

GUARANTY INCOME LIFE INSURANCE COMPANY

2016 SUMMARY ANNUAL REPORT

THE NEXT GENERATION

On October 20, 2015, Kuvare U.S. Holdings, Inc. (Kuvare), a newly formed insurance holding company domiciled in Delaware, announced its intention to acquire Guaranty Income Life Insurance Company (GILICO or the Company). Kuvare's business strategy is focused on acquiring and growing life and annuity companies with capital financing provided by a group of investment companies. The sale was consummated on October 1, 2016.

Dhiren Jhaveri, Chairman, said, "Kuvare looks forward to carrying on the outstanding legacy of GILICO that the Foster family has instilled in the organization over the past ninety-one (91) years. We are thankful for our dedicated and hardworking employees, strategic partners and producers that allow our Company to continue to deliver the consumer-oriented products and excellent service that have been a significant part of GILICO's tradition."

PRESIDENT'S COMMENTS

Kuvare brings an additional level of financial and human capital that will enhance our tremendous organization. We are excited about our prospects for future growth.

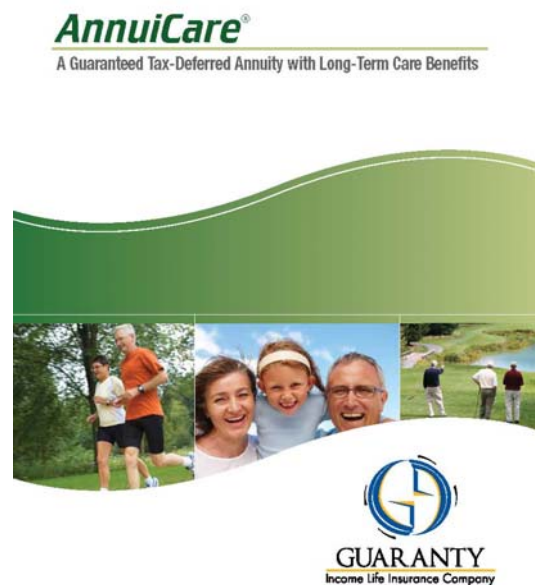
GILICO works with our Marketing Organizations to design a portfolio of products that offer unique risk protection, income payout options, and satisfaction to our policy owners. Our signature product, Annuicare[®], is an annuity/long-term care "combo" that is among the most creative in the industry. Annuicare[®] sales have increased in recent years as more producers and consumers find Annuicare[®] to be much more efficient than traditional long-term care (LTC) products. Annuicare[®], the original annuity combo product, has additional advantages which allow LTC premiums to be paid from untaxed annuity distributions and the LTC benefits paid remain tax free.

With Kuvare, we will continue to grow by building on the Foster family history and proud tradition of caring for our policy owners, producers, and associates. GILICO is a nationally recognized competitor because of our innovative products, easy to use web-based tools and training, and efficient, friendly service. We will continue to develop and deliver industry leading products to help provide security for families and the unique policies to maintain a successful retirement.

John Lancaster, President and Chief Executive Officer

OPERATING RESULTS

Statutory direct premium revenue increased 19% to \$47 million in 2016 from \$39 million in 2015. Net investment income has remained strong in a challenging economic environment as we have diversified our investment portfolio with expert advisors in specific areas.



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Statutory net income was \$5.4 million for 2016 compared to \$4.8 million in 2015. Operating income was \$5.0 million and \$4.6 million for the years ended December 31, 2016, and 2015, respectively. Positive operating earnings were driven by sustaining our overall interest spreads, continued strength in invested assets, positive first year profits from the mix of new business, and favorable claim activity in both the life and Annuicare® line.

FINANCIAL STRENGTH

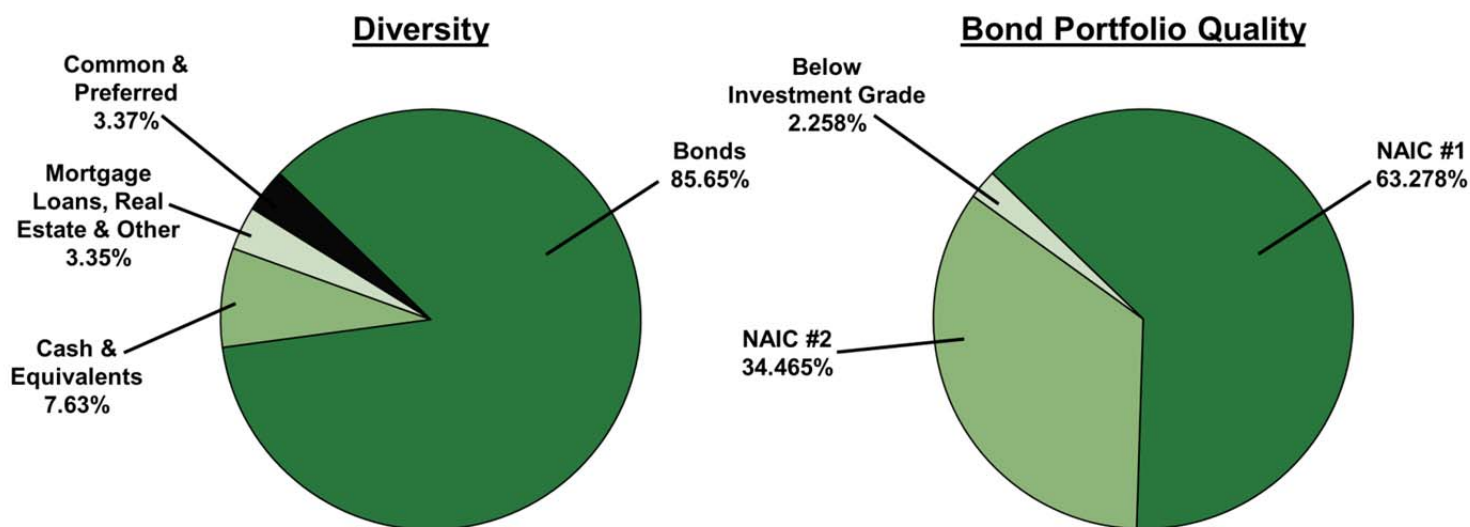
Adjusted Capital and Surplus, including Asset Valuation Reserve, grew 30% to \$55.9 million at December 31, 2016. This record level of capital for our Company was developed from strong earnings, quality asset management, and corporate support. As a result, our Risk-Based Capital (RBC) ratio increased to 1,023%. This strong RBC level is well above the standards set by the National Association of Insurance Commissioners and state regulators.

INVESTMENT RESULTS

GILICO's investment strategy is to optimize the return on invested assets with a diversified portfolio and an emphasis on high quality bonds, utilizing a combination of internal experience and the expertise of outside managers. Our investment philosophy is to maintain safety and security so we may provide our policy owners with a sound return on their funds. Our investment guidelines limit our exposure to any single issuer or a specific class of assets. Within this objective, we strive to generate the best returns available on a diverse, investment grade portfolio, while matching the cash flow of our product liabilities.

GILICO maintains one of the highest quality bond portfolios in the insurance industry with 97.7% of bonds rated investment grade at December 31, 2016. Thus, non-investment grade bonds represent just 2.28% of adjusted capital and surplus compared to an industry average estimated at 43.1%* as of December 31, 2016. We maintain considerable liquidity with approximately 7.6% of assets held in cash and short-term investments at December 31, 2016.

2016 INVESTMENT PORTFOLIO



“OUR STRENGTH”

HIGH QUALITY PORTFOLIO WITH GREAT LIQUIDITY.

*Per A.M. Best's Review & Preview Conference Data.

FIVE YEAR HISTORICAL INFORMATION

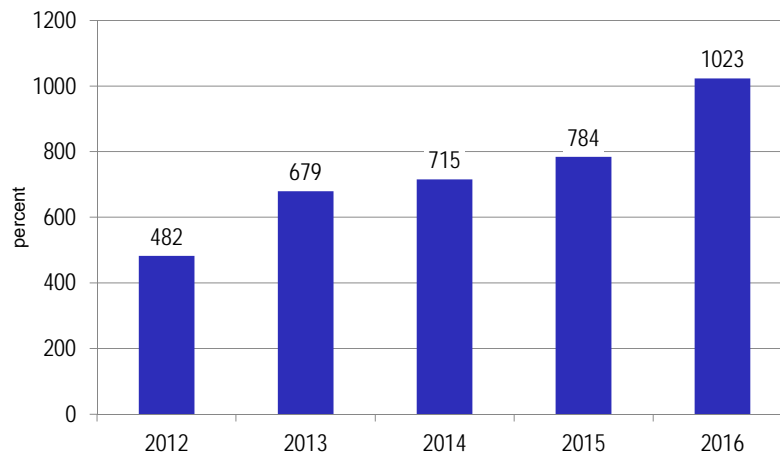
Guaranty Income Life Insurance

Statutory Financial Information
(\$ in Millions)

	2012	2013	2014	2015	2016
Total Assets	\$476.7	\$477.9	\$479.5	\$483.4	\$503.7
Adjusted Cap & Sur	25.3	34.9	39.2	43.1	55.9
Direct Premiums	25.2	29.0	35.0	39.3	46.9
Operating Earnings	1.8	3.1	4.1	4.6	5.0
Net Income	2.7	5.2	5.4	4.8	5.4

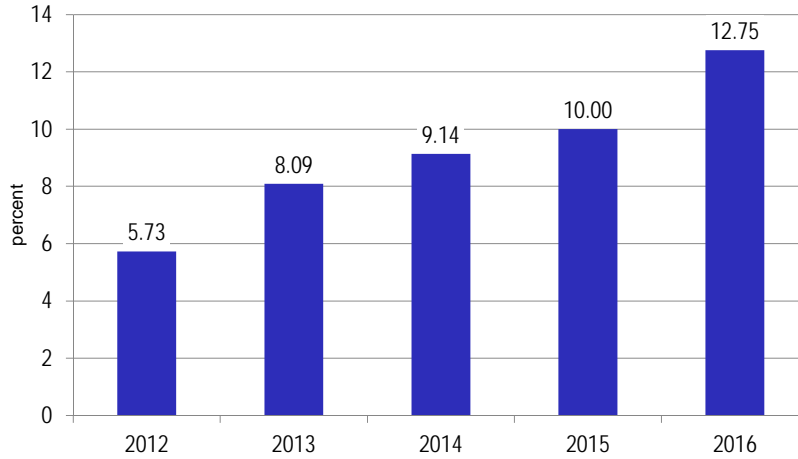
Guaranty Income Life Insurance

Risk-Based Capital Ratios
(Authorized Control Level)



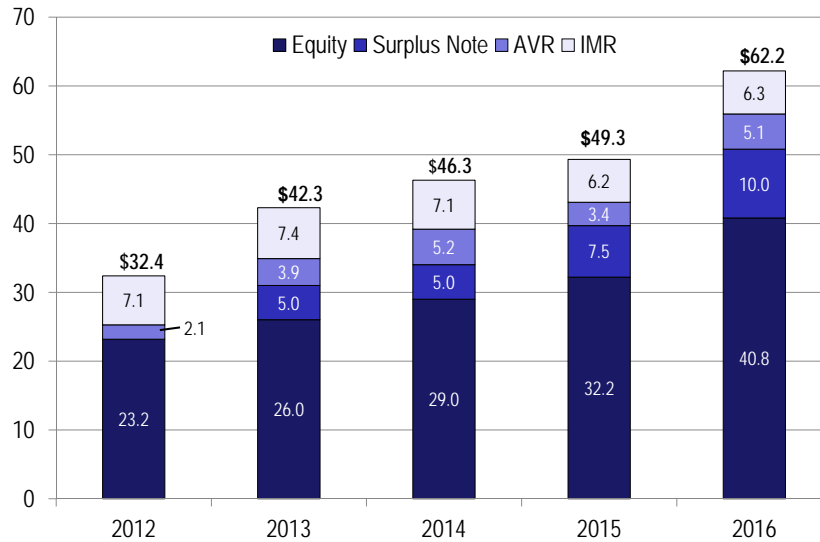
Guaranty Income Life Insurance

Statutory Ratios
(Adjusted Capital (AVR) to Insurance Reserves)



Guaranty Income Life Insurance

Adjusted Capital (with IMR)
(\$ in Millions)



GUARANTY INCOME LIFE INSURANCE COMPANY
2016 FINANCIAL RESULTS
(\$ IN THOUSANDS)

SUMMARY OF FINANCIAL POSITION
(STATUTORY BASIS)

YEAR ENDED DECEMBER 31:	<u>2016</u>	<u>2015</u>	<u>2014</u>
INVESTED ASSETS	\$496,426	\$ 478,383	\$ 475,243
OTHER ASSETS	<u>7,274</u>	<u>4,993</u>	<u>4,271</u>
TOTAL ASSETS	<u>503,700</u>	<u>483,376</u>	<u>479,514</u>
POLICY RESERVES	438,090	431,336	428,669
INTEREST MAINTENANCE RESERVE	6,337	6,238	7,085
OTHER LIABILITIES	<u>3,397</u>	<u>2,725</u>	<u>4,559</u>
TOTAL LIABILITIES (LESS AVR)	<u>447,824</u>	<u>440,299</u>	<u>440,313</u>
ASSET VALUATION RESERVE (AVR)	5,054	3,390	5,199
SURPLUS	<u>50,822</u>	<u>39,687</u>	<u>34,002</u>
TOTAL SURPLUS AND AVR	<u>55,876</u>	<u>43,077</u>	<u>39,201</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$ 503,700</u>	<u>\$ 483,376</u>	<u>\$ 479,514</u>

SUMMARY OF OPERATIONS
(STATUTORY BASIS)

YEAR ENDED DECEMBER 31:	<u>2016</u>	<u>2015</u>	<u>2014</u>
NET PREMIUMS	\$ 44,828	\$ 37,091	\$ 32,764
NET INVESTMENT INCOME	21,256	21,708	21,869
OTHER INCOME	<u>361</u>	<u>544</u>	<u>423</u>
TOTAL REVENUE	<u>66,445</u>	<u>59,343</u>	<u>55,056</u>
POLICY BENEFITS AND RESERVES	55,008	48,713	45,067
COMMISSIONS	2,546	2,433	2,355
EXPENSES AND DIVIDENDS	<u>3,928</u>	<u>3,609</u>	<u>3,569</u>
TOTAL BENEFITS AND EXPENSES	<u>61,482</u>	<u>54,755</u>	<u>50,991</u>
OPERATING INCOME	4,963	4,588	4,066
INCOME TAX	(403)	(468)	(427)
NET REALIZED GAINS	<u>875</u>	<u>704</u>	<u>1,755</u>
NET INCOME	<u>\$ 5,436</u>	<u>\$ 4,824</u>	<u>\$ 5,394</u>

These Summary Financials have been extracted from the Company's audited financial statements, which are prepared on the Statutory Basis of Accounting.

Postlethwaite & Netterville, APAC, are the Company's auditors.

Guaranty Income Life Insurance Company was founded in 1926 and is a Legal Reserve Insurance Company which is required to maintain reserves equal to or greater than guaranteed surrender values. Guaranty is currently licensed in 31 states. In addition to cost-effective life insurance, long-term care, and annuity programs, Guaranty Income offers products and services to help families meet their financial needs of wealth protection and wealth creation today and in the future.