

BEST'S RATING REPORT



NATIONAL
WESTERN
LIFE INSURANCE COMPANY®

National Western Life Insurance Company

Centennial, Colorado, United States 80112

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Mailing Address: PO Box 209080, Austin, Texas, United States 78720-9080

AMB #: 006811

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National Western Life Insurance Company

Disclosure Information: View A.M. Best's [Rating Disclosure Form](#)

Ultimate Parent: [046134 - National Western Life Group, Inc.](#)

A.M. Best Rating Unit: 006811 - National Western Life Insurance Company

Best's Credit Ratings:

Rating Effective Date: August 14, 2018

Best's Financial Strength Rating:	A	Outlook:	Stable	Action:	Affirmed
Best's Issuer Credit Rating:	a	Outlook:	Stable	Action:	Affirmed

Five Year Credit Rating History:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
08/14/2018	A	Stable	Affirmed	a	Stable	Affirmed
07/13/2017	A	Stable	Affirmed	a	Stable	Affirmed
06/29/2016	A	Stable	Affirmed	a	Stable	Affirmed
06/11/2015	A	Stable	Affirmed	a	Stable	Affirmed
06/04/2014	A	Stable	Affirmed	a	Stable	Affirmed

Rating Rationale:

Balance Sheet Strength: Strongest

- Strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR).
- Low percentage of high-risk assets.
- Reserves are concentrated in annuities.

Operating Performance: Adequate

- Consistently positive earnings.
- Downward trend in sales, driven by annuities.
- Declining spreads due to lower investment yields in a low interest rate environment.

Business Profile: Neutral

- Domestic and International business.
- Disengaged markets are over 30% of in-force international life insurance revenue.
- Faces intense competition in fixed indexed annuity market, which composes a high percentage of sales.

Enterprise Risk Management: Appropriate

- High regulatory risk due to domestic fixed indexed annuity and international life insurance exposures.
- Formal ERM process established in 2016 is in line with industry standards.

Outlook

The stable outlooks reflect the strongest balance sheet assessment.

Rating Drivers

A positive rating action could occur if a strong profitable trend in top-line growth develops.

A negative rating action could occur if there is an unfavorable trend in consolidated operating performance.

A negative rating action could occur if there is material decline in risk-adjusted capitalization.

Financial Statements:

Balance Sheet:

Balance Sheet:

Admitted Assets	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Bonds	10,038,879	9,976,413
Preferred Stocks
Common Stocks	310,428	286,610
Mortgage Loans	184,968	148,193
Real Estate
Contract Loans	56,256	58,193
Cash & short-term Investments	175,150	31,162
Premiums & Consideration Due	4,107	4,372
Investment income due & accrued	91,311	93,214
Other Assets	288,725	222,445
Total Assets	11,149,825	10,820,603

Liabilities & Surplus	Year End - December 31	
	2017 (\$000)	2016 (\$000)
+ Net Policy Reserves	9,410,088	9,216,903
Liabilities for deposit type contracts	89,135	102,944
Policy Claims	53,071	58,452
Interest maintenance reserve	4,986	9,431
Commissions, taxes and expenses	47,144	26,822
Asset Valuation Reserve	79,769	81,614
Other Liabilities	91,078	73,077
Total Liabilities	9,775,271	9,569,242

YE 2017: + Analysis of reserves; Life \$1,651,401; annuities \$7,741,661; supplementary contracts with life contingencies \$1,263; accidental death benefits \$21; disability active lives \$273; disability disabled lives \$1,376; miscellaneous reserves \$14,059; accident & health \$32.

YE 2016: + Analysis of reserves; Life \$1,574,865; annuities \$7,624,821; supplementary contracts with life contingencies \$1,436; accidental death benefits \$16; disability active lives \$309; disability disabled lives \$1,377; miscellaneous reserves \$14,045; accident & health \$34.

Balance Sheet: (Continued...)**Balance Sheet: (Continued...)**

Capital & Surplus	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Common Stock	1,000	1,000
Paid-in & Contributed Surplus	43,063	43,063
Unassigned Surplus	1,330,491	1,207,298
Other Surplus
Total Policyholders' Surplus	1,374,554	1,251,361
Total Liabilities & Surplus	11,149,825	10,820,603

Source: Bestlink - Best's Statement File - L/H, US

Company History:**Date Incorporated:** 07/16/1956**Date Commenced:** 06/28/1957**Domicile:** United States: Colorado

Mergers: Security National Life Insurance Company, Texas, 1963; Texas Continental Life Insurance Company, Texas, 1964; First Security Life Insurance Company, Arkansas, 1964; First Continental Corporation, Arkansas, 1964; Reliance National Life Insurance Company, Utah, 1965; Illinois Mid-Continent Life Insurance Company, Indiana, 1965; Security National Life Insurance Company, Minnesota, 1965; Union Reserve Life Insurance Company, North Dakota, 1965; Reliance Life Insurance Company, 1965; Denver National Financial, Inc., Colorado, 1966; Heart of America Life Insurance Company, Missouri, 1967; Missouri Fidelity/Union Trust Life Insurance Company, 1970; Olympic Life Insurance Company, Texas, 1975; Pacific Western Life Insurance Company, Colorado, 1976; Hamilton National Life Insurance Company, Indiana, 1977; Great Plains Life Insurance Corporation, Kansas, 1978.

Company Management:

Last significant update on 09/11/2018

Officers

Chairman of the Board and CEO: Ross R. Moody
President and COO: Kitty Kennedy Nelson
SVP and Chief Investment Officer: Patricia L. Scheuer
SVP, Secretary and Chief Legal Officer: Rey Perez, Jr.
SVP, Treasurer and CFO: Brian M. Pribyl
SVP and Chief Actuary: David D. Ramsey
SVP: R. Bruce Wallace (Domestic Marketing)
SVP: Carlos A. Martinez (Foreign Nationals & International Marketing)
SVP: Steven W. Mills (Policy Administration)
SVP: Charles D. Milos (Mortgage Loans and Real Estate)
Vice President: Natalie U. Anderson (Investments)
Vice President: Fabiola A. Best (Life Underwriting, New Business, & Client Services)
Vice President: Paul T. Garofoli (Domestic Marketing)
Vice President: Peter A. Hitchcock (Actuarial Services)
Vice President: Patrick D. Johnson (Human Resources)
Vice President: Doris Kruse (Policy Benefits)
Vice President: Gina B. Miller (Legal)
Vice President: Larry G. Scott (Actuarial Services)
Vice President: David W. Weaver (Mortgage Loans)

Company Management:

Officers

Vice President: David W. Weaver (Mortgage Loans)

Vice President: Ayanna Burns (Domestic Marketing)

Medical Director: Carlos Gray, M.D.

Vice President: Andrew A. Olson (Domestic Marketing)

Vice President: Joseph E. Black (Domestic Marketing)

Directors

David S. Boone

Stephen E. Glasgow

Kitty Kennedy Nelson

Ross R. Moody (Chairman)

Elvin J. Pederson

Rey Perez

Brian M. Pribyl

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Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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