

**STATEMENT OF ADDITIONAL INFORMATION**

May 1, 2019

**For**  
**MEMBERS® HORIZON FLEXIBLE PREMIUM DEFERRED VARIABLE AND**  
**INDEX LINKED ANNUITY**

*(a combination variable and index-linked deferred annuity contract)*

**Issued through MEMBERS Horizon Variable Separate Account**

**Offered by**  
**MEMBERS LIFE INSURANCE COMPANY**

2000 Heritage Way  
Waverly, Iowa 50677-9202  
(800) 798-5500

This Statement of Additional Information ("SAI") is not a Prospectus. It should be read in conjunction with the Prospectus for the MEMBERS® Horizon Flexible Premium Deferred Variable Annuity and Index Linked Annuity Contract (the "Contract"), dated May 1, 2019 (as amended from time to time). The Prospectus provides detailed information concerning the Contract, which is offered by MEMBERS Life Insurance Company (the "Company," "we," "us," or "our"), and the Investment Options available thereunder.

Capitalized terms used in this SAI that are not otherwise defined have the meanings set forth in the Prospectus.

A copy of the Prospectus is available free of charge by writing to the Company's Administrative Office (2000 Heritage Way, Waverly, Iowa 50677-9202), by calling 1-800-798-5500 toll free, or by contacting your financial professional.

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## **MEMBERS LIFE INSURANCE COMPANY**

The depositor for the MEMBERS Horizon Variable Separate Account (a "Variable Separate Account" and Risk Control Separate Account, MEMBERS Life Insurance Company (the "Company"), is a wholly-owned indirect subsidiary of CMFG Life Insurance Company ("CMFG Life") and a direct wholly-owned subsidiary of CUNA Mutual Investment Corporation ("CMIC"). The Company was formed by CMFG Life on February 27, 1976, as a stock life insurance company under the laws of the State of Wisconsin for the purpose of writing credit disability insurance. The original name of the Company was CUDIS Insurance Society, Inc. On August 3, 1989, the Company's name changed to CUMIS Life Insurance, Inc., and was subsequently changed to its current name on January 1, 1993. League Life Insurance Company (Michigan) merged into the Company on January 1, 1992 and MEMBERS Life Insurance Company (Texas) merged into the Company on January 1, 1993. The Company re-domiciled from Wisconsin to Iowa on May 3, 2007. The Company is 100% owned by CMIC, which is in turn 100% owned by CMFG Life. On February 17, 2012, the Company's Articles of Incorporation were amended and restated to change the Company's purpose to be the writing of any and all of the lines of insurance and annuity business authorized by Iowa Code Chapter 508 and any other line of insurance or annuity business authorized by the laws of the State of Iowa. Currently, the Company has no employees.

CMFG Life is a stock insurance company organized on May 20, 1935 and domiciled in Iowa. CMFG Life is one of the world's largest direct underwriters of credit life and disability insurance, and is a major provider of qualified pension products to credit unions. CMFG Life and its affiliated companies currently offer deferred and immediate annuities, individual term and permanent life insurance, and accident and health insurance. In 2012, CMFG Life was reorganized as a wholly-owned subsidiary of CUNA Mutual Financial Group, Inc. which is a wholly-owned subsidiary of CUNA Mutual Holding Company, a mutual insurance holding company organized under the laws of the State of Iowa.

The Company is authorized to sell life, health, and annuity policies in all states in the U.S. and the District of Columbia, except New York. As of December 31, 2018, the Company had more than \$3.3 billion in assets and more than \$80 million of life insurance in force. Currently, the Company services existing blocks of individual and group life policies. In addition, in August, 2013, the Company began issuing a single premium deferred index annuity under the name "MEMBERS® Zone Annuity." In July 2016, the Company began issuing a flexible premium deferred variable and index-linked annuity contract under the name MEMBERS® Horizon Flexible Premium Deferred Variable and Index Linked Annuity. In December 2018, the Company began issuing a flexible premium variable and index-linked annuity contract under the name MEMBERS® Horizon II Flexible Premium Deferred Variable and Index Linked Annuity contract.

## **ADDITIONAL CONTRACT PROVISIONS**

### **The Contract**

The application, endorsements and all other attached papers are part of the Contract. The statements made in the application are representations and not warranties. We will not use any statement in defense of a claim or to void the Contract unless it is contained in the application.

### **Participation**

Non-Participation.

## **PRINCIPAL UNDERWRITER**

We offer the Contract on a continuous basis. We anticipate continuing to offer the Contracts, but reserve the right to discontinue the offering. CUNA Brokerage Services, Inc. ("CBSI") serves as principal underwriter (or distributor) for the Contract. CBSI is a Wisconsin corporation and its home office is located at 2000 Heritage Way, Waverly, Iowa 50677. CBSI is our indirect, wholly owned subsidiary, and is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") under the Securities

Exchange Act of 1934, as amended, as well as with the securities commissions in the states in which it operates, and is a member of the Financial Industry Regulatory Authority, Inc. CBSI offers the Contract through its registered representatives. In addition, CBSI enters into selling agreements with other broker-dealers (“selling firms”) and compensates them for their services. Registered representatives of CBSI and of other selling firms are appointed as our insurance agents.

CBSI and the selling firms pay their registered representatives a portion of the commissions received for their sales of the Contract. Registered representatives may also be eligible for various cash benefits and non-cash compensation programs, such as conferences, seminars and trips (including travel, lodging and meals in connection therewith), entertainment, merchandise and other similar items, where sales of the Contract help such registered representatives qualify. We may pay certain selling firms additional amounts for promoting the Contract and/or educating their registered representatives about the Contract. These additional payments are not offered to all selling firms, and the terms of any particular agreement governing the payments may vary among selling firms.

CBSI received sales compensation with respect to the Contract in the following amounts during the periods indicated:

Fiscal Year	Aggregate Amount of Commissions Paid to CBSI	Aggregate Amount of Commissions Retained by CBSI After Payments to its Registered Persons and Selling Firms
2018	\$7,224,071	\$2,504,467
2017	\$5,505,224	\$1,688,232
2016	\$2,170,350	\$556,749

In addition to the compensation paid for sales of the Contracts, we pay compensation when an Owner annuitizes all or a portion of his or her Contract and elects a life contingent annuity payout after the first Contract Year.

## **INCOME PAYMENTS**

We use fixed rates of interest to determine the amount of income payments payable under the Income Payout Options. Income Payout Options offered under your Contract are described in the “Income Payout Options” in the Prospectus. Income Payout Options on a variable basis are not offered under your Contract.

## **RESOLVING MATERIAL CONFLICTS**

The Funds are offered through other separate accounts affiliated with us, and directly to employee benefit plans affiliated with us. We do not anticipate any disadvantages to this. However, it is possible that a conflict may arise between the interest of the Variable Separate Account and one or more of the other separate accounts in which these Funds participate.

Material conflicts may occur due to a change in law affecting the operations of variable life insurance policies and variable annuity contracts, or differences in the voting instructions of the Owners and those of owners of other types of contracts issued by us. Material conflicts could also arise between the interests of Owners (or owners of other types of contracts issued by us) and the interests of participants in employee benefit plans invested in the Funds. If a material conflict occurs, we will take steps to protect Owners and variable annuity Payees, including withdrawal of the Variable Separate Account from participation in the Fund(s) involved in the conflict.

## **OTHER INFORMATION**

A registration statement on Form N-4 (the "Registration Statement") has been filed with the SEC under the Securities Act of 1933, as amended, with respect to the Contract discussed in this SAI. Not all the information set forth in the Registration Statement, amendments and exhibits thereto has been included in this SAI. Statements contained in this SAI concerning the content of the Contract and other legal instruments are intended to be summaries. For a complete statement of the terms of these documents, reference should be made to the Prospectus filed with the SEC.

The Variable Separate Account and Risk Control Separate Account were each established as a separate account of MEMBERS Life Insurance Company on June 8, 2015.

## **CUSTODIAN**

The Company is the custodian for the shares of the underlying Funds owned by the Variable Separate Account.

## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Deloitte & Touche LLP, an independent registered public accounting firm, located at 111 S. Wacker Dr., Chicago, Illinois 60606 serves as the independent registered public accounting firm to the Company, and the Variable Separate Account.

## **FINANCIAL STATEMENTS**

The financial statements for the Company as of December 31, 2018 and 2017, the related statements of operations and comprehensive income (loss), stockholder's equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes which are included in this Prospectus and Statement of Additional Information have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the Registration Statement.

The statement of assets and liabilities for each of the subaccounts of the Variable Separate Account as of December 31, 2018, the related statements of operations for the period then ended, the statements of changes in net assets for each of the periods in the two years then ended and the financial highlights for the period in the two years then ended and the period ended July 11, 2016 to December 31, 2016 which are included in this Statement of Additional Information have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein in the Registration Statement.

The Company's financial statements should be distinguished from the financial statements of the Variable Separate Account, and you should consider the Company's financial statements only as bearing on the Company's ability to meet its obligations under your Contract.



**Deloitte & Touche LLP**  
111 S. Wacker Drive  
Chicago, IL 60606-4301  
USA

Tel: 312 486 1000  
Fax: 312 486 1486  
[www.deloitte.com](http://www.deloitte.com)

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of  
MEMBERS Life Insurance Company and  
Contract Owners of MEMBERS Horizon Variable Separate Account:

### **Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statements of assets and liabilities for each of the subaccounts of MEMBERS Horizon Variable Separate Account (the "Account") listed in Appendix A, as of December 31, 2018, the related statements of operations, the statements of changes in net assets, the financial highlights for each of the periods presented in Appendix A, and the related notes. In our opinion, such financial statements and financial highlights present fairly, in all material respects, the financial position of each of the subaccounts comprising the Account as of December 31, 2018, the results of their operations, the changes in their net assets, and the financial highlights for each of the periods presented in Appendix A, in conformity with accounting principles generally accepted in the United States of America.

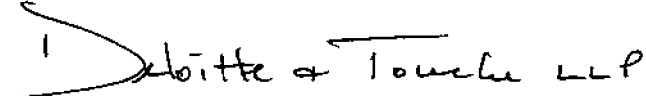
### **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Account's management. Our responsibility is to express an opinion on the Account's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Account in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Account is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Account's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included

confirmation of securities owned as of December 31, 2018, by correspondence with the Account's fund managers. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP

February 25, 2019

We have served as the auditor of MEMBERS Horizon Variable Separate Account since 2016.

## MEMBERS Horizon Variable Separate Account

## Appendix A

Subaccount	Statement of Assets and Liabilities As of	Statement of Operations For The	Statement Of Changes in Net Assets For the	Financial Highlights For The
Invesco V.I. Global Real Estate Fund Series I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Invesco V.I. Small Cap Equity Fund Series I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
American Funds IS Asset Allocation Fund Series I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
American Funds IS Bond Fund Series I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
American Funds IS Growth Fund Series I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
American Funds IS High-Income Bond Fund Series I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
American Funds IS International Fund Series I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
BlackRock Global Allocation V.I. Fund Class I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Columbia VP Emerging Markets Bond Fund Class 1, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
DFA VA International Small Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
DFA VA International Value Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
DFA VA US Large Value Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
DFA VA U.S. Targeted Value Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Dreyfus VIF Quality Bond Institutional, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Templeton Foreign VIP Fund Class I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Templeton Global Bond VIP Class 1, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Goldman Sachs VIT Government Money Market, Subaccount	December 31, 2018	Period From December 3, 2018* to December 31, 2018	Period from December 3, 2018* to December 31, 2018	Period from December 3, 2018* to December 31, 2018
Lazard Retirement Emerging Markets Equity Portfolio Investor Shares, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
MFS® Blended Research Small Cap Equity Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016



## MEMBERS Horizon Variable Separate Account

Appendix A  
(Continued)

Subaccount	Statement of Assets and Liabilities As of	Statement of Operations For The	Statement Of Changes in Net Assets For the	Financial Highlights For The
MFS® VIT Total Return Bond Fund Initial Shares, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
MFS® VIT Utilities Series Fund Initial Shares, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
MFS® VIT Value Series, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio, Class I, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
TOPS® Balanced ETF Portfolio Class 1, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
TOPS® Conservative ETF Portfolio Class 1, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
TOPS® Growth ETF Portfolio Class 1, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
PIMCO VIT Commodity/ Real Return ® Strategy Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
PIMCO VIT All Asset Portfolio Institutional Class, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
PIMCO VIT Real Return Fund Institutional Class, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Putnam VT High Yield Fund, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
T. Rowe Price Blue Chip Growth Fund, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF Capital Growth Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF Diversified Value Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF Equity Index Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF High Yield Bond Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF International Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016

Subaccount	Statement of Assets and Liabilities As of	Statement of Operations For The	Statement Of Changes in Net Assets For the	Financial Highlights For The
Vanguard VIF Mid-Cap Index Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF Money Market Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF Real Estate Index Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF Small Company Growth Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF Total Bond Market Index Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016
Vanguard VIF Total Stock Market Index Portfolio, Subaccount	December 31, 2018	Year Ended December 31, 2018	Two Years Ended December 31, 2018	Two Years Ended December 31, 2018 And Period from July 11, 2016* to December 31, 2016

\* Date represents commencement of operations.

**MEMBERS Horizon Variable Separate Account**  
**Statements of Assets and Liabilities**  
**As of December 31, 2018**

	Invesco V.I. Global Real Estate Fund Series I, Subaccount	Invesco V.I. Small Cap Equity Fund Series I, Subaccount	American Funds IS Asset Allocation Fund Series I, Subaccount	American Funds IS Bond Fund Series I, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 858,067	\$ 135,680	\$ 5,109,584	\$ 444,010
Total assets	858,067	135,680	5,109,584	444,010
<b>Liabilities</b>				
Net assets	\$ 858,067	\$ 135,680	\$ 5,109,584	\$ 444,010
<b>Net assets</b>				
Net assets: B-Shares	\$ 706,101	\$ 125,004	\$ 3,776,095	\$ 212,730
Net assets: C-Shares	151,966	10,676	1,333,489	231,280
Total net assets	\$ 858,067	\$ 135,680	\$ 5,109,584	\$ 444,010
Number of shares outstanding	55,288	8,517	239,999	42,408
Net asset value per share	\$ 15.52	\$ 15.93	\$ 21.29	\$ 10.47
Cost of mutual fund shares	\$ 932,649	\$ 171,214	\$ 5,553,916	\$ 456,263

	American Funds IS Growth Fund Series I, Subaccount	American Funds IS High-Income Bond Fund Series I, Subaccount	American Funds IS International Fund Series I, Subaccount	BlackRock Global Allocation V.I. Fund Class I, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 3,307,421	\$ 555,066	\$ 867,983	\$ 713,263
Total assets	3,307,421	555,066	867,983	713,263
<b>Liabilities</b>				
Net assets	\$ 3,307,421	\$ 555,066	\$ 867,983	\$ 713,263
<b>Net assets</b>				
Net assets: B-Shares	\$ 2,602,146	\$ 429,111	\$ 719,011	\$ 509,790
Net assets: C-Shares	705,275	125,955	148,972	203,473
Total net assets	\$ 3,307,421	\$ 555,066	\$ 867,983	\$ 713,263
Number of shares outstanding	47,276	59,429	49,150	46,956
Net asset value per share	\$ 69.96	\$ 9.34	\$ 17.66	\$ 15.19
Cost of mutual fund shares	\$ 3,591,712	\$ 612,387	\$ 1,016,910	\$ 785,596

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Assets and Liabilities (continued)**  
**As of December 31, 2018**

	Columbia VP Emerging Markets Bond Fund Class 1, Subaccount	DFA VA International Small Portfolio, Subaccount	DFA VA International Value Portfolio, Subaccount	DFA VA U.S. Large Value Portfolio, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 1,490,582	\$ 299,430	\$ 2,800,471	\$ 4,212,681
Total assets	1,490,582	299,430	2,800,471	4,212,681
<b>Liabilities</b>				
Net assets	-	-	-	-
Net assets	\$ 1,490,582	\$ 299,430	\$ 2,800,471	\$ 4,212,681
<b>Net assets</b>				
Net assets: B-Shares	\$ 1,192,273	\$ 297,144	\$ 2,245,882	\$ 3,475,984
Net assets: C-Shares	298,309	2,286	554,589	736,697
Total net assets	\$ 1,490,582	\$ 299,430	\$ 2,800,471	\$ 4,212,681
Number of shares outstanding	165,436	28,544	255,751	187,147
Net asset value per share	\$ 9.01	\$ 10.49	\$ 10.95	\$ 22.51
Cost of mutual fund shares	\$ 1,617,408	\$ 376,286	\$ 3,201,614	\$ 4,751,284

	DFA VA U.S. Targeted Value Portfolio, Subaccount	Dreyfus VIF Quality Bond Institutional, Subaccount	Templeton Foreign VIP Fund Class I, Subaccount	Templeton Global Bond VIP Class 1, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 1,205,749	\$ 96,669	\$ 149,093	\$ 628,330
Total assets	1,205,749	96,669	149,093	628,330
<b>Liabilities</b>				
Net assets	-	-	-	-
Net assets	\$ 1,205,749	\$ 96,669	\$ 149,093	\$ 628,330
<b>Net assets</b>				
Net assets: B-Shares	\$ 980,726	\$ 64,121	\$ 142,257	\$ 515,848
Net assets: C-Shares	225,023	32,548	6,836	112,482
Total net assets	\$ 1,205,749	\$ 96,669	\$ 149,093	\$ 628,330
Number of shares outstanding	79,014	8,525	11,460	35,823
Net asset value per share	\$ 15.26	\$ 11.34	\$ 13.01	\$ 17.54
Cost of mutual fund shares	\$ 1,512,039	\$ 100,591	\$ 171,306	\$ 616,928

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Assets and Liabilities (continued)**  
**As of December 31, 2018**

	Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount	Goldman Sachs VIT Government Money Market, Subaccount*	Lazard Retirement Emerging Markets Equity Portfolio Investor Shares, Subaccount	MFS® Blended Research® Small Cap Equity Portfolio, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 262,770	\$ -	\$ 1,939,916	\$ 364,054
Total assets	262,770	-	1,939,916	364,054
<b>Liabilities</b>				
Net assets	\$ 262,770	\$ -	\$ 1,939,916	\$ 364,054
<b>Net assets</b>				
Net assets: B-Shares	\$ 73,401	\$ -	\$ 1,613,077	\$ 321,431
Net assets: C-Shares	189,369	-	326,839	42,623
Total net assets	\$ 262,770	\$ -	\$ 1,939,916	\$ 364,054
Number of shares outstanding	25,737	-	104,409	32,360
Net asset value per share	\$ 10.21	\$ 1.00	\$ 18.58	\$ 11.25
Cost of mutual fund shares	\$ 271,638	\$ -	\$ 2,213,371	\$ 432,250

	MFS™ VIT Total Return Bond Fund Initial Shares, Subaccount	MFS™ VIT Utilities Series Fund Initial Shares, Subaccount	MFS® VIT Value Series, Subaccount	Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 3,526,585	\$ 1,053,566	\$ 852,586	\$ 1,143,866
Total assets	3,526,585	1,053,566	852,586	1,143,866
<b>Liabilities</b>				
Net assets	\$ 3,526,585	\$ 1,053,566	\$ 852,586	\$ 1,143,866
<b>Net assets</b>				
Net assets: B-Shares	\$ 2,691,142	\$ 972,974	\$ 813,853	\$ 917,259
Net assets: C-Shares	835,443	80,592	38,733	226,607
Total net assets	\$ 3,526,585	\$ 1,053,566	\$ 852,586	\$ 1,143,866
Number of shares outstanding	278,781	35,860	49,282	168,216
Net asset value per share	\$ 12.65	\$ 29.38	\$ 17.30	\$ 6.80
Cost of mutual fund shares	\$ 3,648,210	\$ 1,046,226	\$ 990,807	\$ 1,285,712

\*The subaccount commenced operations on December 3, 2018. There have been no investments since the date of commencement.

**MEMBERS Horizon Variable Separate Account**  
**Statements of Assets and Liabilities (continued)**  
**As of December 31, 2018**

	Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio, Class I, Subaccount	TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount	TOPS® Balanced ETF Portfolio Class 1, Subaccount	TOPS® Conservative ETF Portfolio Class 1, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 222,894	\$ 1,427,470	\$ 4,649,293	\$ 7,481,976
Total assets	222,894	1,427,470	4,649,293	7,481,976
<b>Liabilities</b>				
Net assets	-	-	-	-
Net assets	\$ 222,894	\$ 1,427,470	\$ 4,649,293	\$ 7,481,976
<b>Net assets</b>				
Net assets: B-Shares	\$ 190,488	\$ 934,906	\$ 3,525,585	\$ 2,452,373
Net assets: C-Shares	32,406	492,564	1,123,708	5,029,603
Total net assets	\$ 222,894	\$ 1,427,470	\$ 4,649,293	\$ 7,481,976
Number of shares outstanding	7,788	110,828	403,234	663,296
Net asset value per share	\$ 28.62	\$ 12.88	\$ 11.53	\$ 11.28
Cost of mutual fund shares	\$ 262,277	\$ 1,614,778	\$ 4,864,026	\$ 7,674,105

	TOPS® Growth ETF Portfolio Class 1, Subaccount	TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount	Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount	PIMCO VIT Commodity/ RealReturn® Strategy Portfolio, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 1,873,323	\$ 5,208,092	\$ 110,588	\$ 333,390
Total assets	1,873,323	5,208,092	110,588	333,390
<b>Liabilities</b>				
Net assets	-	-	-	-
Net assets	\$ 1,873,323	\$ 5,208,092	\$ 110,588	\$ 333,390
<b>Net assets</b>				
Net assets: B-Shares	\$ 1,706,613	\$ 3,664,114	\$ 92,863	\$ 224,933
Net assets: C-Shares	166,710	1,543,978	17,725	108,457
Total net assets	\$ 1,873,323	\$ 5,208,092	\$ 110,588	\$ 333,390
Number of shares outstanding	140,957	467,933	54,477	55,565
Net asset value per share	\$ 13.29	\$ 11.13	\$ 2.03	\$ 6.00
Cost of mutual fund shares	\$ 2,038,981	\$ 5,461,526	\$ 129,723	\$ 388,084

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Assets and Liabilities (continued)**  
**As of December 31, 2018**

	PIMCO VIT All Asset Portfolio Institutional Class, Subaccount	PIMCO VIT Real Return Fund Institutional Class, Subaccount	Putnam VT High Yield Fund, Subaccount	T. Rowe Price Blue Chip Growth Fund, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 2,434,435	\$ 581,095	\$ 1,767,319	\$ 5,967,596
Total assets	2,434,435	581,095	1,767,319	5,967,596
<b>Liabilities</b>				
Net assets	-	-	-	-
Net assets	\$ 2,434,435	\$ 581,095	\$ 1,767,319	\$ 5,967,596
<b>Net assets</b>				
Net assets: B-Shares	\$ 1,949,637	\$ 309,124	\$ 1,419,671	\$ 3,993,437
Net assets: C-Shares	484,798	271,971	347,648	1,974,159
Total net assets	\$ 2,434,435	\$ 581,095	\$ 1,767,319	\$ 5,967,596
Number of shares outstanding	242,232	49,038	297,528	193,816
Net asset value per share	\$ 10.05	\$ 11.85	\$ 5.94	\$ 30.79
Cost of mutual fund shares	\$ 2,584,513	\$ 599,429	\$ 1,890,764	\$ 5,989,834

	Vanguard VIF Capital Growth Portfolio, Subaccount	Vanguard VIF Diversified Value Portfolio, Subaccount	Vanguard VIF Equity Index Portfolio, Subaccount	Vanguard VIF High Yield Bond Portfolio, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 1,464,594	\$ 1,418,730	\$ 7,007,616	\$ 1,345,369
Total assets	1,464,594	1,418,730	7,007,616	1,345,369
<b>Liabilities</b>				
Net assets	-	-	-	-
Net assets	\$ 1,464,594	\$ 1,418,730	\$ 7,007,616	\$ 1,345,369
<b>Net assets</b>				
Net assets: B-Shares	\$ 801,843	\$ 897,497	\$ 3,882,362	\$ 877,616
Net assets: C-Shares	662,751	521,233	3,125,254	467,753
Total net assets	\$ 1,464,594	\$ 1,418,730	\$ 7,007,616	\$ 1,345,369
Number of shares outstanding	43,732	99,004	184,265	178,668
Net asset value per share	\$ 33.49	\$ 14.33	\$ 38.03	\$ 7.53
Cost of mutual fund shares	\$ 1,448,766	\$ 1,581,760	\$ 7,202,337	\$ 1,414,938

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Assets and Liabilities (continued)**  
**As of December 31, 2018**

	Vanguard VIF International Portfolio, Subaccount	Vanguard VIF Mid-Cap Index Portfolio, Subaccount	Vanguard VIF Money Market Portfolio, Subaccount	Vanguard VIF Real Estate Index Portfolio, Subaccount
<b>Assets</b>				
Investments in mutual funds at fair value	\$ 3,699,869	\$ 4,281,988	\$ 769,810	\$ 3,139,802
Total assets	3,699,869	4,281,988	769,810	3,139,802
<b>Liabilities</b>				
Net assets	\$ 3,699,869	\$ 4,281,988	\$ 769,810	\$ 3,139,802
<b>Net assets</b>				
Net assets: B-Shares	\$ 2,712,708	\$ 3,326,280	\$ 583,956	\$ 1,939,182
Net assets: C-Shares	987,161	955,708	185,854	1,200,620
Total net assets	\$ 3,699,869	\$ 4,281,988	\$ 769,810	\$ 3,139,802
Number of shares outstanding	159,891	211,665	769,810	271,374
Net asset value per share	\$ 23.14	\$ 20.23	\$ 1.00	\$ 11.57
Cost of mutual fund shares	\$ 3,951,774	\$ 4,707,004	\$ 769,810	\$ 3,470,981

	Vanguard VIF Small Company Growth Portfolio, Subaccount	Vanguard VIF Total Bond Market Index Portfolio, Subaccount	Vanguard VIF Total Stock Market Index Portfolio, Subaccount
<b>Assets</b>			
Investments in mutual funds at fair value	\$ 1,984,216	\$ 8,009,242	\$ 6,008,412
Total assets	1,984,216	8,009,242	6,008,412
<b>Liabilities</b>			
Net assets	\$ 1,984,216	\$ 8,009,242	\$ 6,008,412
<b>Net assets</b>			
Net assets: B-Shares	\$ 1,484,374	\$ 5,899,562	\$ 4,015,415
Net assets: C-Shares	499,842	2,109,680	1,992,997
Total net assets	\$ 1,984,216	\$ 8,009,242	\$ 6,008,412
Number of shares outstanding	97,793	694,042	175,377
Net asset value per share	\$ 20.29	\$ 11.54	\$ 34.26
Cost of mutual fund shares	\$ 2,232,313	\$ 8,092,533	\$ 6,373,793

See accompanying notes to financial statements



**MEMBERS Horizon Variable Separate Account**  
**Statements of Operations**  
**For the Year Ended December 31, 2018**

	Invesco V.I. Global Real Estate Fund Series I, Subaccount	Invesco V.I. Small Cap Equity Fund Series I, Subaccount	American Funds IS Asset Allocation Fund Series I, Subaccount	American Funds IS Bond Fund Series I, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 32,798	\$ -	\$ 97,345	\$ 11,571
Mortality and expense charges (note 3)	(11,984)	(1,927)	(62,754)	(6,192)
Net investment income (loss)	20,814	(1,927)	34,591	5,379
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	(655)	(3,225)	1,492	(2,441)
Realized gain distributions	10,256	10,580	167,334	530
Net realized gain (loss) on investments	9,601	7,355	168,826	(1,911)
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<u>(92,283)</u>	<u>(38,324)</u>	<u>(537,952)</u>	<u>(8,078)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (61,868)</u>	<u>\$ (32,896)</u>	<u>\$ (334,535)</u>	<u>\$ (4,610)</u>

	American Funds IS Growth Fund Series I, Subaccount	American Funds IS High-Income Bond Fund Series I, Subaccount	American Funds IS International Fund Series I, Subaccount	BlackRock Global Allocation V.I. Fund Class I, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 21,847	\$ 33,008	\$ 18,653	\$ 7,297
Mortality and expense charges (note 3)	(33,212)	(6,552)	(11,836)	(9,315)
Net investment income (loss)	(11,365)	26,456	6,817	(2,018)
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	7,794	(495)	(116)	372
Realized gain distributions	167,662	-	37,489	27,696
Net realized gain (loss) on investments	175,456	(495)	37,373	28,068
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<u>(383,242)</u>	<u>(46,440)</u>	<u>(184,927)</u>	<u>(90,155)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (219,151)</u>	<u>\$ (20,479)</u>	<u>\$ (140,737)</u>	<u>\$ (64,105)</u>

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Operations (continued)**  
**For the Year Ended December 31, 2018**

	Columbia VP Emerging Markets Bond Fund Class 1, Subaccount	DFA VA International Small Portfolio, Subaccount	DFA VA International Value Portfolio, Subaccount	DFA VA U.S. Large Value Portfolio, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 59,659	\$ 5,887	\$ 84,241	\$ 103,326
Mortality and expense charges (note 3)	(20,037)	(4,218)	(41,749)	(62,966)
Net investment income (loss)	39,622	1,669	42,492	40,360
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	(2,829)	(696)	6,086	13,268
Realized gain distributions	-	15,402	8,717	101,677
Net realized gain (loss) on investments	(2,829)	14,706	14,803	114,945
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<u>(148,169)</u>	<u>(90,541)</u>	<u>(640,465)</u>	<u>(791,196)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (111,376)</u>	<u>\$ (74,166)</u>	<u>\$ (583,170)</u>	<u>\$ (635,891)</u>

	DFA VA U.S. Targeted Value Portfolio, Subaccount	Dreyfus VIF Quality Bond Institutional, Subaccount	Templeton Foreign VIP Fund Class I, Subaccount	Templeton Global Bond VIP Class 1, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 14,131	\$ 2,905	\$ 3,586	\$ -
Mortality and expense charges (note 3)	(19,116)	(1,647)	(2,002)	(9,233)
Net investment income (loss)	(4,985)	1,258	1,584	(9,233)
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	1,394	(1,823)	(736)	(605)
Realized gain distributions	82,269	-	-	-
Net realized gain (loss) on investments	83,663	(1,823)	(736)	(605)
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<u>(331,730)</u>	<u>(3,786)</u>	<u>(27,248)</u>	<u>10,938</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (253,052)</u>	<u>\$ (4,351)</u>	<u>\$ (26,400)</u>	<u>\$ 1,100</u>

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Operations (continued)**  
**For the Year Ended December 31, 2018**

	Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount	Goldman Sachs VIT Government Money Market, Subaccount*	Lazard Retirement Emerging Markets Equity Portfolio Investor Shares, Subaccount	MFS® Blended Research® Small Cap Equity Portfolio, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 8,601	\$ -	\$ 45,899	\$ 3,172
Mortality and expense charges (note 3)	(3,917)	-	(26,904)	(5,221)
Net investment income (loss)	4,684	-	18,995	(2,049)
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	(1,176)	-	233	2,464
Realized gain distributions	-	-	-	44,694
Net realized gain (loss) on investments	(1,176)	-	233	47,158
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<b>(8,275)</b>	<b>-</b>	<b>(410,615)</b>	<b>(74,514)</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ (4,767)</b>	<b>\$ -</b>	<b>\$ (391,387)</b>	<b>\$ (29,405)</b>

	MFS® VIT Total Return Bond Fund Initial Shares, Subaccount	MFS® VIT Utilities Series Fund Initial Shares, Subaccount	MFS® VIT Value Series, Subaccount	Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 106,590	\$ 10,428	\$ 12,865	\$ 32,847
Mortality and expense charges (note 3)	(46,379)	(13,027)	(10,502)	(16,303)
Net investment income (loss)	60,211	(2,599)	2,363	16,544
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	(6,616)	1,150	65	(2,620)
Realized gain distributions	-	3,620	56,010	40,995
Net realized gain (loss) on investments	(6,616)	4,770	56,075	38,375
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<b>(112,821)</b>	<b>(10,767)</b>	<b>(158,112)</b>	<b>(157,082)</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ (59,226)</b>	<b>\$ (8,596)</b>	<b>\$ (99,674)</b>	<b>\$ (102,163)</b>

\*The subaccount commenced operations on December 3, 2018. There have been no investments since the date of commencement.

**MEMBERS Horizon Variable Separate Account**  
**Statements of Operations (continued)**  
**For the Year Ended December 31, 2018**

	Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio, Class I, Subaccount	TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount	TOPS® Balanced ETF Portfolio Class 1, Subaccount	TOPS® Conservative ETF Portfolio Class 1, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ -	\$ 16,474	\$ 61,789	\$ 110,573
Mortality and expense charges (note 3)	(1,954)	(16,825)	(68,914)	(116,471)
Net investment income (loss)	(1,954)	(351)	(7,125)	(5,898)
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	(623)	7,732	7,899	22,695
Realized gain distributions	19,380	53,451	84,227	112,088
Net realized gain (loss) on investments	18,757	61,183	92,126	134,783
<b>Net change in unrealized appreciation (depreciation) on investments</b>	(41,948)	(249,957)	(415,672)	(434,483)
<b>Net increase (decrease) in net assets resulting from operations</b>	\$ (25,145)	\$ (189,125)	\$ (330,671)	\$ (305,598)

	TOPS® Growth ETF Portfolio Class 1, Subaccount	TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount	Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount	PIMCO VIT Commodity/ RealReturn® Strategy Portfolio, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 25,451	\$ 71,605	\$ 687	\$ 6,404
Mortality and expense charges (note 3)	(27,007)	(75,610)	(1,157)	(4,431)
Net investment income (loss)	(1,556)	(4,005)	(470)	1,973
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	6,910	17,648	(815)	(1,114)
Realized gain distributions	75,626	129,073	1,554	-
Net realized gain (loss) on investments	82,536	146,721	739	(1,114)
<b>Net change in unrealized appreciation (depreciation) on investments</b>	(288,439)	(584,083)	(22,062)	(53,432)
<b>Net increase (decrease) in net assets resulting from operations</b>	\$ (207,459)	\$ (441,367)	\$ (21,793)	\$ (52,573)

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Operations (continued)**  
**For the Year Ended December 31, 2018**

	PIMCO VIT All Asset Portfolio Institutional Class, Subaccount	PIMCO VIT Real Return Fund Institutional Class, Subaccount	Putnam VT High Yield Fund, Subaccount	T. Rowe Price Blue Chip Growth Fund, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 76,380	\$ 10,434	\$ 79,107	\$ -
Mortality and expense charges (note 3)	(33,026)	(6,762)	(24,262)	(75,572)
Net investment income (loss)	43,354	3,672	54,845	(75,572)
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	(1,625)	(407)	(2,530)	79,411
Realized gain distributions	-	-	-	194,069
Net realized gain (loss) on investments	(1,625)	(407)	(2,530)	273,480
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<u>(197,766)</u>	<u>(18,111)</u>	<u>(142,480)</u>	<u>(463,093)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (156,037)</u>	<u>\$ (14,846)</u>	<u>\$ (90,165)</u>	<u>\$ (265,185)</u>

	Vanguard VIF Capital Growth Portfolio, Subaccount	Vanguard VIF Diversified Value Portfolio, Subaccount	Vanguard VIF Equity Index Portfolio, Subaccount	Vanguard VIF High Yield Bond Portfolio, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 9,098	\$ 24,432	\$ 77,420	\$ 50,211
Mortality and expense charges (note 3)	(21,382)	(20,081)	(93,620)	(19,297)
Net investment income (loss)	(12,284)	4,351	(16,200)	30,914
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	10,018	(1,699)	31,540	(2,500)
Realized gain distributions	28,555	47,750	75,361	-
Net realized gain (loss) on investments	38,573	46,051	106,901	(2,500)
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<u>(98,970)</u>	<u>(209,576)</u>	<u>(643,038)</u>	<u>(84,020)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (72,681)</u>	<u>\$ (159,174)</u>	<u>\$ (552,337)</u>	<u>\$ (55,606)</u>

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Operations (continued)**  
**For the Year Ended December 31, 2018**

	Vanguard VIF International Portfolio, Subaccount	Vanguard VIF Mid-Cap Index Portfolio, Subaccount	Vanguard VIF Money Market Portfolio, Subaccount	Vanguard VIF Real Estate Index Portfolio, Subaccount
<b>Investment income (loss)</b>				
Dividend income	\$ 25,284	\$ 40,927	\$ 14,449	\$ 84,508
Mortality and expense charges (note 3)	(59,340)	(63,053)	(11,292)	(47,970)
Net investment income (loss)	(34,056)	(22,126)	3,157	36,538
<b>Realized gain (loss) on sale of investments</b>				
Net realized gain (loss) on sale of fund shares	31,628	6,153	-	(27,253)
Realized gain distributions	84,616	166,405	-	103,623
Net realized gain (loss) on investments	116,244	172,558	-	76,370
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<u>(712,619)</u>	<u>(689,944)</u>	<u>-</u>	<u>(314,628)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (630,431)</u>	<u>\$ (539,512)</u>	<u>\$ 3,157</u>	<u>\$ (201,720)</u>

	Vanguard VIF Small Company Growth Portfolio, Subaccount	Vanguard VIF Total Bond Market Index Portfolio, Subaccount	Vanguard VIF Total Stock Market Index Portfolio, Subaccount
<b>Investment income (loss)</b>			
Dividend income	\$ 6,537	\$ 129,614	\$ 73,930
Mortality and expense charges (note 3)	(30,503)	(103,635)	(87,952)
Net investment income (loss)	(23,966)	25,979	(14,022)
<b>Realized gain (loss) on sale of investments</b>			
Net realized gain (loss) on sale of fund shares	12,420	(13,240)	28,559
Realized gain distributions	176,903	10,971	189,002
Net realized gain (loss) on investments	189,323	(2,269)	217,561
<b>Net change in unrealized appreciation (depreciation) on investments</b>	<u>(400,445)</u>	<u>(83,357)</u>	<u>(725,761)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$ (235,088)</u>	<u>\$ (59,647)</u>	<u>\$ (522,222)</u>

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets**  
**For the Years Ended December 31,**

	Invesco V.I. Global Real Estate Fund Series I, Subaccount		Invesco V.I. Small Cap Equity Fund Series I, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ 20,814	\$ 8,306	\$ (1,927)	\$ (534)
Net realized gain (loss) on investments	9,601	7,046	7,355	2,077
Net change in unrealized appreciation (depreciation) on investments	(92,283)	22,021	(38,324)	2,631
Net increase (decrease) in net assets resulting from operations	(61,868)	37,373	(32,896)	4,174
<b>Contract transactions</b>				
Payments received from contract owners	351,096	393,198	148,141	50,601
Transfers between subaccounts (including fixed accounts), net	20,726	6,518	410	(2)
Payment for contract benefits and terminations	(49,680)	(7,907)	(35,002)	(1,128)
Contract charges and fees	(562)	(56)	(446)	(78)
Net increase (decrease) in net assets from contract transactions	321,580	391,753	113,103	49,393
Total increase (decrease) in net assets	259,712	429,126	80,207	53,567
<b>Net assets</b>				
Beginning of period	598,355	169,229	55,473	1,906
End of period	\$ 858,067	\$ 598,355	\$ 135,680	\$ 55,473

	American Funds IS Asset Allocation Fund Series I, Subaccount		American Funds IS Bond Fund Series I, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ 34,591	\$ 15,287	\$ 5,379	\$ 2,591
Net realized gain (loss) on investments	168,826	62,265	(1,911)	1,627
Net change in unrealized appreciation (depreciation) on investments	(537,952)	92,126	(8,078)	(2,089)
Net increase (decrease) in net assets resulting from operations	(334,535)	169,678	(4,610)	2,129
<b>Contract transactions</b>				
Payments received from contract owners	3,358,700	1,943,597	227,357	268,958
Transfers between subaccounts (including fixed accounts), net	(99,319)	25,958	(29,211)	(12,581)
Payment for contract benefits and terminations	(181,769)	(83,368)	(26,390)	(41,747)
Contract charges and fees	(799)	(2,249)	-	-
Net increase (decrease) in net assets from contract transactions	3,076,813	1,883,938	171,756	214,630
Total increase (decrease) in net assets	2,742,278	2,053,616	167,146	216,759
<b>Net assets</b>				
Beginning of period	2,367,306	313,690	276,864	60,105
End of period	\$ 5,109,584	\$ 2,367,306	\$ 444,010	\$ 276,864

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	American Funds IS Growth Fund Series I, Subaccount		American Funds IS High-Income Bond Fund Series I, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ (11,365)	\$ (4,096)	\$ 26,456	\$ 14,272
Net realized gain (loss) on investments	175,456	61,766	(495)	52
Net change in unrealized appreciation (depreciation) on investments	(383,242)	96,399	(46,440)	(10,463)
Net increase (decrease) in net assets resulting from operations	(219,151)	154,069	(20,479)	3,861
<b>Contract transactions</b>				
Payments received from contract owners	2,367,276	847,199	294,980	252,927
Transfers between subaccounts (including fixed accounts), net	15,260	(20,717)	18,232	(125)
Payment for contract benefits and terminations	(102,184)	(36,089)	(19,118)	(2,980)
Contract charges and fees	(259)	(156)	(128)	(150)
Net increase (decrease) in net assets from contract transactions	2,280,093	790,237	293,966	249,672
Total increase (decrease) in net assets	2,060,942	944,306	273,487	253,533
<b>Net assets</b>				
Beginning of period	1,246,479	302,173	281,579	28,046
End of period	\$ 3,307,421	\$ 1,246,479	\$ 555,066	\$ 281,579

	American Funds IS International Fund Series I, Subaccount		BlackRock Global Allocation V.I. Fund Class I, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ 6,817	\$ 2,315	\$ (2,018)	\$ 987
Net realized gain (loss) on investments	37,373	3,638	28,068	4,755
Net change in unrealized appreciation (depreciation) on investments	(184,927)	36,265	(90,155)	18,202
Net increase (decrease) in net assets resulting from operations	(140,737)	42,218	(64,105)	23,944
<b>Contract transactions</b>				
Payments received from contract owners	486,632	429,524	393,101	343,142
Transfers between subaccounts (including fixed accounts), net	68,292	(1,138)	(23,686)	(314)
Payment for contract benefits and terminations	(21,791)	(18,505)	(16,538)	(6,070)
Contract charges and fees	(162)	(155)	(43)	(207)
Net increase (decrease) in net assets from contract transactions	532,971	409,726	352,834	336,551
Total increase (decrease) in net assets	392,234	451,944	288,729	360,495
<b>Net assets</b>				
Beginning of period	475,749	23,805	424,534	64,039
End of period	\$ 867,983	\$ 475,749	\$ 713,263	\$ 424,534

See accompanying notes to financial statements



**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	Columbia VP Emerging Markets Bond Fund Class 1, Subaccount		DFA VA International Small Portfolio, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ 39,622	\$ 19,624	\$ 1,669	\$ 2,853
Net realized gain (loss) on investments	(2,829)	425	14,706	5,815
Net change in unrealized appreciation (depreciation) on investments	(148,169)	27,164	(90,541)	15,102
Net increase (decrease) in net assets resulting from operations	(111,376)	47,213	(74,166)	23,770
<b>Contract transactions</b>				
Payments received from contract owners	651,933	652,055	171,910	117,798
Transfers between subaccounts (including fixed accounts), net	76,437	4,431	28,127	8,429
Payment for contract benefits and terminations	(91,272)	(26,003)	(19,675)	(4,194)
Contract charges and fees	(1,019)	(129)	(494)	(125)
Net increase (decrease) in net assets from contract transactions	636,079	630,354	179,868	121,908
Total increase (decrease) in net assets	524,703	677,567	105,702	145,678
<b>Net assets</b>				
Beginning of period	965,879	288,312	193,728	48,050
End of period	\$ 1,490,582	\$ 965,879	\$ 299,430	\$ 193,728

	DFA VA International Value Portfolio, Subaccount		DFA VA U.S. Large Value Portfolio, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ 42,492	\$ 34,464	\$ 40,360	\$ 23,604
Net realized gain (loss) on investments	14,803	4,579	114,945	124,894
Net change in unrealized appreciation (depreciation) on investments	(640,465)	230,883	(791,196)	205,918
Net increase (decrease) in net assets resulting from operations	(583,170)	269,926	(635,891)	354,416
<b>Contract transactions</b>				
Payments received from contract owners	1,384,577	1,385,232	1,837,505	2,075,942
Transfers between subaccounts (including fixed accounts), net	15,480	(42,389)	(75,461)	(34,625)
Payment for contract benefits and terminations	(149,809)	(36,007)	(218,077)	(84,934)
Contract charges and fees	(1,825)	(225)	(2,974)	(374)
Net increase (decrease) in net assets from contract transactions	1,248,423	1,306,611	1,540,993	1,956,009
Total increase (decrease) in net assets	665,253	1,576,537	905,102	2,310,425
<b>Net assets</b>				
Beginning of period	2,135,218	558,681	3,307,579	997,154
End of period	\$ 2,800,471	\$ 2,135,218	\$ 4,212,681	\$ 3,307,579

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	DFA VA U.S. Targeted Value Portfolio, Subaccount		Dreyfus VIF Quality Bond Institutional, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ (4,985)	\$ (139)	\$ 1,258	\$ 331
Net realized gain (loss) on investments	83,663	51,972	(1,823)	2
Net change in unrealized appreciation (depreciation) on investments	(331,730)	9,797	(3,786)	1,138
Net increase (decrease) in net assets resulting from operations	(253,052)	61,630	(4,351)	1,471
<b>Contract transactions</b>				
Payments received from contract owners	647,236	569,840	39,357	54,599
Transfers between subaccounts (including fixed accounts), net	(19,174)	(8,631)	(39,497)	3,379
Payment for contract benefits and terminations	(54,940)	(21,322)	(1,346)	(5,101)
Contract charges and fees	(637)	(70)	-	-
Net increase (decrease) in net assets from contract transactions	572,485	539,817	(1,486)	52,877
Total increase (decrease) in net assets	319,433	601,447	(5,837)	54,348
<b>Net assets</b>				
Beginning of period	886,316	284,869	102,506	48,158
End of period	\$ 1,205,749	\$ 886,316	\$ 96,669	\$ 102,506

	Templeton Foreign VIP Fund Class I, Subaccount		Templeton Global Bond VIP Class 1, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ 1,584	\$ 320	\$ (9,233)	\$ (3,247)
Net realized gain (loss) on investments	(736)	85	(605)	895
Net change in unrealized appreciation (depreciation) on investments	(27,248)	4,299	10,938	(3,128)
Net increase (decrease) in net assets resulting from operations	(26,400)	4,704	1,100	(5,480)
<b>Contract transactions</b>				
Payments received from contract owners	99,283	57,939	310,834	377,891
Transfers between subaccounts (including fixed accounts), net	3,967	(561)	(98,128)	(1,299)
Payment for contract benefits and terminations	(5,040)	-	(22,301)	(13,978)
Contract charges and fees	-	-	(66)	-
Net increase (decrease) in net assets from contract transactions	98,210	57,378	190,339	362,614
Total increase (decrease) in net assets	71,810	62,082	191,439	357,134
<b>Net assets</b>				
Beginning of period	77,283	15,201	436,891	79,757
End of period	\$ 149,093	\$ 77,283	\$ 628,330	\$ 436,891

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount		Goldman Sachs VIT Government Money Market, Subaccount*	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ 4,684	\$ 1,885	\$ -	\$ -
Net realized gain (loss) on investments	(1,176)	(78)	-	-
Net change in unrealized appreciation (depreciation) on investments	(8,275)	562	-	-
Net increase (decrease) in net assets resulting from operations	(4,767)	2,369	-	-
<b>Contract transactions</b>				
Payments received from contract owners	63,650	142,243	-	-
Transfers between subaccounts (including fixed accounts), net	9,916	6,676	-	-
Payment for contract benefits and terminations	(11,448)	(7,333)	-	-
Contract charges and fees	-	-	-	-
Net increase (decrease) in net assets from contract transactions	62,118	141,586	-	-
Total increase (decrease) in net assets	57,351	143,955	-	-
<b>Net assets</b>				
Beginning of period	205,419	61,464	-	-
End of period	\$ 262,770	\$ 205,419	\$ -	\$ -

	Lazard Retirement Emerging Markets Equity Portfolio Investor Shares, Subaccount		MFS® Blended Research® Small Cap Equity Portfolio, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ 18,995	\$ 12,080	\$ (2,049)	\$ (204)
Net realized gain (loss) on investments	233	3,848	47,158	11,874
Net change in unrealized appreciation (depreciation) on investments	(410,615)	139,477	(74,514)	6,290
Net increase (decrease) in net assets resulting from operations	(391,387)	155,405	(29,405)	17,960
<b>Contract transactions</b>				
Payments received from contract owners	988,909	950,999	189,620	228,392
Transfers between subaccounts (including fixed accounts), net	83,451	3,668	(28,641)	(61)
Payment for contract benefits and terminations	(99,668)	(31,506)	(12,994)	(3,152)
Contract charges and fees	(1,638)	(136)	(159)	(158)
Adjustments to net assets allocated to contracts in payout period	971,054	923,025	147,826	225,021
Total increase (decrease) in net assets	579,667	1,078,430	118,421	242,981
<b>Net assets</b>				
Beginning of period	1,360,249	281,819	245,633	2,652
End of period	\$ 1,939,916	\$ 1,360,249	\$ 364,054	\$ 245,633

\*The subaccount commenced operations on December 3, 2018. There have been no investments since the date of commencement.

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	MFS® VIT Total Return Bond Fund Initial Shares, Subaccount		MFS® VIT Utilities Series Fund Initial Shares, Subaccount	
	2018	2017	2018	2017
	<b>Increase (decrease) in net assets from operations</b>			
Net investment income (loss)	\$ 60,211	\$ 29,247	\$ (2,599)	\$ 13,061
Net realized gain (loss) on investments	(6,616)	(295)	4,770	810
Net change in unrealized appreciation (depreciation) on investments	(112,821)	4,168	(10,767)	19,046
Net increase (decrease) in net assets resulting from operations	(59,226)	33,120	(8,596)	32,917
<b>Contract transactions</b>				
Payments received from contract owners	1,544,629	1,437,025	437,498	423,339
Transfers between subaccounts (including fixed accounts), net	45,224	57,772	33,781	6,107
Payment for contract benefits and terminations	(226,345)	(71,820)	(30,642)	(7,459)
Contract charges and fees	(1,815)	(315)	(361)	(152)
Net increase (decrease) in net assets from contract transactions	1,361,693	1,422,662	440,276	421,835
Total increase (decrease) in net assets	1,302,467	1,455,782	431,680	454,752
<b>Net assets</b>				
Beginning of period	2,224,118	768,336	621,886	167,134
End of period	\$ 3,526,585	\$ 2,224,118	\$ 1,053,566	\$ 621,886

	MFS® VIT Value Series, Subaccount		Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subaccount	
	2018	2017	2018	2017
	<b>Increase (decrease) in net assets from operations</b>			
Net investment income (loss)	\$ 2,363	\$ 2,120	\$ 16,544	\$ 3,510
Net realized gain (loss) on investments	56,075	10,263	38,375	22,456
Net change in unrealized appreciation (depreciation) on investments	(158,112)	17,976	(157,082)	16,665
Net increase (decrease) in net assets resulting from operations	(99,674)	30,359	(102,163)	42,631
<b>Contract transactions</b>				
Payments received from contract owners	513,779	355,665	479,927	595,523
Transfers between subaccounts (including fixed accounts), net	28,898	(2,391)	22,585	3,697
Payment for contract benefits and terminations	(26,484)	(11,184)	(81,220)	(26,024)
Contract charges and fees	(130)	(153)	(1,339)	(99)
Net increase (decrease) in net assets from contract transactions	516,063	341,937	419,953	573,097
Total increase (decrease) in net assets	416,389	372,296	317,790	615,728
<b>Net assets</b>				
Beginning of period	436,197	63,901	826,076	210,348
End of period	\$ 852,586	\$ 436,197	\$ 1,143,866	\$ 826,076

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio, Class I, Subaccount		TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ (1,954)	\$ (246)	\$ (351)	\$ 982
Net realized gain (loss) on investments	18,757	1,852	61,183	5,791
Net change in unrealized appreciation (depreciation) on investments	(41,948)	3,104	(249,957)	60,708
Net increase (decrease) in net assets resulting from operations	(25,145)	4,710	(189,125)	67,481
<b>Contract transactions</b>				
Payments received from contract owners	206,379	13,736	994,739	419,903
Transfers between subaccounts (including fixed accounts), net	19,711	(1,767)	(38,608)	(997)
Payment for contract benefits and terminations	(3,404)	(933)	(24,707)	(15,130)
Contract charges and fees	-	-	(61)	-
Net increase (decrease) in net assets from contract transactions	222,686	11,036	931,363	403,776
Total increase (decrease) in net assets	197,541	15,746	742,238	471,257
<b>Net assets</b>				
Beginning of period	25,353	9,607	685,232	213,975
End of period	\$ 222,894	\$ 25,353	\$ 1,427,470	\$ 685,232

	TOPS® Balanced ETF Portfolio Class 1, Subaccount		TOPS® Conservative ETF Portfolio Class 1, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ (7,125)	\$ 7,079	\$ (5,898)	\$ (35,858)
Net realized gain (loss) on investments	92,126	39,639	134,783	36,591
Net change in unrealized appreciation (depreciation) on investments	(415,672)	196,933	(434,483)	238,041
Net increase (decrease) in net assets resulting from operations	(330,671)	243,651	(305,598)	238,774
<b>Contract transactions</b>				
Payments received from contract owners	1,335,642	2,417,878	2,883,752	2,670,028
Transfers between subaccounts (including fixed accounts), net	73,559	27,879	(118,749)	(597,493)
Payment for contract benefits and terminations	(351,726)	(165,654)	(644,079)	(402,599)
Contract charges and fees	(1,765)	(1,728)	(2,694)	(2,536)
Net increase (decrease) in net assets from contract transactions	1,055,710	2,278,375	2,118,230	1,667,400
Total increase (decrease) in net assets	725,039	2,522,026	1,812,632	1,906,174
<b>Net assets</b>				
Beginning of period	3,924,254	1,402,228	5,669,344	3,763,170
End of period	\$ 4,649,293	\$ 3,924,254	\$ 7,481,976	\$ 5,669,344

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	TOPS® Growth ETF Portfolio Class 1, Subaccount		TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount	
	2018	2017	2018	2017
	<b>Increase (decrease) in net assets from operations</b>			
Net investment income (loss)	\$ (1,556)	\$ 599	\$ (4,005)	\$ 4,056
Net realized gain (loss) on investments	82,536	9,650	146,721	16,647
Net change in unrealized appreciation (depreciation) on investments	(288,439)	120,848	(584,083)	312,514
Net increase (decrease) in net assets resulting from operations	(207,459)	131,097	(441,367)	333,217
<b>Contract transactions</b>				
Payments received from contract owners	709,056	869,813	1,509,219	2,722,724
Transfers between subaccounts (including fixed accounts), net	(26,148)	(1,778)	216,997	34,302
Payment for contract benefits and terminations	(39,347)	(7,457)	(280,451)	(39,763)
Contract charges and fees	(95)	-	(4,798)	(193)
Net increase (decrease) in net assets from contract transactions	643,466	860,578	1,440,967	2,717,070
Total increase (decrease) in net assets	436,007	991,675	999,600	3,050,287
<b>Net assets</b>				
Beginning of period	1,437,316	445,641	4,208,492	1,158,205
End of period	\$ 1,873,323	\$ 1,437,316	\$ 5,208,092	\$ 4,208,492

	Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount		PIMCO VIT Commodity/ RealReturn® Strategy Portfolio, Subaccount	
	2018	2017	2018	2017
	<b>Increase (decrease) in net assets from operations</b>			
Net investment income (loss)	\$ (470)	\$ (20)	\$ 1,973	\$ 8,047
Net realized gain (loss) on investments	739	57	(1,114)	(109)
Net change in unrealized appreciation (depreciation) on investments	(22,062)	2,950	(53,432)	(2,941)
Net increase (decrease) in net assets resulting from operations	(21,793)	2,987	(52,573)	4,997
<b>Contract transactions</b>				
Payments received from contract owners	99,540	33,685	167,403	104,993
Transfers between subaccounts (including fixed accounts), net	1,209	(113)	15,249	48,583
Payment for contract benefits and terminations	(5,896)	(451)	(10,630)	(2,060)
Contract charges and fees	(58)	-	(124)	-
Net increase (decrease) in net assets from contract transactions	94,795	33,121	171,898	151,516
Total increase (decrease) in net assets	73,002	36,108	119,325	156,513
<b>Net assets</b>				
Beginning of period	37,586	1,478	214,065	57,552
End of period	\$ 110,588	\$ 37,586	\$ 333,390	\$ 214,065

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	PIMCO VIT All Asset Portfolio Institutional Class, Subaccount		PIMCO VIT Real Return Fund Institutional Class, Subaccount	
	2018	2017	2018	2017
	<b>Increase (decrease) in net assets from operations</b>			
Net investment income (loss)	\$ 43,354	\$ 40,099	\$ 3,672	\$ 2,698
Net realized gain (loss) on investments	(1,625)	2,294	(407)	(436)
Net change in unrealized appreciation (depreciation) on investments	(197,766)	51,577	(18,111)	2,865
Net increase (decrease) in net assets resulting from operations	(156,037)	93,970	(14,846)	5,127
<b>Contract transactions</b>				
Payments received from contract owners	1,221,307	990,304	244,243	219,642
Transfers between subaccounts (including fixed accounts), net	(8,697)	5,883	44,824	(20,754)
Payment for contract benefits and terminations	(118,958)	(24,518)	(11,928)	(27,689)
Contract charges and fees	(1,697)	(160)	(21)	-
Net increase (decrease) in net assets from contract transactions	1,091,955	1,024,509	277,118	171,199
Total increase (decrease) in net assets	935,918	1,118,479	262,272	176,326
<b>Net assets</b>				
Beginning of period	1,498,517	380,038	318,823	142,497
End of period	\$ 2,434,435	\$ 1,498,517	\$ 581,095	\$ 318,823

	Putnam VT High Yield Fund, Subaccount		T. Rowe Price Blue Chip Growth Fund, Subaccount	
	2018	2017	2018	2017
	<b>Increase (decrease) in net assets from operations</b>			
Net investment income (loss)	\$ 54,845	\$ 18,234	\$ (75,572)	\$ (28,964)
Net realized gain (loss) on investments	(2,530)	112	273,480	60,518
Net change in unrealized appreciation (depreciation) on investments	(142,480)	12,833	(463,093)	437,481
Net increase (decrease) in net assets resulting from operations	(90,165)	31,179	(265,185)	469,035
<b>Contract transactions</b>				
Payments received from contract owners	846,759	788,015	3,430,610	2,204,959
Transfers between subaccounts (including fixed accounts), net	(20,495)	19,780	(201,422)	89,236
Payment for contract benefits and terminations	(114,563)	(25,652)	(237,890)	(67,093)
Contract charges and fees	(1,743)	(163)	(913)	-
Net increase (decrease) in net assets from contract transactions	709,958	781,980	2,990,385	2,227,102
Total increase (decrease) in net assets	619,793	813,159	2,725,200	2,696,137
<b>Net assets</b>				
Beginning of period	1,147,526	334,367	3,242,396	546,259
End of period	\$ 1,767,319	\$ 1,147,526	\$ 5,967,596	\$ 3,242,396

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	Vanguard VIF Capital Growth Portfolio, Subaccount		Vanguard VIF Diversified Value Portfolio, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ (12,284)	\$ (5,415)	\$ 4,351	\$ (780)
Net realized gain (loss) on investments	38,573	6,735	46,051	24,731
Net change in unrealized appreciation (depreciation) on investments	(98,970)	113,501	(209,576)	40,632
Net increase (decrease) in net assets resulting from operations	(72,681)	114,821	(159,174)	64,583
<b>Contract transactions</b>				
Payments received from contract owners	703,831	775,583	714,601	730,232
Transfers between subaccounts (including fixed accounts), net	(65,129)	(5,029)	6,746	(1,630)
Payment for contract benefits and terminations	(32,238)	(3,032)	(42,909)	(4,597)
Contract charges and fees	(156)	-	(257)	-
Net increase (decrease) in net assets from contract transactions	606,308	767,522	678,181	724,005
Total increase (decrease) in net assets	533,627	882,343	519,007	788,588
<b>Net assets</b>				
Beginning of period	930,967	48,624	899,723	111,135
End of period	\$ 1,464,594	\$ 930,967	\$ 1,418,730	\$ 899,723

	Vanguard VIF Equity Index Portfolio, Subaccount		Vanguard VIF High Yield Bond Portfolio, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ (16,200)	\$ (11,008)	\$ 30,914	\$ 12,569
Net realized gain (loss) on investments	106,901	64,694	(2,500)	765
Net change in unrealized appreciation (depreciation) on investments	(643,038)	416,364	(84,020)	13,032
Net increase (decrease) in net assets resulting from operations	(552,337)	470,050	(55,606)	26,366
<b>Contract transactions</b>				
Payments received from contract owners	3,695,409	2,995,205	458,135	671,002
Transfers between subaccounts (including fixed accounts), net	(128,716)	(3,863)	73,040	22,799
Payment for contract benefits and terminations	(282,284)	(98,766)	(58,836)	(35,698)
Contract charges and fees	(1,938)	(232)	(222)	(3)
Net increase (decrease) in net assets from contract transactions	3,282,471	2,892,344	472,117	658,100
Total increase (decrease) in net assets	2,730,134	2,362,394	416,511	684,466
<b>Net assets</b>				
Beginning of period	4,277,482	915,088	928,858	244,392
End of period	\$ 7,007,616	\$ 4,277,482	\$ 1,345,369	\$ 928,858

See accompanying notes to financial statements



**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	Vanguard VIF International Portfolio, Subaccount		Vanguard VIF Mid-Cap Index Portfolio, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ (34,056)	\$ (14,622)	\$ (22,126)	\$ (13,704)
Net realized gain (loss) on investments	116,244	28,554	172,558	53,990
Net change in unrealized appreciation (depreciation) on investments	(712,619)	475,521	(689,944)	247,071
Net increase (decrease) in net assets resulting from operations	(630,431)	489,453	(539,512)	287,357
<b>Contract transactions</b>				
Payments received from contract owners	1,761,205	1,834,824	1,899,453	2,177,933
Transfers between subaccounts (including fixed accounts), net	(263,507)	100,459	(30,698)	(12,009)
Payment for contract benefits and terminations	(187,900)	(46,353)	(196,984)	(43,133)
Contract charges and fees	(2,191)	(219)	(3,266)	(397)
Net increase (decrease) in net assets from contract transactions	1,307,607	1,888,711	1,668,505	2,122,394
Total increase (decrease) in net assets	677,176	2,378,164	1,128,993	2,409,751
<b>Net assets</b>				
Beginning of period	3,022,693	644,529	3,152,995	743,244
End of period	\$ 3,699,869	\$ 3,022,693	\$ 4,281,988	\$ 3,152,995

	Vanguard VIF Money Market Portfolio, Subaccount		Vanguard VIF Real Estate Index Portfolio, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ 3,157	\$ (1,973)	\$ 36,538	\$ 4,465
Net realized gain (loss) on investments	-	-	76,370	56,922
Net change in unrealized appreciation (depreciation) on investments	-	-	(314,628)	(11,490)
Net increase (decrease) in net assets resulting from operations	3,157	(1,973)	(201,720)	49,897
<b>Contract transactions</b>				
Payments received from contract owners	978,715	1,260,838	946,692	1,516,189
Transfers between subaccounts (including fixed accounts), net	(348,212)	(1,209,732)	(73,458)	207,635
Payment for contract benefits and terminations	(161,867)	(57,590)	(178,098)	(76,279)
Contract charges and fees	-	(199)	(1,041)	(152)
Net increase (decrease) in net assets from contract transactions	468,636	(6,683)	694,095	1,647,393
Total increase (decrease) in net assets	471,793	(8,656)	492,375	1,697,290
<b>Net assets</b>				
Beginning of period	298,017	306,673	2,647,427	950,137
End of period	\$ 769,810	\$ 298,017	\$ 3,139,802	\$ 2,647,427

See accompanying notes to financial statements

**MEMBERS Horizon Variable Separate Account**  
**Statements of Changes in Net Assets (continued)**  
**For the Years Ended December 31,**

	Vanguard VIF Small Company Growth Portfolio, Subaccount		Vanguard VIF Total Bond Market Index Portfolio, Subaccount	
	2018	2017	2018	2017
<b>Increase (decrease) in net assets from operations</b>				
Net investment income (loss)	\$ (23,966)	\$ (10,398)	\$ 25,979	\$ 4,686
Net realized gain (loss) on investments	189,323	36,595	(2,269)	6,943
Net change in unrealized appreciation (depreciation) on investments	(400,445)	141,880	(83,357)	30,161
Net increase (decrease) in net assets resulting from operations	(235,088)	168,077	(59,647)	41,790
<b>Contract transactions</b>				
Payments received from contract owners	920,174	1,056,304	3,287,497	3,375,699
Transfers between subaccounts (including fixed accounts), net	(100,512)	(8,294)	155,442	132,892
Payment for contract benefits and terminations	(84,885)	(16,841)	(428,628)	(127,085)
Contract charges and fees	(921)	(65)	(4,054)	(425)
Net increase (decrease) in net assets from contract transactions	733,856	1,031,104	3,010,257	3,381,081
Total increase (decrease) in net assets	498,768	1,199,181	2,950,610	3,422,871
<b>Net assets</b>				
Beginning of period	1,485,448	286,267	5,058,632	1,635,761
End of period	\$ 1,984,216	\$ 1,485,448	\$ 8,009,242	\$ 5,058,632

	Vanguard VIF Total Stock Market Index Portfolio, Subaccount	
	2018	2017
<b>Increase (decrease) in net assets from operations</b>		
Net investment income (loss)	\$ (14,022)	\$ (4,825)
Net realized gain (loss) on investments	217,561	96,805
Net change in unrealized appreciation (depreciation) on investments	(725,761)	326,636
Net increase (decrease) in net assets resulting from operations	(522,222)	418,616
<b>Contract transactions</b>		
Payments received from contract owners	2,816,397	2,814,407
Transfers between subaccounts (including fixed accounts), net	(118,868)	2,428
Payment for contract benefits and terminations	(308,164)	(90,496)
Contract charges and fees	(1,580)	(253)
Net increase (decrease) in net assets from contract transactions	2,387,785	2,726,086
Total increase (decrease) in net assets	1,865,563	3,144,702
<b>Net assets</b>		
Beginning of period	4,142,849	998,147
End of period	\$ 6,008,412	\$ 4,142,849

See accompanying notes to financial statements

## **MEMBERS Horizon Variable Separate Account Notes to Financial Statements**

### **(1) Organization**

MEMBERS Horizon Variable Separate Account (the "Account") was established by MEMBERS Life Insurance Company (the "Company") in 2015. The Account is registered with the Securities and Exchange Commission ("SEC") as a unit investment trust under the Investment Company Act of 1940 ("1940 Act") as amended. The Account commenced operations with effect from July 11, 2016.

The Account was established as a separate account of the Company to receive and invest net premiums paid by the contract owners to the Company under two flexible premium deferred variable and index linked annuity contracts ("contracts") issued by the Company: MEMBERS® Horizon Flexible Premium Deferred Variable and Index Linked Annuity (Series B and Series C) and MEMBERS® Horizon II Flexible Premium Deferred Variable and Index Linked Annuity (Series B).

The Account is divided into a number of subaccounts, each of which is treated as an individual accounting entity for financial reporting purposes. Each subaccount invests solely in a corresponding portfolio of one of the following funds, each an open-end management investment company registered with the SEC.

#### **AIM Variable Insurance Funds**

##### **(Invesco Variable Insurance Funds)**

Invesco V.I. Global Real Estate Fund

Invesco V.I. Small Cap Equity Fund

##### **American Funds Insurance Series®**

American Funds IS Asset Allocation Fund

American Funds IS Bond Fund

American Funds IS Growth Fund

American Funds IS High-Income Bond Fund

American Funds IS International Fund

##### **BlackRock Variable Series Funds, Inc.**

BlackRock Global Allocation V.I.

##### **Columbia Threadneedle**

Columbia VP Emerging Markets Bond

##### **DFA Investment Dimensions Group Inc.**

DFA VA International Small

DFA VA International Value

DFA VA U.S. Large Value

DFA VA U.S. Targeted Value

##### **Dreyfus Variable Investment Fund**

Dreyfus VIF Quality Bond

##### **Franklin Templeton Variable Insurance Products Trust**

Templeton Foreign VIP

Templeton Global Bond VIP

##### **Goldman Sachs**

Goldman Sachs VIT Core Fixed Income Trust

Goldman Sachs VIT Government Money Market <sup>(1) \*</sup>

##### **Lazard Retirement Series, Inc.**

Lazard Retirement Emerging Markets Equity Portfolio

##### **MFS® Variable Insurance Trust**

MFS® Total Return Bond Series

MFS® Utilities Series

MFS® Value Series

##### **MFS® Variable Insurance Trust III**

MFS® Blended Research® Small Cap Equity Portfolio

##### **Morgan Stanley**

Variable Insurance Fund, Inc. Global

Infrastructure Portfolio

Variable Insurance Fund, Inc. Growth Portfolio

##### **Northern Lights Variable Trust**

TOPS® Aggressive Growth ETF Portfolio

TOPS® Balanced ETF Portfolio

TOPS® Conservative ETF Portfolio

TOPS® Growth ETF Portfolio

TOPS® Moderate Growth ETF Portfolio

##### **Oppenheimer Variable Account Funds**

Oppenheimer International Growth Fund/VA

##### **PIMCO Variable Insurance Trust**

PIMCO CommodityRealReturn® Strategy Portfolio

PIMCO VIT All Asset

PIMCO VIT Real Return

##### **Putnam Variable Trust**

Putnam VT High Yield Fund

##### **T. Rowe Price Equity Series, Inc.**

T. Rowe Price Blue Chip Growth Portfolio

##### **Vanguard Variable Insurance Fund**

Vanguard VIF Capital Growth

Vanguard VIF Diversified Value

Vanguard VIF Equity Index

Vanguard VIF High Yield Bond

Vanguard VIF International

Vanguard VIF Mid-Cap Index

Vanguard VIF Money Market

Vanguard VIF Real Estate Index

Vanguard VIF Small Company Growth

Vanguard VIF Total Bond Market Index

Vanguard VIF Total Stock Market Index

(1) This subaccount is only available in the Series B product.

\* This subaccount commenced operations on December 3, 2018. There have been no investments since the date of commencement.

## **MEMBERS Horizon Variable Separate Account**

### **Notes to Financial Statements**

#### **(1) Organization (continued)**

The accompanying financial statements include only the contract owner assets, deposits, investment activity, and the contract transactions applicable to the variable portions of the contracts and exclude assets and activity for deposits for fixed dollar benefits, which are included in the general account of the Company. The net investment income and the realized and unrealized gains and losses from the assets for each subaccount are credited to or charged against that subaccount without regard to income, gains or losses from any other subaccount.

#### **(2) Significant Accounting Policies**

##### *Basis of Presentation*

The Account is an investment company and follows the accounting and reporting guidance in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946, *Financial Services-Investment Companies*.

##### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

##### *Investment Valuation*

Investments are made in shares of a fund and are recorded at fair value, determined by the net asset value per share of the respective fund. Investment transactions in each fund are recorded on the trade date. Realized gains and losses on redemptions of the shares of the fund are determined using the average cost basis. Income from dividends and gains from realized gain distributions from each fund are recorded on the ex-dividend date and are reinvested in that fund. The difference between cost and fair value of investments owned on the day of measurement is recorded as unrealized appreciation or depreciation of investments.

##### *Federal Income Taxes*

The operations of the Account are included in the consolidated federal income tax return of CUNA Mutual Holding Company ("CMHC"), the Account's ultimate parent, and its subsidiaries. The Company is taxed as a life insurance company under the provisions of the Internal Revenue Code ("IRC"). The Account's activities are included in the Company's taxable income. Under current provisions of the IRC, the Company does not expect to incur federal income taxes on recorded earnings or the realized capital gains attributed to the Account to the extent these earnings are credited to the contract owner's account. Accordingly, no provision for income tax is currently recorded. If such taxes are incurred by the Company in the future, a tax provision may be recorded.

#### **(3) Fees and Charges**

##### *Contract Charges*

**Surrender Charge:** Series B and Series C versions of the contract are available. Series C has no surrender charges. Series B has a five year surrender charge period. All references to surrender charges apply to Series B version only. A surrender charge is assessed against a contract owner's account upon surrender or partial withdrawal of purchase payments in excess of the free annual withdrawal amount. For purchase payments withdrawn or surrendered within the first and second year of the contract, the charge is 9% of the amount of the payment withdrawn or surrendered for Series B. The surrender charge decreases by 1% for each of the following three years that has elapsed since the purchase payment was recorded. No surrender charge is assessed upon the withdrawal or surrender of the contract value in excess of aggregate purchase payments or on purchase payments made more than six years prior to the withdrawal or surrender.

Subject to certain restrictions in each contract year, an amount equal to 10% of aggregate purchase payments (as of the time of withdrawal or surrender) may be surrendered without a surrender charge. The surrender charge also may be waived in certain circumstances as provided in the contracts. These charges

## **MEMBERS Horizon Variable Separate Account**

### **Notes to Financial Statements**

#### **(3) Fees and Charges (continued)**

are deducted by redeeming an appropriate number of units for each contract and are included in contract charges and fees on the accompanying Statements of Changes in Net Assets of the applicable subaccount.

For MEMBERS® Horizon II Flexible Premium Deferred Variable and Index Linked Annuity a Return of Purchase Payment Death Benefit Endorsement is attached to the contract and provides a return of purchase payment death benefit during the accumulation period. The death benefit is equal to the greater of the contract value as of the date death benefits are payable or total purchase payments adjusted for withdrawals. We do not apply the surrender charge or market value adjustment in determining the death benefit payable.

**Transfer Fee:** No charge is generally made for transfers between subaccounts. However, the Company reserves the right to charge \$25 for the 13th and each subsequent transfer during a contract year. These charges are deducted by redeeming an appropriate number of units for each contract and are included in contract charges and fees on the accompanying Statements of Changes in Net Assets of the applicable subaccount.

**Premium Taxes:** If state or other premium taxes are applicable to a contract, they will be deducted either: (a) from purchase payments as they are received, (b) from contract value upon surrender or partial withdrawal, (c) upon application of adjusted contract value to an annuity payment option, or (d) upon payment of a death benefit. The Company, however, reserves the right to deduct premium taxes at the time it pays such taxes. These charges are deducted by redeeming an appropriate number of units for each contract and are included in contract charges and fees on the accompanying Statements of Changes in Net Assets of the applicable subaccount.

#### *Account Charges*

**Mortality and Expense Risk Charge:** The Company deducts a daily administrative fee from the assets of the Subaccount to compensate it for certain expenses it incurs in administration of the contracts. The charge is deducted from the assets of the Subaccount at an annual rate of 1.50% for Series B or 1.75% Series C. These charges are deducted by redeeming an appropriate number of units for each contract and are included in contract charges and fees on the accompanying Statements of Operations of the applicable subaccount.

#### **(4) Fair Value**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of assets and liabilities into three broad levels. The Account has categorized its financial instruments, based on the degree of subjectivity inherent in the valuation technique, as follows:

- Level 1: Inputs are directly observable and represent quoted prices for identical assets or liabilities in active markets the Account has the ability to access at the measurement date.
- Level 2: All significant inputs are observable, either directly or indirectly, other than quoted prices included in Level 1, for the asset or liability. This includes: (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in markets that are not active and (iii) inputs other than quoted prices that are observable for the asset or liability, and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: One or more significant inputs are unobservable and reflect the Account's estimates of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

The hierarchy requires the use of market observable information when available for assessing fair value.

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(4) Fair Value (continued)**

The following table summarizes the Account's assets that are measured at fair value as of December 31, 2018. All of the Account's assets consist of Level 2 mutual funds that have daily quoted net asset values at which the Account could transact.

December 31, 2018 Assets, at Fair Value	Total
Invesco V.I. Global Real Estate Fund Series I, Subaccount	\$ 858,067
Invesco V.I. Small Cap Equity Fund Series I, Subaccount	135,680
American Funds IS Asset Allocation Fund Series I, Subaccount	5,109,584
American Funds IS Bond Fund Series I, Subaccount	444,010
American Funds IS Growth Fund Series I, Subaccount	3,307,421
American Funds IS High-Income Bond Fund Series I, Subaccount	555,066
American Funds IS International Fund Series I, Subaccount	867,983
BlackRock Global Allocation V.I. Fund Class I, Subaccount	713,263
Columbia VP Emerging Markets Bond Fund Class 1, Subaccount	1,490,582
DFA VA International Small Portfolio, Subaccount	299,430
DFA VA International Value Portfolio, Subaccount	2,800,471
DFA VA U.S. Large Value Portfolio, Subaccount	4,212,681
DFA VA U.S. Targeted Value Portfolio, Subaccount	1,205,749
Dreyfus VIF Quality Bond Institutional, Subaccount	96,669
Templeton Foreign VIP Fund Class I, Subaccount	149,093
Templeton Global Bond VIP Class 1, Subaccount	628,330
Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount	262,770
Goldman Sachs VIT Government Money Market, Subaccount*	-
Lazard Retirement Emerging Markets Equity Portfolio Investor Shares, Subaccount	1,939,916
MFS® Blended Research® Small Cap Equity Portfolio, Subaccount	364,054
MFS® VIT Total Return Bond Fund Initial Shares, Subaccount	3,526,585
MFS® VIT Utilities Series Fund Initial Shares, Subaccount	1,053,566
MFS® VIT Value Series, Subaccount	852,586
Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio Class I, Subaccount	1,143,866
Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subaccount	222,894
TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount	1,427,470
TOPS® Balanced ETF Portfolio Class 1, Subaccount	4,649,293
TOPS® Conservative ETF Portfolio Class 1, Subaccount	7,481,976
TOPS® Growth ETF Portfolio Class 1, Subaccount	1,873,323
TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount	5,208,092
Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount	110,588
PIMCO VIT Commodity/ RealReturn® Strategy Portfolio, Subaccount	333,390
PIMCO VIT All Asset Portfolio Institutional Class, Subaccount	2,434,435
PIMCO VIT Real Return Fund Institutional Class, Subaccount	581,095
Putnam VT High Yield Fund, Subaccount	1,767,319
T. Rowe Price Blue Chip Growth Fund, Subaccount	5,967,596
Vanguard VIF Capital Growth Portfolio, Subaccount	1,464,594
Vanguard VIF Diversified Value Portfolio, Subaccount	1,418,730
Vanguard VIF Equity Index Portfolio, Subaccount	7,007,616
Vanguard VIF High Yield Bond Portfolio, Subaccount	1,345,369
Vanguard VIF International Portfolio, Subaccount	3,699,869
Vanguard VIF Mid-Cap Index Portfolio, Subaccount	4,281,988
Vanguard VIF Money Market Portfolio, Subaccount	769,810
Vanguard VIF Real Estate Index Portfolio, Subaccount	3,139,802
Vanguard VIF Small Company Growth Portfolio, Subaccount	1,984,216
Vanguard VIF Total Bond Market Index Portfolio, Subaccount	8,009,242
Vanguard VIF Total Stock Market Index Portfolio, Subaccount	6,008,412

There were no Level 3 investments in the Account, therefore, Level 3 roll-forward tables have not been provided. There were no transfers between levels during the year ended December 31, 2018.

\*The subaccount commenced operations on December 3, 2018. There have been no investments since the date of commencement.

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(4) Fair Value (continued)**

The following table summarizes the Account's assets that are measured at fair value as of December 31, 2017. All of the Account's assets consist of Level 2 mutual funds that have daily quoted net asset values at which the Account could transact.

<b>December 31, 2017 Assets, at Fair Value</b>	<b>Total</b>
Invesco V.I. Global Real Estate Fund Series I, Subaccount	\$ 598,355
Invesco V.I. Small Cap Equity Fund Series I, Subaccount	55,473
American Funds IS Asset Allocation Fund Series I, Subaccount	2,367,306
American Funds IS Bond Fund Series I, Subaccount	276,864
American Funds IS Growth Fund Series I, Subaccount	1,246,479
American Funds IS High-Income Bond Fund Series I, Subaccount	281,579
American Funds IS International Fund Series I, Subaccount	475,749
BlackRock Global Allocation V.I. Fund Class I, Subaccount	424,534
Columbia VP Emerging Markets Bond Fund Class 1, Subaccount	965,879
DFA VA International Small Portfolio, Subaccount	193,728
DFA VA International Value Portfolio, Subaccount	2,135,218
DFA VA U.S. Large Value Portfolio, Subaccount	3,307,579
DFA VA U.S. Targeted Value Portfolio, Subaccount	886,316
Dreyfus VIF Quality Bond Institutional, Subaccount	102,506
Franklin High Income VIP Fund Class 1, Subaccount	-
Templeton Foreign VIP Fund Class I, Subaccount	77,283
Templeton Global Bond VIP Class 1, Subaccount	436,891
Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount	205,419
Lazard Retirement Emerging Markets Equity Portfolio Investor Shares, Subaccount	1,360,249
MFS® Blended Research® Small Cap Equity Portfolio, Subaccount	245,633
MFS® VIT Total Return Bond Fund Initial Shares, Subaccount	2,224,118
MFS® VIT Utilities Series Fund Initial Shares, Subaccount	621,886
MFS® VIT Value Series, Subaccount	436,197
Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio Class I, Subaccount	826,076
Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subaccount	25,353
TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount	685,232
TOPS® Balanced ETF Portfolio Class 1, Subaccount	3,924,254
TOPS® Conservative ETF Portfolio Class 1, Subaccount	5,669,344
TOPS® Growth ETF Portfolio Class 1, Subaccount	1,437,316
TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount	4,208,492
Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount	37,586
PIMCO VIT Commodity/ RealReturn® Strategy Portfolio, Subaccount	214,065
PIMCO VIT All Asset Portfolio Institutional Class, Subaccount	1,498,517
PIMCO VIT Real Return Fund Institutional Class, Subaccount	318,823
Putnam VT High Yield Fund, Subaccount	1,147,526
T. Rowe Price Blue Chip Growth Fund, Subaccount	3,242,396
Vanguard VIF Capital Growth Portfolio, Subaccount	930,967
Vanguard VIF Diversified Value Portfolio, Subaccount	899,723
Vanguard VIF Equity Index Portfolio, Subaccount	4,277,482
Vanguard VIF High Yield Bond Portfolio, Subaccount	928,858
Vanguard VIF International Portfolio, Subaccount	3,022,693
Vanguard VIF Mid-Cap Index Portfolio, Subaccount	3,152,995
Vanguard VIF Money Market Portfolio, Subaccount	298,017
Vanguard VIF Real Estate Index Portfolio, Subaccount	2,647,427
Vanguard VIF Small Company Growth Portfolio, Subaccount	1,485,448
Vanguard VIF Total Bond Market Index Portfolio, Subaccount	5,058,632
Vanguard VIF Total Stock Market Index Portfolio, Subaccount	4,142,849

There were no Level 3 investments in the Account, therefore, Level 3 roll-forward tables have not been provided. There were no transfers between levels during the year ended December 31, 2017.

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(5) Purchases and Sales of Investments**

The cost of purchases and proceeds from sales of investments in the various subaccounts for the year ended December 31, 2018 were as follows:

Year Ended December 31, 2018	Purchases	Sales
Invesco V.I. Global Real Estate Fund Series I, Subaccount	\$ 401,436	\$ 48,787
Invesco V.I. Small Cap Equity Fund Series I, Subaccount	158,514	36,758
American Funds IS Asset Allocation Fund Series I, Subaccount	3,709,332	430,594
American Funds IS Bond Fund Series I, Subaccount	312,642	134,977
American Funds IS Growth Fund Series I, Subaccount	2,644,808	208,418
American Funds IS High-Income Bond Fund Series I, Subaccount	340,335	19,913
American Funds IS International Fund Series I, Subaccount	616,139	38,861
BlackRock Global Allocation V.I. Fund Class I, Subaccount	438,576	60,063
Columbia VP Emerging Markets Bond Fund Class 1, Subaccount	745,389	69,688
DFA VA International Small Portfolio, Subaccount	216,206	19,266
DFA VA International Value Portfolio, Subaccount	1,438,559	138,927
DFA VA U.S. Large Value Portfolio, Subaccount	1,934,906	251,875
DFA VA U.S. Targeted Value Portfolio, Subaccount	718,952	69,183
Dreyfus VIF Quality Bond Institutional, Subaccount	45,146	45,375
Templeton Foreign VIP Fund Class I, Subaccount	106,659	6,866
Templeton Global Bond VIP Class 1, Subaccount	321,652	140,546
Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount	96,475	29,673
Goldman Sachs VIT Government Money Market, Subaccount*	-	-
Lazard Retirement Emerging Markets Equity Fund Investor Shares, Subaccount	1,066,374	76,325
MFS® Blended Research® Small Cap Equity Portfolio, Subaccount	231,075	40,605
MFS® VIT Total Return Bond Fund Initial Shares, Subaccount	1,646,240	224,336
MFS® VIT Utilities Series Fund Initial Shares, Subaccount	475,334	34,038
MFS® VIT Value Series, Subaccount	614,280	39,844
Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subacco	531,795	54,302
Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio Class I, Subaccount	256,727	16,616
TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount	1,073,097	88,634
TOPS® Balanced ETF Portfolio Class 1, Subaccount	1,491,514	358,703
TOPS® Conservative ETF Portfolio Class 1, Subaccount	3,093,427	869,007
TOPS® Growth ETF Portfolio Class 1, Subaccount	835,715	118,180
TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount	1,859,538	293,503
Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount	104,214	8,334
PIMCO VIT Commodity/ RealReturn® Strategy Portfolio, Subaccount	196,157	22,286
PIMCO VIT All Asset Portfolio Institutional Class, Subaccount	1,263,198	127,891
PIMCO VIT Real Return Fund Institutional Class, Subaccount	298,763	17,972
Putnam VT High Yield Fund, Subaccount	870,527	105,723
T. Rowe Price Blue Chip Growth Fund, Subaccount	3,569,614	460,731
Vanguard VIF Capital Growth Portfolio, Subaccount	706,768	84,188
Vanguard VIF Diversified Value Portfolio, Subaccount	839,389	109,107
Vanguard VIF Equity Index Portfolio, Subaccount	3,710,543	368,910
Vanguard VIF High Yield Bond Portfolio, Subaccount	598,029	94,997
Vanguard VIF International Portfolio, Subaccount	1,754,689	396,523
Vanguard VIF Mid-Cap Index Portfolio, Subaccount	1,952,259	139,474
Vanguard VIF Money Market Portfolio, Subaccount	1,118,873	647,080
Vanguard VIF Real Estate Index Portfolio, Subaccount	1,184,867	350,612
Vanguard VIF Small Company Growth Portfolio, Subaccount	1,073,423	186,630
Vanguard VIF Total Bond Market Index Portfolio, Subaccount	3,537,785	490,578
Vanguard VIF Total Stock Market Index Portfolio, Subaccount	3,048,140	485,374

\*The subaccount commenced operations on December 3, 2018. There have been no investments since the date of commencement.



**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(5) Purchases and Sales of Investments (continued)**

The cost of purchases and proceeds from sales of investments in the various subaccounts for the year ended December 31, 2017 were as follows:

Year Ended December 31, 2017	Purchases	Sales
Invesco V.I. Global Real Estate Fund Series I, Subaccount	\$413,352	\$6,333
Invesco V.I. Small Cap Equity Fund Series I, Subaccount	52,510	1,620
American Funds IS Asset Allocation Fund Series I, Subaccount	2,063,831	105,272
American Funds IS Bond Fund Series I, Subaccount	288,883	69,940
American Funds IS Growth Fund Series I, Subaccount	897,718	52,090
American Funds IS High-Income Bond Fund Series I, Subaccount	268,304	4,360
American Funds IS International Fund Series I, Subaccount	434,925	21,351
BlackRock Global Allocation V.I. Fund Class I, Subaccount	356,812	15,078
Columbia VP Emerging Markets Bond Fund Class 1, Subaccount	666,692	16,713
DFA VA International Small Portfolio, Subaccount	138,751	9,282
DFA VA International Value Portfolio, Subaccount	1,386,841	45,766
DFA VA U.S. Large Value Portfolio, Subaccount	2,185,452	86,530
DFA VA U.S. Targeted Value Portfolio, Subaccount	616,976	26,627
Dreyfus VIF Quality Bond Institutional, Subaccount	59,387	6,178
Franklin High Income VIP Fund Class 1, Subaccount	30,901	75,351
Templeton Foreign VIP Fund Class I, Subaccount	58,705	1,008
Templeton Global Bond VIP Class 1, Subaccount	377,737	17,781
Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount	164,229	20,758
Lazard Retirement Emerging Markets Equity Fund Investor Shares, Subaccount	973,464	38,359
MFS® Blended Research® Small Cap Equity Portfolio, Subaccount	248,354	11,798
MFS® VIT Total Return Bond Fund Initial Shares, Subaccount	1,501,499	49,590
MFS® VIT Utilities Series Fund Initial Shares, Subaccount	450,247	15,350
MFS® VIT Value Series, Subaccount	368,806	14,839
Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subaccount	615,824	17,060
Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio Class I, Subaccount	14,769	2,443
TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount	432,157	23,074
TOPS® Balanced ETF Portfolio Class 1, Subaccount	2,584,757	269,740
TOPS® Conservative ETF Portfolio Class 1, Subaccount	3,536,408	1,904,866
TOPS® Growth ETF Portfolio Class 1, Subaccount	907,675	39,187
TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount	2,854,029	122,434
Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount	33,878	776
PIMCO VIT Commodity/ RealReturn® Strategy Portfolio, Subaccount	162,835	3,271
PIMCO VIT All Asset Portfolio Institutional Class, Subaccount	1,193,043	128,436
PIMCO VIT Real Return Fund Institutional Class, Subaccount	236,591	62,695
Putnam VT High Yield Fund, Subaccount	816,310	16,096
T. Rowe Price Blue Chip Growth Fund, Subaccount	2,469,865	236,836
Vanguard VIF Capital Growth Portfolio, Subaccount	782,684	14,971
Vanguard VIF Diversified Value Portfolio, Subaccount	757,883	9,917
Vanguard VIF Equity Index Portfolio, Subaccount	3,150,388	215,686
Vanguard VIF High Yield Bond Portfolio, Subaccount	739,022	68,354
Vanguard VIF International Portfolio, Subaccount	2,043,483	161,518
Vanguard VIF Mid-Cap Index Portfolio, Subaccount	2,203,300	42,483
Vanguard VIF Money Market Portfolio, Subaccount	1,386,631	1,395,286
Vanguard VIF Real Estate Index Portfolio, Subaccount	1,907,649	195,509
Vanguard VIF Small Company Growth Portfolio, Subaccount	1,090,119	34,679
Vanguard VIF Total Bond Market Index Portfolio, Subaccount	3,468,894	75,703
Vanguard VIF Total Stock Market Index Portfolio, Subaccount	2,953,571	142,762

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(6) Changes in Units Outstanding**

The changes in units outstanding for the years ended December 31, 2018 and 2017 were as follows:

	Invesco V.I. Global Real Estate Fund Series I, Subaccount		Invesco V.I. Small Cap Equity Fund Series I, Subaccount		American Funds IS Asset Allocation Fund Series I, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	14,354	3,723	177	-	13,976	16,508
Units issued	31,150	9,182	4,520	-	160,254	24,900
Units redeemed	(497)	(493)	(104)	-	(10,528)	(4,670)
<b>Units outstanding at December 31, 2017</b>	<b>45,007</b>	<b>12,412</b>	<b>4,593</b>	<b>-</b>	<b>163,702</b>	<b>36,738</b>
Units issued	32,527	5,111	8,745	3,267	200,445	102,700
Units redeemed	(4,288)	(1,668)	(965)	(2,204)	(25,029)	(18,936)
<b>Units outstanding at December 31, 2018</b>	<b>73,246</b>	<b>15,855</b>	<b>12,373</b>	<b>1,063</b>	<b>339,118</b>	<b>120,502</b>

	American Funds IS Bond Fund Series I, Subaccount		American Funds IS Growth Fund Series I, Subaccount		American Funds IS High-Income Bond Fund Series I, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	1,186	5,045	13,910	14,729	2,661	-
Units issued	10,378	17,207	46,435	22,772	18,320	4,619
Units redeemed	-	(5,738)	(1,696)	(2,851)	(301)	-
<b>Units outstanding at December 31, 2017</b>	<b>11,564</b>	<b>16,514</b>	<b>58,649</b>	<b>34,650</b>	<b>20,680</b>	<b>4,619</b>
Units issued	21,865	10,404	147,510	25,817	20,302	7,994
Units redeemed	(11,479)	(2,901)	(8,683)	(6,605)	(1,009)	(807)
<b>Units outstanding at December 31, 2018</b>	<b>21,950</b>	<b>24,017</b>	<b>197,476</b>	<b>53,862</b>	<b>39,973</b>	<b>11,806</b>

	American Funds IS International Fund Series I, Subaccount		BlackRock Global Allocation V.I. Fund Class I, Subaccount		Columbia VP Emerging Markets Bond Fund Class 1, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	1,878	441	5,554	707	22,401	7,107
Units issued	27,025	7,771	19,095	12,794	44,548	18,579
Units redeemed	(359)	(1,216)	(1,092)	(10)	(1,294)	(1,571)
<b>Units outstanding at December 31, 2017</b>	<b>28,544</b>	<b>6,996</b>	<b>23,557</b>	<b>13,491</b>	<b>65,655</b>	<b>24,115</b>
Units issued	36,051	7,212	29,310	6,782	63,894	10,015
Units redeemed	(2,004)	(1,159)	(4,192)	(724)	(8,650)	(3,692)
<b>Units outstanding at December 31, 2018</b>	<b>62,591</b>	<b>13,049</b>	<b>48,675</b>	<b>19,549</b>	<b>120,899</b>	<b>30,438</b>

	DFA VA International Small Portfolio, Subaccount		DFA VA International Value Portfolio, Subaccount		DFA VA U.S. Large Value Portfolio, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	4,576	-	34,653	14,880	69,941	19,543
Units issued	10,348	105	81,316	29,775	130,206	43,694
Units redeemed	(617)	-	(4,794)	(2,993)	(4,150)	(6,073)
<b>Units outstanding at December 31, 2017</b>	<b>14,307</b>	<b>105</b>	<b>111,175</b>	<b>41,662</b>	<b>195,997</b>	<b>57,164</b>
Units issued	15,437	229	95,077	14,330	130,500	16,810
Units redeemed	(1,773)	(117)	(9,620)	(7,134)	(19,424)	(8,484)
<b>Units outstanding at December 31, 2018</b>	<b>27,971</b>	<b>217</b>	<b>196,632</b>	<b>48,858</b>	<b>307,073</b>	<b>65,490</b>

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(6) Changes in Units Outstanding (continued)**

	DFA VA U.S. Targeted Value Portfolio, Subaccount		Dreyfus VIF Quality Bond Institutional, Subaccount		Templeton Foreign VIP Fund Class I, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	14,953	9,026	2,201	2,821	907	503
Units issued	35,354	12,737	5,019	864	4,756	97
Units redeemed	(910)	(2,131)	(134)	(384)	(39)	(10)
<b>Units outstanding at December 31, 2017</b>	<b>49,397</b>	<b>19,632</b>	<b>7,086</b>	<b>3,301</b>	<b>5,624</b>	<b>590</b>
Units issued	47,235	4,589	4,387	153	8,580	72
Units redeemed	(4,556)	(2,965)	(4,713)	-	(503)	-
<b>Units outstanding at December 31, 2018</b>	<b>92,076</b>	<b>21,256</b>	<b>6,760</b>	<b>3,454</b>	<b>13,701</b>	<b>662</b>

	Templeton Global Bond VIP Class 1, Subaccount		Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount		Goldman Sachs VIT Government Money Market, Subaccount*	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	5,081	2,554	4,836	1,514	-	-
Units issued	28,837	6,599	1,653	13,621	-	-
Units redeemed	(233)	(1,268)	-	(743)	-	-
<b>Units outstanding at December 31, 2017</b>	<b>33,685</b>	<b>7,885</b>	<b>6,489</b>	<b>14,392</b>	-	-
Units issued	27,901	3,309	2,168	7,053	-	-
Units redeemed	(12,871)	(505)	(1,057)	(1,716)	-	-
<b>Units outstanding at December 31, 2018</b>	<b>48,715</b>	<b>10,689</b>	<b>7,600</b>	<b>19,729</b>	-	-

	Lazard Retirement Emerging Markets Equity Portfolio Investor Shares, Subaccount		MFS® Blended Research® Small Cap Equity Portfolio, Subaccount		MFS® VIT Total Return Bond Fund Initial Shares, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	19,304	7,765	240	-	56,861	22,197
Units issued	62,795	18,353	18,043	1,590	98,787	52,882
Units redeemed	(2,319)	(2,351)	(276)	-	(3,378)	(4,797)
<b>Units outstanding at December 31, 2017</b>	<b>79,780</b>	<b>23,767</b>	<b>18,007</b>	<b>1,590</b>	<b>152,270</b>	<b>70,282</b>
Units issued	81,540	9,937	11,993	2,474	141,282	32,441
Units redeemed	(8,827)	(2,609)	(2,572)	(404)	(17,509)	(16,481)
<b>Units outstanding at December 31, 2018</b>	<b>152,493</b>	<b>31,095</b>	<b>27,428</b>	<b>3,660</b>	<b>276,043</b>	<b>86,242</b>

	MFS® VIT Utilities Series Fund Initial Shares, Subaccount		MFS® VIT Value Series, Subaccount		Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	15,028	2,496	5,253	867	14,466	7,119
Units issued	39,671	1,627	29,759	1,347	43,824	13,518
Units redeemed	(594)	(584)	(1,132)	(48)	(960)	(1,790)
<b>Units outstanding at December 31, 2017</b>	<b>54,105</b>	<b>3,539</b>	<b>33,880</b>	<b>2,166</b>	<b>57,330</b>	<b>18,847</b>
Units issued	39,578	4,430	44,066	1,871	41,892	6,830
Units redeemed	(3,105)	(420)	(2,025)	(401)	(6,095)	(2,550)
<b>Units outstanding at December 31, 2018</b>	<b>90,578</b>	<b>7,549</b>	<b>75,921</b>	<b>3,636</b>	<b>93,127</b>	<b>23,127</b>

\* The subaccount commenced operations on December 3, 2018. There have been no investments since the date of commencement

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(6) Changes in Units Outstanding (continued)**

	Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio, Class I, Subaccount		TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount		TOPS® Balanced ETF Portfolio Class 1, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	971	-	19,114	1,152	110,361	28,043
Units issued	651	401	28,919	6,756	186,193	58,932
Units redeemed	(206)	-	(188)	(1,152)	(17,800)	(11,967)
<b>Units outstanding at December 31, 2017</b>	<b>1,416</b>	<b>401</b>	<b>47,845</b>	<b>6,756</b>	<b>278,754</b>	<b>75,008</b>
Units issued	11,773	1,965	41,164	38,772	86,417	46,376
Units redeemed	(305)	(161)	(5,389)	(1,200)	(24,428)	(12,105)
<b>Units outstanding at December 31, 2018</b>	<b>12,884</b>	<b>2,205</b>	<b>83,620</b>	<b>44,328</b>	<b>340,743</b>	<b>109,279</b>

	TOPS® Conservative ETF Portfolio Class 1, Subaccount		TOPS® Growth ETF Portfolio Class 1, Subaccount		TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	103,915	270,744	37,414	5,227	104,375	8,126
Units issued	116,274	253,151	69,362	7,144	144,547	114,755
Units redeemed	(69,425)	(138,976)	(821)	(230)	(6,514)	(2,091)
<b>Units outstanding at December 31, 2017</b>	<b>150,764</b>	<b>384,919</b>	<b>105,955</b>	<b>12,141</b>	<b>242,408</b>	<b>120,790</b>
Units issued	121,646	185,720	57,372	4,034	115,692	35,539
Units redeemed	(31,663)	(74,308)	(7,691)	(877)	(14,812)	(10,778)
<b>Units outstanding at December 31, 2018</b>	<b>240,747</b>	<b>496,331</b>	<b>155,636</b>	<b>15,298</b>	<b>343,288</b>	<b>145,551</b>

	Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount		PIMCO VIT Commodity/ RealReturn® Strategy Portfolio, Subaccount		PIMCO VIT All Asset Portfolio Institutional Class, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	144	5	5,390	273	28,188	9,187
Units issued	2,728	213	9,959	5,479	69,377	38,126
Units redeemed	(43)	(5)	-	(205)	(1,237)	(12,065)
<b>Units outstanding at December 31, 2017</b>	<b>2,829</b>	<b>213</b>	<b>15,349</b>	<b>5,547</b>	<b>96,328</b>	<b>35,248</b>
Units issued	6,806	2,099	12,020	8,641	99,472	14,588
Units redeemed	(165)	(501)	(1,453)	(1,629)	(12,659)	(4,008)
<b>Units outstanding at December 31, 2018</b>	<b>9,470</b>	<b>1,811</b>	<b>25,916</b>	<b>12,559</b>	<b>183,141</b>	<b>45,828</b>

	PIMCO VIT Real Return Fund Institutional Class, Subaccount		Putnam VT High Yield Fund, Subaccount		T. Rowe Price Blue Chip Growth Fund, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	12,963	1,613	25,730	6,294	20,534	32,406
Units issued	5,870	17,451	52,993	21,895	147,382	60,874
Units redeemed	(3,208)	(2,746)	(1,359)	(1,430)	(14,802)	(12,018)
<b>Units outstanding at December 31, 2017</b>	<b>15,625</b>	<b>16,318</b>	<b>77,364</b>	<b>26,759</b>	<b>153,114</b>	<b>81,262</b>
Units issued	16,914	12,806	69,574	10,536	163,677	79,277
Units redeemed	(495)	(757)	(11,422)	(3,904)	(29,613)	(17,691)
<b>Units outstanding at December 31, 2018</b>	<b>32,044</b>	<b>28,367</b>	<b>135,516</b>	<b>33,391</b>	<b>287,178</b>	<b>142,848</b>

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(6) Changes in Units Outstanding (continued)**

	Vanguard VIF Capital Growth Portfolio, Subaccount		Vanguard VIF Diversified Value Portfolio, Subaccount		Vanguard VIF Equity Index Portfolio, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	3,347	1,107	8,775	1,674	36,179	51,021
Units issued	27,047	36,441	36,327	29,800	129,138	152,254
Units redeemed	(341)	(288)	(264)	(332)	(15,910)	(12,123)
<b>Units outstanding at December 31, 2017</b>	<b>30,053</b>	<b>37,260</b>	<b>44,838</b>	<b>31,142</b>	<b>149,407</b>	<b>191,152</b>
Units issued	32,036	16,155	43,920	20,971	199,216	98,364
Units redeemed	(2,651)	(3,981)	(4,223)	(2,713)	(20,690)	(23,893)
<b>Units outstanding at December 31, 2018</b>	<b>59,438</b>	<b>49,434</b>	<b>84,535</b>	<b>49,400</b>	<b>327,933</b>	<b>265,623</b>

	Vanguard VIF High Yield Bond Portfolio, Subaccount		Vanguard VIF International Portfolio, Subaccount		Vanguard VIF Mid-Cap Index Portfolio, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	17,188	6,664	42,468	20,972	61,318	9,858
Units issued	35,655	33,672	101,540	66,670	127,353	64,576
Units redeemed	(3,748)	(3,324)	(8,349)	(11,435)	(2,844)	(2,659)
<b>Units outstanding at December 31, 2017</b>	<b>49,095</b>	<b>37,012</b>	<b>135,659</b>	<b>76,207</b>	<b>185,827</b>	<b>71,775</b>
Units issued	38,686	14,039	103,056	25,952	133,529	23,421
Units redeemed	(3,013)	(5,577)	(18,107)	(21,385)	(15,384)	(7,318)
<b>Units outstanding at December 31, 2018</b>	<b>84,768</b>	<b>45,474</b>	<b>220,608</b>	<b>80,774</b>	<b>303,972</b>	<b>87,878</b>

	Vanguard VIF Money Market Portfolio, Subaccount		Vanguard VIF Real Estate Index Portfolio, Subaccount		Vanguard VIF Small Company Growth Portfolio, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	13,166	17,655	44,792	57,353	23,852	2,484
Units issued	22,500	114,614	115,585	87,485	56,639	31,782
Units redeemed	(18,576)	(119,232)	(11,728)	(17,470)	(1,219)	(1,077)
<b>Units outstanding at December 31, 2017</b>	<b>17,090</b>	<b>13,037</b>	<b>148,649</b>	<b>127,368</b>	<b>79,272</b>	<b>33,189</b>
Units issued	101,636	12,524	88,785	32,984	56,138	12,655
Units redeemed	(60,054)	(6,768)	(20,940)	(25,486)	(12,515)	(4,210)
<b>Units outstanding at December 31, 2018</b>	<b>58,672</b>	<b>18,793</b>	<b>216,494</b>	<b>134,866</b>	<b>122,895</b>	<b>41,634</b>

	Vanguard VIF Total Bond Market Index Portfolio, Subaccount		Vanguard VIF Total Stock Market Index Portfolio, Subaccount	
	B-Shares	C-Shares	B-Shares	C-Shares
<b>Units outstanding at December 31, 2016</b>	114,300	56,381	53,308	41,072
Units issued	249,711	113,287	145,657	103,734
Units redeemed	(6,140)	(9,385)	(6,038)	(8,694)
<b>Units outstanding at December 31, 2017</b>	<b>357,871</b>	<b>160,283</b>	<b>192,927</b>	<b>136,112</b>
Units issued	308,320	87,671	171,810	61,790
Units redeemed	(52,621)	(27,180)	(23,230)	(27,350)
<b>Units outstanding at December 31, 2018</b>	<b>613,570</b>	<b>220,774</b>	<b>341,507</b>	<b>170,552</b>

**MEMBERS Horizon Variable Separate Account**  
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**(7) Financial Highlights**

The table below provides financial highlights for each subaccount for the years ended December 31, 2018 and 2017.

	<b>Invesco V.I. Global Real Estate Fund Series I, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$10.43	\$10.39	\$9.36	\$9.35	\$10.08	\$10.15
Unit value - End of period	\$9.64	\$9.58	\$10.43	\$10.39	\$9.36	\$9.35
Net assets at end of period (000's)	\$706	\$152	\$469	\$129	\$134	\$35
Units outstanding at end of period (000's)	73	16	45	12	14	4
Total return (1)	-7.56%	-7.79%	11.41%	11.17%	-7.14%	-7.88%
Investment income ratio (2)	9.76%	7.56%	3.91%	3.82%	1.01%	1.82%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	<b>Invesco V.I. Small Cap Equity Fund Series I, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares <sup>(b)</sup>	B-Shares	C-Shares <sup>(b)</sup>	B-Shares <sup>(a)</sup>	C-Shares <sup>(b)</sup>
Unit value - Beginning of period	\$12.08	\$12.26	\$10.75	\$0.00	\$10.32	\$0.00
Unit value - End of period	\$10.10	\$10.04	\$12.08	\$0.00	\$10.75	\$0.00
Net assets at end of period (000's)	\$125	\$11	\$55	\$0	\$2	\$0
Units outstanding at end of period (000's)	12	1	5	-	0	-
Total return (1)	-16.35%	-18.09%	12.37%	0.00%	4.17%	0.00%
Investment income ratio (2)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	0.00%	1.50%	0.00%

	<b>American Funds IS Asset Allocation Fund Series I, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$11.82	\$11.77	\$10.30	\$10.28	\$10.00	\$10.05
Unit value - End of period	\$11.14	\$11.07	\$11.82	\$11.77	\$10.30	\$10.28
Net assets at end of period (000's)	\$3,776	\$1,333	\$1,935	\$433	\$144	\$170
Units outstanding at end of period (000's)	339	121	164	37	14	17
Total return (1)	-5.78%	-5.98%	14.78%	14.49%	3.00%	2.29%
Investment income ratio (2)	6.55%	8.40%	2.78%	2.15%	2.68%	3.30%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	<b>American Funds IS Bond Fund Series I, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$9.88	\$9.84	\$9.66	\$9.64	\$9.91	\$9.97
Unit value - End of period	\$9.69	\$9.63	\$9.88	\$9.84	\$9.66	\$9.64
Net assets at end of period (000's)	\$213	\$231	\$114	\$163	\$11	\$49
Units outstanding at end of period (000's)	22	24	12	17	1	5
Total return (1)	-1.93%	-2.18%	2.34%	2.08%	-2.52%	-3.31%
Investment income ratio (2)	14.10%	5.69%	4.82%	2.94%	3.20%	1.70%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(7) Financial Highlights (continued)**

	American Funds IS Growth Fund Series I, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$13.38	\$13.33	\$10.56	\$10.54	\$10.22	\$10.15
Unit value - End of period	\$13.18	\$13.09	\$13.38	\$13.33	\$10.56	\$10.54
Net assets at end of period (000's)	\$2,602	\$705	\$785	\$462	\$147	\$155
Units outstanding at end of period (000's)	197	54	59	35	14	15
Total return (1)	-1.51%	-1.76%	26.69%	26.45%	3.33%	3.84%
Investment income ratio (2)	4.06%	1.60%	1.10%	0.92%	1.71%	2.17%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	American Funds IS High-Income Bond Fund Series I, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares <sup>(c)</sup>	B-Shares <sup>(a)</sup>	C-Shares <sup>(c)</sup>
Unit value - Beginning of period	\$11.14	\$11.10	\$10.54	\$10.92	\$10.24	\$0.00
Unit value - End of period	\$10.74	\$10.67	\$11.14	\$11.10	\$10.54	\$0.00
Net assets at end of period (000's)	\$429	\$126	\$230	\$51	\$28	\$0
Units outstanding at end of period (000's)	40	12	21	5	3	-
Total return (1)	-3.61%	-3.85%	5.67%	1.62%	2.93%	0.00%
Investment income ratio (2)	26.28%	69.93%	13.08%	29.42%	4.90%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	0.00%

	American Funds IS International Fund Series I, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$13.40	\$13.35	\$10.27	\$10.25	\$10.39	\$10.20
Unit value - End of period	\$11.49	\$11.42	\$13.40	\$13.35	\$10.27	\$10.25
Net assets at end of period (000's)	\$719	\$149	\$382	\$93	\$19	\$5
Units outstanding at end of period (000's)	63	13	29	7	2	-
Total return (1)	-14.25%	-14.46%	30.44%	30.21%	-1.15%	0.49%
Investment income ratio (2)	9.72%	6.64%	2.73%	2.39%	1.05%	1.44%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	BlackRock Global Allocation V.I. Fund Class I, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$11.47	\$11.43	\$10.23	\$10.22	\$10.12	\$10.26
Unit value - End of period	\$10.47	\$10.41	\$11.47	\$11.43	\$10.23	\$10.22
Net assets at end of period (000's)	\$510	\$203	\$270	\$154	\$57	\$7
Units outstanding at end of period (000's)	49	20	24	13	6	1
Total return (1)	-8.72%	-8.95%	12.17%	11.89%	1.09%	-0.39%
Investment income ratio (2)	3.91%	1.75%	2.30%	1.63%	2.19%	1.62%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

**MEMBERS Horizon Variable Separate Account**  
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**(7) Financial Highlights (continued)**

	Columbia VP Emerging Markets Bond Fund Class 1, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 10.77	\$ 10.73	\$ 9.77	\$ 9.76	\$ 10.00	\$ 9.99
Unit value - End of period	\$ 9.86	\$ 9.80	\$ 10.77	\$ 10.73	\$ 9.77	\$ 9.76
Net assets at end of period (000's)	\$ 1,192	\$ 298	\$ 707	\$ 259	\$ 219	\$ 69
Units outstanding at end of period (000's)	121	30	66	24	22	7
Total return (1)	-8.43%	-8.67%	10.24%	9.94%	-2.30%	-2.30%
Investment income ratio (2)	10.48%	8.44%	4.82%	4.81%	2.26%	1.61%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	DFA VA International Small Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares <sup>(c)</sup>	B-Shares <sup>(a)</sup>	C-Shares <sup>(c)</sup>
Unit value - Beginning of period	\$ 13.44	\$ 13.34	\$ 10.50	\$ 12.05	\$ 10.59	\$ -
Unit value - End of period	\$ 10.62	\$ 10.53	\$ 13.44	\$ 13.34	\$ 10.50	\$ -
Net assets at end of period (000's)	\$ 297	\$ 2	\$ 192	\$ 1	\$ 48	\$ -
Units outstanding at end of period (000's)	28	0	14	-	5	-
Total return (1)	-20.96%	-21.03%	28.03%	10.73%	-0.85%	0.00%
Investment income ratio (2)	5.91%	8.33%	4.36%	4.19%	2.66%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	0.00%

	DFA VA International Value Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 13.98	\$ 13.93	\$ 11.28	\$ 11.27	\$ 10.31	\$ 10.28
Unit value - End of period	\$ 11.42	\$ 11.35	\$ 13.98	\$ 13.93	\$ 11.28	\$ 11.27
Net assets at end of period (000's)	\$ 2,246	\$ 555	\$ 1,555	\$ 580	\$ 391	\$ 168
Units outstanding at end of period (000's)	197	49	111	42	35	15
Total return (1)	-18.30%	-18.51%	23.95%	23.63%	9.41%	9.63%
Investment income ratio (2)	7.65%	4.45%	4.42%	3.99%	5.56%	7.20%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	DFA VA U.S. Large Value Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 13.08	\$ 13.03	\$ 11.15	\$ 11.13	\$ 10.21	\$ 10.19
Unit value - End of period	\$ 11.32	\$ 11.25	\$ 13.08	\$ 13.03	\$ 11.15	\$ 11.13
Net assets at end of period (000's)	\$ 3,476	\$ 737	\$ 2,563	\$ 745	\$ 780	\$ 218
Units outstanding at end of period (000's)	307	65	196	57	70	20
Total return (1)	-13.46%	-13.67%	17.31%	17.02%	9.21%	9.22%
Investment income ratio (2)	5.63%	3.56%	2.79%	2.48%	2.99%	3.83%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%



**MEMBERS Horizon Variable Separate Account**  
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**(7) Financial Highlights (continued)**

	DFA VA U.S. Targeted Value Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 12.85	\$ 12.81	\$ 11.88	\$ 11.87	\$ 10.19	\$ 10.21
Unit value - End of period	\$ 10.65	\$ 10.59	\$ 12.85	\$ 12.81	\$ 11.88	\$ 11.87
Net assets at end of period (000's)	\$ 981	\$ 225	\$ 635	\$ 251	\$ 178	\$ 107
Units outstanding at end of period (000's)	92	21	49	20	15	9
Total return (1)	-17.11%	-17.36%	8.19%	7.89%	16.58%	16.26%
Investment income ratio (2)	3.10%	1.43%	1.63%	1.36%	1.78%	2.04%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Dreyfus VIF Quality Bond Institutional, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 9.88	\$ 9.84	\$ 9.60	\$ 9.58	\$ 9.89	\$ 9.95
Unit value - End of period	\$ 9.49	\$ 9.42	\$ 9.88	\$ 9.84	\$ 9.60	\$ 9.58
Net assets at end of period (000's)	\$ 64	\$ 33	\$ 70	\$ 32	\$ 21	\$ 27
Units outstanding at end of period (000's)	7	3	7	3	2	3
Total return (1)	-3.99%	-4.22%	2.96%	2.69%	-2.93%	-3.72%
Investment income ratio (2)	5.01%	2.87%	2.04%	2.08%	0.42%	0.66%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Templeton Foreign VIP Fund Class I, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 12.44	\$ 12.40	\$ 10.79	\$ 10.78	\$ 10.24	\$ 10.16
Unit value - End of period	\$ 10.38	\$ 10.33	\$ 12.44	\$ 12.40	\$ 10.79	\$ 10.78
Net assets at end of period (000's)	\$ 142	\$ 7	\$ 70	\$ 7	\$ 10	\$ 5
Units outstanding at end of period (000's)	14	1	6	1	1	1
Total return (1)	-16.53%	-16.72%	15.28%	15.05%	5.37%	6.10%
Investment income ratio (2)	13.82%	3.38%	2.54%	2.75%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Templeton Global Bond VIP Class 1, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 10.52	\$ 10.48	\$ 10.45	\$ 10.44	\$ 9.93	\$ 10.13
Unit value - End of period	\$ 10.59	\$ 10.52	\$ 10.52	\$ 10.48	\$ 10.45	\$ 10.44
Net assets at end of period (000's)	\$ 516	\$ 112	\$ 354	\$ 83	\$ 53	\$ 27
Units outstanding at end of period (000's)	49	11	34	8	5	3
Total return (1)	0.66%	0.42%	0.64%	0.39%	5.24%	3.06%
Investment income ratio (2)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

**MEMBERS Horizon Variable Separate Account**  
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**(7) Financial Highlights (continued)**

	<b>Goldman Sachs VIT Core Fixed Income Service Shares, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 9.86	\$ 9.83	\$ 9.68	\$ 9.67	\$ 10.00	\$ 9.91
Unit value - End of period	\$ 9.66	\$ 9.60	\$ 9.86	\$ 9.83	\$ 9.68	\$ 9.67
Net assets at end of period (000's)	\$ 73	\$ 189	\$ 64	\$ 141	\$ 47	\$ 15
Units outstanding at end of period (000's)	8	20	6	14	5	2
Total return (1)	-2.05%	-2.35%	1.88%	1.62%	-3.20%	-2.42%
Investment income ratio (2)	3.92%	6.40%	2.79%	2.89%	0.21%	0.58%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	<b>Goldman Sachs VIT Government Money Market, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares <sup>(d)</sup>	C-Shares <sup>^</sup>	B-Shares	C-Shares	B-Shares	C-Shares
Unit value - Beginning of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unit value - End of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net assets at end of period (000's)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Units outstanding at end of period (000's)	-	-	-	-	-	-
Total return (1)	0.00%	-	-	-	-	-
Investment income ratio (2)	0.00%	-	-	-	-	-
Expense ratio (3)	1.50%	-	-	-	-	-

	<b>Lazard Retirement Emerging Markets Equity Portfolio Investor Shares, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 13.15	\$ 13.10	\$ 10.41	\$ 10.40	\$ 10.27	\$ 10.22
Unit value - End of period	\$ 10.58	\$ 10.51	\$ 13.15	\$ 13.10	\$ 10.41	\$ 10.40
Net assets at end of period (000's)	\$ 1,613	\$ 327	\$ 1,049	\$ 311	\$ 201	\$ 81
Units outstanding at end of period (000's)	152	31	80	24	19	8
Total return (1)	-19.56%	-19.76%	26.24%	25.92%	1.36%	1.76%
Investment income ratio (2)	6.79%	4.04%	3.23%	2.90%	2.35%	2.40%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	<b>MFS® Blended Research® Small Cap Equity Portfolio, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares <sup>(c)</sup>	B-Shares <sup>(a)</sup>	C-Shares <sup>(c)</sup>
Unit value - Beginning of period	\$ 12.54	\$ 12.49	\$ 11.07	\$ 11.43	\$ 10.18	\$ -
Unit value - End of period	\$ 11.72	\$ 11.65	\$ 12.54	\$ 12.49	\$ 11.07	\$ -
Net assets at end of period (000's)	\$ 321	\$ 43	\$ 226	\$ 20	\$ 3	\$ -
Units outstanding at end of period (000's)	27	4	18	2	0	-
Total return (1)	-6.55%	-6.76%	13.26%	9.28%	8.74%	0.00%
Investment income ratio (2)	3.77%	7.07%	1.24%	0.87%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	0.00%

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**(7) Financial Highlights (continued)**

	<b>MFS® VIT Total Return Bond Fund Initial Shares, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 10.01	\$ 9.97	\$ 9.72	\$ 9.71	\$ 9.96	\$ 9.97
Unit value - End of period	\$ 9.75	\$ 9.69	\$ 10.01	\$ 9.97	\$ 9.72	\$ 9.71
Net assets at end of period (000's)	\$ 2,691	\$ 835	\$ 1,524	\$ 701	\$ 553	\$ 216
Units outstanding at end of period (000's)	276	86	152	70	57	22
Total return (1)	-2.61%	-2.84%	2.92%	2.65%	-2.41%	-2.61%
Investment income ratio (2)	8.09%	6.87%	3.67%	3.69%	0.83%	1.67%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	<b>MFS® VIT Utilities Series Fund Initial Shares, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 10.79	\$ 10.75	\$ 9.54	\$ 9.53	\$ 9.89	\$ 9.90
Unit value - End of period	\$ 10.74	\$ 10.68	\$ 10.79	\$ 10.75	\$ 9.54	\$ 9.53
Net assets at end of period (000's)	\$ 973	\$ 81	\$ 584	\$ 38	\$ 143	\$ 24
Units outstanding at end of period (000's)	91	8	54	4	15	2
Total return (1)	-0.45%	-0.69%	13.13%	12.84%	-3.54%	-3.74%
Investment income ratio (2)	2.76%	1.84%	4.92%	4.28%	0.10%	1.89%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	<b>MFS® VIT Value Series, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 12.10	\$ 12.06	\$ 10.44	\$ 10.43	\$ 9.90	\$ 10.14
Unit value - End of period	\$ 10.72	\$ 10.65	\$ 12.10	\$ 12.06	\$ 10.44	\$ 10.43
Net assets at end of period (000's)	\$ 814	\$ 39	\$ 410	\$ 26	\$ 55	\$ 9
Units outstanding at end of period (000's)	76	4	34	2	5	1
Total return (1)	-11.41%	-11.66%	15.91%	15.62%	5.45%	2.86%
Investment income ratio (2)	7.14%	5.63%	2.71%	1.73%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	<b>Morgan Stanley Variable Insurance Fund, Inc. Global Infrastructure Portfolio Class I, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 10.85	\$ 10.82	\$ 9.75	\$ 9.74	\$ 10.09	\$ 10.01
Unit value - End of period	\$ 9.85	\$ 9.80	\$ 10.85	\$ 10.82	\$ 9.75	\$ 9.74
Net assets at end of period (000's)	\$ 917	\$ 227	\$ 622	\$ 204	\$ 141	\$ 69
Units outstanding at end of period (000's)	93	23	57	19	14	7
Total return (1)	-9.22%	-9.44%	11.31%	11.16%	-3.37%	-2.70%
Investment income ratio (2)	7.42%	5.17%	2.21%	2.45%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(7) Financial Highlights (continued)**

	<b>Morgan Stanley Variable Insurance Fund, Inc. Growth Portfolio, Class I, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares <sup>(c)</sup>	B-Shares <sup>(a)</sup>	C-Shares <sup>(c)</sup>
Unit value - Beginning of period	\$ 13.96	\$ 13.93	\$ 9.90	\$ 12.60	\$ 10.49	\$ -
Unit value - End of period	\$ 14.78	\$ 14.70	\$ 13.96	\$ 13.93	\$ 9.90	\$ -
Net assets at end of period (000's)	\$ 190	\$ 32	\$ 20	\$ 6	\$ 10	\$ -
Units outstanding at end of period (000's)	13	2	1	-	1	-
Total return (1)	5.91%	5.50%	41.02%	10.54%	-5.62%	0.00%
Investment income ratio (2)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	0.00%

	<b>TOPS® Aggressive Growth ETF Portfolio Class 1, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 12.56	\$ 12.51	\$ 10.56	\$ 10.55	\$ 10.24	\$ 10.58
Unit value - End of period	\$ 11.18	\$ 11.11	\$ 12.56	\$ 12.51	\$ 10.56	\$ 10.55
Net assets at end of period (000's)	\$ 935	\$ 493	\$ 601	\$ 85	\$ 202	\$ 12
Units outstanding at end of period (000's)	84	44	48	7	19	1
Total return (1)	-10.99%	-11.18%	18.91%	18.61%	3.13%	-0.28%
Investment income ratio (2)	3.05%	15.35%	1.69%	2.45%	0.79%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	<b>TOPS® Balanced ETF Portfolio Class 1, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 11.10	\$ 11.06	\$ 10.13	\$ 10.12	\$ 10.07	\$ 10.20
Unit value - End of period	\$ 10.35	\$ 10.28	\$ 11.10	\$ 11.06	\$ 10.13	\$ 10.12
Net assets at end of period (000's)	\$ 3,526	\$ 1,124	\$ 3,095	\$ 830	\$ 1,118	\$ 284
Units outstanding at end of period (000's)	341	109	279	75	110	28
Total return (1)	-6.79%	-7.03%	9.55%	9.28%	0.60%	-0.78%
Investment income ratio (2)	2.18%	2.48%	1.84%	1.63%	0.77%	0.45%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	<b>TOPS® Conservative ETF Portfolio Class 1, Subaccount</b>					
	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 10.60	\$ 10.58	\$ 10.05	\$ 10.04	\$ 10.03	\$ 10.03
Unit value - End of period	\$ 10.19	\$ 10.13	\$ 10.60	\$ 10.58	\$ 10.05	\$ 10.04
Net assets at end of period (000's)	\$ 2,452	\$ 5,030	\$ 1,599	\$ 4,071	\$ 1,045	\$ 2,719
Units outstanding at end of period (000's)	241	496	151	385	104	271
Total return (1)	-3.90%	-4.22%	5.48%	5.32%	0.20%	0.10%
Investment income ratio (2)	2.73%	2.15%	0.94%	0.92%	1.10%	1.11%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(7) Financial Highlights (continued)**

	TOPS® Growth ETF Portfolio Class 1, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 12.18	\$ 12.13	\$ 10.45	\$ 10.44	\$ 10.19	\$ 10.17
Unit value - End of period	\$ 10.97	\$ 10.90	\$ 12.18	\$ 12.13	\$ 10.45	\$ 10.44
Net assets at end of period (000's)	\$ 1,707	\$ 167	\$ 1,290	\$ 147	\$ 391	\$ 55
Units outstanding at end of period (000's)	156	15	106	12	37	5
Total return (1)	-9.97%	-10.16%	16.48%	16.19%	2.55%	2.65%
Investment income ratio (2)	3.10%	2.56%	1.59%	1.56%	1.16%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	TOPS® Moderate Growth ETF Portfolio Class 1, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 11.60	\$ 11.56	\$ 10.30	\$ 10.28	\$ 10.09	\$ 10.16
Unit value - End of period	\$ 10.67	\$ 10.61	\$ 11.60	\$ 11.56	\$ 10.30	\$ 10.28
Net assets at end of period (000's)	\$ 3,664	\$ 1,544	\$ 2,812	\$ 1,396	\$ 1,075	\$ 84
Units outstanding at end of period (000's)	343	146	242	121	104	8
Total return (1)	-7.99%	-8.24%	12.68%	12.40%	2.08%	1.18%
Investment income ratio (2)	2.62%	2.48%	1.63%	1.87%	0.39%	0.49%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Oppenheimer International Growth Fund/VA Non-Service Shares, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 12.35	\$ 12.38	\$ 9.93	\$ 9.95	\$ 10.10	\$ 10.46
Unit value - End of period	\$ 9.81	\$ 9.79	\$ 12.35	\$ 12.38	\$ 9.93	\$ 9.95
Net assets at end of period (000's)	\$ 93	\$ 18	\$ 35	\$ 3	\$ 1	\$ 0
Units outstanding at end of period (000's)	9	2	3	-	0	0
Total return (1)	-20.60%	-20.94%	24.42%	24.40%	-1.68%	-4.88%
Investment income ratio (2)	3.78%	11.48%	1.35%	1.57%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	PIMCO VIT Commodity/ RealReturn® Strategy Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 10.25	\$ 10.22	\$ 10.16	\$ 10.16	\$ 9.73	\$ 9.57
Unit value - End of period	\$ 8.68	\$ 8.64	\$ 10.25	\$ 10.22	\$ 10.16	\$ 10.16
Net assets at end of period (000's)	\$ 225	\$ 108	\$ 157	\$ 57	\$ 55	\$ 3
Units outstanding at end of period (000's)	26	13	15	6	5	0
Total return (1)	-15.32%	-15.41%	0.88%	0.63%	4.42%	6.17%
Investment income ratio (2)	4.85%	25.24%	9.66%	7.70%	0.65%	0.44%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(7) Financial Highlights (continued)**

	PIMCO VIT All Asset Portfolio Institutional Class, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 11.40	\$ 11.36	\$ 10.17	\$ 10.16	\$ 10.13	\$ 10.11
Unit value - End of period	\$ 10.65	\$ 10.58	\$ 11.40	\$ 11.36	\$ 10.17	\$ 10.16
Net assets at end of period (000's)	\$ 1,950	\$ 485	\$ 1,098	\$ 400	\$ 287	\$ 93
Units outstanding at end of period (000's)	183	46	96	35	28	9
Total return (1)	-6.62%	-6.88%	12.08%	11.80%	0.39%	0.49%
Investment income ratio (2)	9.53%	6.37%	6.10%	6.01%	3.97%	2.75%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	PIMCO VIT Real Return Fund Institutional Class, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 10.00	\$ 9.96	\$ 9.78	\$ 9.77	\$ 9.97	\$ 9.98
Unit value - End of period	\$ 9.65	\$ 9.59	\$ 10.00	\$ 9.96	\$ 9.78	\$ 9.77
Net assets at end of period (000's)	\$ 309	\$ 272	\$ 156	\$ 163	\$ 127	\$ 16
Units outstanding at end of period (000's)	32	28	16	16	13	2
Total return (1)	-3.53%	-3.74%	2.27%	2.01%	-1.91%	-2.10%
Investment income ratio (2)	3.03%	5.42%	2.48%	2.82%	0.92%	0.71%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Putnam VT High Yield Fund, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 11.03	\$ 10.99	\$ 10.44	\$ 10.43	\$ 10.06	\$ 10.08
Unit value - End of period	\$ 10.48	\$ 10.41	\$ 11.03	\$ 10.99	\$ 10.44	\$ 10.43
Net assets at end of period (000's)	\$ 1,420	\$ 348	\$ 853	\$ 294	\$ 269	\$ 66
Units outstanding at end of period (000's)	136	33	77	27	26	6
Total return (1)	-5.02%	-5.27%	5.63%	5.36%	3.78%	3.47%
Investment income ratio (2)	12.24%	10.45%	4.47%	3.66%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	T. Rowe Price Blue Chip Growth Fund, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 13.85	\$ 13.80	\$ 10.33	\$ 10.31	\$ 10.27	\$ 10.04
Unit value - End of period	\$ 13.91	\$ 13.82	\$ 13.85	\$ 13.80	\$ 10.33	\$ 10.31
Net assets at end of period (000's)	\$ 3,993	\$ 1,974	\$ 2,121	\$ 1,121	\$ 212	\$ 334
Units outstanding at end of period (000's)	287	143	153	81	21	32
Total return (1)	0.40%	0.14%	34.15%	33.81%	0.58%	2.69%
Investment income ratio (2)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(7) Financial Highlights (continued)**

	Vanguard VIF Capital Growth Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 13.86	\$ 13.81	\$ 10.92	\$ 10.91	\$ 10.39	\$ 10.71
Unit value - End of period	\$ 13.49	\$ 13.41	\$ 13.86	\$ 13.81	\$ 10.92	\$ 10.91
Net assets at end of period (000's)	\$ 802	\$ 663	\$ 416	\$ 514	\$ 37	\$ 12
Units outstanding at end of period (000's)	59	49	30	37	3	1
Total return (1)	-2.67%	-2.92%	26.92%	26.60%	5.10%	1.87%
Investment income ratio (2)	1.78%	1.87%	0.54%	0.49%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Vanguard VIF Diversified Value Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 11.86	\$ 11.82	\$ 10.64	\$ 10.63	\$ 10.25	\$ 10.22
Unit value - End of period	\$ 10.62	\$ 10.55	\$ 11.86	\$ 11.82	\$ 10.64	\$ 10.63
Net assets at end of period (000's)	\$ 897	\$ 521	\$ 532	\$ 368	\$ 93	\$ 18
Units outstanding at end of period (000's)	85	49	45	31	9	2
Total return (1)	-10.48%	-10.73%	11.48%	11.20%	3.80%	4.01%
Investment income ratio (2)	4.63%	4.78%	1.63%	1.09%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Vanguard VIF Equity Index Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 12.59	\$ 12.54	\$ 10.50	\$ 10.49	\$ 10.15	\$ 10.07
Unit value - End of period	\$ 11.84	\$ 11.77	\$ 12.59	\$ 12.54	\$ 10.50	\$ 10.49
Net assets at end of period (000's)	\$ 3,882	\$ 3,125	\$ 1,880	\$ 2,397	\$ 380	\$ 535
Units outstanding at end of period (000's)	328	266	149	191	36	51
Total return (1)	-5.97%	-6.17%	19.85%	19.55%	3.45%	4.17%
Investment income ratio (2)	3.35%	2.72%	1.22%	1.19%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Vanguard VIF High Yield Bond Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 10.81	\$ 10.76	\$ 10.25	\$ 10.24	\$ 10.04	\$ 10.04
Unit value - End of period	\$ 10.35	\$ 10.29	\$ 10.81	\$ 10.76	\$ 10.25	\$ 10.24
Net assets at end of period (000's)	\$ 878	\$ 468	\$ 531	\$ 398	\$ 176	\$ 68
Units outstanding at end of period (000's)	85	45	49	37	17	7
Total return (1)	-4.23%	-4.40%	5.42%	5.15%	2.09%	1.99%
Investment income ratio (2)	7.91%	8.00%	3.63%	3.48%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(7) Financial Highlights (continued)**

	Vanguard VIF International Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 14.29	\$ 14.23	\$ 10.16	\$ 10.15	\$ 10.19	\$ 10.14
Unit value - End of period	\$ 12.30	\$ 12.22	\$ 14.29	\$ 14.23	\$ 10.16	\$ 10.15
Net assets at end of period (000's)	\$ 2,713	\$ 987	\$ 1,938	\$ 1,085	\$ 432	\$ 213
Units outstanding at end of period (000's)	221	81	136	76	42	21
Total return (1)	-13.95%	-14.12%	40.56%	40.21%	-0.29%	0.10%
Investment income ratio (2)	1.47%	1.38%	0.74%	0.72%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Vanguard VIF Mid-Cap Index Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 12.25	\$ 12.21	\$ 10.44	\$ 10.43	\$ 10.25	\$ 10.17
Unit value - End of period	\$ 10.94	\$ 10.88	\$ 12.25	\$ 12.21	\$ 10.44	\$ 10.43
Net assets at end of period (000's)	\$ 3,326	\$ 956	\$ 2,277	\$ 876	\$ 640	\$ 103
Units outstanding at end of period (000's)	304	88	186	72	61	10
Total return (1)	-10.67%	-10.93%	17.31%	17.02%	1.85%	2.56%
Investment income ratio (2)	2.24%	2.32%	0.87%	0.56%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Vanguard VIF Money Market Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 9.91	\$ 9.87	\$ 9.96	\$ 9.94	\$ 9.98	\$ 9.97
Unit value - End of period	\$ 9.95	\$ 9.89	\$ 9.91	\$ 9.87	\$ 9.96	\$ 9.94
Net assets at end of period (000's)	\$ 584	\$ 186	\$ 169	\$ 129	\$ 131	\$ 176
Units outstanding at end of period (000's)	59	19	17	13	13	18
Total return (1)	0.43%	0.19%	-0.49%	-0.74%	-0.20%	-0.30%
Investment income ratio (2)	6.48%	2.07%	1.01%	0.95%	0.19%	0.17%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Vanguard VIF Real Estate Index Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 9.61	\$ 9.57	\$ 9.31	\$ 9.30	\$ 9.96	\$ 9.96
Unit value - End of period	\$ 8.96	\$ 8.90	\$ 9.61	\$ 9.57	\$ 9.31	\$ 9.30
Net assets at end of period (000's)	\$ 1,939	\$ 1,201	\$ 1,428	\$ 1,219	\$ 417	\$ 533
Units outstanding at end of period (000's)	216	135	149	127	45	57
Total return (1)	-6.79%	-6.98%	3.22%	2.96%	-6.53%	-6.63%
Investment income ratio (2)	5.27%	4.03%	1.77%	1.94%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%



**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(7) Financial Highlights (continued)**

	Vanguard VIF Small Company Growth Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 13.22	\$ 13.18	\$ 10.87	\$ 10.86	\$ 10.17	\$ 10.40
Unit value - End of period	\$ 12.08	\$ 12.01	\$ 13.22	\$ 13.18	\$ 10.87	\$ 10.86
Net assets at end of period (000's)	\$ 1,484	\$ 500	\$ 1,048	\$ 437	\$ 259	\$ 27
Units outstanding at end of period (000's)	123	42	79	33	24	2
Total return (1)	-8.64%	-8.91%	21.63%	21.33%	6.88%	4.42%
Investment income ratio (2)	0.75%	0.87%	0.35%	0.17%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Vanguard VIF Total Bond Market Index Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 9.77	\$ 9.74	\$ 9.59	\$ 9.58	\$ 9.96	\$ 9.96
Unit value - End of period	\$ 9.62	\$ 9.56	\$ 9.77	\$ 9.74	\$ 9.59	\$ 9.58
Net assets at end of period (000's)	\$ 5,900	\$ 2,110	\$ 3,498	\$ 1,561	\$ 1,096	\$ 540
Units outstanding at end of period (000's)	614	221	358	160	114	56
Total return (1)	-1.58%	-1.89%	1.94%	1.69%	-3.71%	-3.82%
Investment income ratio (2)	4.29%	3.51%	1.66%	1.81%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

	Vanguard VIF Total Stock Market Index Portfolio, Subaccount					
	2018		2017		2016	
	B-Shares	C-Shares	B-Shares	C-Shares	B-Shares <sup>(a)</sup>	C-Shares <sup>(a)</sup>
Unit value - Beginning of period	\$ 12.61	\$ 12.56	\$ 10.58	\$ 10.57	\$ 10.12	\$ 10.11
Unit value - End of period	\$ 11.76	\$ 11.69	\$ 12.61	\$ 12.56	\$ 10.58	\$ 10.57
Net assets at end of period (000's)	\$ 4,015	\$ 1,993	\$ 2,433	\$ 1,710	\$ 564	\$ 434
Units outstanding at end of period (000's)	342	171	193	136	53	41
Total return (1)	-6.76%	-6.96%	19.17%	18.88%	4.55%	4.55%
Investment income ratio (2)	3.57%	2.55%	1.25%	1.55%	0.00%	0.00%
Expense ratio (3)	1.50%	1.75%	1.50%	1.75%	1.50%	1.75%

**MEMBERS Horizon Variable Separate Account**  
**Notes to Financial Statements**

**(7) Financial Highlights (continued)**

<sup>^</sup> This subaccount is not available for this product share type.

- (1) The Total Return represents the total return for the periods indicated, including changes in the value of the underlying fund and expenses assessed through the reduction of unit values. These ratios do not include any expenses assessed through the redemption of units. The total return is calculated for each period shown and, accordingly, is not annualized for periods less than one year.
- (2) The Investment Income Ratio represents dividends received by the subaccount, excluding capital gains distributions, divided by the daily average net assets for the period indicated. The recognition of investment income is determined by the timing of the declaration of dividends by the underlying fund in which the subaccount invests.
- (3) The Expense Ratio represents the annualized contract expenses of the respective contract of the Account, consisting of mortality and expense risk charges, as defined in the Account Charges note. The ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through the redemption of units and expenses of the underlying fund have been excluded.
- (a) The subaccount commenced operations effective July 11, 2016. The beginning unit value reported for 2016 is equal to the unit value at the date of first investment.
- (b) There were no investments for the years ended December 31, 2017 and 2016. The date of first investment occurred in 2018, and the beginning unit value reported in 2018 is equal to the unit value on this date.
- (c) There were no investments as of December 31, 2016. The date of first investment occurred in 2017, and the beginning unit value reported in 2017 is equal to the unit value on this date.
- (d) The subaccount commenced operations effective December 3, 2018. The beginning unit value is equal to the unit value at the date of first investment. There have been no investments in the subaccount since the date of commencement on December 3, 2018.

**(8) Subsequent Events**

The Account evaluated subsequent events through the date the financial statements were issued. During this period, there were no significant subsequent events that required adjustment to or disclosure in the accompanying financial statements.

# **MEMBERS Life Insurance Company**

**Financial Statements as of December 31, 2018 and 2017  
and for each of the Three Years in the Period Ended December 31, 2018  
and Report of Independent Registered Public Accounting Firm**

**Index to  
Financial Statements of  
MEMBERS Life Insurance Company**

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholder of  
MEMBERS Life Insurance Company

### **Opinion on the Financial Statements**

We have audited the accompanying balance sheets of MEMBERS Life Insurance Company (the "Company") as of December 31, 2018 and 2017, the related statements of operations and comprehensive income (loss), stockholder's equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

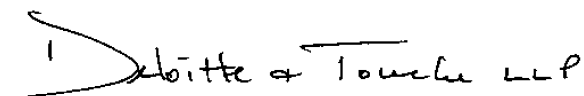
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Emphasis of a Matter**

As discussed in Note 1 to the financial statements, results of the Company may not be indicative of those of a stand-alone entity, as the Company is a member of a controlled group of affiliated companies. Our opinion is not modified with respect to this matter.



Chicago, Illinois  
March 4, 2019

We have served as the Company's auditor since 2012.

**MEMBERS Life Insurance Company**  
Balance Sheets  
December 31, 2018 and 2017  
(\$ in 000s)

<b>Assets</b>	2018	2017
<b>Investments</b>		
Debt securities, available for sale, at fair value (amortized cost 2018- \$29,856; 2017 - \$10,650)	\$ 29,569	\$ 10,667
<b>Total investments</b>	29,569	10,667
Cash and cash equivalents	24,912	18,440
Accrued investment income	304	113
Reinsurance recoverable from affiliate	24,034	23,973
Assets on deposit	3,138,096	2,453,033
Premiums receivable, net	13	12
Net deferred tax asset	375	74
Receivable from affiliate	5,027	8,492
Other assets and receivables	819	137
Federal income taxes recoverable from affiliate	2,889	2,471
Separate account assets	103,205	69,005
<b>Total assets</b>	<b>\$ 3,329,243</b>	<b>\$ 2,586,417</b>
<b>Liabilities and Stockholder's Equity</b>		
<b>Liabilities</b>		
Claim and policy benefit reserves - life and health	\$ 26,836	\$ 23,052
Policyholder account balances	3,142,077	2,456,634
Payables to affiliates	3,006	2,771
Accounts payable and other liabilities	14,199	16,257
Separate account liabilities	103,205	69,005
<b>Total liabilities</b>	3,289,323	2,567,719
<b>Commitments and contingencies (Note 11)</b>		
<b>Stockholder's equity</b>		
Common stock, \$5 par value, authorized 1,000 shares; issued and outstanding 1,000 shares	5,000	5,000
Additional paid in capital	31,153	10,500
Accumulated other comprehensive income (loss), net of tax expense (benefit) (2018 - (\$61); 2017 - \$6)	(226)	11
Retained earnings	3,993	3,187
<b>Total stockholder's equity</b>	39,920	18,698
<b>Total liabilities and stockholder's equity</b>	<b>\$ 3,329,243</b>	<b>\$ 2,586,417</b>

**MEMBERS Life Insurance Company**  
 Statements of Operations and Comprehensive Income (Loss)  
 Years Ended December 31, 2018, 2017 and 2016  
 (\$ in 000s)

	2018	2017	2016
<b>Revenues</b>			
Life and health premiums, net	\$ -	\$ -	\$ (21)
Net investment income	762	517	376
Net realized investment (losses)	(17)	-	-
Other income	18	3,996	3,415
<b>Total revenues</b>	<b>763</b>	<b>4,513</b>	<b>3,770</b>
<b>Benefits and expenses</b>			
Life and health insurance claims and benefits, net	-	2	(1)
Interest credited to policyholder account balances, net	(15)	-	-
Operating and other expenses	151	1,709	1,049
<b>Total benefits and expenses</b>	<b>136</b>	<b>1,711</b>	<b>1,048</b>
<b>Income before income taxes</b>	<b>627</b>	<b>2,802</b>	<b>2,722</b>
Income tax expense (benefit)	(182)	723	887
<b>Net income</b>	<b>809</b>	<b>2,079</b>	<b>1,835</b>
Change in unrealized gains (losses), net of tax expense (benefit) (2018 - (\$50); 2017 - \$181; 2016 - (\$53))	(188)	334	(98)
Reclassification adjustment for (gains) included in net income, net of tax (benefit) (2018 - (\$14))	(52)	-	-
<b>Other comprehensive income (loss)</b>	<b>(240)</b>	<b>334</b>	<b>(98)</b>
<b>Total comprehensive income</b>	<b>\$ 569</b>	<b>\$ 2,413</b>	<b>\$ 1,737</b>

**MEMBERS Life Insurance Company**  
 Statements of Stockholder's Equity  
 Years Ended December 31, 2018, 2017 and 2016  
 (\$ in 000s)

	Common stock	Additional paid in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total stockholder's equity
<b>Balance, January 1, 2016</b>	\$ 5,000	\$ 10,500	\$ (225)	\$ 6,273	\$ 21,548
Net income	-	-	-	1,835	1,835
Other comprehensive (loss)	-	-	(98)	-	(98)
<b>Balance, December 31, 2016</b>	5,000	10,500	(323)	8,108	23,285
Net income	-	-	-	2,079	2,079
Other comprehensive income	-	-	334	-	334
Dividend to parent	-	-	-	(7,000)	(7,000)
<b>Balance, December 31, 2017</b>	5,000	10,500	11	3,187	18,698
Net income	-	-	-	809	809
Other comprehensive (loss)	-	-	(240)	-	(240)
Capital contribution	-	20,653	-	-	20,653
Cumulative effect of reclassification for stranded tax effects	-	-	3	(3)	-
<b>Balance, December 31, 2018</b>	\$ 5,000	\$ 31,153	\$ (226)	\$ 3,993	\$ 39,920



**MEMBERS Life Insurance Company**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018, 2017 and 2016**  
(\$ in 000s)

	2018	2017	2016
<b>Cash flows from operating activities:</b>			
Net income	\$ 809	\$ 2,079	\$ 1,835
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Net realized investment losses	17	-	-
Interest credited to policyholder account balances	(15)	-	-
Deferred income taxes	(262)	241	240
Amortization of bond premium and discount	15	19	33
Amortization and write off of deferred charges	16	20	23
Changes in other assets and liabilities			
Accrued investment income	(20)	3	18
Reinsurance recoverable from affiliate	(333)	(590)	752
Premiums receivable	(1)	3	11
Receivable from affiliate and other assets	2,767	3,228	(6,423)
Federal income taxes recoverable from affiliate	(418)	(835)	(1,121)
Claim and policy benefit reserves - life and health	3,784	1,546	(720)
Payables to affiliates and other liabilities	(1,821)	59	5,311
<b>Net cash provided by (used in) operating activities</b>	<b>4,538</b>	<b>5,773</b>	<b>(41)</b>
<b>Cash flows from investing activities:</b>			
Proceeds on sale or maturity of debt securities	1,268	367	1,628
<b>Net cash provided by investing activities</b>	<b>1,268</b>	<b>367</b>	<b>1,628</b>
<b>Cash flows from financing activities:</b>			
Dividend to parent	-	(7,000)	-
Policyholder account deposits	781,815	719,883	634,345
Policyholder account withdrawals	(88,266)	(50,481)	(31,206)
Assets on deposit - deposits	(780,777)	(718,797)	(634,039)
Assets on deposit - withdrawals	87,895	49,964	30,951
Change in bank overdrafts	(1)	(1)	1
<b>Net cash provided by (used in) financing activities</b>	<b>666</b>	<b>(6,432)</b>	<b>52</b>
<b>Change in cash and cash equivalents</b>	<b>6,472</b>	<b>(292)</b>	<b>1,639</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>18,440</b>	<b>18,732</b>	<b>17,093</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 24,912</b>	<b>\$ 18,440</b>	<b>\$ 18,732</b>
<b>Supplemental disclosure of cash information:</b>			
Net cash paid to affiliate for income taxes	\$ 498	\$ 1,316	\$ 1,768
Non cash receipt of securities as capital contribution from parent	20,653	-	-

**Note 1: Nature of Business**

MEMBERS Life Insurance Company (“MLIC” or the “Company”) is a life and health insurance stock company organized under the laws of Iowa and a wholly-owned subsidiary of CUNA Mutual Investment Corporation (“CMIC”). CMIC is organized under the laws of Wisconsin and is a wholly-owned subsidiary of CMFG Life Insurance Company (“CMFG Life”), an Iowa life insurance company. CMFG Life and its affiliated companies primarily sell insurance and other products to credit unions and their members. The Company’s ultimate parent is CUNA Mutual Holding Company (“CMHC”), a mutual insurance holding company organized under the laws of Iowa. MLIC began selling flexible premium variable and index linked deferred annuity contracts in 2016 and single premium deferred index annuity contracts in 2013. Both products are sold to consumers, including credit union members, through the face-to-face distribution channel. Prior to 2013, MLIC did not actively market new business; it primarily serviced existing blocks of individual and group life policies. See Note 7, Reinsurance, for information on the Company’s reinsurance agreements.

MLIC is authorized to sell life, health and annuity policies in all states in the U.S. and the District of Columbia, except New York. The following table identifies states with premiums greater than 5% of total direct premium and states with deposits on annuity contracts greater than 5% of total deposits:

	Direct Life and Health Premium			Deposits on Annuity Contracts		
	2018	2017	2016	2018	2017	2016
Michigan	62%	62%	63%	7%	9%	6%
Texas	24	24	23	*	5	8
California	5	5	6	*	6	7
Pennsylvania	*	*	*	8	8	6
Iowa	*	*	*	6	7	6
Florida	*	*	*	6	*	*
Indiana	*	*	*	5	6	7
Wisconsin	*	*	*	5	6	6
Washington	*	*	*	*	*	5

\*Less than 5%.

No other state represents more than 5% of the Company’s premiums or deposits for any year in the three years ended December 31, 2018.

As discussed in Note 6, CMFG Life provides significant services required in the conduct of the Company’s operations. Management believes allocations of expenses are reasonable, but the results of the Company’s operations may have materially differed from the results reflected in the accompanying financial statements if the Company did not have this relationship.

**Note 2: Summary of Significant Accounting Policies**

***Basis of Presentation***

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

### ***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and in some cases the difference could be material. Investment valuations, embedded derivatives, deferred tax asset valuation reserves, and claim and policy benefit reserves are most affected by the use of estimates and assumptions.

### ***Segment Reporting***

The Company is currently managed as two reportable business segments, (1) life and health and (2) annuities. The Company's life and health segment includes individual and group life policies that the Company no longer actively markets. The annuities segment includes its single premium deferred index annuity contracts and flexible premium variable and index linked deferred annuity contracts. See Note 7, Reinsurance, for information on the Company's reinsurance agreements, which impact the financial statement presentation of these segments.

### ***Investments***

*Debt securities:* Investments in debt securities are classified as available-for-sale and are carried at fair value. A debt security is considered other-than-temporarily impaired when the fair value is less than the amortized cost basis and its value is not expected to recover through the Company's anticipated holding period of the security. If a credit loss exists, but the Company does not intend to sell the impaired debt security and is not more likely than not to be required to sell before recovery, it is required to bifurcate the impairment into the loss that is attributable to credit and non-credit related components. The credit portion of the other-than-temporary impairment ("OTTI") is the difference between the present value of the expected future cash flows and amortized cost. Only the estimated credit loss amount is recognized in net realized investment gains, with the remainder of the loss amount recognized in other comprehensive loss. If the Company intends to sell or it is more likely than not that the Company will be required to sell before anticipated recovery in value, the Company records a realized loss equal to the difference between the amortized cost and fair value. The fair value of the other-than-temporarily impaired security becomes its new cost basis. In determining whether an unrealized loss is expected to be other than temporary, the Company considers, among other factors, any plans to sell the security, the severity of impairment, financial position of the issuer, recent events affecting the issuer's business and industry sector, credit ratings, and the intent and ability of the Company to hold the investment until the fair value has recovered at least its cost basis.

Unrealized gains and losses on investments in debt securities, net of deferred federal income taxes, are included in accumulated other comprehensive income (loss) as a separate component of stockholder's equity.

*Policy loans:* The Company allocated \$1,367 and \$1,540 of policy loans to CMFG Life as of December 31, 2018 and 2017, respectively, as payment pursuant to a life reinsurance agreement with CMFG Life (See Note 7). As a result of the 2015 amendment, all policy loans are allocated to CMFG Life.

*Net investment income:* Interest income related to mortgage-backed and other structured securities is recognized on an accrual basis using a constant effective yield method, based on anticipated prepayments and the estimated economic life of the securities. When estimates of prepayments change, the effective yield is recalculated to reflect actual payments to date and anticipated future payments and such adjustments are reflected in net investment income. Prepayment assumptions for loan-backed bonds and structured securities are based on industry averages or internal estimates. Interest income related to non-structured securities is recognized on an accrual basis using a constant effective yield method. Discounts and premiums on debt securities are amortized over the estimated lives of the respective securities on an effective yield basis.

*Net realized gains and losses:* Realized gains and losses on the sale of investments are determined on a specific identification basis and are recorded on the trade date.

### ***Assets on Deposit***

Assets on deposit represent the amount of policyholder account balances related to reinsurance of the single premium deferred index annuity and risk control accounts of the flexible premium variable and index linked deferred annuity contracts (investment-type contracts) that are ceded to CMFG Life. Assets on deposit are accounted for on a basis consistent with accounting for the underlying investment type contracts; therefore, the Company accounts for the reinsurance of these contracts using the deposit method of accounting consistent with the terms of the reinsurance agreement with CMFG Life. The related contract charges and interest credited to policyholder account balances in the statements of operations and comprehensive income (loss) are reported net of the amounts ceded under the agreement. See Note 7 for a further discussion of the ceding agreement.

### ***Derivative Financial Instruments***

The Company issues single premium deferred index annuity and flexible premium variable and index linked deferred annuity contracts that contain embedded derivatives. Derivatives embedded within non-derivative host contracts are separated from the host instrument when the embedded derivative is not clearly and closely related to the host instrument. Such embedded derivatives are recorded at fair value, and they are reported as part of assets on deposit and policyholder account balances in the balance sheets, with the change in the value being recorded in net realized investment (losses). See Note 3, Investments-Embedded Derivatives for additional information.

Changes in the fair value of the embedded derivative in assets on deposit offset changes in the fair value of the embedded derivative in policyholder account balances; both of these changes are included in net realized investment gains and are ceded as part of the ceding and reinsurance agreements. Accretion of the interest on assets on deposit offsets accretion of the interest on the host contract; both of these amounts are included in interest credited on policyholder account balances and are ceded as part of the ceding and reinsurance agreements.

### ***Cash and Cash Equivalents***

Cash and cash equivalents include unrestricted deposits in financial institutions with maturities of 90 days or less. The Company recognizes a liability in accounts payable and other liabilities for the amount of checks issued in excess of its current cash balance. The change in this overdraft amount is recognized as a financing activity in the Company's statement of cash flows.

### ***Variable Interest Entities***

A variable interest entity ("VIE") is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not substantively participate in the gains and losses of the entity. Consolidation of a VIE by its primary beneficiary is not based on majority voting interest, but is based on a review of the VIE's capital structure, contractual relationships and terms, nature of the VIE's operations and purpose, nature of the VIE's interests issued and the Company's involvement with the entity. When assessing the need to consolidate a VIE, the Company evaluates the design of the VIE as well as the related exposure to the variable interest holders.

The primary beneficiary is the entity that has both the power to direct the activities of the VIE that most significantly affect the entity's economic performance and the obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE. While also considering these factors, the consolidation conclusion depends on the breadth of the Company's decision-making ability and the Company's ability to influence activities that significantly affect the economic performance of the VIE.

*Unconsolidated VIEs:* The Company invests in residential mortgage-backed securities which are classified as VIEs for which the Company is not the primary beneficiary, and, therefore, these VIEs were not consolidated on

the Company's balance sheets. The Company invests in these securities with the primary purpose of earning capital appreciation. The maximum exposure to loss relating to these securities is equal to the carrying amount of the security. The values of these investments are disclosed in the Debt Securities section of Note 3.

### ***Recognition of Insurance Revenue and Related Benefits***

Term-life and whole-life insurance premiums are recognized as premium income when due. Policy benefits for these products are recognized in relation to the premiums so as to result in the recognition of profits over the expected lives of the policies and contracts.

Policies not subject to significant mortality or longevity risk, such as the Company's single premium deferred index annuity and flexible premium variable and index linked deferred annuity contracts, are considered investment-type contracts. Amounts collected on these products, with the exception of the variable annuity component of the flexible premium variable and index linked deferred annuity, are recorded as increases in policyholder account balances. The variable annuity component of the flexible premium variable and index linked deferred annuity meets criteria for separate account reporting and therefore is recorded in separate account assets and liabilities. Revenues from investment-type contracts principally consist of net investment income and contract charges such as expense and surrender charges. Expenses for investment-type contracts consist of interest credited to contracts, benefits incurred in excess of related policyholder account balances and policy maintenance costs. Because the Company has entered into an agreement with CMFG Life to cede 100% of this business, these revenues and expenses are ceded and do not impact the statement of operations and comprehensive income (loss). See Note 7, Reinsurance for additional information on this agreement.

### ***Other Income / Operating and Other Expenses***

Other income in 2018 represents advisory fees based on a percentage of assets under management. Other income in 2017 and 2016 includes legal settlements received on structured security investments that had previously been sold. Operating and other expenses in 2017 and 2016 include legal expenses related to settlements received. There were no legal settlements in 2018.

### ***Deferred Policy Acquisition Costs***

The costs of acquiring insurance business that are directly related to the successful acquisition of new and renewal business are deferred to the extent that such costs are expected to be recoverable from future profits. Such costs principally include commissions and sales costs, premium taxes, and certain policy issuance and underwriting costs. Costs deferred on term-life and whole-life insurance products, deferred policy acquisition costs ("DAC"), are amortized in proportion to the ratio of the annual premium to the total anticipated premiums generated. Due to the age of the life insurance policies, all DAC has been fully amortized as of December 31, 2018 and 2017 and there was no amortization expense in 2018, 2017 or 2016.

Acquisition costs on the Company's single premium deferred index annuity and flexible premium variable and index linked deferred annuity contracts are reimbursed through a ceding commission by CMFG Life, which assumes all deferrable costs as part of its agreement to assume 100% of this business from the Company. See Note 7, Reinsurance for additional information on this agreement.

### ***Claim and Policy Benefits Reserves – Life and Health***

Life and health claim and policy benefit reserves consist principally of future policy benefit reserves and reserves for estimates of future payments on incurred claims reported but not yet paid and unreported incurred claims. Estimates for future payments on incurred claims are developed using actuarial principles and assumptions based on past experience adjusted for current trends. Any change in the probable ultimate liabilities is reflected in net income in the period in which the change is determined.

When actual experience indicates that existing contract liabilities, together with the present value of future gross premiums will not be sufficient to recover the present value of future benefits or recover unamortized deferred acquisition costs, a premium deficiency will be recognized by either a reduction in unamortized acquisition costs or an increase in the liability for future benefits. There was no premium deficiency in 2018, 2017 or 2016.

Additionally, the liability for future policy benefits may not be deficient in the aggregate to trigger a premium deficiency, but the pattern of earnings may be such that profits are expected to be recognized in early years followed by losses in later years. In those situations, the liability for future benefits will be increased to offset losses that would be recognized in later years. The Company recorded a liability of \$138 as of December 31, 2018 for the profits that are expected to be followed by losses in the future. There was no liability recorded for the year ended December 31, 2017.

### ***Policyholder Account Balances***

The single premium deferred index annuities and risk control accounts of the flexible premium variable and index linked deferred annuities are included in policyholder account balances. These products have two risk control accounts, referred to as the Secure and Growth Accounts; the Secure Account has a yearly credited interest rate floor of 0% and the yearly Growth Account floor is -10%. The Secure and Growth Accounts both have credited interest rate caps that vary based on the issuance date of the contract. Interest is credited at the end of each contract year during the selected index term based on the allocation between risk control accounts and the performance of an external index (reference index) during that contract year. For the single premium deferred index annuity, the Company offers one reference index, which is the S&P 500 Index. For the flexible premium variable and index linked deferred annuity, the Company offers two reference indices, which are the S&P 500 Index and the MSCI EAFE Index. Policyholders are able to allocate funds in both the Secure and Growth Accounts for the available indices. At the end of the initial index term, only the Secure Account is available as an option to the policyholder. The average annualized credited rate for the single premium deferred index annuity was 1.50%, 1.44% and 1.63% in 2018, 2017 and 2016, respectively. The average annualized credited rate for the risk control accounts of the flexible premium variable and index linked deferred annuity was 1.20%, 1.59% and 1.12% in 2018, 2017 and 2016, respectively.

The Company recognizes a liability at the stated account value for policyholder deposits that are not subject to significant policyholder mortality or longevity risk and for universal life-type policies. The account value equals the sum of the original deposit and accumulated interest, less any withdrawals and expense charges. The average credited rate was 4.5% in 2018, 2017 and 2016. The future minimum guaranteed interest rate during the life of the contracts is 4.5%.

### ***Accounts Payable and Other Liabilities***

The Company issues the single premium deferred index annuity contracts on the 10<sup>th</sup> and 25<sup>th</sup> of each month. The Company recognizes a liability on contracts for which it has received cash, but has not issued a contract.

### ***Reinsurance***

Reinsurance premiums, claims and benefits, commission expense reimbursements, and reserves related to reinsured business ceded are accounted for on a basis consistent with the accounting for the underlying direct policies that have been ceded and the terms of the reinsurance contracts. Premiums and insurance claims and benefits in the statements of operations and comprehensive income (loss) are reported net of the amounts ceded to other companies under such reinsurance contracts. Ceded insurance reserves and ceded benefits paid are included in reinsurance recoverables along with certain ceded policyholder account balances, which include mortality risk. A prepaid reinsurance asset is also recorded for the portion of unearned premiums related to ceded policies.

### ***Separate Accounts***

Separate accounts represent customer accounts related to the variable annuity component of the flexible premium variable and index linked deferred annuity contracts issued by the Company, where investment income and investment gains and losses accrue directly to the contract holders who bear the investment risk.

Contract holders are able to invest in investment funds managed for their benefit. All of the separate account assets are invested in unit investment trusts that are registered with the Securities and Exchange Commission ("SEC") as of December 31, 2018.

Separate account assets are legally segregated and may only be used to settle separate account liabilities. Separate account assets are carried at fair value, which is based on daily quoted net asset values at which the Company could transact on behalf of the contract holder. Separate account liabilities are equal to the separate account assets and represent contract holders' claims to the related assets. Contract holder deposits to and withdrawals from the separate accounts are recorded directly to the separate account assets and liabilities and are not included in the Company's statements of operations and comprehensive income (loss).

Charges made by the Company to the contract holders' balances include fees for maintenance, administration, cost of insurance, and surrenders of contracts prior to the contractually specified dates. Because the Company has entered into an agreement with CMFG Life to cede 100% of this business, these revenues are ceded and do not impact the statement of operations and comprehensive income (loss). See Note 7, Reinsurance for additional information on this agreement.

### ***Income Taxes***

The Company recognizes taxes payable or refundable and deferred taxes for the tax consequences of differences between the financial reporting and tax basis of assets and liabilities. Deferred tax assets and liabilities are measured by applying the enacted tax rates to the difference between the financial statement and tax basis of assets and liabilities. The Company records current tax benefits and deferred tax assets utilizing a benefits-for-loss approach. Under this approach, current benefits are realized and deferred tax assets are considered realizable by the Company when realized or realizable by the consolidated group of which the Company is a member even if the benefits would not be realized on a stand-alone basis. The Company records a valuation allowance for deferred tax assets if it determines it is more likely than not that the asset will not be realized by the consolidated group. Deferred income tax assets can be realized through future earnings, including, but not limited to, the generation of future income, reversal of existing temporary differences and available tax planning strategies.

The Company is subject to tax-related audits. These audits may result in additional tax assets or liabilities. In establishing tax liabilities, the Company determines whether a tax position is more likely than not to be sustained under examination by the appropriate taxing authority. Tax positions that do not meet the more likely than not standard are not recognized. Tax positions that meet this standard are recognized in the financial statements within net deferred tax assets or liabilities or federal income taxes recoverable or payable.

As a result of the comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"), which was enacted by the U.S. federal government on December 22, 2017, the Company remeasured its deferred tax assets and liabilities as of December 22, 2017 and included the results of remeasurement in its December 31, 2017 financial results. The impact of the remeasurement and further discussion on the Tax Act are disclosed in the Tax Reform section of Note 5, Income Tax.

### ***Recently Adopted Accounting Standard Updates***

In February 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ("ASU 2018-02"), effective in 2018. The Company elected to adopt ASU 2018-02 in 2018. The new guidance

permits reclassification from accumulated other comprehensive income (“AOCI”) to retained earnings for “stranded tax effects” as defined in ASU 2018-02. Stranded tax effects occur when a change in enacted tax rates is recorded in income from continuing operations, even in situations in which the related income tax effects were originally recognized in AOCI, rather than in income from continuing operations. Companies may elect to make the reclassification only as it relates to the U.S. federal income tax rate cut made by the Tax Act. The Company’s election reduced retained earnings and increased AOCI by \$3 but did not change total stockholder’s equity or net income.

In August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”), effective in 2020, with early adoption permitted. The Company elected to adopt ASU 2018-13 in 2018. Items removed from Note 4, Fair Value, include the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation process for Level 3 fair value measurements. New disclosures added include the changes in unrealized gains and losses included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements.

#### **Accounting Standards Updates Pending Adoption**

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses of Financial Instruments* (“ASU 2016-13”) with an effective date in 2020 for public business entities and 2021 for others. The new standard replaces the existing incurred loss recognition model with an expected credit loss recognition model. The objective of the expected credit loss model is for the Company to recognize its estimate of expected credit losses for affected financial assets in a valuation allowance deducted from the amortized cost basis of the related financial assets that results in presenting the net carrying value of the financial assets at the amount expected to be collected. The Company must consider all available relevant information when estimating expected credit losses, including details about past events, current conditions, and reasonable and supportable forecasts over the contractual life of an asset. Financial assets may be evaluated individually or on a pooled basis when they share similar risk characteristics. The measurement of credit losses for available-for-sale debt securities measured at fair value is not affected, except that credit losses recognized are limited to the amount by which fair value is below amortized cost and the carrying value adjustment is recognized through an allowance and not as a direct write-down. Upon adoption, the Company does not expect the impact of ASU 2016-13 to be material.

In August 2018, the FASB adopted ASU No. 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts* (“ASU 2018-12”) with an effective date in 2021 for public business entities and 2022 for other entities. The new standard makes significant changes to accounting requirements for long-duration insurance contracts, including long-term care, traditional and limited payment life insurance, and annuities. The significant provisions are shown below.

- Under current guidance, the liability for future policy benefits for long-duration products is established based on assumptions set at issue which are not changed unless there is a premium deficiency. Under ASU 2018-12, these assumptions, which include mortality, morbidity, persistency, expenses, and the discount rate, must be reviewed for changes at least annually. When assumptions other than the discount rate are changed, the liability is recomputed and a cumulative catch-up adjustment is recorded in the current year income statement. The discount rate, which is based on the yield of an upper-medium-grade fixed income instrument, must be updated each reporting period; changes in the liability resulting from the discount rate are recorded in other comprehensive income.
- The liability for future policy benefits can no longer include a provision for adverse deviation.
- Because liability assumptions are updated periodically, the test for premium deficiency is no longer required for nonparticipating traditional and limited payment contracts.
- ASU 2018-12 introduces the concept of market risk benefits for product features such as guaranteed minimum death or income benefits, which must be accounted for at fair value.
- Deferred acquisition costs will generally be amortized to expense on a constant level basis, either individually or on a grouped contract basis consistent with the related reserves, over the expected term of the contracts. Amortization based on estimated gross profits or gross margins will be eliminated. The



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deferred policy acquisition costs asset does not need to be tested for impairment, no interest is accreted, and shadow adjustments are no longer required.

- Insurers must provide disclosures that allow financial statement users to understand the amount, timing, and uncertainty of future cash flows arising from the insurance liabilities.

The Company is currently evaluating the potential impact of ASU 2018-12.

**Note 3: Investments**

***Debt Securities***

The amortized cost, gross unrealized gains and losses, and estimated fair values, as reported on the balance sheet, of debt securities at December 31, 2018 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government and agencies	\$ 8,744	\$ -	\$ (521)	\$ 8,223
Domestic corporate securities	16,476	188	(9)	16,655
Residential mortgage-backed securities	639	14	-	653
Foreign corporate securities	3,997	44	(3)	4,038
<b>Total debt securities</b>	<b>\$ 29,856</b>	<b>\$ 246</b>	<b>\$ (533)</b>	<b>\$ 29,569</b>

The amortized cost, gross unrealized gains and losses, and estimated fair values, as reported on the balance sheet, of debt securities at December 31, 2017 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government and agencies	\$ 9,052	\$ 5	\$ (103)	\$ 8,954
Residential mortgage-backed securities	1,598	115	-	1,713
<b>Total debt securities</b>	<b>\$ 10,650</b>	<b>\$ 120</b>	<b>\$ (103)</b>	<b>\$ 10,667</b>

No investments were non-income producing in 2018 or 2017.

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The amortized cost and estimated fair values of investments in debt securities at December 31, 2018, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Because of the potential for prepayment on residential mortgage-backed securities, such securities have not been displayed in the table below by contractual maturity.

	Amortized Cost	Estimated Fair Value
Due after one year through ten years	\$ 20,473	\$ 20,693
Due after ten years	8,744	8,223
Residential mortgage-backed securities	639	653
<b>Total debt securities</b>	<b>\$ 29,856</b>	<b>\$ 29,569</b>

**Net Investment Income**

Sources of investment income for the years ended December 31 are summarized as follows:

	2018	2017	2016
Gross investment income:			
Debt securities	\$ 368	\$ 321	\$ 363
Cash and cash equivalents	452	217	53
Total gross investment income	820	538	416
Investment expenses	(58)	(21)	(40)
<b>Net investment income</b>	<b>\$ 762</b>	<b>\$ 517</b>	<b>\$ 376</b>

**Net Realized Investment Gains**

Proceeds from the sale of debt securities were \$651 in 2018. There were no sales or transfers of debt securities in 2017 and 2016 that resulted in a realized investment gain or loss.

**Other-Than-Temporary Investment Impairments**

Investment securities are reviewed for OTTI on an ongoing basis. The Company creates a watchlist of securities based largely on the fair value of an investment security relative to its cost basis. When the fair value drops below the Company's cost, the Company monitors the security for OTTI. The determination of OTTI requires significant judgment on the part of the Company and depends on several factors, including, but not limited to:

- The existence of any plans to sell the investment security.
- The extent to which fair value is less than book value.
- The underlying reason for the decline in fair value (credit concerns, interest rates, etc.).

- The financial condition and near term prospects of the issuer/borrower, including the ability to meet contractual obligations, relevant industry trends and conditions.
- The Company's intent and ability to retain the investment for a period of time sufficient to allow for an anticipated recovery in fair value.
- The Company's ability to recover all amounts due according to the contractual terms of the agreements.
- The Company's collateral position in the case of bankruptcy or restructuring.

A debt security is considered other-than-temporarily impaired when the fair value is less than the amortized cost basis and its value is not expected to recover through the Company's anticipated holding period of the security. If a credit loss exists, but the Company does not intend to sell the impaired debt security and is not more likely than not to be required to sell before recovery, it is required to bifurcate the impairment into the loss that is attributable to credit and non-credit related risk. The credit portion of the OTTI is the difference between the present value of the expected future cash flows and amortized cost. Only the estimated credit loss amount is recognized in earnings, with the remainder of the loss amount recognized in other comprehensive income (loss). If the Company intends to sell, at the time this determination is made, the Company records a realized loss equal to the difference between the amortized cost and fair value. The fair value of the other-than-temporarily impaired security becomes its new cost basis. In determining whether an unrealized loss is expected to be other than temporary, the Company considers, among other factors, any plans to sell the security, the severity of impairment, financial position of the issuer, recent events affecting the issuer's business and industry sector, credit ratings, and the ability of the Company to hold the investment until the fair value has recovered at least its cost basis.

For securitized debt securities, the Company considers factors including residential property changes in value that vary by property type and location and average cumulative collateral loss rates that vary by vintage year. These assumptions require the use of significant management judgment and include the probability of issuer default and estimates regarding timing and amount of expected recoveries. In addition, projections of expected future debt security cash flows may change based upon new information regarding the performance of the issuer and/or underlying collateral.

For certain securitized financial assets with contractual cash flows, the Company is required to periodically update its best estimate of cash flows over the life of the security. If the fair value of a securitized financial asset is less than its cost or amortized cost and there has been a decrease in the present value of the estimated cash flows since the last revised estimate, considering both timing and amount, an OTTI charge is recognized. The Company also considers its intent and ability to retain a temporarily impaired security until recovery. Estimating future cash flows involves judgment and includes both quantitative and qualitative factors. Such determinations incorporate various information and assessments regarding the future performance of the underlying collateral. In addition, projections of expected future cash flows may change based upon new information regarding the performance of the underlying collateral.

Management has completed a review for other-than-temporarily impaired securities at December 31, 2018, 2017 and 2016 and recorded no OTTI. As a result of the subjective nature of these estimates, however, provisions may subsequently be determined to be necessary as new facts emerge and a greater understanding of economic trends develops. Consistent with the Company's practices, OTTI will be recorded as appropriate and as determined by the Company's regular monitoring procedures of additional facts.

**Net Unrealized Investment Gains (Losses)**

The components of net unrealized investment gains (losses) included in accumulated other comprehensive income (loss) at December 31 were as follows:

	2018	2017	2016
Debt securities	\$ (287)	\$ 17	\$ (498)
Deferred income taxes	61	(6)	175
Net unrealized investment gains (losses)	\$ (226)	\$ 11	\$ (323)

At December 31, 2018, the Company owned three debt securities with a fair value of \$10,209 in an unrealized investment loss position. Of these, one with a fair value of \$8,223 have been in an unrealized loss position for twelve or more months. The \$521 unrealized loss for debt securities with a loss period 12 months or greater represents an 6.0% price impairment. The remaining two securities have a fair value of \$1,986 and have been in an unrealized loss for under 12 months. The \$12 unrealized loss for debt securities with a loss period less than 12 months represents an 0.6% price impairment. The total fair value of debt securities, which reflect an unrealized loss at December 31, 2018 and which are rated investment grade, is \$10,209 or 100.0% of the total fair value of all debt securities which reflect an unrealized loss at December 31, 2018. For these purposes investment grade is defined by the Company to be securities rated BBB or greater.

**Embedded Derivatives**

The Company issues single premium deferred index annuity and flexible premium variable and index linked deferred annuity contracts that contain embedded derivatives. Such embedded derivatives are separated from their host contracts and recorded at fair value. The fair value of the embedded derivatives, which are reported as part of assets on deposit and policyholder account balances in the balance sheets, were an asset of \$524,178 and a liability of \$524,178 as of December 31, 2018 and an asset of \$471,192 and a liability of \$471,192 as of December 31, 2017. The increase (decrease) in fair value related to embedded derivatives from the date of deposit was (\$45,101), \$136,078 and \$49,225 for the years ended December 31, 2018, 2017 and 2016, respectively. Because the Company has entered into an agreement with CMFG Life to cede 100% of this business, these amounts are ceded and do not impact the statement of operations and comprehensive income (loss).

**Assets Designated/Securities on Deposit**

Iowa law requires that assets equal to a life insurer's "legal reserve" must be designated for the Iowa Department of Commerce, Insurance Division. The legal reserve is equal to the net present value of all outstanding policies and contracts involving life contingencies. At December 31, 2018 and 2017, debt securities and cash with a carrying value of \$27,621 and \$8,694, respectively, were accordingly designated for Iowa. Other regulatory jurisdictions require cash and securities to be deposited for the benefit of policyholders. Pursuant to these requirements, securities with a fair value of \$1,998 and \$2,024 were on deposit with other regulatory jurisdictions as of December 31, 2018 and 2017, respectively.

#### **Note 4: Fair Value**

The Company uses fair value measurements to record fair value of certain assets and liabilities and to estimate fair value of financial instruments not recorded at fair value but required to be disclosed at fair value. Certain financial instruments, such as insurance policy liabilities (other than investment-type contracts), are excluded from the fair value disclosure requirements.

##### ***Valuation Hierarchy***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value of assets and liabilities into three broad levels. The Company has categorized its financial instruments, based on the degree of subjectivity inherent in the valuation technique, as follows:

- Level 1: Inputs are directly observable and represent quoted prices for identical assets or liabilities in active markets the Company has the ability to access at the measurement date.
- Level 2: All significant inputs are observable, either directly or indirectly, other than quoted prices included in Level 1, for the asset or liability. This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: One or more significant inputs are unobservable and reflect the Company's estimates of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

For purposes of determining the fair value of the Company's assets and liabilities, observable inputs are those inputs used by market participants in valuing financial instruments, which are developed based on market data obtained from independent sources. The Company uses prices and inputs that are current as of the measurement date. In some instances, valuation inputs used to measure fair value fall into different levels of the fair value hierarchy. The category level in the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The hierarchy requires the use of market observable information when available for assessing fair value. The availability of observable inputs varies by investment. The Company has no Level 3 investments with unrealized gains or losses included in other comprehensive income (loss).

##### ***Valuation Process***

The Company is responsible for the determination of fair value and the supporting assumptions and methodologies. The Company gains assurance on the overall reasonableness and consistent application of valuation methodologies and inputs and compliance with accounting standards through the execution of various processes and controls designed to provide assurance that the Company's assets and liabilities are appropriately valued.

The Company has policies and guidelines that require the establishment of valuation methodologies and consistent application of such methodologies. These policies and guidelines govern the use of inputs and price source hierarchies and provide controls around the valuation processes. These controls include appropriate review and analysis of prices against market activity or indicators of reasonableness, approval of price source changes, price overrides, methodology changes and classification of fair value hierarchy levels. The valuation policies and guidelines are reviewed and updated as appropriate.

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**Transfers Between Levels**

There were no transfers between levels during the years ended December 31, 2018 and 2017.

**Fair Value Measurement – Recurring Basis**

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2018.

<b>Assets, at Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash equivalents <sup>1</sup>	\$ 21,630	\$ -	\$ -	\$ 21,630
Debt securities:				
U.S. government and agencies	-	8,223	-	8,223
Domestic corporate securities	-	16,655	-	16,655
Residential mortgage-backed securities	-	653	-	653
Foreign corporate securities	-	4,038	-	4,038
Total debt securities	-	29,569	-	29,569
Derivatives embedded in assets on deposit	-	-	524,178	524,178
Separate account assets	-	103,205	-	103,205
<b>Total assets</b>	<b>\$ 21,630</b>	<b>\$ 132,774</b>	<b>\$ 524,178</b>	<b>\$ 678,582</b>

<b>Liabilities, at Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivatives embedded in annuity contracts	\$ -	\$ -	\$ 524,178	\$ 524,178
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 524,178</b>	<b>\$ 524,178</b>

<sup>1</sup>Excludes cash of \$3,282 that is not subject to fair value accounting.

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The following table summarizes the Company's assets that are measured at fair value on a recurring basis as of December 31, 2017.

<b>Assets, at Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash equivalents <sup>1</sup>	\$ 16,607	\$ -	\$ -	\$ 16,607
Debt securities:				
U.S. government and agencies	-	8,954	-	8,954
Residential mortgage-backed securities	-	1,713	-	1,713
Total debt securities	-	10,667	-	10,667
Derivatives embedded in assets on deposit	-	-	471,192	471,192
Separate account assets	-	69,005	-	69,005
<b>Total assets</b>	<b>\$ 16,607</b>	<b>\$ 79,672</b>	<b>\$ 471,192</b>	<b>\$ 567,471</b>

<b>Liabilities, at Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivatives embedded in annuity contracts	\$ -	\$ -	\$ 471,192	\$ 471,192
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 471,192</b>	<b>\$ 471,192</b>

<sup>1</sup>Excludes cash of \$1,833 that is not subject to fair value accounting.

The Company had no assets or liabilities that required a fair value adjustment on a non-recurring basis as of December 31, 2018 or 2017.

***Determination of Fair Values***

The Company determines the estimated fair value of its investments using primarily the market approach and the income approach. The use of quoted prices and matrix pricing or similar techniques are examples of market approaches, while the use of discounted cash flow methodologies is an example of the income approach.

A summary of valuation techniques for classes of financial assets and liabilities by fair value hierarchy level are as follows:

**Level 1 Measurements**

*Cash equivalents:* Consists of money market funds; valuation is based on the closing price as of the balance sheet date.

**Level 2 Measurements**

For assets classified as Level 2 investments, the Company values the assets using third-party pricing sources, which generally rely on quoted prices for similar assets in markets that are active and observable market data.

*U.S. government and agencies:* Certain U.S. Treasury securities and debentures issued by agencies of the U.S. government are valued based on observable inputs such as the U.S. Treasury yield curve, market indicated

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spreads and quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

*Domestic corporate securities:* Valued based on observable inputs such as the U.S. Treasury yield curve, market indicated spreads by security rating and quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

*Residential mortgage-backed securities:* Valuation is principally based on observable inputs including quoted prices for similar assets in markets that are active and observable market data.

*Foreign corporate securities:* Valued based on observable inputs such as the applicable, country-specific market yield curve, market indicated spreads by security rating and quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

*Separate account assets:* Consists of mutual funds and unit investment trusts in which the contract holder could redeem its investment at net asset value per share at the measurement date with the investee.

### Level 3 Measurements

*Derivatives embedded in assets on deposit and annuity contracts:* The Company offers single premium deferred index annuity and flexible premium variable and index linked deferred annuity contracts with certain caps and floors which represent a minimum and maximum amount that could be credited to a contract during that contract year based on the performance of an external index. These embedded derivatives are measured at fair value separately from the host deposit asset and annuity contract.

In estimating the fair value of the embedded derivative, the Company attributes a present value to the embedded derivative equal to the discounted sum of the excess cash flows of the index related fund value over the minimum fund value. The current year portion of the embedded derivative is adjusted for known market conditions. The discount factor at which the embedded derivative is valued contains an adjustment for the Company's own credit and risk margins for unobservable non-capital market inputs. The Company's own credit adjustment is determined taking into consideration publicly available information relating to the Company's debt as well as its claims paying ability.

These derivatives may be more costly than expected in volatile or declining equity markets. Changes in market conditions include, but are not limited to, changes in interest rates, equity indices, default rates and market volatility. Changes in fair value may be impacted by changes in the Company's own credit standing. Lastly, changes in actuarial assumptions regarding policyholder behavior (such as full or partial withdrawals varying from expectations) and risk margins related to non-capital market inputs may result in significant fluctuations in the fair value of the derivatives. See Embedded Derivatives within Note 3, Investments for the impact to net income.



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The following table presents information about significant unobservable inputs used in Level 3 embedded derivative liabilities and related assets on deposit measured at fair value developed by internal models as of December 31, 2018 and 2017:

Predominant Valuation Method	Significant Unobservable Input	Range of Values - Unobservable Input	
		2018	2017
<b>Single premium deferred index annuity</b>			
Discounted cash flow	Lapse rates	2% to 4% with an excess lapse rate at the end of the index period of 50% or 95%. Weighted average is 3.7%	2% to 4% with an excess lapse rate at the end of the index period of 50% or 95%. Weighted average is 2.9%
	Company's own credit and risk margin	51 - 113 basis points added on to discount rate. Weighted average is 80 basis points	58 - 99 basis points added on to discount rate. Weighted average is 70 basis points
<b>Flexible premium variable and index linked deferred annuity</b>			
Discounted cash flow	Lapse rates	2% to 10% with an excess lapse rate at the end of the index period of 5% to 20%. Weighted average is 2.6%	2% to 10% with an excess lapse rate at the end of the index period of 5% to 20%. Weighted average is 2.6%
	Company's own credit and risk margin	51 - 113 basis points added on to discount rate. Weighted average is 80 basis points	58 - 99 basis points added on to discount rate. Weighted average is 70 basis points

**Changes in Fair Value Measurement**

The following table sets forth the values of assets and liabilities classified as Level 3 within the fair value hierarchy at December 31, 2018.

	Balance January 1, 2018	Total Realized/Unrealized Gain (Loss) Included in:			Balance December 31, 2018
		Purchases	Maturities	Earnings <sup>1</sup>	
Derivatives embedded in assets on deposit	\$ 471,192	\$ 109,477	\$ (11,390)	\$ (45,101)	\$ 524,178
<b>Total assets</b>	<b>\$ 471,192</b>	<b>\$ 109,477</b>	<b>\$ (11,390)</b>	<b>\$ (45,101)</b>	<b>\$ 524,178</b>
Derivatives embedded in annuity contracts	\$ 471,192	\$ 109,477	\$ (11,390)	\$ (45,101)	\$ 524,178
<b>Total liabilities</b>	<b>\$ 471,192</b>	<b>\$ 109,477</b>	<b>\$ (11,390)</b>	<b>\$ (45,101)</b>	<b>\$ 524,178</b>

<sup>1</sup> Included in net income is realized gains and losses associated with embedded derivatives.

The following table sets forth the values of assets and liabilities classified as Level 3 within the fair value hierarchy at December 31, 2017.

	Balance January 1, 2017	Total Realized/Unrealized Gain (Loss) Included in:			Balance December 31, 2017
		Purchases	Maturities	Earnings <sup>1</sup>	
Derivatives embedded in assets on deposit	\$ 246,405	\$ 93,748	\$ (5,039)	\$ 136,078	\$ 471,192
<b>Total assets</b>	<b>\$ 246,405</b>	<b>\$ 93,748</b>	<b>\$ (5,039)</b>	<b>\$ 136,078</b>	<b>\$ 471,192</b>
Derivatives embedded in annuity contracts	\$ 246,405	\$ 93,748	\$ (5,039)	\$ 136,078	\$ 471,192
<b>Total liabilities</b>	<b>\$ 246,405</b>	<b>\$ 93,748</b>	<b>\$ (5,039)</b>	<b>\$ 136,078</b>	<b>\$ 471,192</b>

<sup>1</sup> Included in net income is realized gains and losses associated with embedded derivatives.

**Fair Value Measurements for Financial Instruments Not Reported at Fair Value**

Accounting standards require disclosure of fair value information about certain on- and off-balance sheet financial instruments which are not recorded at fair value on a recurring basis for which it is practicable to estimate that value.

The following methods and assumptions were used by the Company in estimating the fair value disclosures for significant financial instruments:

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Level 1 Measurements

*Cash:* The carrying amount for this instrument approximates its fair value due to its short term nature and is based on observable inputs.

Level 2 Measurements

*Assets on deposit and Investment-type contracts:* Assets on deposit and investment-type contracts include single premium deferred annuity and the risk control accounts of the flexible premium deferred variable annuity contracts, excluding the related embedded derivative. In most cases, the fair values are determined by discounting expected liability cash flows and required profit margins using the year-end swap curve plus a spread equivalent to a cost of funds for insurance companies based on observable inputs.

*Separate account liabilities:* Separate account liabilities represent the account value owed to the contract holder, which is equal to the segregated assets carried at fair value.

The carrying amounts and estimated fair values of the Company's financial instruments which are not measured at fair value on a recurring basis at December 31 are as follows:

	2018			2017		
	Carrying Amount	Estimated Fair Value	Level	Carrying Amount	Estimated Fair Value	Level
Financial instruments recorded as assets:						
Cash	\$ 3,282	\$ 3,282	1	\$ 1,833	\$ 1,833	1
Assets on deposit	2,613,918	2,303,358	2	1,981,841	1,726,602	2
Financial instruments recorded as liabilities:						
Investment-type contracts	2,613,918	2,303,358	2	1,981,841	1,726,602	2
Separate account liabilities	103,205	103,205	2	69,005	69,005	2

**Note 5: Income Tax**

The Company is included in the consolidated federal income tax return filed by CMHC, the Company's ultimate parent. The Company has entered into a tax sharing agreement with CMHC and its subsidiaries. The agreement provides for the allocation of tax expense based on each subsidiary's contribution to the consolidated federal income tax liability. Pursuant to the agreement, subsidiaries that have incurred losses are reimbursed regardless of the utilization of the loss in the current year. Federal income taxes recoverable from affiliate reported on the balance sheet are due from CMFG Life.

**Income Tax Expense**

Income tax expense for the years ended December 31 is as follows:

	2018		2017		2016	
Current tax expense (benefit)	\$	80	\$	481	\$	647
Deferred tax expense		(262)		193		240
Adjustment of deferred tax assets and liabilities for enacted rate change		-		49		-
<b>Total income tax expense (benefit)</b>	<b>\$</b>	<b>(182)</b>	<b>\$</b>	<b>723</b>	<b>\$</b>	<b>887</b>

**Reconciliation to U.S. Tax Rate**

Income tax expense differs from the amount computed by applying the U.S. federal corporate income tax rate of 21% for 2018 and 35% for 2017 and 2016 to income before income taxes due to the items listed in the following reconciliation:

	2018		2017		2016				
	Amount	Rate	Amount	Rate	Amount	Rate			
Tax expense computed at federal corporate tax rate	\$	132	21.0%	\$	981	35.0%	\$	953	35.0%
Income tax expense (benefit) related to prior years		(240)	(38.2)		(221)	(7.8)		(53)	(2.0)
Dividends-received deduction		(59)	(9.4)		(83)	(3.0)		(11)	(0.4)
Foreign Tax Credit		(14)	(2.2)		-	-		-	-
Adjustment of deferred tax assets and liabilities for enacted rate change		-	-		49	1.7		-	-
Other		(1)	(0.2)		(3)	(0.1)		(2)	(0.1)
<b>Total income tax expense (benefit)</b>	<b>\$</b>	<b>(182)</b>	<b>(29.0%)</b>	<b>\$</b>	<b>723</b>	<b>25.8%</b>	<b>\$</b>	<b>887</b>	<b>32.5%</b>

**Deferred Income Taxes**

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 2018 and 2017 are as follows:

	2018	2017
Deferred tax assets		
Tax reserves method change	\$ 11	\$ 15
Unrealized investment losses	61	-
Accrued expenses	293	280
Deferred policy acquisition costs	380	291
Other	-	1
<b>Gross deferred tax assets</b>	<b>745</b>	<b>587</b>
Deferred tax liabilities		
Investments	354	490
Deferred reinsurance expense	16	19
Unrealized investment gains	-	4
<b>Gross deferred tax liabilities</b>	<b>370</b>	<b>513</b>
<b>Net deferred tax asset</b>	<b>\$ 375</b>	<b>\$ 74</b>

**Valuation Allowance**

The Company considered the need for a valuation allowance with respect to its gross deferred tax assets as of December 31, 2018 and 2017, and based on that evaluation, the Company has determined it is more likely than not all deferred tax assets as of December 31, 2018 and 2017 will be realized. Therefore, a valuation allowance was not established.

**Unrecognized Tax Benefits**

There are no unrecognized tax benefits as of December 31, 2018 and 2017. Management does not anticipate a material change to the Company's uncertain tax positions during 2019.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense in the statements of operations and comprehensive income (loss). For the years ended December 31, 2018 and 2016, the Company did not recognize any addition or reduction in interest and penalties. For the year ended December 31, 2017, the Company recognized a reduction in interest and penalties of \$5. The Company had accrued \$2 and \$2 for the payment of interest and penalties at December 31, 2018 and 2017, respectively.

The Company is included in a consolidated U.S. federal income tax return filed by CMHC. The Company also files income tax returns in various states. For the major jurisdictions where it operates, the Company is generally no longer subject to income tax examinations by tax authorities for years ended before 2013. Amended refund claims filed for tax years 2010 and 2012 are currently under examination as part of the Joint Committee on Taxation approval process.

**Other Tax Items**

As of December 31, 2018 and 2017, the Company did not have any capital loss, operating loss or credit carryforwards.

**Tax Reform**

The Tax Act made changes to the U.S. tax code, including, but not limited to, reducing the U.S. federal corporate tax rate to 21% effective January 1, 2018.

The Company completed its initial evaluation of the impacts of the Tax Act and recorded a net tax expense of \$49 for the year ended December 31, 2017 due to the remeasurement of deferred tax assets and liabilities.

The Company has made no adjustments to the impacts initially recorded for the year ended December 31, 2018. The Company's accounting for the impact of the Tax Act is now complete with no material changes to the amount recorded at December 31, 2017.

**Note 6: Related Party Transactions**

In the normal course of business, there are various transactions between the Company and other related entities. In certain circumstances, expenses such as those related to sales and marketing, administrative, operations, other support and infrastructure costs are shared between the companies. Expenses incurred that are specifically identifiable with a particular company are borne by that company; other expenses are allocated among the companies on the basis of time and usage studies. Amounts due from transactions with affiliates are generally settled monthly. The Company reimbursed CMFG Life \$30,131, \$20,808 and \$15,349 for these expenses in 2018, 2017 and 2016, respectively; which are included in operating and other expenses.

Amounts receivable/payable from/to affiliates are shown in the following table:

	2018	2017
Receivable from:		
CMFG Life	\$ 5,001	\$ 8,492
Other	26	-
<b>Total</b>	<b>\$ 5,027</b>	<b>\$ 8,492</b>
Payable to:		
CUNA Brokerage Services, Inc.	\$ 2,948	\$ 2,749
Other	58	22
<b>Total</b>	<b>\$ 3,006</b>	<b>\$ 2,771</b>

Amounts receivable from CMFG Life at December 31, 2018 and 2017 are primarily for a policyholder's purchase of an MLIC annuity when a CMFG Life policyholder has surrendered their policy for the purchase of a single premium deferred index annuity or flexible premium variable and index linked deferred annuity and for the cession of death claims related to the Company's single premium deferred index annuity or flexible premium variable index linked deferred annuity.

The Company hires MEMBERS Capital Advisors, Inc. ("MCA") for investment advisory services. MCA, which is 100% owned by CMIC, manages substantially all of the Company's invested assets in accordance with policies, directives and guidelines established by the Company. The Company recorded MCA investment management fees totaling \$58, \$21 and \$28 for the years ended December 31, 2018, 2017 and 2016, respectively, which are included as a reduction to net investment income.

The Company utilizes CUNA Brokerage Services, Inc., which is 100% owned by CMIC, to distribute its single premium deferred index annuity and flexible premium variable and index linked deferred annuity and recorded commission expense for this service of \$29,996, \$29,114 and \$24,900 in 2018, 2017 and 2016, respectively, which is included in operating and other expenses. This expense is entirely offset by commission income the Company receives from CMFG Life as part of the 2013 and 2015 reinsurance agreements.

The Company received additional paid in capital of \$20,653 of debt securities from CMIC in 2018, net of deferred tax liability of \$24. The Company received no additional paid in capital in 2017 or 2016. The Company paid a \$7,000 cash dividend to its parent in 2017. The Company paid no dividends in 2018 or 2016.

See Note 7 regarding reinsurance and other agreements entered into by the Company and CMFG Life.

#### **Note 7: Reinsurance**

The Company entered into a reinsurance agreement with its affiliate, CMFG Life, on a coinsurance and modified coinsurance basis to cede 100% of its investment-type contracts for its flexible premium variable and index linked deferred annuity, which are accounted for using the deposit method of accounting. On October 15, 2018, the Company amended its reinsurance agreement with CMFG Life to include a new flexible premium variable and index linked deferred annuity offering by the Company and will continue to cede 100% of its investment-type contracts for its flexible premium variable and index linked deferred annuities. The Company had \$337,755 and \$165,924 of assets on deposit for these contracts as of December 31, 2018 and 2017, respectively. The Company had related liabilities of \$337,755 and \$165,924 as of December 31, 2018 and 2017, respectively, which are included in policyholder account balances in the balance sheets. The Company had separate account assets and liabilities for these contracts of \$103,205 and \$103,205 and \$69,005 and \$69,005, respectively, as of December 31, 2018 and 2017. The Company receives a commission equal to 100% of its actual expenses incurred for this business, which was \$17,738, \$11,019 and \$6,302 for the years ended December 31, 2018, 2017 and 2016, respectively.

The Company entered into a second agreement with its affiliate, CMFG Life, to cede 100% of its investment-type contracts for its single premium deferred index annuity, which are accounted for using the deposit method of accounting. The Company had \$2,800,341 and \$2,287,109 of assets on deposit for these contracts as of December 31, 2018 and 2017, respectively. The Company had related liabilities of \$2,800,341 and \$2,287,109, respectively which are included in policyholder account balances in the balance sheets. The Company receives a commission equal to 100% of its actual expenses incurred for this business, which was \$52,652, \$44,773 and \$37,961 for the years ended December 31, 2018, 2017 and 2016, respectively.

On October 31, 2012, the Company ceded 95% of its insurance policies in force pursuant to a reinsurance agreement with CMFG Life and the Company was reimbursed for 95% of expenses incurred in the provision of policyholder and benefit payment services, and insurance taxes and charges on a go forward basis under this contract. On September 30, 2015, the Company amended its reinsurance agreement with CMFG Life and now cedes 100% of its insurance policies in force to CMFG Life and is reimbursed 100% for expenses incurred in the provision of policyholder and benefit payments services, and insurance taxes and charges going forward. The Company receives a commission equal to 100% of its actual expenses incurred for this business, which was \$767, \$839 and \$894 for the years ended December 31, 2018, 2017 and 2016, respectively.

MLIC did not have any other reinsurance agreements at December 31, 2018 or 2017 and the entire reinsurance recoverable balance of \$24,034 and \$23,973, respectively, was due from CMFG Life. The recoverable balances

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are not collateralized and the Company retains the risk of loss in the event CMFG Life is unable to meet its obligations assumed under the reinsurance agreements. MLIC believes the risk of non-collection is remote due to CMFG Life's stable financial strength ratings of A from A.M. Best Company and S&P Global Ratings and A2 rating from Moody's Investors Service.

The effects of reinsurance on contract charges, interest credited to policyholder accounts, premiums and on claims, benefits, and losses incurred for the years ended December 31 are as follows:

	2018	2017	2016
Face amount of policies in force	\$ 80,872	\$ 86,587	\$ 95,577
Premiums:			
Direct - written	\$ 2,812	\$ 3,145	\$ 2,168
Direct - change in unearned	-	5	1
Direct - earned	2,812	3,150	2,169
Ceded to affiliate - written	(2,812)	(3,145)	(2,172)
Ceded to affiliate - change in unearned	-	(5)	(18)
Ceded to affiliate - earned	(2,812)	(3,150)	(2,190)
Premiums - written, net	-	5	(4)
Premiums - change in unearned, net	-	(5)	(17)
Premiums, net	\$ -	\$ -	\$ (21)
Contract charges:			
Direct	\$ 7,535	\$ 3,498	\$ 1,303
Ceded to affiliate	(7,535)	(3,498)	(1,303)
Contract charges, net	\$ -	\$ -	\$ -
Claims, benefits and losses incurred:			
Direct	\$ 2,507	\$ 2,779	\$ 1,761
Ceded to affiliate	(2,507)	(2,777)	(1,762)
Claims, benefits and losses, net	\$ -	\$ 2	\$ (1)
Interest credited to policyholder account balances:			
Direct	\$ 41,175	\$ 30,469	\$ 20,519
Ceded to affiliate	(41,190)	(30,469)	(20,519)
Interest credited to policyholder account balances, net	\$ (15)	\$ -	\$ -



**Note 8: Statutory Financial Data and Dividend Restrictions**

The Company is a life and health insurer and is domiciled in Iowa. The Company files statutory-basis financial statements with insurance regulatory authorities. The Company did not use any permitted practices in 2018, 2017 or 2016. Certain statutory basis financial information for MLIC is presented in the table below as of and for the years ended December 31.

	Statutory Basis Capital and Surplus		Statutory Basis Net Income		
	2018	2017	2018	2017	2016
MLIC	\$ 39,447	\$ 18,601	\$ 419	\$ 1,914	\$ 1,051

The Company is subject to statutory regulations as to maintenance of equity and the payment of dividends. Generally, ordinary dividends from an insurance subsidiary to its parent company must meet notice requirements promulgated by the regulator of the subsidiary's state of domicile ("Insurance Department"). Extraordinary dividends, as defined by state statutes, must be approved by the Insurance Department. Based on Iowa statutory regulations, the Company could pay dividends up to \$3,294 during 2019, without prior approval of the Insurance Department.

Risk-based capital ("RBC") requirements promulgated by the National Association of Insurance Commissioners (NAIC) require U.S. insurers to maintain minimum capitalization levels that are determined based on formulas incorporating credit risk, insurance risk, interest rate risk, and general business risk. The adequacy of the Company's actual capital is evaluated by a comparison to the RBC results, as determined by the formula. At December 31, 2018 and 2017, the Company's adjusted capital exceeded the RBC minimum requirements as required by the NAIC.

**Note 9: Accumulated Other Comprehensive Income (Loss)**

The components of accumulated other comprehensive income (loss), net of tax, are as follows:

	Unrealized Investment Gains (Loss)	Accumulated Other Comprehensive Income (Loss)
<b>Balance, January 1, 2016</b>	\$ (225)	\$ (225)
Change in unrealized holding gains (losses), net of tax - (\$53)	(98)	(98)
<b>Balance, December 31, 2016</b>	(323)	(323)
Change in unrealized holding gains (losses), net of tax - \$181	334	334
<b>Balance, December 31, 2017</b>	11	11
Effect of change for ASU 2018-02 (Note 2)	3	3
Change in unrealized holding gains (losses), net of tax - (\$64)	(240)	(240)
<b>Balance, December 31, 2018</b>	\$ (226)	\$ (226)

***Reclassification Adjustments***

Accumulated other comprehensive income (losses) includes amounts related to unrealized investment gains (losses) which were reclassified to net income. Reclassifications from accumulated other comprehensive income (loss) for the year ended December 31, 2018 was \$52, net of deferred taxes of \$14. There were no reclassification adjustments for the years ended December 31, 2017 and 2016.

**Note 10: Business Segment Information**

The following table sets forth financial information regarding the Company's two reportable business segments for the year ended December 31, 2018.

Year ended or as of December 31, 2018	Life and Health	Annuities	Total
<b>Revenues</b>			
Life and health premiums, net	\$ -	\$ -	\$ -
Net investment income	762	-	762
Net realized investment (losses)	(17)	-	(17)
Other income	18	-	18
<b>Total revenues</b>	<b>763</b>	<b>-</b>	<b>763</b>
<b>Benefits and expenses</b>			
Life and health insurance claims and benefits, net	-	-	-
Interest credited to policyholder account balances, net	-	(15)	(15)
Operating and other expenses	151	-	151
<b>Total benefits and expenses</b>	<b>151</b>	<b>(15)</b>	<b>136</b>
<b>Income before income taxes</b>	<b>612</b>	<b>15</b>	<b>627</b>
Income tax expense (benefit)	(185)	3	(182)
<b>Net income</b>	<b>797</b>	<b>12</b>	<b>809</b>
Change in unrealized gains (losses), net of tax expense (benefit)	(188)	-	(188)
Reclassification adjustment for (gains) included in net income, net of tax (benefit) -	(52)	-	(52)
<b>Other comprehensive income (loss)</b>	<b>(240)</b>	<b>-</b>	<b>(240)</b>
<b>Total comprehensive income</b>	<b>\$ 557</b>	<b>\$ 12</b>	<b>\$ 569</b>
<b>Reinsurance recoverable from affiliate</b>	<b>\$ 24,034</b>	<b>\$ -</b>	<b>\$ 24,034</b>
<b>Assets on deposit</b>	<b>-</b>	<b>3,138,096</b>	<b>3,138,096</b>
<b>Claim and policy benefit reserves - life and health</b>	<b>20,769</b>	<b>6,067</b>	<b>26,836</b>
<b>Policyholder account balances</b>	<b>3,981</b>	<b>3,138,096</b>	<b>3,142,077</b>

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The following table sets forth financial information regarding the Company's two reportable business segments for the year ended December 31, 2017.

Year ended or as of December 31, 2017	Life and Health	Annuities	Total
<b>Revenues</b>			
Life and health premiums, net	\$ -	\$ -	\$ -
Net investment income	517	-	517
Net realized investment (losses)	-	-	-
Other income	3,996	-	3,996
<b>Total revenues</b>	<b>4,513</b>	<b>-</b>	<b>4,513</b>
<b>Benefits and expenses</b>			
Life and health insurance claims and benefits, net	2	-	2
Interest credited to policyholder account balances, net	-	-	-
Operating and other expenses	1,596	113	1,709
<b>Total benefits and expenses</b>	<b>1,598</b>	<b>113</b>	<b>1,711</b>
<b>Income before income taxes</b>	<b>2,915</b>	<b>(113)</b>	<b>2,802</b>
Income tax expense (benefit)	763	(40)	723
<b>Net income</b>	<b>2,152</b>	<b>(73)</b>	<b>2,079</b>
Change in unrealized gains (losses), net of tax expense (benefit)	334	-	334
Reclassification adjustment for (gains) included in net income, net of tax (benefit) -	-	-	-
<b>Other comprehensive income (loss)</b>	<b>334</b>	<b>-</b>	<b>334</b>
<b>Total comprehensive income</b>	<b>\$ 2,486</b>	<b>\$ (73)</b>	<b>\$ 2,413</b>
<b>Reinsurance recoverable from affiliate</b>	<b>\$ 23,973</b>	<b>\$ -</b>	<b>\$ 23,973</b>
<b>Assets on deposit</b>	<b>-</b>	<b>2,453,033</b>	<b>2,453,033</b>
<b>Claim and policy benefit reserves - life and health</b>	<b>20,688</b>	<b>2,364</b>	<b>23,052</b>
<b>Policyholder account balances</b>	<b>3,601</b>	<b>2,453,033</b>	<b>2,456,634</b>

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The following table sets forth financial information regarding the Company's two reportable business segments for the year ended December 31, 2016.

Year ended or as of December 31, 2016	Life and Health	Annuities	Total
<b>Revenues</b>			
Life and health premiums, net	\$ (21)	\$ -	\$ (21)
Net investment income	376	-	376
Net realized investment (losses)	-	-	-
Other income	3,415	-	3,415
<b>Total revenues</b>	<b>3,770</b>	<b>-</b>	<b>3,770</b>
<b>Benefits and expenses</b>			
Life and health insurance claims and benefits, net	(1)	-	(1)
Interest credited to policyholder account balances, net	-	-	-
Operating and other expenses	1,033	16	1,049
<b>Total benefits and expenses</b>	<b>1,032</b>	<b>16</b>	<b>1,048</b>
<b>Income before income taxes</b>	<b>2,738</b>	<b>(16)</b>	<b>2,722</b>
Income tax expense (benefit)	892	(5)	887
<b>Net income</b>	<b>1,846</b>	<b>(11)</b>	<b>1,835</b>
Change in unrealized gains (losses), net of tax expense (benefit)	(98)	-	(98)
Reclassification adjustment for (gains) included in net income, net of tax (benefit) -	-	-	-
<b>Other comprehensive income (loss)</b>	<b>(98)</b>	<b>-</b>	<b>(98)</b>
<b>Total comprehensive income</b>	<b>\$ 1,748</b>	<b>\$ (11)</b>	<b>\$ 1,737</b>
<b>Reinsurance recoverable from affiliate</b>	<b>\$ 23,687</b>	<b>\$ -</b>	<b>\$ 23,687</b>
<b>Assets on deposit</b>	<b>-</b>	<b>1,619,113</b>	<b>1,619,113</b>
<b>Claim and policy benefit reserves - life and health</b>	<b>20,344</b>	<b>1,162</b>	<b>21,506</b>
<b>Policyholder account balances</b>	<b>3,335</b>	<b>1,619,113</b>	<b>1,622,448</b>

## **Note 11: Commitments and Contingencies**

### ***Insurance Guaranty Funds***

The Company is liable for guaranty fund assessments related to certain unaffiliated insurance companies that have become insolvent during 2017 and prior years. The Company includes a provision for all known assessments that will be levied as well as an estimate of amounts that it believes will be assessed in the future relating to past insolvencies. The Company has established a liability of \$1,224 and \$992 at December 31, 2018 and 2017, respectively, for guaranty fund assessments. The Company also estimates the amount recoverable from future premium tax payments related to these assessments and has not established an asset as of December 31, 2018 and 2017 since it does not believe any amount will be recoverable. Recoveries of assessments from premium taxes are generally made over a five-year period.

### ***Legal Matters***

Like other members of the insurance industry, the Company is occasionally a party to a number of lawsuits and other types of proceedings, some of which may involve claims for substantial or indeterminate amounts. These actions are based on a variety of issues and involve a range of the Company's practices. The Company has established procedures and policies to facilitate compliance with laws and regulations and to support financial reporting.

In connection with regulatory examinations and proceedings, government authorities may seek various forms of relief, including penalties, restitution and changes in business practices. The Company may not be advised of the nature and extent of relief sought until the final stages of the examination or proceeding. In the opinion of management, the ultimate liability, if any, resulting from all such pending actions will not materially affect the financial statements of the Company.

## **Note 12: Subsequent Events**

The Company evaluated subsequent events through the date the financial statements were issued. During this period, there were no subsequent events that required adjustment to or disclosure in the accompanying financial statements.