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We once again present for your review very strong financial results of the GCU for the third quarter/nine months of 2009. Net income of \$3.9 million was generated compared to a Net loss of (\$6.0) million in 2008 for nine months that included a permanent write-down during that period of \$4.5 million. The change resulted in a \$9.9 million increase as of September 30, 2008 to September 30, 2009.

* Assets totaled \$642 million for the quarter ended September 30, 2009 compared to \$618 million for the year ended December 31, 2008, an increase of \$24 million. The enactment of the "Maintenance of Solvency Provision" placed in effect June 30, 2009 increased assets by \$12 million, also increasing Surplus by \$12 million for this period. Investment Income Due & Accrued shows as increase of \$1.2 million over 2008 for this period. The overall yield of our current bond portfolio continues to produce an increase in the Investment Income for this nine month period of 2009.

* Liabilities total \$616 million for the third quarter of 2009 compared to \$604 million for the year ended December 31, 2008. Asset Valuation Reserves (AVR) increased by \$4.2 million over December 31, 2008. The Asset Valuation Reserves (AVR) is a total that is required funding in accordance to statutory regulation that assist in protecting our investment portfolio against possible future impairments.

* Surplus totals \$18.1 million as of September 30, 2009. The positive impacts to Surplus were Net Income of \$3.9 million, Changes in Unrealized Gains of \$4.6 million due to gains in the market value of our common stock portfolio and the Lien adjustment of \$12 million. Negative impacts to Surplus included the funding of Asset Valuation Reserves of \$4.2 million due to statutory regulations as previously noted and Changes in Reserve Valuation Basis that shows an adjustment of \$3.2 million to comply with Actuarial Guideline #33 required by Pennsylvania Insurance Department and losses of \$1.1 million in the GCU Holding Company and

Summary of Financial Statistics

(000's omitted)	<u>9/30/09</u>	<u>9/30/08</u>	<u>Change</u>
Assets.....	642,571	614,834	27,737
Total Income.....	86,865	86,041	824
Total Operating Exp.	82,933	86,496	(3,563)
Net Income (Loss).....	3,879	(6,059)	9,938
Surplus (Net Worth)	18,102	13,246	4,856
Asset Valuation Reserve.....	4,326	1,689	2,637
Interest Maint. Reserve.....	4,065	7,786	(3,721)
Surplus & Spec. Rsrv.....	26,493	22,721	3,772
Normal Solvency Ratio.....	104.3	103.8	.5
Solv. Include Spec. Rsrv.	102.9	102.2	.7

other. As our Surplus continues to strengthen we continually explore various opportunities to bolster surplus that will lead to the removal of the recent lien.

* Gross Income of \$24.1 million excluding conversions was recorded for the third quarter of 2009 compared to \$27.7 million in 2008 excluding conversions. Although annuity sales decreased by \$3.6 million in the third quarter of 2009, we did exceed our 2009 Business Plan of \$3 million a month in annuity sales with an average of \$5 million in sales a month. Life premium decreased slightly in the third quarter of 2009; however a new sales campaign is in place for the last quarter of 2009. Also, the new pre-need program will contribute to additional sales of life premiums in the fourth quarter. Net Investment Income during the third quarter of 2009 increased by \$849,000.

* Net Investment Income for the nine month period of 2009 totals \$26.8 million compared to \$22.8 million for the same period in 2008, an increase of \$4 million. The current portfolio average coupon rate is 6.36% and the current yield is 6.44%. Due to our positive cash flow, the GCU is able to take advantage of opportunities in the current bond market.

Income Statement

Nine Months 2009 vs. 2008 Results

(000's) Omitted	<u>9/30/09</u>	<u>9/30/08</u>	<u>Change</u>
Income			
Life Premium.....	\$ 1,221	\$ 1,312	\$ (91)
Annuity Premium.....	49,532	58,124	(8,592)
Annuity Exchanges	8,649	3,018	5,631
Sub Total.....	\$59,402	\$62,454	\$(3,052)
Net Investment Income...	26,818	22,840	3,978
Other (See Detail Rpt)...	<u>645</u>	<u>747</u>	<u>(102)</u>
Total Income.....	\$86,865	\$86,041	\$ 824
Expenses			
Death Benefits	\$ 1,768	\$ 1,167	\$ 601
Annuity Benefits Paid.....	58,588	36,839	21,749
Annuity Exchanges	8,649	3,018	5,631
Surrender Benefits	689	386	303
Commissions.....	1,337	1,394	(57)
General Insurance Exp.....	3,006	3,614	(608)
License, Taxes and Fees	211	134	77
Other	<u>42</u>	<u>40</u>	<u>2</u>
Sub-Total	\$74,290	\$46,592	\$27,698
Reserves-Life & Anu.	8,834	39,060	(30,226)
Reserves Fixed Opt.	(321)	844	(1,165)
Pension Plan Reserves...	<u>130</u>	<u>—</u>	<u>130</u>
Total Expenses.....	\$82,933	\$86,496	\$(3,563)
Net Gain/Loss before Ref... ..	<u>3,932</u>	<u>(455)</u>	<u>4,387</u>
Refunds to Members	<u>(149)</u>	<u>(290)</u>	<u>141</u>
Net Gain/Loss after Ref. ..	3,783	(745)	4,528
Net Cap. Gains (Losses)....	96	(809)	905
Permanent Write Downs...	<u>—</u>	<u>(4,505)</u>	<u>4,505</u>
Net Income/Loss.....	\$ 3,879	\$(6,059)	\$ 9,938

Note: Financial results are unaudited but consistent with proper accounting procedure.

* Total Expenses for 2009 third quarter excluding conversions totaled \$31.8 million compared to \$12.1 million in 2008 excluding conversions. The increase of \$19.1 million in 2009 is primarily due to annuity benefits paid out as many of our members wish to diversify their investments. General insurance expenses, licensing and fees continue to show reductions as expenditures are carefully monitored and reduced.

* Net Changes in Life and Annuity Reserves and Fixed Options total \$8.5 million for the nine months ended September 30, 2009 compared to \$39.9 million in 2008. The \$31.4 million reduction in the life and annuity reserves were a result of decreases in sales of annuity products as well as claims experienced in nine months of 2009.

* The GCU solvency ratios for nine months are 102.9 and 104.3 that includes special reserves, asset valuation reserves (AVR) and interest maintenance reserves (IMR). The solvency ratios increased in nine months by 1.9% and 2.0% respectively from December 31, 2008.

We have made great progress and continue to show a strong and growing GCU. We realize recovery takes time and we must be patient. We look forward to bring you more good news when we report to you our financials as of December 31, 2009. We always remain "cautiously optimistic."

Out thanks to you our members for your patience and support during these difficult times. We thank you for your belief in our GCU. Please do not hesitate to contact me with your questions or comments.

**Balance Sheet
Nine Months 2009 vs. 2008 Results**

Assets	<u>9/30/09</u>	<u>9/30/08</u>	<u>12/31/08</u>
(000's omitted)			
Bonds.....	\$513,580	\$478,076	\$489,022
Preferred Stocks.....	50,044	62,436	63,508
Common Stocks	26,514	28,864	23,946
Cash//Short Term Inv.....	23,409	28,832	25,408
Mortgages.....	4,091	4,430	4,372
Real Estate			
Beaver Home Office.....	752	808	794
Chapel		681	667
Certificate Loans	592	626	626
Invest. Inc. Due & Accr.....	7,875	6,671	6,380
Other	<u>15,714</u>	<u>3,410</u>	<u>3,460</u>
Total Assets.....	\$642,571	\$614,834	\$618,183
Liabilities			
Life Reserve Fund.....	\$ 49,549	\$ 49,454	\$ 49,664
Annuity Reserve Fund...	559,901	535,771	547,667
Employee Pension Fund.....	3,976	4,349	4,623
Fraternal Dividend Reserve	350	—	—
Convention Reserve	135	30	60
Adv. Prem. & Fut. Ref. Resrvs..	247	446	247
Accounts Payable	(10)	54	156
Refund Accumulations.....	966	943	948
Other	<u>964</u>	<u>1,066</u>	<u>851</u>
Sub-Total Liabilities.....	\$616,078	\$592,113	\$604,216
Asset Value Resrv-AVR...	4,326	1,689	127
Int. Maint. Resrv-IMR	<u>4,065</u>	<u>7,786</u>	<u>7,430</u>
Total Liabilities.....	\$624,469	\$601,588	\$611,773
Surplus Fund.....	<u>18,102</u>	<u>13,246</u>	<u>6,410</u>

Reconciliation of Change in Surplus

(000's omitted)	<u>9/30/09</u>
Surplus Previous Year 12/31/08.....	6,410
Net Income.....	3,879
Change in Unrealized Gain/(Loss).....	4,612
GCU Holding Company & Other	(1,104)
Changes in Non-Admitted Assets	56
Changes in Asset Valuation Reserve.....	(4,198)
Change in Reserves Valuation Basis	(3,151)
Lien Dividend Reserve	(400)
2% Lien; adjustment	11,998
Net Change in Surplus	<u>11,692</u>
Ending 09/30/09 Surplus.....	18,102

**Income Statement
Third Quarter 2009 vs. 2008 Results**

(000's) Omitted	<u>9/30/09</u>	<u>9/30/08</u>	<u>Change</u>
Income			
Life Premium.....	\$ 359	\$ 349	\$ 10
Annuity Premium.....	15,081	19,549	(4,468)
Annuity Exchanges	<u>3,821</u>	<u>287</u>	<u>3,534</u>
Sub Total.....	<u>\$19,261</u>	<u>\$20,185</u>	<u>\$ (924)</u>
Net Investment Income.....	8,453	7,604	849
Other (See Detail Rpt)...	<u>233</u>	<u>210</u>	<u>23</u>
Total Income.....	\$27,947	\$27,999	\$ (52)
Expenses			
Death Benefits	\$ 604	\$ 403	\$ 201
Annuity Benefits Paid.....	29,984	11,045	18,939
Annuity Exchanges	3,821	287	3,534
Surrender Benefits.....	350	140	210
Commissions.....	354	328	26
General Insurance Exp.....	521	801	(280)
Other	<u>14</u>	<u>14</u>	<u>—</u>
Sub-Total	\$35,648	\$13,018	\$ 22,630
Reserves-Life & Anu.	(9,446)	14,944	(24,390)
Reserves Fixed Opt.	126	—	126
Pension Plan Reserves...	<u>130</u>	<u>—</u>	<u>130</u>
Total Expenses.....	\$26,458	\$27,962	\$(1,504)
Net Gain/Loss before Ref... ..	<u>1,489</u>	<u>37</u>	<u>1,452</u>
Refunds to Members	<u>(48)</u>	<u>(92)</u>	<u>44</u>
Net Gain/Loss after Ref.	<u>1,441</u>	<u>(55)</u>	<u>1,496</u>
Net Cap. Gains (Losses).....	72	(164)	236
Permanent write-downs....	<u>—</u>	<u>(4,505)</u>	<u>4,505</u>
Net Income/Loss.....	\$ 1,513	\$(4,724)	\$ 6,237

Note: The GCU quarterly report is unaudited but consistent with proper accounting procedure.

Note: Small dollar differences throughout this report are due to rounding.