SUMMIT LIFE CORP
Form 424B3
November 16, 2001

PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED MAY 14, 2001)

Filed pursuant to Rule 424(b)(3)
Registration No. 333-55722

SUMMIT LIFE CORPORATION

200,000 Minimum, 1,000,000 Maximum Shares of Common Stock

Offering Price $1.00 Per Share

This Prospectus Supplement supplements our Prospectus dated May 14, 2001. Accordingly, you should read this Prospectus Supplement in conjunction with the Prospectus. Capitalized terms used in this Prospectus Supplement have the meanings specified in the Prospectus.

(continued on following page)

Neither the Securities and Exchange Commission nor any state commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is November 15, 2001

On November 14, 2001, we filed with the Securities and Exchange Commission certain financial information as of and for the period ended September 30, 2001, the material portions of which are set forth below.

Summary Financial Data

Operating Data

The following table sets forth selected information regarding operating results for the periods indicated.

	Year Ended December 31,		Nine Months En September 30	
	1999	2000	2000	---
	(in thousands)			
Statement of Operations Data:				
Revenues	$ 813	$ 571	$ 543	$
Benefits, losses and expenses	1,704	975	704	
Net Loss	(884)	(404)	(161)	

Balance Sheet Data

	As of September 30, 2001		
		As Adjusted (1)	
	Actual	Minimum Offering	Maximum Offering
	(in thousands)		
Balance Sheet Data:			
Cash and cash equivalents	$1,878	$2,038	$2,601
Total assets	6,849	7,009	7,572
Total liabilities	5,556	5,556	5,379
Stockholders' equity	1,293	1,453	2,193

----

(1) Gives effect to the sale of the minimum and maximum number of shares of common stock offered hereby, and the application of the estimated proceeds therefrom. See "USE OF PROCEEDS" and "CAPITALIZATION" in our prospectus dated May 14, 2001.

Results of Operations

This prospectus supplement includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this prospectus supplement, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of Management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate" or "believe" or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable,we can give no assurance that such expectations will prove to have been correct. Such statements are based upon numerous assumptions about future conditions which may ultimately prove to be inaccurate and actual events and results may materially differ from anticipated results described in such statements. Important factors that could cause actual results to differ materially from our expectations include the risks inherent generally in the insurance and financial services industries, the impact of competition and product pricing, changing market conditions, the risks disclosed in our Annual Report on Form 10-KSB for the Year Ended December 31, 2000 under "ITEM 6--Management's Discussion and Analysis or Plan of Operation," as well as the risks disclosed in our prospectus dated May 14, 2001, of which this prospectus supplement is a part. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements. We assumes no duty to update or revise our forward-looking statements based on changes in internal estimates or expectations or otherwise. As a result, the reader is cautioned not to place reliance on these forward-looking statements.

Recent Events

On August 1, 2001, our wholly owned subsidiary, Great Midwest Life Insurance Company, acquired from Presidential Life Insurance Company of Dallas, Texas a block of approximately 1,400 life insurance policies with estimated annual premium of $120,000 for a purchase price of $85,000. The acquisition resulted in the transfer of liabilities in the amount of $712,000 and assets in the amount of $627,000 to Great Midwest. The purchase was funded with cash flow from Great Midwest's operations. The purchase increased policies serviced by more than 200% and in-force life insurance increased $14.8 million, or 106%. We expect that the acquisition will be immediately accretive to earnings.

Three Months Ended September 30, 2001 Compared to Three Months ended September 30, 2000

Revenue. Total revenues decreased from $160,647 to $98,509 for the three months ended September 30, 2000 and September 30, 2001, respectively. The decrease in total revenues was directly attributable to unrealized holding losses on trading securities which we believe were impacted by the terrorist acts of September 11, 2001. Revenues attributable to life insurance increased 89% from $52,692 to $99,622 for the three months ended September 30, 2001, compared to the same period ended September 30, 2000. The increase was due primarily to the acquisition of the block of insurance policies from Presidential Life during the quarter. The increase was also attributable to the recruiting of new agents, which has increased new policy issue by 98% on an annualized basis. We expect that the acquisition will improve earnings over the next twelve months.

Investment income decreased from $92,233 for the three months ended September 30, 2000 to $73,906 for the three months ended September 30, 2001, primarily as a result of interest rate decreases by the Federal Reserve and other entities.

Net losses, mainly, unrealized holding losses, on trading securities of $104,479 were reported for the three months ended September 30, 2001. The terrorist attacks of September 11, 2001 severely impacted the market and reduced equity valuations throughout most business sectors. We continue to anticipate a recovery in the valuation of our equity portfolio. We began trading securities in the fourth quarter of 2000 and are required to report unrealized gains and losses in operations. The realized gain or loss for each trading security may differ materially depending on the date of sale, the underlying performance of the represented company and other market conditions.

Other income increased from $6,126 for the three months ended September 30, 2000 to $29,460 for the three months ended September 30, 2001.

Costs and Expenses. Total expenses decreased 35% from $234,590 to $152,560 for the three months ended September 30, 2000 and 2001, respectively. Such decreases were primarily attributable to continuing cost containment measures taken by us.

Policy benefits increased from $21,053 to $48,697 for the comparable periods. Policy reserves decreased $70,317 for the comparable periods. Depreciation and amortization increased from $17,726 to $31,985 for the three months ended September 30, 2000 and 2001, respectively, as we continued to amortize the block of business acquired with Great Midwest. General expenses decreased 37% from $105,875 to $67,209 for the comparable periods as a result of our cost containment programs. Costs associated with the acquisition of the policies from Presidential Life were capitalized and will be amortized over the expected life of the policies.

Income/Loss. We reported a net loss for the three months ended September 30, 2001 of $54,051, a reduction in loss compared to the net loss for the three months ended September 30, 2000 of $73,943. We continued to increase revenues from life insurance and reduce operating costs during the quarter. We expect that the acquisition of the policies from Presidential Life will be accretive to earnings and believe the cost containment programs have been effective in reducing general expenses.

We reported a net loss per share of $0.03 per share for the three months ended September 30, 2001, compared to a net loss of $0.04 per share for the three months ended September 30, 2000. Unrealized holding losses from trading securities in our portfolio represented a loss of $.04 per share for the quarter while our other operations represented a gain of $.01 per share during the same period. We expect that the acquisition of the policies from Presidential Life will contribute to earnings and believe the cost containment programs currently in place will continue to be effective in containing general expenses.

Nine Months Ended September 30, 2001 Compared to Nine Months ended September 30, 2000

Revenue. Total revenues increased 10% from $542,700 to $594,877 for the nine months ended September 30, 2000 and September 30, 2001, respectively. Revenues attributable to life insurance increased 163% from $114,570 to $301,887 for the nine months ended September 30, 2001, compared to the same period ended September 30, 2000. The increase was due primarily to the acquisition of the block of insurance policies from Presidential Life during the quarter and continued sale of new insurance products.

Investment income increased 50% from $285,821 for the nine months ended September 30, 2000 to $430,195 for the nine months ended September 30, 2001, primarily as a result of the sale of a communications tower lease in the first quarter.

Net losses, mainly, unrealized holding losses, on trading securities of $178,341 were reported for the period ended September 30, 2001. The terrorist attacks of September 11, 2001 severely impacted the market and reduced equity valuations throughout most business sectors. We continue to anticipate a recovery in the valuation of our equity portfolio. We began trading securities in the fourth quarter of 2000 and are required to report unrealized gains and losses in operations. The realized gain or loss for each trading security may differ materially depending on the date of sale, the underlying performance of the represented company and other market conditions.

S-4

Other income decreased from $103,182 for the nine months ended September 30, 2000 to $47,966 for the nine months ended September 30, 2001. A one time gain of $67,592 from the sale of real estate was recognized in the second quarter of 2000. Excluding the one time gain, other income increased 35%.

Costs and Expenses. Total expenses increased 5% from $703,593 to $740,304 for the nine months ended September 30, 2000 and 2001, respectively. Such increase was primarily attributable to reserve increases associated with the new business written by us.

Policy benefits increased from $81,603 to $106,597 for the comparable periods. Policy reserves increased $63,632 for the comparable periods. Depreciation and amortization increased from $48,093 to $89,470 for the nine months ended September 30, 2000 and 2001, respectively, as we continue to amortize the block of business acquired with Great Midwest and deferred acquisition costs associated with new business. General expenses decreased 20% from $363,040 to $290,378 for the comparable periods as a result of management cost containment programs. Costs associated with the acquisition of the policies from Presidential Life were capitalized and will be amortized over the expected life of the policies.

Loss. We reported a net loss for the nine months ended September 30, 2001 of $145,427, a reduction of 10% compared to the net loss for the nine months ended September 30, 2000 of $160,893. We continue to increase revenues from life insurance and held operating costs steady during the period. We expect that the acquisition of the policies from Presidential Life will improve earnings and believe the cost containment programs have been effective in reducing general expenses.

We reported a net loss per share of $0.08 per share for the nine months ended September 30, 2001, compared to a net loss of $0.09 per share for the nine months ended September 30, 2000. Unrealized holding losses from trading securities in our portfolio resulted in a loss of $.08 per share for the nine months while the our other operations resulted in breakeven results of $.00 per share. We expect that the acquisition of the policies from Presidential Life will contribute to earnings and believe the cost containment programs have been effective in reducing general expenses.

Liquidity and Capital Resources

Total assets were $6,849,138 at September 30, 2001, compared to $6,162,682 at December 31, 2000, an increase of 11.0%. The increase was due to the acquisition of the policies from Presidential Life and the receipt of new annuity deposits.

Total liabilities (primarily insurance reserves for future policyholder benefits) were $5,556,230 at September 30, 2001, compared to $5,187,382 at December 31, 2000, an increase of 7%. The increase was due primarily to the acquisition of the policies from Presidential Life and new annuity deposits.

Total stockholders' equity was $1,292,908 at September 30, 2001, compared to $975,300 at December 31, 2001, an increase of 33%. The increase was attributable to the ongoing public offering of the our stock. A total of 421,200 shares were sold through September 30, 2001.

The principal requirements for liquidity in connection with our operations are our contractual obligations to policyholders and annuitants. Our contractual obligations include payments of surrender benefits, contract withdrawals, policy loans and claims under outstanding insurance policies and annuities. Payment of surrender benefits is a function of "persistency," which is the extent to which insurance policies are maintained by the policyholder. Policyholders sometimes do not pay premiums, thus causing their policies to lapse, or policyholders may choose to surrender their policies for their cash surrender value. If actual experience of a policy or block of policies is different from the initial or acquisition date assumptions, a gain or loss could result. Depending on the nature of the underlying policy, a lapse or surrender may result in surrender charge revenue or surrender benefit expense. Such amounts may be less than, or greater than, unamortized acquisition expenses and/or the related policy reserves; accordingly, current period earnings may either increase or decrease. Additionally, policy lapses and surrenders may result in lost future revenues and profits associated with those policies that are lapsed or surrendered.

On August 1, 2001, Great Midwest acquired from Presidential Life, a block of approximately 1,400 life insurance policies with estimated annual premium of $120,000 for a purchase price of $85,000. The acquisition resulted in the transfer of liabilities in the amount of $712,000 and assets in the amount of $627,000 to Great Midwest. The purchase was funded with cash flow from Great Midwest's operations. The purchase increased policies serviced by more than 200% and in-force life insurance increased $14.8 million, or 106%.

On September 28, 2001, the investor who had subscribed for an aggregate 1,000,000 shares of our Series B preferred stock did not make the final payment due with respect to his subscription. Under the terms of his subscription agreement, pursuant to which the investor was deemed to have been issued only that number of shares that were fully paid, a total of 350,000 shares of Series B preferred stock was deemed to be sold, and the subscription receivable of $650,000 was canceled.

We have made and intend to make substantial expenditures in connection with our subsidiary's acquisition and marketing programs. Historically, we have funded these expenditures from cash flow from operations.

We believe that the liquidity resulting from the transactions described above, together with anticipated cash from continuing operations, should be sufficient to fund our operations and the annual 10% dividend on the Series A Preferred Stock, for at least the next 12 months. We may not, however, generate sufficient cash flow for these purposes. Our ability to fund our operations and to make scheduled dividend payments will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Financial Statements

Our unaudited consolidated financial statements as of and for the period ended September 30, 2001 are provided on pages S-7 through S-11.

Summit Life Corporation and Subsidiaries

Consolidated Balance Sheets

ASSETS

	September 30, 2001	December 31, 2000
	(Unaudited)	
INVESTMENTS		
Debt securities-held to maturity	$ 328,075	$ 328,075
Debt securities-available for sale	2,467,010	2,426,607
Equity securities-trading	99,097	113,643
Equity securities-available for sale	127,158	8,915
Equity securities-other	66,788	63,663
Mortgages	706,871	734,220
Notes receivable	198,582	207,658
Short-term investments	0	0
Policy loans	65,501	33,382
Investment in limited partnerships	55,400	57,300
	4,114,482	3,973,463
CASH AND CASH EQUIVALENTS	1,878,191	1,436,338
RECEIVABLES		
Accrued investment income	58,059	41,984
Other	18,773	9,928
	76,832	51,912
PROPERTY AND EQUIPMENT-AT COST		
Building and improvements	129,419	129,419
Furniture and equipment	119,198	116,570
Automobiles	22,015	22,015
	270,632	268,004
Less accumulated depreciation	(123,398)	(102,638)
	147,234	165,366
Land	56,000	56,000
	203,234	221,366
OTHER ASSETS		
Cost in excess of net assets of businesses acquired, less accumulated amortization	120,858	40,000
Deferred policy acquisition costs	96,289	57,527
Value of purchased insurance business	269,351	321,851
Deferred income taxes	37,241	37,241
Other	52,660	22,984
	576,399	479,603
	$ 6,849,138	$ 6,162,682

The accompanying notes are an integral part of these interim financial statements

Summit Life Corporation and Subsidiaries

Consolidated Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2001	December 2000
	(Unaudited)	
LIABILITIES		
Policy reserves and policyholder funds	$ 5,454,421	$ 4,708,
Unpaid claims	20,663	175,
Accounts payable	13,803	39,
Accrued liabilities	7,373	15,
Notes payable	59,970	248,
Other liabilities	0	
	5,556,230	5,187,
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value	26,888	22,
Preferred stock, series A, $.001 par value, stated at liquidation value	500,000	500,
Preferred stock, series B, $1.00 par value	350,000	350,
Preferred stock, series B subscribed	--	650,
Additional paid-in capital	3,340,584	2,923,
Common stock of parent held by subsidiary	(95,000)	(95,
Accumulated other comprehensive income (loss)		
Unrealized appreciation (depreciation) of available for sale securities	46,953	(19,
Accumulated deficit	(2,876,517)	(2,706,
Less preferred stock subscriptions receivable	--	(650,
	1,292,908	975,
	$ 6,849,138	$ 6,162,

The accompanying notes are an integral part of these interim financial statements

Summit Life Corporation and Subsidiaries
Consolidated Statements of Operation
(Unaudited)

	Three Months Ended September 30,		N
	2001	2000	20
Revenues			
Insurance premiums	$ 117,709	$ 63,841	$ 33
Reinsurance premium ceded	(18,087)	(11,149)	(3
Net premium income	99,622	52,692	30
Investment activity			
Investment income	73,906	92,233	43
Net realized gains on sale of available for sale securities	--	9,596	(
Net losses on trading securities	(104,479)	--	(17
Other	29,460	6,126	4
	98,509	160,647	59
Benefits, losses and expenses			
Policy benefits	48,697	21,053	10
Change in policy reserves	(3,973)	66,344	22
Interest expense	3,179	7,429	1
Taxes, licenses and fees	5,463	16,163	1
Depreciation and amortization	31,985	17,726	8
General, administrative and other operating expenses	67,209	105,875	29
	152,560	234,590	74
Earnings (Loss) before income taxes	(54,051)	(73,943)	(14
Income tax provision	--	--	
NET EARNINGS (LOSS)	$ (54,051)	$ (73,943)	$ (14
Preferred Stock Dividend Requirement	12,500	12,500	3
NET EARNINGS (LOSS) APPLICABLE TO COMMON SHARES	$ (66,551)	$ (86,443)	$ (18
Earnings (Loss) per common share - Basic and diluted	$ (0.03)	$ (0.04)	$

Weighted average outstanding common shares,

basic and diluted	2,492,283	2,248,605	2,33

The accompanying notes are an integral part of these interim financial statements

S-9

Summit Life Corporation and Subsidiaries

Consolidated Statement of Stockholders' Equity

Nine Months Ended September 30, 2001
(Unaudited)

		Common Stock		Preferred Stock "	
	Total	Shares Issued	Par Value	Shares Out-standing	Liqu ati Val
Balance at January 1, 2001	$ 975,300	2,267,605	$ 22,676	5,000	$ 50
Issuance of common stock	421,200	421,200	4,212	--	
Dividends on preferred stock	(25,000)	--	--	--	
Comprehensive income					
Net income (loss)	(145,427)	--	--	--	
Other comprehensive inc (loss)					
Unrealized gain on investments	66,835	--	--	--	
Comprehensive inc. (loss)	(78,592)				
Balance at September 30, 2001	$ 1,292,908	2,688,805	$ 26,888	5,000	$ 50

	Additional Paid-in	Common Stock of Parent Held by	Accumulated Other Comprehensive Income	Accumulated

	Capital	Subsidiary	(Loss)	Deficit
Balance at January 1, 2001	$ 2,923,596	$ (95,000)	$ (19,882)	$(2,706,090)
Issuance of common stock	416,988	--	--	--
Dividends on preferred stock	--	--	--	(25,000)
Comprehensive income				
Net income (loss)	--	--	--	(145,427)
Other comprehensive inc (loss)				
Unrealized gain on investments	--	--	66,835	--
Comprehensive inc. (loss)				
Balance at September 30, 2001	$ 3,340,584	$ (95,000)	$ 46,953	$(2,876,517)

The accompanying notes are an integral part of these interim financial statements

Summit Life Corporation and Subsidiaries

Condensed Consolidated Statement of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000
Increase (Decrease) in Cash and Cash Equivalents		
Net cash provided by (used in) operating activities	$ (205,528)	$ (161,704)
Net cash provided by (used in) investing activities	204,782	1,325,670
Net cash provided by (used in) financing activities	442,599	(702,445)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	441,853	461,521
Cash and cash equivalents at the beginning of the period	1,436,338	935,746
Cash and cash equivalents at the end of the period	$ 1,878,191	$ 1,397,267

Summit Life Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month and nine month periods ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001. For further information, refer to the consolidated annual financial statements and footnotes thereto for the year ended December 31, 2000.

The accompanying notes are an integral part of these interim financial statements