

## Lafayette Life approves record \$70.9 million 2022 Policyowner Dividend Payout

November 22, 2022

The Lafayette Life Insurance Company is pleased to announce that its Board of Directors has approved a record \$70.9 million dividend allocation in 2022 to policyholders, once again demonstrating our strong financial position. This all-time high dividend payout marks the 117th consecutive year that Lafayette Life will be paying a dividend.

### Policyholder Dividends In \$ Millions



Effective **January 1, 2022**, the 2022 dividend rate will be maintained at **5.2%** for all dividend-paying policies written after June 15, 2005. This significant payment demonstrates Lafayette Life's unwavering commitment to providing value by increasing our total dividend allocation as compared to 2021.

### Delivering on Commitments

We are proud of our legacy of delivering competitive product performance, while managing risk and making prudent investment decisions that maintain the exceptional financial strength of our company. Dividends are driven primarily by investment results, mortality and overall company expenses. In spite of sustained low interest rates, Lafayette Life's disciplined approach enables us to continue to deliver on these commitments in 2022.

Our mission remains the same—to be a financially sound, highly rated, growth-oriented company, dedicated to meeting our customers' needs and expectations for life insurance, annuity products and retirement services.

#### We strive to achieve our mission by:

- Ensuring company financial soundness and future policy benefits through solid business management practices and prudent investments.
- Helping clients, through our representatives, evaluate their insurance needs and recommend products that are best for their situation.
- Offering quality products and services that are fairly priced and competitively valued.
- Providing concise and understandable contracts with supportive information for the client.
- Maintaining the integrity of the company, including being forthright in all communications.



# 2022 Dividend Scale Announcement

## Solid Financial Strength

The chart below highlights our financial strength as a member of Western & Southern Financial Group, which is among the strongest in the industry. Please see the additional dividend guide (LL-2724 11/20) for a brief overview on how the dividend scale interest rate is calculated.

Industry Ratings			
A.M. Best	Standard & Poor's	Fitch	Comdex <sup>1</sup>
<b>A+</b> Superior	<b>AA-</b> Very Strong	<b>AA</b> Very Strong	<b>95</b> out of <b>100</b>
Superior ability to meet ongoing insurance obligations  <i>(second highest of 13 ratings; held since June 2009)</i>	Very strong financial security characteristics  <i>(fourth highest of 21 ratings; held since August 2018)</i>	Very strong capacity to meet policyholder and contract obligations on a timely basis  <i>(third highest of 21 ratings; held since June 2009)</i>	Composite of all ratings a company receives

The Comdex Ranking is a composite of all the ratings a company has received from the major rating agencies. It ranks insurers on a scale of 1 to 100 (where 1 is the lowest) in an effort to reduce confusion over ratings because each rating agency uses a different scale. Ratings and ranking are subject to change. The ranking shown herein is current as of November 2021.

For more information on Lafayette Life whole life policies or questions on this dividend announcement, please contact your Regional Sales Vice President or call 866-937-5542, extension 3525, for the Sales Desk.

Thank you for your continued business. We look forward to working with you in 2022. Please accept our best wishes for the holiday season and for a happy and prosperous New Year.



**John H. Bultema III**  
President and Chief Executive Officer



**Larry Silverstein**  
Senior Vice President and Chief Marketing Officer

<sup>1</sup> The Lafayette Life Insurance Company is not rated by Moody's.

The ratings published in this document are current as of November 2021, and are subject to change. Ratings refer to the claims-paying ability of the insurance company and do not reflect the safety, stability or performance of any investment product. The rating agencies listed above are independent of each other and use proprietary evaluation criteria and rating scales.

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Dividends are not guaranteed and may be changed at any time. The Lafayette Life Insurance Company, Cincinnati, Ohio, operates in D.C. and all states except New York. Life Insurance products are issued and guaranteed by the Lafayette Life Insurance Company. Guarantees are based on the claims-paying ability of the company. Check the Lafayette Life website ([www.llic.com](http://www.llic.com)) for state-specific limitations.

**Life insurance products are not bank products, are not a deposit, are not insured by the FDIC or any other federal entity, have no bank guarantee, and may lose value.**

# What is a Dividend?

A dividend is a return of premium. Premiums for a dividend-paying Whole Life policy are determined using conservative mortality, interest and company expense assumptions. The Lafayette Life Insurance Company (Lafayette Life) board of directors, when reviewing the company's operating results each year, may declare a dividend when the operating results are better than these assumptions. Dividends are not and cannot be guaranteed.

## How does Lafayette Life determine the dividend scale?

The dividend scale determines how the dividends will be allocated to each policy. This allocation is determined annually by a number of factors. Lafayette Life's Dividend Scale is set annually based on:



### INTEREST FACTOR

The company's investment earnings in excess of the guaranteed rate, calculated on the reserves backing the policy values.

### MORTALITY FACTOR

The difference between the guaranteed mortality assumed in the policy premium and actual experience.

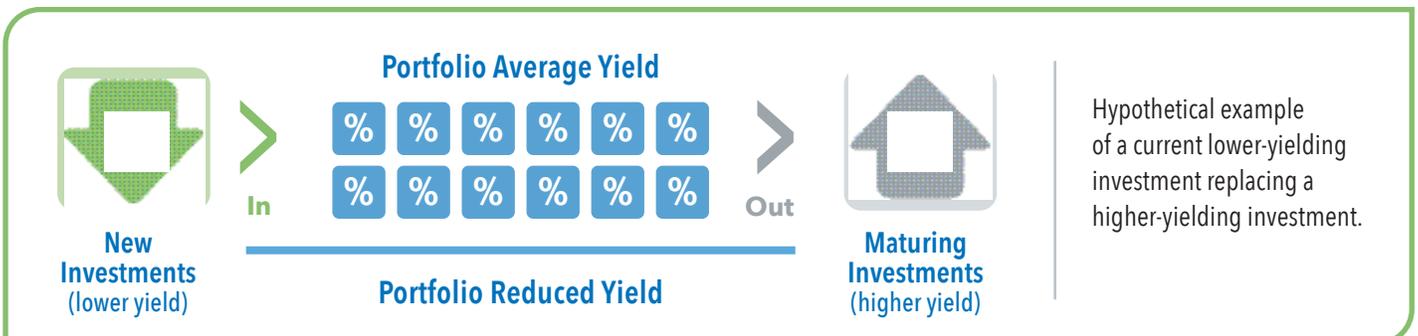
### EXPENSE FACTOR

The difference between expenses assumed in the policy premium and actual expenses.

## How is the dividend scale interest rate calculated?

The interest rate used in the dividend calculation is based upon the average yield of all investments within Lafayette Life's portfolio. The dividend scale interest rate is not a rate of return the policy owner will earn and cannot be calculated by comparing the premiums paid into a policy to the policy's cash value and dividends.

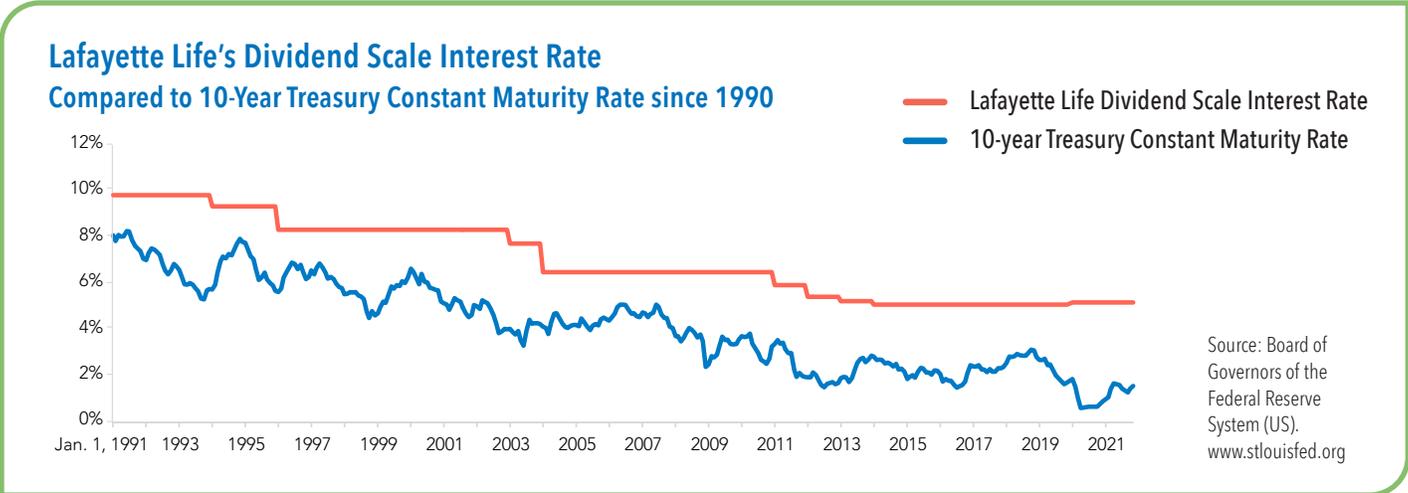
The average yield on Lafayette Life's portfolio changes as one investment block matures and is replaced with a new investment block with a current market rate yield. Depending on if the yield of the new block is higher or lower than the matured block it replaced, the total average portfolio yield will increase or decrease.



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## Lafayette Life's dividend scale interest rate

Lafayette Life has been able to maintain a high dividend scale interest rate compared to the 10-year treasury rate since 1990 due to the durations and credit quality of our investments in our portfolio. Interest rates have been at historically low levels for some time, which has reduced the yield on our portfolio and with it our dividend scale interest rate.



## Is there an industry standard for calculating the dividend interest rate?

There is NO industry standard for calculating the dividend scale interest rate. Lafayette Life's dividend scale interest rate is net of investment expenses and default costs, yet another company may show gross numbers in its rate. The dividend scale interest rate is only one factor used in the calculation, and if we don't know the other factors, it's not a very meaningful number for comparing the overall value of a product.

A higher dividend scale interest rate declared by a company may not translate into higher long-term cash value or death benefit. It is possible that a company with a lower declared dividend scale interest rate may have a higher dividend.



For more information, contact your financial representative today, or visit [www.LafayetteLife.com](http://www.LafayetteLife.com).

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