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MAR 19 1971

ROOM 204 ANNUAL REPORT

PACIFIC



*Sunset Life Insurance Company of America 1970 annual report*





**Sales**—New insurance reached \$93.7 million—up an exceptional 28% over the previous year.

## *Highlights of* **1970**

**Alaska**—Sunset participates in formation of exciting new life insurance company.

**Operating Earnings**—Statutory net income was at an all time high of \$740,000, up 17%.

**Adjusted Earnings per Share** reached a record \$2.00, up 16% over \$1.73 per share in 1969.

**Insurance In Force** increased to a new high of \$397 million, an increase of 13%.

**Capital and Surplus** at \$6.9 million, up 8%.

**Assets** 19.4% greater than liabilities, 2½ times the average margin for the 25 largest life companies.

**Electronic Data Processing**—Expanded services dictate formation of subsidiary.

**Corporate Development**—New division—expansion into related business activities.

**Computer**—Successful changeover gives Company permanent competitive edge.

**Ecology**—Public concern is beneficial to Company.

**New Investments**—Over \$2.9 million invested at record high yields.





## *an Exceptional Year!*

Sunset Life had the best year in its 33-year history. Rapid progress was made on all fronts.

You will find highlights of 1970's achievements outlined on the opposite page and amplified elsewhere in this report.

At a time when some of the country's largest insurance companies are showing only nominal growth in earnings and sales, we feel we owe you an explanation of our exceptional year.

Sunset's long-range investment program has started to pay off. Close control over operating costs is now bearing fruit. Both have been described in previous reports. Both have long-range importance.

Despite the outstanding growth in the past ten years, energetic expansion of the Company into new areas of opportunity in marketing during 1970 is aimed to add materially to Sunset's future.

With us, the order of the day is flexibility. We welcome change. We are impatient with the status quo. We are dedicated to growth. We are determined to maintain excellency of service to our clients.

What is Sunset? The following pages will give you a better idea. We invite your interest. If you have a question, please write. Better still, drop by our office for a personal visit.

Cordially,

James I. Davidson, President





All of us are paying more attention to our surroundings. We are seeking ways to preserve nature's beauty and to correct conditions that promote ugliness. We have become actively concerned about reducing man-made health hazards.

We have, in short, become attentive to the requirements of the science of ecology—the relationship between living organisms and their environment.

All of us desire—for ourselves and our children—clean air, clean water and tranquility. These are things which insurance underwriters

## *Progressive 1970's*

and actuaries long have recognized as being important factors influencing the human life span.

Sunset is glad to see the attention now directed to improving the environment.

Your Company, as well as its clients, will benefit as ecological improvement promotes good health and longevity.

Sunset is providing more financial security and peace of mind for more and more families. Keep this contribution to a better life in mind as you read in the following pages about your Company's continuing progress.



## 1970 EARNINGS REACH NEW HIGH

Statutory net income from operations was \$739,523, being 17% over \$632,834 reported last year.

Adjusted earnings per share were \$2.00, as compared with \$1.73 earned in 1969 based on shares outstanding on December 31, 1970.

As mentioned in last year's Annual Report, adjusted earnings are calculated according to the method used by the A. M. Best Company.\*

Contributing to the favorable financial results were further improvements in investment income, close control over operating costs, and a continuing highly favorable mortality experience.



*Collins  
(seated)  
heads  
Marketing*

## RECORD SALES/IN FORCE

The sales force produced a record \$93.7 million of new life insurance, a 28% increase over the previous year. This achievement was instrumental in pushing insurance in force up 12.6% to a new high of \$397 million at year end. These favorable trends are continuing in the current year, reflecting in part further strengthening of the sales force.

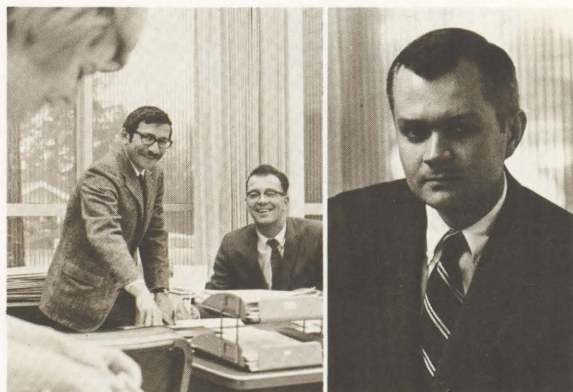
## MORTALITY REMAINS FAVORABLE

Mortality experience in the life insurance division and morbidity rates in the accident and health department continued highly favorable.

Risk classification expertise is supplied by the underwriter. There is a knack in doing this—it takes flair—experience—common sense.

The sales force contributed their part by selecting quality clients.

\*Please see Note B, pages 11 and 12.



*Muggoch (seated)  
heads Underwriting*

*Skeel of Investments*

## INVESTMENT OPERATIONS

Net investment income reached \$2,053,253 in 1970, an increase of 6.9% above last year. Over \$2.9 million of Company funds was invested in high quality bonds during the year at record rates.

Net yield on investments (after related expenses but before federal income tax) increased to 5.25%.

Many years ago your management anticipated a rising trend in interest rates. They adopted a policy of limiting investments to short or intermediate term obligations.

Time has proven this a very wise policy. As the level of interest rates increased, more money from maturing bonds has become available for investment at historically high yields.

The relatively short average life of the bond portfolio (nine years) provides Sunset with above-average flexibility in its investment program.

The excellent quality of the mortgage portfolio is clearly demonstrated by the absence of any foreclosures in 1970. In recent years, no forward commitments have been made and none are now outstanding. Result—liquidity—a jewel in the recent money market.

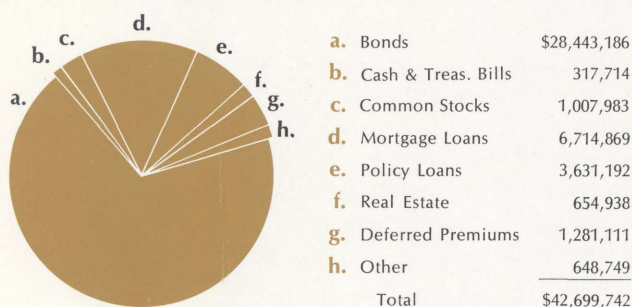
## ASSETS/CAPITAL AND SURPLUS

Assets were 19.4% greater than liabilities, as compared to an average of about 8% for the industry. At year end they were invested as shown on next page.

Sunset's strength is further demonstrated by rise in capital and surplus to \$6,946,000 compared to \$6,458,000 in the previous year.



## DISTRIBUTION OF ASSETS



## INCREASED EFFICIENCY

It is clear that the competitive edge of tomorrow will go to the company that does the best job of controlling expenses. Since about half of general operating expenses can be traced to salaries and fringe benefits, it is obvious that this is the area offering the greatest potential for savings.

This does not mean terminating any present employees, reducing salaries or cutting fringe benefits. It means finding a better way of doing more with less work. In short, increasing productivity.

Substantial benefits were realized in 1970, the first full year with operations on the Company-owned high capacity computer. The success of a sophisticated data processing system has exceeded even our most optimistic expectations. Further savings are anticipated as the system matures.

As the figures in the table below indicate, efficiency has increased over the years in terms of insurance in force, assets, and premiums handled by the home office staff.

### Home Office Employees

Employees per \$1,000,000 of:

| Year | Number Employees | Insurance In Force | Assets | Premiums |
|------|------------------|--------------------|--------|----------|
| 1970 | 82               | .21                | 1.92   | 14.88    |
| 1969 | 98               | .28                | 2.40   | 18.30    |
| 1968 | 88               | .27                | 2.22   | 16.90    |
| 1967 | 88               | .30                | 2.34   | 17.23    |
| 1966 | 98               | .38                | 2.73   | 19.80    |

## CORPORATE DEVELOPMENT



Skinner, Actuary, with President Davidson

Jensen, Executive Vice President

A dividend from the greater computer capability is the means whereby we can look beyond our own day-to-day operations and devote more time to planning corporate developments—using Sunset's facilities and "know how" in other related areas.

### ALASKA—1970

Its potential is exciting!

Sunset joined with a number of prominent investors in Alaska to form Pacific American Life Company, Anchorage. The new company has assets of approximately \$3 million and about \$12 million of life insurance in force.

While Sunset contributed \$480,000 to initial capital and has agreed to provide certain technical services if needed, Pacific American will be an entirely independent life insurance company.

We view this as a very promising investment although the impact on our current earnings is not expected to be significant.

### EXTENSION OF COMPUTER FACILITIES

As a further extension of its computer capability, Sunset last year began to offer a wide range of data processing services to other companies.

On a consulting basis, we are assisting other life insurance companies convert to more advanced data processing systems.

For companies unrelated to the insurance field, we design and develop both systems and programs tailored to their needs.

These actions lay the groundwork for the formation of a separate data processing subsidiary later this year.





*Bauer, Controller*



*Hawthorne (background)  
directs Policy Service*

### **SERVICE**

With mention being made in this report of the modern sophisticated systems being employed by your Company, emphasis should be made that serving the needs of our policyholders will continue to be handled on a personal basis.

A visit by a Company representative, a letter from an experienced and sympathetic correspondent of the Home Office, or a telephone call, means service with a capital "S."

Policyholders are not just numbers on computer tapes. They are people like ourselves. The entire staff is dedicated to the satisfaction of their needs.

### **RETIREMENTS / APPOINTMENTS / PROMOTIONS**

Last December, three important announcements were made affecting the management of your Company.

Mr. Edmund W. Scott resigned from the board, having served faithfully and with dedication for 34 years in the capacity of both director and corporate officer. He has been named Director Emeritus.

Mr. Keith M. Lesh, Chairman of the Board of Pacific American Life Company in Anchorage, was elected to the board of directors to fill the vacancy created by Mr. Scott's retirement. Mr. Lesh, well known in business and financial circles in Alaska, is also vice president, secretary, and member of the board of directors of the Matanuska Valley Bank in Anchorage and a member of the board of trustees of the Alaska Mutual Savings Bank. He brings a wealth of experience to your board and is a welcome addition to the team.



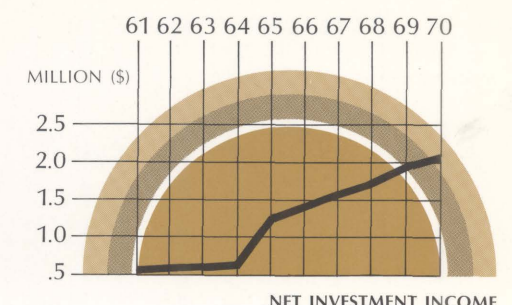
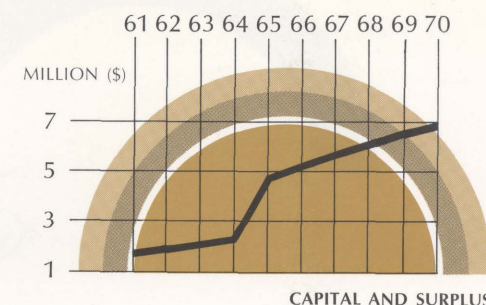
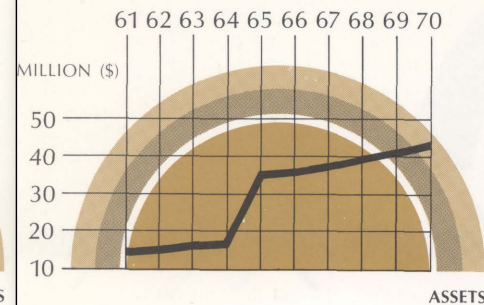
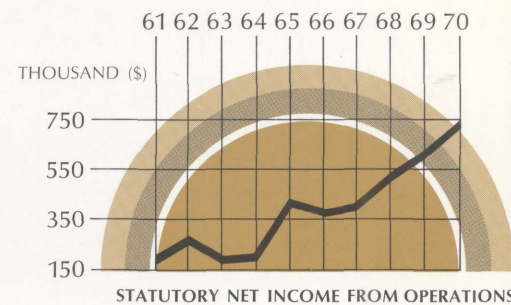
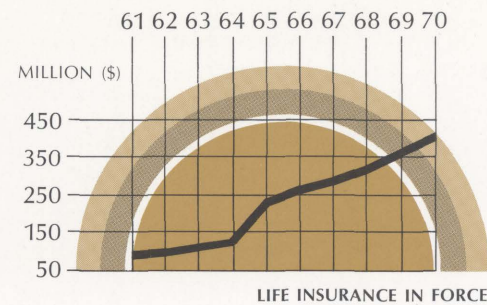
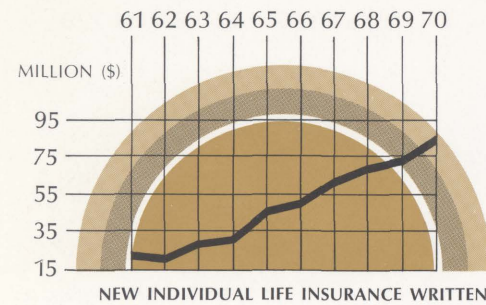
*Keith M. Lesh,  
Director*

The third announcement concerned the promotion of Jeffrey S. Skinner, A.S.A., to the position of Actuary. Mr. Skinner joined Sunset as Associate Actuary in October of 1969 and succeeds Daryl Jensen who became Executive Vice President earlier in the year. He has earned an excellent technical

reputation in actuarial circles, and has been active in discussions concerning reporting of life company earnings on a basis comparable to other industries.







## Ten Years of Progress

| In Thousands, Except Net Yield, Dividend, Shares Outstanding, and Per Share Earnings Figures | 1970        | 1969      | 1968      | 1967    | 1966      | 1965*     | 1964      | 1963      | 1962      | 1961      |
|--|-------------|-----------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| Individual   | \$ 84,559   | \$ 72,978 | \$ 68,933 | 60,798  | \$ 50,941 | \$ 46,117 | \$ 32,045 | \$ 28,374 | \$ 19,705 | \$ 21,532 |
| Reinsurance Assumed  | —0—         | —0—       | —0—       | —0—     | 5,381     | 249       | —0—       | —0—       | —0—       | —0—       |
| Government Contracts   | 9,132       | 208       | 6         | 7,534   | 4,365     | 16,814    | —0—       | —0—       | —0—       | —0—       |
| NEW INSURANCE WRITTEN  | \$ 93,691   | \$ 73,186 | \$ 68,939 | 68,332  | \$ 60,687 | \$ 63,180 | \$ 32,045 | \$ 28,374 | \$ 19,705 | \$ 21,532 |
| Life and Endowment   | \$201,321** | \$216,137 | \$204,243 | 190,097 | \$177,161 | \$161,896 | \$ 91,645 | \$ 78,930 | \$ 69,996 | \$ 66,386 |
| Term   | 155,638**   | 104,927   | 86,376    | 67,582  | 54,295    | 50,021    | 33,365    | 31,124    | 27,498    | 24,790    |
| Reinsurance Assumed  | 2,582       | 2,932     | 3,292     | 3,608   | 7,964     | 3,466     | —0—       | —0—       | —0—       | —0—       |
| Government Contracts   | 37,429      | 28,526    | 28,458    | 28,640  | 21,208    | 17,133    | —0—       | —0—       | —0—       | —0—       |
| INSURANCE IN FORCE   | \$396,970   | \$352,522 | \$322,369 | 289,927 | \$260,628 | \$232,516 | \$125,010 | \$110,054 | \$ 97,494 | \$ 91,176 |
| CAPITAL AND SURPLUS  | \$ 6,946    | \$ 6,458  | \$ 6,016  | 5,396   | \$ 5,025  | \$ 4,705  | \$ 2,113  | \$ 1,950  | \$ 1,865  | \$ 1,655  |
| ASSETS   | 42,700      | 40,911    | 39,634    | 37,684  | 35,920    | 34,175    | 16,569    | 15,436    | 14,430    | 13,542    |
| NET INVESTMENT INCOME  | 2,053       | 1,921     | 1,706     | 1,545   | 1,433     | 1,299     | 633       | 583       | 547       | 502       |
| NET YIELD ON INVESTMENTS †   | 5.25%       | 5.08%     | 4.67%     | 4.44%   | 4.32%     | 4.14%     | 4.20%     | 4.15%     | 4.19%     | 4.07%     |
| STATUTORY NET INCOME FROM OPERATIONS   | \$ 740      | \$ 633    | \$ 513    | 385     | \$ 357    | \$ 412    | \$ 194    | \$ 169    | \$ 258    | \$ 184    |
| DIVIDEND PER SHARE   | 10% stock   | 5% stock  | 5% stock  | % stock | 5% stock  | 5% stock  | 5% stock  | 5% stock  | 5% stock  | 5% stock  |
| SHARES OUTSTANDING   | 511,329     | 234,786   | 223,433   | 212,029 | 201,344   | 191,604   | 107,286   | 102,128   | 97,272    | 92,648    |
| ADJUSTED EARNINGS PER SHARE***   | \$ 2.00     | \$ 1.73   | \$ 1.57   | 1.42    | \$ 1.37   | NA        | NA        | NA        | NA        | NA        |

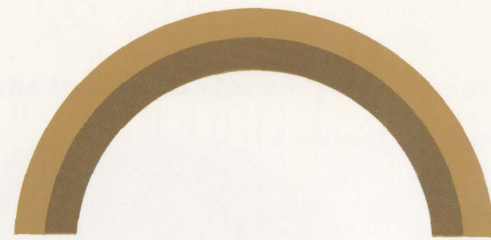
†Before Federal Income Tax

\*Reflects acquisition of Great Northwest Life Insurance Company

\*\*See Note C, Page 12

\*\*\*Not available on A. M. Best method prior to 1966—See Note B, pages 11 and 12





*Sunset Life Insurance Company of America*  
*Balance Sheet* \*

**ASSETS**

|                                   | December 31         |                     |
|-----------------------------------|---------------------|---------------------|
|                                   | <i>1970</i>         | <i>1969</i>         |
| Cash and U.S. Treasury Bills      | \$ 317,714          | \$ 534,245          |
| Bonds                             | 28,443,186          | 26,693,786          |
| Common Stocks                     | 1,007,983           | 532,165             |
| Mortgage Loans                    | 6,714,869           | 7,127,156           |
| Policy Loans                      | 3,631,192           | 3,343,201           |
| Real Estate                       | 654,938             | 661,748             |
| Deferred and Uncollected Premiums | 1,281,111           | 1,345,510           |
| Accrued Investment Income         | 344,027             | 329,517             |
| Receivable from Reinsurers        | 984                 | 30,165              |
| EDP Equipment                     | 279,551             | 312,551             |
| Other Assets                      | 24,187              | 1,320               |
| <b>Total Assets</b>               | <b>\$42,699,742</b> | <b>\$40,911,364</b> |

\*As reported to the Insurance Commissioner of the State of Washington and to all other states in which Company is licensed.

\*\*See Note D, page 12.

The information contained in the footnotes appearing on pages 11 and 12 is an integral part of these statements.

**LIABILITIES, CAPITAL STOCK AND SURPLUS**

|   | December 31         |                     |
|---|---------------------|---------------------|
|   | <i>1970</i>         | <i>1969</i>         |
| Policy Reserves   | \$30,793,904        | \$29,398,693        |
| Policyowners Funds  | 4,003,483           | 4,191,305           |
| Claims  | 83,029              | 98,424              |
| Taxes and Expenses  | 199,397             | 175,531             |
| Unearned Investment Income  | 110,843             | 107,115             |
| Mandatory Securities Valuation Reserve                              | 388,547             | 293,676             |
| Other Liabilities   | 174,539             | 188,620             |
| <b>Total Liabilities</b>  | <b>\$35,753,742</b> | <b>\$34,453,364</b> |
| Capital Stock** Authorized 530,000 shares; issued 511,328.85 shares | 1,278,322           | 1,173,931           |
| Paid-in Surplus   | 1,319,989           | 1,454,867           |
| Unassigned Surplus  | 4,347,689           | 3,829,202           |
| <b>Total Capital Stock and Surplus</b>                              | <b>6,946,000</b>    | <b>6,458,000</b>    |
| <b>Total Liabilities, Capital Stock and Surplus</b>                 | <b>\$42,699,742</b> | <b>\$40,911,364</b> |



## Statement of Operations\*

|   | 1970        | 1969        |
|---|-------------|-------------|
| Premium Income                          | \$5,508,849 | \$5,353,964 |
| Net Investment Income                   | 2,053,253   | 1,921,167   |
| Other Income                            | 335,126     | 144,394     |
| Total Income                            | 7,897,228   | 7,419,525   |
| Deductions:                             |             |             |
| Benefits                                | 3,477,225   | 3,120,471   |
| Increase in Policy Reserves             | 1,175,780   | 1,334,979   |
| Commissions                             | 864,810     | 809,420     |
| General Operating Expenses              | 1,462,225   | 1,347,764   |
| Licenses, Fees, and Miscellaneous Taxes | 137,203     | 133,508     |
| Total Deductions                        | 7,117,243   | 6,746,142   |
| Income Before Federal Income Tax        | 779,985     | 673,383     |
| Federal Income Tax                      | 40,462      | 40,549      |
| Net Income                              | \$ 739,523  | \$ 632,834  |

\*As reported to the Insurance Commissioner of the State of Washington and to all other states in which Company is licensed.

## Notes to financial statements

**Note A**—The financial statements and results presented in this report are from the Annual Statement filed with the insurance department of each state in which the Company is licensed.

Statutory requirements of state insurance regulatory authorities differ in some respects from accounting principles followed by other business enterprises in determining financial position and earnings from operations. Such differences, include among others, the following:

1. The costs incidental to acquiring business are charged to income in the year incurred and are not amortized over the

periods benefited.

2. All securities are carried in accordance with the requirements of the National Association of Insurance Commissioners as follows: Bonds eligible for amortization at amortized values, common stocks at their market value on December 31, 1970, except common stock of (1) Sunset Financial Services, Inc. (\$20,961) is carried at net underlying asset value, and (2) Pacific American Life Company (\$480,000) is carried at cost. All other securities are carried at values prescribed by or deemed acceptable to the Association.

3. Certain assets described as "nonadmitted," such as furniture and fixtures, automobiles, and amounts owing by agents in the normal course of business are excluded from the Balance Sheet.

Estimated value \$224,000.

4. A securities valuation reserve to absorb fluctuations in statement value of securities.

**Note B**—Acquisition costs relating to the issuance of new policies are charged to current income rather than amortized against the related premium income over the expected policy life. To rectify the resulting distortion, investment analysts have developed methods of adjusting statutory earnings (i.e., those reportable to state insurance departments) to a basis more comparable with those of other industries.

The formula adopted by the A. M. Best Company, highly respected analysts of the insurance industry, appears to have the greatest acceptance at this time. However, in last year's report we also



# Statement of unassigned surplus\*

|  | 1970        | 1969        |
|--|-------------|-------------|
| Balance at Beginning of Year                       | \$3,829,202 | \$3,448,046 |
| Additions:   |             |             |
| Net Income from Operations                         | 739,523     | 632,834     |
| Net Realized Capital Gain or (Loss)                | (139,483)   | (7,077)     |
| Net Increase (Decrease) in Unrealized Capital Gain | 137,590     | (439,765)   |
| Total Additions                                    | 737,630     | 185,992     |
| Deductions:  |             |             |
| Transfer to Capital                                | 119,566     | 55,872      |
| Increase (Decrease) in Non-Admitted Items          | (22,594)    | 24,260      |
| Increase (Decrease) in Securities Reserve          | 94,871      | (302,088)   |
| Federal Income Tax Prior Years                     | —0—         | (234)       |
| Other Decreases                                    | 27,300      | 27,026      |
| Total Deductions                                   | 219,143     | (195,164)   |
| Balance at End of Year                             | \$4,347,689 | \$3,829,202 |

The information contained in the footnotes appearing at the bottom of this and the opposite page is an integral part of these statements.

showed adjusted earnings by the method developed by Moody's Investors Service, Inc., a well-known investment advisory firm. Thus, for comparative purposes, earnings adjusted by both methods are set forth below based on the shares outstanding December 31, 1970.

## Adjusted Earnings Per Share

|                                 | 1970   | 1969   | 1968   | 1967   | 1966   |
|---------------------------------|--------|--------|--------|--------|--------|
| A. M. Best Company, Inc.        | \$2.00 | \$1.73 | \$1.57 | \$1.42 | \$1.37 |
| Moody's Investors Service, Inc. | \$2.56 | \$2.15 | \$1.96 | \$1.65 | \$1.54 |

**Note C**—Conversion of the Company's records to a computerized data processing system enabled a more accurate accounting of the life insurance in force. Decreasing term plans which were pre-

viously carried on an average basis are now included at their actual year-by-year amount. Term insurance riders were previously included in the life or endowment classification with their base policies. These are now included with term insurance. These changes reduced the amount of Life and Endowment insurance in force by \$28,133,329, and increased the amount of Term by \$41,137,088.

**Note D**—December 31, 1969: Shares authorized 250,000, issued 234,786.10, par value \$5.00; December 31, 1970: Shares authorized 530,000, issued 511,328.85, par value \$2.50. Shares outstanding December 31, 1970, include the two-for-one stock split and the 5% dividend in stock, both effective that date, and the 5% dividend in stock effective April 10, 1970.

## Certificate of actuary

I, Jeffrey S. Skinner, Actuary, do hereby certify that the financial statements contained in this report have been prepared in conformity with the regulations of the National Association of Insurance Commissioners, and that the reserve liabilities of the Company have been computed on the basis of mortality and morbidity tables, rates of interest and valuation standards conforming to the laws of the State of Washington.

*Jeffrey S. Skinner*

Jeffrey S. Skinner  
Associate of the Society of Actuaries



## Directors

Year indicates when first elected to Board

ERNEST C. HUNTLEY / 1942

*Chairman of the Board*

CARL W. BUEHNER / 1960

*President, Buehner Block Co., Salt Lake City*

CHARLES C. COLE / 1946

*President, C. C. Cole & Sons,  
Shelton, Wash.*

DONALD N. COLLINS / 1967

*Senior Vice President and Director of  
Agencies*

JAMES I. DAVIDSON / 1957

*President*

V. G. FRANCIS / 1956

*Olympia*

JOE JANTZ / 1960

*Rancher, Ritzville, Wash.*

DARYL D. JENSEN / 1970

*Executive Vice President*

WALTER A. JOHNSON / 1963

*Olympia*

KEITH M. LESH / 1970

*Chairman of the Board, PAL Co.,  
Anchorage*

ROBERT A. SCHMIDT / 1966

*President, Olympia Brewing Co.*

GARLAND SPONBURGH / 1960

*Olympia*

WILLIAM P. WEAVER / 1964

*President, Pacific National Lines, Inc.*

EDMUND W. SCOTT

*Seattle, Director Emeritus*

## Officers

JAMES I. DAVIDSON

*President*

DONALD N. COLLINS, CLU

*Sr. Vice President & Director of Agencies*

DARYL D. JENSEN

*Executive Vice President*

LEWIS R. HAWTHORNE

*Vice President and Director of  
Policy Service*

EARLE WARREN

*Vice President, Secretary and Treasurer*

HELMUT F. BAUER

*Controller*

JEFFREY S. SKINNER, A.S.A.

*Actuary*

JOHN H. CLARK

*Asst. Vice President, Administration*

ALEX W. JESSIMAN

*Asst. Vice President, Data Processing*

NEIL MUGGOCH

*Asst. Vice President, Underwriting*

RICHARD H. WILLIAMS

*Asst. Vice President, Life Department*

ROBERT D. WILLIAMS

*Legal Counsel*

JOHN J. O'LEARY, M.D.

*Medical Director*

DOROTHY F. BRION

*Assistant Secretary*

## Agency administration

LEON H. COLGROVE

*Regional Superintendent of Agencies  
Los Angeles*

JAMES E. FIRKINS, JR.

*Agency Secretary*

JOSEPH E. GREENE

*Regional Vice President  
Los Angeles*

RICHARD D. HILLIER

*Regional Vice President  
Olympia*

CHARLES E. INGRAM, CLU

*Regional Superintendent of Agencies  
Olympia*

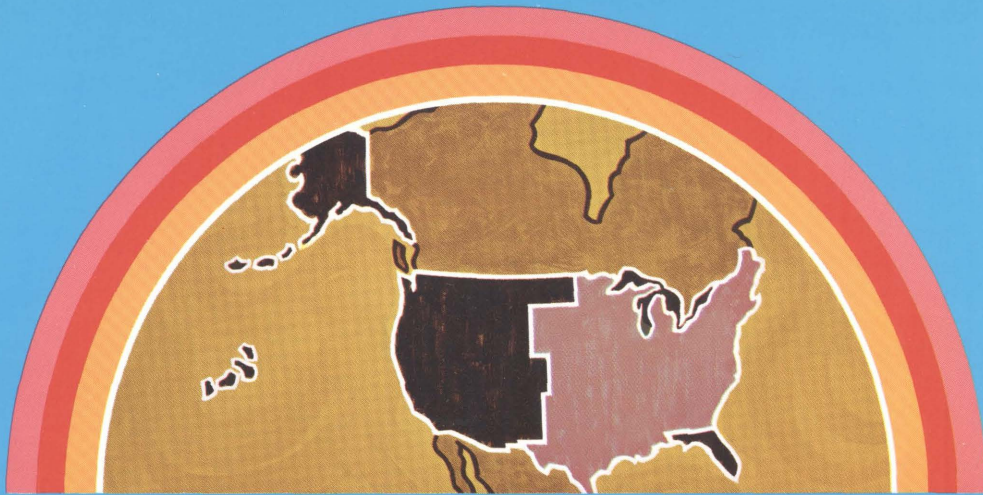
VIOLET J. SCHIEWE

*Executive Secretary*

JOHN G. WRIGHT

*Regional Vice President  
Sausalito*





## *Sunset Life Insurance Company of America*

HOME OFFICE: 3200 CAPITOL BOULEVARD, OLYMPIA, WASHINGTON 98501

### AND YOUR SUNSET STOCK GROWS, TOO!

For every 100 shares of stock you owned on January 1, 1961, you now have 702 shares.

In response to a number of inquiries concerning the growth in your share holdings, the following table will be of assistance. The table below assumes that all fractional shares received were rounded out to full shares.

| Year | Action   | No. Shares Owned | Year  | Action   | No. Shares Owned |
|------|--|------------------|-------|--|------------------|
| 1961 | 5% stock dividend                              | 105              | 1966  | 5% stock dividend                              | 273              |
| 1962 | 5% stock dividend                              | 111              | 1967  | 5% stock dividend                              | 287              |
| 1963 | 5% stock dividend                              | 117              | 1968  | 5% stock dividend                              | 302              |
| 1964 | 5% stock dividend                              | 123              | 1969  | 5% stock dividend                              | 318              |
| 1965 | 5% stock dividend, plus<br>2 for 1 stock split | 260              | 1970  | 5% stock dividend                              | 334              |
|      |  |                  | 1970* | 5% stock dividend, plus<br>2 for 1 stock split | 702              |

\*A stock dividend was paid to stockholders of record April 10, 1970 and again to those of record December 31, 1970.

Transfer Agent is Seattle-First National Bank, P.O. Box 24186, Seattle, Washington 98124





SUNSET *Life Insurance Company of America*