

Best's Rating Report



**AMERICAN
NATIONAL[®]**

AMERICAN NATIONAL INSURANCE COMPANY

Galveston, Texas



A

Ultimate Parent: American National Insurance Company

AMERICAN NATIONAL INSURANCE COMPANY

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Publicly Traded Corporation: American National Ins Co
NASDAQ: ANAT

BEST'S CREDIT RATING

Best's Financial Strength Rating: A
Best's Financial Size Category: XV

Outlook: Stable

RATING RATIONALE

The following text is derived from A.M. Best's Credit Report on American National Group (AMB# 070166).

Rating Rationale: The ratings of American National Insurance Company (American National), the lead operating and holding company and the ultimate parent of American National Group (ANG), reflect its continued profitable GAAP and statutory earnings, including improved property and casualty operating results, strong level of risk-adjusted capitalization on a consolidated basis as well as at individual entities, diversified business and geographic presence, modest financial leverage, and good risk management programs across the enterprise with a focus on sustaining solid capitalization and underwriting performance. Offsetting factors include concentration in interest-sensitive reserves from its historical sales of fixed annuities, and the level of commercial mortgages relative to its statutory capital and surplus funds.

Through its diverse business platform encompassing five operating business segments, including its presence in non-insurance business lines,

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American National represents the lead company within ANG. ANG's diversified business profile provides a competitive advantage, which has been supported by its multiple distribution channels and broad product offerings that focus on life, annuity, health, and property/casualty businesses. ANG maintains a level of risk-adjusted capitalization that is more than sufficient to support its insurance and business risks. ANG's admitted and invested assets have consistently grown on an annual basis driven by its fixed annuity-based asset expansion and more recently by growth in its life insurance business. Its consolidated operating results were positively impacted by the property and casualty operations due to actions taken to mitigate the impact of catastrophe events that the company faces on an ongoing basis.

A.M. Best notes that despite its diversified business platform, sustaining a trend of stable earnings is a challenge for the organization, although largely improved in recent years. Property/casualty results remain potentially volatile due to exposure to catastrophic event risks and the soft insurance marketplace in the property/casualty business. The continued low interest rate environment exposes American National to spread compression risk, since the company holds large interest-sensitive fixed annuity reserves. American National's concentration in interest-sensitive products has experienced a recent decline due to the intentional control of annuity production. American National retains the XXX strain of its Ordinary Life business, negatively impacting this segment. American National maintains a higher than average historical allocation to commercial mortgage loans, unaffiliated equities, and real estate investments relative to the company's adjusted capital and surplus funds, which could potentially impact its investment performance should the economy weaken further in the U.S. However, A.M. Best also notes that the company's commercial mortgage loan portfolio has generally performed well despite volatility in the real estate markets and has enabled American National to earn good returns.

Key rating factors that could result in positive rating actions include the continued shift to more creditworthy business and improved operating gains from the life insurance product lines. Key rating factors that could result in a negative rating action include significant operating losses across operations and further concentration within interest sensitive products.

FIVE YEAR RATING HISTORY

Date	Best's FSR	Date	Best's FSR
09/04/15	A	06/21/12	A
06/13/14	A	06/24/11	A
06/14/13	A		

KEY FINANCIAL INDICATORS (\$000)

Year	Assets	Total Capital		Net Premiums Written	Net Invest Income	Net Income
		Capital Surplus Funds	Asset Valuation Reserve			
2010	16,438,191	1,954,149	339,357	2,020,976	759,509	129,882
2011	17,390,041	2,000,551	366,133	2,180,614	831,379	176,880
2012	17,787,333	2,260,268	390,271	1,340,470	835,309	193,739
2013	18,036,218	2,667,858	406,623	1,146,269	792,619	149,129
2014	18,112,985	2,879,154	422,789	1,318,616	731,037	134,584

(* 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.

CORPORATE OVERVIEW

American National Insurance Company (American National), a life and health insurance company domiciled in Texas, is the lead company in the American National Group (ANG), which offers a broad range of insurance products including individual and group life, health, annuities, credit and property/casualty insurance for personal lines, agribusiness and targeted commercial exposures. American National also offers variable products.

American National's executive offices and administrative records are located in Galveston, Texas. The group's operations are conducted primarily through six life insurance companies, eight property/casualty companies, and fourteen non-insurance companies. American National is a closely held organization. The Moody interests of Galveston, Texas own about 60% of the group's outstanding stock through the Moody Foundation and the Libbie Shearn Moody Trust. ANG operates in all states, the District of Columbia and Puerto Rico.

CORPORATE STRUCTURE

AMB#	COMPANY NAME	DOMICILE	% OWN
006087	American National Ins Co	TX	
010255	American National County Mut	TX	
051072	American Nat'l Life Hldgs Inc	NV	100.00
060708	American National Life Ins NY	NY	100.00
007417	American Nat'l Life Ins Texas	TX	100.00
006436	Garden State Life Ins Co	TX	100.00
007070	Standard Life and Accident Ins	TX	100.00
058905	American Nat'l Prop & Cas Hldgs	DE	100.00
003533	Amer Nat Prop & Cas Co	MO	100.00
002803	American Nat'l General Ins Co	MO	100.00
050237	ANPAC Lloyds Ins Mgmt Inc	TX	100.00
011700	American Nat'l Lloyds Ins Co	TX	
012472	ANPAC Louisiana Insurance Co	LA	100.00
012411	Pacific Property & Casualty Co	CA	100.00
000362	Farm Family Casualty Ins Co	NY	100.00
006365	Farm Family Life Ins Co	NY	100.00
010701	United Farm Family Ins Co	NY	100.00

BUSINESS PROFILE

The following text is derived from A.M. Best's Credit Report on American National Group (AMB# 070166).

American National Insurance Company (American National) offers a broad range of insurance products including individual and group life, health, annuities, credit and property/casualty insurance for personal lines, agribusiness and targeted commercial exposures as well as variable products. ANG has expanded upon its original Home Service and Multiple Line distribution channels through relationships with several organizations aiming to serve upper-income individuals, banking customers, and seniors through



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both retail and wholesale channels. ANG has established an infrastructure to support and service the distributor and the customer across its various marketing lines to stimulate profitable growth and expand its markets. Additionally, in monitoring the profitability of product lines, ANG has made decisions to exit certain product lines including major medical and long-term care markets. A.M. Best believes that the company's strategies contribute to the growth of its core business lines over the long term. American National has chosen not to compete in the highly competitive major medical health market, and focuses instead on supplemental products. The group's newest subsidiary, American National Life Insurance Company of New York (ANICONY) began selling annuities and life insurance during 2010.

ORGANIZATION: ANG offers its products through five marketing channels: Multiple Line, Career Sales & Service Division, Independent Marketing Group /Direct Marketing, Credit Insurance Division, and Health Insurance Division. Standard Life and Accident Insurance Company (SLA) and Garden State Life Insurance Company (GSL) subsidiaries specialize in senior age and direct life insurance, respectively. SLA underwrites life insurance and health policies primarily for the senior markets. GSL's sales are gradually being transferred to the lead operating company with the exception of New York sales, which are moving to ANICONY. Farm Family companies (FF) primarily market insurance in farming communities and provide additional distribution to Multiple Line. American National Life Insurance Company of Texas (ANTEX) underwrites health and life insurance. Continued losses, however, led to a discontinuation of its group and individual major medical businesses. Property/casualty insurance is offered through several subsidiaries of American National.

The **MULTIPLE LINE (ML)**, which primarily markets personal lines and agribusiness property/casualty products, also offers ANG's life, annuity and health products through its dedicated agency force. ML has emphasized increasing life insurance sales to existing property/casualty customers. In addition, variable, pension and specialty property/casualty products are also offered in this division. ML's agency force sells protection and accumulation products with an average life policy face amount of over \$100,000. The company encourages multiple line sales through a specialized compensation structure that emphasizes cross-selling within this market. This approach is designed to generate higher persistency, enhanced customer loyalty and affinity, and provide a higher level of profitability.

The **CAREER SALES & SERVICE DIVISION's (CSSD)** marketing activities are concentrated in American National, offering individual life insurance, annuities and supplemental health insurance through a career agency system that serves the middle income market, concentrated in Texas and California. CSSD's health line focuses on dread disease and accidental death and dismemberment (AD&D) policies. CSSD's life in-force has shown modest growth in recent years. New sales of individual major medical coverages were discontinued several years ago, but some in-force premium still exists. In recent years, the division has successfully focused on expense management and maintaining the level of earned premiums.

The **INDEPENDENT MARKETING GROUP (IMG)** operates through multiple distribution channels including financial institutions, large marketing companies, employee benefit firms, broker/dealers, and independent insurance brokers and agents. IMG offers life insurance, annuities, and pension products to small business owners and individual

consumers seeking wealth management and protection. Product line expansion and value-added services, backed by advertising, are used to attract new distributors. The product portfolio includes variable products in addition to traditional and universal life. Value-added services attract large national marketing organizations, bank distributions, small employer pension specialists, organizations targeting the upper-income market, wholesalers, and broker/dealers. These tactics are expected to continue to improve diversification of product and distribution, while improving profitability. Fixed annuity products grew significantly in prior years due to the increased distribution sources, competitive product offerings, and the downturn in the equity markets as individuals sought sound investments for their assets. The level of annuity sales has fluctuated over the past few years due to the proactive management of sales relative to the prevailing economic environment.

IMG also distributes through Direct Marketing (DM). DM focuses on individuals who favor purchasing insurance directly from insurance companies. DM markets nationwide by offering life insurance through the internet, mail, print and broadcast media, primarily directed at middle and lower-income customers. A.M. Best expects favorable sales growth in DM, however, statutory profitability will most likely continue to be impaired by new business strain. The direct marketing line has evolved as direct marketing products are now offered through American National and ANICONY.

The **CREDIT INSURANCE DIVISION (CID)** offers an extensive portfolio of credit insurance and debt cancellation products that are primarily distributed by general agents in the financial institutions, auto dealer, and retail segments. These products are underwritten by companies in ANG. CID has seen growth of its credit-related property and casualty product lines. Traditional credit insurance products continue to face competition from debt cancellation products in most segments; however, CID has diversified its product mix to reduce sensitivity to shifting product trends.

The **HEALTH INSURANCE DIVISION (HID)** offers supplemental health products including Medicare Supplement, cancer, accidental death and dismemberment, and limited benefit health products primarily to middle-income seniors and self-insured employers through multiple controlled and independent distribution systems. A significant amount of Medicare Supplement business is underwritten by SLA. The company also offers an array of life insurance products through its independent distribution force. The division helps its clients plan for their insurance needs as they approach retirement and during their retirement years. The company remains committed to Medicare Supplement plans, rather than offering Medicare Advantage.

Due to losses in specific businesses historically, ANG exited the major medical and long-term-care markets. ANG continues to monitor health profitability by market and is prepared to exit any line that is unable to achieve and sustain profitability.

OTHER includes certain non-insurance lines and acquired closed blocks of business from other companies. Key non-insurance subsidiaries include Comprehensive Investment Services, as well as real estate investment companies.

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TOTAL PREMIUM COMPOSITION & GROWTH ANALYSIS

Period	DPW		Reinsurance Prem Assumed		Product Line	Reinsurance Prem Ceded		NPW	
	(\$000)	(% Chg)	(\$000)	(% Chg)		(\$000)	(%)	(\$000)	(%)
Ending					Industrial life	...	...	103	0.0
2010	2,102,250	-21.0	61,437	-57.9	Ordinary life	62,772	34.0	448,070	34.0
2011	2,262,512	7.6	69,519	13.2	Group life	14,258	7.7	22,461	1.7
2012	1,430,049	-36.8	65,653	-5.6	Credit life	10,793	5.8	15,474	1.2
2013	1,231,401	-13.9	77,906	18.7	Individual annuities	...	...	615,130	46.6
2014	1,405,852	14.2	97,434	25.1	Group annuities	...	...	150,040	11.4
5-Yr CAGR	...	-12.0	...	-7.8	Individual A&H	189	0.1	9,423	0.7
					Credit A&H	8,993	4.9	13,942	1.1
					Group A&H	87,664	47.5	43,974	3.3
					Total	184,669	100.0	1,318,616	100.0

Period	Reinsurance Prem Ceded		NPW & Deposits	
	(\$000)	(% Chg)	(\$000)	(% Chg)
Ending				
2010	142,711	-19.3	2,138,101	-23.2
2011	151,418	6.1	2,290,121	7.1
2012	155,231	2.5	1,465,457	-36.0
2013	163,038	5.0	1,270,198	-13.3
2014	184,669	13.3	1,419,963	11.8
5-Yr CAGR	...	0.9	...	-12.6

Territory: The company is licensed in the District of Columbia, American Samoa, Guam, Puerto Rico, 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.

2014 BY-LINE BUSINESS (\$000)

Product Line	DPW		Reinsurance Prem Assumed	
	(\$000)	(%)	(\$000)	(%)
Industrial life	103	0.0	...	...
Ordinary life	508,572	36.2	2,270	2.3
Group life	36,719	2.6	...	...
Credit life	26,288	1.9	-21	0.0
Individual annuities	615,130	43.8	...	...
Group annuities	150,040	10.7	...	...
Individual A&H	9,613	0.7	...	...
Credit A&H	22,955	1.6	-19	0.0
Group A&H	36,433	2.6	95,205	97.7
Total	1,405,852	100.0	97,434	100.0

BY-LINE RESERVES (\$000)

Product Line	2014	2013	2012	2011	2010
Industrial life	121,834	124,973	143,404	147,428	150,937
Ordinary life	3,209,193	3,072,023	2,966,553	2,902,517	2,840,170
Group life	223,421	222,079	227,264	248,747	248,199
Credit life	8,130	8,671	9,896	12,435	20,559
Supplementary contr	1,170	1,309	1,517	1,764	1,996
Individual annuities	5,795,344	5,739,459	5,759,925	5,642,065	5,144,430
Group annuities	3,094,028	3,512,798	3,890,058	3,988,428	3,753,206
Deposit type contracts	538,745	525,139	483,297	472,134	457,685
Individual A&H	24,246	25,302	26,466	27,354	27,618
Credit A&H	24,715	24,901	26,487	30,051	36,674
Group A&H	3,096	3,242	4,967	4,844	5,599
Total	13,043,920	13,259,897	13,539,834	13,477,768	12,687,075

LIFE POLICIES STATISTICS

Year	-Ordinary Policies-		-Group Policies-		-Group Certificates-	
	Issued	In Force	Issued	In Force	Issued	In Force
2010	80,325	1,419,461	...	37	613	41,268
2011	91,511	1,402,696	...	33	873	40,457
2012	100,667	1,387,904	...	31	896	39,509
2013	115,710	1,375,471	...	30	903	38,471
2014	106,432	1,370,046	...	29	782	38,250

LIFE INSURANCE IN FORCE (\$000)

Year	Whole Life Endow. & Adds	Term	Credit	Group	Industrial	Total Insurance In Force
2010	27,699,525	19,916,708	3,279,486	6,209,305	210,139	57,315,163
2011	27,498,254	21,775,509	2,810,374	5,961,318	203,316	58,248,771
2012	27,964,515	24,984,799	2,599,412	5,742,558	195,995	61,487,279
2013	29,318,633	30,687,732	2,539,320	5,493,094	173,067	68,211,846
2014	30,474,120	34,861,082	2,531,587	5,388,043	167,245	73,422,077

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NEW LIFE BUSINESS ISSUED (\$000)

Year	Whole Life & Endow.	Term	Credit	Group	Industrial	Total Insurance Issued	Non-Par (%)	Par (%)
2010	2,229,208	3,707,006	2,439,296	57,693	...	8,433,203	97.0	3.0
2011	2,208,566	4,630,927	2,085,340	78,054	...	9,002,887	99.0	1.0
2012	2,762,848	6,329,056	2,201,885	82,513	...	11,376,302	99.0	1.0
2013	3,614,140	9,473,923	2,182,302	69,247	...	15,339,612	99.0	1.0
2014	3,377,027	8,408,485	2,145,800	61,042	...	13,992,354	99.0	1.0

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 (%)
2010	8,899,632	29.4	12.1	51.8	6.8
2011	9,632,257	31.4	11.9	50.0	6.7
2012	9,651,500	28.8	15.4	47.3	8.5
2013	9,253,567	32.6	14.8	44.6	8.0
2014	8,890,541	37.4	10.4	43.0	9.2

ORDINARY LIFE STATISTICS

Year	Ord. Lapse Ratio %	Renew Premium %	Average Ord. Policy (in dollars)	In Force	Avg Prem (\$/M)	1st Yr Prem / Total	1st Yr Comm / 1st Yr Prem	Gen. Exp. / Policies
2010	8.3	93.5	73,902	33,545	8.59	10.8	93.6	90.85
2011	8.9	89.7	74,740	35,128	8.42	11.2	86.0	91.58
2012	8.8	89.5	90,317	38,151	8.22	14.2	74.9	106.63
2013	9.1	91.8	113,111	43,626	7.99	16.8	77.5	123.20
2014	8.7	89.4	110,733	47,688	7.82	15.8	83.8	110.91

SEPARATE ACCOUNT DATA

	2014	2013	2012	2011	2010
Sep Acct Assets	1,001,515	970,954	841,390	747,867	780,563
% Growth	3.1	15.4	12.5	-4.2	8.7
S/A Assets/Adm Assets	5.5	5.4	4.7	4.3	4.7
Sep Acct Reserves	999,733	969,668	840,446	747,410	779,667
% Ordinary Life	15.3	15.5	15.0	16.0	16.9
% Individual Annuities	2.5	3.0	3.3	4.1	5.3
% Group Annuities	77.3	76.6	77.1	75.3	73.2
% Group Life	4.9	4.8	4.5	4.6	4.6
Other Liabilities	1,782	1,285	943	456	896
S/A Prems & Deposits	137,802	136,319	159,814	139,421	126,936
% Ordinary Life	8.3	8.9	8.1	9.8	11.9
% Individual Annuities	0.1	0.2	0.1	2.0	1.0
% Group Annuities	88.7	87.8	88.8	84.5	82.6
% Group Life	2.9	3.1	3.0	3.7	4.5
Sep Acct Fees & Charges	16,904	16,834	15,767	16,713	16,936
% Ordinary Life	48.6	48.3	52.3	51.3	52.2
% Individual Annuities	2.2	2.3	2.7	3.0	3.3
% Group Annuities	36.0	36.3	30.5	30.9	29.3
% Group Life	13.2	13.1	14.6	14.8	15.3
Fees & Chgs to Assets%	1.7	1.9	2.0	2.2	2.3
Sep Acct Ben & Wdrwls	163,921	154,172	131,254	139,340	136,836
% Ordinary Life	8.2	8.1	9.4	9.8	9.1
% Individual Annuities	3.3	3.0	4.0	6.9	5.2
% Group Annuities	86.8	86.8	84.5	81.5	84.1
% Group Life	1.7	2.1	2.1	1.8	1.6
Ben & Wdrwl to Assets%	16.6	17.0	16.5	18.2	18.3

INDIVIDUAL ANNUITY STATISTICS

Year	NPW (000)	Res (000)	Exp to Res (%)	Comm & Exp to NPW (%)	Benefits & Wdrwls to NPW (%)	Benefits & Wdrwls to Res (%)
2010	940,980	5,146,426	0.9	11.0	56.0	10.2
2011	1,022,219	5,643,829	0.9	10.6	66.8	12.1
2012	502,455	5,761,442	0.7	14.0	115.8	10.1
2013	446,790	5,740,769	0.9	18.8	157.8	12.3
2014	615,130	5,796,514	0.8	13.9	125.8	13.3

GROUP ANNUITY STATISTICS

Year	NPW (000)	Res (000)	Exp to Res (%)	Comm & Exp to NPW (%)	Benefits & Wdrwls to NPW (%)	Benefits & Wdrwls to Res (%)
2010	611,048	3,753,206	0.4	7.8	80.5	13.1
2011	692,924	3,988,428	0.4	7.6	87.3	15.2
2012	347,115	3,890,058	0.1	7.5	174.8	15.6
2013	170,603	3,512,798	0.2	11.1	415.3	20.2
2014	150,040	3,094,028	0.2	9.9	474.9	23.0

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GEOGRAPHIC BREAKDOWN BY DIRECT PREMIUM WRITINGS (\$000)

	2014	2013	2012	2011	2010
Texas	253,993	228,098	219,714	248,016	265,905
California	158,564	148,224	163,686	242,868	283,063
Florida	105,905	92,358	101,981	158,250	187,697
Ohio	76,977	65,878	54,970	89,015	74,986
Pennsylvania	49,516	39,395	61,543	147,657	108,857
Illinois	42,376	41,778	44,499	89,598	81,451
Washington	35,222	30,219	57,021	64,246	48,042
Missouri	35,008	29,774	39,721	55,692	49,332
New Jersey	34,285	37,559	36,760	60,891	65,104
Maryland	32,641	30,199	33,061	76,765	46,939
All Other	631,952	538,676	574,545	1,017,438	897,108
Total	1,456,440	1,282,157	1,387,503	2,250,436	2,108,485

RISK MANAGEMENT

The following text is derived from A.M. Best's Credit Report on American National Group (AMB# 070166).

ANG maintains a sophisticated and corporate-wide enterprise risk management program. The Enterprise Risk policy addresses the roles and responsibilities among the American National Board, the Management Risk Committee, officers and subsidiary boards across the enterprise with respect to risk management. There is coordination of bottom-up risk identification exercises and a catalog of individual risk limits through an established ERM liaison team. American National develops estimates of the capital needed to manage losses in excess of those expected, and already covered by reserves in many cases, for each identified major category of risk. Management Risk Committees are also formalized for the P&C companies along with a disciplined Catastrophe Risk Management Program. At the enterprise level, ANG integrates processes of the property and casualty segment with robust models of CAT losses, capital models and strong monitoring processes. American National's ERM activities have supported the improved operating results in the P&C segment. The Asset Liability Management program has been part of the company's ERM process for several years and is constantly enhanced by new policies and controls. In addition, enhancements to the internal capital model continue to be implemented.

OPERATING PERFORMANCE

The following text is derived from A.M. Best's Credit Report on American National Group (AMB# 070166).

Operating Results: On a consolidated basis, American National has recorded stable and positive statutory operating gains in the past five years. After having mixed operating results in the past, due to high benefits paid, new business reserve strain, interest rate spread compression, and unprofitable health insurance lines, the company addressed most of the aforementioned issues and continues to report operating gains. One of the other key contributors to the company's overall profitability is income from its excess capital and surplus funds.

Spread compression continues to be a challenge given ongoing low interest rates relative to minimum crediting rates on in-force policies. ANG has taken steps to mitigate this issue including reducing the minimum crediting rates on new fixed annuity contracts and in-force contracts when allowable and maintaining effective asset liability matching.

Statutory net premiums written have decreased significantly from levels attained in 2011, primarily due to intentional management of the annuity segment and intense competition in other segments. A.M. Best does not expect American National to grow business significantly in the medium term, but rather to continue on the current trend of profitable growth while strengthening core lines of business.

American National is the ultimate parent company and controls several downstream property/casualty subsidiaries, life insurance companies, and a number of non-insurance entities. Net income is positive through June, 2015, although lower than this time last year, primarily on decreased premiums and decreased realized capital gains from this time last year. On a consolidated basis, ANG reported positive GAAP results with lower net income in 2014 due primarily to lower realized investment gains, despite continued improvement in the property/casualty line of business. The property/casualty business has been an increasing contributor to earnings for the group, while providing diversification to the group's earnings base. Catastrophic (CAT) losses were the main reason for significant operating losses in the years preceding 2011 for the property/casualty line of business. Renegotiated reinsurance contracts, as well as enhanced enterprise risk management, enabled ANG to improve results in that segment, thus improving the overall profitability. The group's non-insurance operations have also been positive contributors to the consolidated operating results and net income.

PROFITABILITY ANALYSIS (\$000)

Period	Company			
	Pre-tax Net Oper Income	Net Operating Gain	Net Income	Total Return
2010	164,820	110,858	129,882	153,631
2011	204,697	152,346	176,880	174,344
2012	213,396	167,178	193,739	418,336
2013	147,352	90,777	149,129	446,508
2014	120,657	97,820	134,584	337,185
5-Yr Total	850,923	618,979	784,213	1,530,005

Period	Company		Industry Composite	
	Operating ROR (%)	Operating ROE (%)	Operating ROR (%)	Operating ROE (%)
2010	3.7	5.8	4.3	9.5
2011	4.8	7.7	3.7	8.7
2012	7.1	7.8	4.3	10.0
2013	4.3	3.7	3.2	6.5
2014	4.4	3.5	3.7	8.4
5-Yr Avg	4.8	5.5	3.8	8.6

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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	Pre-tax Invest Total Return
		Exp to NPW & Dep	NOG to Tot Assets					
2010	60.9	25.1	0.7	3.7	5.8	5.25	5.60	
2011	71.8	23.9	0.9	4.8	7.7	5.39	5.46	
2012	105.1	33.0	1.0	7.1	7.8	5.20	6.73	
2013	140.0	41.4	0.5	4.3	3.7	4.86	7.16	
2014	127.9	36.4	0.5	4.4	3.5	4.45	5.94	
5-Year Avg	94.1	30.4	0.7	4.8	5.5	5.02	6.20	

(*) Pre-Tax Invest Total Return quarterly calculation based on more limited quarterly data - see Calculation Specifications.

INVESTMENT GAINS (\$000)

Year	Net Inv Income	Company	
		Realized Capital Gains	Unrealized Capital Gains
2010	759,509	19,024	23,748
2011	831,379	24,533	-2,535
2012	835,309	26,561	224,598
2013	792,619	58,352	297,379
2014	731,037	36,763	202,602
5-Year Total	3,949,852	165,234	745,792

Company - Industry Composite

NET OPERATING GAIN (\$000)

Product Line	2014	2013	2012	2011	2010
Industrial life	2,070	1,726	812	3,831	3,685
Ordinary life	-33,995	-32,816	-1,562	-4,165	24,808
Group life	15,768	15,464	32,603	16,944	14,911
Credit life	113	660	2,000	3,128	7,248
Supplementary contr	-452	-73	-286	388	238
Individual annuities	32,094	30,915	55,440	48,828	14,621
Group annuities	59,945	50,328	61,268	78,698	41,574
Individual A&H	85	291	330	-447	-81
Credit A&H	465	940	1,662	1,574	-6,103
Group A&H	-537	-399	-1,768	1,393	1,398
Other	22,264	23,741	16,680	2,174	8,560
Total	97,820	90,777	167,178	152,346	110,858

Year	Inv Inc Growth (%)	Inv Yield (%)	Return on Inv Assets (%)	Pre-tax Invest Total Return (%)	Inv Inc Growth (%)	Inv Yield (%)
2011	9.5	5.4	5.6	5.5	2.5	5.2
2012	0.5	5.2	5.5	6.7	0.4	5.0
2013	-5.1	4.9	5.3	7.2	-1.0	4.8
2014	-7.8	4.5	4.7	5.9	1.6	4.7
5-Yr Avg	0.8	5.0	5.3	6.2	1.2	5.0

(*) Pre-Tax Invest Total Return quarterly calculation based on more limited quarterly data - see Calculation Specifications.

BALANCE SHEET STRENGTH

The following text is derived from A.M. Best's Credit Report on American National Group (AMB# 070166).

Capitalization: American National maintains a strong level of capitalization on both a relative and risk-adjusted basis generated through its statutory operating profitability. Over the past five years, the company has distributed a large portion of its statutory earnings in dividends to shareholders. American National maintains a minimal amount of debt, which consists of long-term notes payable which was primarily used to fund the Farm Family acquisition.

On a GAAP basis, equity also continues to increase due to retained earnings. The company manages its capital and surplus funds by allocating to key business segments and to operating insurance and non-insurance entities. American National's consolidated stockholders' equity has increased consistently on a long-term basis.

A.M. Best notes that American National's current level of capital is adequate to provide the capital needed to fund future growth or new business opportunities.

Current BCAR: 267

ACCIDENT & HEALTH STATISTICS (\$000)

Year	Net Premiums		Loss Ratio	Exp. Ratio	Underwriting Results
	Written	Earned			
2010	65,371	69,575	66.1	45.5	-19,502
2011	66,341	72,027	67.7	41.8	-4,509
2012	72,419	74,950	72.2	42.8	-10,713
2013	69,737	70,241	73.2	42.0	-10,459
2014	67,328	67,224	75.4	47.2	-15,221
Current Year Experience:					
Group	43,974	43,976	97.0	26.4	-10,293
Credit	13,942	13,778	22.8	96.2	-2,775
Coll renew.	5	5	-99.9	59.9	10
Non-can.	342	345	130.2	85.6	-397
Guarant renew	7,451	7,468	46.6	71.9	-1,367
Non-renew, S.R.	1,511	1,548	70.2	64.8	-518
Other	103	104	-99.9	101.2	119

Best's Rating Report

CAPITAL GENERATION ANALYSIS (\$000)

Year	Source of Surplus Growth			
	Pre-Tax Net Adjusted Gain	Realized Capital Gains	Income Taxes	Unrealized Capital Gains
2010	164,820	19,024	53,962	23,748
2011	204,697	24,533	52,351	-2,535
2012	213,396	26,561	46,218	224,598
2013	147,352	58,352	56,576	297,379
2014	120,657	36,763	22,837	202,602
5-Yr Total	850,923	165,234	231,943	745,792

Year	Source of Surplus Growth			
	Change in AVR	Other Changes	Change in C&S	% Chg in C&S
2010	-43,835	-48,114	61,682	3.3
2011	-26,776	-101,167	46,402	2.4
2012	-24,138	-134,481	259,717	13.0
2013	-16,351	-22,567	407,590	18.0
2014	-16,167	-109,722	211,296	7.9
5-Yr Total	-127,266	-416,051	986,688	8.8

QUALITY OF SURPLUS (\$000)

Year	Surplus Notes	Other Debt	Contributed Capital	Unassigned Surplus
2010	...	...	-40,378	1,994,527
2011	...	...	-40,355	2,040,906
2012	...	...	-38,453	2,298,721
2013	...	...	-34,483	2,702,341
2014	...	...	-37,347	2,916,501
2010	1,954,149		339,357	2,293,506
2011	2,000,551		366,133	2,366,684
2012	2,260,268		390,271	2,650,539
2013	2,667,858		406,623	3,074,481
2014	2,879,154		422,789	3,301,943

LEVERAGE ANALYSIS

Year	Company				-Industry Composite-	
	C&S to Liab(%)	Surplus Relief(%)	NPW & Dep to Total Capital	Change in NPW & Dep(%)	C&S to Liab(%)	Surplus Relief(%)
2010	17.2	1.5	0.9	-23.2	10.8	2.3
2011	16.6	1.5	1.0	7.1	11.2	2.1
2012	18.5	1.2	0.6	-36.0	11.4	1.7
2013	22.0	1.0	0.4	-13.3	11.4	2.3
2014	23.9	1.0	0.4	11.8	11.4	2.4

CEDED REINSURANCE ANALYSIS

Year	Company						-Industry Composite-	
	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
2010	27,670,418	...	8.1	8.1	1.5	17.9	4.4	88.5
2011	28,064,797	...	7.8	7.8	1.5	18.1	4.6	89.1
2012	28,244,238	...	6.6	6.6	1.2	15.9	4.6	77.8
2013	28,412,697	...	5.6	5.6	1.0	13.8	4.3	78.8
2014	28,096,159	...	4.9	4.9	1.0	12.7	4.3	78.0

The following text is derived from A.M. Best's Credit Report on American National Group (AMB# 070166).

Liquidity: American National maintains adequate cash resources available to meet its balance sheet liabilities and operating expenses. To maintain liquidity, the company classifies approximately 30% to 35% of its bond portfolio as "available for sale" securities. Asset/liability management has become increasingly important to manage liquidity needs associated with surrender activities while monitoring duration risks of various asset classes that support the company's large reserve base. Concurrently, the continued low interest rate environment exposes American National to spread compression risk, since American National holds large interest-sensitive fixed annuity reserves.

LIQUIDITY ANALYSIS

Year	Company					-Industry Composite-			
	Operating Cash Flow (\$000)	Quick Liquidity	Current Liquidity	Non-Inv Grade Bonds to Capital	Delq & Foreclsd Mtg to Capital	Mtg & Cred Ten Lns & RE to Cap	Affil Invest to Capital	Quick Liquidity	Current Liquidity
2010	1,024,288	50.8	71.4	23.6	0.8	128.6	105.8	39.8	73.8
2011	983,130	49.4	71.7	19.5	1.3	132.9	102.0	39.8	73.5
2012	98,268	48.2	70.8	14.1	2.6	125.5	98.8	39.8	74.2
2013	-329,726	48.2	69.2	9.5	2.3	114.9	92.7	38.5	73.7
2014	-160,442	47.7	68.7	8.9	1.8	107.6	92.8	37.4	72.8

The following text is derived from A.M. Best's Credit Report on American National Group (AMB# 070166).

Investments: On a statutory basis, American National's invested assets have continued to grow to over \$18 billion. Investments are managed by American National. The company adheres to a conservative investment philosophy with a diversified portfolio designed to maximize long-term growth and income. Long-term bonds comprise the majority of statutory invested assets, with a small portion of the bond portfolio in below-investment grade securities.

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Investments in Class 2 bonds have exceeded 40% of the bond portfolio over the five year period. Publicly traded corporate bonds and utilities comprise the bulk of this portfolio. American National's common stock portfolio represents approximately one-tenth of invested assets; however, this primarily represents affiliated investments in its insurance subsidiaries.

ANG has an above industry average allocation to commercial mortgage loans, representing approximately 18% of invested assets. The allocation to this asset class has been steady over the five year period. Commercial mortgage loans are generally secured by first liens on income-producing properties with loan to-value ratios of less than 75%. The company has approximately \$420 million in mortgage loan commitments.

INVESTMENT YIELDS

Year	Net Yield	Bonds	Stocks	Mortgages	Cash & Short-Term		—Real Estate—		Invest. Exp. Ratio
					Term	Gross	Net		
2010	5.25	5.55	0.35	7.03	0.42	26.65	1.40	8.55	
2011	5.39	5.51	0.05	7.10	0.31	26.37	3.63	7.34	
2012	5.20	5.26	0.05	6.88	0.34	25.27	3.88	7.36	
2013	4.86	4.95	0.00	7.01	0.20	22.96	2.72	8.29	
2014	4.45	4.79	0.00	6.42	0.24	17.89	-1.08	8.47	

INVESTMENTS - SECURITIES

Current Year Distribution of Bonds By Maturity

	Years					Yrs-Avg Maturity
	0-1	1-5	5-10	10-20	20+	
Government	0.4	0.1	0.2	0.0	0.0	3
Gov't Agencies & Muni	0.5	1.8	2.8	0.3	0.0	6
Industrial & Misc	12.5	22.6	57.5	1.1	0.2	6
Total	13.4	24.4	60.5	1.4	0.2	6

	2014	2013	2012	2011	2010
Bonds (000)	9,325,619	9,492,922	10,010,557	10,092,113	9,262,839
US Government	0.3	0.3	0.9	1.0	1.4
Foreign Government	0.4	0.4	0.4	0.4	0.3
Foreign - All Other	20.5	20.2	18.5	16.2	14.5
State/Special Revenue - US	5.7	6.0	6.3	6.9	6.5
Industrial & Misc - US	73.1	73.1	73.9	75.6	77.3
Private Issues	15.2	15.0	15.2	13.9	12.2
Public Issues	84.8	85.0	84.8	86.1	87.8

	2014	2013	2012	2011	2010
Bond Quality (%)					
Class 1	50.5	50.1	50.8	53.7	51.6
Class 2	46.5	46.9	45.5	41.8	42.8
Class 3	2.6	2.1	2.5	2.7	3.2
Class 4	0.3	0.6	0.6	1.4	1.7
Class 5	0.2	0.2	0.5	0.3	0.6
Class 6	...	0.0	0.1	0.1	0.2

INVESTMENTS - EQUITIES

	2014	2013	2012	2011	2010
Stocks (000)	2,060,277	1,868,644	1,625,798	1,389,911	1,359,686
Unaffiliated Common	...	...	...	2.3	3.1
Affiliated Common	100.0	100.0	100.0	97.7	96.9
Unaffiliated Preferred	...	...	...	0.0	0.0

Investments - Mortgage Loans and Real Estate: Commercial mortgage loans and real estate comprise about one-fifth of the company's invested assets. Most of the mortgage loans are in retail, office, industrial, lodging properties, and medical offices and are geographically well diversified. These loans are generally secured by first liens on income-producing properties. A.M. Best notes that despite American National's commercial mortgages having consistently performed well, the higher than average historical allocation of mortgages and real-estate investments relative to capital and surplus funds could potentially impact the company's investment performance should the U.S. economy weaken.

INVESTMENTS - MORTGAGE LOANS & REAL ESTATE

	2014	2013	2012	2011	2010
Mortgages (000)	3,277,749	3,221,133	3,064,941	2,920,387	2,720,107
Commercial	100.0	100.0	100.0	100.0	100.0
Residential	...	...	...	...	0.0
Mortgage Quality (%)					
In Process of Foreclosure	0.5	0.2	0.8	0.6	0.1
Total Delinquencies	0.5	0.2	0.8	0.6	0.1
Real Estate (000)	275,808	310,759	261,757	224,972	228,886
Property Occupied by Co	4.6	4.4	5.6	7.1	7.5
Property Held for Inc	93.9	90.7	94.4	92.9	92.5
Property Held for Sale	1.5	4.9	...	...	...

INVESTMENTS - OTHER INVESTED ASSETS

	2014	2013	2012	2011	2010
Other Inv Assets (000)	1,722,765	1,733,542	1,512,516	1,540,017	1,643,878
Cash	16.3	18.2	5.2	12.3	-2.6
Short-Term	1.7	0.8	8.7	1.1	23.1
Schedule BA Assets	50.9	51.9	57.9	60.6	55.8
All Other	31.2	29.1	28.2	26.0	23.7

HISTORY

Date Incorporated: 03/01/1905

Date Commenced: 03/17/1905

Domicile: TX

Mergers: Commonwealth Life & Accident Insurance Company, Missouri, 1994.

Reinsurances: All ordinary life insurance of American Health and Life Insurance Company, Texas, 1987; all existing business of American Security Life, Texas, 1990.

Best's Rating Report

MANAGEMENT

Officers: Chairman of the Board, R.L. Moody, Sr.; President and Chief Executive Officer, J.E. Pozzi; Executive Vice President and Chief Information Officer, J.D. Johnson (Corporate Business Process); Executive Vice President and Chief Risk Officer, G.V. Ostergren (Corporate); Executive Vice President, Treasurer and Chief Financial Officer, J.J. Dunn, Jr. (Corporate); Executive Vice Presidents, D.A. Behrens (Independent Marketing), J.W. Pangburn (Credit Insurance Division), S.H. Schouweiler (Health Insurance Operations), H.J. Strickland (Career Sales & Service Division); Senior Vice President and Chief Operating Officer, T. Walsh (Multiple Line); Senior Vice President and Chief Compliance Officer, D.A. Akins (Corporate Relations); Senior Vice President and Chief Marketing Officer, S.C. Campbell (Multiple Line); Senior Vice Presidents and Actuaries, J.F. Simon, F.V. Broll, Jr.; Senior Vice President and Controller, W.F. Carlton (Corporate); Senior Vice President and Medical Director, J.F. White (Life, Health & Group); Senior Vice President and Chief Human Resource Officer, B.M. LePard; Senior Vice Presidents, A.L. Amato, Jr. (Life New Business & Pension Administration), S.F. Brast (Real Estate/Mortgage Loan Investments), B.N. Bright (Computing Services), L.C. Ferrell (Independent Marketing Operations), B.S. Gerwel (Corporate Digital Officer), A.M. Lemire (Fixed Income & Equity Investments), M.M. Mitchell (Application Development & Support), E.B. Pavelka (Life Policy Administration), R.C. Price (Multiple Line), S.L. Smith (Agency Office Multiple Line); Vice Presidents and Chief Risk Officers, M. Byrd (Life), J. Flinn (P&C); Vice President and Chief Marketing Officer, D.R. Lambson (Health Accounts); Vice Presidents and Actuaries, S.L. Latham, G.A. Schillaci, C.E. Tipton (Health), W.H. Watson III (Health); Vice President and General Auditor, G.A. Macke (Internal Audit); Vice Presidents, T.K. Ball (Sales Credit Insurance Division), J.A. Collura (Agency Operations, Multiple Line), B.C. Cooper (Financial Accounting), S.L. Dobbe (Independent Marketing, Broker Dealer Marketing), D. Dusek, C. Falconer, B.N. Falkenhagen II (Support Services), D.W. Fisher, Jr. (Mortgage Loan Investments), D.K. Janson (Corporate Planning), R.S. Katz (Direct Marketing & Sales), H.B. Kelso, Jr., M.D., D.W. King (Equities), R.J. Kirchner (Real Estate Investments), M.A. Klein (Credit Insurance Division, Financial Marketing), C.W. Klenk (Independent Marketing, Brokerage Sales), G.H. Lukovich (ML Distribution & Sales), B.W. Manning (Claims & CSC), M.S. Marquis (Life New Business), E.V. Matthews III (Mortgage Loan Production), T.L. Milina (Health Administration), R.J. Ostermayer (Group/Third Party Operations), R.C. Putz (IT Security, Compliance & Risk), W.C. Ray (Agency Education & Development Multiple Line), D.A. Safriet (CID Sales), R.W. Schefft (Advanced Sales & Marketing), S. Schnack (Health Claims), D.H. Schultz (National Health Accounts), O.K. Smith (Human Resources), W.A. Smith (Career Sales & Service Division), D.D. Snedden, J.P. Stelling (Chief Health Compliance Officer), M.A. Walker (Special Markets, Credit Insurance), D.L. Walton (eBusiness Systems); Secretary, J.J. Flippin.

Directors: W.C. Ansell, A. O. Dummer, R. L. Moody, Sr., R. S. Moody, F. A. Moody-Dahlberg, J.P. Payne, E.J. Pederson, J. E. Pozzi, J. D. Yarbrough.

REGULATORY

An examination of the financial condition was made as of December 31, 2012, by the insurance department of Texas. The 2014 annual independent

audit of the company was conducted by KPMG, LLP. The annual statement of actuarial opinion is provided by Frank V. Broll, Jr., Senior Vice President and Actuary.

REINSURANCE

The following text is derived from A.M. Best's Credit Report on American National Group (AMB# 070166).

American National maintains agreements with several professional reinsurers, both captive and offshore, through which it cedes a significant portion of new business written. Maximum net retention is \$1,500,000 issue ages 0-65 and \$700,000 for issue ages 66+ for individual life, \$250,000 for individual accidental death, \$100,000 for group life, and \$125,000 for credit life.

FINANCIAL INFORMATION BALANCE SHEET (\$000) - December 31, 2014

Assets		Liabilities	
Total bonds	9,325,619	+Net policy reserves	12,505,176
Total common stocks	2,060,277	Policy claims	145,814
Mortgage loans	3,277,749	Deposit type contracts	538,745
Real estate	275,808	Interest maint reserve	14,474
Contract loans	345,016	Comm taxes expenses	92,258
Cash & short-term inv	308,563	Asset val reserve	422,789
Other invested assets	877,265	Other liabilities	513,061
Premis and consids due	114,604		
Accrued invest income	143,505	Tot liab w/o sep accts	14,232,316
Other assets	383,064	Separate account bus	1,001,515
Tot assets w/o sep accts	17,111,470	Total liabilities	15,233,831
Separate account bus	1,001,515	Common stock	30,832
		Treas stock common	-101,941
		Paid in & contrib surpl	33,761
		Unassigned surplus	2,919,976
		Other surplus	-3,475
Assets	18,112,985	Total	18,112,985

+Analysis of reserves; Life \$3,424,974; annuities \$8,889,372; supplementary contracts with life contingencies \$1,170; accidental death benefits \$11,673; disability active lives \$8,565; disability disabled lives \$42,708; miscellaneous reserves \$74,657; accident & health \$52,057.

Best's Rating Report

SUMMARY OF OPERATIONS (\$000)

Premiums:		Death benefits	174,866
Ordinary life	448,070	Matured endowments	3,709
Individual annuities	615,130	Annuity benefits	394,358
Credit life	15,474	Disability benefits	6,550
Group life	22,461	Coup endow/similar ben	33
Group annuities	150,040	Surrender benefits	1,166,746
Acc & health group	43,974	Acc & health benefits	50,286
Acc & health credit	13,942	Int on policy funds	20,052
Acc & health other	9,423	Supplementary contracts	206
Industrial	103	Incr life reserves	-228,194
Total premiums	1,318,616	Incr a & h reserves	-1,387
Supplementary contracts	2,879	Commissions	183,074
Net investment income	731,037	Comm exp reins assumed	20,265
Amort interest maint res	10,905	Reinsurance expenses	76,591
Comm & exp reins ceded	27,971	Insur taxes lic & fees	28,897
Reinsurance income	109,246	General ins expenses	236,005
Other income	21,648	Net transf to sep acct	-29,123
Mgt and/or service fee	1,962	Misc operating expense	26
Total	2,224,265	Total	2,102,961
Gain from operations before FIT & div to policyholders.....			121,304
Dividends to policyholders: life.....			647
Gains from operations after dividends to policyholders.....			120,657
Federal income taxes incurred.....			22,837
Net gain from operations after FIT and dividends.....			97,820

CASH FLOW ANALYSIS (\$000)

Funds Provided		Funds Applied	
Gross cash from oper	2,196,440	Benefits paid	1,816,267
Long-term bond proceeds	1,122,999	Comm, taxes, expenses	555,192
Mortgage loan proceeds	580,582	Long-term bonds acquired	922,318
Other invest proceeds	262,029	Mortgage loans acquired	625,991
Other cash provided	59,527	Other cash applied	322,151
Deer cash & short-term	20,341		
Total	4,241,919	Total	4,241,919



Best's Rating Report

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

A Best's Rating Report from the A.M. Best Company showcases the **opinion** from the leading provider of insurer ratings of a company's financial strength and ability to meet its obligations to policyholders, as well as its relative credit risk.

The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of the insurance companies since 1899.

A Best's Financial Strength Rating is an **independent opinion** of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations.

The Financial Strength Rating **opinion** addresses the relative ability of an insurer to meet its ongoing insurance policy and contract 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 the 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. The 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.

In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information.

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