benefits & Wdrwls to NPW (%)	Benefits & Wdrwls to Res (%)
2008	250,108	329,546	5.7	11.5	125.5	95.3
2009	157,451	295,008	5.8	15.0	148.6	79.3
2010	175,789	276,586	5.6	13.2	133.1	84.6
2011	224,036	285,700	5.3	10.9	96.8	75.9
2012	329,590	390,579	4.9	10.1	60.4	51.0

GROUP ANNUITY STATISTICS

Year	NPW (000)	Res (000)	Exp to Res (%)	Comm & Exp to NPW (%)	Benefits & Wdrwls to NPW (%)	Benefits & Wdrwls to Res (%)
2008	412,352	661,611	2.0	4.1	52.3	32.6
2009	389,787	729,264	2.2	5.2	37.1	19.8
2010	327,351	769,658	2.5	7.2	63.7	27.1
2011	335,493	805,645	2.8	8.2	84.3	35.1
2012	361,108	835,865	2.8	8.1	81.1	35.0

TOTAL ANNUITY ACTUARIAL RESERVES BY WITHDRAWAL CHARACTERISTICS

Year	Total Annuity Res (000)	Min or No Surrender Charge (%)	With Surrender Charge 5% or more (%)	With MVA (%)	No Surrender Allowed (%)
2008	991,158	75.2	2.2	19.7	2.9
2009	1,024,271	79.2	1.6	17.8	1.4
2010	1,046,244	80.0	0.7	17.9	…
2011	1,091,345	77.5	0.6	17.8	4.1
2012	1,226,444	77.8	2.0	16.0	4.2

SEPARATE ACCOUNT DATA

	2012	2011	2010	2009	2008
Sep Acct Assets	4,222,023	3,672,752	3,735,517	3,257,507	2,457,888
% Growth	15.0	-1.7	14.7	32.5	-33.5
S/A Assets/Adm Assets	52.8	50.5	52.4	49.9	47.8
Sep Acct Reserves	4,150,640	3,603,150	3,663,857	3,186,316	2,389,646
% Ordinary Life	13.5	14.5	15.7	16.7	18.2
% Individual Annuities	44.1	44.3	44.3	46.2	51.1
% Group Annuities	42.4	41.2	40.1	37.1	30.7
Other Liabilities	71,383	69,602	71,660	71,191	68,242
S/A Prems & Deposits	585,052	539,525	496,774	548,302	602,252
% Ordinary Life	9.1	10.4	12.0	11.7	12.8
% Individual Annuities	39.5	38.4	34.0	27.3	40.6
% Group Annuities	51.4	51.2	53.9	61.0	46.6
Sep Acct Fees & Charges	31,219	29,570	27,077	21,944	26,687
% Ordinary Life	14.2	15.5	16.3	18.0	19.5
% Individual Annuities	49.7	49.8	50.9	53.1	56.3
% Group Annuities	36.1	34.7	32.7	28.9	24.2
Fees & Chgs to Assets%	0.8	0.8	0.8	0.8	0.9
Sep Acct Ben & Wdrwls	414,282	418,227	385,877	318,900	425,427
% Ordinary Life	11.3	11.4	13.9	15.4	12.8
% Individual Annuities	40.4	41.6	49.4	56.4	58.0
% Group Annuities	48.3	47.0	36.7	28.2	29.2
Ben & Wdrwl to Assets%	10.5	11.3	11.0	11.2	13.8

Market Share/Market Presence: Ameritas' Group segment possesses a top-five market position, offering group dental and vision benefits nationwide. This unit, with an insured base exceeding 5.3 million participants, contributed 18% to Ameritas' 2012 consolidated pre-tax GAAP operating earnings. The Group segment's participating provider organization (PPO) panel has approximately 277,000 provider access points covering over 2.1 million employee lives. Ameritas' group products are sold through a multiple distribution strategy which includes its captive distribution for Ameritas, a leading provider of group dental indemnity, PPO, voluntary and individual dental products and services; and its partnering distribution arrangements. Its market position has been achieved through organic growth, selective block acquisitions and multiple distribution partnering arrangements. While the overall scale of the Retirement segment is currently modest, Ameritas has been increasingly focused on strengthening its business profile within the retirement savings arena. A.M. Best notes that the U.S. retirement market is maturing and represents one of the more profitable segments within the U.S. life and annuity market requiring increased scale and superior risk management capabilities to compete effectively.

Ameritas is a mid-tier player in the individual life and annuity market. The group considers these two segments to be core to their current growth strategy and have experienced a noticeable increase in sales of traditional whole life insurance and fixed-indexed and variable annuity line recent periods.

GEOGRAPHIC BREAKDOWN BY DIRECT PREMIUM WRITINGS ($000)

	2012	2011	2010	2009	2008
Nebraska	211,328	169,857	170,096	245,804	251,755
California	155,751	133,963	123,310	109,945	113,277
Texas	135,338	115,531	122,237	105,570	112,671
Pennsylvania	91,765	74,874	56,984	63,479	68,814
North Carolina	89,454	75,956	69,360	73,164	71,143
Florida	67,731	56,623	46,832	54,781	61,899
Georgia	56,732	55,185	56,169	58,973	61,126
Ohio	47,569	47,775	36,533	50,879	88,052
Illinois	42,261	41,234	29,255	28,260	27,950
Missouri	36,777	26,691	28,317	27,179	17,780
All Other	557,490	481,935	429,854	432,452	546,744
Total	1,492,197	1,279,623	1,168,947	1,250,484	1,421,211

RISK MANAGEMENT

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas utilizes a comprehensive enterprise risk management (ERM) framework driven by an ERM committee that is comprised of the CEO, EVP-Investments/Finance, General Council, Chief Information Officer, SVP - Risk Management, and other senior officers of major lines of business. The ERM department coordinates all risk management activities, reporting and communication. A corporate risk officer is devoted full time to operational risks and risk transfer programs, as well as facilitating risk assessments and doing a comprehensive review and reporting of all risks, with assistance from risk coordinators in the various business units. That risk officer reports to the SVP Risk Management, who is ultimately responsible for the execution of the ERM program. Reports are also made to the Ameritas Board and Audit Committee, who also have oversight responsibility.

Ameritas has developed a comprehensive set of policies, procedures, and controls that serve to establish an appetite for the types of products, services, and investments the insurance companies will be involved in, as well as the tolerances, limits, or extent to which the companies will be exposed to them. The ERM Committee has also established tolerances for operating risks related to capital investment, financial reporting, legal and regulatory matters, code of conduct, reputation, staffing, and systems availability. When adverse outcomes do occur, Ameritas focuses on determining the lessons to be learned and makes adjustments in order to improve the management and measurement of risk.

OPERATING PERFORMANCE

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Operating Results: Ameritas has a generally diversified earnings profile, consisting of the group's insurance and financial services businesses. Within insurance, earnings are well diversified between individual life, annuity, disability and group dental & vision. The company reported consolidated GAAP net income of $78 million in 2012 versus $79 million in 2011. Net income was primarily impacted by the contingent $62 million pre-tax estimated loss from the writedown of AFSB book value and a decline in earnings at Calvert which offset improved profitability in the individual insurance lines of business. Net income had declined from $146 million in 2010 due to increased mortality experience and the impact of the low interest rate environment in the individual division, reduced income at Calvert and a decline in earnings at AFSB. Net income had benefited in 2010 from a focus on expense management, a strong market recovery, improved earnings at AFSB primarily due to a reduced loan loss provision, and the release of tax valuation allowances. The Individual segment generated the majority of Ameritas' earnings in 2012 with the Group, Retirement Plans and Financial segments contributing much lesser amounts. In 2012, each segment's pre-tax operating earnings contributions were as follows: Individual (69%), Group (18%), Financial (10%), Retirement (2%) and corporate division (1%). On a pre-tax operating basis (excluding non-recurring charges and capital gains/losses), Ameritas' 2012 consolidated GAAP results were $137 million versus $139 million in the prior period. The company posted a net loss of $274 million in 2008 as net income was impacted by $427 million of realized losses due to impairments in its investment portfolio.

On a year-over-year basis, operating earnings for the Individual segment (life, annuity and disability insurance) increased modestly to $93.6 million from $ 91.6 million in the prior year. The increase in earnings was primarily due to improved morbidity which offset the continued spread compression in its fixed-income annuity and interest-sensitive life lines of business. In recent years, the individual segment earnings reflect improvement due to lower expenses, favorable morbidity in its disability insurance line of business and the strong market recovery. The Group division's operating results were relatively flat in 2012 at $25.0 million primarily impacted by increased expenses tied to the acquisitions of BNL. The group segment experienced a modest improvement in dental claims in recent periods after experiencing a considerable increase in claims in 2009 that was partially attributable to the recessionary economic environment. The Financial segment reported earnings of $13.3 million in 2012 compared to $24.4 million in 2011 and $29.7 million in 2010. The declines are primarily due to the impact of lower assets under management at Calvert and a decline in earnings at ASFB due to lower interest spreads. Operating results in the Financial segment had improved noticeably in 2010 driven by a lower loan loss provision at AFSB and higher assets under management at Calvert. The Retirement Plans segment's earnings have decreased over the past three years due to the impact of a drop in market values and a decline in sales and lower persistency. Finally, the Corporate segment's reported earnings of $2 million after posting a loss of $6 million in 2011 primarily due to higher unallocated personnel expenses and lower income from alternative investments.

On a statutory basis, Ameritas reported a consolidated pre-tax net operating gain of $81 million in 2012 compared to $89 million in 2011 and $111 million in 2010. The decline in pre-tax earnings in 2012 compared to 2011 was primarily a result of increased strain from sales of new business, lower income from the derivatives used as a hedge for the GMWB rider and index products relative to incremental reserves and reinsurance impacts. Partially offsetting these variances were the impacts of active expense management, the release of reserves due to cash flow testing and higher dividends from subsidiaries. The decline in pre-tax earnings in 2011 compared to 2010 was primarily a result of increased strain from sales of new business and increased reserves due to cash flow testing. Partially offsetting these variances were the impacts of active expense management, higher income for the derivatives used a hedge for the GMWB rider and index products relative to incremental reserves and improved Group Dental morbidity. Regulation XXX reserve strain continued to impact results over the three year period as well. The statutory results exclude the financial services businesses and consist of the following five statutory reporting entities: Ameritas Life, Ameritas Life of NY, Acacia Life, Union Central, and Brokers National Life Assurance Company. A.M. Best expects statutory earnings may be pressured in the near-term due to the competitive market and economic environment, but over time will benefit from organic growth, achievement of scale and further expense efficiencies.

PROFITABILITY ANALYSIS ($000)

	Company			
Period Ending	Pre-tax Net Oper Income	Net Operating Gain	Net Income	Total Return
2008	18,346	816	-71,982	-109,571
2009	62,076	51,861	49,927	113,546
2010	74,768	73,367	77,948	98,763
2011	45,576	27,183	26,187	53,619
2012	-2,538	1,743	28	17,113
5-Yr Total	198,229	154,971	82,108	173,470

	Company		Industry Composite	
Period Ending	Operating ROR	Operating ROE	Operating ROR	Operating ROE
2008	0.1	0.1	0.4	1.1
2009	3.7	5.3	6.6	16.9
2010	5.5	5.7	4.6	10.8
2011	1.8	2.0	2.1	5.3
2012	0.1	0.1	3.9	11.2
5-Yr Avg	2.1	2.7	3.4	9.1

PROFITABILITY TESTS

Year	Ben Paid to NPW & Dep	Comm & Exp to NPW & Dep	NOG to Tot Assets	NOG to Tot Rev	Operating Return on Equity	Net Yield	Total Return
2008	72.1	14.5	0.0	0.1	0.1	5.48	1.31
2009	72.5	17.6	0.9	3.7	5.3	4.23	6.39
2010	81.2	17.3	1.1	5.5	5.7	3.98	4.79
2011	78.9	19.5	0.4	1.8	2.0	4.83	5.64
2012	69.1	21.0	0.0	0.1	0.1	3.65	4.14
5-Year Avg	74.4	18.0	0.5	2.1	2.7	4.38	4.53

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NET OPERATING GAIN ($000)

Product Line	2012	2011	2010	2009	2008
Ordinary life	-16,834	993	27,820	12,305	-859
Group life	…	…	…	…	0
Supplementary contr	-82	160	-337	-78	440
Individual annuities	-8,380	3,157	23,461	24,873	-42,308
Group annuities	3,950	1,847	1,907	302	1,894
Individual A&H	-4,992	-676	-842	9	15
Group A&H	16,832	12,340	14,407	11,956	24,003
Other	11,249	9,363	6,951	2,494	17,631
Total	1,743	27,183	73,367	51,861	816

ACCIDENT AND HEALTH STATISTICS ($000)

Year	Net Premiums Written	Net Premiums Earned	Loss Ratio	Exp. Ratio	Underwriting Results
2008	536,848	536,932	73.2	22.2	25,029
2009	568,913	568,600	76.7	21.9	10,121
2010	563,614	564,708	76.0	22.1	13,827
2011	579,545	579,310	74.4	23.1	16,617
2012	615,450	613,523	73.8	24.6	10,648
Current Year Experience:					
Group	610,476	608,574	74.1	23.2	17,571
Non-can.	1,571	1,571	0.1	539.0	-7,321
Guarant renew	520	520	21.4	63.3	80
Other	2,883	2,859	67.8	20.9	318

INVESTMENT GAINS ($000)

	Company		
Year	Net Inv Income	Realized Capital Gains	Unrealized Capital Gains
2008	139,353	-72,798	-37,589
2009	119,619	-1,934	63,619
2010	126,856	4,581	20,816
2011	161,138	-997	27,432
2012	128,560	-1,715	17,085
5-Year Total	675,526	-72,863	91,362

	Company				-Industry Composite-	
Year	Inv Inc Growth (%)	Inv Yield (%)	Return on Inv Assets (%)	Total Return (%)	Inv Inc Growth (%)	Inv Yield (%)
2008	1.5	5.5	2.4	1.31	-0.1	5.6
2009	-14.2	4.2	4.3	6.39	-7.5	5.2
2010	6.0	4.0	4.2	4.79	0.4	5.2
2011	27.0	4.8	4.9	5.64	3.5	5.2
2012	-20.2	3.7	3.8	4.14	-3.8	5.0
5-Yr Avg	-1.3	4.4	4.0	4.53	-1.6	5.2

BALANCE SHEET STRENGTH

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Capitalization: Capital and surplus has increased in recent years after declining sharply in 2008 due to significant realized and unrealized investment losses. Capital and surplus increased over the past three years primarily due to favorable operating results and market impacts on investments partially offset by $70 million in stockholder dividends over the past two years to Ameritas Holding Company and an increase in non-admitted assets. In 2009, capital and surplus benefited from repositioning activities within the group, a new reinsurance agreement at Union Central and favorable operating results. As a result, the group maintains a more than adequate level of risk-adjusted capitalization for its current investment and insurance risks. On a qualitative basis, the group's strong capitalization levels are complemented by favorable financial measures such as low financial leverage, solid interest coverage, moderate intangibles-to-equity and the hidden value inherent in its ownership of Calvert. In addition, the company employs strong enterprise risk management and corporate governance programs that are deployed throughout the organization.

A.M. Best believes that the repositioning of Union Central and Acacia Life under Ameritas Life has made it easier to facilitate the allocation of capital within the organization. While Union Central's capital position was impacted by significant impairments in its non-agency backed securities during the financial crisis, Ameritas made a number of strategic decisions to ensure that the company remained well capitalized including $225 million of capital contributions. A.M. Best notes that the other insurance operating entities, Ameritas Life Ameritas Life of NY, and Acacia Life, are all very well capitalized. Going forward, A.M. Best expects Ameritas Life Group to maintain sound capitalization, which is enhanced by the group's financial flexibility as a mutual holding company, good liquidity and diversified business profile.

CAPITAL GENERATION ANALYSIS ($000)

	Source of Surplus Growth			
Year	Net Operating Gain	Realized Capital Gains	Income Taxes	Unrealized Capital Gains
2008	816	-72,798	17,530	-37,589
2009	51,861	-1,934	10,215	63,619
2010	73,367	4,581	1,401	20,816
2011	27,183	-997	18,393	27,432
2012	1,743	-1,715	-4,280	17,085
5-Yr Total	154,971	-72,863	43,258	91,362

	Source of Surplus Growth			
Year	Change in AVR	Other Changes	Change in C&S	% Chg in C&S
2008	63,607	-121,531	-167,496	-19.1
2009	-22,111	446,936	538,372	75.8
2010	-22,226	5,342	81,879	6.6
2011	-2,670	-32,677	18,272	1.4
2012	-12,265	-55,580	-50,732	-3.8
5-Yr Total	4,336	242,489	420,296	8.1

QUALITY OF SURPLUS ($000)

Year	Surplus Notes	Other Debt	Contributed Capital	Unassigned Surplus
2008	…	…	7,500	703,125
2009	…	…	459,938	789,059
2010	…	…	459,938	870,938
2011	…	…	459,938	889,210
2012	…	…	459,938	838,478

Year	Year-End C&S	Asset Valuation Reserve	Interest Maint. Reserve	Adjusted C&S
2008	710,625	4,995	…	715,621
2009	1,248,997	27,106	1,400	1,276,103
2010	1,330,877	49,332	3,551	1,380,208
2011	1,349,148	52,001	4,525	1,401,150
2012	1,298,417	64,266	8,538	1,362,683

LEVERAGE ANALYSIS

	Company				-Industry Composite-	
Year	C&S to Liab	Surplus Relief	NPW & Dep to Capital	Change in NPW & Dep	C&S to Liab	Surplus Relief
2008	36.3	0.5	2.0	24.7	8.8	2.6
2009	63.9	0.3	1.0	-11.1	10.0	4.1
2010	68.7	0.2	0.9	-6.4	10.2	3.4
2011	63.6	0.2	0.9	9.8	10.3	0.8
2012	56.5	0.7	1.1	16.9	11.6	2.8

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CEDED REINSURANCE ANALYSIS

	Company					-Industry Composite-	
Year	Face Amount Reins Ceded	Affil Reins Rec/C&S	Unaffil Reins Rec/C&S	Total Reins Rec/C&S	Surplus Relief	Reins Leverage	Total Reins Rec/C&S	Reins Leverage
2008	10,827,985	0.1	0.7	0.8	0.5	10.4	4.2	134.2
2009	9,612,201	0.0	0.3	0.3	0.3	5.5	4.4	125.1
2010	8,964,306	0.1	0.4	0.5	0.2	5.7	4.3	125.9
2011	8,288,697	0.0	0.6	0.6	0.2	5.9	4.8	143.0
2012	9,729,499	…	0.4	0.4	0.7	6.6	4.7	132.5

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Liquidity: The group's overall liquidity is buttressed by positive net cash flows from its diversified business mix and access to a committed but unused bank line at Ameritas Life. In addition, Ameritas Life, Acacia and Union Central are members of the Federal Home Loan Bank system which provides the potential for additional borrowing capacity at a relatively low cost of funds. Finally, liquidity is further enhanced through Ameritas' mutual holding company structure; its lack of financial leverage; and lower product risk profile.

LIQUIDITY ANALYSIS

	Company				
Year	Operating Cash Flow ($000)	Quick Liquidity	Current Liquidity	Non-Inv Grade Bonds to Capital	Delnq & Foreclsd Mtg to Capital
2008	30,624	57.3	72.8	12.4	…
2009	523,222	55.1	70.2	7.3	…
2010	119,682	59.1	74.9	6.6	…
2011	144,272	58.3	73.6	6.0	…
2012	115,517	50.7	65.5	4.8	1.4

	Company		Industry Composite	
Year	Mtg & Cred Ten Lns & RE to Cap	Affil Invest to Capital	Quick Liquidity	Current Liquidity
2008	62.9	16.2	44.8	57.4
2009	35.2	58.4	45.2	57.8
2010	33.2	56.6	42.9	55.9
2011	33.4	60.7	42.5	55.7
2012	45.7	62.6	39.6	54.1

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Investments: Ameritas' investment portfolio is managed on a consolidated basis by Ameritas Investment Partners, an Ameritas company. The general account portfolio is concentrated primarily in fixed-income securities (approximately 73% on a consolidated basis) and mortgage loans (15%), with the balance invested in common and preferred stock, real estate, alternative investments, policyholder loans and cash and cash equivalents. The fixed income portfolio is comprised of approximately one-fifth structured securities, and includes investments in residential, commercial and other asset-backed securities that are primarily backed by home equity loans. A.M. Best notes that exposure to these securities has declined noticeably in recent periods and the potential for material investment losses in this sector is limited. Relative to similarly-rated peers, Ameritas has below-average exposure to high-yield bonds as a percentage of statutory capital, reflecting its conservative investment philosophy, financial discipline and superior capitalization. Interest rate risk from the MBS portfolio is actively managed by focusing on purchases of issues with 15-year collateral, the monitoring of market values and active asset/liability management. Exposure to subprime and Alt-A loans is moderate, though concentrated primarily within Union Central.

Ameritas' mortgage portfolio is geographically diversified and comprised mainly of commercial loans on office, retail, apartments, and industrial buildings. Lending activity is driven by conservative underwriting standards and the historical performance has been above average, with only a modest amount of loan delinquencies in recent periods. Mortgage loan exposure as a percentage of statutory capital is in line with similarly-rated peers for Ameritas' insurance lines despite the approximately $300 million of interest-only loans that were transferred to Ameritas' general account from ASFB.

INVESTMENT YIELDS

						—Real Estate—		
Year	Net Yield	Bonds	Stocks	Mortgages	Cash & Short-Term	Gross	Net	Invest. Exp. Ratio
2008	5.48	5.76	3.17	6.98	3.19	23.40	5.05	11.80
2009	4.23	5.58	0.66	6.42	0.63	24.16	7.23	13.83
2010	3.98	5.60	0.42	6.44	0.13	26.15	5.03	14.49
2011	4.83	5.39	1.54	6.32	0.06	28.03	6.12	10.95
2012	3.65	5.19	1.68	5.34	0.10	26.58	4.00	16.22

INVESTMENTS - SECURITIES

Current Year Distribution of Bonds By Maturity

	Years					Yrs-Avg
	0-1	1-5	5-10	10-20	20+	Maturity
Government	4.4	3.9	1.7	0.8	0.0	4
Gov't Agencies & Muni	1.1	3.7	2.5	0.9	0.0	5
Industrial & Misc	5.2	24.9	46.3	3.4	0.2	6
Hybrid Securities	…	0.3	…	…	0.6	18
Total	10.7	32.8	50.6	5.1	0.8	6

	2012	2011	2010	2009	2008
Bonds (000)	1,692,490	1,665,427	1,680,007	1,622,431	1,611,483
US Government	7.4	5.9	7.5	8.9	10.4
Foreign Government	…	…	…	0.0	0.0
Foreign - All Other	22.8	20.6	18.8	19.1	17.5
State/Special Revenue - US	8.5	11.5	11.9	13.2	12.1
Public Utilities - US	…	…	…	…	6.3
Industrial & Misc - US	60.4	60.9	60.6	57.7	53.7
Hybrid Securities	0.8	1.0	1.1	1.1	…
Private Issues	25.7	22.8	22.7	23.2	23.2
Public Issues	74.3	77.2	77.3	76.8	76.8

Bond Quality (%)	2012	2011	2010	2009	2008
Class 1	53.0	57.4	58.3	60.0	65.9
Class 2	43.3	37.7	36.4	34.3	28.8
Class 3	3.2	4.2	4.1	4.4	4.2
Class 4	0.4	0.5	0.8	1.1	0.8
Class 5	0.1	…	0.3	0.1	0.3
Class 6	0.0	0.0	0.0	0.0	0.1

INVESTMENTS - EQUITIES

	2012	2011	2010	2009	2008
Stocks (000)	1,049,838	1,033,971	935,430	868,601	236,707
Unaffiliated Common	20.7	19.7	18.8	17.0	62.5
Affiliated Common	78.6	79.2	79.8	81.4	20.7
Unaffiliated Preferred	0.3	0.4	0.3	0.2	10.5
Affiliated Preferred	0.5	0.7	1.1	1.4	6.3

INVESTMENTS - MORTGAGE LOANS & REAL ESTATE

	2012	2011	2010	2009	2008
Mortgages (000)	569,496	415,493	403,270	378,816	386,556
Commercial	77.0	100.0	100.0	100.0	100.0
Residential	23.0	…	…	…	…
Mortgage Quality (%)	2012	2011	2010	2009	2008
90 Days Delinquent	1.4	…	…	…	…
In Process of Foreclosure	1.6	…	…	…	…
Total Delinquencies	3.1	…	…	…	…

	2012	2011	2010	2010	2008
Real Estate (000)	53,343	52,785	55,166	70,169	63,762
Property Occupied by Co	42.5	44.9	44.6	37.2	42.9
Property Held for Inc	56.2	55.1	55.4	44.8	57.1
Property Held for Sale	1.3	…	…	18.0	…

INVESTMENTS - OTHER INVESTED ASSETS

	2012	2011	2010	2009	2008
Other Inv Assets (000)	274,062	316,480	225,958	218,975	280,139
Cash	3.7	9.9	0.0	-3.4	-3.8
Short-Term	24.1	27.8	18.5	16.3	18.8
Schedule BA Assets	34.6	28.9	37.5	35.4	42.7
All Other	37.6	33.4	43.9	51.6	42.3

HISTORY

Date Incorporated: 04/06/1887 **Date Commenced:** 05/06/1887

Domicile: NE

This company was incorporated under the laws of Nebraska on April 6, 1887 as a stock life company. In 1941, a plan of mutualization was adopted, and by December 1949, all shares were retired. The company was originally incorporated as Bankers Life Insurance Company of Nebraska, and in 1988, the present title was adopted. Effective January 1, 1998, the company converted from a mutual insurance company structure to a stock life insurance company by adopting the mutual holding company structure. All of the shares of the capital stock of Ameritas Life were issued to and are owned by an intermediate stock holding company, Ameritas Holding Company. The current structure should provide the group with greater financial flexibility in its capital management which includes access to additional capital from public markets. Evidence of operational flexibility includes mergers of mutual holding companies and subsidiary reorganizations. On January 1, 1999, the Ameritas Mutual Insurance Holding Company was merged with the Acacia Mutual Holding Corporation and renamed Ameritas Acacia Mutual Holding Company. On January 1, 2006, the Ameritas Acacia Mutual Holding Company merged with The Union Central Mutual Holding Company and was renamed UNIFI Mutual Holding Company. During 2009, Acacia Life and Union Central were made subsidiaries of Ameritas Life. On May 2, 2012 UNIFI Mutual Holding Company was renamed Ameritas Mutual Holding Company.

Mergers: Ameritas Variable Life Insurance Company, Nebraska, 2007. LifeRe Insurance Company, Texas, 2008.

MANAGEMENT

Officers: President, Chief Executive Officer and Chairperson, JoAnn M. Martin; Presidents, Steven J. Valerius (Individual Division), Kenneth L. VanCleave (Group Division); Executive Vice President and Treasurer, William W. Lester (Corporate); Executive Vice President, Tim L. Stonehocker; Senior Vice President and Chief Financial Officer, Robert C. Barth; Senior Vice President and Chief Investment Officer, James Mikus; Senior Vice President and Chief Information Officer, Richard A. Wiedenbeck; Senior Vice President and Secretary, Robert-John H. Sands (Corporate); Senior Vice President and Chief Officer, J. Thomas Burkhard (Individual); Senior Vice Presidents and Chief Actuaries, Robert M. Jurgensmeier (Individual), Linda A. Whitmire (Corporate), Kelly Wieseler (Group & Provider Relations); Senior Vice Presidents, Nancy A. Dalessio (Information Technology), Karen M. Gustin (Group Field Sales, National Accounts & Broker Blocks), Cheryl L. Heilman (Individual Operations), Arnold D. Henkel (Individual Strategic Alliances), Bruce E. Mieth (Group Customer Connections & Operations), Lisa A. Mullen (Individual Financial Operations), Janet L. Schmidt (Human Resources), Paul G. Wesling (Individual DI Product Management), Susan K. Wilkinson (Planning & Risk Management).

Directors: James P. Abel, J. Sidney Dinsdale, James R. Krieger, JoAnn M. Martin (Chair), Tonn M. Ostergard, Kim M. Robak, Paul C. Schorr IV.

REGULATORY

An examination of the financial condition was made as of December 31, 2008, by the insurance department of Nebraska. The 2012 annual independent audit of the company was conducted by Deloitte & Touche, LLP. The annual statement of actuarial opinion is provided by Linda A. Whitmire, Vice President & Financial Actuary.

Reserve basis: (Current ordinary business): (Current ordinary business): 2001 CSO 4%; Net Level, CRVM, GL43 VACARVM (Current deferred annuity business): A-2000 4.25% (Current SPIA business): Group 94 GAR 3.75%, Individual AN2000 with eight years of improvement valuation rates from 2.20% - 2.75%.

REINSURANCE

The company maintains reinsurance treaties with several reinsurance companies for ceding excess for its insurance line. Maximum net retention is $2,000,000 with retention graded down for ages over 66 and ratings over table A for individual contracts. Business is also ceded for group contracts. For disability income, $5,000 of the monthly benefit is retained.

FINANCIAL INFORMATION

BALANCE SHEET ($000) - December 31, 2012

Assets		Liabilities	
*Total bonds	1,692,490	+Net policy reserves	2,037,923
*Total preferred stocks	8,039	Policy claims	42,865
*Total common stocks	1,041,799	Deposit type contracts	210,599
Mortgage loans	569,496	Interest maint reserve	8,538
Real estate	53,343	Comm taxes expenses	55,813
Contract loans	97,236	Asset val reserve	64,266
Cash & short-term inv	76,332	Contingency reserve	2,175
Other invested assets	94,760	Other liabilities	55,313
Prems and consids due	35,531		
Accrued invest income	24,300	Tot liab w/o sep accts	2,477,492
Other assets	82,582	Separate account bus	4,222,023
		Total liabilities	6,699,515
Tot assets w/o sep accts	3,775,909	Common stock	2,500
Separate account bus	4,222,023	Paid in & contrib surpl	457,438
		Unassigned surplus	838,478
Assets	7,997,932	Total	7,997,932

*Securities are reported on the bases prescribed by the National Association of Insurance Commissioners. +Analysis of reserves; Life $790,381; annuities $1,217,339; supplementary contracts with life contingencies $9,105; accidental death benefits $177; disability active lives $1,751; disability disabled lives $3,066; miscellaneous reserves $15,448; accident & health $657.

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SUMMARY OF OPERATIONS ($000)

Premiums:		Death benefits	41,793
Ordinary life	188,850	Matured endowments	322
Individual annuities	329,590	Annuity benefits	20,138
Group annuities	361,108	Disability benefits	331
Acc & health group	610,151	Surrender benefits	547,284
Acc & health other	4,821	Acc & health benefits	452,682
Total premiums	1,494,520	Int on policy funds	2,865
Supplementary contracts	392	Supplementary contracts	1,492
Net investment income	128,560	Incr life reserves	194,563
Amort interest maint res	2,065	Incr a & h reserves	2,031
Comm & exp reins ceded	8,451	Commissions	81,696
Other income	40,854	Comm exp reins assumed	22
Mgt and/or service fee	6,287	Insur taxes lic & fees	25,437
		General ins expenses	220,957
		Net transf to sep acct	79,085
		Misc operating expense	4,539
Total	1,681,130	Total	1,675,237

Gain from operations before FIT & div to policyholders	5,893
Dividends to policyholders: life	8,430
Gains from operations after dividends to policyholders	-2,538
Federal income taxes incurred	-4,280
Net gain from operations after FIT and dividends	1,743

CASH FLOW ANALYSIS ($000)

Funds Provided		Funds Applied	
Gross cash from oper	1,668,487	Benefits paid	1,061,904
Long-term bond proceeds	277,958	Comm, taxes, expenses	324,225
Stock proceeds	121,920	Long-term bonds acquired	291,456
Other invest proceeds	72,488	Mortgage loans acquired	205,296
Other cash provided	7,153	Other cash applied	308,153
Decr cash & short-term	43,028		
Total	2,191,035	Total	2,191,035

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Ultimate Parent: Ameritas Mutual Holding Company

AMERITAS LIFE INSURANCE CORP. OF NEW YORK

1350 Broadway, Suite 2201
New York, NY 10018

Mailing Address: P.O. Box 81889, Lincoln, NE 68501-1889
Web: www.ameritas.com

Tel.: 877-280-6110 **Fax: 402-467-7335**
AMB#: 068545 **NAIC#: 60033**
Ultimate Parent#: 051337 **FEIN#: 13-3758127**

BEST'S CREDIT RATING

Best's Financial Strength Rating: A **Outlook**: Stable
Best's Financial Size Category: XIII

RATING RATIONALE

Rating Rationale: The ratings of Ameritas Life Insurance Corp. have been extended to the company as it is integral to the group's business strategy as the New York marketing arm and shares the same senior management team and back-office support.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

The ratings of the members of Ameritas Life Group (Ameritas) — Ameritas Life Insurance Corp. (Ameritas Life) and its New York subsidiary, Ameritas Life Insurance Corp. of New York (ALICNY) — reflect the group's strong risk-adjusted capitalization, diversified operating platform and favorable business profile. These strengths are tempered by the overall modest decline in statutory operating income over this most recent period, increased competition within some of Ameritas' core businesses — group dental and vision and life insurance — and the modest scale within its retirement plan and variable annuity lines.

Ameritas maintains a diversified operating profile, which includes life insurance, annuities, individual disability insurance, retirement plans and investment products, group dental and vision and mutual funds. Ameritas Life enjoys a strong position as a top-five provider of group dental and vision, which has historically produced favorable operating results. Ameritas' competitive position within the U.S. life marketplace has generally remained steady, although recent sales growth has underperformed the industry. In the past, Ameritas had demonstrated strong growth in life sales relative to the industry. However, sales were impacted by the recessionary economic environment and a strategic decision to scale back sales of certain products to reduce new business strain and preserve capital during the financial crisis. A.M. Best acknowledges that Ameritas has increased its market share in certain other product lines during this time, and traditional life insurance sales have increased noticeably in recent periods. The group has a favorable business profile complemented by a unified branding strategy, improved economies of scale and a broad product portfolio, including whole life, universal life, variable universal life, indexed life, fixed annuities, indexed annuities, variable annuities, disability income, retirement plans, dental, vision and auditory insurance. Ameritas' overall capitalization is strong, on both an absolute and risk-adjusted basis, with modest financial leverage, below-average intangibles and a generally conservative investment posture supporting its high quality balance sheet. A.M. Best notes the quality of Ameritas' portfolio has improved in recent periods due to a decline in below-investment-grade bonds and reduced exposure to non-agency residential mortgage-backed securities. The Union Central Life Insurance Company (Union Central) and Acacia Life Insurance Company (Acacia) were repositioned as subsidiaries of Ameritas Life as part of a company-wide legal entity reorganization in 2009. A.M. Best believes this has facilitated more efficient management of capital across Ameritas' life/health operating companies. Union Central and Acacia no longer market new business.

Overall earnings have been pressured in recent periods due to spread compression in its interest-sensitive lines of business, lack of scale in its retirement plans segment and a considerable decline in assets under management at its Calvert Investments, Inc., subsidiary. A.M. Best believes the group's earnings may be pressured somewhat going forward due to the low interest rate environment and the competitive challenges in many of the company's core business lines as the U.S. market continues to mature and consolidate. A.M. Best believes scale and financial flexibility are key drivers of success in the U.S. life and retirement savings arena. Although growth through past mergers has significantly enhanced Ameritas' overall business profile, the group is a middle-tier player (i.e., top 40) within the individual life and annuity markets. A.M. Best views favorably Ameritas' decision to refrain from being a major participant in the no-lapse universal life arena. A.M. Best believes a key to improving operating returns will be Ameritas' ability to continue to reduce unit costs within the life and annuity lines through strong organic growth and additional technological investments. Moreover, Ameritas needs to continue to build scale and improve its competitive position within the retirement plans segment. Other concerns include continued competition from other large national players in group dental and the potential for increased competition from health care exchanges.

Factors that could result in a positive rating action in the near to medium term include continued favorable earnings trends, improved operating performance at Calvert and continued overall top-line growth. Factors that may result in a negative rating action include deterioration in operating results, material investment losses or a lack of sustained revenue growth within the company's core lines of business.

FIVE YEAR RATING HISTORY

Date	Best's FSR	Date	Best's FSR
03/22/13	A	04/13/10	A
03/14/12	A	01/30/09	A
01/20/11	A	05/01/08	A

KEY FINANCIAL INDICATORS ($000)

Year	Assets	Capital Surplus Funds	Total Capital Asset Valuation Reserve	Net Premiums Written	Net Invest Income	Net Income
2008	37,809	19,832	114	27,357	1,600	-555
2009	40,493	19,261	109	30,193	1,668	-425
2010	71,024	46,877	158	29,931	1,900	-1,686
2011	104,643	36,595	257	71,562	2,995	-9,813
2012	122,311	33,515	375	71,387	4,196	-4,231

(*) Within several financial tables of this report, this company is compared against the Group Accident & Health Composite.

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

BUSINESS PROFILE

Ameritas Life Insurance Corp. of New York (ALICNY), a stock life insurance company domiciled in the State of New York, is a wholly owned subsidiary of Ameritas Life Insurance Corp. (Ameritas Life). Effective October 1, 2011, First Ameritas Life Insurance Corp. of New York changed its name to Ameritas Life Insurance Corp. of New York. In addition, the home office moved from Suffern, New York to New York, New York. The Company's insurance operations consist of life, annuity and group dental and vision products issued in the State of New York. Ordinary Life Insurance comprises the majority of net premiums with group health representing approximately one-third and annuities (both group and individual) representing roughly twenty percent. A substantial portion of the company's dental premium is marketed by two unrelated outside entities. The percentage of group dental premium income related to these arrangements was 52% and 54% for the years ended December 31, 2011 and 2010, respectively.

The Company's Board of Directors at its March 4, 2010 meeting approved a new Plan of Operation which was filed with the Department that outlines a new strategy for the Company to be the sole writer of new offerings of insurance products in the state of New York for Ameritas. A.M. Best expects that it will experience increased expenses in future periods due to new business strain to be experienced on the new product sales. A.M. Best anticipates that Ameritas Life will provide the necessary capital infusion to the company in future periods to cover this strain, as needed.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

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Ameritas Life Group (Ameritas) (formerly UNIFI) offers a broad array of insurance and financial products and services to individuals, families and businesses through its insurance subsidiaries. The company has four main business segments: Individual, Group, Financial and Retirement Plans. Due to capital requirements, regulatory and cost concerns, the company recently implemented changes to its long-term strategic direction. The new strategic direction includes issuing all new insurance company business through one New York company, Ameritas Life Insurance Corp. of New York (ALICNY), and one non-New York company (Ameritas Life). Management believes this will provide improved focus with a simplified, streamlined and more efficient operating structure. On May 2, 2012, UNIFI Mutual Holding Company changed its name to Ameritas Mutual Holding Company.

Scope of Operations: Ameritas' Individual segment includes the individual life, annuity and disability income product lines offered by its core insurance entities. Life insurance products are well diversified and include traditional whole life, term insurance, universal life, variable universal life, and indexed universal life. Total insurance inforce at year-end 2012 was $80.3 billion, an increase of 1.4% from 2011. Annuity product lines include traditional fixed annuities, indexed annuities and variable annuities (VAs). In 2007, Ameritas introduced a VA guaranteed lifetime withdrawal benefit rider to meet the needs of Baby Boomers as they move into the retirement phase. In response to the uncertain market environment, the company reduced benefits, increased fees and limited investment options in its variable annuity product line. The group also restricted distribution access to broker dealers. Disability income products include non-cancelable policies, guaranteed renewable policies, and business overhead expenses. Individual products are marketed in all 50 states using a multi-channel platform which includes core general agencies, captive agencies and strategic alliances. While Ameritas made a strategic decision to scale back somewhat on its distribution expansion plans in the Individual segment during the financial crisis, the company currently remains focused on increasing the productivity of its existing field force and expanding the number of producers. The Individual segment's earnings, before realized losses, represented just over two-thirds of Ameritas' consolidated 2012 pre-tax GAAP operating income.

Ameritas' group dental products include its Dental Rewards product, which offers a rollover benefit maximum to its plan participants. Dental Rewards has been a highly successful product for the group and is complemented by the FUSION product, which combines dental and vision benefits. Ameritas also introduced a Lasik Surgery insured benefit as a rider to the dental product, the first in the industry. The company's dental franchise continues to be a major contributor to earnings, supported by its efficient cost structure, dental block consolidation expertise, flexible product design, persistency and excellent customer service. The group's extensive dental database, which is utilized in pricing, product development and claims management, is crucial to facilitating favorable underwriting results. These competitive advantages continue to allow Ameritas and its partnerships to compete effectively in the increasingly competitive group market. Finally, captive distribution within the Group division consists of approximately 86 sales associates operating within 27 regional sales offices nationwide, and a number of strategic partnership alliances, third party administrators and brokerage general agency channels. In addition to dental and vision, Ameritas offers an auditory product to complement its current group product portfolio. Ameritas acquired Brokers National Life which added approximately $39 million of additional group dental premium in 2012.

The Financial segment includes AFSB and Calvert. Calvert had approximately $12 billion in AUM at year-end 2012, which is virtually flat compared to 2011 as an increase in sales and asset valuations were offset by continued redemptions. Calvert offers a broadly diversified portfolio of short-term bonds, equity and long-term bond mutual funds. Calvert has a strong retirement emphasis with a meaningful portion of its AUM from retirement plans invested across various Calvert funds, and also offers various institutional investment products. Ameritas announced its intent to sell AFSB in 2012. A sale was announced in June, 2013 and is currently pending regulatory approval. A.M. Best views the sale of AFSB positively as this will reduce the amount of regulatory burden. AFSB had been strategically shrinking its balance sheet as a result of the recent sluggish economic environment and currently has just under $785 million in total assets. Ameritas recorded a contingent pre-tax loss of $62.1 million in 2012 as a result of the writedown of AFSB book value. The bank has recorded pre-tax operating gains in recent periods due to lower loan loss provisions and higher gains on sales of loans and real estate. Ameritas had also contributed additional capital to the bank and removed non-performing assets to significantly strengthen its capital ratios in recent periods.

The Retirement Plans segment markets group annuities to the small and mid-sized 401(k) employer market (under 250 employees) and offers products on both a bundled and unbundled basis.

TOTAL PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW ($000)	DPW (% Chg)	Reinsurance Prem Assumed ($000)	Reinsurance Prem Assumed (% Chg)
2008	26,944	4.1	989	-4.9
2009	29,981	11.3	917	-7.2
2010	29,681	-1.0	987	7.6
2011	71,480	140.8	1,019	3.3
2012	73,668	3.1	1,026	0.7
5-Yr CAGR	…	23.3	…	-0.2

Period Ending	Reinsurance Prem Ceded ($000)	Reinsurance Prem Ceded (% Chg)	NPW & Deposits ($000)	NPW & Deposits (% Chg)
2008	576	11.7	27,357	2.1
2009	705	22.5	30,193	10.4
2010	736	4.4	30,032	-0.5
2011	937	27.3	71,613	138.5
2012	3,307	252.9	71,934	0.4
5-Yr CAGR	…	45.0	…	21.8

Territory: The company is licensed in New York.

Business Trends: A.M. Best notes that growth in ordinary life sales have been below industry averages in recent years although sales of its traditional whole life insurance product has increased at a rate that is well above the industry average in recent periods.

Historically, the Group segment's dental line has outpaced industry sales results with double-digit growth rates. Ameritas' dental sales growth trends have historically been strong, particularly within DPPO, where it maintains a strong and growing dental provider network.

Year-end 2012 AUM in the retirement plans segment was approximately $3.9 billion, with approximately 110,000 participants. Sales, AUM and earnings have risen modestly over the most recent period after experiencing a general decline in prior years due to the financial crisis and the uncertain economic environment.

2012 BY-LINE BUSINESS ($000)

Product Line	DPW ($000)	DPW (%)	Reinsurance Prem Assumed ($000)	Reinsurance Prem Assumed (%)
Ordinary life	38,270	51.9	…	…
Individual annuities	2,042	2.8	…	…
Group annuities	7,625	10.4	…	…
Individual A&H	1,618	2.2	…	…
Group A&H	24,114	32.7	1,026	100.0
Total	73,668	100.0	1,026	100.0

Product Line	Reinsurance Prem Ceded ($000)	Reinsurance Prem Ceded (%)	NPW ($000)	NPW (%)
Ordinary life	2,649	80.1	35,621	49.9
Individual annuities	…	…	2,042	2.9
Group annuities	…	…	7,625	10.7
Individual A&H	658	19.9	960	1.3
Group A&H	…	…	25,140	35.2
Total	3,307	100.0	71,387	100.0

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BY-LINE RESERVES ($000)

Product Line	2012	2011	2010	2009	2008
Ordinary life	51,980	43,709	14,996	11,355	8,834
Individual annuities	9,119	8,385	3,116	3,252	2,811
Group annuities	1,745	554	…	…	…
Deposit type contracts	469	0	0	0	2
Individual A&H	75	-15	…	…	…
Group A&H	660	335	205	256	492
Total	64,050	52,968	18,317	14,863	12,139

LIFE POLICIES STATISTICS

	-Ordinary Policies-		-Group Policies-		-Group Certificates-	
Year	Issued	In Force	Issued	In Force	Issued	In Force
2008	418	1,419	…	…	…	…
2009	426	1,622	…	…	…	…
2010	451	1,864	…	…	…	…
2011	2,576	4,222	…	…	…	…
2012	2,813	6,576	…	…	…	…

LIFE INSURANCE IN FORCE ($000)

Year	Whole Life Endow. & Adds	Term	Credit	Group	Industrial	Total Insurance In Force
2008	226,280	252,840	…	…	…	479,120
2009	330,814	227,126	…	…	…	557,939
2010	348,844	224,217	…	…	…	573,061
2011	723,201	850,141	…	…	…	1,573,342
2012	994,559	1,465,339	…	…	…	2,459,897

NEW LIFE BUSINESS ISSUED ($000)

Year	Whole Life & Endow.	Term	Credit	Group	Indus-trial	Total Insurance Issued	Non-Par (%)	Par (%)
2008	128,955	2,035	…	…	…	130,990	0	100
2009	176,086	2,732	…	…	…	178,818	…	100
2010	130,296	19,319	…	…	…	149,615	57	43
2011	481,148	626,723	…	…	…	1,107,871	83	17
2012	355,153	730,757	…	…	…	1,085,910	89	11

ORDINARY LIFE STATISTICS

Year	Ord. Lapse Ratio %	Renew Premium Persist %	Average Ord. Policy (in dollars) Issued	Average Ord. Policy (in dollars) In Force	Avg Prem ($/M)	1st Yr Prem / Total Prem	1st Yr Comm / 1st Yr Prem	Gen. Exp. / Policies In Force
2008	7.7	50.5	313,373	337,646	8.98	58.1	34.8	999.90
2009	16.0	58.2	419,761	343,982	13.02	64.7	34.4	999.90
2010	17.4	42.3	331,741	307,436	13.11	48.5	24.1	999.90
2011	14.9	43.9	430,074	372,653	21.52	88.8	10.7	999.90
2012	7.0	21.3	386,033	374,072	15.56	37.8	24.6	999.90

	Number of Policies		First Year Premium	Gen'l Exp/ Reserves	Return on Reserves
Year	Issued	In Force	(000)	(%)	(%)
2008	418	1,419	2,500	30.59	-17.23
2009	426	1,622	4,697	30.53	-13.38
2010	451	1,864	3,645	35.62	-16.66
2011	2,576	4,222	30,044	21.51	-17.09
2012	2,813	6,576	14,478	19.33	-6.40

INDIVIDUAL ANNUITY STATISTICS

Year	NPW (000)	Res (000)	Exp to Res(%)	Comm & Exp to NPW (%)	Benefits & Wdrwls to NPW (%)	Benefits & Wdrwls to Res (%)
2008	1,040	2,811	2.1	9.3	240.4	89.0
2009	474	3,252	0.9	12.3	34.2	5.0
2010	48	3,116	5.1	400.5	424.5	6.5
2011	4,567	8,385	2.8	8.9	2.1	1.2
2012	2,042	9,119	2.4	15.8	51.7	11.6

GROUP ANNUITY STATISTICS

Year	NPW (000)	Res (000)	Exp to Res (%)	Comm & Exp to NPW (%)	Benefits & Wdrwls to NPW (%)	Benefits & Wdrwls to Res (%)
2008	…	…	…	…	…	…
2009	…	…	…	…	…	…
2010	…	…	…	…	…	…
2011	9,870	554	130.5	8.3	6.3	111.5
2012	7,625	1,745	53.6	13.7	14.8	64.5

TOTAL ANNUITY ACTUARIAL RESERVES BY WITHDRAWAL CHARACTERISTICS

Year	Total Annuity Res (000)	Min or No Surrender Charge (%)	With Surrender Charge 5% or more (%)	With MVA (%)	No Surrender Allowed (%)
2008	2,811	96.7	…	…	3.3
2009	3,252	100.0	…	…	…
2010	3,116	100.0	…	…	…
2011	8,940	100.0	…	…	…
2012	10,865	73.6	15.5	6.6	4.4

SEPARATE ACCOUNT DATA

	2012	2011	2010	2009	2008
Sep Acct Assets	15,288	8,653	304	282	281
% Growth	76.7	999.9	7.7	0.3	-27.7
S/A Assets/Adm Assets	12.5	8.3	0.4	0.7	0.7
Sep Acct Reserves	15,288	8,653	304	282	281
% Ordinary Life	0.7	0.9	26.8	24.4	17.6
% Individual Annuities	1.3	2.4	73.2	75.6	82.4
% Group Annuities	98.1	96.6	…	…	…
S/A Prems & Deposits	6,748	9,706	10	11	15
% Ordinary Life	0.1	0.1	100.0	93.5	71.6
% Individual Annuities	…	…	…	6.5	28.4
% Group Annuities	99.9	99.9	…	…	…
Sep Acct Fees & Charges	136	57	3	3	4
% Ordinary Life	0.5	1.0	17.7	15.0	12.9
% Individual Annuities	1.8	4.4	82.3	85.0	87.1
% Group Annuities	97.7	94.5	…	…	…
Fees & Chgs to Assets%	1.1	1.3	1.0	1.0	1.1
Sep Acct Ben & Wdrwls	1,049	598	7	44	23
% Ordinary Life	0.0	…	…	…	…
% Individual Annuities	3.0	1.2	100.0	100.0	100.0
% Group Annuities	97.0	98.8	…	…	…
Ben & Wdrwl to Assets%	8.8	13.4	2.4	15.6	6.8

Market Share/Market Presence: Ameritas' Group segment possesses a top-five market position, offering group dental and vision benefits nationwide. This unit, with an insured base exceeding 5.3 million participants, contributed 18% to Ameritas' 2012 consolidated pre-tax GAAP operating earnings. The Group segment's participating provider organization (PPO) panel has approximately 277,000 provider access points covering over 2.1 million employee lives. Ameritas' group products are sold through a multiple distribution strategy which includes its captive distribution for Ameritas, a leading provider of group dental indemnity, PPO, voluntary and individual dental products and services; and its partnering distribution arrangements. Its market position has been achieved through organic growth, selective block acquisitions and multiple distribution partnering arrangements. While the overall scale of the Retirement segment is currently modest, Ameritas has been increasingly focused on strengthening its business profile within the retirement savings arena. A.M. Best notes that the U.S. retirement market is maturing and represents one of the more profitable segments within the U.S. life and annuity market requiring increased scale and superior risk management capabilities to compete effectively.

Ameritas is a mid-tier player in the individual life and annuity market. The group considers these two segments to be core to their current growth strategy and have experienced a noticeable increase in sales of traditional whole life insurance and fixed-indexed and variable annuity line recent periods.

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GEOGRAPHIC BREAKDOWN BY DIRECT PREMIUM WRITINGS ($000)

	2012	2011	2010	2009	2008
New York	68,943	68,304	27,809	25,165	26,567
Connecticut	1,221	479	427	317	37
New Jersey	853	718	583	728	39
Florida	234	181	197	138	29
Massachusetts	178	171	199	356	7
Pennsylvania	169	249	145	122	8
California	157	156	263	272	1
Vermont	133	103	121	197	1
Virginia	95	49	34	30	2
North Carolina	94	52	56	53	1
All Other	729	682	751	755	20
Total	72,804	71,143	30,586	28,134	26,712

OPERATING PERFORMANCE

Operating Results: ALICNY posted a $4.2 million operating loss in 2012 and $9.9 million operating loss in 2011 primarily due to statutory strain from new sales and expenses associated with Ameritas' new strategy of writing all new business in the state of New York through ALICNY. The group health line has historically been the primary source of earnings for the group while the ordinary life line has generally posted operating losses over the last five year period due to strain and the lack of scale in this line of business. Annuities have generally comprised only a modest amount of premiums but increased noticeably starting in 2011 resulting in an operating loss due to the new business strain.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas has a generally diversified earnings profile, consisting of the group's insurance and financial services businesses. Within insurance, earnings are well diversified between individual life, annuity, disability and group dental & vision. The company reported consolidated GAAP net income of $78 million in 2012 versus $79 million in 2011. Net income was primarily impacted by the contingent $62 million pre-tax estimated loss from the writedown of AFSB book value and a decline in earnings at Calvert which offset improved profitability in the individual insurance lines of business. Net income had declined from $146 million in 2010 due to increased mortality experience and the impact of the low interest rate environment in the individual division, reduced income at Calvert and a decline in earnings at AFSB. Net income had benefited in 2010 from a focus on expense management, a strong market recovery, improved earnings at AFSB primarily due to a reduced loan loss provision, and the release of tax valuation allowances. The Individual segment generated the majority of Ameritas' earnings in 2012 with the Group, Retirement Plans and Financial segments contributing much lesser amounts. In 2012, each segment's pre-tax operating earnings contributions were as follows: Individual (69%), Group (18%), Financial (10%), Retirement (2%) and corporate division (1%). On a pre-tax operating basis (excluding non-recurring charges and capital gains/losses), Ameritas' 2012 consolidated GAAP results were $137 million versus $139 million in the prior period. The company posted a net loss of $274 million in 2008 as net income was impacted by $427 million of realized losses due to impairments in its investment portfolio.

On a year-over-year basis, operating earnings for the Individual segment (life, annuity and disability insurance) increased modestly to $93.6 million from $ 91.6 million in the prior year. The increase in earnings was primarily due to improved morbidity which offset the continued spread compression in its fixed-income annuity and interest-sensitive life lines of business. In recent years, the individual segment earnings reflect improvement due to lower expenses, favorable morbidity in its disability insurance line of business and the strong market recovery. The Group division's operating results were relatively flat in 2012 at $25.0 million primarily impacted by increased expenses tied to the acquisitions of BNL. The group segment experienced a modest improvement in dental claims in recent periods after experiencing a considerable increase in claims in 2009 that was partially attributable to the recessionary economic environment. The Financial segment reported earnings of $13.3 million in 2012 compared to $24.4 million in 2011 and $29.7 million in 2010. The declines are primarily due to the impact of lower assets under management at Calvert and a decline in earnings at ASFB due to lower interest spreads. Operating results in the Financial segment had improved noticeably in 2010 driven by a lower loan loss provision at AFSB and higher assets under management at Calvert. The Retirement Plans segment's earnings have decreased over the past three years due to the impact of a drop in market values and a decline in sales and lower persistency. Finally, the Corporate segment's reported earnings of $2 million after posting a loss of $6 million in 2011 primarily due to higher unallocated personnel expenses and lower income from alternative investments.

On a statutory basis, Ameritas reported a consolidated pre-tax net operating gain of $81 million in 2012 compared to $89 million in 2011 and $111 million in 2010. The decline in pre-tax earnings in 2012 compared to 2011 was primarily a result of increased strain from sales of new business, lower income from the derivatives used as a hedge for the GMWB rider and index products relative to incremental reserves and reinsurance impacts. Partially offsetting these variances were the impacts of active expense management, the release of reserves due to cash flow testing and higher dividends from subsidiaries. The decline in pre-tax earnings in 2011 compared to 2010 was primarily a result of increased strain from sales of new business and increased reserves due to cash flow testing. Partially offsetting these variances were the impacts of active expense management, higher income for the derivatives used a hedge for the GMWB rider and index products relative to incremental reserves and improved Group Dental morbidity. Regulation XXX reserve strain continued to impact results over the three year period as well. The statutory results exclude the financial services businesses and consist of the following five statutory reporting entities: Ameritas Life, Ameritas Life of NY, Acacia Life, Union Central, and Brokers National Life Assurance Company. A.M. Best expects statutory earnings may be pressured in the near-term due to the competitive market and economic environment, but over time will benefit from organic growth, achievement of scale and further expense efficiencies.

PROFITABILITY ANALYSIS ($000)

	Company			
Period Ending	Pre-tax Net Oper Income	Net Operating Gain	Net Income	Total Return
2008	-200	-555	-555	-555
2009	-455	-368	-425	-425
2010	-2,034	-1,684	-1,686	-1,686
2011	-9,924	-9,789	-9,813	-9,813
2012	-4,269	-4,186	-4,231	-4,231
5-Yr Total	-16,882	-16,582	-16,709	-16,709

	Company		Industry Composite	
Period Ending	Operating ROR	Operating ROE	Operating ROR	Operating ROE
2008	-1.9	-2.7	5.4	20.2
2009	-1.2	-1.9	5.5	19.9
2010	-5.3	-5.1	6.3	21.8
2011	-13.1	-23.5	5.5	17.9
2012	-5.4	-11.9	5.9	20.7
5-Yr Avg	-6.8	-11.1	5.7	20.1

PROFITABILITY TESTS

Year	Ben Paid to NPW & Dep	Comm & Exp to NPW & Dep	NOG to Tot Assets	NOG to Tot Rev	Operating Return on Equity	Net Yield	Total Return
2008	73.7	31.9	-1.5	-1.9	-2.7	4.64	4.62
2009	61.3	36.2	-0.9	-1.2	-1.9	4.77	4.57
2010	63.6	37.3	-3.0	-5.3	-5.1	3.71	3.69
2011	28.4	29.2	-11.1	-13.1	-23.5	3.79	3.75
2012	57.8	30.8	-3.7	-5.4	-11.9	4.41	4.35
5-Year Avg	51.8	32.0	-5.0	-6.8	-11.1	4.19	4.13

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NET OPERATING GAIN ($000)

Product Line	2012	2011	2010	2009	2008
Ordinary life	-3,325	-7,470	-2,498	-1,520	-1,522
Supplementary contr	…	…	…	…	3
Individual annuities	343	-991	-68	-26	-42
Group annuities	-514	-454	-124	…	…
Individual A&H	-710	-379	-136	…	…
Group A&H	709	825	817	767	739
Other	-688	-1,319	324	410	266
Total	-4,186	-9,789	-1,684	-368	-555

ACCIDENT AND HEALTH STATISTICS ($000)

Year	Net Premiums Written	Net Premiums Earned	Loss Ratio	Exp. Ratio	Underwriting Results
2008	22,461	23,024	75.0	20.7	1,106
2009	23,077	23,316	75.8	21.1	789
2010	23,038	23,094	76.4	20.8	677
2011	23,877	23,763	74.0	24.1	430
2012	26,146	25,898	72.1	28.4	-207
Current Year Experience:					
Group	25,163	24,937	74.5	22.0	813
Non-can.	812	797	6.4	219.5	-1,038
Guarant renew	171	165	22.7	64.2	18

INVESTMENT GAINS ($000)

	Company		
Year	Net Inv Income	Realized Capital Gains	Unrealized Capital Gains
2008	1,600	…	…
2009	1,668	-57	…
2010	1,900	-2	…
2011	2,995	-23	…
2012	4,196	-45	…
5-Year Total	12,359	-127	…

	Company				-Industry Composite-	
Year	Inv Inc Growth (%)	Inv Yield (%)	Return on Inv Assets (%)	Total Return (%)	Inv Inc Growth (%)	Inv Yield (%)
2008	6.4	4.6	4.0	4.62	-8.9	5.7
2009	4.3	4.8	4.8	4.57	-8.5	5.0
2010	13.9	3.7	3.8	3.69	14.6	5.5
2011	57.7	3.8	3.8	3.75	-10.0	4.8
2012	40.1	4.4	4.4	4.35	1.6	4.8
5-Yr Avg	27.9	4.2	4.1	4.13	-2.8	5.1

BALANCE SHEET STRENGTH

Capitalization: ALICNY is well capitalized for its current level of insurance and investment risks despite fluctuating levels of absolute capital and surplus over the past five year period. Capital and surplus declined over the past two years to $33.5 million at year-end 2012 primarily due net losses totaling $14 million during this time as a result of statutory strain and increased expenses associated with Ameritas new business strategy of writing all business in the state of New York through ALICNY. Capital and surplus had increased substantially in 2010 due to a $30 million capital contribution by Ameritas Life after declining marginally in prior years due to modest operating losses. A.M. Best anticipates that Ameritas Life will provide the necessary capital infusion to the company in future periods as needed.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Capital and surplus has increased in recent years after declining sharply in 2008 due to significant realized and unrealized investment losses. Capital and surplus increased over the past three years primarily due to favorable operating results and market impacts on investments partially offset by $70 million in stockholder dividends over the past two years to Ameritas Holding Company and an increase in non-admitted assets. In 2009, capital and surplus benefited from repositioning activities within the group, a new reinsurance agreement at Union Central and favorable operating results. As a result, the group maintains a more than adequate level of risk-adjusted capitalization for its current investment and insurance risks. On a qualitative basis, the group's strong capitalization levels are complemented by favorable financial measures such as low financial leverage, solid interest coverage, moderate intangibles-to-equity and the hidden value inherent in its ownership of Calvert. In addition, the company employs strong enterprise risk management and corporate governance programs that are deployed throughout the organization.

A.M. Best believes that the repositioning of Union Central and Acacia Life under Ameritas Life has made it easier to facilitate the allocation of capital within the organization. While Union Central's capital position was impacted by significant impairments in its non-agency backed securities during the financial crisis, Ameritas made a number of strategic decisions to ensure that the company remained well capitalized including $225 million of capital contributions. A.M. Best notes that the other insurance operating entities, Ameritas Life Ameritas Life of NY, and Acacia Life, are all very well capitalized. Going forward, A.M. Best expects Ameritas Life Group to maintain sound capitalization, which is enhanced by the group's financial flexibility as a mutual holding company, good liquidity and diversified business profile.

CAPITAL GENERATION ANALYSIS ($000)

	Source of Surplus Growth			
Year	Net Operating Gain	Realized Capital Gains	Income Taxes	Unrealized Capital Gains
2008	-555	…	355	…
2009	-368	-57	-88	…
2010	-1,684	-2	-350	…
2011	-9,789	-23	-135	…
2012	-4,186	-45	-82	…
5-Yr Total	-16,582	-127	-300	…

	Source of Surplus Growth			
Year	Change in AVR	Other Changes	Change in C&S	% Chg in C&S
2008	-3	-289	-847	-4.1
2009	5	-151	-571	-2.9
2010	-49	29,352	27,617	143.4
2011	-99	-371	-10,283	-21.9
2012	-118	1,269	-3,080	-8.4
5-Yr Total	-264	29,809	12,836	10.1

QUALITY OF SURPLUS ($000)

Year	Surplus Notes	Other Debt	Contributed Capital	Unassigned Surplus
2008	…	…	8,800	11,032
2009	…	…	8,800	10,461
2010	…	…	38,800	8,077
2011	…	…	39,359	-2,764
2012	…	…	40,285	-6,770

Year	Year-End C&S	Asset Valuation Reserve	Interest Maint. Reserve	Adjusted C&S
2008	19,832	114	…	19,946
2009	19,261	109	…	19,370
2010	46,877	158	…	47,036
2011	36,595	257	…	36,852
2012	33,515	375	16	33,890

LEVERAGE ANALYSIS

	Company				-Industry Composite-	
Year	C&S to Liab	Surplus Relief	NPW & Dep to Capital	Change in NPW & Dep	C&S to Liab	Surplus Relief
2008	113.4	0.3	1.4	2.1	28.2	4.7
2009	92.9	0.4	1.6	10.4	30.9	3.5
2010	198.6	0.1	0.6	-0.5	32.2	3.9
2011	62.3	0.9	1.9	138.5	30.2	3.1
2012	46.3	5.5	2.1	0.4	30.2	5.1

Current BCAR: 354

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CEDED REINSURANCE ANALYSIS

	Company						-Industry Composite-	
Year	Face Amount Reins Ceded	Affil Reins Rec/C&S	Unaffil Reins Rec/C&S	Total Reins Rec/C&S	Surplus Relief	Reins Leverage	Total Reins Rec/C&S	Reins Leverage
2008	339,114	…	0.0	0.0	0.3	11.6	6.4	141.3
2009	406,990	…	0.0	0.0	0.4	13.2	5.3	129.1
2010	364,786	…	0.0	0.0	0.1	5.0	5.6	127.3
2011	527,840	…	0.0	0.0	0.9	7.1	7.9	139.1
2012	1,427,456	…	0.3	0.3	5.5	21.5	9.1	140.8

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Liquidity: The group's overall liquidity is buttressed by positive net cash flows from its diversified business mix and access to a committed but unused bank line at Ameritas Life. In addition, Ameritas Life, Acacia and Union Central are members of the Federal Home Loan Bank system which provides the potential for additional borrowing capacity at a relatively low cost of funds. Finally, liquidity is further enhanced through Ameritas' mutual holding company structure; its lack of financial leverage; and lower product risk profile.

LIQUIDITY ANALYSIS

	Company				
Year	Operating Cash Flow ($000)	Quick Liquidity	Current Liquidity	Non-Inv Grade Bonds to Capital	Delnq & Foreclsd Mtg to Capital
2008	126	162.7	183.1	…	…
2009	1,097	133.6	152.2	2.6	…
2010	31,345	276.1	303.6	…	…
2011	24,803	106.0	126.0	0.7	…
2012	7,859	85.1	103.4	1.1	…

	Company		Industry Composite	
Year	Mtg & Cred Ten Lns & RE to Cap	Affil Invest to Capital	Quick Liquidity	Current Liquidity
2008	0.0	…	57.2	70.9
2009	…	…	58.5	72.5
2010	2.5	…	58.7	73.2
2011	12.6	…	55.5	69.7
2012	24.3	…	51.9	67.0

Investments: ALICNY's general account investment portfolio is comprised of fixed-income securities (84%), cash and short-term investments (9%) and 5% direct commercial mortgage loans with only a modest amount of policy loans. The fixed-income portfolio is almost 100% investment grade as of year-end 2011.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas' investment portfolio is managed on a consolidated basis by Ameritas Investment Partners, an Ameritas company. The general account portfolio is concentrated primarily in fixed-income securities (approximately 73% on a consolidated basis) and mortgage loans (15%), with the balance invested in common and preferred stock, real estate, alternative investments, policyholder loans and cash and cash equivalents. The fixed income portfolio is comprised of approximately one-fifth structured securities, and includes investments in residential, commercial and other asset-backed securities that are primarily backed by home equity loans. A.M. Best notes that exposure to these securities has declined noticeably in recent periods and the potential for material investment losses in this sector is limited. Relative to similarly-rated peers, Ameritas has below-average exposure to high-yield bonds as a percentage of statutory capital, reflecting its conservative investment philosophy, financial discipline and superior capitalization. Interest rate risk from the MBS portfolio is actively managed by focusing on purchases of issues with 15-year collateral, the monitoring of market values and active asset/liability management. Exposure to subprime and Alt-A loans is moderate, though concentrated primarily within Union Central.

Ameritas' mortgage portfolio is geographically diversified and comprised mainly of commercial loans on office, retail, apartments, and industrial buildings. Lending activity is driven by conservative underwriting standards and the historical performance has been above average, with only a modest amount of loan delinquencies in recent periods. Mortgage loan exposure as a percentage of statutory capital is in line with similarly-rated peers for Ameritas' insurance lines despite the approximately $300 million of interest-only loans that were transferred to Ameritas' general account from ASFB.

INVESTMENT YIELDS

Year	Net Yield	Bonds	Stocks	Mortgages	Cash & Short-Term	Real Estate Gross	Real Estate Net	Invest. Exp. Ratio
2008	4.64	5.50	6.40	6.93	2.09	…	…	12.15
2009	4.77	5.61	…	…	0.23	…	…	9.33
2010	3.71	4.82	…	…	0.15	…	…	8.09
2011	3.79	4.59	…	6.03	0.03	…	…	5.10
2012	4.41	4.43	…	4.81	0.00	…	…	3.95

INVESTMENTS - SECURITIES

Current Year Distribution of Bonds By Maturity

	Years 0-1	1-5	5-10	10-20	20+	Yrs-Avg Maturity
Government	2.3	4.1	5.2	1.0	0.0	5
Gov't Agencies & Muni	1.6	5.2	3.5	1.3	0.1	6
Industrial & Misc	3.2	22.3	47.9	1.6	0.1	6
Hybrid Securities	…	…	…	…	0.5	25
Total	7.1	31.6	56.6	3.9	0.7	6

	2012	2011	2010	2009	2008
Bonds (000)	87,059	77,789	50,274	33,637	31,137
US Government	11.2	7.7	11.8	16.3	17.8
Foreign - All Other	16.2	14.9	12.1	9.3	4.7
State/Special Revenue - US	12.0	17.2	15.9	9.6	12.1
Public Utilities - US	…	…	…	…	5.3
Industrial & Misc - US	60.1	59.6	59.2	63.4	60.1
Hybrid Securities	0.5	0.6	1.0	1.4	…
Private Issues	16.0	14.6	8.2	8.0	6.7
Public Issues	84.0	85.4	91.8	92.0	93.3

Bond Quality (%)	2012	2011	2010	2009	2008
Class 1	57.8	63.6	73.9	73.7	83.6
Class 2	41.8	36.1	26.1	24.8	16.4
Class 3	0.4	0.3	…	1.4	…

INVESTMENTS - EQUITIES

	2012	2011	2010	2009	2008
Stocks (000)	…	…	…	…	478
Unaffiliated Preferred	…	…	…	…	100.0

INVESTMENTS - MORTGAGE LOANS & REAL ESTATE

	2012	2011	2010	2009	2008
Mortgages (000)	8,231	4,647	1,197	…	2
Commercial	100.0	100.0	100.0	…	100.0

INVESTMENTS - OTHER INVESTED ASSETS

	2012	2011	2010	2009	2008
Other Inv Assets (000)	5,002	9,790	15,874	2,305	3,096
Cash	30.7	68.4	88.6	22.7	19.2
Short-Term	27.9	16.9	8.4	62.9	69.2
All Other	41.4	14.8	3.0	14.4	11.6

HISTORY

Date Incorporated: 04/01/1993 **Date Commenced:** 05/17/1994

Domicile: NY

Mergers: Ameritas Bankers Assurance Company, New York, 1997.

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MANAGEMENT

Officers: Chairperson, JoAnn M. Martin; President and Chief Executive Officer, Kenneth L. VanCleave; Executive Vice President and Treasurer, William W. Lester (Corporate); Executive Vice President, Tim L. Stonehocker; Senior Vice President and Chief Financial Officer, Robert C. Barth; Senior Vice President and Chief Investment Officer, James Mikus; Senior Vice President and Chief Information Officer, Richard Wiedenbeck (Information Technology); Senior Vice President and Chief Officer, J. Thomas Burkhard (Individual); Senior Vice Presidents and Chief Actuaries, Robert M. Jurgensmeier (Individual), Linda A. Whitmire (Corporate), Kelly Wieseler (Group & Provider Relations); Senior Vice Presidents, Karen M. Gustin (Group Field Sales, National Accounts & Broker Blocks), Cheryl L. Heilman (Individual Operations), Arnold D. Henkel (Individual Strategic Alliances), Bruce E. Mieth (Group Customer Connections & Operations), Lisa A. Mullen (Individual Financial Operations), Robert-John H. Sands, Steven J. Valerius (Individual Division), Paul G. Wesling (Individual DI Product Management), Susan K. Wilkinson (Planning & Risk Management).

Directors: John P. Carsten, Robert K. Crandall, Karen M. Gustin, Robert G. Lange, Robert J. Lanik, William W. Lester, JoAnn M. Martin, James E. Rembolt, Tim L. Stonehocker, Kenneth L. VanCleave.

REGULATORY

An examination of the financial condition is being made as of December 31, 2009, by the insurance department of New York. The 2012 annual independent audit of the company was conducted by Deloitte & Touche, LLP. The annual statement of actuarial opinion is provided by Linda A. Whitmire, Vice President & Financial Actuary.

Reserve basis: (Current ordinary business): 2001 CSO 4%; Net Level and CRVM, GL43 VACARVM. (Current deferred annuity business): A-2000 4.25% (Current SPIA business): Individual AN 2000 with eight years of improvement valuation rates from 2.30% - 2.40%.

REINSURANCE

The company maintains reinsurance treaties with several reinsurance companies for ceding excess risks for its individual insurance line. Maximum net retention on any one life is $500,000. Business is also ceded for group contracts. For disability income, $5,000 of the monthly benefit is retained.

FINANCIAL INFORMATION

BALANCE SHEET ($000) - December 31, 2012

Assets		Liabilities	
*Total bonds	87,059	+Net policy reserves	63,215
Mortgage loans	8,231	Policy claims	1,469
Contract loans	2,070	Deposit type contracts	469
Cash & short-term inv	2,932	Payable on reins	2,031
Prems and consids due	3,225	Interest maint reserve	16
Accrued invest income	1,224	Comm taxes expenses	862
Other assets	2,282	Asset val reserve	375
		Payable to affiliate	2,141
Tot assets w/o sep accts	107,023	Other liabilities	2,930
Separate account bus	15,288		
		Tot liab w/o sep accts	73,509
		Separate account bus	15,288
		Total liabilities	88,796
		Common stock	2,000
		Paid in & contrib surpl	38,285
		Unassigned surplus	-6,770
Assets	122,311	Total	122,311

*Securities are reported on the bases prescribed by the National Association of Insurance Commissioners. +Analysis of reserves; Life $51,127; annuities $10,865; accidental death benefits $5; disability active lives $72; disability disabled lives $77; miscellaneous reserves $700; accident & health $370.

SUMMARY OF OPERATIONS ($000)

Premiums:		Death benefits	407
Ordinary life	35,621	Annuity benefits	9
Individual annuities	2,042	Disability benefits	-4
Group annuities	7,625	Surrender benefits	22,629
Acc & health group	25,140	Acc & health benefits	18,508
Acc & health other	960	Int on policy funds	3
Total premiums	71,387	Incr life reserves	10,196
Net investment income	4,196	Incr a & h reserves	416
Amort interest maint res	-8	Commissions	6,194
Comm & exp reins ceded	1,852	Insur taxes lic & fees	1,771
Other income	259	General ins expenses	16,044
Mgt and/or service fee	47	Net transf to sep acct	5,318
		Misc operating expense	6
Total	77,733	Total	81,497

Gain from operations before FIT & div to policyholders	-3,763
Dividends to policyholders: life	505
Gains from operations after dividends to policyholders	-4,269
Federal income taxes incurred	-82
Net gain from operations after FIT and dividends	-4,186

CASH FLOW ANALYSIS ($000)

Funds Provided		Funds Applied	
Gross cash from oper	76,805	Benefits paid	41,459
Long-term bond proceeds	7,092	Comm, taxes, expenses	23,994
Other cash provided	2,393	Long-term bonds acquired	16,201
Decr cash & short-term	5,412	Other cash applied	10,048
Total	91,702	Total	91,702

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Ultimate Parent: Ameritas Mutual Holding Company

ACACIA LIFE INSURANCE COMPANY

Washington, DC

Mailing Address: P.O. Box 81889, Lincoln, NE 68501-1889

Exec. Office: 4550 Montgomery Avenue, Bethesda, MD 20814-3304
Web: www.ameritas.com

Tel.: 800-745-1112 **Fax: 301-280-1161**
AMB#: 006002 **NAIC#: 60038**
Ultimate Parent#: 051337 **FEIN#: 53-0022880**

BEST'S CREDIT RATING

Best's Financial Strength Rating: A **Outlook**: Stable
Best's Financial Size Category: XIII

RATING RATIONALE

Rating Rationale: The ratings of Acacia Life Insurance Company (Acacia Life) reflect its ownership by Ameritas Life Insurance Corp. (Ameritas), its adequate stand-alone risk-adjusted capitalization, and favorable operating results and liability profile. Offsetting factors include the limitations on future profits and growth given the company's run-off status, the lack of fixed annuity surrender protection and the significant percentage of interest-sensitive life reserves that maintain relatively high interest rate guarantees.

The company benefits from the financial strength and operating profile of Ameritas, although no new business is expected to be written by Acacia Life going forward. Acacia Life's profitability is partially a function of the absence of new business expense strain, given the run-off nature of its operations. The company maintains a more than adequate risk-adjusted capital position supported by a well-performing investment portfolio comprised primarily of publicly traded corporate and government bonds. However, A.M. Best notes that the allocation to commercial mortgage loans is somewhat elevated, but this portfolio has performed well in recent years. Lastly, its liability profile, comprised primarily of ordinary life reserves and about one-third fixed annuities, is viewed favorably by A.M. Best.

With the group's decision to focus writing policies out of Ameritas and its New York marketing arm, Ameritas Life Insurance Corp. of NY, the future prospects of Acacia Life are limited to its current book of business. In addition, as the company continues to run-off its lines of business, invested assets will continue to decline, thus reducing future net investment income and ultimately decreasing operating earnings. While Acacia Life's book of fixed annuity business is relatively modest in size compared to the amount of ordinary life reserves, a majority of fixed annuity reserves are no longer subject to surrender charges, which exposes the company to disintermediation risk in an increasing interest rate environment. In addition, a large portion of interest-sensitive life reserves also maintain high interest rate guarantees, which has caused some spread compression.

FIVE YEAR RATING HISTORY

Date	Best's FSR	Date	Best's FSR
03/22/13	A	04/13/10	A
03/14/12	A	01/30/09	A
01/20/11	A	05/01/08	A

KEY FINANCIAL INDICATORS ($000)

Year	Assets	Total Capital Surplus Funds	Capital Asset Valuation Reserve	Net Premiums Written	Net Invest Income	Net Income
2008	1,544,345	322,405	22,117	33,251	94,838	-759
2009	1,517,203	321,553	4,835	65,149	110,725	33,819
2010	1,534,906	332,971	21,685	56,797	80,335	20,867
2011	1,518,023	322,005	18,018	56,307	75,946	13,646
2012	1,485,413	313,562	9,527	13,078	76,251	43,310

(*) Within several financial tables of this report, this company is compared against the Individual Life Composite.

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

BUSINESS PROFILE

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas Life Group (Ameritas) (formerly UNIFI) offers a broad array of insurance and financial products and services to individuals, families and businesses through its insurance subsidiaries. The company has four main business segments: Individual, Group, Financial and Retirement Plans. Due to capital requirements, regulatory and cost concerns, the company recently implemented changes to its long-term strategic direction. The new strategic direction includes issuing all new insurance company business through one New York company, Ameritas Life Insurance Corp. of New York (ALICNY), and one non-New York company (Ameritas Life). Management believes this will provide improved focus with a simplified, streamlined and more efficient operating structure. On May 2, 2012, UNIFI Mutual Holding Company changed its name to Ameritas Mutual Holding Company.

Scope of Operations: Ameritas' Individual segment includes the individual life, annuity and disability income product lines offered by its core insurance entities. Life insurance products are well diversified and include traditional whole life, term insurance, universal life, variable universal life, and indexed universal life. Total insurance inforce at year-end 2012 was $80.3 billion, an increase of 1.4% from 2011. Annuity product lines include traditional fixed annuities, indexed annuities and variable annuities (VAs). In 2007, Ameritas introduced a VA guaranteed lifetime withdrawal benefit rider to meet the needs of Baby Boomers as they move into the retirement phase. In response to the uncertain market environment, the company reduced benefits, increased fees and limited investment options in its variable annuity product line. The group also restricted distribution access to broker dealers. Disability income products include non-cancelable policies, guaranteed renewable policies, and business overhead expenses. Individual products are marketed in all 50 states using a multi-channel platform which includes core general agencies, captive agencies and strategic alliances. While Ameritas made a strategic decision to scale back somewhat on its distribution expansion plans in the Individual segment during the financial crisis, the company currently remains focused on increasing the productivity of its existing field force and expanding the number of producers. The Individual segment's earnings, before realized losses, represented just over two-thirds of Ameritas' consolidated 2012 pre-tax GAAP operating income.

Ameritas' group dental products include its Dental Rewards product, which offers a rollover benefit maximum to its plan participants. Dental Rewards has been a highly successful product for the group and is complemented by the FUSION product, which combines dental and vision benefits. Ameritas also introduced a Lasik Surgery insured benefit as a rider to the dental product, the first in the industry. The company's dental franchise continues to be a major contributor to earnings, supported by its efficient cost structure, dental block consolidation expertise, flexible product design, persistency and excellent customer service. The group's extensive dental database, which is utilized in pricing, product development and claims management, is crucial to facilitating favorable underwriting results. These competitive advantages continue to allow Ameritas and its partnerships to compete effectively in the increasingly competitive group market. Finally, captive distribution within the Group division consists of approximately 86 sales associates operating within 27 regional sales offices nationwide, and a number of strategic partnership alliances, third party administrators and brokerage general agency channels. In addition to dental and vision, Ameritas offers an auditory product to complement its current group product portfolio. Ameritas acquired Brokers National Life which added approximately $39 million of additional group dental premium in 2012.

The Financial segment includes AFSB and Calvert. Calvert had approximately $12 billion in AUM at year-end 2012, which is virtually flat compared to 2011 as an increase in sales and asset valuations were offset by continued redemptions. Calvert offers a broadly diversified portfolio of short-term bonds, equity and long-term bond mutual funds. Calvert has a strong retirement emphasis with a meaningful portion of its AUM from retirement plans invested across various Calvert funds, and also offers various institutional investment products. Ameritas announced its intent to sell AFSB in 2012. A sale was announced in June, 2013 and is currently pending regulatory approval. A.M. Best views the sale of AFSB positively as this will reduce the amount of regulatory burden. AFSB had been strategically shrinking its balance sheet as a result of the recent sluggish economic environment and currently has just under $785 million in total assets.

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Ameritas recorded a contingent pre-tax loss of $62.1 million in 2012 as a result of the writedown of AFSB book value. The bank has recorded pre-tax operating gains in recent periods due to lower loan loss provisions and higher gains on sales of loans and real estate. Ameritas had also contributed additional capital to the bank and removed non-performing assets to significantly strengthen its capital ratios in recent periods.

The Retirement Plans segment markets group annuities to the small and mid-sized 401(k) employer market (under 250 employees) and offers products on both a bundled and unbundled basis.

TOTAL PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW ($000)	DPW (% Chg)	Reinsurance Prem Assumed ($000)	Reinsurance Prem Assumed (% Chg)
2008	59,864	-1.0	4,945	88.9
2009	61,123	2.1	35,860	625.1
2010	70,390	15.2	20,348	-43.3
2011	67,629	-3.9	22,265	9.4
2012	54,802	-19.0	-9,594	-99.9
5-Yr CAGR	…	-1.9	…	-99.9

Period Ending	Reinsurance Prem Ceded ($000)	Reinsurance Prem Ceded (% Chg)	NPW & Deposits ($000)	NPW & Deposits (% Chg)
2008	31,559	-5.1	94,110	13.6
2009	31,834	0.9	119,696	27.2
2010	33,941	6.6	111,732	-6.7
2011	33,586	-1.0	114,048	2.1
2012	32,129	-4.3	57,014	-50.0
5-Yr CAGR	…	-0.7	…	-7.2

Territory: The company is licensed in the District of Columbia, AL, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI and WY.

Business Trends: A.M. Best notes that growth in ordinary life sales have been below industry averages in recent years although sales of its traditional whole life insurance product has increased at a rate that is well above the industry average in recent periods.

Historically, the Group segment's dental line has outpaced industry sales results with double-digit growth rates. Ameritas' dental sales growth trends have historically been strong, particularly within DPPO, where it maintains a strong and growing dental provider network.

Year-end 2012 AUM in the retirement plans segment was approximately $3.9 billion, with approximately 110,000 participants. Sales, AUM and earnings have risen modestly over the most recent period after experiencing a general decline in prior years due to the financial crisis and the uncertain economic environment.

2012 BY-LINE BUSINESS ($000)

Product Line	DPW ($000)	DPW (%)	Reinsurance Prem Assumed ($000)	Reinsurance Prem Assumed (%)
Ordinary life	53,442	97.5	-9,594	100.0
Individual annuities	1,350	2.5	…	…
Individual A&H	10	0.0	…	…
Total	54,802	100.0	-9,594	100.0

Product Line	Reinsurance Prem Ceded ($000)	Reinsurance Prem Ceded (%)	NPW ($000)	NPW (%)
Ordinary life	32,129	100.0	11,718	89.6
Individual annuities	…	…	1,350	10.3
Individual A&H	…	…	10	0.1
Total	32,129	100.0	13,078	100.0

BY-LINE RESERVES ($000)

Product Line	2012	2011	2010	2009	2008
Ordinary life	713,812	754,364	762,470	771,776	756,199
Supplementary contr	8,320	9,249	10,227	11,414	12,510
Individual annuities	231,244	244,710	246,079	254,455	269,657
Deposit type contracts	123,453	121,122	113,550	108,932	101,211
Individual A&H	190	207	223	246	315
Total	1,077,017	1,129,652	1,132,549	1,146,824	1,139,893

LIFE POLICIES STATISTICS

Year	Ordinary Policies Issued	Ordinary Policies In Force	Group Policies Issued	Group Policies In Force	Group Certificates Issued	Group Certificates In Force
2008	470	88,062	…	…	…	…
2009	1,675	126,931	…	…	…	…
2010	1,982	122,094	…	…	…	…
2011	972	115,912	…	…	…	…
2012	87	77,364	…	…	…	…

LIFE INSURANCE IN FORCE ($000)

Year	Whole Life Endow. & Adds	Term	Credit	Group	Industrial	Total Insurance In Force
2008	6,232,476	1,060,151	…	…	…	7,292,627
2009	5,143,860	6,880,933	…	…	…	12,024,794
2010	5,394,737	8,068,070	…	…	…	13,462,807
2011	5,291,541	8,530,421	…	…	…	13,821,962
2012	4,886,600	5,746,109	…	…	…	10,632,709

NEW LIFE BUSINESS ISSUED ($000)

Year	Whole Life & Endow.	Term	Credit	Group	Indus-trial	Total Insurance Issued	Non-Par (%)	Par (%)
2008	66,245	195,618	…	…	…	261,863	76	24
2009	481,000	193,945	…	…	…	674,945	100	0
2010	654,924	124,657	…	…	…	779,581	100	…
2011	336,753	100,904	…	…	…	437,657	100	…
2012	3,600	39,320	…	…	…	42,920	100	…

ORDINARY LIFE STATISTICS

Year	Ord. Lapse Ratio %	Renew Premium Persist %	Average Ord. Policy (in dollars) Issued	Average Ord. Policy (in dollars) In Force	Avg Prem ($/M)	1st Yr Prem / Total Prem	1st Yr Comm / 1st Yr Prem	Gen. Exp. / Policies In Force
2008	5.4	88.0	557,155	82,812	8.30	8.9	10.9	148.13
2009	3.8	83.7	402,952	94,735	7.70	17.3	35.5	142.54
2010	-4.1	78.1	393,330	110,266	6.48	32.9	23.4	176.64
2011	0.2	71.5	450,264	119,245	6.25	23.9	21.3	131.42
2012	22.3	79.1	493,333	137,437	4.12	4.0	27.3	142.97

Year	Number of Policies Issued	Number of Policies In Force	First Year Premium (000)	Gen'l Exp/ Reserves (%)	Return on Reserves (%)
2008	470	88,062	4,958	1.69	0.75
2009	1,675	126,931	9,786	2.30	-1.05
2010	1,982	122,094	21,991	2.78	1.29
2011	972	115,912	15,283	1.98	1.26
2012	87	77,364	2,136	1.52	4.10

INDIVIDUAL ANNUITY STATISTICS

Year	NPW (000)	Res (000)	Exp to Res(%)	Comm & Exp to NPW (%)	Benefits & Wdrwls to NPW (%)	Benefits & Wdrwls to Res (%)
2008	4,277	282,167	0.7	62.0	999.9	22.5
2009	4,390	265,869	0.5	42.6	780.8	12.9
2010	3,469	256,305	0.5	51.2	754.4	10.2
2011	3,539	253,959	0.4	46.7	681.5	9.5
2012	1,350	239,563	0.4	107.1	999.9	9.6

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TOTAL ANNUITY ACTUARIAL RESERVES BY WITHDRAWAL CHARACTERISTICS

Year	Total Annuity Res (000)	Min or No Surrender Charge (%)	With Surrender Charge 5% or more (%)	With MVA (%)	No Surrender Allowed (%)
2008	282,167	81.7	0.2	3.5	14.6
2009	265,869	79.8	…	4.9	15.3
2010	256,305	78.3	…	6.5	15.2
2011	253,959	75.0	…	8.4	16.7
2012	239,563	74.8	…	10.9	14.2

Market Share/Market Presence: Ameritas' Group segment possesses a top-five market position, offering group dental and vision benefits nationwide. This unit, with an insured base exceeding 5.3 million participants, contributed 18% to Ameritas' 2012 consolidated pre-tax GAAP operating earnings. The Group segment's participating provider organization (PPO) panel has approximately 277,000 provider access points covering over 2.1 million employee lives. Ameritas' group products are sold through a multiple distribution strategy which includes its captive distribution for Ameritas, a leading provider of group dental indemnity, PPO, voluntary and individual dental products and services; and its partnering distribution arrangements. Its market position has been achieved through organic growth, selective block acquisitions and multiple distribution partnering arrangements. While the overall scale of the Retirement segment is currently modest, Ameritas has been increasingly focused on strengthening its business profile within the retirement savings arena. A.M. Best notes that the U.S. retirement market is maturing and represents one of the more profitable segments within the U.S. life and annuity market requiring increased scale and superior risk management capabilities to compete effectively.

Ameritas is a mid-tier player in the individual life and annuity market. The group considers these two segments to be core to their current growth strategy and have experienced a noticeable increase in sales of traditional whole life insurance and fixed-indexed and variable annuity line recent periods.

GEOGRAPHIC BREAKDOWN BY DIRECT PREMIUM WRITINGS ($000)

	2012	2011	2010	2009	2008
California	12,280	20,499	20,368	20,755	21,203
District of Columbia	11,077	9,371	7,581	7,224	296
Texas	6,390	6,805	8,408	7,055	5,246
Virginia	6,134	12,157	10,333	8,588	9,930
Pennsylvania	6,127	10,045	7,479	8,618	8,482
Florida	5,663	5,844	7,655	6,550	3,969
New Jersey	5,634	4,913	6,105	6,021	3,391
North Carolina	4,933	5,367	3,092	2,777	2,536
Maryland	3,184	4,435	4,603	4,874	10,999
Arizona	2,975	3,371	4,214	4,059	6,146
All Other	28,150	35,778	38,802	34,707	37,109
Total	92,547	118,584	118,641	111,228	109,306

RISK MANAGEMENT

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas utilizes a comprehensive enterprise risk management (ERM) framework driven by an ERM committee that is comprised of the CEO, EVP-Investments/Finance, General Council, Chief Information Officer, SVP - Risk Management, and other senior officers of major lines of business. The ERM department coordinates all risk management activities, reporting and communication. A corporate risk officer is devoted full time to operational risks and risk transfer programs, as well as facilitating risk assessments and doing a comprehensive review and reporting of all risks, with assistance from risk coordinators in the various business units. That risk officer reports to the SVP Risk Management, who is ultimately responsible for the execution of the ERM program. Reports are also made to the Ameritas Board and Audit Committee, who also have oversight responsibility.

Ameritas has developed a comprehensive set of policies, procedures, and controls that serve to establish an appetite for the types of products, services, and investments the insurance companies will be involved in, as well as the tolerances, limits, or extent to which the companies will be exposed to them. The ERM Committee has also established tolerances for operating risks related to capital investment, financial reporting, legal and regulatory matters, code of conduct, reputation, staffing, and systems availability. When adverse outcomes do occur, Ameritas focuses on determining the lessons to be learned and makes adjustments in order to improve the management and measurement of risk.

OPERATING PERFORMANCE

Operating Results: Direct premiums have declined over the past two years as the company receives only a limited amount of new business as its products are now marketed through its parent, Ameritas Life. The increase in direct premiums in prior periods is primarily due to an increase in the sales of universal life insurance products. In addition, net premiums written increased considerably in 2009 due to the assumption of universal life and term life business from affiliated companies. Net operating results have been favorable over the past five-year period, but had generally declined prior to this most recent period due to declining net investment income . Net investment income increased in 2009 due to a $40 million stockholder dividend from AFSB. Net income has also been positive over the past five years except for 2008 due to asset impairments related to the financial crisis.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas has a generally diversified earnings profile, consisting of the group's insurance and financial services businesses. Within insurance, earnings are well diversified between individual life, annuity, disability and group dental & vision. The company reported consolidated GAAP net income of $78 million in 2012 versus $79 million in 2011. Net income was primarily impacted by the contingent $62 million pre-tax estimated loss from the writedown of AFSB book value and a decline in earnings at Calvert which offset improved profitability in the individual insurance lines of business. Net income had declined from $146 million in 2010 due to increased mortality experience and the impact of the low interest rate environment in the individual division, reduced income at Calvert and a decline in earnings at AFSB. Net income had benefited in 2010 from a focus on expense management, a strong market recovery, improved earnings at AFSB primarily due to a reduced loan loss provision, and the release of tax valuation allowances. The Individual segment generated the majority of Ameritas' earnings in 2012 with the Group, Retirement Plans and Financial segments contributing much lesser amounts. In 2012, each segment's pre-tax operating earnings contributions were as follows: Individual (69%), Group (18%), Financial (10%), Retirement (2%) and corporate division (1%). On a pre-tax operating basis (excluding non-recurring charges and capital gains/losses), Ameritas' 2012 consolidated GAAP results were $137 million versus $139 million in the prior period. The company posted a net loss of $274 million in 2008 as net income was impacted by $427 million of realized losses due to impairments in its investment portfolio.

On a year-over-year basis, operating earnings for the Individual segment (life, annuity and disability insurance) increased modestly to $93.6 million from $ 91.6 million in the prior year. The increase in earnings was primarily due to improved morbidity which offset the continued spread compression in its fixed-income annuity and interest-sensitive life lines of business. In recent years, the individual segment earnings reflect improvement due to lower expenses, favorable morbidity in its disability insurance line of business and the strong market recovery. The Group division's operating results were relatively flat in 2012 at $25.0 million primarily impacted by increased expenses tied to the acquisitions of BNL. The group segment experienced a modest improvement in dental claims in recent periods after experiencing a considerable increase in claims in 2009 that was partially attributable to the recessionary economic environment. The Financial segment reported earnings of $13.3 million in 2012 compared to $24.4 million in 2011 and $29.7 million in 2010. The declines are primarily due to the impact of lower assets under management at Calvert and a decline in earnings at ASFB due to lower interest spreads. Operating results in the Financial segment had improved noticeably in 2010 driven by a lower loan loss provision at AFSB and higher assets under management at Calvert. The Retirement Plans

segment's earnings have decreased over the past three years due to the impact of a drop in market values and a decline in sales and lower persistency. Finally, the Corporate segment's reported earnings of $2 million after posting a loss of $6 million in 2011 primarily due to higher unallocated personnel expenses and lower income from alternative investments.

On a statutory basis, Ameritas reported a consolidated pre-tax net operating gain of $81 million in 2012 compared to $89 million in 2011 and $111 million in 2010. The decline in pre-tax earnings in 2012 compared to 2011 was primarily a result of increased strain from sales of new business, lower income from the derivatives used as a hedge for the GMWB rider and index products relative to incremental reserves and reinsurance impacts. Partially offsetting these variances were the impacts of active expense management, the release of reserves due to cash flow testing and higher dividends from subsidiaries. The decline in pre-tax earnings in 2011 compared to 2010 was primarily a result of increased strain from sales of new business and increased reserves due to cash flow testing. Partially offsetting these variances were the impacts of active expense management, higher income for the derivatives used a hedge for the GMWB rider and index products relative to incremental reserves and improved Group Dental morbidity. Regulation XXX reserve strain continued to impact results over the three year period as well. The statutory results exclude the financial services businesses and consist of the following five statutory reporting entities: Ameritas Life, Ameritas Life of NY, Acacia Life, Union Central, and Brokers National Life Assurance Company. A.M. Best expects statutory earnings may be pressured in the near-term due to the competitive market and economic environment, but over time will benefit from organic growth, achievement of scale and further expense efficiencies.

PROFITABILITY ANALYSIS ($000)

	Company			
Period Ending	Pre-tax Net Oper Income	Net Operating Gain	Net Income	Total Return
2008	30,214	28,657	-759	-26,966
2009	24,201	35,946	33,819	-3,534
2010	24,501	21,413	20,867	31,422
2011	15,924	13,399	13,646	2,070
2012	59,054	43,810	43,310	-7,525
5-Yr Total	153,895	143,225	110,883	-4,532

	Company		Industry Composite	
Period Ending	Operating ROR	Operating ROE	Operating ROR	Operating ROE
2008	21.2	8.6	-0.3	-0.5
2009	19.7	11.2	6.3	7.8
2010	14.9	6.5	6.5	6.4
2011	9.6	4.1	6.0	6.2
2012	46.4	13.8	7.9	7.8
5-Yr Avg	20.6	8.8	5.1	5.7

PROFITABILITY TESTS

Year	Ben Paid to NPW & Dep	Comm & Exp to NPW & Dep	NOG to Tot Assets	NOG to Tot Rev	Operating Return on Equity	Net Yield	Total Return
2008	137.5	24.0	1.8	21.2	8.6	6.24	2.73
2009	78.4	43.0	2.3	19.7	11.2	7.73	5.11
2010	83.5	28.4	1.4	14.9	6.5	5.59	6.31
2011	84.2	22.6	0.9	9.6	4.1	5.22	4.51
2012	154.3	-12.9	2.9	46.4	13.8	5.34	1.96
5-Year Avg	100.8	25.0	1.9	20.6	8.8	6.02	4.09

NET OPERATING GAIN ($000)

Product Line	2012	2011	2010	2009	2008
Ordinary life	29,843	9,668	10,003	-8,242	5,796
Supplementary contr	200	596	415	408	292
Individual annuities	6,180	-4,715	1,214	1,683	1,715
Group annuities	271	471	192	185	129
Individual A&H	9	3	3	42	21
Other	7,307	7,376	9,585	41,869	20,704
Total	43,810	13,399	21,413	35,946	28,657

ACCIDENT AND HEALTH STATISTICS ($000)

Year	Net Premiums Written	Net Premiums Earned	Loss Ratio	Exp. Ratio	Underwriting Results
2008	22	22	38.8	…	14
2009	19	19	-99.9	2.1	49
2010	16	16	162.4	1.8	-10
2011	13	13	162.9	1.8	-8
2012	10	10	71.9	1.9	3
Current Year Experience:					
Non-can.	10	10	71.9	1.9	3

INVESTMENT GAINS ($000)

	Company		
Year	Net Inv Income	Realized Capital Gains	Unrealized Capital Gains
2008	94,838	-29,416	-26,207
2009	110,725	-2,127	-37,353
2010	80,335	-546	10,555
2011	75,946	247	-11,576
2012	76,251	-500	-50,835
5-Year Total	438,095	-32,342	-115,415

	Company				Industry Composite	
Year	Inv Inc Growth (%)	Inv Yield (%)	Return on Inv Assets (%)	Total Return (%)	Inv Inc Growth (%)	Inv Yield (%)
2008	14.0	6.2	3.9	2.73	-6.1	5.5
2009	16.8	7.7	7.8	5.11	-1.7	5.2
2010	-27.4	5.6	5.7	6.31	7.5	5.4
2011	-5.5	5.2	5.3	4.51	4.5	5.4
2012	0.4	5.3	5.5	1.96	-2.1	5.0
5-Yr Avg	-1.6	6.0	5.6	4.09	0.3	5.3

BALANCE SHEET STRENGTH

Capitalization: Acacia Life Insurance Company maintains a strong risk-adjusted capital position despite a decline in capital and surplus over the past two years due to stockholder dividends and a $60 million unrealized loss based on the contingent sale of Acacia Federal Savings Bank (AFSB). A. M. Best notes that Acacia Life is a direct owner of AFSB, but believes the company currently maintains sufficient excess capital to withstand a deterioration in the capitalization of the bank.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Capital and surplus has increased in recent years after declining sharply in 2008 due to significant realized and unrealized investment losses. Capital and surplus increased over the past three years primarily due to favorable operating results and market impacts on investments partially offset by $70 million in stockholder dividends over the past two years to Ameritas Holding Company and an increase in non-admitted assets. In 2009, capital and surplus benefited from repositioning activities within the group, a new reinsurance agreement at Union Central and favorable operating results. As a result, the group maintains a more than adequate level of risk-adjusted capitalization for its current investment and insurance risks. On a qualitative basis, the group's strong capitalization levels are complemented by favorable financial measures such as low financial leverage, solid interest coverage, moderate intangibles-to-equity and the hidden value inherent in its ownership of Calvert. In addition, the company employs strong enterprise risk management and corporate governance programs that are deployed throughout the organization.

A.M. Best believes that the repositioning of Union Central and Acacia Life under Ameritas Life has made it easier to facilitate the allocation of capital within the organization. While Union Central's capital position was impacted by significant impairments in its non-agency backed securities during the financial crisis, Ameritas made a number of strategic decisions to ensure that the company remained well capitalized including $225 million of capital contributions. A.M. Best notes that the other insurance operating entities,

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Ameritas Life Ameritas Life of NY, and Acacia Life, are all very well capitalized. Going forward, A.M. Best expects Ameritas Life Group to maintain sound capitalization, which is enhanced by the group's financial flexibility as a mutual holding company, good liquidity and diversified business profile.

CAPITAL GENERATION ANALYSIS ($000)

	Source of Surplus Growth			
Year	Net Operating Gain	Realized Capital Gains	Income Taxes	Unrealized Capital Gains
2008	28,657	-29,416	1,557	-26,207
2009	35,946	-2,127	-11,745	-37,353
2010	21,413	-546	3,088	10,555
2011	13,399	247	2,525	-11,576
2012	43,810	-500	15,244	-50,835
5-Yr Total	143,225	-32,342	10,670	-115,415

	Source of Surplus Growth			
Year	Change in AVR	Other Changes	Change in C&S	% Chg in C&S
2008	28,880	-20,863	-18,949	-5.6
2009	17,281	-14,600	-852	-0.3
2010	-16,850	-3,154	11,418	3.6
2011	3,667	-16,704	-10,966	-3.3
2012	8,492	-9,409	-8,443	-2.6
5-Yr Total	41,470	-64,730	-27,793	-1.7

QUALITY OF SURPLUS ($000)

Year	Surplus Notes	Other Debt	Contributed Capital	Unassigned Surplus
2008	…	15,000	87,665	219,740
2009	…	12,500	98,485	210,568
2010	…	10,000	98,485	224,485
2011	…	7,500	98,485	216,019
2012	…	5,000	98,485	210,077

Year	Year-End C&S	Asset Valuation Reserve	Interest Maint. Reserve	Adjusted C&S
2008	322,405	22,117	…	344,522
2009	321,553	4,835	1,719	326,389
2010	332,971	21,685	3,263	354,656
2011	322,005	18,018	3,108	340,023
2012	313,562	9,527	5,590	323,089

LEVERAGE ANALYSIS

	Company				-Industry Composite-	
Year	C&S to Liab	Surplus Relief	NPW & Dep to Capital	Change in NPW & Dep	C&S to Liab	Surplus Relief
2008	28.7	1.8	0.3	13.6	14.4	4.1
2009	27.4	1.9	0.4	27.2	16.0	3.1
2010	30.0	1.6	0.3	-6.7	17.2	4.4
2011	28.9	1.6	0.3	2.1	16.7	3.4
2012	27.8	1.2	0.2	-50.0	17.6	3.1

Current BCAR: 354

CEDED REINSURANCE ANALYSIS

	Company						-Industry Composite-	
Year	Face Amount Reins Ceded	Affil Reins Rec/C&S	Unaffil Reins Rec/C&S	Total Reins Rec/C&S	Surplus Relief	Reins Leverage	Total Reins Rec/C&S	Reins Leverage
2008	4,319,838	…	2.4	2.4	1.8	13.7	3.3	94.5
2009	4,392,011	…	1.1	1.1	1.9	12.9	2.8	92.8
2010	4,555,660	…	2.1	2.1	1.6	14.7	2.7	93.8
2011	4,677,615	…	2.0	2.0	1.6	15.6	2.8	101.0
2012	4,328,510	…	2.0	2.0	1.2	16.0	2.8	101.4

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Liquidity: The group's overall liquidity is buttressed by positive net cash flows from its diversified business mix and access to a committed but unused bank line at Ameritas Life. In addition, Ameritas Life, Acacia and Union Central are members of the Federal Home Loan Bank system which provides the potential for additional borrowing capacity at a relatively low cost of funds. Finally, liquidity is further enhanced through Ameritas' mutual holding company structure; its lack of financial leverage; and lower product risk profile.

LIQUIDITY ANALYSIS

	Company				
Year	Operating Cash Flow ($000)	Quick Liquidity	Current Liquidity	Non-Inv Grade Bonds to Capital	Delnq & Foreclsd Mtg to Capital
2008	-72,585	56.7	70.2	14.1	…
2009	-6,470	57.4	70.8	16.2	…
2010	18,679	57.1	70.9	14.0	…
2011	8,719	56.9	71.8	14.1	…
2012	16,381	52.2	67.7	11.4	2.5

	Company		Industry Composite	
Year	Mtg & Cred Ten Lns & RE to Cap	Affil Invest to Capital	Quick Liquidity	Current Liquidity
2008	50.0	55.9	49.6	62.8
2009	49.2	45.3	49.4	62.9
2010	44.8	54.7	49.3	63.1
2011	44.3	53.6	49.2	63.0
2012	71.5	41.1	50.3	64.4

Investments: Acacia Life's investment portfolio consists of approximately 65% fixed-income securities, 16% direct commercial mortgage loans, 10% equity securities (primarily affiliate holdings) and 5% alternative investments. The fixed income portfolio consists primarily of investment grade corporate bonds with a lesser amount of U.S. Government and state and special revenue bonds Just over one-tenth of the fixed-income portfolio consists of securitized assets primarily residential mortgage-backed securities (RMBS). The company's direct commercial mortgage loan portfolio has increased noticeably over the most recent period but has performed relatively well in recent periods.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas' investment portfolio is managed on a consolidated basis by Ameritas Investment Partners, an Ameritas company. The general account portfolio is concentrated primarily in fixed-income securities (approximately 73% on a consolidated basis) and mortgage loans (15%), with the balance invested in common and preferred stock, real estate, alternative investments, policyholder loans and cash and cash equivalents. The fixed income portfolio is comprised of approximately one-fifth structured securities, and includes investments in residential, commercial and other asset-backed securities that are primarily backed by home equity loans. A.M. Best notes that exposure to these securities has declined noticeably in recent periods and the potential for material investment losses in this sector is limited. Relative to similarly-rated peers, Ameritas has below-average exposure to high-yield bonds as a percentage of statutory capital, reflecting its conservative investment philosophy, financial discipline and superior capitalization. Interest rate risk from the MBS portfolio is actively managed by focusing on purchases of issues with 15-year collateral, the monitoring of market values and active asset/liability management. Exposure to subprime and Alt-A loans is moderate, though concentrated primarily within Union Central.

Ameritas' mortgage portfolio is geographically diversified and comprised mainly of commercial loans on office, retail, apartments, and industrial buildings. Lending activity is driven by conservative underwriting standards and the historical performance has been above average, with only a modest amount of loan delinquencies in recent periods. Mortgage loan exposure as a percentage of statutory capital is in line with similarly-rated peers for Ameritas' insurance lines despite the approximately $300 million of interest-only loans that were transferred to Ameritas' general account from ASFB.

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INVESTMENT YIELDS

Year	Net Yield	Bonds	Stocks	Mortgages	Cash & Short-Term	—Real Estate— Gross	Net	Invest. Exp. Ratio
2008	6.24	5.74	9.28	6.87	2.01	…	…	3.25
2009	7.73	5.80	20.41	6.58	0.35	…	…	2.00
2010	5.59	5.81	5.15	6.79	0.05	…	…	3.08
2011	5.22	5.71	3.66	6.53	0.03	…	…	3.02
2012	5.34	5.55	5.59	5.03	0.14	…	…	2.85

INVESTMENTS - SECURITIES

Current Year Distribution of Bonds By Maturity

	—Years— 0-1	1-5	5-10	10-20	20+	Yrs-Avg Maturity
Government	2.9	5.2	1.9	1.0	0.0	4
Gov't Agencies & Muni	1.8	4.6	1.7	0.6	0.0	4
Industrial & Misc	6.8	24.5	44.7	3.2	0.2	6
Hybrid Securities	…	0.2	…	0.2	0.6	19
Total	11.4	34.4	48.3	5.1	0.8	6

	2012	2011	2010	2009	2008
Bonds (000)	940,663	982,640	975,962	1,002,689	979,766
US Government	9.6	8.7	10.3	11.2	12.5
Foreign - All Other	22.2	19.4	17.2	16.5	14.0
State/Special Revenue - US	8.8	14.2	16.5	19.4	18.7
Public Utilities - US	…	…	…	…	5.9
Industrial & Misc - US	58.3	56.6	54.8	52.0	48.3
Hybrid Securities	1.0	1.1	1.2	1.0	…
Affiliated	…	…	…	…	0.6
Private Issues	24.7	21.1	19.8	19.1	19.4
Public Issues	75.3	78.9	80.2	80.9	80.6

Bond Quality (%)	2012	2011	2010	2009	2008
Class 1	49.7	57.2	60.7	64.1	68.4
Class 2	46.4	38.1	34.4	30.7	26.7
Class 3	3.3	4.3	4.0	4.2	3.3
Class 4	0.5	0.4	0.6	0.6	1.1
Class 5	0.0	…	0.3	0.2	0.4
Class 6	…	0.0	0.0	0.0	0.1

INVESTMENTS - EQUITIES

	2012	2011	2010	2009	2008
Stocks (000)	152,836	194,871	189,758	173,653	223,877
Unaffiliated Common	34.0	23.1	19.5	15.6	12.1
Affiliated Common	65.2	76.2	80.0	83.8	82.3
Unaffiliated Preferred	0.8	0.7	0.5	0.6	5.6

INVESTMENTS - MORTGAGE LOANS & REAL ESTATE

	2012	2011	2010	2009	2008
Mortgages (000)	230,027	150,748	158,801	160,633	172,334
Commercial	64.1	100.0	100.0	100.0	100.0
Residential	35.9	…	…	…	…

Mortgage Quality (%)	2012	2011	2010	2009	2008
90 Days Delinquent	1.7	…	…	…	…
In Process of Foreclosure	1.8	…	…	…	…
Total Delinquencies	3.6	…	…	…	…

	2012	2011	2010	2010	2008
Real Estate (000)	939	…	…	…	…
Property Held for Inc	55.7	…	…	…	…
Property Held for Sale	44.3	…	…	…	…

INVESTMENTS - OTHER INVESTED ASSETS

	2012	2011	2010	2009	2008
Other Inv Assets (000)	129,133	150,446	151,879	111,271	121,341
Cash	0.0	0.7	0.5	-1.3	0.2
Short-Term	11.2	17.2	16.0	21.4	24.4
Schedule BA Assets	51.2	45.9	48.6	29.0	30.0
All Other	37.7	36.2	34.9	50.9	45.5

HISTORY

Date Incorporated: 03/03/1869 **Date Commenced:** 03/03/1869

Domicile: DC

The company was incorporated by a special Act of Congress in 1869 as "The Masonic Mutual Relief Association of the District of Columbia," a fraternal benefit association. In 1903, the charter was amended to provide legal reserves on all policies and to limit membership to Master Masons. Subsequently, all prior assessment business was placed on the legal reserve plan with this transfer being completed by December 31, 1915, and, since that date, no assessment certificates have been in force. By amendments to its charter, its title was revised to The Masonic Mutual Life Association of the District of Columbia on May 30, 1908, to Acacia Mutual Life Association on September 22, 1922 and to Acacia Mutual Life Insurance Company on May 14, 1932. Coincident with the 1932 change, the Masonic limitations were eliminated. The present title was adopted on June 30, 1997, upon conversion of the company to a stock life insurer under the District of Columbia's mutual holding company legislation. The current structure should provide the group with greater financial flexibility in its capital management, which includes access to additional capital from public markets. Evidence of operational flexibility includes mergers of mutual holding companies and subsidiary reorganizations. On January 1, 1999, the Ameritas Mutual Insurance Holding Company was merged with the Acacia Mutual Holding Corporation and renamed Ameritas Acacia Mutual Holding Company. On January 1, 2006, the Ameritas Acacia Mutual Holding Company merged with the Union Central Mutual Holding Company and was renamed UNIFI Mutual Holding Company. On December 31, 2009, Acacia Life Insurance Company became a subsidiary of Ameritas Life Insurance Corp. On May 2, 2012, UNIFI Mutual Holding Company was renamed Ameritas Mutual Holding Company.

Mergers: Acacia National Life Insurance Company, Washington, D.C., 2004.

MANAGEMENT

Officers: Chairperson, JoAnn M. Martin; President and Chief Executive Officer, Salene M. Hitchcock-Gear; President, Steven J. Valerius (Individual Division); Executive Vice President and Treasurer, William W. Lester (Corporate); Executive Vice President, Tim L. Stonehocker; Senior Vice President and Chief Financial Officer, Robert C. Barth; Senior Vice President and Chief Investment Officer, James Mikus; Senior Vice President and Chief Information Officer, Richard A. Wiedenbeck; Senior Vice President, Secretary and General Counsel, Robert-John H. Sands (Corporate); Senior Vice President and Chief Officer, J. Thomas Burkhard (Individual - Distribution); Senior Vice President and Director, Janet L. Schmidt (Human Resources); Senior Vice Presidents and Chief Actuaries, Robert M. Jurgensmeier (Individual), Linda A. Whitmire (Corporate); Senior Vice Presidents, Nancy A. Dalessio (Information Technology), Cheryl L. Heilman (Individual Operations), Arnold D. Henkel (Individual Strategic Alliances), Lisa A. Mullen (Individual Financial Operations), Susan K. Wilkinson (Planning & Risk Management).

Directors: James P. Abel, JoAnn M. Martin (Chair), Patricia A. McGuire, Edward J. Quinn, Jr. (Vice Chairman), Robert M. Willis.

REGULATORY

An examination of the financial condition was made as of December 31, 2008, by the insurance department of District of Columbia. The 2012 annual independent audit of the company was conducted by Deloitte & Touche, LLP. The annual statement of actuarial opinion is provided by Linda Whitmire, Vice President & Financial Actuary.

Reserve basis: (Current ordinary business): 2001 CSO 4% Net Level and CRVM.

REINSURANCE

The company maintains reinsurance treaties with several reinsurance companies for ceding excess for its life insurance line. Maximum net retention on any life is $2,000,000 with retention graded down for ages over 66 and ratings over Table A.

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FINANCIAL INFORMATION

BALANCE SHEET ($000) - December 31, 2012

Assets		Liabilities	
*Total bonds	940,663	+Net policy reserves	953,564
*Total preferred stocks	1,208	Policy claims	5,077
*Total common stocks	151,628	Deposit type contracts	123,453
Mortgage loans	230,027	Interest maint reserve	5,590
Real estate	939	Comm taxes expenses	18,004
Contract loans	47,916	Borrowed money	28,000
Cash & short-term inv	14,354	Asset val reserve	9,527
Other invested assets	66,141	Other liabilities	28,637
Prems and consids due	3,532	Total liabilities	1,171,851
Accrued invest income	13,810	Common stock	3,000
Other assets	15,196	Preferred stock	5,000
		Paid in & contrib surpl	95,485
		Unassigned surplus	210,077
Assets	1,485,413	Total	1,485,413

*Securities are reported on the bases prescribed by the National Association of Insurance Commissioners. +Analysis of reserves; Life $704,741; annuities $231,244; supplementary contracts with life contingencies $8,320; accidental death benefits $293; disability active lives $3,184; disability disabled lives $3,870; miscellaneous reserves $1,723; accident & health $190.

SUMMARY OF OPERATIONS ($000)

Premiums:		Death benefits	31,656
Ordinary life	11,718	Matured endowments	1,252
Individual annuities	1,350	Annuity benefits	3,103
Acc & health other	10	Disability benefits	614
Total premiums	13,078	Surrender benefits	45,656
Supplementary contracts	64	Acc & health benefits	24
Net investment income	76,251	Int on policy funds	4,137
Amort interest maint res	873	Supplementary contracts	1,524
Comm & exp reins ceded	3,660	Incr life reserves	-54,948
Other income	450	Incr a & h reserves	-17
		Commissions	2,373
		Comm exp reins assumed	-26,376
		Insur taxes lic & fees	1,518
		General ins expenses	18,629
		Misc operating expense	162
Total	94,376	Total	29,306

Gain from operations before FIT & div to policyholders	65,070
Dividends to policyholders: life	6,015
Dividends to policyholders: accident & health	0
Gains from operations after dividends to policyholders	59,054
Federal income taxes incurred	15,244
Net gain from operations after FIT and dividends	43,810

CASH FLOW ANALYSIS ($000)

Funds Provided		Funds Applied	
Gross cash from oper	93,342	Benefits paid	91,867
Long-term bond proceeds	181,349	Long-term bonds acquired	131,303
Other invest proceeds	54,263	Mortgage loans acquired	96,534
Other cash provided	44,352	Other cash applied	66,245
Decr cash & short-term	12,643		
Total	385,948	Total	385,948

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Ultimate Parent: Ameritas Mutual Holding Company

THE UNION CENTRAL LIFE INSURANCE COMPANY

5900 O Street
Lincoln, NE 68510-2234

Mailing Address: P.O. Box 40888, Cincinnati, OH 45240

Exec. Office: 1876 Waycross Road, Cincinnati, OH 45240
Web: www.ameritas.com

Tel.: 800-825-1551 **Fax: 513-595-2218**

AMB#: 007150 **NAIC#: 80837**
Ultimate Parent#: 051337 **FEIN#: 31-0472910**

BEST'S CREDIT RATING

Best's Financial Strength Rating: A **Outlook**: Stable
Best's Financial Size Category: X

RATING RATIONALE

Rating Rationale: The ratings of The Union Central Life Insurance Company (Union Central) reflect its ownership by Ameritas Life Insurance Corp. (Ameritas), its more than adequate stand-alone risk-adjusted capitalization and favorable operating results. Offsetting factors include the limitations on future profits and growth given the company's run-off status, the lack of fixed annuity surrender protection and the significant percentage of interest-sensitive life reserves with relatively high interest rate guarantees.

The company benefits from the financial strength and operating profile of Ameritas, although no new business is expected to be written by Union Central going forward. Union Central's profitability is partially a function of the absence of new business expense strain, given the run-off nature of its operations. The company maintains a more than adequate risk-adjusted capital position supported by a well-performing investment portfolio comprised primarily of publicly traded corporate and government bonds. However, A.M. Best notes that the allocation to commercial mortgage loans is somewhat elevated, but this portfolio has performed well in recent years.

With the group's decision to write policies out of Ameritas and its New York marketing arm, Ameritas Life Insurance Corp. of NY, the future prospects of Union Central are limited to its current book of business. In addition, as the company continues to run-off its lines of business, invested assets will continue to decline, thus reducing future net investment income and ultimately decreasing operating earnings. In addition, a large portion of interest-sensitive life and annuity reserves maintain high interest rate guarantees, which have resulted in spread compression. A.M. Best also notes that a majority of fixed annuity reserves are no longer subject to surrender charges, which exposes the company to disintermediation risk in an increasing interest rate environment.

FIVE YEAR RATING HISTORY

Date	Best's FSR	Date	Best's FSR
03/22/13	A	04/13/10	A
03/14/12	A	01/30/09	A
01/20/11	A	05/01/08	A

KEY FINANCIAL INDICATORS ($000)

Year	Assets	Total Capital Capital Surplus Funds	Asset Valuation Reserve	Net Premiums Written	Net Invest Income	Net Income
2008	6,310,581	266,977	4,739	982,315	257,836	-156,271
2009	6,743,143	400,877	7,672	730,217	243,586	-119,780
2010	6,925,943	400,399	15,908	626,285	260,698	-2,065
2011	6,883,168	453,905	27,212	605,260	270,573	67,589
2012	7,058,947	492,203	46,388	509,204	266,857	62,965

(*) Within several financial tables of this report, this company is compared against the Multiple Lines Composite.

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

BUSINESS PROFILE

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas Life Group (Ameritas) (formerly UNIFI) offers a broad array of insurance and financial products and services to individuals, families and businesses through its insurance subsidiaries. The company has four main business segments: Individual, Group, Financial and Retirement Plans. Due to capital requirements, regulatory and cost concerns, the company recently implemented changes to its long-term strategic direction. The new strategic direction includes issuing all new insurance company business through one New York company, Ameritas Life Insurance Corp. of New York (ALICNY), and one non-New York company (Ameritas Life). Management believes this will provide improved focus with a simplified, streamlined and more efficient operating structure. On May 2, 2012, UNIFI Mutual Holding Company changed its name to Ameritas Mutual Holding Company.

Scope of Operations: Ameritas' Individual segment includes the individual life, annuity and disability income product lines offered by its core insurance entities. Life insurance products are well diversified and include traditional whole life, term insurance, universal life, variable universal life, and indexed universal life. Total insurance inforce at year-end 2012 was $80.3 billion, an increase of 1.4% from 2011. Annuity product lines include traditional fixed annuities, indexed annuities and variable annuities (VAs). In 2007, Ameritas introduced a VA guaranteed lifetime withdrawal benefit rider to meet the needs of Baby Boomers as they move into the retirement phase. In response to the uncertain market environment, the company reduced benefits, increased fees and limited investment options in its variable annuity product line. The group also restricted distribution access to broker dealers. Disability income products include non-cancelable policies, guaranteed renewable policies, and business overhead expenses. Individual products are marketed in all 50 states using a multi-channel platform which includes core general agencies, captive agencies and strategic alliances. While Ameritas made a strategic decision to scale back somewhat on its distribution expansion plans in the Individual segment during the financial crisis, the company currently remains focused on increasing the productivity of its existing field force and expanding the number of producers. The Individual segment's earnings, before realized losses, represented just over two-thirds of Ameritas' consolidated 2012 pre-tax GAAP operating income.

Ameritas' group dental products include its Dental Rewards product, which offers a rollover benefit maximum to its plan participants. Dental Rewards has been a highly successful product for the group and is complemented by the FUSION product, which combines dental and vision benefits. Ameritas also introduced a Lasik Surgery insured benefit as a rider to the dental product, the first in the industry. The company's dental franchise continues to be a major contributor to earnings, supported by its efficient cost structure, dental block consolidation expertise, flexible product design, persistency and excellent customer service. The group's extensive dental database, which is utilized in pricing, product development and claims management, is crucial to facilitating favorable underwriting results. These competitive advantages continue to allow Ameritas and its partnerships to compete effectively in the increasingly competitive group market. Finally, captive distribution within the Group division consists of approximately 86 sales associates operating within 27 regional sales offices nationwide, and a number of strategic partnership alliances, third party administrators and brokerage general agency channels. In addition to dental and vision, Ameritas offers an auditory product to complement its current group product portfolio. Ameritas acquired Brokers National Life which added approximately $39 million of additional group dental premium in 2012.

The Financial segment includes AFSB and Calvert. Calvert had approximately $12 billion in AUM at year-end 2012, which is virtually flat compared to 2011 as an increase in sales and asset valuations were offset by continued redemptions. Calvert offers a broadly diversified portfolio of short-term bonds, equity and long-term bond mutual funds. Calvert has a strong retirement emphasis with a meaningful portion of its AUM from retirement plans invested across various Calvert funds, and also offers various institutional investment products. Ameritas announced its intent to sell AFSB in 2012. A sale was announced in June, 2013 and is currently pending regulatory approval. A.M. Best views the sale of AFSB positively as this will reduce the amount of regulatory burden. AFSB had been strategically shrinking its balance sheet as a result of the recent sluggish economic environment and currently has just under $785 million in total assets.

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Ameritas recorded a contingent pre-tax loss of $62.1 million in 2012 as a result of the writedown of AFSB book value. The bank has recorded pre-tax operating gains in recent periods due to lower loan loss provisions and higher gains on sales of loans and real estate. Ameritas had also contributed additional capital to the bank and removed non-performing assets to significantly strengthen its capital ratios in recent periods.

The Retirement Plans segment markets group annuities to the small and mid-sized 401(k) employer market (under 250 employees) and offers products on both a bundled and unbundled basis.

TOTAL PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW ($000)	DPW (% Chg)	Reinsurance Prem Assumed ($000)	Reinsurance Prem Assumed (% Chg)
2008	1,095,935	7.4	4,257	-5.7
2009	882,585	-19.5	4,039	-5.1
2010	811,927	-8.0	3,771	-6.6
2011	796,615	-1.9	5,844	55.0
2012	634,718	-20.3	11,035	88.8
5-Yr CAGR	…	-9.1	…	19.6

Period Ending	Reinsurance Prem Ceded ($000)	Reinsurance Prem Ceded (% Chg)	NPW & Deposits ($000)	NPW & Deposits (% Chg)
2008	117,877	14.0	1,086,711	6.3
2009	156,407	32.7	850,224	-21.8
2010	189,413	21.1	740,810	-12.9
2011	197,199	4.1	703,720	-5.0
2012	136,549	-30.8	649,509	-7.7
5-Yr CAGR	…	5.7	…	-8.7

Territory: The company is licensed in the District of Columbia and all states.

Business Trends: A.M. Best notes that growth in ordinary life sales have been below industry averages in recent years although sales of its traditional whole life insurance product has increased at a rate that is well above the industry average in recent periods.

Historically, the Group segment's dental line has outpaced industry sales results with double-digit growth rates. Ameritas' dental sales growth trends have historically been strong, particularly within DPPO, where it maintains a strong and growing dental provider network.

Year-end 2012 AUM in the retirement plans segment was approximately $3.9 billion, with approximately 110,000 participants. Sales, AUM and earnings have risen modestly over the most recent period after experiencing a general decline in prior years due to the financial crisis and the uncertain economic environment.

2012 BY-LINE BUSINESS ($000)

Product Line	DPW ($000)	DPW (%)	Reinsurance Prem Assumed ($000)	Reinsurance Prem Assumed (%)
Ordinary life	292,423	46.1	579	5.3
Group life	76	0.0	…	…
Individual annuities	54,030	8.5	…	…
Group annuities	180,653	28.5	…	…
Individual A&H	107,230	16.9	2,636	23.9
Group A&H	306	0.0	7,820	70.9
Total	634,718	100.0	11,035	100.0

Product Line	Reinsurance Prem Ceded ($000)	Reinsurance Prem Ceded (%)	NPW ($000)	NPW (%)
Ordinary life	100,608	73.7	192,395	37.8
Group life	…	…	76	0.0
Individual annuities	…	…	54,030	10.6
Group annuities	…	…	180,653	35.5
Individual A&H	35,226	25.8	74,640	14.7
Group A&H	715	0.5	7,411	1.5
Total	136,549	100.0	509,204	100.0

BY-LINE RESERVES ($000)

Product Line	2012	2011	2010	2009	2008
Ordinary life	2,328,438	2,224,750	2,142,125	2,040,803	1,995,466
Group life	13,325	13,486	13,782	14,241	14,777
Supplementary contr	5,872	5,780	5,879	5,899	6,268
Individual annuities	1,376,199	1,401,966	1,315,533	1,259,913	1,195,600
Group annuities	643,224	648,602	659,035	670,355	652,952
Deposit type contracts	167,287	120,584	121,123	129,743	124,602
Individual A&H	296,523	287,485	275,742	267,001	254,014
Group A&H	4,892	5,639	5,816	6,038	12,582
Total	4,835,759	4,708,292	4,539,037	4,393,993	4,256,262

LIFE POLICIES STATISTICS

Year	Ordinary Policies Issued	Ordinary Policies In Force	Group Policies Issued	Group Policies In Force	Group Certificates Issued	Group Certificates In Force
2008	14,799	205,762	2	99	114	5,204
2009	13,484	205,015	1	98	70	4,907
2010	11,885	203,614	3	96	147	4,673
2011	7,442	197,466	…	93	109	4,443
2012	221	184,403	5	93	165	4,353

LIFE INSURANCE IN FORCE ($000)

Year	Whole Life Endow. & Adds	Term	Credit	Group	Industrial	Total Insurance In Force
2008	23,067,164	28,255,810	…	35,902	…	51,358,876
2009	22,618,060	30,474,963	…	32,527	…	53,125,550
2010	22,423,516	32,325,627	…	32,120	…	54,781,263
2011	21,503,861	32,763,694	…	29,661	…	54,297,216
2012	20,150,046	29,876,214	…	29,647	…	50,055,907

NEW LIFE BUSINESS ISSUED ($000)

Year	Whole Life & Endow.	Term	Credit	Group	Industrial	Total Insurance Issued	Non-Par (%)	Par (%)
2008	2,810,394	5,089,132	…	3,119	…	7,902,645	95	5
2009	1,259,233	5,187,287	…	1,785	…	6,448,305	94	6
2010	1,322,836	4,518,864	…	3,674	…	5,845,374	94	6
2011	489,967	3,275,258	…	2,915	…	3,768,140	96	4
2012	1,038	124,910	…	2,473	…	128,421	100	…

ORDINARY LIFE STATISTICS

Year	Ord. Lapse Ratio %	Renew Premium Persist %	Average Ord. Policy (in dollars) Issued	Average Ord. Policy (in dollars) In Force	Avg Prem ($/M)	1st Yr Prem / Total Prem	1st Yr Comm / 1st Yr Prem	Gen. Exp. / Policies In Force
2008	6.9	63.4	533,788	249,429	7.18	33.3	28.8	591.10
2009	7.3	71.4	478,087	258,971	6.06	17.4	30.7	397.73
2010	6.4	84.5	491,519	268,887	6.42	20.1	26.1	371.11
2011	6.1	81.3	505,943	274,820	6.14	13.6	24.3	262.76
2012	6.5	85.0	569,900	271,288	5.86	1.5	44.0	159.37

Year	Number of Policies Issued	Number of Policies In Force	First Year Premium (000)	Gen'l Exp/ Reserves (%)	Return on Reserves (%)
2008	14,799	205,762	122,684	6.08	-2.28
2009	13,484	205,015	55,904	3.99	0.28
2010	11,885	203,614	70,742	3.52	-0.89
2011	7,442	197,466	45,328	2.33	0.21
2012	221	184,403	4,273	1.26	-0.15

INDIVIDUAL ANNUITY STATISTICS

Year	NPW (000)	Res (000)	Exp to Res(%)	Comm & Exp to NPW (%)	Benefits & Wdrwls to NPW (%)	Benefits & Wdrwls to Res (%)
2008	198,669	1,201,869	1.2	11.7	126.7	20.9
2009	176,869	1,265,811	1.0	11.9	94.5	13.2
2010	133,900	1,321,413	0.7	12.6	113.9	11.5
2011	165,543	1,407,746	0.7	11.3	98.8	11.6
2012	54,030	1,382,071	0.5	20.8	306.0	12.0

GROUP ANNUITY STATISTICS

Year	NPW (000)	Res (000)	Exp to Res (%)	Comm & Exp to NPW (%)	Benefits & Wdrwls to NPW (%)	Benefits & Wdrwls to Res (%)
2008	429,496	652,952	3.2	7.0	135.9	89.4
2009	280,347	670,355	2.6	8.9	168.7	70.6
2010	218,904	659,035	2.4	10.1	206.3	68.5
2011	186,920	648,602	2.0	10.2	209.0	60.2
2012	180,653	643,224	2.0	10.1	208.0	58.4

TOTAL ANNUITY ACTUARIAL RESERVES BY WITHDRAWAL CHARACTERISTICS

Year	Total Annuity Res (000)	Min or No Surrender Charge (%)	With Surrender Charge 5% or more (%)	With MVA (%)	No Surrender Allowed (%)
2008	1,854,821	88.1	4.1	3.5	4.3
2009	1,936,166	85.1	7.4	3.7	3.8
2010	1,980,448	86.1	6.8	3.6	…
2011	2,056,348	87.1	5.7	3.7	3.5
2012	2,025,295	86.3	5.4	3.6	4.7

SEPARATE ACCOUNT DATA

	2012	2011	2010	2009	2008
Sep Acct Assets	1,558,842	1,576,554	1,829,921	1,837,440	1,665,780
% Growth	-1.1	-13.8	-0.4	10.3	-36.6
S/A Assets/Adm Assets	22.1	22.9	26.4	27.2	26.4
Sep Acct Reserves	1,549,097	1,563,903	1,813,121	1,817,908	1,648,263
% Ordinary Life	9.5	8.5	7.7	6.8	5.6
% Individual Annuities	16.7	16.5	16.7	16.1	14.8
% Group Annuities	73.8	75.1	75.6	77.2	79.6
Other Liabilities	9,744	12,651	16,801	19,533	17,517
S/A Prems & Deposits	177,068	190,997	229,861	295,870	457,825
% Ordinary Life	9.3	9.8	8.5	7.4	6.0
% Individual Annuities	2.6	3.7	6.7	10.5	9.8
% Group Annuities	88.1	86.6	84.8	82.1	84.2
Sep Acct Fees & Charges	17,417	18,881	19,854	18,345	23,853
% Ordinary Life	4.3	4.1	4.1	4.0	3.9
% Individual Annuities	23.0	22.7	22.2	19.1	18.2
% Group Annuities	72.7	73.2	73.7	76.9	77.9
Fees & Chgs to Assets%	1.1	1.1	1.1	1.0	1.1
Sep Acct Ben & Wdrwls	356,299	368,297	414,261	464,604	574,592
% Ordinary Life	3.7	3.4	2.5	4.3	4.2
% Individual Annuities	8.6	10.7	8.2	7.1	8.6
% Group Annuities	87.7	85.9	89.2	88.6	87.1
Ben & Wdrwl to Assets%	22.7	21.6	22.6	26.5	26.8

Market Share/Market Presence: Ameritas' Group segment possesses a top-five market position, offering group dental and vision benefits nationwide. This unit, with an insured base exceeding 5.3 million participants, contributed 18% to Ameritas' 2012 consolidated pre-tax GAAP operating earnings. The Group segment's participating provider organization (PPO) panel has approximately 277,000 provider access points covering over 2.1 million employee lives. Ameritas' group products are sold through a multiple distribution strategy which includes its captive distribution for Ameritas, a leading provider of group dental indemnity, PPO, voluntary and individual dental products and services; and its partnering distribution arrangements. Its market position has been achieved through organic growth, selective block acquisitions and multiple distribution partnering arrangements. While the overall scale of the Retirement segment is currently modest, Ameritas has been increasingly focused on strengthening its business profile within the retirement savings arena. A.M. Best notes that the U.S. retirement market is maturing and represents one of the more profitable segments within the U.S. life and annuity market requiring increased scale and superior risk management capabilities to compete effectively.

Ameritas is a mid-tier player in the individual life and annuity market. The group considers these two segments to be core to their current growth strategy and have experienced a noticeable increase in sales of traditional whole life insurance and fixed-indexed and variable annuity line recent periods.

GEOGRAPHIC BREAKDOWN BY DIRECT PREMIUM WRITINGS ($000)

	2012	2011	2010	2009	2008
New York	84,404	111,104	128,246	125,724	143,788
California	73,759	94,232	110,661	109,812	123,842
Nebraska	62,661	11,190	13,065	89,865	13,311
Ohio	54,214	71,163	65,750	99,421	121,304
Texas	49,674	65,149	60,808	49,660	53,537
Pennsylvania	44,707	83,102	62,112	60,948	75,818
Florida	30,955	37,979	39,443	35,032	42,017
New Jersey	27,085	30,826	34,062	32,737	37,696
Kansas	22,975	22,097	23,377	29,126	44,081
Illinois	21,356	18,083	16,507	25,344	23,751
All Other	296,311	339,766	360,921	332,689	413,997
Total	768,101	884,692	914,953	990,359	1,093,140

RISK MANAGEMENT

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas utilizes a comprehensive enterprise risk management (ERM) framework driven by an ERM committee that is comprised of the CEO, EVP-Investments/Finance, General Council, Chief Information Officer, SVP - Risk Management, and other senior officers of major lines of business. The ERM department coordinates all risk management activities, reporting and communication. A corporate risk officer is devoted full time to operational risks and risk transfer programs, as well as facilitating risk assessments and doing a comprehensive review and reporting of all risks, with assistance from risk coordinators in the various business units. That risk officer reports to the SVP Risk Management, who is ultimately responsible for the execution of the ERM program. Reports are also made to the Ameritas Board and Audit Committee, who also have oversight responsibility.

Ameritas has developed a comprehensive set of policies, procedures, and controls that serve to establish an appetite for the types of products, services, and investments the insurance companies will be involved in, as well as the tolerances, limits, or extent to which the companies will be exposed to them. The ERM Committee has also established tolerances for operating risks related to capital investment, financial reporting, legal and regulatory matters, code of conduct, reputation, staffing, and systems availability. When adverse outcomes do occur, Ameritas focuses on determining the lessons to be learned and makes adjustments in order to improve the management and measurement of risk.

OPERATING PERFORMANCE

Operating Results: Prior to 2011, Union Central Life Insurance Company had recorded statutory net losses primarily due to significant asset impairments within the company's residential mortgage-backed securities portfolio. Net operating results had generally been positive during this time period except for 2008 due to increased distribution expansion expenses as well as strain due to an increase in sales. Net operating gains declined to $15.6 million in 2010 from $40 million in 2009 primarily a result of a decline in income of $42 million due to a new reinsurance treaty entered into in 2009. Net operating results improved markedly in over the past two years due to reduced statutory strain as the company currently writes only a limited amount of new business. In addition, net income also improved due to a lower amount of asset impairments. The company has ceased marketing its product lines as many products that were historically written by Union Central are now being written on another affiliates paper thus overall premium has declined.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas has a generally diversified earnings profile, consisting of the group's insurance and financial services businesses. Within insurance, earnings are well diversified between individual life, annuity, disability and group dental & vision. The company reported consolidated GAAP net income of $78 million in 2012 versus $79 million in 2011. Net income was primarily impacted by the contingent $62 million pre-tax estimated loss from the writedown of AFSB book value and a decline in earnings at Calvert which offset improved profitability in the individual insurance lines of business. Net income had declined from $146 million in 2010 due to increased mortality

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experience and the impact of the low interest rate environment in the individual division, reduced income at Calvert and a decline in earnings at AFSB. Net income had benefited in 2010 from a focus on expense management, a strong market recovery, improved earnings at AFSB primarily due to a reduced loan loss provision, and the release of tax valuation allowances. The Individual segment generated the majority of Ameritas' earnings in 2012 with the Group, Retirement Plans and Financial segments contributing much lesser amounts. In 2012, each segment's pre-tax operating earnings contributions were as follows: Individual (69%), Group (18%), Financial (10%), Retirement (2%) and corporate division (1%). On a pre-tax operating basis (excluding non-recurring charges and capital gains/losses), Ameritas' 2012 consolidated GAAP results were $137 million versus $139 million in the prior period. The company posted a net loss of $274 million in 2008 as net income was impacted by $427 million of realized losses due to impairments in its investment portfolio.

On a year-over-year basis, operating earnings for the Individual segment (life, annuity and disability insurance) increased modestly to $93.6 million from $ 91.6 million in the prior year. The increase in earnings was primarily due to improved morbidity which offset the continued spread compression in its fixed-income annuity and interest-sensitive life lines of business. In recent years, the individual segment earnings reflect improvement due to lower expenses, favorable morbidity in its disability insurance line of business and the strong market recovery. The Group division's operating results were relatively flat in 2012 at $25.0 million primarily impacted by increased expenses tied to the acquisitions of BNL. The group segment experienced a modest improvement in dental claims in recent periods after experiencing a considerable increase in claims in 2009 that was partially attributable to the recessionary economic environment. The Financial segment reported earnings of $13.3 million in 2012 compared to $24.4 million in 2011 and $29.7 million in 2010. The declines are primarily due to the impact of lower assets under management at Calvert and a decline in earnings at ASFB due to lower interest spreads. Operating results in the Financial segment had improved noticeably in 2010 driven by a lower loan loss provision at AFSB and higher assets under management at Calvert. The Retirement Plans segment's earnings have decreased over the past three years due to the impact of a drop in market values and a decline in sales and lower persistency. Finally, the Corporate segment's reported earnings of $2 million after posting a loss of $6 million in 2011 primarily due to higher unallocated personnel expenses and lower income from alternative investments.

On a statutory basis, Ameritas reported a consolidated pre-tax net operating gain of $81 million in 2012 compared to $89 million in 2011 and $111 million in 2010. The decline in pre-tax earnings in 2012 compared to 2011 was primarily a result of increased strain from sales of new business, lower income from the derivatives used as a hedge for the GMWB rider and index products relative to incremental reserves and reinsurance impacts. Partially offsetting these variances were the impacts of active expense management, the release of reserves due to cash flow testing and higher dividends from subsidiaries. The decline in pre-tax earnings in 2011 compared to 2010 was primarily a result of increased strain from sales of new business and increased reserves due to cash flow testing. Partially offsetting these variances were the impacts of active expense management, higher income for the derivatives used a hedge for the GMWB rider and index products relative to incremental reserves and improved Group Dental morbidity. Regulation XXX reserve strain continued to impact results over the three year period as well. The statutory results exclude the financial services businesses and consist of the following five statutory reporting entities: Ameritas Life, Ameritas Life of NY, Acacia Life, Union Central, and Brokers National Life Assurance Company. A.M. Best expects statutory earnings may be pressured in the near-term due to the competitive market and economic environment, but over time will benefit from organic growth, achievement of scale and further expense efficiencies.

PROFITABILITY ANALYSIS ($000)

	Company			
Period Ending	Pre-tax Net Oper Income	Net Operating Gain	Net Income	Total Return
2008	-19,782	-21,472	-156,271	-184,044
2009	36,653	40,096	-119,780	-105,492
2010	11,819	15,565	-2,065	12,121
2011	45,901	64,696	67,589	60,178
2012	37,102	67,389	62,965	69,424
5-Yr Total	111,693	166,274	-147,562	-147,812

	Company		Industry Composite	
Period Ending	Operating ROR	Operating ROE	Operating ROR	Operating ROE
2008	-1.6	-7.3	0.4	1.1
2009	3.9	12.0	6.6	16.9
2010	1.6	3.9	4.6	10.8
2011	6.9	15.1	2.1	5.3
2012	8.3	14.2	3.9	11.2
5-Yr Avg	3.3	8.6	3.4	9.1

PROFITABILITY TESTS

Year	Ben Paid to NPW & Dep	Comm & Exp to NPW & Dep	NOG to Tot Assets	NOG to Tot Rev	Operating Return on Equity	Net Yield	Total Return
2008	95.3	24.0	-0.3	-1.6	-7.3	5.87	2.35
2009	96.4	23.1	0.6	3.9	12.0	5.41	2.30
2010	106.4	23.6	0.2	1.6	3.9	5.56	5.57
2011	106.0	20.5	0.9	6.9	15.1	5.54	5.51
2012	117.6	17.2	1.0	8.3	14.2	5.25	5.36
5-Year Avg	103.1	22.0	0.5	3.3	8.6	5.52	4.27

NET OPERATING GAIN ($000)

Product Line	2012	2011	2010	2009	2008
Ordinary life	-3,451	4,779	-19,164	5,630	-45,575
Group life	883	669	693	742	285
Supplementary contr	-391	289	57	120	122
Individual annuities	12,561	21,033	10,088	-3,597	-5,108
Group annuities	6,551	9,464	6,329	1,854	2,176
Individual A&H	16,416	12,696	9,233	1,503	4,279
Group A&H	1,841	1,496	639	4,692	1,665
Other	32,979	14,270	7,689	29,152	20,682
Total	67,389	64,696	15,565	40,096	-21,472

ACCIDENT AND HEALTH STATISTICS ($000)

Year	Net Premiums Written	Net Premiums Earned	Loss Ratio	Exp. Ratio	Underwriting Results
2008	75,931	75,634	54.2	56.3	-8,123
2009	77,623	77,423	51.5	56.2	-6,287
2010	78,778	78,778	53.0	51.9	-3,891
2011	81,046	81,676	54.2	49.3	-3,105
2012	81,950	81,066	49.3	40.1	8,439
Current Year Experience:					
Group	7,411	7,411	24.3	59.4	1,424
Non-can.	71,149	70,332	52.2	38.5	6,262
Guarant renew	3,387	3,319	42.3	33.4	769
Other	3	3	592.5	1.8	-16

INVESTMENT GAINS ($000)

	Company		
Year	Net Inv Income	Realized Capital Gains	Unrealized Capital Gains
2008	257,836	-134,799	-27,773
2009	243,586	-159,876	14,288
2010	260,698	-17,630	14,187
2011	270,573	2,894	-7,411
2012	266,857	-4,425	6,460
5-Year Total	1,299,550	-313,836	-250

	Company				Industry Composite	
Year	Inv Inc Growth (%)	Inv Yield (%)	Return on Inv Assets (%)	Total Return (%)	Inv Inc Growth (%)	Inv Yield (%)
2008	0.5	5.9	2.3	2.35	-0.1	5.6
2009	-5.5	5.4	2.3	2.30	-7.5	5.2
2010	7.0	5.6	5.2	5.57	0.4	5.2
2011	3.8	5.5	5.7	5.51	3.5	5.2
2012	-1.4	5.3	5.4	5.36	-3.8	5.0
5-Yr Avg	0.8	5.5	4.2	4.27	-1.6	5.2

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BALANCE SHEET STRENGTH

Capitalization: Union Central currently maintains an adequate amount of risk-adjusted capital for its insurance and investment risks. Capital and surplus increased considerably in recent periods after a sharp decline during the financial crisis primarily due to a significant amount of asset impairments within its residential mortgage-backed securities portfolio. As a result of these losses, the company implemented a number of initiatives to improve its capital position including reinsuring a substantial amount of business to affiliate companies (which have since been recaptured), issuing a $50 million surplus note to an affiliate (which has since been retired) and repositioning the company under Ameritas Life in order to make it easier to facilitate the allocation of capital within the organization. In addition, the company received capital contributions from its parent totaling $225 million in 2008 and 2009. Capital and surplus increased over the past two years due to improved operating results and lack of stockholder dividends. A.M. Best expects Union Central to remain well capitalized with the potential for only a moderate amount of asset impairments over the near-term.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Capital and surplus has increased in recent years after declining sharply in 2008 due to significant realized and unrealized investment losses. Capital and surplus increased over the past three years primarily due to favorable operating results and market impacts on investments partially offset by $70 million in stockholder dividends over the past two years to Ameritas Holding Company and an increase in non-admitted assets. In 2009, capital and surplus benefited from repositioning activities within the group, a new reinsurance agreement at Union Central and favorable operating results. As a result, the group maintains a more than adequate level of risk-adjusted capitalization for its current investment and insurance risks. On a qualitative basis, the group's strong capitalization levels are complemented by favorable financial measures such as low financial leverage, solid interest coverage, moderate intangibles-to-equity and the hidden value inherent in its ownership of Calvert. In addition, the company employs strong enterprise risk management and corporate governance programs that are deployed throughout the organization.

A.M. Best believes that the repositioning of Union Central and Acacia Life under Ameritas Life has made it easier to facilitate the allocation of capital within the organization. While Union Central's capital position was impacted by significant impairments in its non-agency backed securities during the financial crisis, Ameritas made a number of strategic decisions to ensure that the company remained well capitalized including $225 million of capital contributions. A.M. Best notes that the other insurance operating entities, Ameritas Life Ameritas Life of NY, and Acacia Life, are all very well capitalized. Going forward, A.M. Best expects Ameritas Life Group to maintain sound capitalization, which is enhanced by the group's financial flexibility as a mutual holding company, good liquidity and diversified business profile.

CAPITAL GENERATION ANALYSIS ($000)

	Source of Surplus Growth			
Year	Net Operating Gain	Realized Capital Gains	Income Taxes	Unrealized Capital Gains
2008	-21,472	-134,799	1,690	-27,773
2009	40,096	-159,876	-3,443	14,288
2010	15,565	-17,630	-3,746	14,187
2011	64,696	2,894	-18,794	-7,411
2012	67,389	-4,425	-30,288	6,460
5-Yr Total	166,274	-313,836	-54,581	-250

	Source of Surplus Growth			
Year	Change in AVR	Other Changes	Change in C&S	% Chg in C&S
2008	32,393	97,570	-54,082	-16.8
2009	-2,934	242,325	133,900	50.2
2010	-8,236	-4,363	-478	-0.1
2011	-11,304	4,632	53,506	13.4
2012	-19,176	-11,951	38,298	8.4
5-Yr Total	-9,257	328,213	171,144	8.9

QUALITY OF SURPLUS ($000)

Year	Surplus Notes	Other Debt	Contributed Capital	Unassigned Surplus
2008	74,845	…	82,345	109,632
2009	49,854	…	242,658	108,219
2010	49,862	…	242,666	107,733
2011	49,871	…	242,675	161,230
2012	49,880	…	242,684	199,519

Year	Year-End C&S	Asset Valuation Reserve	Interest Maint. Reserve	Adjusted C&S
2008	266,977	4,739	…	271,716
2009	400,877	7,672	12,017	408,549
2010	400,399	15,908	10,295	416,307
2011	453,905	27,212	10,502	481,117
2012	492,203	46,388	17,493	538,591

LEVERAGE ANALYSIS

	Company				-Industry Composite-	
Year	C&S to Liab	Surplus Relief	NPW & Dep to Capital	Change in NPW & Dep	C&S to Liab	Surplus Relief
2008	6.2	8.2	4.0	6.3	8.8	2.6
2009	9.1	6.0	2.1	-21.8	10.0	4.1
2010	8.9	7.6	1.8	-12.9	10.2	3.4
2011	10.0	5.8	1.5	-5.0	10.3	0.8
2012	10.9	1.4	1.2	-7.7	11.6	2.8

Current BCAR: 354

CEDED REINSURANCE ANALYSIS

	Company						-Industry Composite-	
Year	Face Amount Reins Ceded	Affil Reins Rec/C&S	Unaffil Reins Rec/C&S	Total Reins Rec/C&S	Surplus Relief	Reins Leverage	Total Reins Rec/C&S	Reins Leverage
2008	29,076,687	…	6.5	6.5	8.2	155.6	4.2	134.2
2009	43,129,274	0.1	10.2	10.3	6.0	126.1	4.4	125.1
2010	44,163,819	0.4	15.1	15.5	7.6	143.8	4.3	125.9
2011	43,552,371	0.6	10.8	11.4	5.8	133.2	4.8	143.0
2012	30,360,129	0.2	4.8	5.0	1.4	115.6	4.7	132.5

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Liquidity: The group's overall liquidity is buttressed by positive net cash flows from its diversified business mix and access to a committed but unused bank line at Ameritas Life. In addition, Ameritas Life, Acacia and Union Central are members of the Federal Home Loan Bank system which provides the potential for additional borrowing capacity at a relatively low cost of funds. Finally, liquidity is further enhanced through Ameritas' mutual holding company structure; its lack of financial leverage; and lower product risk profile.

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LIQUIDITY ANALYSIS

Year	Company: Operating Cash Flow ($000)	Company: Quick Liquidity	Company: Current Liquidity	Company: Non-Inv Grade Bonds to Capital	Company: Delnq & Foreclsd Mtg to Capital
2008	51,372	56.8	68.8	50.8	0.3
2009	194,562	58.7	70.8	31.9	0.2
2010	175,365	56.2	69.9	25.6	0.8
2011	239,169	56.2	70.9	25.7	0.5
2012	167,894	56.7	70.7	21.4	0.4

Year	Company: Mtg & Cred Ten Lns & RE to Cap	Company: Affil Invest to Capital	Industry Composite: Quick Liquidity	Industry Composite: Current Liquidity
2008	208.1	11.4	44.8	57.4
2009	138.8	5.2	45.2	57.8
2010	136.4	4.2	42.9	55.9
2011	120.9	2.2	42.5	55.7
2012	126.7	1.8	39.6	54.1

Investments: Union Central's investment portfolio consists of just over 80% fixed-income securities, 13% direct commercial mortgage loans and a modest amount of equity securities, real estate and other alternative investments. The fixed income portfolio consists primarily of investment grade corporate bonds with a lesser amount of state and special revenue bonds Less than one-fourth of the fixed-income portfolio consists of securitized assets including residential mortgage-backed securities (RMBS) and other asset-backed securities which are primarily backed by home equity loans. The company experienced significant impairments in its RMBS portfolio in 2008 and 2009 but these losses have moderated in recent periods. The company's direct commercial mortgage loan portfolio has performed relatively well in recent periods.

The following text is derived from A.M. Best's Credit Report on Ameritas Life Group (AMB# 069790).

Ameritas' investment portfolio is managed on a consolidated basis by Ameritas Investment Partners, an Ameritas company. The general account portfolio is concentrated primarily in fixed-income securities (approximately 73% on a consolidated basis) and mortgage loans (15%), with the balance invested in common and preferred stock, real estate, alternative investments, policyholder loans and cash and cash equivalents. The fixed income portfolio is comprised of approximately one-fifth structured securities, and includes investments in residential, commercial and other asset-backed securities that are primarily backed by home equity loans. A.M. Best notes that exposure to these securities has declined noticeably in recent periods and the potential for material investment losses in this sector is limited. Relative to similarly-rated peers, Ameritas has below-average exposure to high-yield bonds as a percentage of statutory capital, reflecting its conservative investment philosophy, financial discipline and superior capitalization. Interest rate risk from the MBS portfolio is actively managed by focusing on purchases of issues with 15-year collateral, the monitoring of market values and active asset/liability management. Exposure to subprime and Alt-A loans is moderate, though concentrated primarily within Union Central.

Ameritas' mortgage portfolio is geographically diversified and comprised mainly of commercial loans on office, retail, apartments, and industrial buildings. Lending activity is driven by conservative underwriting standards and the historical performance has been above average, with only a modest amount of loan delinquencies in recent periods. Mortgage loan exposure as a percentage of statutory capital is in line with similarly-rated peers for Ameritas' insurance lines despite the approximately $300 million of interest-only loans that were transferred to Ameritas' general account from ASFB.

INVESTMENT YIELDS

Year	Net Yield	Bonds	Stocks	Mortgages	Cash & Short-Term	Real Estate Gross	Real Estate Net	Invest. Exp. Ratio
2008	5.87	5.62	8.51	7.37	1.43	47.10	7.57	5.61
2009	5.41	5.71	1.78	6.82	0.30	44.37	14.04	8.28
2010	5.56	5.42	9.86	6.86	0.06	43.59	10.21	6.79
2011	5.54	5.37	2.01	6.71	0.04	42.10	6.54	5.79
2012	5.25	5.18	2.09	6.06	0.06	38.04	3.17	5.89

INVESTMENTS - SECURITIES

Current Year Distribution of Bonds By Maturity

	Years 0-1	1-5	5-10	10-20	20+	Yrs-Avg Maturity
Government	1.2	4.7	4.3	0.4	0.0	5
Gov't Agencies & Muni	1.0	5.0	2.6	1.0	0.1	5
Industrial & Misc	4.4	25.6	40.2	4.2	3.1	7
Hybrid Securities	0.5	0.9	…	…	0.6	9
Total	7.2	36.2	47.1	5.7	3.8	6

	2012	2011	2010	2009	2008
Bonds (000)	4,274,913	4,205,185	4,028,473	3,801,766	3,451,144
US Government	9.8	0.8	0.8	10.6	1.9
Foreign Government	…	…	0.0	0.0	…
Foreign - All Other	20.2	19.7	18.3	17.0	16.1
State/Special Revenue - US	9.9	18.7	16.4	5.2	4.3
Public Utilities - US	…	…	…	…	7.9
Industrial & Misc - US	58.1	58.7	62.3	64.5	69.7
Hybrid Securities	2.0	2.1	2.3	2.7	…
Credit Tenant Lns - US	…	…	0.0	0.0	0.0
Affiliated	…	…	…	…	0.0
Private Issues	18.6	17.7	15.7	14.5	12.1
Public Issues	81.4	82.3	84.3	85.5	87.9

Bond Quality (%)	2012	2011	2010	2009	2008
Class 1	58.3	60.5	62.5	63.3	62.6
Class 2	39.0	36.6	34.9	33.4	33.6
Class 3	1.6	1.7	1.5	2.1	2.0
Class 4	0.7	0.8	0.6	0.9	1.2
Class 5	0.2	0.2	0.4	0.2	0.7
Class 6	0.2	0.2	0.1	0.1	0.1

INVESTMENTS - EQUITIES

	2012	2011	2010	2009	2008
Stocks (000)	38,585	32,904	23,697	22,378	171,060
Unaffiliated Common	99.9	99.7	73.9	59.0	21.3
Affiliated Common	0.1	0.3	26.1	41.0	7.8
Unaffiliated Preferred	…	…	…	…	68.9
Affiliated Preferred	…	…	…	…	2.0

INVESTMENTS - MORTGAGE LOANS & REAL ESTATE

	2012	2011	2010	2009	2008
Mortgages (000)	669,400	567,518	554,796	553,974	551,040
Commercial	89.6	100.0	100.0	100.0	100.0
Residential	10.4	…	…	…	…
Mortgage Quality (%)	**2012**	**2011**	**2010**	**2009**	**2008**
90 Days Delinquent	0.3	…	0.4	…	…
In Process of Foreclosure	…	…	…	0.1	0.1
Total Delinquencies	0.3	…	0.4	0.1	0.1
	2012	2011	2010	2010	2008
Real Estate (000)	12,997	14,168	12,624	12,348	13,027
Property Occupied by Co	74.9	74.9	90.2	98.1	98.2
Property Held for Inc	11.0	8.7	9.8	1.9	1.8
Property Held for Sale	14.1	16.4	…	…	…

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INVESTMENTS - OTHER INVESTED ASSETS

	2012	2011	2010	2009	2008
Other Inv Assets (000)	260,590	254,212	238,603	291,734	281,708
Cash	2.4	-0.7	-4.3	-3.4	-2.7
Short-Term	20.5	20.1	18.3	35.4	39.8
Schedule BA Assets	3.4	5.0	4.6	5.0	7.1
All Other	73.7	75.6	81.4	63.1	55.8

HISTORY

Date Incorporated: 01/01/1867 **Date Commenced:** 01/01/1867

Domicile: NE

Originally incorporated in 1867 as a stock company, in 1954 Union Central was mutualized. Effective January 1, 2006, the company converted from a mutual insurance company structure to a stock life insurance company by adopting the mutual holding company structure. This structure allows for operational flexibility as evidenced by the merger of the Union Central Mutual Holding Company with the Ameritas Acacia Mutual Holding Company also on January 1, 2006. The surviving mutual holding company was renamed UNIFI Mutual Holding Company. In April 2009, the company repositioned Union Central within the organization to facilitate the allocation of capital among affiliate companies. Union Central is now a wholly-owned subsidiary of Ameritas Life Insurance Corp. The intermediate holding company, Ameritas Holding Company, owns all of the shares of Ameritas Life Insurance Corp. On May 2, 2012, INIFI Mutual Holding Company was renamed Ameritas Mutual Holding Company.

MANAGEMENT

Officers: Chairperson, JoAnn M. Martin; President, Steven J. Valerius (Individual Division); Executive Vice President and Treasurer, William W. Lester (Corporate); Executive Vice President, Tim L. Stonehocker; Senior Vice President and Chief Financial Officer, Robert C. Barth; Senior Vice President and Chief Investment Officer, James Mikus; Senior Vice President and Chief Information Officer, Richard A. Wiedenbeck; Senior Vice President and Secretary, Robert-John H. Sands (Corporate); Senior Vice President and Chief Officer, J. Thomas Burkhard (Individual); Senior Vice Presidents and Chief Actuaries, Robert M. Jurgensmeier (Individual), Linda A. Whitmire (Corporate); Senior Vice Presidents, Nancy A. Dalessio (Information Technology), Cheryl L. Heilman (Individual Operations), Arnold D. Henkel (Individual Strategic Alliances), Lisa A. Mullen (Individual Financial Operations), Janet L. Schmidt (Human Resources), Paul G. Wesling (Individual DI Product Management), Susan K. Wilkinson (Planning & Risk Management).

Directors: Robert C. Barth, William W. Lester, JoAnn M. Martin (Chair), Tim L. Stonehocker, Steven J. Valerius.

REGULATORY

An examination of the financial condition was made as of December 31, 2008, by the insurance department of Ohio. The 2012 annual independent audit of the company was conducted by Deloitte & Touche, LLP. The annual statement of actuarial opinion is provided by Linda Whitmire, Vice President & Financial Actuary.

Reserve basis: (Current ordinary business): 2001 CSO 4%; CRVM, Mod valuation. (Current group business): Gross pro rata unearned premium for group term. (Current individual annuity business): A-2000 4.25% ; CARVM; GL43 VACARVM (Current SPIA business): AN2000 4.25%. Group A2000 5%.

REINSURANCE

The company maintains reinsurance treaties with several reinsurance companies for ceding excess for its insurance line. Maximum net retention is $2,000,000 with retention graded down for ages over 66 and ratings over table A. For disability income, $5,000 of the monthly benefit is retained.

FINANCIAL INFORMATION

BALANCE SHEET ($000) - December 31, 2012

Assets		Liabilities	
*Total bonds	4,274,913	+Net policy reserves	4,668,472
*Total common stocks	38,585	Policy claims	24,165
Mortgage loans	669,400	Deposit type contracts	167,287
Real estate	12,997	Interest maint reserve	17,493
Contract loans	182,355	Comm taxes expenses	35,793
Cash & short-term inv	59,785	Asset val reserve	46,388
Prems and consids due	47,920	Contingency reserve	1,000
Accrued invest income	51,897	Other liabilities	47,304
Other assets	162,255		
		Tot liab w/o sep accts	5,007,903
Tot assets w/o sep accts	5,500,106	Separate account bus	1,558,842
Separate account bus	1,558,842	Total liabilities	6,566,745
		Common stock	2,500
		Surplus notes	50,000
		Surplus debentures	-120
		Paid in & contrib surpl	240,304
		Unassigned surplus	199,519
Assets	7,058,947	Total	7,058,947

*Securities are reported on the bases prescribed by the National Association of Insurance Commissioners. +Analysis of reserves; Life $2,322,145; annuities $2,019,419; supplementary contracts with life contingencies $5,872; accidental death benefits $108; disability active lives $3,850; disability disabled lives $8,467; miscellaneous reserves $7,195; accident & health $301,415.

SUMMARY OF OPERATIONS ($000)

Premiums:		Death benefits	88,564
Ordinary life	192,395	Matured endowments	704
Individual annuities	54,030	Annuity benefits	41,071
Group life	76	Disability benefits	3,897
Group annuities	180,653	Surrender benefits	592,805
Acc & health group	7,411	Acc & health benefits	32,529
Acc & health other	74,640	Int on policy funds	3,628
Total premiums	509,204	Supplementary contracts	896
Supplementary contracts	520	Incr life reserves	74,042
Net investment income	266,857	Incr a & h reserves	8,291
Amort interest maint res	3,520	Commissions	31,954
Comm & exp reins ceded	6,866	Comm exp reins assumed	2,721
Other income	23,787	Insur taxes lic & fees	7,911
Mgt and/or service fee	2,613	General ins expenses	75,960
		Net transf to sep acct	-200,875
		Misc operating expense	1,423
Total	813,368	Total	765,521

Gain from operations before FIT & div to policyholders	47,847
Dividends to policyholders: life	10,745
Gains from operations after dividends to policyholders	37,102
Federal income taxes incurred	-30,288
Net gain from operations after FIT and dividends	67,389

CASH FLOW ANALYSIS ($000)

Funds Provided		Funds Applied	
Gross cash from oper	787,086	Benefits paid	744,652
Transf from sep account	192,519	Comm, taxes, expenses	123,016
Long-term bond proceeds	420,461	Long-term bonds acquired	480,483
Other invest proceeds	106,921	Mortgage loans acquired	165,317
Other cash provided	56,843	Other cash applied	39,880
		Incr cash & short-term	10,483
Total	1,563,830	Total	1,563,830

Best's Rating Report

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Why is this *Best's® Rating Report* important to you?

A Rating Report from the A.M. Best Company represents an independent opinion from the leading provider of insurer ratings of a company's financial strength and ability to meet its obligations to policyholders.

The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. The Best's Financial Strength Rating **opinion** addresses the relative ability of an insurer to meet its ongoing insurance obligations. The rating is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of an insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is **not a recommendation** to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

The company information appearing in this pamphlet is an extract from the complete company report prepared by the A.M. Best Company.

A Best's Financial Strength Rating is assigned after a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Best's Financial Strength Ratings are assigned according to the following scale:

Secure Best's Financial Strength Ratings

A++ and A+ . . . . . Superior
A and A- . . . . . Excellent
B++ and B+. . . . . Good

Vulnerable Best's Financial Strength Ratings

B and B-. . . . . Fair
C++ and C+. . . . . Marginal
C and C- . . . . . Weak
D . . . . . Poor
E. . . . . .Under Regulatory Supervision
F. . . . . .In Liquidation
S. . . . . .Rating Suspended

For the latest **Best's Financial Strength Ratings** and *AMB Credit Reports* visit the A.M. Best web site at **www.ambest.com**. You may also obtain *AMB Credit Reports* by calling our Customer Service department at +1-908-439-2200, ext. 5742. To expedite your request, please provide the company's identification number (AMB #).