

**NATIONAL WESTERN LIFE INSURANCE COMPANY**



**ANNUAL REPORT 1970**

# Directors

**A. A. Alexander, Jr. \***  
Chairman of the Board - National Western Life  
Austin, Texas

**Gene H. Bishop**  
President - Lomas & Nettleton, Inc.  
Dallas, Texas

**Will D. Davis \***  
Attorney at Law - Heath, Davis & McCalla  
Austin, Texas

**Harry L. Edwards \***  
President - National Western Life  
Austin, Texas

**Bryan W. Forister, Jr., M. D.**  
Medical Director - National Western Life  
Austin, Texas

**E. Peter Garber, M. D.**  
Physician  
Galveston, Texas

**James O. Gerst**  
President - Mutual Savings Institution  
Austin, Texas

**John B. LaMacchia, Jr.**  
Consulting Actuary  
John B. LaMacchia and Assoc.  
St. Louis, Missouri

**B. C. Lancaster \***  
Vice President and Investment Officer -  
National Western Life  
Austin, Texas

**Mark T. McKee**  
Chairman of the Board -  
Wisconsin & Michigan Steamship Company  
Director - Pan American World Airways  
Oxford, Connecticut

**Ben D. Marcus**  
President - Marcus Theatres, Pfister Hotels,  
Marc's Big Boy Corp., Marcus CATV Corp.,  
First American Finance  
Milwaukee, Wisconsin

**Joseph J. Marsh**  
President - Marsh-Wimbush, Inc.  
Denver, Colorado

**Sam R. Perry \***  
Attorney at Law - Sneed, Vine, Wilkerson & Selman  
Austin, Texas

**Arthur J. Shadek**  
Attorney and Director -  
Applied Dynamics of Ann Arbor, Michigan  
Alpine, New Jersey

**John Ben Shepperd**  
Vice President and General Counsel -  
Odessa Natural Gasoline Company  
Odessa, Texas

**R. F. Varnado \***  
Senior Vice President and Secretary-Treasurer -  
National Western Life  
Austin, Texas

**\*EXECUTIVE COMMITTEE**

# National Western Life Insurance Company

P.O. Box 1029 Austin, Texas 78767

## Financial Highlights

	1970	1969
Net Gain from Operations . . . . .	\$ 1,773,580	\$ 1,143,023
Policy Reserves . . . . .	77,491,090	61,855,588
Total Income . . . . .	23,998,247	22,195,220
Net Investment Income . . . . .	4,681,830	3,415,467
Insurance in Force . . . . .	870,862,401	733,117,521
Premium Income . . . . .	17,646,700	16,909,846
Benefits to Policyholders . . . . .	15,436,376	14,283,168
Total Assets . . . . .	107,389,990	84,826,825
Shareholders Equity . . . . .	16,370,724	10,189,150

## TO OUR SHAREHOLDERS:

Your Company achieved substantial gains in all areas of operations in 1970 to make it the best year in the Company's history. Net Gain From Operations amounted to \$1,773,580, a significant 55.2% increase over the previous year. The per share Net Gain From Operations is \$.51 compared to last year's \$.39, a 30.8% improvement.

The gratifying results were achieved through the combined devoted effort of many people—our Board of Directors, our Sales Representatives, and our Officers and Employees. To truly appreciate the strength of the Company and the ability of its people, one must recall the Company was subject to a Rehabilitation Program under the jurisdiction of the Insurance Department of Colorado throughout most of 1969 and until March 31, 1970. Under the laws of Colorado, the Company had only until March 31, 1970 to satisfactorily complete the Program, which it did.

The merger of Missouri Fidelity/Union Trust Life Insurance Company into National Western Life was completed effective August 31, 1970. The accompanying financial information and charts reflect the results of the merger.

Admitted assets now exceed \$107,000,000,

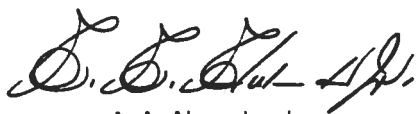
and your Company ranks within the top 15% of all companies in the United States. We are firmly dedicated to continued solid growth by the pursuit of sound business practices within the framework of the laws governing the life insurance industry.

The Investment Committee, taking advantage of favorable conditions, was able to increase our net investment income by \$1,266,363, an increase from \$3,415,467 to \$4,681,830. As a result, our ratio of net investment income to mean assets increased from 3.93% to 5.32%, exceeding the published industry average.

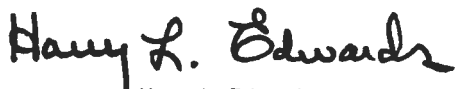
The ability of our people and the strength of the Company is such that many other objectives were accomplished that are not readily seen by reading the financial figures contained in this report. For example, the Company was able to further reorganize both its Home Office and field force. Internal procedures were strengthened to effect further economies. Increased training programs for the field force have been implemented to enable the Field Representatives to render the greatest possible service to our policyholders. We were also able to pay off in less than one year, four of the five-year surplus debentures in the original principal amount of \$2,215,826.

Early in 1970, a major decision which we feel will have far-reaching effects on production of new business and future profitability was made. A complete new product line was developed. The new competitive products, designed to satisfy the present and future needs of our modern society, have been enthusiastically received by our Sales Representatives. Morale and enthusiasm throughout the Company is at a high level and new business writings are increasing following the announcement of the new product line at recent training seminars.

National Western Life is people-oriented. Our most important assets are the people with whom we do business and with whom we work. Your Management gratefully acknowledges the support of our stockholders and the contribution made by your Board of Directors, Sales Representatives, Officers and Employees to the accomplishments of 1970, and we enter the decade of the 70's with confidence and enthusiasm.



A. A. Alexander, Jr.  
Chairman of the Board and  
Chief Executive Officer



Harry L. Edwards  
President



A. A. Alexander, Jr.



Harry L. Edwards

# Comparative Balance Sheets

National Western Life Insurance Company 1966 through 1970

## Assets

	1970 <sup>(1)</sup>	1969	1968	1967	1966
Bonds . . . . .	\$ 44,862,631	\$27,585,434	\$21,320,616	\$20,948,308	\$19,386,304
Stocks . . . . .	2,118,906	5,022,168	6,478,390	4,963,299	2,388,558
Mortgage Loans . . . . .	29,687,118	25,266,024	23,250,890	20,557,742	20,393,716
Real Estate (Net of liens of \$16,834) . .	1,775,159	1,274,492	2,419,089	2,302,073	2,261,640
Policy Loans . . . . .	7,988,919	5,501,995	4,652,975	4,064,100	3,817,613
Collateral Loans . . . . .	360,869	400,805	567,319	631,347	504,950
Other Invested Assets . . . . .	23,254	27,918	48,244	161,759	196,259
Cash . . . . .	6,249,979	2,755,486	2,723,303	1,301,616	2,193,282
Premiums in the Course of Collection . . . . .	3,711,556	3,276,416	3,172,948	3,309,884	3,641,648
Interest in Libbie Shearn Moody Trust <sup>(2)</sup> . . . . .	9,318,226	11,887,266	11,791,890	10,626,516	8,840,111
Accrued Investment Income . . . . .	1,046,765	777,061	614,320	524,916	431,056
Other Assets . . . . .	246,608	1,051,760	559,287	231,009	308,718
Total Assets . . . . .	<u>\$107,389,990</u>	<u>\$84,826,825</u>	<u>\$77,599,271</u>	<u>\$69,622,569</u>	<u>\$64,363,855</u>

## Liabilities

Policy Reserves . . . . .	\$ 77,491,090	\$61,855,588	\$56,507,788	\$51,741,185	\$42,946,529
Policy and Contract Claims Payable . . . . .	510,306	510,903	709,498	471,372	265,451
Premiums Paid in Advance or on Deposit . . . . .	584,608	554,921	615,213	643,120	614,999
Policyowners' Funds on Deposit . . . . .	9,410,399	7,448,272	6,973,727	6,370,781	5,543,843
Accrued Taxes . . . . .	725,260	808,493	1,056,605	769,765	350,866
Funds Held by Company as Trustee . . . . .	247,541	302,022	657,555	510,468	472,947
Accrued Expenses . . . . .	786,140	1,230,100	877,583	467,008	426,716
Unearned Income . . . . .	186,640	140,759	148,322	249,850	227,647
Notes Payable . . . . .		10,014	10,014	249,549	660,238
Mandatory Securities Valuation Reserve . . . . .	686,407	707,877	1,091,115	593,698	180,077
Other Liabilities . . . . .	390,875	1,068,726	314,140	326,140	338,145
Total Liabilities . . . . .	<u>\$ 91,019,266</u>	<u>\$74,637,675</u>	<u>\$68,961,560</u>	<u>\$62,392,936</u>	<u>\$52,027,458</u>

## Capital and Surplus

Common Stock . . . . .	\$ 3,508,319	\$ 2,955,916	\$ 2,955,916	\$ 2,955,916	\$ 2,833,696
Total Surplus Funds <sup>(2)</sup> . . . . .	12,862,405	7,233,234	5,681,795	4,273,717	9,502,701
Total Capital and Surplus . . . . .	<u>\$ 16,370,724</u>	<u>\$10,189,150</u>	<u>\$ 8,637,711</u>	<u>\$ 7,229,633</u>	<u>\$12,336,397</u>
Total Liabilities, Capital and Surplus . . . . .	<u>\$107,389,990</u>	<u>\$84,826,825</u>	<u>\$77,599,271</u>	<u>\$69,622,569</u>	<u>\$64,363,855</u>

### NOTES TO FINANCIAL STATEMENTS:

- (1) Effective August 31, 1970 Missouri Fidelity/Union Trust Life Insurance Company was merged into National Western Life. Missouri Fidelity had assets of \$15,887,248; liabilities of \$11,660,351; capital and surplus of \$4,226,897; insurance-in-force of \$136,956,450.
- (2) On February 11, 1970, the Commissioner of Insurance of Colorado stipulated the value of National Western's interest in the Trust to be the amount of insurance payable to National Western upon the death of Robert L. Moody, less the unpaid balance of debentures payable from income from the Trust. Previously the value was calculated by an actuarial formula which determined the present value of future income anticipated from the Trust over the expected lifetime of Mr. Moody. The indicated values are in accordance with the Commissioner's revised formula.

# Comparative Operating Statements

National Western Life Insurance Company 1966 through 1970

## Income

	1970	1969	1968	1967	1966
Premiums . . . . .	\$17,646,700	\$16,909,846	\$17,042,155	\$16,205,520	\$14,399,096
Other considerations . . . . .	1,669,717	1,869,907	1,645,108	2,109,791	679,037
Investment Income (Less investment expenses) . . . . .	4,681,830	3,415,467	3,152,118	2,583,552	2,400,490
Other Income . . . . .				48,528	104,555
Total Income . . . . .	<u>\$23,998,247</u>	<u>\$22,195,220</u>	<u>\$21,839,381</u>	<u>\$20,947,391</u>	<u>\$17,583,178</u>

## Policyowners benefits

Death Benefits . . . . .	\$ 2,576,232	\$ 3,072,473	\$ 2,778,617	\$ 2,342,827	\$ 1,372,667
Surrender benefits . . . . .	2,879,179	2,545,358	2,954,922	2,623,619	2,059,882
Accident and health benefits . . . . .	352,737	264,519	462,410	460,181	369,447
Other benefits . . . . .	2,841,487	2,528,975	2,618,859	3,000,862	1,627,690
Increase in policy and benefit reserves . . . . .	<u>6,786,741</u>	<u>5,871,843</u>	<u>5,432,820</u>	<u>5,822,859</u>	<u>4,867,412</u>
Total benefits to policyowners and beneficiaries . . . . .	<u>\$15,436,376</u>	<u>\$14,283,168</u>	<u>\$14,247,628</u>	<u>\$14,250,348</u>	<u>\$10,297,098</u>

## Expenses

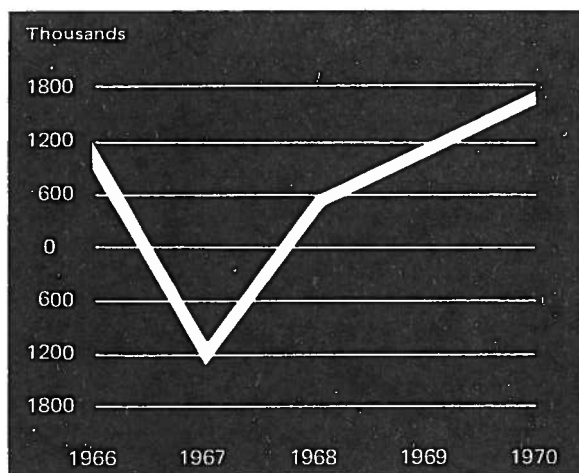
Commissions . . . . .	\$ 2,376,429	\$ 2,877,466	\$ 3,099,881	\$ 2,948,754	\$ 3,560,095
General insurance expenses . . . . .	3,224,622	2,877,697	2,788,935	3,247,012	2,857,316
Insurance taxes, licenses and fees . . . . .	320,838	338,374	575,383	437,247	576,203
Increase in loading on deferred and uncollected premiums . . . . .	(181,659)	(261,738)	(315,189)	44,605	(1,201,703)
Other sundry expenses . . . . .				24,604	
Total expenses . . . . .	<u>\$ 5,740,230</u>	<u>\$ 5,831,799</u>	<u>\$ 6,149,010</u>	<u>\$ 6,702,222</u>	<u>\$ 5,791,911</u>
Total benefits and expenses . . . . .	<u>\$21,176,606</u>	<u>\$20,114,967</u>	<u>\$20,396,638</u>	<u>\$20,952,570</u>	<u>\$16,089,009</u>
Net gain (loss) before dividends to policyholders . . . . .	\$ 2,821,641	\$ 2,080,253	\$ 1,442,743	\$ (5,179)	\$ 1,494,169
Dividends to policyholders . . . . .	<u>1,048,061</u>	<u>937,230</u>	<u>906,670</u>	<u>1,255,194</u>	<u>516,988</u>
Net gain (loss) from operations . . . . .	<u>\$ 1,773,580</u>	<u>\$ 1,143,023</u>	<u>\$ 536,073</u>	<u>\$ (1,260,373)</u>	<u>\$ 977,181</u>

## Reconciliation of Surplus

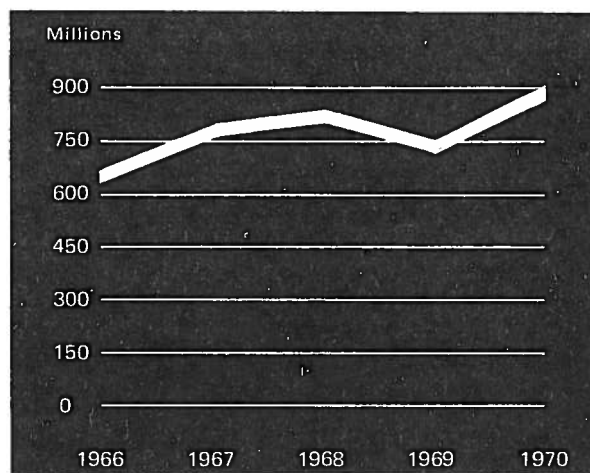
Surplus funds - Dec. 31, 1969 . . . . .	\$ 7,233,234
Net gain from operations . . . . .	1,773,580
Decrease in Mandatory Securities Valuation Reserve . . . . .	191,998
Settlement of lawsuit . . . . .	(152,249)
Net capital losses . . . . .	(134,233)
Net gain from non-admitted items . . . . .	983,525
Payments on surplus debentures . . . . .	(321,786)
Proceeds from issuance of surplus debentures . . . . .	2,215,826
Adjustments resulting from merger of affiliate . . . . .	1,073,694
Change in valuation basis of policy reserves . . . . .	(1,184)
Surplus funds - Dec. 31, 1970 . . . . .	<u>\$12,862,405</u>

# Operation Trends

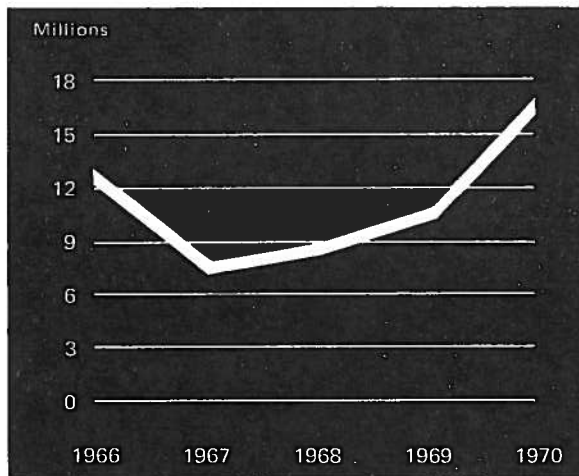
**Net Gain from Operations**



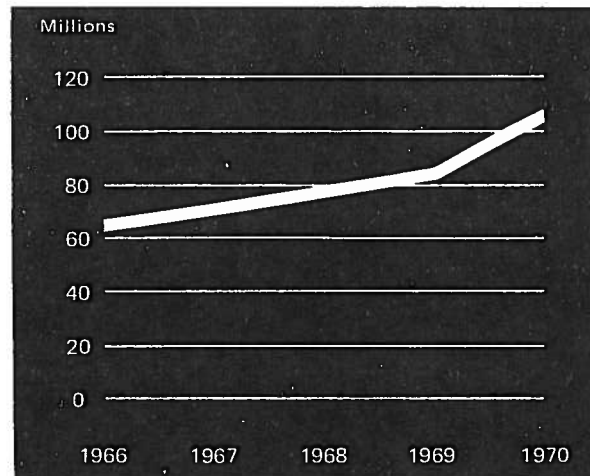
**Insurance in Force**



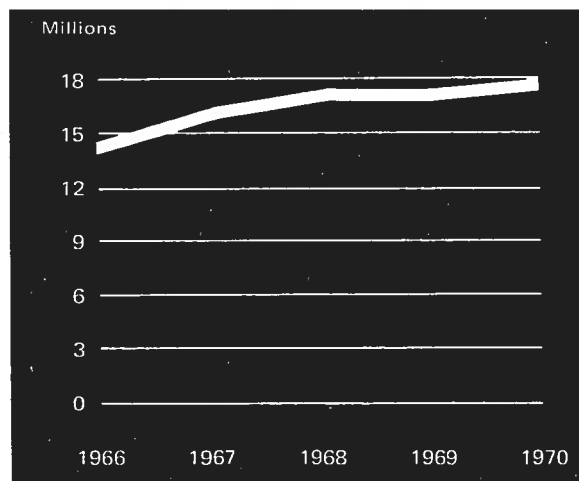
**Shareholders Equity**



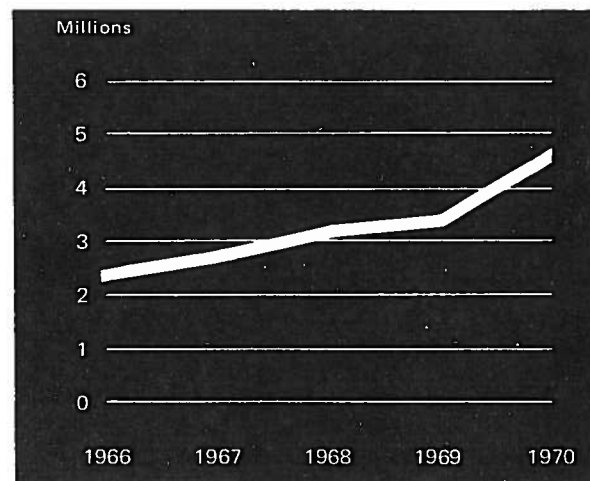
**Total Assets**



**Premium Income**



**Investment Income**



# Investments



Ford-Philco Building — Arlington, Texas



K-Mart — Port Arthur, Texas

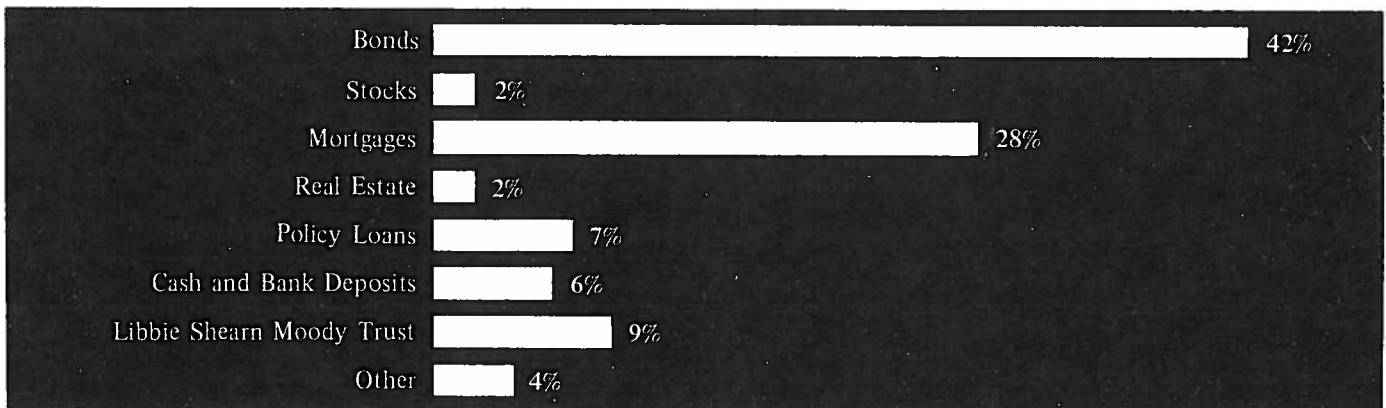


Americana Apartments — Austin, Texas

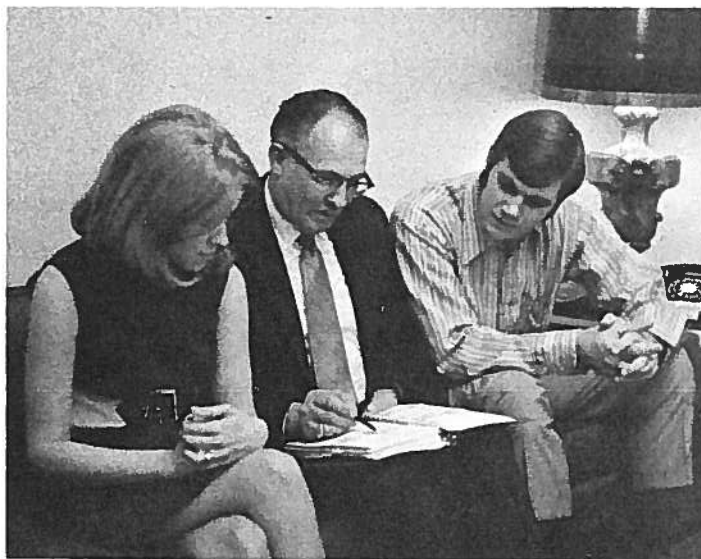
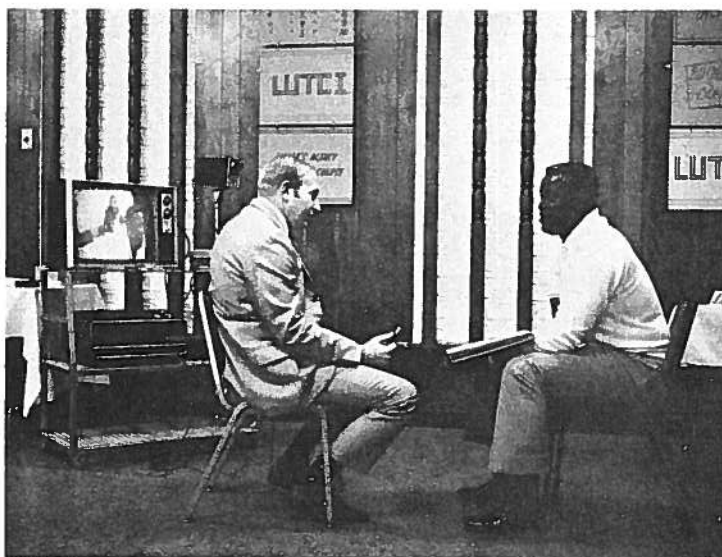
Shown on this page are several properties representative of investments made during 1970. National Western Life's net investment income of \$4,681,830 during 1970 was an increase of \$1,266,363 over 1969. Our 1970 ratio of net investment income to mean assets amounts to 5.32%, an increase of 1.39% over the 1969 yield of 3.93%.

With safety of principal as our prime investment consideration, we plan, in 1971, to give the same careful consideration to our investment portfolio as we have this year in order to maintain our high percentage of investment yield.

## PERCENTAGE DISTRIBUTION OF ASSETS



# Marketing



In keeping with the Company's philosophy of service to our policyowners and meeting the insurance needs of the buying public, we have implemented the Sales/Service marketing concept.

Sales/Service Centers have been established in the areas of policyowner concentration to provide personal insurance counseling by professionally trained representatives.

The most modern sales training methods, such as the use of closed circuit television, have been introduced. Comprehensive training programs conducted by the Company include self-study courses and formal training seminars on personal sales development and product knowledge.

# Executive Staff

**A. A. Alexander, Jr.**  
Chairman of the Board and  
Chief Executive Officer

**Harry L. Edwards**  
President

**R. F. Varnado**  
Senior Vice President and  
Secretary-Treasurer

**Otto Gross**  
Vice President - Actuarial Services

**Weldon K. Huffman**  
Vice President - Operations, and  
Assistant Secretary

**Robert R. Johnson**  
Vice President and Assistant Secretary

**B. C. Lancaster**  
Vice President - Investments

**Charles H. McCoy**  
Vice President - Marketing

**Lewis G. Morris**  
Vice President and Assistant Secretary-Treasurer

**Harold L. Ponder**  
Vice President - Risk Selection

**Robert L. Busby, III**  
Assistant Vice President and  
Internal Auditor

**Robert V. Carothers**  
Assistant Vice President -  
Premium Collection, and  
Assistant Treasurer

**Bob Laughlin**  
Assistant Vice President and  
Agency Secretary

**Robert L. Mathis**  
Assistant Vice President -  
Administrative Services

**Don Reeder**  
Assistant Vice President -  
Underwriting

**M. K. Roberts**  
Assistant Vice President  
and Chief Accountant

**Irwin M. Herz, Jr.**  
Assistant Secretary

**Frances V. Soderstrom**  
Assistant Treasurer

# **NATIONAL WESTERN**

LIFE INSURANCE COMPANY

P.O. BOX 1029, AUSTIN, TEXAS 78767

