



March 30, 2009

Insurance Company of America

Dear Associates:

What a great time to be in this business! People are worried and looking for safety and security in a financial world that has shown little of either over the last several months. With that said, why then did I start this letter with the statement it is a great time to be in this business? As we have always said, we're not like everybody else! Citizens, Inc. is different and it is that difference that makes us unique in the financial market.

I have looked at the balance sheets of numerous companies from the US and around the world and almost without exception they have all lost a large portion of their assets over the last few months. But notice what has happened with Citizens. We continue to grow! Everyone is looking at 40 to 80% losses of their company's value while Citizens' assets are actually growing!!! **What a great time to be in this business when you are a part of a company that defies the world's worst economic downturn in nearly a century. To be with Citizens, a company that has actually grown their assets by nearly 6% while others are struggling to keep their doors open makes this truly a great time to be in this business!**

In addition to this phenomenal growth, our highly efficient Operations staff realized more than an \$8 million profit on the operational side. The offset to this incredible year was simply the imposition of the US Accounting rules requiring our financial reports to show the reduced value of a small portion of our invested assets as if we had actually sold those assets and taken losses in those investments. These equity mutual funds which represent only a very small portion of the Company's assets, had a reduced value of \$23.5 million at the end of the year. We fully expect these mutual funds to recover in value and be profitable as the financial markets recover, but we must allow time to pass for this to occur.

In conclusion, let's review the facts:

- **Premium Income is up nearly 3.5%** (improving persistency in a year when sales were down about 5%) This shows the excellent job you are doing to keep those premiums coming in!
- **Assets are up nearly 6%** (in spite of a paper loss of \$23.5 million of value in a small portion of those assets, which of course we expect will recover its value in time).
- **Commissions paid are up** which again represents the excellent job you are doing to provide professional service to your clients.
- **Insurance benefits paid are up.** While most people would consider this a negative occurrence, it is actually quite the opposite. Our policy owners and beneficiaries are actually benefiting from the policies you convinced them to purchase. What a great testimony to the important service you provide your fellow countrymen!
- **Policy reserves have increased significantly.** These are the assets invested in guaranteed instruments that will provide the guaranteed payments to the policy owners and beneficiaries in the coming years.

I could go on, but I think you see my point. **Citizens, Inc. is strong!** You couldn't be with a better company or providing better products than what the Fortune Builder Series has to offer. In a world of uncertainty and doubt, the Citizens family can be proud of the bright spot of security and strength we provide in this financial world full of instability and fear. 2009 is your year to shine! I'm confident you will make it happen and I'll see you in South Africa!!!

Sincerely,

A handwritten signature in black ink, appearing to read "Ray A. Riley".

Ray A. Riley

Executive Vice President/Chief Marketing Officer

Citizens, Inc. Financial Group