

UNITED HERITAGE
Mutual Holding Company

2024

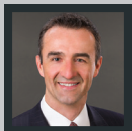
ANNUAL REPORT



UNITED HERITAGE
I n s u r a n c e

UNITED HERITAGE FINANCIAL GROUP
UNITED HERITAGE LIFE INSURANCE COMPANY
SUBLIMITY INSURANCE COMPANY

PRESIDENT'S MESSAGE



TODD H. GILL
PRESIDENT & CEO

Dear Stakeholders - I stepped into the role of President in 2020, and these past five years have been marked by several significant economic shifts. These began with COVID and unemployment, followed by recovery and hybrid work, high inflation, elevated interest rates, and turbulence in the Property and Casualty (P&C) insurance industry driven by an increase in natural catastrophes — all amidst ongoing political uncertainty. Throughout every economic challenge, our focus always remains on taking care of our customers in their time of need. We are pleased to provide a record \$146.5 million in insurance benefits to our policyholders.

As we adapt, our mutual holding company is changing how we address specific industry and strategic challenges. For a mutual enterprise of our size, we are unique in that we have life insurance, group insurance, P&C insurance, investment management, and other business units. During 2024, our life and group insurance businesses continued to grow, invest in new technology, and expand their financial strength. Building on this momentum, we were also able to form a new investment management company. Meanwhile, our P&C companies encountered a challenging industry with severe reinsurance costs, natural catastrophes, and volatile inflation. While we drive forward and build on the success of our life and group insurance businesses as well as our investment management company, we recognize the limitations of our small, regional P&C companies. Being small, our P&C companies do not have the economic scale to absorb the capital requirements necessary to overcome the scope of costs in the P&C industry. Accordingly, after over 100 years of serving P&C customers, we made the difficult but strategic decision in 2024 to exit the P&C business. We have sold the policy renewal rights to industry partners and will have no policies in force by the end of 2025. As a mutual, we remain mindful of the need to protect our agents' and policyholders' interests and provide them with the opportunity to attain new coverage as we exit the business. This change significantly de-risks our mutual enterprise as we focus on the strength of our life, group, and investment management business units.

Structure: United Heritage Mutual Holding Company (UHMHC), our holding company parent, owns an intermediary holding

OUR PURPOSE

Helping people achieve financial security and peace of mind through quality insurance products.

OUR PROMISE

We promise to be a caring and trusted partner who delivers an outstanding customer experience.



company, United Heritage Financial Group (UHFG), which owns the stock of three active insurance companies: United Heritage Life Insurance Company (UHLIC), United Heritage Property & Casualty Company (UHPC), and Sublimity Insurance Company (SIC), and our investment management company, AlphaEdge Investment Management (AE).

Financial: Our life business reported improved mortality in life products, higher investment income, and record income from the group benefits unit. These were offset by rising interest rate pressure on interest rate-sensitive annuity and preneed products, as well as higher inflation on operating costs. Net income was \$3.6 million, surplus grew to a record \$82.2 million, and assets grew to a record \$736.8 million.

2024 was the inaugural year for AE, our investment management company. AE manages all \$790 million in assets for our enterprise, achieving industry leading investment returns. This year was a break-even, with a focus on developing external investment opportunities and income in 2025.

For our P&C companies, significant premium rate increases could not offset the strain of reinsurance costs, catastrophic losses, and inflationary claims. Our reinsurance costs alone have increased 1,000% since 2019. In 2024, the net loss for our two P&C companies of \$12.5 million and deteriorating capital resulted in our strategic decision to exit the business. The remaining surplus of the P&C companies will absorb the costs to rundown and exit the business.

Summary: For the last several years, our employees, Board of Directors, and agents have weathered the volatility and challenges in our economy and our industry. We thank our P&C employees for their grit, determination, and customer care in challenging times and are grateful to our P&C agents and policyholders for the opportunity to have served them. As we focus on UHLIC and AE, we are proud of our employees for showing care and empathy in achieving superior customer service. We are excited for the future of UHLIC and AE and firmly embrace the changes ahead that will allow us to better serve our customers.

Sincerely,

Todd H. Gill | President and CEO (UHMHC, UHFG, UHLIC, UHPC, SIC)

CORE BELIEFS

WE CARE | RELATIONSHIPS MATTER

DO THE RIGHT THING | BELIEVE IT'S POSSIBLE | OWN IT

UNITED HERITAGE
I n s u r a n c e

BOARD OF DIRECTORS

STEVEN D. HAUSCHILD

CHAIRMAN OF THE BOARD | SPOKANE, WA



Mr. Hauschild has been in banking since 1980 and has served in various senior positions including chief credit officer, chief approval officer, and senior portfolio manager. He holds a BBA from Gonzaga University and a 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.

DIANE L. POLSCER

VICE CHAIRMAN OF THE BOARD | PORTLAND, OR



Ms. Polscer is the managing partner of the law firm Gordon & Polscer, LLC in Portland, Oregon. Ms. Polscer has experience in complex commercial litigation including business and insurance disputes and appeals. She serves on many law-related and community Boards and committees, has been named an “Oregon Super Lawyer” and listed as one of the Best Lawyers in American Insurance Law. She has a BA from Pennsylvania State University and a JD from the University of Oregon. She joined the Board of Directors in 2013.

TODD H. GILL

PRESIDENT & CEO | MERIDIAN, ID



Mr. Gill has served as President & CEO of United Heritage since 2021. He has been a CPA for 30 years, starting with Deloitte in 1992 before joining United Heritage in 2004 as the CFO and then promoted to COO in 2018. He holds BA degrees in Business Administration and Accounting from Northwest Nazarene College (now University). He serves on the Board of the ACLI Forum 500, the Boise Metro Chamber of Commerce, Cole Valley Christian Schools, Rockharbor Church, and other local civic boards previously.

JEFF C. KINNEVEAUK DIRECTOR | SCOTTSDALE, AZ



Mr. Kinneveauk currently serves as a board member for both Idaho Power Corporation and the Arctic Slope Regional Corporation (ASRC). He previously served as President and CEO of ASRC Energy Services and worked for ASRC for over 20 years. Mr. Kinneveauk has served on numerous non-profit, profit, and church boards in Alaska and is an awardee of the NNU Centennial Medallion in Alumni in Business, Corporate Leadership. Mr. Kinneveauk holds a BS in Physics with an emphasis in Engineering from Northwest Nazarene College (now University) in Nampa, Idaho. He joined the Board of Directors in 2023.

JOHN W. HOLLERAN DIRECTOR | BOISE, ID



Mr. Holleran retired as Executive Vice President and Chief Operating Officer of Itron Inc. He was first named Senior Vice President, General Counsel, and Corporate Secretary for Itron in 2007. Prior to Itron, he served as Executive Vice President, General Counsel, and Chief Administrative Officer for Boise Cascade Corporation and Boise Cascade, LLC. He has a BA and a JD from Gonzaga University, and attended the Stanford Executive Program. He joined the Board of Directors in 2016.

MICHAEL M. BREM DIRECTOR | TURLOCK, CA



Mr. Brem has worked in the agriculture industry for over 40 years and retired as President of SupHerb Farms, a grower, processor and marketer of culinary herbs, and specialty products. He remains active in the agricultural industry and in his community, serving on the Board of Directors of California Endive Farms and the Sierra Cascade Nurseries. Mr. Brem has a BS in Farm Management from California Polytechnic State University. He joined the Board of Directors in 2014.

BOARD OF DIRECTORS

MICHAEL M. MOONEY DIRECTOR | BOISE, ID



Mr. Mooney retired following a 42-year banking career, having served as President of the Bank of the Cascades, Idaho Region, Executive Vice President of the Rocky Mountain Region for KeyBank, President for KeyBank of Idaho, and President and CEO of Farmers & Merchants State Bank.

He currently serves on various Boards throughout the Treasure Valley and is an advisory member of the Boys and Girls Club of Ada County, the Shakespeare Festival, and the Idaho Not For Profit Center. He has a BS in Finance from Utah State University and an MBA from Idaho State University. He joined the Board in 2016.

MICHELLE E. HEGE DIRECTOR | SPOKANE, WA



Ms. Hege currently serves as the President & CEO for Desautel Hege Communications, a communications firm in Spokane, Washington. Ms. Hege has 25 years of experience in advertising, public relations, and branding. She received her Bachelor of Arts in English Literature and Politics from



Whitman College and later graduated from Eastern Washington University with a Master of Science in Communications. As President & CEO of Desautel Hege Communications, Ms. Hege provides both strategic counsel to clients as well as support to a team of talented people within the company. She joined the Board of Directors in 2022.

ZACHARY D. TUDOR DIRECTOR | AMMON, ID



Mr. Tudor is the Associate Laboratory Director of Idaho National Laboratory's National and Homeland Security Science and technology directorate, a major US center for national security technology development and demonstration. A retired US Navy submarine electronics officer, he is the former Chair of (ISC)2's Board of Directors, a member of the Commonwealth Cyber Initiative advisory board (Virginia), and is the former Vice Chair of the Institute for Information Infrastructure Protection at George Washington University. Mr. Tudor holds an MS in Information Systems from George Mason University. He joined the Board of Directors in 2023.



UNITED HERITAGE CORPORATE SOCIAL RESPONSIBILITY (CSR)

At United Heritage, our Corporate Social Responsibility (CSR) is rooted in our commitment to ethical business practices, employee development, and community engagement. Our CSR approach is guided by our Core Beliefs.

Our Core Beliefs

These foundational beliefs shape our organization, influence our business practices, and define our relationships with our employees, policyholders, agents, and the community:

- **We Care**
- **Relationships Matter**
- **Do the Right Thing**
- **Believe It's Possible**
- **Own It**

We recognize the importance of investing in people, fostering inclusiveness, and promoting fair employment practices.

Our Approach to Corporate Responsibility

We uphold our Core Beliefs through four key elements:

- **Environmental** – We Care about the future and are dedicated to responsible resource management and long-term environmental stewardship.
- **Economic** – We know that Relationships Matter and we have a responsibility to remain financially strong and fiscally responsible to uphold our promise to our policyholders.
- **Ethical** – We hold everyone at United Heritage accountable to Do the Right Thing and Own It.
- **Philanthropy** – Our sponsorships and charitable contributions support growth, skills development, education, and the overall betterment of the communities we serve because we Believe It's Possible to create lasting, positive change.

These initiatives lead the way for United Heritage to continue to drive positive change while fostering a culture of responsibility and excellence.

ENVIRONMENTAL

ECONOMIC

**CORPORATE
SOCIAL
RESPONSIBILITY
(CSR)**

ETHICAL

PHILANTHROPY

WE'D LOVE YOUR FEEDBACK!



We value reviews from our members. Please take a moment to leave United Heritage Life Insurance Company a Google review.



YEAR IN REVIEW

TODD H. GILL | PRESIDENT & CEO

Financial security and peace of mind are more important than ever as we continue to navigate the emergence from COVID, political and economic uncertainty, and changing health risks. United Heritage Life Insurance Company (UHLIC) is proud to have written \$120 million in premium to meet these needs, driving total revenue to \$164 million in 2024. As the economy continued to expand, the capital markets also remained bullish, which resulted in higher investment income during 2024. But this inflationary environment also had a negative impact with rising operating costs and decreased margins in our interest-sensitive products (annuities and preneed).

The Company provides quality life insurance products in the small face amount market that are tailored to meet funeral expense needs, a robust annuity business with fixed products, and group benefits offering a comprehensive range of employee coverage in life, disability, accident, critical illness, and vision insurance. We are proud to have provided \$95 million in insurance and annuity benefits to our customers in 2024. We are also investing in technology, with the implementation of our new policy administration software on track and our first product expected in 2025.

With improved mortality overall and record income from our group products, net income was \$3.6 million in 2024. However, the negative impact of rapidly rising rates caused this to be slightly below target. We are very pleased that our financial strength continued to grow with a record surplus of \$82.2 million and record assets of \$736.8 million. UHLIC's financial strength ratings remain at A- from both AM Best and KBRA.

Thank you to our policyholders, agents, employees, and Board of Directors for their support in 2024.

UNITED HERITAGE FINANCIAL GROUP

2024 FINANCIALS

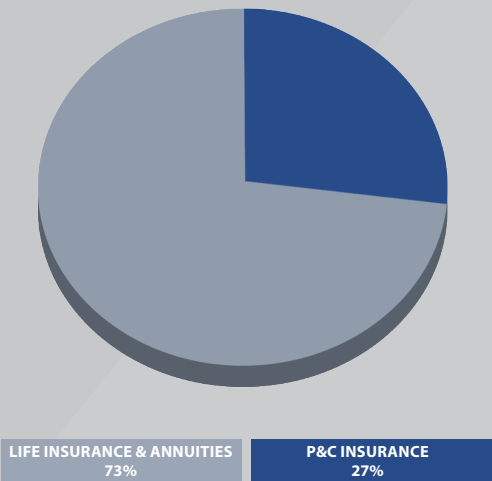
United Heritage Financial Group is the intermediate holding company in our enterprise. It provides three vital functions: capital management and allocation, administrative coordination, and shared services including Information Technology, Human Resources, Legal, Investments, and Digital and Branding.

Centralizing these functions at the holding company allows the insurers to strategically focus resources on their core insurance operations – Marketing, Underwriting and New Business, Client Services, and Claims.

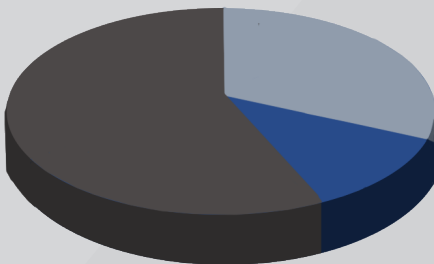
In 2024, the United Heritage Financial Group of active companies had total revenues of \$207.3 million, total surplus of \$102.7 million, and total net income of \$3.1 million.*

*Totals include United Heritage Financial Group financial results that are not presented separately.

BUSINESS MIX - 2024 PREMIUMS



\$14.2 BILLION – INSURANCE VALUE IN FORCE

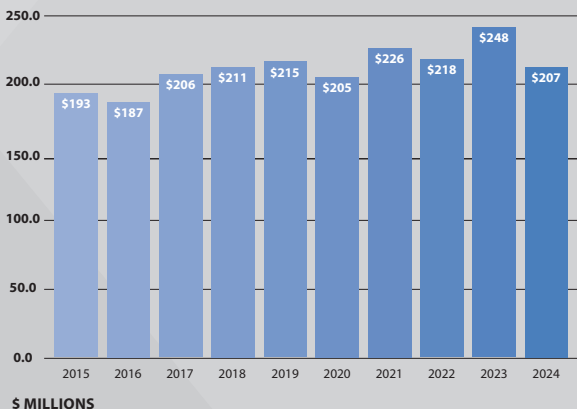


SIC
\$8 BILLION

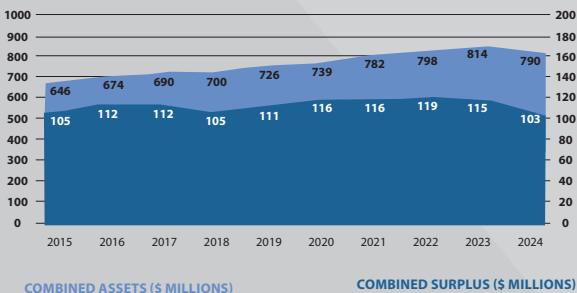
UHPC
\$1.6 BILLION

UHLIC
\$4.6 BILLION

TOTAL REVENUES



TOTAL BALANCE SHEET STRENGTH



COMBINED ASSETS (\$ MILLIONS)

COMBINED SURPLUS (\$ MILLIONS)

UNITED HERITAGE MUTUAL HOLDING COMPANY

ANNUAL MEMBER MEETING NOTICE

The annual meeting of the members of United Heritage Mutual Holding Company will be held on May 19, 2025 (the third Monday in May) at the United Heritage Home Office, 707 E. United Heritage Court, Meridian, Idaho, at 10:00 a.m. local time.

Members of United Heritage Mutual Holding Company are those persons who as of the day of the meeting own a policy of insurance issued by United Heritage Life Insurance Company or Sublimity Insurance Company.

2025 ANNUAL MEETING AGENDA

- President & CEO | Todd H. Gill
– Opening Remarks
- Chairman of the Board of Directors | Steven D. Hauschild
- Approval of the Minutes of the 2024 Annual Meeting
- Election of Directors
– Standing for reelection for a 4 year term:
Diane L. Polscer
Todd H. Gill
- President & CEO | Todd H. Gill
– Concluding Remarks

PROXIES

If you have returned a signed proxy form to the Company, the Board of Directors intends to direct the Chairman of the Board to vote your proxy FOR the reelection of **Diane L. Polscer** (4 year term), and the reelection of **Todd H. Gill** (4 year term) to the Board of Directors at the Annual Meeting. You may revoke your proxy at any time by sending a letter to the Company with whom you are insured stating that you would like to revoke your proxy. We must receive your letter by **May 12, 2025**. Please include your United Heritage Life Insurance Company or Sublimity Insurance Company policy number in your letter and sign the letter.

If you are a member and have not sent in a proxy form and you would like to, please contact the United Heritage Client Services Department at 1-800-657-6351.



UNITED HERITAGE LIFE INSURANCE COMPANY POLICYHOLDER

Have you recently **moved** or
changed your mailing address?

Do you have a **new phone number?**

Are there any other types of services you need?

Now is the perfect time to contact
us to verify your information.

Incorrect or incomplete information we have
on file may delay processing a change or
claim you may make under your policy.

SECONDARY LAPSE NOTICE DESIGNEE

If you would like to designate, replace, or delete
a second person to be notified in the event your
life insurance policy lapses due to termination,
expiration, nonrenewal, or cancellation for
nonpayment of premium, please contact the United
Heritage Life Insurance Company Client Services
Department at **1-800-657-6351** or by
email at **cssupport@unitedheritage.com**.

www.UNITEDHERITAGE.com



P.O. Box 7777, Meridian, ID 83680 | 1.800.657.6351

United Heritage Life Insurance Company



For the latest rating, access www.krollbondratings.com

A- Excellent is the fourth of 13 ratings assigned by AM Best for financial strength.

For the latest rating, access www.ambest.com.