

2011 Report to the
Labor Advisory Board

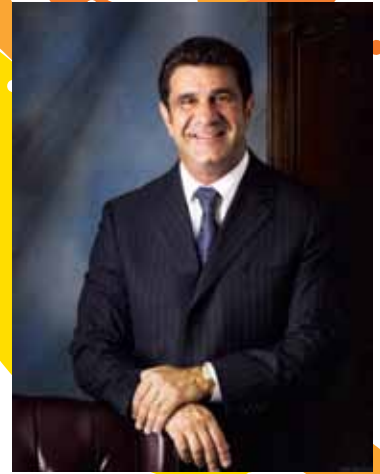
make the difference



AMERICAN INCOME LIFE
NATIONAL INCOME LIFE
insurance companies

roger smith

President & CEO
American Income Life
& National Income Life



Each year I announce a theme for our Company. We develop banners, promotional items, and motivational tools designed around that theme. We create hoopla and energy around a single phrase.

Our theme in 2011 is Make the Difference.

As our Company focuses on this theme, it occurred to me that our theme should carry over to this report. This report is never just a retrospective, i.e., did we make a difference. It is also our forward-looking perspective on what we will do in 2011: how can we make a bigger difference?

What's our measure of making a difference?

A committed individual can make a difference, but a group of people, united in purpose, can Make the Difference. As a Company, we are committed to making the difference for our policyholders, our employees, and representatives, our shareholders, working families, and our friends in organized Labor. We strive to create increased policyholder satisfaction, employ fairly compensated and fulfilled employees and representatives, reward shareholders with fair returns on their investment, strengthen our communities for working families and the middle class, and fight the monied obstructionists who want to roll back health care and regulatory reforms that would obliterate our friends in organized Labor.

That's the difference we try to make. In some categories, we were wildly successful, and in other areas, we can make a bigger difference.

This report will examine the numbers: growth of net annualized premium, life insurance in force, increased

AD&D claims, increased AD&D coverage, claims paid, and layoff waiver-of-premium statistics.

Through pictures and brief narrative, this report will attempt to emulate the spirit of our Home Office employees, Agency force, and PR Team, and how they Make the Difference every day.

Be assured that as we go into 2011, we will stand with you and WILL financially support a working family agenda.

There are both overt and veiled attempts to roll back the federal legislative victories of last year, as well as limiting and undermining the power of organized workers at the state level.

The misguided, misnamed attempts at "defending workplace democracy," the promotion of right-to-work laws, and the demonization of public employees need to be exposed for what they are: a power grab by the "owners" of our society, the top 1 percent who want to maintain the stranglehold they have on the throats of the middle class. They will not be happy until they have squeezed the life out of workers who simply want to share in the prosperity they've helped create.

They've squeezed enough — it's time to slap their hands away!

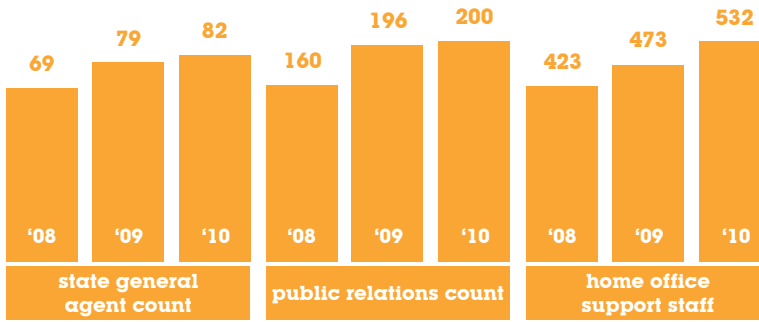
It is my hope that this report — the words, the numbers, the pictures, the narrative of our story, and the promise of what's to come — will help you answer the question, "Did we make the difference?"

You be the judge.

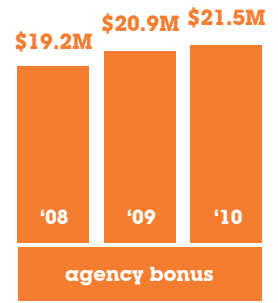
“ A committed individual can make a difference, but a group of people, united in purpose, can Make the Difference. ”

the numbers

jobs

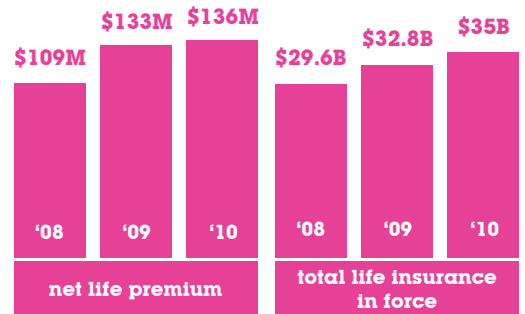


bonus system

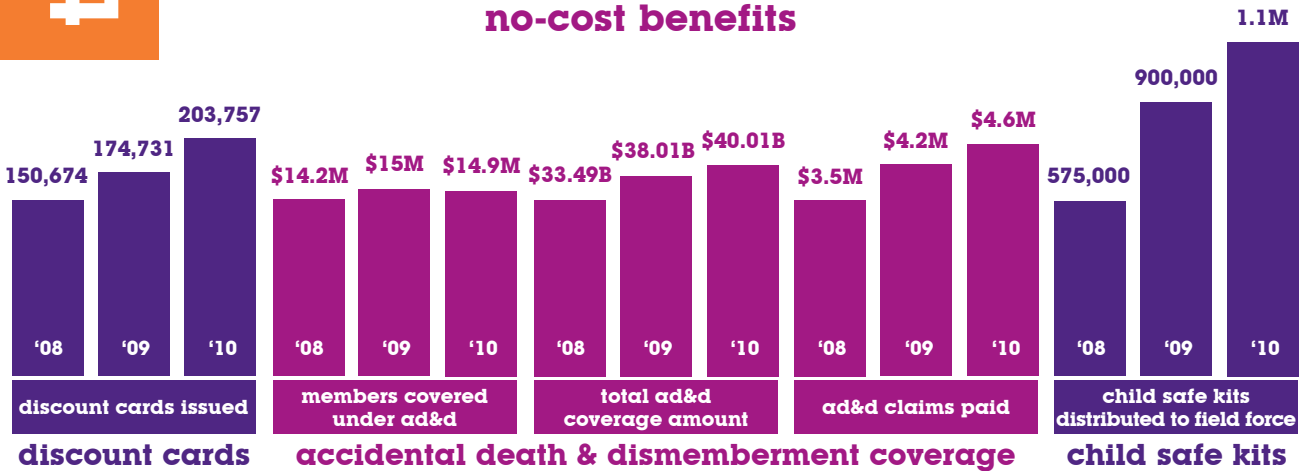


growth - Our strategy to **Make the Difference** by hiring more people, paying them more money, expanding our no-cost coverage, and selling more insurance has resulted in continued growth for the Company.

life insurance sales



no-cost benefits





Emergency vehicles responded quickly in the aftermath of the Tucson shooting. So did American Income. Photo courtesy of Wikimedia Commons. [Flickr <http://flickr.com/photo/39742989@N04/5337085844>]



In January 8, 2011, the nation watched events unfold as a mass shooting occurred near Tucson, Arizona. Nineteen people were shot, six of them fatally, during an event held by U.S. Representative Gabrielle Giffords in a supermarket parking lot. One of the victims was an American Income policyholder, a retired member of Operating Engineers Union Local 428 (Phoenix). State General Agent Steve Hartman alerted the Home Office, who expedited the claim. Steve personally delivered the check to the family in less than a week... before they even filed the claim.

Thank you for your support during this tragic time in our lives. We appreciate your kindness. You helped take a little stress off of our family. Blessings
Brigitte

Thank-you note from a family member of Tucson shooting victim.



We are committed to making the difference for our policyholders.

other words of thanks

“Thank you for the cheque. I never even thought about this insurance. I am so grateful for this. I was able to pay off the rest of the funeral expenses, with a little left. This was the only insurance there was, so it was greatly appreciated.”

— Policyholder, Springfield, Nova Scotia

“I want to thank you again for your help with my claims and how you have processed it all so quickly. You rock!”

— Policyholder, Azle, Texas

“I appreciate the way you took care of the payout of our policy following my husband’s lengthy illness and death. This will help me cover his extra medical expenses and funeral. You have treated me very fairly.”

— Policyholder, Roberts Creek, British Columbia

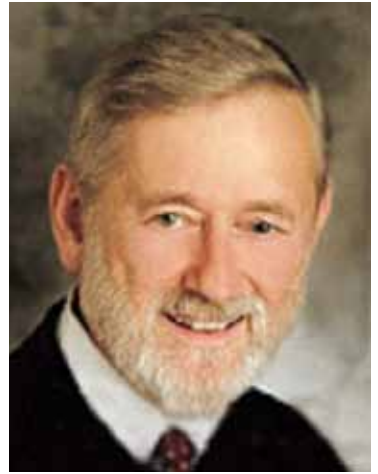
“This is a thank-you, which I hope you will pass on to your staff. I was diagnosed with cancer just over one year ago. The support from your company (moral and financial) was absolutely wonderful. Please let your employees know they helped to make my journey a whole lot easier.”

— Policyholder, Savona, British Columbia

Total Lay-Off Waiver of Premium Paid in 2010: \$1.3M
Total Life and Health Claims Paid in 2010: \$124.4M

michael goodwin

OPEIU President



Committed to
Difference for
Leaders. ”

Leadership makes the
difference

AIL and Office and Professional Employees International Union Local 277 are a training ground for leaders. Take two AIL PR team members from two generations and it is readily apparent that their training has prepared them well for their roles as labor leaders.



AFL-CIO Secretary-Treasurer Liz Shuler (left) and Jessica Ingerick at the Young Trade Union Advisory Council meeting, January 2011

Susan Fuldauer is a 25-year veteran PR representative, a lifelong labor activist in Indiana, a past candidate for state office... and a recently arrested protester at a demonstration against Hyatt Corporation. She is the current President of the Central Indiana Labor Council, and now PR Director for New York City and the surrounding area and six additional states.

Jessica Ingerick has been on the PR team for 4 years, and a relatively new labor activist in the DC/Baltimore area. She is co-founder of the Baltimore Young Trade Unionist, and a newly appointed member of the Young Workers Advisory Council at the AFL-CIO. Jessica will be one of three exchange leaders to the Brazilian Young Union Leader Exchange Program.

Separated by 25 years of age and experience, both of these outstanding leaders began their careers servicing local unions in their respective territories. Their efforts — together with those of the entire AIL/NILICO PR team, State General Agents, and field representatives who execute the stellar GOTV program — continue to raise the bar on per capita giving to the J.B. Moss Voice of the Electorate (VOTE) Fund. Their current contributions exceed \$500,000 per Congressional Cycle. They have taken AIL's 2011 theme to heart, and set the standard for other OPEIU members to “Make the Difference” in politics.



Susan Fuldauer marches with the Central Indiana Labor Council, Labor Day, 2010.



AIL PR Director Susan Fuldauer and other union activists participated in demonstrations against the Hyatt Corp. led by UNITE HERE, which targeted 15 cities in North America. More than forty-one people were arrested as they closed the sidewalk in front of the hotel.

reaching out

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8



photo 1

Healthcare rally in Indianapolis, March 2010

photo 2

More than 800 lbs. of food collected for striking Minnesota LIUNA members, May 2010

9



photo 3

Local Agency food bank, Wisconsin, December 2010

photo 4

Rallying for financial reform in Chicago, May 2010

photo 5

New York union rally, May 2010

5



photo 6

The Home Office in Waco collected more than 15,000 lbs. of food as part of the Food for Families program in North Central Texas, November 2010

10



photo 7

Habitat for Humanity, New Orleans, April 2010

photo 8

AIL/NILICO distributed free water and power bars to marchers in support for One Nation Rally, Washington, DC,

11

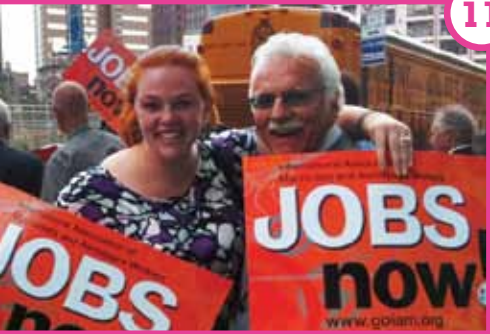


photo 9

Rally in support of pension protection, Ontario, Canada

photo 10

Nine "Shoot for the Cure" Sporting Clays Shoots benefitting the Leukemia & Lymphoma Society and the MS Society were held in 2010 in 16 states. More than \$206,500 was raised for these causes.

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photo 11

NYC Jobs Rally at Department of Labor, October 2010

photo 12

Roger Smith accepts the Model Corporate Partner Award from the Orange County Federation of Labor, AFL-CIO. The award was presented because of the Company's ongoing commitment to workers' rights to organize and create a better work environment, including efforts to advocate on behalf of the Employee Free Choice Act in California, May 2010

7



international



AIL PR in support of Pension and Benefits Protection-Ontario, Canada, January 2011.



AIL in New Zealand had an attractive Child Safe display at the Auckland Home Show. More than 20,000 people attended the event, which was held in the spring of 2010.

canada

In addition to covering more than 2 million Canadian families with a union label insurance product, AIL advocates for public policies important to Labour and working families.

AIL and our members, who are currently organized with CEP and UFCW, supported two major public policy initiatives during 2010: Canadian Health Coalition's 10 principles of a fully funded public health system, and pension reform. Labour made presentations to the Government of Canada on how pension reform could happen with little cost. A national press release from AIL outlined the support of a

fully funded, protected pension.

AIL has broadened and increased financial support on a variety of programs recommended by the various Federations and Building Trades Council. Our increased giving has



Daryl Barnett presents ALL Scholarship cheque to Sid Ryan, President of the Ontario Federation of Labour to establish an OFL scholarship fund for Union members and their families.

allowed us to support literacy programs, scholarship funds, the ITUC international young workers meetings, and a variety of community charity organizations.

Operation Noel Solidaire in Quebec and Operation Christmas Cheer in Ontario, both founded by AIL PR representatives, continue to serve hundreds of families effected by lockouts and strikes.



Debbie Enstedt, Vice President of Public Relations Field Operations of AIL/NILICO, on the picket line.

new zealand

AIL in New Zealand takes pride to show the country that we care. Our mission is to take care of families big and small. We started our journey in 1995 and our commitment to our groups, Unions, Credit Unions, and Associations is the best in the industry. Their members are our members. It is our privilege to help people in their time of need.

ireland

Coming Soon!



Be the difference you want to see in the world.



mahatma gandhi

Listed below are the recipients of the most notable contributions directed by the AIL Labor Advisory Board in 2010:

contributions

advocacy

- Economic Policy Institute
- Labor Campaign for Single Payer
- Americans for Financial Reform
- Coalition of Black Trade Unionists
- Southwest Voter Registration Education Project
- Mississippi Center For Justice
- American Rights at Work Education Fund
- National Day Laborer Organizing Network
- Labor Council For Latin American Advancement
- Environmental Health Fund
- Midwest Academy Dinner Awards

community service

- RN/National Nurses United (Haiti Fund)
- Painters & Allied Trades for Children’s Hope (PATCH)
- GALA Hispanic Theatre
- DC Friends of Ireland Charitable Trust
- TWU Local 100 Haiti Fund
- Coalition of Labor Union Women
- New Orleans Habitat For Humanity
- New York City LCLAA Chapter
- CEP Ontario Region Charity Golf Classic
- Faith and Politics Institute
- ESCO Foundation
- Autism Speaks
- Hadassah Medical Organization
- Injured Workers Association of Manitoba
- Safe Workers of Tomorrow
- Danny Schur/Strike Musical Production
- Actors Fund
- Guide Dogs of America
- Children’s National Medical Center/Dr. Bear’s Closet

- Orioles Charitable Foundation
- Helmets to Hardhats
- Center for Military Recruitment, Assessment & Veteran Employment
- Pride At Work, AFL-CIO
- Labor of Love Golf Tournament
- International Seamen’s Service

research & policy institutes

- The American Friends of Yitzhak Rabin Center
- Capital Region Workforce Development Center

education

- DC Labor Film Festival
- John H. Lyons, Sr. Scholarship Foundation-Iron Workers Scholarship Fund
- International Brotherhood of Electrical Workers Conference
- International Union of Police Associations, AFL-CIO
- Building & Construction Trades Department Conference
- New Brunswick Federation of Labour Scholarships
- J.R. Hoffa Memorial Scholarship Fund
- Edward Kennedy Institute for U.S. Senate
- Council for Adult & Experiential Learning (CAEL)
- America’s Future Now
- The International Masonry Foundation
- B.C. Federation of Labour (CLC)
- Monroe County Council CIO Social & Welfare Association
- A. Philip Randolph Institute
- New Jersey AFL-CIO Leadership Conference
- “Next Up”
- Teamsters National Hispanic Caucus
- Lake Winnipeg Research Consortium
- Brotherhood of Railroad Signalmen 50th Convention
- Teamsters National Black Caucus
- SMWIA Scholarship Foundation
- Teamster’s Women’s Conference
- Texas AFL-CIO Scholarship Fund
- American Postal Workers Union
- OPCMIA Scholarship Foundation
- International Labor Communication Association
- IBEW Construction & Maintenance Department
- National Labor College
- NJ State AFL-CIO Women in Leadership Development Conference (WILD)

worker’s rights

- Labor Project for Working Families
- National Interfaith Committee for Worker Justice
- Young Trade Unionists
- Farm Labor Organizing Committee
- Farmworker Justice
- Jewish Labor Committee
- America’s Agenda: Health Care For All
- Jobs With Justice

other organizations supported by AIL

- Elderly Housing Development & Operations Corporation (EHDOC)
- Union Sportsmen’s Alliance
- National Consumers League



labor advisory board



James Williams
General President,
International Union of
Painters and Allied Trades
Chairman,
Labor Advisory Board



Victor Kamber
Vice President,
American Income Life
and National Income Life
Executive Director,
Labor Advisory Board



Denise Bowyer
Vice President,
American Income Life
and National Income Life
Secretary,
Labor Advisory Board



Roger Smith
President and CEO,
American Income Life
and National Income Life
President,
Labor Advisory Board



Bernard Rapoport
Founder,
American Income Life



Paul E. Almeida
President,
Department
for Professional
Employees, AFL-CIO



Stuart Appelbaum
President,
Retail, Wholesale and
Department Store
Union, UFCW



Ronald Ault
President,
Metal Trades
Department, AFL-CIO



Morty Bahr
President Emeritus,
Communications Workers
of America
Chairman Emeritus,
Labor Advisory Board



Dave Barrett
Former Premier of Province
of British Columbia
Honorary Member,
Labor Advisory Board



Theodore Bikel
President,
Associated Actors and
Artistes of America



James Boland
President,
International Union of
Bricklayers and Allied
Craftworkers



Hon. David Bonior
Chair,
American Rights at Work
Honorary Member,
Labor Advisory Board



Clayola Brown
President,
A. Philip Randolph
Institute



Samuel Cabral
President,
International Union
of Police Associations



Rose Ann DeMoro
Executive Director,
California Nurses Association



Barbara Easterling
President,
Alliance for Retired
Americans



Patrick Finley
General President,
Operative Plasterers'
and Cement Masons'
International Association
of the US and Canada



Hon. Richard Gephardt
Former US Congressman
Honorary Member,
Labor Advisory Board



Robert E. Gleason
Secretary-Treasurer,
International
Longshoremen's
Association



James Grogan, Jr.
General President,
International
Association of Heat and
Frost Insulators and
Asbestos Workers



Raymond Hair
International President,
American Federation of
Musicians



Mary Kay Henry
President,
Service Employees
International Union,
CTW, CLC



William Hite
President,
United Association of
Journeyman and Apprentices of
the Plumbing and Pipe Fitting
Industry of US and Canada



James Hoffa
General President,
International
Brotherhood
of Teamsters



Arlene Holt-Baker
Executive Vice
President,
AFL-CIO



Ken Howard
National President,
Screen Actor's Guild



Frank Hurt
International President,
Bakery, Confectionery,
Tobacco Workers and Grain
Millers International Union



Mike Jewell
President,
Marine Engineers'
Beneficial Association



Newton B. Jones
International President,
International Brotherhood
of Boilermakers, Iron Ship
Builders, Blacksmiths,
Forgers and Helpers



Greg Junemann
President,
International Federation
of Professional and
Technical Engineers



D. Michael Langford
National President,
Utility Workers Union of
America, AFL-CIO



James Little
International President,
Transport Workers
Union of America



Matthew Loeb
International President,
International Alliance
of Theatrical Stage
Emploees



William Lucy
President,
Coalition of
Black Trade Unionists



Hon. Ray Marshall
Former US Secretary
of Labor
Honorary Member,
Labor Advisory Board



Warren Mart
General
Secretary-Treasurer,
International Association
of Machinists and
Aerospace Workers



Sean McGarvey
Secretary-Treasurer,
Building and Construction
Trades Department



Terence O'Sullivan
President,
Laborers International
Union of North America



Oscar Owens
International
Secretary-Treasurer,
Amalgamated
Transit Union



Jules Pagano
Executive Director Emeritus,
Labor Advisory Board



Anthony "Marc" Perrone
International
Secretary-Treasurer,
United Food & Commercial
Workers Int'l Union



W. D. "Dan" Pickett
President,
Brotherhood of
Railroad Signalmen



Roberta Reardon
President,
American Federation
of Television and Radio
Artists



Jeff Rechenbach
Executive Vice
President,
Communications
Workers of America,
AFL-CIO, CLC



Paul Rinaldi
President,
National Air Traffic
Controllers Association



Clyde Rivers
President Emeritus,
California School
Employees Association



Cecil Roberts
President,
United Mine Workers
of America



Kinsey Robinson
International President,
United Union of Roofers,
Waterproofers and Allied
Workers



Arturo Rodriquez
President,
United Farm Workers
of America



Milton Rosado
President,
Labor Council For Latin
American Advancement



Michael Sacco
President,
Seafarers International Union
President,
Maritime Trades Dept, AFL-CIO



Elizabeth E. Shuler
Secretary-Treasurer,
AFL-CIO



Bruce R. Smith
President,
Glass, Molders, Pottery,
Plastics and Allied
Workers International
AFL-CIO, CLC



Andy Stern
President Emeritus,
Service Employees
International Union



John J. Sweeney
President Emeritus,
AFL-CIO



George Tedeschi
President,
Graphic Communications
Conference / International
Brotherhood of Teamsters



Richard Trumka
President,
AFL-CIO



Baldemar Velasquez
President,
Farm Labor Organizing
Committee



Walter Wise
General President,
International Association
of Bridge, Structural,
Ornamental and
Reinforcing Iron Workers



Diann Woodard
President,
American Federation of
School Administrators



Hon. Jim Wright
Former Speaker of the House
Honorary Member,
Labor Advisory Board

The Labor Advisory Board is made up of labor leaders from various international unions and organizations advocating labor related causes. AIL/NILICO is best able to serve working families everywhere because of the advice from these outstanding labor leaders.

“ We must not, in trying to think about how we can make a big difference, ignore the small daily differences we can make which, over time, add up to big differences that we often cannot foresee. ”

**Marion Wright Edelman
American Activist**



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Protecting Working Families
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