

2009 Annual Report to Policyholders

Sound Financial Results

Contribution to policyholder surplus and growth in assets are corporate objectives designed to improve financial strength and stability, especially during uncertain economic conditions. Policyholder surplus increased from \$83.6 million in 2008 to \$87.8 million in 2009, an increase of 5.0%. A major portion of the increase is due to a revision in Statutory Accounting Principles on the admissibility of deferred tax assets.

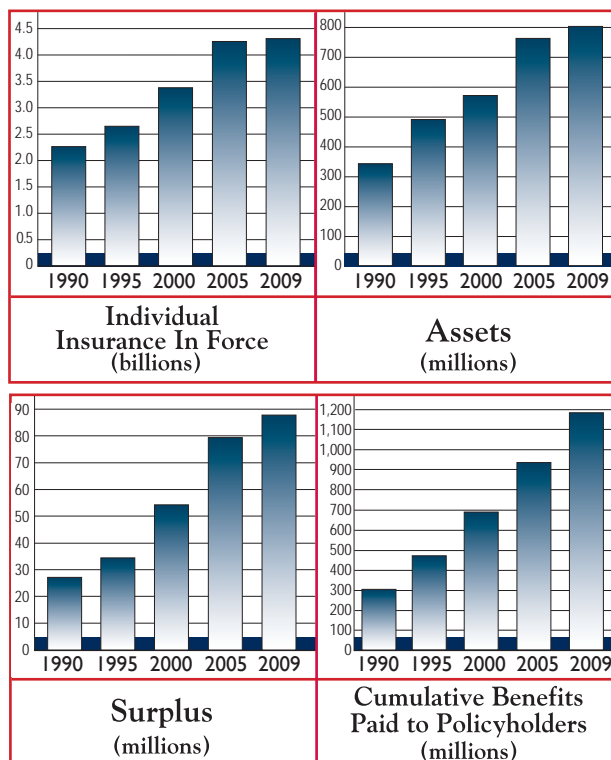
Assets grew from \$787.2 million in 2008 to \$801.9 million in 2009. New business growth and excellent persistency of premium paying business resulted in an increase in total premium income from \$52.7 million to \$55.0 million, an increase of 4.4%. Total benefits and expenses increased by less than 1%. Individual life insurance in force is \$4.3 billion. Group life insurance net of reinsurance is \$2.7 billion.

Net gain from operations after distribution of policyholder dividends and payment of Federal Income Taxes increased from \$4.3 million in 2008 to \$5.9 million in 2009. The dividend scale for traditional products remains the same for 2010. Cumulative benefits paid to policyholders now exceed \$1.1 billion.

Conservative and Diversified Investment Performance

During 2009, the bond market recovered from the market collapse that occurred during the fourth quarter of 2008. The rise in the stock market during the last half of 2009, a more stable labor market, and an improvement in household spending are indications that the economy is beginning to come out of recession.

Net Investment Income decreased from \$44.6 million in 2008 to \$43.2 million in 2009, due primarily to lower bond yields that persisted during the recession. The Federal Open Market Committee (FOMC) held interest rates low through all of 2009 and has continued this



policy into 2010. Our conservative and diversified investment strategy will continue to focus on preservation of capital while providing adequate cash flow, liquidity, security, and yield to meet the long-term requirements of our life insurance and annuity liabilities.

Improved Sales Growth

In 2009, new life insurance sales surpassed our corporate objective by more than 14% and 2008 results by more than 17%. Our sales force seized the opportunity to provide quality products to our three niche markets: federal civil service employees, military service members and seniors in the final expense market.

We achieved growth last year, due to careful planning and the hard work of our field representatives. GPM Life stands ready to deliver needs based solutions using quality life insurance and annuity products. For more information about our product portfolio, contact your sales representative, call the GPM Life Home Office at 1-800-938-4765, or visit our website at www.gpmlife.com.



GPM Life has a Best's Rating of A- (Excellent) with a stable outlook as of May 29, 2009. A Best's Rating is an independent opinion based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile. This rating is assigned to companies that have an excellent ability to meet their ongoing obligations to policyholders. For details on the latest rating and the exact type, numerical order, scope, and extent of the rating, see the website: www.ambest.com.

Military Benefit Association (MBA)

GPM Life is the insurance underwriter for MBA-sponsored Group Life Insurance and TRICARE Supplement products. MBA, established in 1956, is one of the nation's largest nonprofit organizations of military personnel, civilian employees of the federal government, and their dependents. We have experienced a mutually beneficial relationship since 2001. GPM Life offers group life insurance coverage to MBA members with no war clause or aviation restrictions. See MBA's website for more information: www.militarybenefit.org.

Notice of Meeting

The Annual Meeting of GPM Life Policyholders will be held on Wednesday, April 14, 2010 at 9:00 a.m. in the Home Office, GPM Life Building, 2211 N.E. Loop 410, San Antonio, Texas, 78217.

As highlights, there will be a full report on financial operations for 2009, and the election of Directors.

All policyholders are cordially invited to attend the meeting or return their proxy if unable to attend.