



PERCENT GROSS COLLECTED PREMIUM INCREASE

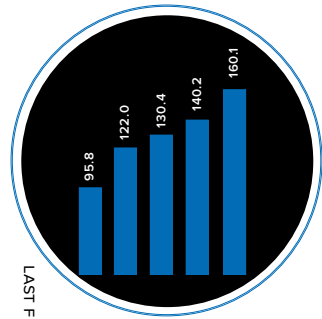
It is my pleasure to write to you about our remarkable success this past year. We focused our energies, worked harder and smarter, and continued our commitment to excellence. With our continued diversification in the specialty markets area, 2010 closed as another banner year — as successful for our company as last year. We were pleased to see our gross collected premiums increase by \$74 million (a 22 percent increase) — making 2010 another exceptional year for Companion Life. ¶ With the challenges of Health Care Reform, we knew we had to be proactive and chart a path to success through the ever-changing environment of our industry. Changes that affected us directly with our stop loss and various medical products, and indirectly through our distributors and competitors. ¶ There is strength in numbers and this year that adage was true more than ever. With the efforts of our professional, well-trained staff combined with our exceptional business partners, we were able to continue the successes of previous years. ¶ Admitted assets-to-liabilities ratio for 2010 was 2.35 to 1. Pretax profits for 2010 were \$12.1 million and total admitted assets were \$160.1 million. Our actively-managed investments continued to perform well. With an underwriting gain of \$7.6 million and a surplus of \$91.8 million, we ended 2010 in our traditional secure position. That's strength in numbers. Strength recognized with our 10th consecutive year with an A+ rating by A.M. Best. ¶ 2010 also saw us diligently focused not only on creating new products to grow our portfolio, but also on enhancing existing products that make our portfolio stronger and help us remain competitive in the marketplace . . . again strength in numbers. Companion Life continues to diversify into new areas such as Student Accident & Sickness and Occupational Accident. Improvements to our existing products such as Short Term Disability and Life products allowed us to maintain a very competitive position. ¶ 2010 also saw the development of new products including Aggregate Only and Short Term Medical, which will

provide employers and individuals with additional health care options. We also experienced continued growth of many of our product lines including stop loss, major medical and limited medical. ¶ But numbers are only part of what made 2010 so successful. Quality relationships — that personal interaction you can count on with Companion Life — are the real measure of our success. This is an area we took pride in as we expanded our presence in several key areas and continued to make high-quality customer service a top priority. Our New England territory now includes Niagara Life and Health and will soon be licensed to sell all product lines in New York. Our Upper Midwest region has expanded to cover Iowa, Minnesota, Wisconsin and Illinois. ¶ Companion Life's personalized support continues to set the standard for our industry. We offer a more effective online quoting system and underwriting support. Our local customer service representatives know our brokers and our products. Their expertise helps brokers maintain a secure block of business. ¶ 2010 was a year filled with changes, and 2011 (and beyond) will be more of the same. But with change comes opportunity, and Companion Life remains poised to make the most of each of those opportunities along with our partners and customers.

Sincerely,



Trescott N. Hinton, Jr.  
President, Companion Life



LAST FIVE YEARS TOTAL ADMITTED ASSETS (IN MILLIONS)

## LIFE INSURANCE

**Group Term Life Insurance and Accidental Death and Dismemberment (AD&D)** A variety of plans that work for groups of all sizes, this program is flexible in design, has competitive rates and has guaranteed issue amounts.

**Voluntary Group Term Life** Companion Choice Plus is a freestanding program for groups with as few as five enrollees. It provides broad coverage for families — depending on the level of employee participation and group size — and also has an AD&D option.

## SHORT TERM DISABILITY

**Short Term Disability (STD)** Flexible STD plans for when employees become sick or injured and aren't able to earn income. Plans are available as a freestanding product or as a part of a larger benefits package.

**Voluntary Short Term Disability** Available to most employee groups, this plan offers high benefit levels with a wide choice of elimination periods and durations. Under this plan, Companion Life pays benefits when an employee is disabled because of injury or illness. Voluntary STD plans include partial disability and age entry freeze in most states.

**Long Term Disability (LTD)** Available to groups of all sizes and can be offered as a freestanding product or part of a benefits package. The True Group LTD plan features competitive rates, a variety of designs, and options like cost-of-living increases, "own occupation to age 65," residual benefits and benefit indexing. All LTD plans also include DisabilityGuidance, an employee assistance program that helps members cope with job pressures, financial or legal difficulties, and stress in the home place.

**Voluntary Long Term Disability** Comprehensive LTD coverage funded through payroll deduction with our Companion Cornerstone Plan. All LTD plans include DisabilityGuidance.

## DENTAL PLANS

**Dental by Design®** An innovative portfolio of dental insurance products that lets employers with groups of 10 or more create their own plans. Includes three standard base plan options — all allow members to use their dentists of choice. Employers can also customize any plan for their employees by modifying many core policy provisions. Retiree dental option allows retiring employees to continue their dental coverage at home.

**Dental “Cents” Small Group Dental Plan** A comprehensive dental benefits plan for groups of two to nine employees, and offers freedom of choice when it comes to dentist preference and plan choice. Employers choose between four plans for their active, full-time employees working at least 30 hours a week.

**Voluntary Dental Insurance** Groups of three or more, or 20 percent of the eligible group participating, whichever amount is greater, are eligible to choose between two affordable plans.

**The Advantage Plan** pays 100 percent of allowable charges for preventive services like routine cleanings, 80 percent of allowable charges for basic services like fillings, and 50 percent of allowable charges for covered major services like root canals, after a combined \$100 lifetime deductible (for all covered services).

**The Premier Plan** offers all Basic Plan coverage plus comprehensive coverage of major services, has a lifetime deductible of \$100 and can include takeover benefits from other plans.

**Companion Global Dental®** An international option for dental care that offers services at accredited overseas medical facilities. Patients enjoy significant savings, and Companion Global Dental works with agents, employers, individuals and third party administrators to make the process easy. Companion Global Dental comes with all Companion Life Dental plans.



COMPANION LIFE PRODUCTS AVAILABLE

## VISION PLANS

**Vision Discount Plan** This EyeMed plan is provided at no additional cost with all Companion Life dental plans as a value-added benefit, even if dental groups don't purchase a funded vision plan.

**Vision by Design®** Created in collaboration with EyeMed Vision Care®, whose network includes more than 18,000 private practice and major optical retail locations in the U.S. Groups can offer Vision by Design products on a voluntary basis or as an employer-paid basis. Options are flexible and fit nearly any size budget.

## HEARING

**Hearing Services Plan** This plan is provided at no additional cost to employees enrolled in any Companion Life dental plan and combines unlimited choice with quality and value, and may be extended to any family member.

## SPECIALTY MARKET PRODUCTS

**Limited Benefit Health Plan** Plans for small employers seeking a more affordable health plan, or larger group employers looking for an affordable alternative to insuring part-time and seasonal employees.

**The Student College Medical** Flexible plan options for colleges and universities that offer their students access to voluntary, hard waiver or mandatory health insurance benefits.

## SPECIFIC AND AGGREGATE MEDICAL STOP LOSS

Flexible coverage for self-insured companies that wish to assume part of the risk for their employees' health care claims. Includes extensive choices of specific plan limits, and aggregate stop loss is available to cover the employer's risk once all employee claims accumulate and reach a selected amount.

## PRODUCTS UNDER DEVELOPMENT

**Critical Illness** Created to complement the mini-med plans and offer employers additional flexibility by providing coverage for catastrophic illness.

**High Deductible Major Medical** Designed to provide coverage for catastrophic health events for employees not incurring day-to-day health care expenses, and can be used to supplement our limited medical and mini-med products, allowing insureds to enhance their benefits with coverage similar to a health plan.

## Statements of Admitted Assets, Liabilities and Surplus Statutory Basis in Thousands

	December 31,	
	2010	2009
<b>Assets</b>		
Bonds	\$ 79,751	\$ 79,158
Common stocks	31,496	20,787
Cash	36,379	27,024
Short-term investments	3,952	5,287
Reinsurance receivables and reinsurance funds held	811	2,202
Net deferred tax recoverable	1,663	1,226
Premiums due, deferred and uncollected	506	409
Investment income due and accrued	1,001	897
Other assets	4,526	3,256
<b>Total assets</b>	<b>\$ 160,085</b>	<b>\$ 140,246</b>
<b>Liabilities</b>		
Aggregate reserves for future policy benefits:		
Life, annuity and supplementary contracts	\$ 7,404	\$ 6,778
Accident and health	17	17
Policy claim reserves:		
Life	3,200	3,153
Accident and health	17,423	14,408
Premiums received in advance	377	474
Commissions to agents due or accrued	1,851	1,898
Experience rating refunds	1,212	1,245
Taxes (excluding federal income), licenses and fees	8,218	7,610
Asset valuation reserve	4,041	2,737
Federal income taxes	1,696	18
Funds held under coinsurance	11,792	10,232
Other liabilities	11,035	6,845
<b>Total liabilities</b>	<b>\$ 68,266</b>	<b>\$ 55,415</b>
<b>Stockholder's Equity</b>		
Common capital stock	2,500	2,500
Contributed capital	11,101	11,101
Unassigned surplus	78,218	71,230
<b>Total stockholder's equity</b>	<b>91,819</b>	<b>84,831</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$ 160,085</b>	<b>\$ 140,246</b>

## Statements of Operations

### Statutory Basis in Thousands

	Year Ended December 31,	
	2010	2009
<b>Revenues</b>		
Premiums	\$ 161,486	\$ 152,080
Net investment income	2,920	3,810
Net realized capital gains/(losses)	1,554	(557)
Other revenues	9,526	423
<b>Total revenues</b>	<b>\$ 175,486</b>	<b>\$ 155,756</b>
<b>Benefits and Expenses</b>		
Death, annuity and accident and health benefits	\$ 109,532	\$ 95,366
Increase in aggregate reserves for future policy benefits	563	86
Commissions	28,606	26,476
Salaries and general insurance expenses	22,702	20,801
Taxes (excluding federal income), licenses and fees	1,989	2,795
(Decrease)/increase in loading	(26)	34
<b>Total benefits and expenses</b>	<b>\$ 163,366</b>	<b>\$ 145,558</b>
Income before federal income taxes	\$ 12,120	\$ 10,198
Provision for federal income tax	\$ 3,672	\$ 3,206
<b>Net income</b>	<b>\$ 8,448</b>	<b>\$ 6,992</b>

## REGIONAL OFFICE

### **Lebanon, Ohio**

888-470-4212

Fax: 888-470-4715

### **Nashville, Tennessee**

888-472-7150

Fax: 888-472-7118

### **Overland Park, Kansas**

800-276-1249

Fax: 800-315-1793

### **Phoenix, Arizona**

800-705-5964

Fax: 866-618-7879

### **Roanoke, Virginia**

800-556-2541

Fax: 800-447-6483

### **East Greenwich, Rhode Island**

877-803-5799

Fax: 401-886-7475

### **New Glarus, Wisconsin**

888-527-4050

Fax: 803-870-8690

### **Towson, Maryland**

800-217-5746

Fax: 410-825-9222

## SPECIALTY MARKET PRODUCTS

### **Columbia, South Carolina**

800-753-0404

Fax: 803-264-8232



CONSECUTIVE YEARS A+ (SUPERIOR) A.M. BEST RATING

## **COMPANION LIFE INSURANCE COMPANY**

**P.O. Box 100102 Columbia, SC 29202-3102**

**phone: 800-753-0404 fax: 803-735-0736**

**email: [C.Life@CompanionGroup.com](mailto:C.Life@CompanionGroup.com)**

**website: [www.CompanionLife.com](http://www.CompanionLife.com)**

## **MISSION**

To be a well-managed, customer-focused organization acting in the best interests of our policyholders and marketing partners, operating on a financially sound, growing and diversified basis.

Contact Us