Insurance Operations of Financial Strength Profile

Ameritas
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HC 1995 6-19

Introduction

The core financial strength of Ameritas Mutual Holding Company lies within its insurance companies. These include Ameritas Life Insurance Corp. (Ameritas Life) and Ameritas Life Insurance Corp. of New York (Ameritas Life of New York).

Insurance companies prepare financial statements for their regulators based on statutory accounting practices prescribed or permitted by such regulators which comprise a comprehensive statutory basis of accounting. The information contained within this brochure reflects combined statutory basis of accounting results for the Ameritas Life insurance operations. This information does not represent the financials of the individual insurance companies. If this *Insurance Operations Financial Strength Profile* is presented in conjunction with a product solicitation, the issuing company's financials must be included.

Delivering on our promises

As a mutual-based organization, we always put customers first. With our long-standing financial strength, we've established a tradition of striving to deliver the very best in products and services generation after generation. Though we're proud of our ratings[1] from Standard & Poor's and A.M. Best Company, we measure our success by how many people we've helped. By how many promises we've kept. That's the true measure of who we are.

The Best's Rating Report and Standard & Poor's Full Analysis Report are available in the ratings section of ameritas.com.

A+

Standard & Poor's

A+ (Strong) for insurer financial strength. This is the fifth highest of Standard & Poor's 21 ratings assigned.

A

A.M. Best Company

A (Excellent) for insurer financial strength. This is the third highest of A.M.Best's 13 ratings assigned.

Capital and surplus/assets ratio

The capital and surplus/assets ratio measures the cushion a company has against a decline in the value of its assets before its surplus is depleted. Higher levels of capital and surplus relative to assets help support a company's operations and growth. The statutory surplus levels of Ameritas Life and Ameritas Life of New York are above Standard & Poor's capital requirements at the 'AAA' rating level.[2] This represents extremely strong capital, which along with low levels of financial leverage, provides ample financial flexibility to address unforeseen market conditions.

Ameritas Life and Ameritas Life of New York had approximately $1.7 billion of statutory basis total adjusted capital at December 31, 2018.[3] It ended the period with a capital and surplus/assets ratio of 10.7 percent, which was 16.0 percent higher than the life industry average capital, and surplus/assets ratio of 9.2 percent.[4]

Surplus notes/capital and surplus

Surplus notes are a form of debt for mutual insurance organizations. However, on statutory financial statements, this debt is included in the capital structure of insurance companies. Ameritas has one $50 million long-term debt issue outstanding that matures in 2026, which represented 3.3 percent of total capital and surplus at December 31, 2018. The industry average surplus notes as a percent of total capital and surplus was 8.4 percent at December 31, 2018.[4]

Ameritas insurance companies' overall debt-to-capital ratio[7] was 4.2 percent compared to an insurance industry average of 12.1 percent as of December 31, 2018.[4]

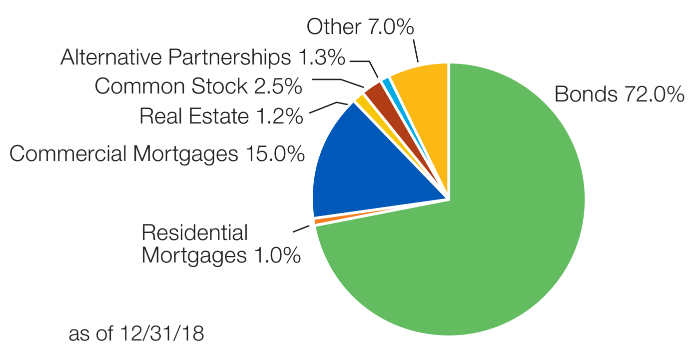
Invested assets

As of December 31, 2018, Ameritas insurance companies' general account[5] invested assets base was $13.5 billion. This represented approximately 96 percent of general account admitted assets. The major asset classes within the general account include bonds at 72.0 percent, commercial mortgage loans at 15.0 percent, common stock at 2.5 percent, residential mortgage loans at 1.0 percent, real estate at 1.2 percent, alternative partnerships at 1.3 percent and other invested assets at 7.0 percent.

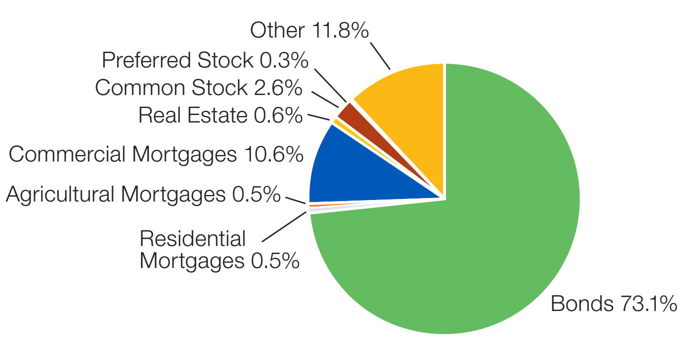
Another way to look at the pie is to add together the bond and commercial mortgage loans sectors, which total about 87 percent of invested assets. These assets are used to back the insurance products of our life insurance subsidiaries—life, annuity, disability income, retirement plans—and to support surplus. The remainder of the pie is made up of investments that back the surplus of Ameritas insurance companies and are more total-return oriented as opposed to being mainly income oriented. Surplus investments are available to support liquidity, as well as provide a safety cushion during difficult economic periods. Ameritas insurance companies have greater surplus, or cushion, than the industry average.

Diversification of Invested Assets

Ameritas Insurance Companies Assets



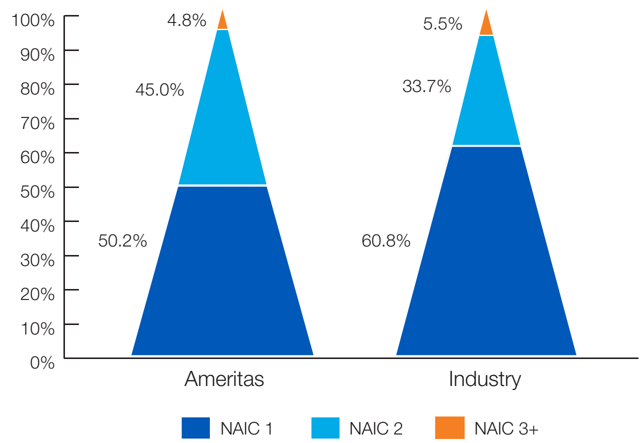
Industry



Source: ACLI - 12/31/17

Bonds

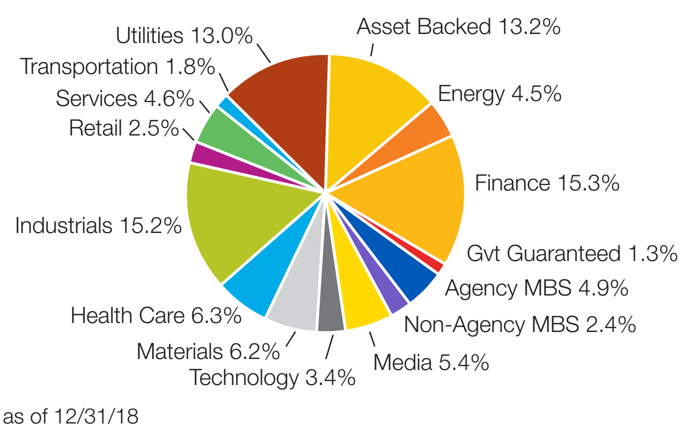
Bonds represent 72.0 percent of the Ameritas insurance companies' invested assets.[4] The following chart breaks down the total bond portfolio by quality as of December 31, 2018. Approximately 95 percent is rated at least strong investment grade versus the industry of approximately 95 percent.



Source: ACLI - 9/30/18
NAIC[6]

The bond portfolio is constructed as a highly diversified portfolio by industry and by issuer. Investment policy limitations are very stringent and limit exposure to industries and issuers. The portfolio contains over 900 separate issues and the average position represents approximately 0.6 percent of surplus.

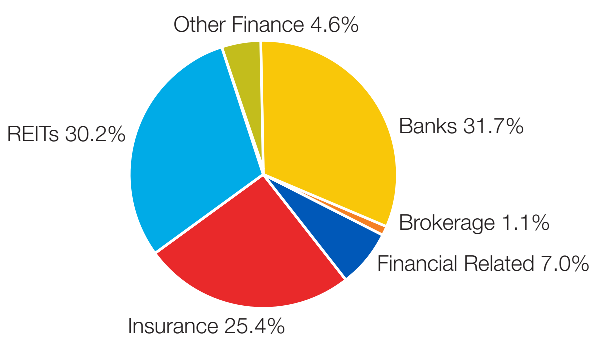
Bond Portfolio Breakdown by Industry



Another example of Ameritas insurance companies' prudent investment discipline is its relatively low exposure to the financial sector, at only 15.3 percent of the total portfolio, or 19.6 percent of the corporate bond portfolio. The financial sector is a significant participant in the corporate debt market. This is illustrated by the exposure to the sector in Bloomberg Barclays US Aggregate Bond Index, a common benchmark used by the industry and a good representation of the bond market.

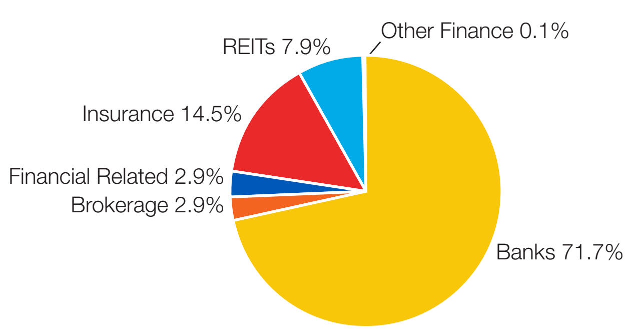
This benchmark's exposure to financials is nearly two times that of Ameritas insurance companies', at 32.6 percent of corporate bonds. Further, within the financial sector, as shown below, our enterprise maintains a greater degree of diversity than Bloomberg Barclays US Aggregate Bond Index. We have benefitted by this diversification discipline, given the stress of the most recent financial crisis was concentrated on the financial sector.

Financial Sector Breakdown
= 19.6% of Corporate Bond Portfolio



as of 12/31/18

Financial Sector Breakdown
= 32.6% of Corporate Bond Portfolio
within Bloomberg Barclays
US Aggregate Bond Index



Source: Bloomberg Barclays US Corporate Index – 12/31/18

Commercial mortgage loans

Commercial mortgage loans are the second largest asset class within Ameritas insurance companies' invested assets[3] portfolio. As of December 31, 2018, commercial mortgage loans amounted to $2.0 billion, or 15.0 percent of the total insurance companies' invested assets.[4]

Our commercial mortgage loans are amortizing fixed-rate loans made to property owners and are secured by a first lien on the underlying asset. Property types in the commercial mortgage portfolio include office buildings, industrial warehouses, retail properties, apartments and hotels.

The commercial mortgage portfolio is very diverse geographically (see below) and by property type. A large percentage of the loans are self-liquidating and many have short amortization periods, thus faster paydown of the loan.

Below is a chart which shows the Top 10 exposures by state.

	% Portfolio	(Millions)
Texas	9.9%	$200.9
Florida	9.9%	$199.5
Ohio	8.7%	$175.3
California	6.5%	$132.2
Michigan	5.4%	$109.3
Georgia	4.7%	$94.3
Utah	4.6%	$92.1
Tennessee	4.2%	$85.1
Minnesota	3.5%	$70.7
Arizona	3.2%	$64.0

as of 12/31/18

The commercial mortgage loan asset class has been a value-added asset class, which has enabled Ameritas insurance companies to generate competitive yields and historically has performed very well relative to the commercial mortgage loan industry.

The performance of this asset class can be attributed to our consistent and conservative underwriting standards.

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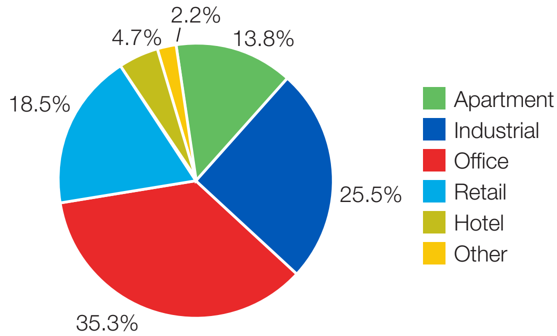
Commercial Mortgage Loan Exposure by Property Type



as of 12/31/18

Liquidity

Ameritas insurance companies have a solid liquidity profile with access to multiple avenues of funding. Liquidity as a percentage of liabilities is strong at 59.0 percent.

Multiple Avenues of Funding	($ millions)
12-Month Cash Flow Forecast	$1,142.2
Lines of Credit	15.0
Federal Home Loan Bank Advance Lines	370.0
U.S. Government Guaranteed	42.8
Public Bonds*	4,981.5
Agency MBS/ABS	390.6
Unaffiliated Common Stock**	298.7
Cash and Cash Equivalents	169.5
Total	**$7,410.3**

as of 12/31/18

*Only includes bonds with market value greater than 95 percent of cost.

**Only includes unaffiliated public common stock.

Liquidity is enhanced by the well-balanced maturity distribution within our consolidated bond portfolio.

Maturity	Statement Value ($ millions)	Percent
Less than 1 Year*	$577.6	6.1%
1-3 Years	1,353.0	14.4%
3-5 Years	1,642.5	17.5%
5-7 Years	1,420.9	15.1%
7-10 Years	1,668.9	17.8%
Beyond 10 Years	2,737.6	29.1%
Total	**$9,400.5**	**100.0%**

as of 12/31/18

*Includes cash equivalent short-term investments amounting to $169.5 million.

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[1] Ameritas Mutual Holding Company's ratings by Standard & Poor's and A.M. Best Company include Ameritas Life Insurance Corp. and Ameritas Life Insurance Corp. of New York.

[2] Standard & Poor's Research Update, March 4, 2019.

[3] Total adjusted capital equals capital and surplus plus asset valuation reserves.

[4] Source: SNL Financial

[5] "General account" refers to the general accounts of the life insurance subsidiaries of Ameritas on a consolidated basis, which consolidation is for accounting purposes only.

[6] National Association of Insurance Commissioners

[7] Debt includes surplus notes payable, encumbrances on real estate, and operational borrowings on the balance sheet.

This information is provided by Ameritas®, which is a marketing name for subsidiaries of Ameritas Mutual Holding Company, including, but not limited to: Ameritas Life Insurance Corp., 5900 O Street, Lincoln, Nebraska 68510 and Ameritas Life Insurance Corp. of New York, (licensed in New York) 1350 Broadway, Suite 2201, New York, New York 10018. Each company is solely responsible for its own financial condition and contractual obligations. For more information about Ameritas®, visit ameritas.com.

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