

# Financial Profile



Physicians  
Mutual®

*We're here when you need us.®*

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## About Us

Physicians Mutual Insurance Company and Physicians Life Insurance Company are multi-line insurance companies headquartered in Omaha, Nebraska. We provide individual health, long-term care, accident and life insurance products, as well as annuity products.

With total combined assets exceeding \$2.5 billion, we employ more than 1,100 individuals at our Omaha headquarters.

Our relative financial strength puts us at or near the top of most ranking or rating

### Strong Surplus

As you can see from the profile below, we offer a very strong guarantee.

	Physicians Mutual	Physicians Life	Industry Average**
<b>Asset Size</b>	\$1,202,193,014	\$1,301,485,947	
<b>Capital and Surplus</b>	668,541,850	78,926,121	
<b>Surplus/Asset Ratio</b>	55.61%	6.06%	8.50%

### Quality Bond Portfolio

Physicians Mutual and Physicians Life bond portfolio is superior to that of the industry on average. The Companies have a reputation for prudently managing investments and consistently avoiding problem areas that could put premiums at risk.

	Physicians Mutual	Physicians Life	Industry Average***
<b>NAIC Class 1 AAA-A</b>	83.47%	76.98%	62.9%
<b>NAIC Class 2 BBB</b>	11.91%	20.45%	29.7%
<b>NAIC Class 3 -6 &amp; Not Rated</b>	4.62%	2.57%	7.4%

	Physicians Mutual	Physicians Life
<b>Bonds</b>	\$898,592,753	\$ 1,241,662,607
<b>Preferred &amp; Common Stocks</b>	202,710,206	10,431,015
<b>Mortgages</b>	0	0
<b>Real Estate</b>	13,575,845	0
<b>Policy Loans</b>	0	17,122,717
<b>Cash &amp; Equiv.</b>	54,189,161	9,996,679
<b>Other</b>	33,125,049	22,272,929
<b>Total</b>	1,202,193,014	1,301,485,947

systems, including Standard and Poor's, Weiss Ratings, Inc., and Ward Financial Group.

Physicians Mutual Insurance Company is licensed in all 50 states and the District of Columbia. Founded in 1902, we are in a select group of insurance companies that have been in business for more than 100 years. Physicians Life Insurance Company is licensed in 49 states\* and the District of Columbia.

## Standard and Poor's Corporation (S&P)

Physicians Mutual: AA- (Very Strong)  
Physicians Life: AA- (Very Strong)

The AA (Very Strong) rating is assigned to those companies that are considered by Standard and Poor's to be financially secure. Standard and Poor's considers Physicians Mutual and Physicians Life to be capable of meeting policyholder obligations under a variety of economic and underwriting conditions.

*Rating date: September 2004.*

### Rating Scale:

AAA	Extremely Strong
AA	Very Strong
A	Strong
BBB	Good
BB	Marginal
B	Weak
CCC	Very Weak
CC	Extremely Weak
R	Regulatory Action
NR	Not Rated

## Weiss Ratings, Inc.

Physicians Mutual: A+ (Excellent)  
Physicians Life: A- (Excellent)

Companies with an A- rating or better have excellent financial security and have maintained a conservative stance in investment strategies, business operations, and underwriting commitments. While the financial position of any company is subject to change, A+, A, and A- (Excellent) rated companies have the resources necessary to deal with severe economic conditions. Note: Physicians Mutual is one of the top three "Strongest Long-Term Care Insurers" with an A+ rating by Weiss Ratings, Inc.

*Rating date: October 2004.*

### Rating Scale:

A+, A, and A-	Excellent
B+, B, and B-	Good
C+, C, and C-	Fair
D+, D, and D-	Weak
E+, E, and E-	Very Weak
F	Failed

## A.M. Best

Physicians Mutual: A (Excellent)  
Physicians Life: A (Excellent)

The rating of Physicians Mutual is based on the operating profile and consolidated financial strength of the company and its subsidiary, Physicians Life.

A.M. Best is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. A.M. Best's ratings represent the current and independent opinion of a company's financial strength and ability to meet obligations to policyholders.

A.M. Best's ratings are not a warranty of an insurer's current or future ability to meet obligations to policyholders, nor are they a recommendation of a specific policy form, contract, rate, or claim practice.

*Rating date: May 2004.*

### Rating Scale:

A++ and A+	Superior
A and A-	Excellent
B++ and B+	Very Good
B and B-	Fair
C++ and C+	Marginal
C and C-	Weak
D	Poor
E	Under Regulatory Supervision
F	In Liquidation
S	Rating Suspended

## Ward Financial Group

Ward Financial Group, an investment banking and management consulting firm specializing in the insurance industry, compiled a list of the 50 top performing companies in the life and health industry. Physicians Mutual Insurance Company is among "Ward's Top 50" and is considered to have excelled at balancing safety, consistency and performance over the past five years. Note: Physicians Mutual Insurance Company is one of only two companies that has been named to the life-health Ward's 50 Benchmark Group for 14 consecutive years.

*Rating date: August 2004.*

\* Physicians Life Insurance Company is not licensed in New York. \*\* Industry Average - 12/31/03 Capital and Surplus of US Life Ins. Co. (American Council of Life Insurers). \*\*\* Industry Average - 12/31/03 Qual. Dist. of Bond Holdings (American Council of Life Insurers). Financial profile for Physicians Mutual Insurance Company and Physicians Life Insurance Company amounts as of 12/31/04.