



# FINANCIAL SUMMARY 2016

## SENTINEL SECURITY LIFE INSURANCE COMPANY

2016 was another successful year for Sentinel Security Life Insurance Company (Sentinel). Coupled with continued significant growth, Sentinel maintained profitability and achieved a primary goal: continued growth of capital and surplus. Other significant milestones include:

- Total Assets exceeded \$617 million
- Gross Annuity Premium exceeded \$380 million
- Capital and surplus exceeded \$40 million

### STATUTORY FINANCIAL HIGHLIGHTS\*

Net Operating Income	\$2,679,295	Policy Reserves	\$184,875,786
**Net Income	(\$2,474,226)	Total Net Revenue	\$59,424,044
Admitted Assets	\$617,141,221	Gross Final Expense Insurance In-Force	\$211,594,008
Total Liabilities	\$576,988,539	Gross Reserves for Fixed Annuities In-Force	\$1,406,957,571
Gross Capital & Surplus	\$40,152,682	Capital & Surplus / Admitted Assets	6.51%

\* As of December 31, 2016 - Audited. \*\*Sentinel incurred a one-time charge related to the transfer of two subsidiary operating companies through a dividend transaction to the holding company. Net income excluding the charge would have been \$2,031,976

In addition, Sentinel joined the Advantage Capital Holdings ("A-Cap") family of companies in 2016. The transition to the A-Cap family will not change the core principles responsible for Sentinel's success in the market, but the additional resources now available have and will continue to add significant value and aid Sentinel in executing its business strategy.

Sentinel's core value is to provide the best in customer service to all of our policyholders and agents. As we look forward, we remain committed to providing sound and innovative insurance and annuity products to our existing and future customers; enhanced by our continued commitment of providing exceptional service.

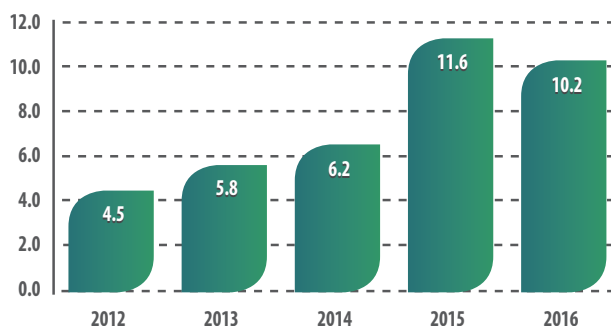
#### Core Principles

- Superior customer service to policy owners and agents
- Leading with innovative products
- Using technology to improve service and the way our clients interact with us

### SELECT STATUTORY FINANCIAL DATA

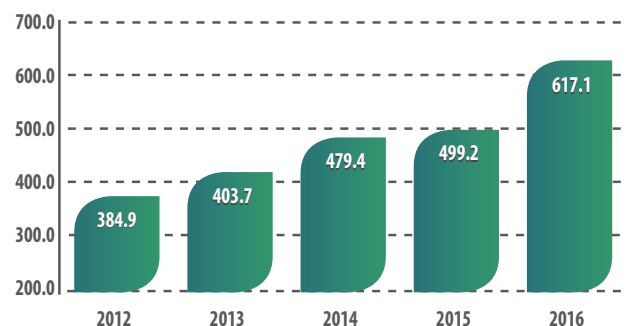
#### STATUTORY NET INVESTMENT INCOME (Millions)

Net investment income increased over 128% since 2012 as a result of the growth in invested assets in recent years, primarily from fixed annuity sales, and from an overall improvement in investment yields.



#### TOTAL STATUTORY ASSETS (Millions)

Total Statutory assets have increased over 60% since 2012. Sales for all product lines have increased during this time, but a majority of the growth is from sales of the fixed annuity products.

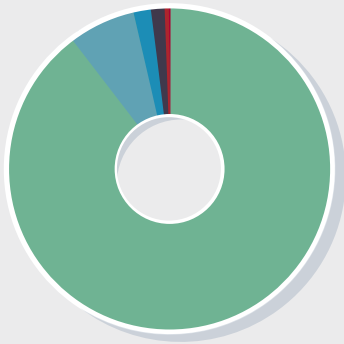




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BONDS & CASH	90.68%
MORTGAGE	6.77%
STOCKS	1.27%
OTHER	1.06%
CONTRACT LOANS	0.23%
<b>Total</b>	<b>100%</b>

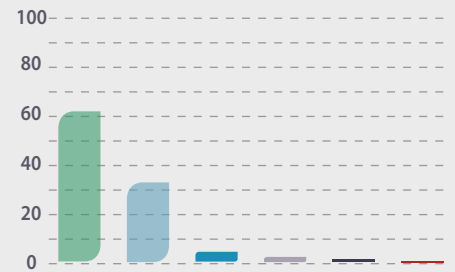


### INVESTMENT PORTFOLIO SUMMARY

Sentinel's investment philosophy is based upon the principles of providing stable returns and income while mitigating risk for policyholders and shareholders. The following graphs validate this philosophy and provide additional detail for the investment portfolio. As of December 2016, the portfolio is primarily invested in bonds and has an overall credit quality of 1 or 2 (investment grade), using the National Association of Insurance Commissioners ("NAIC") financial rating designations, with an average net yield of 5.93%.

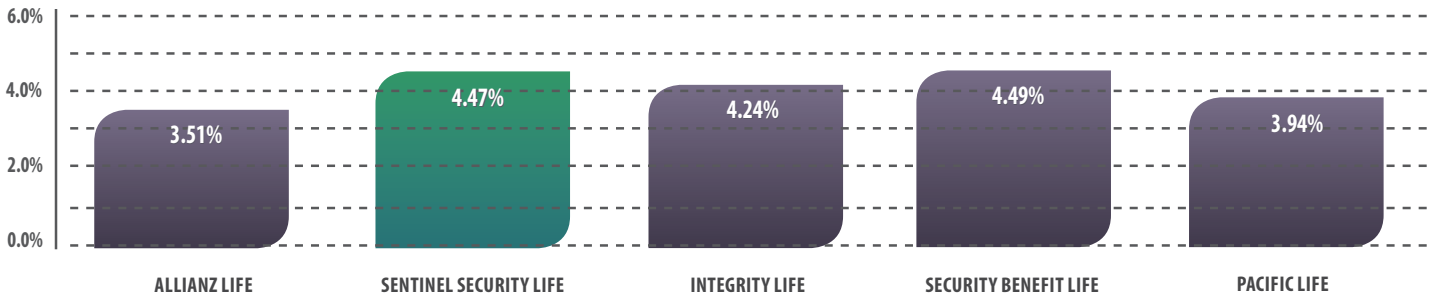
NAIC 1 - AAA/AA/A	61.97%
NAIC 2 - BBB	32.97%
NAIC 3 - BB	4.09%
NAIC 4 - B	0.76%
NAIC 5 - CCC OR LOWER	0.21%
NAIC 6 - IN OR NEAR DEFAULT	0.00%
<b>Total</b>	<b>100%</b>

Over 94% of the investment portfolio is in investment grade securities, as rated by the NAIC.



### PEER GROUP SUMMARY OF NET YIELD INVESTED ASSETS YE 2016

\*LESS FUNDS WITHHELD ASSETS



Sentinel is able to offer industry leading life insurance and fixed annuity products through innovative product design rather than being overly aggressive in the investment markets. Sentinel's net investment yield (net investment income / invested assets) is comparable to other industry leaders.

Sentinel offers a strong senior market portfolio including Life, Health, and Annuity products. We continue to develop new products and services to meet our customers' needs.

Sentinel has a long history of financial strength and stability that has afforded us the opportunity to invest wisely in the growth of our Company. Our strength lies not only in the quality of our insurance products, but also the level of service we provide to our policyholders, agents, and shareholders. We invite you to learn more about our company by visiting [www.sslco.com](http://www.sslco.com) or by calling 1-800-247-1423.

Sentinel Security Life is rated B++ (Good) for financial strength by A.M. Best Company. This rating applies only to the overall financial status of the Company and is not a recommendation of the specific policy provisions, rates or practices of the Company.

