

Richard E. Hall, Chairman of the Board. Boise, Idaho.

Mr. Hall is an attorney with the law firm of Duke, Scalan and Hall, PLLC in Boise, Idaho. In 2010 and 2011, Mr. Hall was recognized as Boise's "Lawyer of the Year" in the fields of personal injury law and insurance law, respectively. He has a BA from the University of Idaho and a JD from Harvard Law School. He joined the Board of United Heritage Life in 1990, and became its Chairman in 2000. He has been Chairman of the holding company since its formation in 2001.

Rodney L. Smith, Vice Chairman of the Board. Red Lodge, Montana.

Mr. Smith retired as President of First Interstate Bank in Red Lodge, Montana, in 2004 after a 40 year career in banking. He has a degree in Computer Programming. Mr. Smith joined the Board of United Heritage Life in 1997 and was named Vice Chairman in 2000. He has been Vice Chairman of the holding company since its formation in 2001.

Dennis L. Johnson, President and CEO. Eagle, Idaho.

Beginning his career as General Counsel of United Heritage Life in 1983, Mr. Johnson was promoted to President and CEO in 1999. He is also President and CEO of United Heritage Mutual Holding Company and United Heritage Financial Group. He has a BA from Northwest Nazarene University and a JD from the University of Idaho College of Law. He joined the Board of Directors of United Heritage Life in 1998 and has been a Director of the holding company since its formation in 2001.

Ned E. Clark. Heppner, Oregon.

Mr. Clark is President and majority shareholder of Horseshoe Hereford Ranch. He is also on the Board of Directors of the Bank of Eastern Oregon. Mr. Clark attended Oregon State University and Linfield College. He joined the Board of United Heritage Life in 1991 and has been a Director of the holding company since its formation in 2001.

Richard C. Waitley. Meridian, Idaho.

Mr. Waitley is the President of Association Management Group, which provides management and lobbying services for agricultural and other organizations throughout the northwest. Mr. Waitley has a BS in Agriculture Education from the University of Idaho. He joined the Board of United Heritage Life in 1995 and has been a Director of the holding company since it was formed in 2001.



Top row (L-R)
Steven D. Hauschild, James R. Hay, Julie E. Prafke,
Ned E. Clark, Richard C. Waitley.
Bottom row (L-R)
Dennis L. Johnson, Richard E. Hall, Rodney L. Smith

Julie E. Prafke. Spokane Valley, Washington.

Ms. Prafke is the Chairman of the Board of Humanix Corporation. She holds an AA from North Idaho College, a BA from Eastern Washington University and an MBA from City University in Spokane. She was first elected to the Board of United Heritage Life in 1995 and has been a Director of the holding company since it was formed in 2001.

Steven D. Hauschild. Spokane, Washington.

Mr. Hauschild is Vice President of Sterling Savings Bank. He holds a BBA from Gonzaga University and an MBA from Washington State University. He joined the Board of United Heritage Life in 2000 and has been a Director of the holding company since it was formed in 2001.

James R. Hay. McMinnville, Oregon.

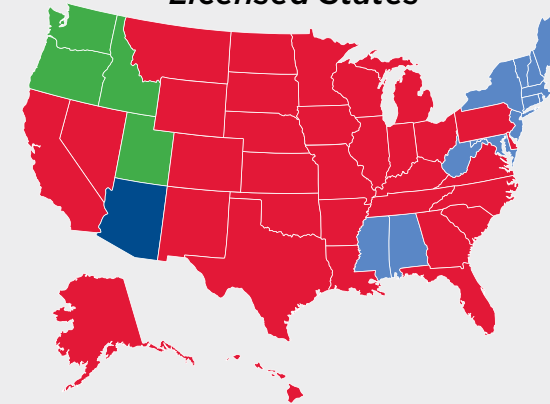
Mr. Hay is Chairman of the Board of Sublimity Insurance Company, on which he has served since 1982. Mr. Hay retired as Vice President of Key Bank's Oregon Agriculture Department in 1999 and is a Director of Seven H Enterprises. He holds a BS and an MS in Agriculture Science from Oregon State University. He has been a Director of the holding company since 2003 and will be retiring from the Board in May of 2013.

Our Mission

United Heritage specializes in the design and sale of quality insurance products. We strive for our companies to be service-conscious, profitable and maintain a strong financial position for the benefit of our policyholders, agents, employees, and stakeholders.

Our Vision

United Heritage aspires to be a premier insurance enterprise by promoting a culture of financial strength and service excellence, and by uniting companies that share our rich heritage and dedication to ethical integrity.



- United Heritage Life Insurance Company
- United Heritage Life Insurance Company & United Heritage Property & Casualty Company
- United Heritage Life Insurance Company, United Heritage Property & Casualty Company & Sublimity Insurance Company

2012 Annual Report

UNITED HERITAGE
Mutual Holding Company



www.UNITEDHERITAGE.com

www.UNITEDHERITAGE.com

United Heritage Financial Group
United Heritage Life Insurance Company
United Heritage Property & Casualty Company
Sublimity Insurance Company

President's Message



At United Heritage Insurance we pride ourselves in preparing for the future by engaging in rigorous strategic planning. Our mission and vision statements are set forth in this report. During 2012, we made great strides to provide you with quality service, have profitable companies, and maintain a strong financial position for your benefit, consistent with our mission and our vision.

Our enterprise wide pre-tax net gain from operations for 2012 was \$12.2 million and our net income was \$9.5 million. This record income strengthens the companies' balance sheets, ensuring that we have strong capital at all levels of the enterprise backing your policies.

All of our United Heritage Insurance companies are over or about 100 years old. Our heritage and culture include service excellence, a dedication to business ethics and integrity, and a commitment to financial strength. This culture has served us well for the past 100 years and is our vision for the next 100 years.

We encourage you to test our service—yes, there are live, real people with whom you are talking on our telephones. Our reputation is that we keep our promises made to our policyholders, which is reflected in the fine financial ratings given to us by AM Best Company.

Thank you to our policyholders, agents, employees, and Boards of Directors for working together so that we can report another excellent year for United Heritage Insurance.

Most importantly, thank you for your business.

Sincerely,

Dennis L. Johnson
President & CEO
United Heritage Mutual Holding Company
United Heritage Financial Group
United Heritage Life Insurance Company

UNITED HERITAGE

Financial Group, Inc.

United Heritage Financial Group is the intermediate holding company in our enterprise. It provides three vital functions; capital management and allocation, administrative coordination, and shared services, including Information Technology, Human Resources and Investments. By centralizing these functions at our holding company, our insurers may strategically focus resources on their core insurance operations - marketing, underwriting, client services and claims.

For 2012, the Company's combined revenues were \$154 million. At the end of 2012, the Company had combined assets of \$573 million and a combined surplus of \$82 million.



UNITED HERITAGE

Life Insurance Company

United Heritage Life Insurance Company has been in business since 1934, offering a diverse line of products which include life insurance, preneed, final expense, fixed annuities, and group life and disability. We distribute these products via a network of 1,242 independent life insurance agents.

2012 was a successful sales year throughout our organization. Licensed in 38 states and the District of Columbia, we had significant growth in states where we recently obtained Certificate of Authority. Most notably, there was significant premium growth in Ohio, Michigan, Virginia, and South Carolina.

PREMIUM & ANNUITY.....	\$65,438,019
NET INCOME.....	\$5,997,355
ASSETS.....	\$504,207,017
LIABILITIES.....	\$451,819,186
CAPITAL & SURPLUS.....	\$52,387,831
CHANGE IN CAPITAL & SURPLUS.....	6.6%

Financial results are subject to final audit.

Marketing Officers

Robert J. McCarvel, Meridian, ID
Senior V. P. & Chief Marketing Officer

John J. Bellamy, AAPA, Meridian, ID
Vice President Marketing - Annuities

R. Shane Nelson, Boise, ID
Vice President - Group

Board of Directors

Richard E. Hall, Boise, ID
Chairman of the Board

Rodney L. Smith, Red Lodge, MT
Vice Chairman of the Board

Dennis L. Johnson, Eagle, ID
President & CEO

Ned E. Clark, Heppner, OR

Richard C. Waitley, Meridian, ID

Julie E. Prafke, Spokane Valley, WA

Steven D. Hauschild, Spokane, WA

Regional Directors

James R. Barlow, Gilbert, AZ

Robert A. Hanson, Stanchfield, MN

Calvin C. Mickelson, Grove, OK

UNITED HERITAGE

Property & Casualty Company

United Heritage Property & Casualty Company focuses on satisfying the property and automobile insurance needs of individuals and families through 239 agencies located in Idaho, Oregon, Utah and, as of June of 2012, Arizona. Our focus on service to our policyholders and agents has helped us grow our company, with an increase of 14% in direct written premium in 2012, to over \$25 million.



Mickey L. Ware
President & CEO

This last year has also been one of transition from Brian Henman, past President and CEO, who successfully led this company for many years and retired at the end of 2012. We ended the year with a very good operating gain of \$2,216,631 and net income of \$1,644,571, which helped us contribute over 9% to policyholder surplus and finish the year with \$13,569,536.

WRITTEN PREMIUM.....	\$25,228,520
NET INCOME.....	\$1,644,571
ASSETS.....	\$32,541,668
LIABILITIES.....	\$18,972,132
CAPITAL & SURPLUS.....	\$13,569,536
CAPITAL & SURPLUS CHANGE.....	9.4%

Financial results are subject to final audit.

Board of Directors

James R. Nall, Jr., Meridian, ID
Chairman of the Board

Nancy K. Napier, PhD, Boise, ID
Vice Chairman of the Board

Mickey L. Ware, CPCU, Meridian, ID
President & CEO

Jack J. Winderl, CPA, Boise, ID

Joseph P. Shirts, CPA, Eagle, ID

Linda Payne Smith, Boise, ID

Marketing Officer

Sharon L. Locke
Senior Vice President of Marketing

Sublimity Insurance Company



G. Richer Budke
CEO

Sublimity Insurance Company has been a service-oriented personal lines carrier since 1896. 2012 continued the consistent pattern of positive results the Company has produced for more than a decade.

Significantly, a carefully crafted succession plan began to unfold during the year, culminating with Rick Budke, who has been President & CEO for the past 18 years, transferring the title of President and his daily responsibilities to his successor, Andy Trower, CPCU. The Company will continue to offer a complete line of personal lines products, including Homeowners, Automobile, Farm and Farm Truck, Rental Properties and Personal Umbrella to customers in Oregon, Idaho and Utah, and will continue its emphasis on professional, responsive service.

WRITTEN PREMIUM.....	\$23,425,980
NET INCOME.....	\$925,876
ASSETS.....	\$29,412,122
LIABILITIES.....	\$15,720,684
CAPITAL & SURPLUS.....	\$13,691,438
CAPITAL & SURPLUS CHANGE.....	3.4%

Financial results are subject to final audit.

Board of Directors

James R. Hay, McMinnville, OR
Chairman of the Board

Ray D. Edwards, Lake Oswego, OR
Vice Chairman of the Board

G. Richer Budke, Salem, OR
CEO

Dennis L. Johnson, Eagle, ID

Jerome C. Fischer, CPA, Salem, OR

William L. Bingle, Salem, OR

Sublimity Executive & Marketing Staff

Andrew L. Trower, CPCU
President

Kevin W. Lucke, CPCU,
Senior Vice President, Marketing & Underwriting

Michael D. Joy
Marketing Manager

Gregory A. Bowen
Senior Marketing Representative, Idaho & Utah