



SBLI USA Mutual Life Insurance Company, Inc.

# 2007 SBLI USA Annual Report

Serving the People Who Make America Work



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Taking Customer Service To New Heights

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## MESSAGE FROM THE CHAIRMAN OF THE BOARD



“As a financial services provider SBLI USA’s role extends far beyond a provider of insurance or annuities for the average American household. Our unique market has allowed the Company to excel financially and as a community leader, making a lasting and substantial difference in the lives of those it serves. Board members, officers, and associates alike make a consistent and conscientious effort to increase policyholder value and to live the principles we all hold dear. 2007 was a strong year for SBLI USA and an important foundation for future success in 2008.”

*Joseph L. Mancino, Chairman, SBLI USA Board of Directors*

## MESSAGE FROM THE PRESIDENT



“When I joined SBLI USA I immediately recognized its potential to do something few financial services companies were attempting to do. In 2000, our increased efforts to reach out to the millions of underserved and underinsured average American consumers, in great need of financial education and empowerment, led to the formation of a new Company. Now, after nearly a decade of rebuilding, SBLI USA is reaching out to more value-conscious consumers than ever before. I am happy to report strong results in 2007 in many areas: customer service satisfaction rating 97.8%, increase in total assets of \$1.4 million, and policyholder dividends of \$8.9 million. Our coast to coast footprint, our extensive technological capability, and the support we receive from our numerous and greatly valued business partnerships puts us in a position to do even more in 2008.”

*Vikki L. Pryor, SBLI USA President and Chief Executive Officer*

\*Cover Source: Customer Satisfaction Chart:  
2007 SBLI USA Internal Customer Satisfaction Survey

## OUR COMPANY

### MISSION STATEMENT

We help individuals, families and communities access information and products to achieve financial goals. Our focus is service, affordability, preservation, and growth of policyholder value. Our business philosophy blends financial strength and innovation.

We are rooted in a deep belief in human potential.

### SOCIAL RESPONSIBILITY STATEMENT

**Leadership:** SBLI USA strives to be a leader in the empowerment of people and communities, and the preservation of a just and sustainable society.

**Commitment:** We are committed to offering America's families greater access to the essential tools of prosperity, with particular attention to underserved communities.

**Ethics and Values:** We are guided by ethics and our most deeply held values.

**Workplace:** We promote both opportunity and responsibility within the SBLI USA community while maintaining high standards of fairness, diversity, and cooperative achievement.

**Citizenship:** Our company is a conscientious and constructive citizen of the communities we serve.

### KEY FACTS

**Assets:** More than \$1.5 billion, including \$129 million in surplus capital.

**Associates:** 200

**Policyholders:** Over 300,000 nationwide; more than \$15.9 billion of insurance in force.

**Core Products:**\* Our products are designed to help overcome the traditional barriers to building a secure future at an affordable rate, while still offering competitive product benefits.


- » Whole Life – lifetime coverage with level premiums and cash value that accumulates tax-deferred
- » Term Life – quality term coverage with premiums that stay level for up to 30 years
- » Children's Single Premium Term – policies that can be converted to a whole life policy when a child turns 21
- » Simple Issue Term – coverage up to \$150,000, generally with no medical exam required\*\*
- » Accidental Death and Dismemberment – coverage from \$25,000 to \$150,000
- » SeniorLife – Whole Life for seniors of up to \$20,000 in coverage, with guaranteed acceptance
- » Employee Group Life Insurance – Flexible coverage from \$10,000 to \$500,000

**Annuity:** SBLI USA Select Choice<sup>SM</sup> – a single-premium, tax deferred annuity with a guaranteed interest rate.

*\*Business in the Chicago and Glendale locations is conducted by SBLI USA's wholly owned subsidiary, S.USA Life Insurance Company, Inc. S.USA is not licensed in the State of New York and does not solicit business in New York. Not all products are available in all states.*

*\*\*Based on the answers given to the application questions, proof of insurability may be required. Like most insurance policies, SBLI USA's policies contain exclusions, limitations, reductions of benefits and terms for keeping them in force.*

## OUR BRAND

The  encompasses the importance of security, the emphasis on service, and the essence of simplicity in helping millions of Americans achieve their financial goals. The brand emphasizes that this is the financial empowerment company inclusive of all people, "for the people who make America work!"

## OUR SERVICE

**Customer Centers:** Trained, licensed agents are available at Customer Centers both over the phone and in person. To ensure efficiency and accuracy, all interactions are managed by our advanced sales management technology. Interactive kiosks offer an alternative, self-directed, low-pressure way for consumers to access Web-based information about our products and services.

**E-Commerce:** As a result of advancements in e-commerce, our processes are much more efficient. In 2007 we introduced a pay-per-click, Web-based program that allows consumers to access educational information and to apply for policies online. Customers can also manage their accounts, pay their premiums, and read about our products online, as well as gain access to educational tools and resources such as our online planning guides, and our financial tools and seminars. Our Web site and all of our printed material are available in both English and Spanish.

**Employee Group:** We reach out to companies through direct mail, community relationships, and work site presentations.

**Bank Partners:** SBLI USA works with outside banks to reach a greater breadth of consumers. In 2007 our bank partners provided over 22% of our total sales.

## OUR PERFORMANCE

### 2007 FINANCIAL HIGHLIGHTS

*(\$ in Millions)*

» Premiums & Other Considerations .....	\$103.9
» Net Investment Income .....	\$85.9
» Benefits Paid to Policyholders .....	\$94.0
» Dividends Paid to Policyholders.....	\$8.9
» Increase in Assets .....	\$1.4

*(\$ in Billions)*

» Aggregate Reserves for 2007 .....	\$1.30
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### 2007 SALES HIGHLIGHTS

» Increase in Customer Center Channel Sales .....	18%
» Total New Policies for 2007 .....	14,117

### 2007 CUSTOMER SERVICE HIGHLIGHTS

» Customer Satisfaction Rating .....	97.8%
» Number of Customer Calls Taken .....	152,306
» First Call Resolution Rate .....	99.7%
» Average Claims Processing Time.....	5 days
» Number of Claims Processed.....	4,686

### 2007 TECHNOLOGY/E-COMMERCE HIGHLIGHTS

- » First Runner up in Cisco's 2007 Growing with Technology Awards for Innovative Use of Technology in Marketing and Sales
- » Improved our Web site visibility on the Internet by over 60%
- » Upgraded our underwriting and group insurance systems to improve the performance of our new business and administration activities
- » Consolidated our data center infrastructure by over 30%, improving our ability to service our customers while making us more environmentally friendly by significantly reducing utility demand over the life of the infrastructure

## CONSOLIDATED BALANCE SHEET & SUMMARY OF OPERATIONS

### SBLI USA MUTUAL LIFE INSURANCE COMPANY, INC.

As of December 31 (\$ in 000's) 2007 2006

#### BALANCE SHEET

Assets		
Invested Assets	1,498,348	1,497,569
Other Assets	30,665	30,037
<b>Total Assets</b>	<b>1,529,013</b>	<b>1,527,606</b>
<b>Liabilities and Capital &amp; Surplus</b>		
Aggregate Reserves	1,300,924	1,296,994
Other Liabilities	98,605	106,874
Capital & Surplus	129,484	123,738
<b>Total Liabilities and Capital &amp; Surplus</b>	<b>1,529,013</b>	<b>1,527,606</b>

#### SUMMARY OF OPERATIONS

Total Revenues	189,890	197,736
Total Operating Expenses	186,672	191,246
<b>Operating Income Gain (Loss)</b>	<b>3,218</b>	<b>6,490</b>
Taxes & Net Realized Gains (Losses) on Security Transactions	(430)	347
<b>Net Income</b>	<b>2,788</b>	<b>6,837</b>

Financial statements are prepared on a consolidated life insurance company basis.

## BALANCE SHEET & SUMMARY OF OPERATIONS

### SBLI USA MUTUAL LIFE INSURANCE COMPANY, INC.

As of December 31 (\$ in 000's) 2007 2006

#### BALANCE SHEET

Assets		
Invested Assets	1,496,659	1,495,523
Other Assets	29,702	29,559
<b>Total Assets</b>	<b>1,526,361</b>	<b>1,525,082</b>
<b>Liabilities and Capital &amp; Surplus</b>		
Aggregate Reserves	1,298,607	1,295,281
Other Liabilities	98,270	106,063
Capital & Surplus	129,484	123,738
<b>Total Liabilities and Capital &amp; Surplus</b>	<b>1,526,361</b>	<b>1,525,082</b>

#### SUMMARY OF OPERATIONS

Total Revenues	187,535	195,385
Total Operating Expenses	182,563	184,269
<b>Operating Income Gain (Loss)</b>	<b>4,972</b>	<b>11,116</b>
Taxes & Net Realized Gains (Losses) on Security Transactions	(430)	347
<b>Net Income</b>	<b>4,542</b>	<b>11,463</b>

# OUR LEADERSHIP



## SENIOR TEAM



**Vikki L. Pryor**  
President & CEO



**Michael Akker**  
Executive Vice President  
& COO



**Robert Damante**  
Executive Vice President  
& CFO



**Eric J. Bulis**  
Senior Vice President  
& CIO



**Mariam Eisenberg**  
Senior Vice President  
Operations &  
Underwriting



**Judy Elliott-Pugh**  
Senior Vice President  
Human Resources



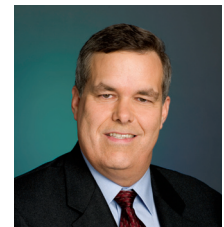
**Debra E. Klugman**  
Senior Vice President,  
General Counsel  
& Secretary



**James Machovsky**  
Senior Vice President  
Marketing & Sales



**Ralph Meola**  
Senior Vice President  
& Chief Actuary



**Russell Johnson**  
Vice President &  
Chief Auditor



## OFFICER TEAM

**Vikki L. Pryor**  
President & CEO

**Michael Akker**  
Executive Vice President  
& COO

**Robert Damante**  
Executive Vice President  
& CFO

**Eric J. Bulis**  
Senior Vice President  
& CIO

**Mariam Eisenberg**  
Senior Vice President  
Operations &  
Underwriting

**Judy Elliott-Pugh**  
Senior Vice President  
Human Resources

**Debra E. Klugman**  
Senior Vice President,  
General Counsel &  
Secretary

**James Machovsky**  
Senior Vice President  
Marketing & Sales

**Ralph Meola**  
Senior Vice President  
& Chief Actuary

**Paul Capizzi**  
Vice President  
Technology

**Anthony Carbone**  
Vice President  
Marketing

**Robert Hanebuth**  
Vice President  
Marketing

**Russell Johnson**  
Vice President &  
Chief Auditor

**Marina Kotlyar**  
Vice President  
Strategic Planning &  
Investments

**Kevin M. Lamasney**  
Vice President &  
Associate General  
Counsel

**Marquis Miller**  
Vice President  
Sales  
*(As of 4/21/08)*

**Brian Rooney**  
Vice President  
Finance

**Susan Rutman**  
Vice President  
Operations

**Michal Ryduchowski**  
Vice President  
Actuary

**Jeanne Scotto**  
Vice President  
Customer Centers

**Nanci Tolk**  
Vice President  
Advertising

**John F. Vernaleken**  
Vice President  
Technology



## OUR LEADERSHIP

### BOARD OF DIRECTORS



*(Standing left to right)* Albert J. Regen, David L. Hinds, Harry P. Doherty, Joseph L. Mancino, Vikki L. Pryor, David Jefferson, G. Thomas Rogers, Samuel M. Bemiss  
*(Seated left to right)* Ellen E. Thrower, Evelyn F. Murphy, Carol L. Coffman, Deborah Aguiar-Vélez

#### CHAIRMAN

##### **Joseph L. Mancino**

Chairman & CEO – Retired  
The Roslyn Savings Bank

#### VICE CHAIR

##### **Evelyn F. Murphy**

President  
The Wage Project, Inc.

##### **Deborah Aguiar-Vélez**

President & CEO  
Sistemas Corporation

##### **Samuel M. Bemiss**

Managing Director  
Ewing Bemiss & Company

##### **Carol L. Coffman**

Principal  
FFN Advisors

##### **David L. Hinds**

Managing Director – Retired  
Deutsche Bank AG

##### **David Jefferson**

President & CEO  
JNET Communications, LLC

##### **Vikki L. Pryor**

President & CEO  
SBLI USA Mutual Life Insurance  
Company, Inc.

##### **Albert J. Regen**

President – Retired  
Northfield Savings Bank

##### **G. Thomas Rogers**

Visiting Professor,  
School of the Art Institute of Chicago

##### **Ellen E. Thrower**

Executive Director  
School of Risk Management  
St. John's University

#### *In Memory*

##### **Harry P. Doherty**

Vice Chairman – Retired  
Independence Community Bank

#### *Not Pictured*

##### **Michael Akker**

Executive Vice President & COO  
SBLI USA Mutual Life Insurance  
Company, Inc.

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### ADVISORY BOARD

##### **Richard Gibbs**

CFO – Retired  
TIAA-CREF

##### **David Lizárraga**

Chairman, President & CEO  
TELACU

##### **Robert D. Mercurio**

Partner  
Windels Marx Lane  
& Mittendorf, LLP

##### **June Rokoff**

Vice Chair  
Commonwealth Institute

##### **Wesley D. Stisser**

Chairman & CEO – Retired  
Cortland Savings Bank

##### **Timothy J. Trainor**

President &  
Chief Creative Officer  
Trainor Associates, Inc.

##### **Roslyn M. Watson**

President & Founder  
Watson Ventures, Inc.

## LOCATIONS

### HEADQUARTERS

**New York**  
460 West 34th Street  
New York, NY 10001  
212-356-0300

### OPERATIONS

**New Jersey**  
550 Broad Street  
Newark, NJ 07102  
973-776-3367

### SALES

**California**  
400 North Brand Blvd.  
9th Floor, Suite 920  
Glendale, CA 91203  
818-254-1070

### CUSTOMER CENTERS

**New York**  
460 West 34th Street  
New York, NY 10001  
877-SBLI-USA  
(877-725-4872)

**Puerto Rico**  
Plaza Del Sol Mall  
725 West Main Avenue  
Bayamón, PR 00961  
866-CUIDATE  
(866-284-3283)

**Buffalo**  
Walden Galleria Mall  
One Walden Galleria  
Buffalo, NY 14225  
877-SBLI-USA  
(877-725-4872)

**Chicago**  
55 East Jackson Blvd.  
Chicago, IL 60604  
866-SUSA-123  
(866-787-2123)

## POLICYHOLDER INFORMATION

SBLI USA Policyholders seeking general information or who have specific inquiries regarding policyholder communications may contact the SBLI USA Customer Service Center at 1-877-SBLI-USA (877-725-4872), or write to us at P.O. Box 1050, Newark, NJ 07101-9697. For additional policy and marketing information, please visit our Web site at [www.sbliusa.com](http://www.sbliusa.com).



SBLI USA Mutual Life Insurance Company, Inc.

[www.sbliusa.com](http://www.sbliusa.com)