

# NORTH COAST LIFE INSURANCE COMPANY

Spokane, Washington

## INCOME STATEMENTS Statutory Basis

	Period Ended June 30, 2009 <u>(Unaudited)</u>	<u>Year Ended December 31, 2008</u>
<b>Income:</b>		
Premiums and annuity considerations .....	\$3,775,716	\$6,480,731
Considerations for supplementary contracts with life contingencies .....	50,000	375,844
Net investment income .....	3,694,861	7,213,048
Amortization of Interest Maintenance Reserve .....	(66,814)	16,184
Commissions and expense allowances on reinsurance ceded .....	8,510	931,999
Reserve adjustments on reinsurance ceded .....	0	0
Miscellaneous income .....	0	50,142
Total Income .....	<u>7,462,273</u>	<u>15,067,948</u>
<b>Policy Expenses:</b>		
Death benefits .....	803,392	2,242,690
Matured endowments .....	5,000	6,239
Annuity benefits .....	1,675,321	5,306,522
Disability benefits and benefits under accident and health policies .....	(300)	1,639
Coupons, guaranteed annual pure endowments and similar benefits .....	21	83
Surrender benefits and other fund withdrawals .....	1,666,379	2,965,116
Interest on policy or contract funds .....	153,796	210,826
Payments on supplementary contracts with life contingencies .....	68,383	123,154
Increase in aggregate reserves for life and accident and health policies and contracts .....	<u>1,332,229</u>	<u>(589,512)</u>
Total Policy Expenses .....	<u>5,704,221</u>	<u>10,266,757</u>
<b>General Expenses:</b>		
Commissions on premiums and annuity considerations (direct business only) .....	250,649	556,776
General insurance expenses .....	1,002,312	2,274,048
Insurance taxes, licenses and fees, excluding federal income taxes .....	128,733	278,350
Increase in loading on and cost of collection in excess of loading on deferred and uncollected premiums .....	(45,639)	26,296
Interest on modco reinsurance reserves .....	0	0
Miscellaneous deductions .....	0	0
Total General Expenses .....	<u>7,040,276</u>	<u>13,402,227</u>
Net gain from operations before dividends to policyholders and federal income taxes .....	421,997	1,665,721
Dividends to policyholders .....	<u>2,858</u>	<u>4,554</u>
Net gain (loss) from operations after dividends to policyholders and before federal income taxes .....	419,139	1,661,167
Federal income taxes incurred (excluding tax on capital gains) .....	<u>75,431</u>	<u>304,658</u>
Net gain (loss) from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses) .....	343,708	1,356,509
Net realized capital gains or (losses) less capital gains tax and transferred to the IMR .....	<u>(175,856)</u>	<u>(728,828)</u>
Net Income (loss) .....	<u>\$167,852</u>	<u>\$627,681</u>

## RECONCILIATION OF CAPITAL AND SURPLUS Statutory Basis

	June 30, 2009 <u>(Unaudited)</u>	<u>December 31, 2008</u>
CAPITAL & SURPLUS, DECEMBER 31, PREVIOUS YEAR .....	\$5,737,259	\$5,727,817
Gain from operations .....	343,708	627,681
Net realized capital gains or (losses) .....	74,006	(728,828)
Less gains to Interest Maintenance Reserve .....	(249,862)	0
(Increase) / decrease in Asset Valuation Reserve .....	(813,863)	716,641
(Increase) / decrease in non-admitted mortgages and real estate .....	564	943
(Increase) / decrease in non-admitted other invested assets .....	0	(2,073)
Net (increase) / decrease in agents' balances and other non-admitted items .....	129,463	68,877
(Increase) / decrease in non-admitted deferred tax assets .....	0	(65,798)
(Increase) / decrease in net unrealized capital gains (losses) .....	60,581	(1,312,526)
Cumulative effect of changes in accounting principles .....	0	0
Dividends paid on company preferred stock .....	0	0
Paydown of financial reinsurance balance .....	0	0
Common stock issued .....	0	210,000
Surplus note contributions (payments) .....	0	(250,000)
Other .....	<u>1,583</u>	<u>0</u>
CAPITAL & SURPLUS, CURRENT PERIOD .....	<u>\$5,283,439</u>	<u>\$4,992,734</u>