SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1995, or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from to

Commission File Number 0-9341

Security National Financial Corporation
(Exact name of registrant as specified in its Charter)

UTAH	87-0345941
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5300 South 360 West, Suite 310 Salt Lake City, Utah	84123
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (801) 264-1060

Securities registered pursuant to Section 12(d) of the Act:

Title of each Class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Class A Common stock, $2.00 Par Value
(Title of Class)

Class C Common stock, $0.40 Par Value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No___

Indicated by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 15, 1996 was $16,799,895.

As of March 15, 1996, registrant had outstanding 3,220,801 shares of Class A Common Stock and 2,362,545 shares of Class C Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the registrant's 1996 Annual Meeting of Shareholders are incorporated by reference into Part III hereof.

PART I

Item 1. Business

Security National Financial Corporation (the "Company") operates three main business segments: life insurance, cemetery and mortuary, and mortgage loans. The life insurance segment is engaged in the business of selling and servicing selected lines of life insurance, annuity products and accident and health insurance. These products are marketed in 29 states through a commissioned sales force of independent licensed insurance agents who may also sell insurance products of the other companies. The cemetery and mortuary segment of the Company consist of five cemeteries in the state of Utah and one in the state of California and eight mortuaries in the state of Utah and five mortuaries in the state of Arizona. The Company also engages in pre-need selling of funeral, cemetery and cremation services through its Utah operations. Many of the insurance agents also sell pre-need funeral, cemetery and cremation services. The mortgage loan segment is an approved governmental and conventional lender that originates and underwrites residential and commercial loans for new construction and existing homes and real estate projects.

The design of the Company is that each segment is related to the others and contributes to the profitability of the other segments of the company. Because of the increasing cemetery and mortuary operations in Utah and Arizona, the Company enjoys a level of public awareness that assists in making life insurance and pre-need cemetery and funeral product sales. Security National Life Insurance Company ("Security National Life") then invests its assets (representing in part the pre-paid funerals) in investments authorized by the Insurance Department of the State of Utah. One such investment authorized by the Utah Insurance Department is high quality mortgage loans. Thus, while each segment is a profit center on a stand-alone basis, this horizontal integration of each segment will lead to improved profitability of the Company. The Company is also pursuing growth through acquisitions of both life insurance companies and cemeteries and mortuaries. The Company's acquisition business plan is based on reducing overhead cost of the acquired company by utilizing existing personnel, management, and technology while still providing quality service to the customers and policyholders.

The Company was organized as a holding company in 1979 when Security National Life became a wholly owned subsidiary of the Company and the former stockholders of Security National Life became stockholders of the Company. Security National Life was formed in 1965 and has grown through the direct sale of life insurance and annuities and through the acquisition of other insurance companies, including the acquisitions of Investors Equity Life Insurance Company of Hawaii Ltd, ("Investors Equity") in June 1986 and its subsequent sale in June 1991, Capital Investors Life Insurance Company in December 1994 and Civil Service Employees Life Insurance Company in December 1995. Memorial Estates, Inc. and Memorial Mortuary became direct subsidiaries of the Company in the 1979 reorganization when the Company was formed. These companies were acquired by Security National Life in 1973. The cemetery and mortuary operations have also grown through the acquisition of other cemetery and mortuary companies, including the acquisitions of Paradise Chapel Funeral Home, Inc. in 1989, Holladay

Memorial Park, Inc., Cottonwood Mortuary, Inc. and Deseret Memorial, Inc. in 1991, Sunset Funeral Home in January 1994, and Greer-Wilson Funeral Home, Inc. in April 1995. In July 1993, the Company formed Security National Mortgage Company to originate, refinance and service mortgage loans. See Notes to Consolidated Financial Statements for additional disclosure and discussion regarding segments of the business.

Life Insurance

Products

The Company, through its insurance subsidiaries, issues and distributes selected lines of life insurance and annuities. The Company's life insurance business includes funeral plans and interest-sensitive whole life insurance, as well as other traditional life and accident and health insurance products. The Company's life insurance and annuity business decreased significantly with the sale of Investors Equity in 1991. In its insurance operations, the Company markets a variety of life insurance products, including ordinary life policies and interest-sensitive whole life policies, but places specific marketing emphasis on funeral plans.

A funeral plan is a small face value life insurance policy that generally has a face coverage of up to $5,000. The Company believes that funeral plans represent a marketing niche that is less competitive since most insurance companies do not offer similar coverages. The purpose of the funeral plan policy is to pay the costs and expenses incurred at the time of a person's death. On a per thousand dollar cost of insurance basis, these policies are more expensive to the policyholder than many types of non-burial insurance due to their low face amount, requiring the fixed cost of the policy to be distributed over a smaller policy size, and due to the higher age of the policyholder resulting in higher mortality costs.

Markets and Distribution

The Company is licensed to sell insurance in 29 states. The Company, in marketing its life insurance products, seeks to locate, develop and service specific "niche" markets. A "niche" market is an identifiable market which the Company believes is not emphasized by other insurers. The Company generally sells its life insurance products to people of middle age who have a need for insurance to protect the income of the wage earner of the family, to pay off debts at the time of death and for other estate planning purposes. Funeral plan policies are sold primarily to persons who range in age from 45 to 75. Even though people of all ages and income levels purchase funeral plans, the Company believes that the highest percentage of funeral plan purchasers are individuals who are older than 45 and have low to moderate income. A majority of the Company's funeral plan premiums come from the states of Arizona, Colorado, Idaho, Nevada, Oklahoma, Texas and Utah, and a majority of the Company's non-funeral plan life insurance premiums come from the states of California, New Mexico and Utah.

The Company sells its life insurance products through direct agents and brokers and independent licensed agents who may also sell insurance products of other companies. The commissions on life insurance products range from approximately 10% to 90% of first year premiums. In those cases where the Company utilizes its direct agents in selling such policies, those agents customarily receive advances against future commissions.

In some instances, funeral plan insurance is marketed in conjunction with the Company's cemetery and mortuary sales force. When it is marketed by that group, the beneficiary is usually the Company. Thus, death benefits that become payable under the policy are paid to the Company's cemetery and mortuary subsidiaries to the extent of services performed and products purchased.

In marketing the funeral plan insurance, the Company also seeks and obtains third-party endorsements from other cemeteries and mortuaries within its marketing areas. Typically, these cemeteries and mortuaries will provide letters of endorsement and may share in mailing and other lead-generating costs. The incentive for such businesses to share the costs is that these businesses are usually made the beneficiary of the policy as their interest may appear. The following table summarizes the life insurance business over the five years ended December 31, 1995:

	1995	1994	1993	1992	1991
Life Insurance Policy/Cert. Count	42,711	41,064	32,895	32,682	32,713
Insurance in force (omitted 000)	$530,688	$436,600	$310,395	$319,020	$354,228
Premiums Collected (omitted 000)	$ 5,819	$ 5,175	$ 5,201	$ 4,866	$ 5,297

Underwriting

Factors considered in evaluating an application for insurance coverage include the applicant's age, occupation, general health and medical history. Upon receipt of a satisfactory application which contains pertinent medical questions, the Company writes insurance that is based on its medical limits and requirements on a basis satisfactory to the reinsuring company (or companies, if submitted facultatively), subject to the following general non-medical limits:

Age Nearest Birthday	Non-Medical Limits
0-40	$75,000
41-50	$75,000
51-up	Exam Required

When underwriting life insurance, the Company will sometimes issue policies with higher premium rates for substandard risks.

In addition to the companies ordinary life product line, the Company also sells final expense insurance. This insurance is small face amount, with a maximum issue of $10,000. It is written on a simplified medical application with underwriting requirements being a completed application, a phone inspection on each applicant and a Medical Information Bureau inquiry. There are several underwriting classes in which an applicant can be placed. If the Company receives conflicting or incomplete underwriting information, an attending physician's statement can be ordered to insure the applicant is placed in the correct underwriting class.

Annuities

Products

The Company's annuity business includes single premium deferred annuities, flexible premium deferred annuities and immediate annuities. A single premium deferred annuity is a contract where the individual remits a sum of money to the Company which is retained on deposit until such time as the individual may wish to purchase an immediate annuity or surrender his contract for cash. A flexible premium deferred annuity gives the contract holder the right to make premium payments of varying amounts or to make no further premium payments after his initial payment. These single and flexible premium deferred annuities can have initial surrender charges. The surrender charges act as a deterrent to individuals who may wish to surrender their annuity contracts. These types of annuities have guaranteed interest rates of 4% to 4 1/2% per annum. Above that, the interest rate credited is determined by the Board of Directors at their discretion. An immediate annuity is a contract in which the individual remits to the Company a sum of money in return for the Company's obligation to pay a series of payments on a periodic basis over a designated period of time, such as an individual's life, or for such other period as may be designated.

Holders of annuities enjoy a significant benefit under the current federal income tax law in that interest accretions that are credited to the annuities do not incur current income tax expense on the part of the contract holder. Instead, the interest income is tax deferred until such time as it is paid out to the contract holder. In order for the Company to realize a profit on an annuity product, the Company must maintain an interest rate spread between its investment income and the interest rate credited to the annuities. From that spread must be deducted commissions, issuance expenses and general and administrative expenses. The Company's annuities currently have credited interest rates ranging from 2.5% to 8%.

Markets and Distribution

The general market for all of the Company's annuities is middle to older age individuals who wish to save or invest their money in a tax deferred environment, having relatively high yields. The Company currently markets its annuities primarily in the states of Arizona, Colorado, Idaho, New Mexico, Oklahoma, Texas and Utah.

The major source of annuity considerations comes from direct agents. Annuities can be sold as a by-product of other insurance sales. This is particularly true in the funeral planning area. If an individual does not qualify for a funeral plan due to health considerations, the agent will often sell that individual an annuity to take care of those final expenses. The commission rates on annuities range from 2% to 10%.

The following table summarizes the annuity business over the five years ended December 31, 1995:

	1995	1994	1993	1992	1991
Annuities Policy/Cert. Count	6,893	5,954	4,605	4,482	4,359
Premiums Collected (omitted 000)	$ 2,375	$ 1,927	$ 1,905	$ 1,889	$ 1,340

Accident and Health

Products

Prior to the acquisition of Capital Investors Life in December 1994, the Company did not actively market accident and health products. With the acquisition of Capital Investors Life, the Company acquired a block of accident and health policies which pay limited benefits to policyholders. The Company is currently offering a low-cost comprehensive diver's accident policy. The policy provides world-wide coverage for medical expense reimbursement and life insurance in the event of diving or water sports accidents.

Markets and Distribution

The Company currently markets its diver's policy through water sports magazine advertising and dive shops throughout the world. The Company pays direct commissions for new business generated ranging from 15% to 30%.

The following table summarizes the Accident and Health business over the five years ended December 31, 1995:

	1995	1994(1)	1993	1992	1991
Accident and Health Policy/Cert. Count	37,302	42,910	347	463	590
Premiums Collected (omitted 000)	$ 578	$ 15	$ 18	$ 23	$ 30

(1) Reflects acquisition of Capital Investors Life Insurance Company on December 21, 1994.

Reinsurance

The Company reinsures with other companies portions of the individual life insurance and accident and health policies it has underwritten. The primary purpose of reinsurance is to enable an insurance company to write a policy in an amount larger than the risk it is willing to assume for itself. No other liabilities or guarantees by the Company exist on business ceded through reinsurance treaties, however, the Company remains obligated for amounts ceded in the event the reinsurers do not meet their obligations. There is no assurance that the reinsurer will be able to meet the obligations assumed by it under the reinsurance agreement.

The Company's policy is to retain no more than $50,000 of ordinary insurance per insured life. Excess risk is reinsured. The total amount of life insurance in force at December 31, 1995, reinsured by other companies aggregated $80,261,000, representing approximately 28% of the Company's life insurance in force on that date.

The Company currently cedes and assumes certain risks with various authorized unaffiliated reinsurers pursuant to reinsurance treaties which are renewable annually. The premiums paid by the Company are based on a number of factors, primarily including the age of the insured and the risk ceded to the reinsurer.

Investments

The investments of the Company's life insurance and annuity funds and assets is determined by the Investment Committee of the Board of Directors of the various subsidiaries and ratified by the full Board of Directors of the respective subsidiaries. A significant portion of the investments must meet statutory requirements governing the nature and quality of permitted investments by insurance companies. The Company's interest-sensitive type products, primarily annuities and interest-sensitive whole life, compete with other financial products such as bank certificates of deposit, brokerage sponsored money market funds as well as competing life insurance company products. While it is not the Company's policy to offer the highest yield in this climate, in order to offer what the Company considers to be a competitive yield, it maintains a diversified portfolio consisting of common stocks, preferred stocks, municipal bonds, investment and non-investment grade bonds including high-yield issues, mortgage loans, real estate, short-term and other securities and investments.

See "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Notes to Consolidated Financial Statements for additional disclosure and discussion regarding investments.

Cemetery and Mortuary

Products

The Company has six wholly-owned cemeteries and thirteen wholly-owned mortuaries. The cemeteries are non-denominational. Through its cemetery and mortuary operations, the Company markets a variety of products and services both on a pre-need basis (prior to death) and an at-need basis (at the time of death). The products include grave spaces, interment vaults, mausoleum crypts and niches, markers, caskets, flowers and other related products. The services include professional services of funeral directors, opening and closing of graves, use of chapels and viewing rooms, and use of automobiles and clothing. The Company has a funeral chapel at each of its cemeteries other than Holladay Memorial Park and has eight separate stand-alone mortuary facilities. The Company's cemetery and mortuary business increased with the acquisition of Holladay Memorial Park, Inc., Cottonwood Mortuary, Inc. and Deseret Memorial, Inc. in September 1991 and with the acquisition of Sunset Funeral Home, Inc. in January 1994 and with the acquisition of Greer-Wilson Funeral Home, Inc., in March 1995.

Markets and Distribution

The Company's pre-need cemetery and mortuary sales are marketed to persons of all ages but are generally purchased by persons 45 years of age and older. The Company also markets its mortuary and cemetery products on an at-need basis. The Company is limited in its geographic distribution of these products to areas lying within an approximate 20 mile radius of its mortuaries and cemeteries. This limits the sale of its products primarily to the area known as the "Wasatch Front," covering approximately 100 miles between Salt Lake City and Ogden, Utah, with the greatest concentration of sales being in the greater Salt Lake City area. The Company's at-need sales are similarly limited in geographic area.

The Company actively seeks to sell its cemetery and funeral products to customers on a pre-need basis. The Company employs cemetery sales representatives on a commission basis to sell these products. Many of these pre-need cemetery and mortuary sales representatives are also licensed insurance salesmen and sell funeral plan insurance. In many instances, the Company's cemetery and mortuary facilities are the named beneficiary of the funeral plan policies.

The sales representatives of the Company's cemetery and mortuary operations are commissioned and receive no salary. The sales commissions range from 10% to 22% for cemetery products and services and 10% to 90% of first year premiums for funeral plan insurance. Potential customers are located via telephone sales prospecting, responses to letters mailed by the sales representatives, newspaper inserts, referrals, contacts made at funeral services, and door to door canvassing. The Company trains its sales representatives and generates leads for them. If a customer comes to one of the Company's cemeteries on an at-need basis, the sales representatives are compensated on a commission basis.

Mortgage Loans

Products

The Company originates and underwrites residential and commercial loans for new construction and existing homes and real estate projects primarily for the greater Salt Lake City area. The Company is an approved governmental and conventional lender and processes governmental and conventional loans. Most of the loans are sold directly to investors. The Company uses warehouse lines of credit with affiliated companies and financial institutions to fund mortgage loans prior to the purchase by investors.

Markets and Distribution

The Company's mortgage services are marketed primarily to individual homeowners and businesses who are located in the area known as the "Wasatch Front," covering approximately 100 miles between Salt Lake City and Ogden, Utah, with the greatest concentration of sales being in the greater Salt Lake City area. The typical loan size for residential loans ranges from $40,000 to $150,000, and for commercial loans from $200,000 to $750,000.

The Company's mortgage loan originations are through part-time and full time mortgage loan officers and wholesale brokers who are paid a sales commission ranging between .40% to 3.0% of the loan amount. Prospective customers are located through contacts with builders, real estate agents, and door-to-door canvassing. The part-time brokers are individuals who are supplementing their full time employment by soliciting residential homeowners to refinance their existing mortgage loans. The Company provides training to these brokers.

Recent Acquisitions and Other Business Activities

Holladay Memorial Park, Inc., Cottonwood Mortuary, Inc. and Deseret Memorial, Inc.

In September 1991, the Company entered into a stock purchase agreement (the "Stock Purchase Agreement") with The John E. and Donna G. Mackay Family Trust, the sole shareholder of Holladay Memorial Park, Inc., a Utah corporation, and JD&M Investments, Inc., a Utah corporation, for the purchase of all of the outstanding shares of Holladay Memorial Park, Inc., and JD&M Investments, Inc. JD&M Investments, Inc., now known as Cottonwood Mortuary, Inc., has all right, title and interest in and to the following corporations and business entities: Holladay Cottonwood Memorial Foundation, a Utah corporation, and Deseret Memorial, Inc., a Utah corporation, including, but not limited to, the following entities: Deseret Mortuary, Colonial Mortuary, Deseret Memorial Plan, Lakehills Benevolent Trust, Lakehills Memorial Crematory, Lakehills Mortuary, Lakehills Memorial Park, and Alta Concrete Products and Vault Plant.

JD&M Investments, Inc. (currently named Cottonwood Mortuary, Inc.) includes two cemeteries and four mortuaries, all of which are located in Salt Lake County, Utah. The mortuaries and cemeteries are non-denominational. The mortuaries consist of Deseret Mortuary, which is reportedly the oldest mortuary in Salt Lake City, Utah, Colonial Mortuary, Cottonwood Mortuary and Lakehills Mortuary. The cemeteries are known as Lakehills Cemetery, which consists of approximately 42 acres, and Holladay Memorial Park, Inc., known as Holladay Memorial Park, consisting of approximately 13 acres. Holladay Memorial Park is reportedly the second oldest cemetery in the State of Utah. The Company intends to operate the companies as wholly-owned subsidiaries for an indefinite period of time. As a result of acquiring stock of these companies, the Company was required to assume certain pre-need obligations under special terms and conditions which were determined by the Department of Occupational and Professional Licensing of the State of Utah.

Pinehill Business Park

In February 1993, the Company entered into a purchase and sale agreement to acquire Pinehill Business Park. The business park is approximately 8.65 acres and located in Murray, Utah. The business park contains three office buildings with a total of 47,000 square feet of office space and seven office and warehouse combination buildings with a total of 89,000 square feet of space.

Security National Mortgage Company

In June 1993, the Company formed Security National Mortgage Company to originate, refinance and service residential and commercial mortgage loans. The Company contributed assets of approximately $268,000 to capitalize the initial operations of Security National Mortgage.

Sunset Funeral Homes, Inc.

In January 1994, the Company acquired all of the issued and outstanding shares of common stock of Sunset Funeral Homes, Inc., ("Sunset") an Arizona corporation. In connection with this transaction, the Company also acquired certain real estate and other assets related to the business of Sunset from the sole shareholder of Sunset. Sunset owns and operates a funeral home in Phoenix, Arizona, known as Camelback Sunset Funeral Home.

Capital Investors Life Insurance Company

In December 1994, the Company completed the purchase of all of the outstanding shares of common stock of Capital Investors Life Insurance Company, ("Capital Investors Life") a Florida based life insurance company from Suncoast Financial Corporation, ("Suncoast Financial") a Delaware corporation and, prior to closing of the transaction, the sole shareholder of Capital Investors Life.

At the time of the transaction, Capital Investors Life was a Florida domiciled insurance company with total assets of approximately $30 million. Capital Investors Life was redomesticated to Utah on December 28, 1994. At the time of the acquisition, Capital Investors Life was licensed to transact business in 23 states. The Company intends to continue the operations of Capital Investors Life as an insurance company.

California Memorial Estates, Inc.

In February 1995, California Memorial Estates, Inc., a duly organized Utah corporation and wholly-owned subsidiary of the Company, entered into a Purchase and Sale Agreement and Escrow Instructions with the Carter Family Trust and the Leonard M. Smith Family Trust to purchase approximately 100 acres of real property located in San Diego County, California (the "Property"). The Company intends initially to develop the Property by designating approximately 35 acres for the development of a cemetery named Singing Hills Memorial Park. The Company has obtained approval from the federal government and the California Cemetery Board to operate a cemetery on the Property.

Greer-Wilson Funeral Home, Inc.

In March 1995, the Company purchased 97,800 shares of common stock of Greer-Wilson Funeral Home, Inc. ("Greer-Wilson"), representing 97.8% of the total issued and outstanding shares of common stock of Greer-Wilson after the issuance of such shares. The Company plans to continue to operate Greer-Wilson as a funeral home and mortuary.

Evergreen Memorial Park

In November 1995, the Company entered into a purchase sale agreement with Myers Mortuary for the sale of the Company's 65% interest in Evergreen Memorial Partnership and the Company's 50% interest in Evergreen Management Corporation. As consideration for the sale of these entities, Myers Mortuary paid $746,123 in satisfaction of the indebtedness that Evergreen Memorial Partnership owed to the Company. Myers Mortuary has also agreed to pay $200,000 to the Company in four equal annual installments of $50,000, beginning as of October 31, 1996. In addition, Myers Mortuary will pay a $10.00 royalty to the Company for each adult space sold in Evergreen Memorial Park over the next ten years, beginning as of January 1, 1996.

Security National Life Insurance Company

In December 1995, Security National Life Insurance Company ("Security National Life") was merged into Capital Investors Life Insurance Company ("Capital Investors Life") with Capital Investors Life as the surviving corporation. As a result of the merger, Capital Investors Life has licenses to transact business in 29 states. In March 1996, the Company changed the name of the surviving corporation from Capital Investors Life to Security National Life.

Civil Service Employees Life Insurance Company

In December 1995, the Company, through its wholly-owned subsidiary, Capital Investors Life, completed the purchase of all of the outstanding shares of Common Stock of Civil Service Employees Life Insurance Company, a California corporation ("CSE Life") from Civil Service Employees Insurance Company, a California corporation and, prior to the closing of the transaction, the sole shareholder of CSE Life. At the time of the transaction, CSE Life was a California domiciled insurance company with total assets of approximately $16.7 million. At the time of the acquisition, CSE Life was licensed to transact business in seven states, including the state of California.

Following the completion of the purchase of CSE Life, the Company merged CSE Life into Capital Investors Life. The Company intends to continue operating Capital Investors Life as the surviving insurance company.

Regulation

The Company's insurance subsidiary is subject to comprehensive regulation in the jurisdictions in which they do business under statutes and regulations administered by state insurance commissioners. Such regulation relates to, among other things, prior approval of the acquisition of a controlling interest in an insurance company; standards of solvency which must be met and maintained; licensing of insurers and their agents; nature of and limitations on investments; deposits of securities for the benefit of policyholders; approval of policy forms and premium rates; periodic examinations of the affairs of insurance companies; annual and other reports required to be filed on the financial condition of insurers or for other purposes; and requirements regarding aggregate reserves for life policies and annuity contracts, policy claims, unearned premiums, and other matters. The Company's insurance subsidiaries are subject to this type of regulation in any state in which they are licensed to do business. Such regulation could involve additional costs, restrict operations or delay implementation of the Company's business plans.

The Company is currently subject to regulation in Utah under insurance holding company legislation, and other states where applicable. Intercorporate transfers of assets and dividend payments from its insurance subsidiary is subject to prior notice of approval from the State Insurance Department, if they are deemed "extraordinary" under these statutes. The insurance subsidiary is required, under state insurance laws, to file detailed annual reports with the supervisory agencies in each of the states in which it does business. Their business and accounts are also subject to examination by these agencies.

The Company's cemetery and mortuary subsidiaries are subject to the Federal Trade Commission's comprehensive funeral industry rules and are licensed by the Utah State Cemetery Board to operate as endowment care cemeteries. The morticians must be licensed by the state in which they provide their services. Similarly, the mortuaries are governed by state statutes and city ordinances in both Utah and Arizona. Reports are required to be submitted on a yearly basis to the Utah Cemetery Board which include financial information concerning the number of spaces sold and funds provided to the Endowment Care Trust Fund. Licenses are issued annually on the basis of such reports. The cemeteries maintain city or county licenses where they conduct business.

The Company's mortgage loan subsidiary is subject to the rules and regulations of the U.S. Department of Housing and Urban Development. These regulations among other things specify the procedures for the origination, the underwriting, the licensing of wholesale brokers, quality review audits and the amounts that can be charged to borrowers for all FHA and VA loans. Each year the Company must have an audit by an independent CPA firm to check for compliance under these regulations. In addition to the government regulations, the Company must meet various loan requirements of investors who purchase the loans before the loan can be sold to the investors.

Income Taxes

The Company's insurance subsidiaries, effective January 1, 1984, are taxed under the Life Insurance Company Tax Act of 1984. Pursuant thereto, life insurance companies are taxed at standard corporate rates on life insurance company taxable income. Life insurance company taxable income is gross income less general business deductions, reserves for future policyholder benefits (with modifications), and a small life insurance company deduction (up to 60% of life insurance company taxable income). The Company may be subject to the corporate Alternative Minimum Tax (AMT). The exposure to AMT is primarily a result of the small life insurance company deduction. Also, under the Tax Reform Act of 1986, distributions in excess of shareholder's surplus account or significant decrease in life reserves will result in taxable income.

The Company's insurance subsidiaries may continue to receive the benefit of the small life insurance company deduction. In order to qualify for the small company deduction, the combined assets of the Company must be less than $500,000,000 and the taxable income of the life insurance companies must be less than $3,000,000. To the extent that the net income limitation is exceeded, then the small life insurance company deduction is phased out over the next $12,000,000 of life insurance company taxable income.

Since 1990, the Company's life insurance subsidiaries have computed their life insurance taxable income after establishing a provision representing a portion of the costs of acquisition of such life insurance business. The effect of the provision is that a certain percentage of the Company's premium income is characterized as deferred expenses and recognized over a five to ten year period.

The Company's non-life insurance company subsidiaries are taxed in general under the regular corporate tax provisions. For taxable years beginning January 1, 1987, the Company may be subject to the Corporate Alternative Minimum Tax and the proportionate disallowance rules for installment sales under the Tax Reform Act of 1986.

Competition

The life insurance industry is highly competitive. There are approximately 2,000 legal reserve life insurance companies in business in the United States. These insurance companies differentiate themselves through marketing techniques, product features, price and customer service. The Company's insurance subsidiary competes with a large number of insurance companies, many of which have greater financial resources, a longer business history, and a more diversified line of insurance coverage than the Company. In addition, such companies generally have a larger sales force. Further, many of the companies with which the Company competes are mutual companies which may have a competitive advantage because all profits accrue to policyholders. Because the Company is small by industry standards and lacks broad diversification of risk, it may be more vulnerable to losses than larger, better established companies. The Company believes that its policies and rates for the markets it serves are generally competitive.

The cemetery and mortuary business is also highly competitive. In the Salt Lake and Phoenix areas in which the Company competes, there are a number of cemeteries and mortuaries which have longer business histories, more established positions in the community and stronger financial positions than the Company. In addition, some of the cemeteries with which the Company must compete for sales are owned by municipalities and, as a result, can offer lower prices than can the Company. The Company bears the cost of a pre-need sales program that is not incurred by those competitors that do not have a pre-need sales force. The Company believes that its products and prices are generally competitive with those in the industry.

The mortgage loan business is highly competitive with several mortgage companies and banks in the same geographic area in which the Company is operating which have longer business histories and more established positions in the community. The refinancing market is particularly vulnerable to changes in interest rates.

Employees

As of December 31, 1995, the Companies employ 122 full-time and 33 part-time employees.

Item 2. Properties

The following table sets forth the location of the Company's office facilities and certain other information relating to these properties.

Location	Function	Owned Leased	Approximate Square Footage
5300 So. 360 West Salt Lake City, UT	Corporate Headquarters	Owned(1)	33,000
3636 No. 15th Ave. Phoenix, AZ	District Sales Office	Owned	3,000
1603 Thirteenth St. Lubbock, TX	District Sales Office	Owned(2)	5,000

(1) As of December 31, 1995, this facility was subject to a mortgage of approximately $1,192,000. The Company leases an additional 15,616 square feet of the facility to unrelated third parties for approximately $205,000 per year, under leases which expire at various dates after 1995.

(2) The Company leases an additional 2,766 square feet of the facility to unrelated third parties for approximately $12,600 per year, under leases which expire at various dates after 1995.

The Company believes the office facilities it occupies are in good operating condition, are adequate for current operations and has no plan to build or acquire additional office facilities. The Company believes its office facilities are adequate for handling business in the foreseeable future.

The following table summarizes the location and acreage of the six Company owned cemeteries:

Name of Cemetery	Location	Date Acquired	Developed Acreage(1)	Total Acreage(1)	Net Saleable Acreage: Acres Sold as Cemetery Spaces(2)	Net Saleable Acreage: Total Available Acreage(1)
Memorial Estates, Inc.:						
Lakeview Cemetery(3)	1700 E. Lakeview Dr. Bountiful, UT	1973	6	40	4	36
Mountain View Cemetery(3)	3115 E. 7800 So. Salt Lake City, UT	1973	26	54	14	42
Redwood Cemetery(3)(5)	6500 So. Redwood Rd. West Jordan, UT	1973	40	78	27	51
Holladay Memorial Park(4)(5)	4800 So. Memory Lane Holladay, UT	1991	6	13	4	9
Lakehills Cemetery(4)	10055 So. State Sandy, UT	1991	12	42	6	36
Singing Hills Memorial Park(6)	2798 Dehesa Rd. El Cajon, CA	1995	0	35	0	35

(1) The acreage represents estimates of acres that are based upon survey reports, title reports, appraisal reports or the Company's inspection of the cemeteries.
(2) Includes spaces sold for cash and installment contract sales.
(3) As of December 31, 1995, there were mortgages of approximately $260,000 collateralized by the property and facilities at Memorial Estates Lakeview, Mountain View and Redwood Cemeteries, of which approximately $121,000 was held by Security National Life.
(4) As of December 31, 1995, there were mortgages of approximately $2,197,000 collateralized by the property and facilities at Deseret Mortuary, Cottonwood Mortuary, Holladay Memorial Park, Lakehills Cemetery and Colonial Mortuary.
(5) This cemetery includes two granite mausoleums.
(6) As of December 31, 1995, there was a mortgage of approximately $912,000 collateralized by the property.

The following table summarizes the location, square footage and the number of viewing rooms and chapels of the thirteen Company owned mortuaries:

Name of Mortuary	Location	Date Acquired	Viewing Room(s)	Chapel(s)	Square Footage
Memorial Mortuary	5850 South 900 East Salt Lake City, UT	1973	3	1	20,000
Memorial Estates, Inc.:					
Redwood Mortuary	6500 South Redwood Rd. West Jordan, UT	1973	2	1	10,000
Mountain View Mortuary	3115 East 7800 South Salt Lake City, UT	1973	2	1	16,000
Lakeview Mortuary	1700 East Lakeview Dr. Bountiful, UT	1973	0	1	5,500
Paradise Chapel Funeral Home	3934 East Indian School Road Phoenix, AZ	1989	2	1	9,800
Deseret Memorial, Inc.:					
Colonial Mortuary(2)	2128 South State St. Salt Lake City, UT	1991	1	1	14,500
Deseret Mortuary(2)	36 East 700 South Salt Lake City, UT	1991	2	2	36,300
Lakehills Mortuary	10055 South State St. Sandy, UT	1991	2	1	18,000
Cottonwood Mortuary(2)	4670 South Highland Dr. Salt Lake City, UT	1991	2	1	14,500
Camelback Sunset Funeral Home(1)	301 West Camelback Rd. Phoenix, AZ	1994	2	1	11,000

Name of Mortuary	Location	Date Acquired	Viewing Room(s)	Chapel(s)	Square Footage
Greer-Wilson:					
Greer-Wilson Funeral Home	5921 West Thomas Road Phoenix, AZ	1995	2	2	25,000
Tolleson Funeral Home	9386 West VanBuren Tolleson, AZ	1995	1	1	3,460
Avondale Funeral Home	218 North Central Avondale, AZ	1995	1	1	1,850

(1) As of December 31, 1995, there were mortgages of approximately $543,000 collateralized by the property and facilities of Camelback Sunset Funeral Home.

(2) As of December 31, 1995, there were mortgages of approximately $2,197,000 collateralized by the property and facilities at Deseret Mortuary, Cottonwood Mortuary, Holladay Memorial Park, Lakehills Cemetery and Colonial Mortuary.

Item 3. Legal Proceedings

The Company and its wholly-owned subsidiary, Greer-Wilson Funeral Home, Inc. ("Greer-Wilson"), have been named as parties in the action of In Re the Marriage of Ann Marie Wilson, Arizona Superior Court, Maricopa County, No. DR95-02128. This is a dissolution (divorce) action between Scott Wilson, a former employee of Greer-Wilson and Ann Wilson. Both the Company and Greer-Wilson are named as co-respondents.

In 1991, Scott Wilson entered into a stock agreement with Page Greer and Patricia Greer which, among other things, provided for a certain percentage of stock which could be acquired by Scott Wilson from Page and Patricia Greer. No stock was ever transferred to Scott Wilson. On March 8, 1995, Greer-Wilson issued 97,800 shares of common stock to the Company pursuant to a Stock Issuance Agreement. There is also a pledge of Page and Patricia Greer's stock to the Company securing a note. On or about that date, other agreements were also executed, including Scott Wilson confirming that he owned no stock of Greer-Wilson and releasing any claims he may have pursuant to the 1991 stock agreement.

In her dissolution action, Ann Wilson is claiming that she has an ownership interest in Greer-Wilson by virtue of community property rights related to the 1991 stock agreement involving her husband Scott Wilson. It appears that Ann Wilson asserts that Scott Wilson owned 40% of Greer-Wilson. She is seeking to enforce community rights pursuant to said stock agreement and to invalidate actions contrary thereto by Scott Wilson which took place after an injunction was put in place including Scott Wilson's release of claims.

The litigation is in the early stages. Ann Wilson has not yet sufficiently defined her claims to permit a complete determination of the Company's potential exposure or that of Greer-Wilson but it appears that there are good defenses and a good position to limit exposure. It is the intention of the Company and Greer-Wilson to vigorously defend this matter.

The Company and its subsidiaries are not parties to any other legal proceedings outside the ordinary course of the Company's business or to any other legal proceedings which, if adversely determined, would have a material adverse effect on the Company or its business.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters

The Company's Class A Common Stock trades on the Nasdaq National Market under the symbol "SNFCA." Prior to August 13, 1987, there was no active public market for the Class A and Class C Common Stock. During the recent years there have been occasional trading of Class A and Class C Common Stock by brokerage firms in the over-the-counter market. The following are the high and low sales prices for Class A Common Stock as reported by Nasdaq.

Period (Calendar Year)	Price Range High	Low
1994		
First Quarter	3 3/8	2 5/8
Second Quarter	4 1/2	2 7/8
Third Quarter	4 1/2	4
Fourth Quarter	4 3/4	4
1995		
First Quarter	4 1/2	3 7/8
Second Quarter	4 1/4	3 1/4
Third Quarter	5 1/2	3 1/2
Fourth Quarter	5 3/8	4 5/8

The Class C Common Stock is not actively traded, although there are occasional transactions in such stock by brokerage firms. (See Note 11 to the Consolidated Financial Statements.)

The Company has never paid a cash dividend on its Class A or Class C Common Stock. The Company currently anticipates that all of its earnings will be retained for use in the operation and expansion of its business and does not intend to pay any cash dividends on its Class A or Class C Common Stock in the foreseeable future. Any future determination as to cash dividends will depend upon the earnings and financial position of the Company and such other factors as the Board of Directors may deem appropriate. A 5% stock dividend on Class A and Class C Common Stock was paid in the years 1989 through 1995.

As of March 1, 1996, there were 5,129 record holders of Class A Common Stock and 187 record holders of Class C Common Stock.

Item 6. Selected Financial Data - The Company and Subsidiaries (Consolidated)

The following selected financial data for each of the five years in the period ended December 31, 1995, are derived from the audited consolidated financial statements. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein.

Consolidated Statement of Earnings Data:

	Year Ended December 31,				
	1995(4)	1994	1993(2)	1992	1991(1)
Revenue					
Premiums	$5,853,000	$4,945,000	$4,933,000	$ 4,630,000	$ 5,684,000
Net investment income	6,680,000	4,121,000	3,473,000	3,567,000	9,209,000
Net mortuary and cemetery income	8,238,000	5,888,000	6,085,000	5,741,000	4,054,000
Realized gains on investments	333,000	384,000	780,000	583,000	4,000
Provision for losses on investments	--	--	(28,000)	(142,000)	(85,000)
Gain on sale of subsidiary	--	--	--	--	2,586,000
Mortgage fee income	4,943,000	1,170,000	788,000	--	--
Other	71,000	153,000	465,000	354,000	597,000
Total revenue	$26,118,000	$16,661,000	$16,496,000	$14,733,000	$22,049,000
Expenses					
Policyholder benefits	6,169,000	4,036,000	4,420,000	3,901,000	8,873,000
Amortization of deferred policy acquisition costs	1,180,000	767,000	943,000	729,000	1,323,000
General and administrative expense	12,988,000	8,064,000	7,098,000	6,629,000	6,915,000
Interest expense	1,208,000	692,000	675,000	601,000	602,000
Cost of goods & services mortuary & cemetery	2,314,000	1,767,000	1,890,000	1,907,000	1,659,000
Total benefits & expenses	23,859,000	15,326,000	15,026,000	13,767,000	19,372,000
Income before income tax expense	2,259,000	1,335,000	1,470,000	966,000	2,677,000
Income tax (expense) benefit	(728,000)	(302,000)	(388,000)	8,000	(141,000)
Minority interest in loss of subsidiary	20,000	7,000	2,000	1,000	29,000
Net income	$ 1,551,000	$ 1,040,000	$ 1,084,000	$ 975,000	$ 2,565,000
Earnings per common equivalent of Class A Common Stock (fully diluted):					
Net income	$0.42	$0.31	$0.35	$0.33	$0.85
Average common equivalent shares outstanding	3,686,000	3,350,000	3,131,000	2,998,000	2,979,000

Item 6. Selected Finanial Data - The Company and Subsidiaries (Consolidated) (Continued)

Balance Sheet Data:

	December 31,				
	1995(4)	1994(3)	1993(2)	1992	1991(1)
Assets					
Investments and restricted assets	$ 80,815,000	$ 74,835,000	$47,692,000	$42,701,000	$42,711,000
Cash	7,710,000	2,061,000	6,831,000	6,120,000	1,778,000
Receivables	24,177,000	4,638,000	4,084,000	3,793,000	4,478,000
Other assets	25,511,000	22,224,000	17,314,000	17,941,000	18,229,000
Total Assets	$138,213,000	$103,758,000	$75,921,000	$70,555,000	$67,196,000
Liabilities					
Policyholder benefits	$ 76,868,000	$ 61,896,000	$38,605,000	$35,665,000	$32,841,000
Notes & contracts payable	27,129,000	10,210,000	8,095,000	7,665,000	8,578,000
Cemetery & mortuary liabilities	6,078,000	6,603,000	6,511,000	6,430,000	5,962,000
Other liabilities	6,219,000	5,070,000	3,876,000	3,170,000	2,983,000
Total liabilities	116,294,000	83,779,000	57,087,000	52,930,000	50,364,000
Stockholders' equity	21,919,000	19,979,000	18,834,000	17,625,000	16,832,000
Total Liabilities and Stockholders' Equity	$138,213,000	$103,758,000	$75,921,000	$70,555,000	$67,196,000

(1) Only includes Cottonwood Mortuary, Inc., and Holladay Memorial Park, Inc. for three months ended December 31, 1991, and Investors Equity Life Ins. Co. for the first five months of 1991.

(2) Only includes Security National Mortgage Company for the five months ended December 31, 1993.

(3) Reflects the acquisition of Capital Investors Life as of December 31, 1994, and Camelback Sunset Funeral Home as of January 1, 1994.

(4) Only includes Evergreen Memorial Park for the first eleven months of 1995 and the assets and liabilities of Civil Service Employees Life Insurance Company as of December 31, 1995.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company's operations over the last three years generally reflect four trends or events which the Company expects to continue: (i) increased attention to "niche" insurance products, such as the Company's funeral plan policies, annuities, and limited pay accident policies; (ii) decreased general and administrative costs as a percentage of revenue through efforts to reduce operating costs and through eliminating unnecessary duplication of costs at acquired companies; (iii) emphasis on high margin cemetery and mortuary business; and (iv) capitalizing on the strong economy in the intermountain west by originating and refinancing mortgage loans.

Year Ended December 31, 1995 Compared to Year Ended December 31, 1994

The following schedule summarizes the effect the acquisition of Capital Investors Life Insurance Company and Greer-Wilson Funeral Home had on the Consolidated Statements of Operations for the year ended December 31, 1995.

	Consolidated 1995	Capital Investors Life 1995 (Unaudited)	Greer-Wilson 1995 (Unaudited)	Consolidated Without the Effects of Capital Investors Life and Greer-Wilson 1995 (Unaudited)	Consolidated 1994
REVENUES:					
Insurance premiums and other considerations	$5,853,030	$ 986,221	$ --	$ 4,866,809	$ 4,944,789
Net investment income	6,679,704	1,945,066	718	4,733,920	4,120,917
Realized gains on investments and other assets	332,648	--	--	332,648	383,637
Net mortuary and cemetery income	8,238,347	--	1,518,156	6,720,191	5,887,726
Mortgage fee income	4,943,103	--	--	4,943,103	1,170,456
Other	71,519	13,852	10,880	46,787	153,042
Total Revenues	$26,118,351	$2,945,139	$1,529,754	$21,643,458	$16,660,576
BENEFITS AND EXPENSES:					
Death benefits	2,193,232	541,051	--	1,652,181	1,663,475
Surrenders and other policy benefits	2,161,605	1,376,756	--	784,849	903,603
Increase in future policy benefits	1,813,881	(463,661)	--	2,277,542	1,469,029
Amortization of deferred policy acquisition costs and cost of insurance acquired	1,179,510	256,744	--	922,766	766,658
General and administrative expenses:					
Commissions	3,792,408	59,517	1,548	3,731,343	1,257,043
Salaries	3,611,993	--	304,083	3,307,910	2,937,993
Other	5,583,502	354,835	420,043	4,808,624	3,868,508
Interest expense	1,208,346	--	124,535	1,083,811	692,675
Cost of mortuaries and cemeteries goods and services sold	2,314,410	--	446,516	1,867,894	1,766,532
Total benefits and expenses	23,858,887	2,125,242	1,296,725	20,436,920	15,325,516
Earnings before income taxes	$ 2,259,464	$ 819,897	$ 233,029	$ 1,206,538	$1,335,060

The following management's discussion and analysis for the year ended December 31, 1995 excludes the acquisition of Capital Investors Life Insurance Company and Greer-Wilson Funeral Home.

Results of Operations

1995 Compared to 1994

Total revenues increased $4,983,000, or 30% from $16,661,000 for fiscal 1994, to $21,644,000 for fiscal 1995. Contributing to this increase in total revenues was a $613,000 increase in net investment income, an $832,000 increase in mortuary and cemetery sales, and a $3,773,000 increase in mortgage fee income.

Net investment income increased by $613,000 from $4,121,000 in 1994, to $4,734,000 in 1995. This increase was primarily attributed to the life insurance company and the mortuaries and cemeteries participation in warehousing many of the mortgage loans generated by Security National Mortgage Company ("Security National Mortgage").

Realized gains on investments and other assets decreased by $51,000, from $384,000 in 1994 to $333,000 for 1995. The 1994 amount included the results of the sale of 13.45 acres of land deemed not suitable for cemetery development at Lakeview Cemetery. The net gain on the sale of the land after deducting the original cost of the land and related fees was approximately $278,000. In 1995 an agreement was entered into in which the Company's remaining interest in Evergreen Memorial Park was sold to an Ogden based mortuary. The net gain on the sale of Evergreen Memorial Park was approximately $206,000. The remaining decrease in realized gains on investments and other assets was a result of fewer bond redemptions during 1995.

Net mortuary and cemetery income increased by $832,000, from $5,888,000 in 1994 to $6,720,000 in 1995. This increase was the result of a $242,000 increase in mortuary sales and $590,000 increase in cemetery sales for 1995.

Mortgage fee income was increased by $3,773,000 from $1,171,000 in 1994 to $4,944,000 in 1995. This increase was the result of lower interest rates during 1995 which increased the opportunity for refinancing and loan origination. In addition, a strong economy, and an increased demand for housing in the intermountain area has created activity for loan originations.

Total benefits and expenses were $23,858,000 for 1995, which constituted 91% of the Company's total revenues, as compared to $15,326,000, or 92% of the Company's total revenues for 1994.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by $678,000, from $4,036,000 in 1994 to $4,715,000 in 1995. This increase was due to primarily to three factors: the number of policies in force have increased from 1994 to 1995; the block of business continues to age; and the mix of policies issued has changed to limited pay policies over whole life policies.

Amortization of deferred policy acquisition costs and cost of insurance acquired increased by $156,000, from $767,000 in 1994 to $923,000 in 1995. This increase was primarily due to the maturing of the policies in force.

General and administrative expenses increased by $3,784,000, from $8,064,000 in 1994 to $11,848,000 in 1995.

This increase was primarily due to an increase in commission expenses and general operating expenses. Commission expenses increased $2,474,000, from $1,257,000 in 1994 to $3,731,000 in 1995. This increase is due to an increase in business activities of Security National Mortgage and the Company's cemetery operations. Other general and administrative expenses also increased $940,000, from $3,869,000 to $4,809,000. This increase was also due to the increased activity of Security National Mortgage. Salary expense increased $370,000 for the year 1995 as compared to 1994, primarily due to the additional administrative personnel required at the corporate level to meet the needs of the newly acquired companies, which include Capital Investors Life Insurance Company and Greer-Wilson Funeral Home, and the additional activities of Security National Mortgage.

Interest expense increased by $391,000, from $693,000 to $1,084,000. This increase was primarily due to the interest on the debt incurred as a result of the acquisition of Capital Investors Life which was completed in December 1994.

Cost of the mortuary and cemetery goods and services sold was consistent with the products sold during 1995.

1994 Compared to 1993

The Company's total revenues increased by $164,000 (1.0%), from $16,496,000 in fiscal 1993, to $16,660,000 in fiscal 1994. Contributing to this increase in total revenues was a $648,000 increase in investment income and a $70,000 increase in mortgage fee income and other.

Net investment income increased by $648,000, from $3,473,000 in 1993, to $4,121,000 in 1994. This increase was attributable to the Company's emphasis on investing its cash and short-term investments in high-yielding or longer term investments.

Realized gains on investments decreased by $396,000, from $780,000 in 1993 to $384,000 in 1994. The 1994 amount included the results of the sale of 13.45 acres of land deemed not suitable for cemetery development at Lake View Cemetery. In August 1994, an agreement was reached for the sale of the land to Temple Ridge Development Company for $515,000. The net gain on the sale of the land, after deducting the original cost of the land and related fees, was approximately $278,000.

The 1993 amount of realized gains on investments included the results of a favorable settlement of a lawsuit brought in 1988 by the Metropolitan Water District against the Company to condemn 6.6 acres of land at Mountain View Cemetery. The net gain on the sale of the land to the Metropolitan Water District was $184,000. The 1993 amount also included $485,000 in realized gains by Security National Life due to a significant amount of early bond redemptions.

Net mortuary and cemetery income decreased by $197,000, from $6,085,000 in 1993 to $5,888,000 in 1994. This decrease was primarily related to a $299,000 reduction in pre-need sales at Holladay Cottonwood Memorial Foundation. This decrease was partially offset by the additional sales of the Company's other mortuaries, particularly Camelback Sunset Funeral Home, which was acquired in January 1994.

Mortgage fee income and other increased by $71,000, from $1,253,000 in 1993 to $1,324,000 in 1994. This increase was due to $382,000 in additional revenues that were generated by Security National Mortgage, which was formed as a wholly-owned subsidiary of the Company in July 1993, for the purpose of originating and refinancing mortgage loans. Partially offsetting the additional revenues that were realized in 1994 from Security National Mortgage was a $174,000 reduction in revenues from Bonneville Limousine. The higher level of revenues from Bonneville Limousine in 1993 reflected the increased limousine services from the NBA Allstar Game, which was held in Salt Lake City in 1993. There was also a $75,000 reduction in 1994 due to the termination of a computer services agreement. The Company had provided computer services to a third-party in 1993 under a computer services agreement but these services were not provided in 1994.

Total benefits and expenses were $15,326,000 for 1994, which constituted 92% of total revenue of the Company, as compared to $15,027,000, or 91% of total revenues for 1993.

Policy benefits decreased by $384,000, from $4,420,000 in 1993 to $4,027,000 in 1994. This decrease was primarily due to diminishing policies inforce from 1993 to 1994 and because a large block of business obtained paid-up status.

Amortization of deferred policy acquisition costs decreased by $176,000, from $943,000 in 1993 to $767,000 in 1994. This decrease was primarily due to certain deferred policy acquisition costs which were determined unrecoverable and amortized against income in 1993.

General and administrative expenses increased by $965,000, from $7,098,000 in 1993, to $8,063,000 in 1994. This increase was primarily due to the additional costs associated with the operations of Camelback Sunset Funeral Home, which was acquired on January 10, 1994, and Security National Mortgage Company, which was formed and operated as of July 1, 1993.

Interest expense increased by $18,000, from $675,000 in 1993 to $693,000 in 1994, due primarily to the debt assumed with the acquisition of Camelback Sunset Funeral Home.

Cost of mortuary and cemetery goods and services decreased by $123,000, from $1,890,000 in 1993 to $1,767,000 in 1994. This decrease was primarily due to a reduction in pre-need sales at Holladay Cottonwood Memorial Foundation.

Liquidity and Capital Resources

The Company's life insurance subsidiary and cemetery and mortuary subsidiaries realize cash flow from premiums, contract payments and sales on personal services rendered for cemetery and mortuary business from interest and dividends on invested assets, and from the proceeds from the maturity of held-to-maturity investment, or sale of other investments. The mortgage subsidiary realizes cash flow from fees generated by originating and refinancing mortgage loans and interest earned on mortgages sold to investors. The Company considers these sources of cash flow to be adequate to fund future policyholder and cemetery and mortuary liabilities which generally are long-term and adequate to pay current policyholder claims, annuity payments, expenses on the issuance of new policies, the maintenance of existing policies, debt service, and to meet operating expenses.

The Company attempts to match the duration of invested assets with its policyholder and cemetery and mortuary liabilities. The Company may sell investments other than those held to maturity in the portfolio to help in this timing; however, to date, that has not been necessary. The Company purchases short-term investments on a temporary basis to meet the expectations of short-term requirements of the Company's products. The Company's investment philosophy is intended to provide a rate of return which will persist during the expected duration of policyholder and cemetery and mortuary liabilities regardless of future interest rate movements.

The Company's investment policy is to invest predominately in fixed maturity securities and warehouse mortgage loans on a short-term basis before selling the loans to investors in accordance with the requirements and laws governing the life insurance subsidiary. Bonds owned by the insurance subsidiary amounted to $51,143,000, at amortized cost as of December 31, 1995 compared to $39,398,000 at amortized cost as of December 31, 1994 This represents 66% of the total insurance related investments in 1995 as compared to 54% in 1994. Generally all bonds owned by the life insurance company are rated by the National Association of Insurance Commissioners (NAIC). Under this rating system, there are six categories used for rating bonds. At December 31, 1995, 3.61% ($1,851,000) and at December 31, 1994, 4.8% ($1,893,000) of the Company's total invested assets were invested in bonds in rating categories three through six which are considered non-investment grade.

Based on preliminary information, the Company plans to hold its fixed income securities, including high-yield securities, in its portfolio to maturity. Business conditions, however, may develop in the future which may indicate a need for a higher level of liquidity in the investment portfolio. In that event the Company believes it could sell short-term investment grade securities before liquidating high-yielding longer term securities.

The Company is subject to risk based capital guidelines established by statutory regulators requiring minimum capital levels based on the perceived risk of assets, liabilities, disintermediation, and business risk. At December 31, 1995 and 1994, the life subsidiary exceeded the regulatory criteria.

Shareholders' equity as a percent of assets is one measure of capital strength. At December 31, 1995 the Company's ratio decreased to 16% down from 19% at December 31, 1994. This decrease is primarily due to the mortgage company acting as a warehouse, by financing the mortgage loans through bank debt, and then selling them to investors within 45 days, and repaying the debt. This transaction results in a receivable for mortgage loans sold to investors which are offset by a bank loan payable. Computation of the ratio without this transaction results in the Company's debt to total assets at 11% in 1995 and 10% in 1994 and the Company's equity to total assets to 18% in 1995 and 19% in 1994.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 1995 was 10.5%, as compared to a rate of 8% in 1994.

In February 1995, the Company purchased approximately 100 acres of real property (the "Property") located in San Diego, California; approximately 35 acres of which will be used for the development of a cemetery. The purchase price of the property was $1,062,000, $100,000 of which was paid in cash and the balance of $1,062,000, together with interest thereon at the rate of nine percent per annum, to be paid in 12 monthly payments of $5,000, thereafter in equal monthly payments of $10,000; however, interest does not accrue on any part of the principal balance until February 3, 1996. A principal payment of $100,000 was made in December 1995. The Company has obtained approval from the federal government and the California Cemetery Board to operate a cemetery on the property. The development of the cemetery will be financed internally. Initial development of 35 acres to operate as a cemetery is estimated to cost approximately $560,000.

In November 1995, the Company entered into a purchase sale agreement with Myers Mortuary for the sale of the Company's 65% interest in Evergreen Memorial Partnership and the Company's 50% interest in Evergreen Management Corporation. As consideration for the sale of these entities, Myers Mortuary paid $746,123 in satisfaction of the indebtedness that Evergreen Memorial Partnership owes to the Company. Myers Mortuary has also agreed to pay $200,000 to the Company in four equal annual installments of $50,000, beginning as of October 31, 1996. In addition, Myers Mortuary will pay a $10.00 royalty to the Company for each adult space sold in Evergreen Memorial Park over the next ten years, beginning as of January 1, 1996.

In December 1995, the Company purchased all of the outstanding shares of common stock of Civil Service Employees Life Insurance Company ("CSE Life") from Civil Service Employees Insurance Company for a total cost of $5,200,000, which included a promissory note in the amount of $1,063,000. Interest on the promissory note accrues at 7% per annum. Principal payments are to be made in seven equal annual installments of $151,857, beginning on December 29, 1996. Accrued interest will be payable annually beginning on December 29, 1996.

In March 1995, the Company purchased 97,800 shares of common stock of Greer-Wilson Funeral Home, Inc., ("Greer-Wilson") representing 97.8% of the total issued and outstanding shares of common stock of Greer-Wilson for a total consideration of $1,218,000, which included a note to the former owners for $588,000.

At December 31, 1995, $9,473,000 of the Company's consolidated stockholders' equity represents the statutory stockholders' equity of the Company's insurance subsidiary. The life subsidiary cannot pay a dividend to its parent company without the approval of insurance regulatory authorities.

Item 8. Financial Statements and Supplementary Data

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All other schedules to the consolidated financial statements required by Article 7 of Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Security National Financial Corporation:

We have audited the accompanying consolidated balance sheets of Security National Financial Corporation and subsidiaries as of December 31, 1995, and 1994, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. Our audits also include the financial statement schedules listed in the Index at Item 8. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Security National Financial Corporation and subsidiaries at December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

ERNST & YOUNG LLP

Salt Lake City, Utah
March 15, 1996

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31,	
Assets:	1995	1994
Investments (Note 2):		
Fixed maturity securities held to maturity, at amortized cost (market $52,528,726 and $38,695,480 for 1995 and 1994)	$51,143,361	$39,397,628
Equity securities available for sale, at market (cost $4,071,936 and $3,927,923 for 1995 and 1994)	4,556,565	4,149,713
Mortgage loans on real estate	10,434,844	13,857,729
Real estate, net of accumulated depreciation of $1,560,106 and $1,262,853 for 1995 and 1994	7,669,296	7,586,650
Policy loans	3,007,596	2,670,989
Other loans	294,165	677,334
Short-term investments	722,593	4,013,296
Total insurance related investments	77,828,420	72,353,339
Restricted assets of cemeteries and mortuaries (Note 7)	2,986,658	2,482,068
Cash	7,710,155	2,060,876
Receivables:		
Trade contracts	5,552,888	4,985,615
Mortgage loans sold to investors	19,839,657	823,564
Receivable from agents	471,937	463,040
Other	623,628	289,284
Total receivables	26,488,110	6,561,503
Allowance for doubtful accounts	(2,311,450)	(1,923,808)
Net receivables	24,176,660	4,637,695
Land and improvements held for sale	7,568,016	6,920,208
Accrued investment income	1,113,945	996,845
Deferred policy acquisition costs	4,509,974	4,768,284
Property, plant and equipment, net (Note 4)	6,432,615	4,899,873
Cost of insurance acquired (Note 3)	4,007,804	3,580,964
Excess of cost over net assets of acquired subsidiaries	1,461,025	718,391
Other	417,409	339,714
Total Assets	$138,212,681	$103,758,257

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)

	December 31, 1995	1994
Liabilities:		
Future life, annuity, and other policy benefits	$76,867,685	$61,895,251
Line of credit for financing of mortgage loans (Note 5)	14,468,354	--
Bank loans payable (Note 5)	7,485,391	7,440,576
Notes and contracts payable (Note 6)	5,175,317	2,768,546
Estimated future costs of pre-need sales	6,065,875	6,284,421
Payable to endowment care fund (Note 7)	12,520	319,336
Accounts payable	1,193,859	574,406
Other liabilities and accrued expenses	2,402,842	2,624,882
Income taxes (Note 8)	2,622,245	1,872,294
Total Liabilities	116,294,088	83,779,712
Commitment and contingencies (Note 9)		
Stockholders' Equity (Note 11):		
Common stock:		
Class A: $2 par value, authorized 10,000,000 shares, issued 3,819,415 shares in 1995 and 3,558,406 shares in 1994	7,638,830	7,116,814
Class C: $0.40 par value, authorized 7,500,000 shares, issued 2,388,040 shares in 1995 and 2,275,045 shares in 1994	955,216	910,018
Total common stock	8,594,046	8,026,832
Additional paid-in capital	7,879,578	7,214,061
Unrealized appreciation of investments	484,629	221,790
Retained earnings	6,759,972	6,154,694
Treasury stock at cost (598,614 Class A shares and 25,495 Class C shares in 1995; 532,015 Class A shares and 24,281 Class C shares in 1994, held by affiliated companies)	(1,799,632)	(1,638,832)
Total Stockholders' Equity	21,918,593	19,978,545
Total Liabilities and Stockholders' Equity	$138,212,681	$103,758,257

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Earnings

	Year Ended December 31, 1995	1994	1993
Revenue:			
Insurance premiums and other considerations	$ 5,853,030	$ 4,944,789	$ 4,932,853
Net investment income (Note 2)	6,679,704	4,120,917	3,473,374
Net mortuary and cemetery sales	8,238,347	5,887,726	6,085,066
Realized gains on investments and other assets (Note 2)	332,648	383,637	751,511
Mortgage fee income	4,943,103	1,170,465	788,032
Other	71,519	153,042	465,320
Total revenue	26,118,351	16,660,576	16,496,156
Benefits and expenses:			
Death benefits	2,193,232	1,663,475	1,553,892
Surrenders and other policy benefits	2,161,605	903,603	860,925
Increase in future policy benefits	1,813,881	1,469,029	2,005,048
Amortization of deferred policy acquisition costs and cost of insurance acquired	1,149,510	766,658	943,387
General and administrative expenses:			
Commissions	3,792,408	1,257,043	1,183,997
Salaries	3,611,993	2,937,993	2,434,934
Other	5,613,502	3,868,508	3,479,279
Interest expense	1,208,346	692,675	675,103
Cost of goods and services sold of the mortuaries and cemeteries	2,314,410	1,766,532	1,889,944
Total benefits and expenses	23,858,887	15,325,516	15,026,509
Earnings before income taxes	2,259,464	1,335,060	1,469,647
Income tax expense (Note 8)	(728,000)	(302,218)	(388,100)
Minority interest in loss of subsidiary	20,316	6,917	1,994
Net earnings	$ 1,551,780	$ 1,039,759	$ 1,083,541
Earnings per share	$0.42	$0.31	$0.35
Weighted average outstanding common shares	3,686,000	3,350,000	3,131,000

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity

	Class A	Class C	Additional Paid-in Capital	Unrealized Appreciation
Balance at December 31, 1992	$ 6,313,216	$ 845,259	$ 6,611,989	$ 228,803
Net earnings				
Stock dividends	315,686	41,015	112,141	
Conversion Class C to Class A	17,622	(17,624)	2	
Tender offer	1,320	116	274	
Surrendered Certificates	(2,208)	2,208		
Change in unrealized appreciation				123,609
Balance at December 31, 1993	6,645,636	868,766	6,726,614	352,412
Net earnings				
Stock dividends	338,922	43,343	382,276	
Conversion Class C to Class A	2,090	(2,091)	1	
Stock issued	130,166		105,170	
Change in unrealized appreciation				(130,622)
Balance at December 31, 1994	7,116,814	910,018	7,214,061	221,790
Net earnings				
Stock dividends	363,802	45,496	537,204	
Conversion Class C to Class A	298	(298)		
Stock issued	157,916		128,313	
Purchase of treasury stock				
Change in unrealized appreciation				262,839
Balance at December 31, 1995	$ 7,638,830	$ 955,216	$ 7,879,578	$ 484,629

	Retained Earnings	Treasury Stock	Total
Balance at December 31, 1992	$ 5,264,777	$(1,638,832)	$17,625,212
Net earnings	1,083,541		1,083,541
Stock dividends	(468,824)		
Coversion Class C to Class A			
Tender offer			1,710

Surrendered Certificates			
Change in unrealized appreciation			123,609
	------------	---------	---------
Balance at December 31, 1993	5,879,476	(1,638,832)	18,834,072
Net earnings	1,039,759		1,039,759
Stock dividends	(764,541)		
Conversion Class C to Class A			
Stock issued			235,336
Change in unrealized appreciation			(130,622)
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Balance at December 31, 1994	6,154,694	(1,638,832)	19,978,545
Net earnings	1,551,780		1,551,780
Stock dividends	(946,502)		
Conversion Class C to Class A			
Stock issued			286,229
Purchase of treasury stock		(160,800)	(160,800)
Change in unrealized appreciation			262,839
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Balance at December 31, 1995	$6,759,972	$(1,799,632)	$21,918,593
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See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December 31, 1995	1994	1993
Cash flows from operating activities:			
Net earnings	$1,551,780	$1,039,759	$1,083,541
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:			
Realized gains on investments and other assets	(332,648)	(383,637)	(751,511)
Depreciation	719,903	565,777	557,558
Provision for losses on accounts and loans receivable	548,327	79,752	101,803
Amortization of goodwill, premiums, and discounts	(152,472)	(28,632)	(47,101)
Income taxes	749,951	302,218	388,100
Policy acquisition costs deferred	(644,873)	(585,576)	(893,777)
Policy acquisition costs amortized	903,183	758,443	931,457
Cost of insurance acquired amortized	246,327	8,215	11,930
Change in assets and liabilities net of effects from purchases and disposals of subsidiaries:			
Land and improvements held for sale	(1,401,165)	454,707	40,027
Future life and other benefits	2,326,507	1,437,243	1,798,544
Receivables for mortgage loans sold	(19,016,093)	(823,564)	--
Other operating assets and liabilities	(1,212,085)	567,730	244,191
Net cash (used in) provided by operating activities	(15,713,358)	3,392,435	3,464,762
Cash flows from investing activities:			
Securities held to maturity:			
Purchases - fixed maturity securities	(313,393)	(9,242,105)	(4,028,098)
Calls and maturities - fixed maturity securities	2,932,435	1,989,244	10,116,298
Securities available for sale:			
Purchases - equity securities	(424,095)	(209,275)	(376,005)
Sales - equity securities	388,021	235,484	266,921
Purchases of short-term investments	(2,117,410)	(3,194,870)	(1,730,231)
Sales of short-term investments	5,408,113	9,584,611	5,190,692
Purchases of restricted assets	(617,781)	(395,968)	(728,064)
Mortgage, policy, and other loans made	(4,222,888)	(9,591,567)	(14,508,184)
Payments received for mortgage, policy, and other loans	8,100,070	6,268,626	10,880,677
Purchases of property, plant, and equipment	(263,055)	(1,545,167)	(178,229)
Purchases of real estate	(409,367)	(147,837)	(2,629,918)
Purchases of subsidiaries net of cash acquired	(4,544,043)	(5,008,708)	--
Other uses	(26,567)	--	--
Net cash provided by (used in) investing activities	3,890,040	(11,257,532)	(4,645,063)

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)

	Year Ended December 31, 1995	1994	1993
Cash flows from financing activities:			
Annuity receipts	2,597,540	2,011,940	1,951,902
Annuity withdrawals	(1,727,659)	(1,031,305)	(490,976)
Repayment of bank loans and notes and contracts payable	(1,554,154)	(1,768,985)	(1,211,827)
Proceeds from borrowings on bank loans and notes and contracts payable	3,688,516	3,883,272	1,640,953
Net increase in line of credit for financing of mortgage loans	14,468,354	--	--
Other uses	--	--	1,710
Net cash provided by financing activities	17,472,597	3,094,922	1,891,792
Net increase (decrease) in cash	5,649,279	(4,770,175)	711,491
Cash at beginning of year	2,060,876	6,831,051	6,119,560
Cash at end of year	$ 7,710,155	$ 2,060,876	$ 6,831,051

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
Notes to Consolidated Financial Statements
Years Ended December 31, 1995, 1994, and 1993

1) Significant Accounting Principles

General Overview of Business

Security National Financial Corporation and its wholly-owned subsidiaries (the "Company") operates three main business segments; life insurance, cemetery and mortuary, and mortgage loans. The life insurance segment is engaged in the business of selling and servicing selected lines of life insurance, annuity products and accident and health insurance marketed primarily in the intermountain west, California, Texas, and Oklahoma. The cemetery and mortuary segment of the Company consists of five cemeteries in Utah and one in California, and eight mortuaries in Utah and five mortuaries in Arizona. The mortgage loan segment is an approved governmental and conventional lender that originates and underwrites residential and commercial loans for new construction and existing homes and real estate projects primarily in the intermountain west.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles which, for the life insurance subsidiary, differ from statutory accounting principles prescribed or permitted by regulatory authorities. The following is a description of the most significant risks facing the Company and how it mitigates those risks:

Legal/Regulatory Risk - the risk that changes in the legal or regulatory environment in which the Company operates will create additional expenses and/or risks not anticipated by the Company in developing and pricing its products. That is, regulatory initiatives designed to reduce insurer profits, new legal theories or insurance company insolvencies through guaranty fund assessments may create costs for the insurer beyond those recorded in the consolidated financial statements. In addition, changes in tax law with respect to mortgage interest deductions or other public policy or legislative changes may affect the Company's mortgage sales. Also, the Company may be subject to further regulations in the cemetery/mortuary business. The Company mitigates this risk by offering a wide range of products and by diversifying its operations, thus reducing its exposure to any single product or jurisdiction, and also by employing underwriting practices which identify and minimize the adverse impact of such risk.

Credit Risk - the risk that issuers of securities owned by the Company or mortgagors on mortgage loans on real estate owned by the Company will default or that other parties, including reinsurers and holders of cemetery/ mortuary contracts which owe the Company money, will not pay. The Company minimizes this risk by adhering to a conservative investment strategy, by maintaining sound reinsurance and credit and collection policies and by providing for any amounts deemed uncollectible.

Interest Rate Risk - the risk that interest rates will change which may cause a decrease in the value of the Company's investments or impair the ability of the Company to market its mortgage and cemetery/mortuary products. This change in rates may cause certain interest-sensitive products to become uncompetitive or may cause disintermediation. The Company mitigates this risk by charging fees for non-conformance with certain policy provisions, by offering products that transfer this risk to the purchaser, and/or by attempting to match the maturity schedule of its assets with the expected payouts of its liabilities. To the extent that liabilities come due more quickly than assets mature, the Company might have to borrow funds or sell assets prior to maturity and potentially recognize a gain or loss.

Mortality/Morbidity Risk - the risk that the Company's actuarial assumptions may differ from actual mortality/morbidity experience that may cause the Company's products to be underpriced, may cause the Company to liquidate insurance or other claims earlier than anticipated and other potentially adverse consequences to the business. The Company minimizes this risk through sound underwriting practices, asset/liability duration matching, and sound actuarial practices.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The estimates susceptible to significant change are those used in determining the liability for future policy benefits an claims, those used in determining valuation allowances for mortgage loans on real estate, and those used in determining the estimated future costs for pre-need sales. Although some variability is inherent in these estimates, management believes the amounts provided are adequate.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and operations of the Company. The Company's wholly-owned subsidiaries at December 31, 1995, are as follows:

*Capital Investors Life Insurance Company ("Capital Investors Life")
- Security National Life Insurance Company
- Civil Service Employees Life Insurance Company

Memorial Estates, Inc.
Memorial Mortuary
Paradise Chapel Funeral Home
Singing Hills Memorial Park
Cottonwood Mortuary, Inc.
- Deseret Memorial
- Holladay Cottonwood Memorial Foundation

Holladay Memorial Park
Camelback Sunset Funeral Home, Inc.
Security National Mortgage Company
Greer-Wilson Funeral Home

* In December 1995, Security National Life Insurance Company and Civil Service Employees Life Insurance Company were merged into Capital Investors Life, with Capital Investors Life as the surviving corporation. In March 1996, the Company changed the name of the surviving corporation from Capital Investors Life to Security National Life Insurance Company.

All significant intercompany transactions and accounts have been eliminated in consolidation.

In December 1995, the Company purchased all of the outstanding shares of common stock of Civil Service Employees Life Insurance Company ("CSE Life") from Civil Service Employees Insurance Company for total consideration of $5,200,000, which included a promissory note in the amount of $1,063,000. The acquisition was accounted for using the purchase method. Concurrent with the completion of the purchase of CSE Life, the Company merged CSE Life into Capital Investors Life. The assets and liabilities of CSE Life have been included in the Company's balance sheet at December 31, 1995. The results of operations of CSE Life were not included in the consolidated financial statements of the Company for the year ended December 31, 1995, as the effective date for accounting purposes was December 31, 1995.

In March 1995, the Company purchased 97,800 shares of common stock of Greer-Wilson Funeral Home, Inc., ("Greer-Wilson") representing 97.8% of the total issued and outstanding shares of common stock of Greer-Wilson for total consideration of $1,218,000, which included a note to the former owners for $588,000. The acquisition was accounted for using the purchase method. The assets and liabilities of Greer-Wilson have been included in the Company's balance sheet at December 31, 1995. The results of operation of Greer-Wilson for the nine months ended December 31, 1995, were included in the consolidated financial statements of the Company. This acquisition resulted in an addition to excess of cost over net assets acquired of approximately $800,000.

The unaudited consolidated pro forma results of operations assuming consummation of these acquisitions as of January 1, 1994 are summarized as follows:

	Pro Forma 1995	Pro Forma 1994
	(In thousands except earnings per share)	
Total Revenue	$28,130,000	$20,203,000
Net earnings	$ 1,843,000	$ 1,564,000
Earnings per share	$ 0.50	$ 0.47

Investments

Investments are shown on the following basis:

Fixed maturity securities held to maturity - at cost, adjusted for amortization of premium or accretion of discount. Although the Company has the ability and intent to hold these investments to maturity, there could occur infrequent and unusual conditions in which it would sell certain of these securities. Those conditions would include unforeseen changes in asset quality, and significant changes in tax laws affecting the changes in regulatory capital requirements or permissible investments.

Equity securities available for sale - at fair value, which is based upon quoted trading prices. Changes in fair values net of income taxes are reported as unrealized appreciation or depreciation and recorded as an adjustment directly to stockholders' equity and, accordingly, have no effect on net income.

Mortgage loans on real estate - at unpaid principal balances, adjusted for amortization of premium or accretion of discount, less allowance for possible losses.

Real estate - at cost, less accumulated depreciation provided on a straight-line basis over the estimated useful lives of the properties, and net of allowance for impairment in value.

Policy and other loans - at the aggregate unpaid balances.

Short-term investments - consists of certificates of deposit and commercial paper with maturities of up to one year.

Restricted Assets of Cemeteries and Mortuaries - consists of cash, mortgage loans, and mutual funds carried at cost, fixed maturity securities carried at cost adjusted for amortization of premium or accretion of discount, and equity securities carried at fair value which is based upon quoted trading prices.

Realized gains and losses on Investments - realized gains and losses on investments, and declines in value considered to be other than temporary, are recognized in operations on the specific identification basis.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Depreciation is calculated principally on the straight-line method over the estimated useful lives of the assets.

Recognition of Insurance Premiums and Other Considerations

Premiums for traditional life insurance products (which include those products with fixed and guaranteed premiums and benefits and consist principally of whole life insurance policies, limited-payment life insurance policies, and certain annuities with life contingencies) are recognized as revenues when due from policyholders. Revenues for interest-sensitive insurance policies (which include universal life policies, interest-sensitive life policies, deferred annuities and annuities without life contingencies) consist of policy charges for the cost of insurance, policy administration charges, and surrender charges assessed against policyholder account balances during the period.

Deferred Policy Acquisition Costs and Cost of Insurance Acquired

Commissions and other costs, net of commission and expense allowances for reinsurance ceded, that vary with and are primarily related to the production of new and renewal insurance business have been deferred. Deferred policy acquisition costs for traditional life insurance are being amortized over the premium-paying period of the related policies using assumptions consistent with those used in computing policy benefit reserves. For interest sensitive insurance products, deferred policy acquisition costs are being amortized generally in proportion to the present value of expected gross profits from surrender charges and investment, mortality and expense margins. This amortization is adjusted when estimates of current or future gross profits to be realized from a group of products are reevaluated. Deferred acquisition costs are written off when policies lapse or are surrendered.

Cost of insurance acquired is the present value of estimated future profits of the acquired business and is amortized similar to deferred policy acquisition costs.

Future Life, Annuity and Other Policy Benefits

Future policy benefit reserves for traditional life insurance are computed using a net level method, including assumptions as to investment yields, mortality, morbidity, withdrawals, and other assumptions based on the insurance subsidiaries' experience, modified as necessary to give effect to anticipated trends and to include provisions for possible unfavorable deviations. Such liabilities are, for some plans, graded to equal statutory values or cash values at or prior to maturity. The range of assumed interest rates for all traditional life insurance policy reserves was 4.5% to 10% in 1995, 1994, and 1993. Benefit reserves for traditional limited-payment life insurance policies include the deferred portion of the premiums received during the premium-paying period; those deferred premiums are recognized in income over the life of the policies. Policy benefit claims are charged to expense in the period that the claims are incurred. All insurance-related benefits and expenses are reported net of reinsurance ceded.

Future policy benefit reserves for interest-sensitive insurance products are computed under a retrospective deposit method and represent policy account balances before applicable surrender charges. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policy account balances. Interest crediting rates for interest-sensitive insurance products ranged from 4% to 6.5% in 1995, 4% to 6.25% in 1994, and 4% to 7% in 1993.

Participating Insurance

Participating business constitutes 5%, 12%, and 11% of the ordinary life insurance in force for 1995, 1994 and 1993, respectively. The provision for policyholders' dividends included in policyholder obligations is based on dividend scales anticipated by management. Amounts to be paid are determined annually by the Board of Directors.

Reinsurance

The Company follows the procedure of reinsuring risks in excess of $50,000. The Company is liable for those amounts in the event the reinsurers are unable to pay their portion of the claims.

The Company has entered into coinsurance agreements with unaffiliated insurance companies under which the Company assumed 100% of the risk for certain life insurance policies and certain other policy-related liabilities of the insurance company.

Reinsurance premiums, commissions, expense reimbursements and reserves related to reinsured business are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums ceded to other companies are reported as a reduction of premium income. Expense allowances received in connection with reinsurance ceded are accounted for as a reduction of the related policy acquisition costs and are deferred and amortized accordingly.

Cemetery and Mortuary Operations

Land and improvements used in cemetery operations are stated at cost and charged to operations when sold based on the number of spaces available for sale. Mausoleum costs are charged to operations when sold based on the number of niches available for sale. Perpetual care is maintained on sold spaces as discussed in Note 7.

Certain cemetery products are sold on a pre-need basis. Revenues from pre-need cemetery sales are recognized at the time of sale. Related costs required to establish the liability for estimated future costs of pre-need sales are also recorded at the time of sale. This liability relates to promised merchandise and funeral services and is increased or decreased each period as current costs change. A corresponding charge is made to operations. Certain mortuary products and services are also sold on a pre-need basis. Pre-need mortuary sales are fully reserved at the time of the sale. Revenue on pre-need mortuary services is recognized at the time the service is performed. Through 1990, these contracts were non-interest bearing and the related receivables were discounted using current market rates. Resulting discount amounts are amortized into operations as other income over the terms of the contracts. Beginning in 1991, all pre-need sales contracts bear interest at 8%.

The Company is required to place specified amounts into restricted asset accounts for products sold on a pre-need basis. Income from assets placed in these restricted asset accounts are used to offset required increases to the estimated future liability. Management believes that amounts placed into these accounts are sufficient to fulfill all future pre-need contract obligations.

Revenues and costs for at-need sales are recorded when the services are performed.

The Company, through its mortuary and cemetery operations, provides a guaranteed funeral arrangement wherein a prospective customer can receive future goods and services at guaranteed prices. To accomplish this, the Company, through its life insurance operations, sells to the customer an increasing benefit life insurance policy that is assigned to the mortuaries. If, at the time of need, the policyholder/potential mortuary customer utilizes one of the Company's facilities, the guaranteed funeral arrangement contract that has been assigned will provide the funeral goods and services at the contracted price. The increasing life insurance policy will cover the difference between the original contract prices and current prices. Risks may arise if the difference cannot be fully met by the life insurance policy. However, management believes that given current inflation rates and related price increases of goods and services, the risk of exposure is minimal.

Mortgage Operations

Mortgage company fee income is generated through the origination and refinancing of mortgage loans and is deferred until such loans are sold.

Excess of Cost Over Net Assets of Acquired Businesses

Previous acquisitions have been accounted for as purchases under which assets acquired and liabilities assumed were recorded at their fair values. The excess of cost over net assets of acquired subsidiaries is being amortized over a range of fifteen to thirty years using the straight-line method. The Company periodically evaluates the recoverability of amounts recorded. Accumulated amortization was $590,495 and $532,140 at December 31, 1995 and 1994, respectively.

Income Taxes

Income taxes include taxes currently payable plus deferred taxes related to the tax effect of temporary differences in the financial reporting basis and tax basis of assets and liabilities. Such temporary differences are related principally to the deferral of policy acquisition costs and the provision for future policy benefits in the insurance operations.

Earnings Per Common Share

Earnings per common share are based on the weighted average number of shares outstanding during the year after giving effect to the assumed conversion of Class C Common Stock to Class A Common Stock, the acquisition of treasury stock, and the retroactive effect of stock dividends declared for each year presented. Outstanding stock options and related stock dividends that attach to outstanding options are not included in the computation when the effect is antidilutive.

Reclassifications

Certain amounts in prior years have been reclassified to conform with the 1995 presentation.

New Accounting Standards

During 1995, the FASB issued Statement 123, "Accounting for Stock-Based Compensation," which is effective for fiscal years beginning after December 15, 1995. The Company accounts for its stock compensation arrangements under the provisions of APB 25, "Accounting for Stock Issued to Employees," and intends to continue to do so.

Also during 1995, the Financial Accounting Standards Board ("FASB") issued Statement 121, "Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed of" and Statement 122, "Accounting for Mortgage Servicing Rights" which are effective for fiscal years beginning after December 15, 1995. The Company has not yet adopted these new standards; however, the effect on operations and stockholders' equity is not considered to be significant.

2) Investments

The Company's investments in fixed maturity securities held to maturity and equity securities available for sale are summarized as follows:

December 31, 1995:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed maturity securities held to maturity:				
U.S. Treasury securities and obligations of U.S. Government agencies	$13,713,860	$539,876	$(48,647)	$14,205,089
Obligations of states and political subdivisions	204,586	11,106	(21,242)	194,450
Corporate securities including public utilities	29,244,915	1,217,107	(244,811)	30,217,211
Redeemable preferred stock	133,788	25,468	(36,589)	122,667
Mortgage-backed securities	7,846,212	11,835	(68,738)	7,789,309
Total	$51,143,361	$1,805,392	$(420,027)	$52,528,726
Equity securities available for sale	$ 4,071,936	$ 736,008	$(251,379)	$ 4,556,565
December 31, 1994:				
Fixed maturity securities held to maturity:				
U.S. Treasury securities and obligations of U.S. Government agencies	$10,146,365	$ 27,897	$ (228,438)	$ 9,945,824
Obligations of states and political subdivisions	194,913	7,744	(34,821)	167,836
Corporate securities including public utilities	26,285,230	441,253	(728,611)	25,997,872
Redeemable preferred stock	133,788	14,557	(33,837)	114,508
Mortgage-backed securities	2,637,332	--	(167,892)	2,469,440
Total	$39,397,628	$ 491,451	$(1,193,599)	$38,695,480
Equity securities available for sale	$ 3,927,923	$ 539,137	$ (317,347)	$ 4,149,713

The fair values for fixed maturity securities are based on quoted market prices, when available. For fixed maturity securities not actively traded, fair values are estimated using values obtained from independent pricing services, or in the case of private placements, are estimated by discounting expected future cash flows using a current market value applicable to the coupon rate, credit and maturity of the investments. The fair values for equity securities are based on quoted market prices.

The amortized cost and estimated fair value of fixed maturity securities held to maturity at December 31, 1995, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1996	$ 944,176	$ 951,681
Due in 1997 through 2000	12,266,182	12,591,973
Due in 2001 through 2005	26,286,895	27,266,016
Due after 2005	3,666,108	3,807,080
Mortgage backed securities	7,846,212	7,789,309
Redeemable preferred stock	133,788	122,667
	$51,143,361	$52,528,726

The Company's realized gains and losses in investments are summarized as follows:

	1995	1994	1993
Fixed maturity securities held to maturity:			
Gross realized gains	$ 33,028	$101,862	$662,434
Gross realized losses	(7,112)	(7,523)	(18,552)
Equity securities available for sale:			
Gross realized gains	101,874	--	54,482
Gross realized losses	(1,237)	--	(106,038)
Other assets	206,095	289,298	159,185
Total	$332,648	$383,637	$751,511

The change in unrealized appreciation of investments, as shown in the accompanying consolidated statements of stockholders' equity, relates entirely to equity securities for 1995, 1994, and 1993.

Concentrations of credit risk arise when a number of mortgage loan debtors have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions. Although the Company has a diversified mortgage loan portfolio consisting of residential and commercial loans and requires collateral on all real estate exposures, a substantial portion of its debtors' ability to honor obligations is reliant on the economic stability of the geographic region in which the debtors do business. The Company has 95% of its mortgage loans in the state of Utah with one mortgage loan to Wasatch Land and Development which constitutes 27% of the total mortgage loan balance.

Major categories of net investment income are as follows:

	1995	1994	1993
Fixed maturity securities	$3,070,180	$1,290,174	$1,333,251
Equity securities	266,613	137,283	135,110
Mortgage loans on real estate	1,888,855	1,210,670	846,186
Real estate	1,115,212	1,286,328	1,104,362
Policy loans	138,303	102,995	101,826
Other	888,952	849,900	783,823
Gross investment income	7,368,115	4,877,350	4,304,558
Investment expenses	(688,411)	(756,433)	(831,184)
Net investment income	$6,679,704	$4,120,917	$3,473,374

Net investment income includes net investment income earned by the restricted assets of the cemeteries and mortuaries of approximately $574,000, $515,000 and $426,000 for 1995, 1994, and 1993, respectively.

Investment expenses consist primarily of depreciation, property taxes and an estimated portion of administrative expenses relating to investment activities.

Securities on deposit for regulatory authorities as required by law amounted to $7,142,237 at December 31, 1995 and $3,907,432 at December 31, 1994.

3) Cost of Insurance Acquired

Information with regard to cost of insurance acquired is as follows:

	1995	1994	1993
Balance at beginning of year	$3,580,964	$ 100,796	$ 112,726
Cost of insurance acquired	673,167	3,488,383	--
Interest accrued at 7%	250,667	7,056	7,473
Amortization	(496,994)	(15,271)	(19,403)
Net amortization charged to income	(246,327)	(8,215)	(11,930)
Balance at end of year	$4,007,804	$3,580,964	$100,796

Amortization is expected to approximate $302,000, $341,000, $320,000, $302,000, and $282,000 for the years 1996 through 2000.

4) Property, Plant and Equipment

The cost of property, plant and equipment is summarized below:

	December 31, 1995	December 31, 1994
Land and Buildings	$ 6,273,245	$ 4,779,417
Furniture and equipment	3,472,402	3,046,362
	9,745,647	7,825,779
Less accumulated depreciation	(3,313,032)	(2,925,906)
	$ 6,432,615	$ 4,899,873

5) Bank Loans Payable and Line of Credit for Financing Mortgage Loans

	December 31, 1995	December 31, 1994
Bank loans payable are summarized as follows:		
Prime rate plus 1/2% (8.5% at December 31, 1995) note payable in monthly installments of $36,420 including principal and interest, collateralized by 1,000,000 shares of Security National Life stock, due December 1999.	$2,688,434	$2,859,177
10% note payable in monthly installments of $8,444 including principal and interest, collateralized by real property, which book value is approximately $1,182,000, due January 2013	829,924	--
One year treasury constant maturity plus 2.75% (6.04% at December 31, 1995) note payable in monthly installments of $6,000, including principal and interest, collateralized by real property, which book value is approximately $496,000, due October 1999.	379,462	414,368
Prime plus 1/2% (8.5% at December 31, 1995) note payable in monthly installments of $15,018, including principal and interest, collateralized by real property, which book value is approximately $1,249,000, due August 1997	1,897,040	1,907,453
Time deposit plus 2% (3.25% at December 31, 1995) note payable in monthly installments of $3,500, including principal and interest, collateralized by 75% of the unpaid face amount of the accounts receivable, which are less than 60 days from payment date, due March 2006	267,085	297,004

5) Bank Loans Payable and Line of Credit
for Financing of Mortgage Loans (Continued)

	December 31, 1995	December 31, 1994
Prime rate plus 1/2% (8.5% at December 31, 1995) note payable in monthly installments of $7,235 including principal and interest collateralized by real property, which book value is approximately $1,058,000, due August 1999.	542,669	575,200
Prime plus 1% (8.5% at December 31, 1995) note payable in monthly installments of $14,345, including principal and interest, collateralized by real property, which book value is approximately $2,266,000, due February 2003	650,752	1,014,683
Other collateralized notes payable	230,025	372,691
Total bank loans	7,485,391	7,440,576
Less current installments	516,469	532,707
Bank loans, excluding current installments	$ 6,968,922	$6,907,869
$20 million revolving line of credit at the London Interbank offered rates plus 1.45% (7.14% at December 31, 1995) note payable within 30 days collateralized by mortgage loans sold to investors.	$14,468,354	$ --

See Note 6 for summary of maturities for subsequent years.

6) Notes and Contracts Payable

Notes and contracts payable are summarized as follows:

	December 31, 1995	December 31, 1994
10% note payable in monthly installments of $37,551, including principal and interest, collateralized by a building, which book		

value is approximately $2,942,000, due December, 1997	$1,192,194	$1,506,318

6) Notes and Contracts Payable (Continued)

	December 31, 1995	December 31, 1994
Due to former stockholders of Deseret Memorial, Inc. resulting from the acquisition of such entity. Amount represents the present value discounted at 8% of monthly annuity payments ranging from $4,600 to $5,000 plus an index adjustment in the 7th through the 12th years, over a minimum period of 20 years.	692,243	696,670
Due to former stockholders of Greer Wilson resulting from the acquisition of such entity. Amount represents the present value discounted at 10% of monthly annuity payments of $7,000, due March 2005.	509,848	--
Due to former stockholders of Civil Service Employees Life Insurance Company resulting from the acquisition of such entity. 7% note payable in seven annual principal payments of $151,857, due December 2003.	1,063,000	--
9% note payable in monthly installments of $10,000 including principal and interest collateralized by real property, which book value is approximately $2,332,000, due July 2008	912,000	--
Other notes payable	806,032	565,558
Total notes and contracts	5,175,317	2,768,546
Less current installments	686,326	141,643
Notes and contracts, excluding current installments	$4,488,991	$2,626,903

The following tabulation shows the combined maturities of bank loans payable, line of credit for financing of mortgage loans, and notes and contracts payable:

1996	$15,671,149
1997	1,208,586
1998	1,293,490
1999	979,704
2000	940,791
Thereafter	7,035,342

Total	$27,129,062
	===========

Interest paid approximated interest expense in 1995, 1994 and 1993.

7) Cemetery and Mortuary Endowment Care and Pre-need Merchandise Funds

The Company owns and operates several endowment care cemeteries, for which it has established and maintains an endowment care fund. Per statutory requirement, the Company records a liability to the fund of $14 for each space sold after 1979, $42 for spaces sold after July 1, 1983 and $50 for spaces sold after May 1, 1993. For each space sold in the mausoleum, $30 is recognized as a liability. The Company is not required to transfer assets to the fund until the spaces are paid for. The Company is not liable for any maintenance costs exceeding the stipulated statutory rate.

The liability to the endowment care fund is summarized as follows:

	December 31, 1995	December 31, 1994
Liability for spaces sold	$1,265,217	$1,306,320
Less assets in the fund	(1,252,697)	(986,984)
Total due to fund (fully and not fully paid)	$ 12,520	$ 319,336

Assets in the endowment care fund are summarized as follows:

	December 31, 1995	December 31, 1994
Cash	$ 92,037	$870,127
Mutual funds	20,299	19,927
Bonds, at cost	1,000	1,000
Other common stock	89,163	90,480
Preferred stock	5,450	5,450
Mortgage loans	1,044,748	--
	$1,252,697	$986,984

The Company has established and maintains certain restricted asset accounts to provide for future merchandise obligations incurred in connection with its pre-need sales. Such amounts are reported as restricted assets of cemeteries and mortuaries in the accompanying balance sheet.

In addition to the above mentioned assets, $128,867 of accounts receivable have been pledged to the restricted asset accounts. Cemeteries and mortuaries transfer assets to the restricted asset accounts as merchandise payments are received.

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8) Income Taxes

The Company's income tax liability at December 31 is summarized as follows:

	1995	1994
	(In Thousands)	
Current	$ 213	$ --
Deferred	2,409	1,872
Total	$2,622	$1,872

Significant components of the Company's deferred tax liabilities and assets at December 31 are approximately as follows:

	1995	1994
	(In Thousands)	
Assets		
Future policy benefits	$(286)	$(47)
Uncollected agents' balances	(46)	(30)
Difference between book and tax basis of bonds	(95)	(142)
Surplus notes	--	(272)
Funds held under reinsurance treaty	--	(56)
Net operating loss carryforwards	(138)	(369)
Unearned premium discount	--	(9)
Capital loss carryforward	(21)	--
Total deferred tax assets	(586)	(925)
Liabilities		
Deferred policy acquisition costs	300	304
Cost of insurance acquired	536	453
Installment sales	478	551
Depreciation	898	889
Trusts	360	286
Other	423	314
Total deferred tax liabilities	2,995	2,797
Net deferred tax liability	$2,409	$1,872

The Company paid no income taxes in 1995, 1994, and 1993.

The Company's income tax expense is summarized as follows:

	1995	1994	1993
	(In Thousands)		
Current	$191	$--	$--
Deferred	537	302	388
Total	$728	$302	$388

The reconciliation of income tax attributable to continuing operations computed at the U.S. federal statutory rates is as follows:

	1995	1994	1993
		(In Thousands)	
Computed expense at statutory rate	$ 768	$ 454	$ 500
Special deductions allowed small life insurance companies	(164)	(108)	(25)
Dividends received deduction	(40)	(50)	(116)
Prior year provision to tax return true-up	158	(4)	--
Other, net	6	10	29
Tax expense (benefit)	$ 728	$ 302	$ 388

A portion of the life insurance income earned prior to 1984 was not subject to current taxation but was accumulated for tax purposes, in a "policyholders' surplus account." Under provisions of the Internal Revenue Code, the policyholders' surplus account was frozen at its December 31, 1983 balance and will be taxed generally only when distributed. As of December 31, 1995, the policyholders' surplus accounts approximated $4,262,000. Management does not intend to take actions nor does management expect any events to occur that would cause federal income taxes to become payable on that amount. However, if such taxes were accrued, the amount of taxes payable would be approximately $1,449,000.

The insurance companies have remaining loss carry forwards for tax purposes of approximately $1,017,000.

9)Reinsurance, Commitments and Contingencies

The Company follows the procedure of reinsuring risks in excess of a specified limit, which was $50,000 at December 31, 1995. The Company is contingently liable for these amounts in the event such reinsurers are unable to pay their portion of the claims. At December 31, 1995 and 1994, the contingent liabilities for such future policy benefits aggregated $264,547 and $122,096, respectively, all of which relate to life and accident and health insurance. These amounts pertain to insurance in force aggregating $80,261,274 in 1995 and $35,073,111 in 1994.

The Company has also assumed insurance from other companies (credit life and credit accident and health) having insurance in force amounting to $58,916,837 at December 31, 1995 and $69,998,195 at December 31, 1994.

The Company and its wholly-owned subsidiary, Greer-Wilson have been named as parties in the action of In Re the Marriage of Ann Marie Wilson, Arizona Superior Court, Maricopa County, No. DR95-02128. This is a dissolution (divorce) action between Scott Wilson, a former employee of Greer-Wilson and Ann Wilson. Both the Company and Greer-Wilson are named as co-respondents. The litigation is in the early stages. Ann Wilson has not yet sufficiently defined her claims to permit a complete determination of the Company's potential exposure or that of Greer-Wilson but it appears that there are good defenses and a good position to limit exposure. It is the intention of the

Company and Greer-Wilson to vigorously defend this matter.

The Company is also a defendant in various other legal actions arising from the normal conduct of business. Management believes that none of the actions will have a material effect on the Company's financial position or results of operations.

10)Retirement Plans

The Company and its subsidiaries have a noncontributory ESOP for all eligible employees. Eligible employees are primarily those with more than one year of service and who work in excess of 1,040 hours per year. Contributions, which may be in cash or stock of the Company, are determined annually by the Board of Directors. The Company's contributions are allocated to eligible employees based on the ratio of each eligible employee's compensation to total compensation for all eligible employees during each year. ESOP contribution expense totaled $21,914, $54,288, and $146,039 for 1995, 1994, and 1993, respectively. At December 31, 1995 the ESOP held 593,675 shares of Class A and 472,665 shares of Class C common stock of the Company. All shares held by the ESOP have been allocated to the participating employees and all shares held by the ESOP are considered outstanding for purposes of computing earnings per share.

The Company organized a 401(k) savings plan in 1995, which allows employees to contribute pre tax compensation up to the lesser of 5% of total annual compensation or the statutory limit (currently $9,240). The Company matches 50% of each employee's contribution in Company stock. Company matching contributions were not significant in 1995.

11)Capital Stock

The Company has two classes of common stock with shares outstanding, Class A and Class C. Class C shares vote share for share with the Class A shares on all matters except election of one-third of the directors who are elected solely by the Class A shares, but generally are entitled to a lower dividend participation rate. Class C is convertible into Class A at any time on a five to one ratio, however, the conversion rights of Class A into Class C have numerous restrictions.

Shareholders of both classes of common stock have received 5% stock dividends in the years 1989 through 1995, as authorized by the Company's Board of Directors.

The Company has Class B Common Stock of $1.00 par value, 5,000,000 shares authorized, of which none are issued. Class B shares are non-voting stock except to any proposed amendment to the Articles of Incorporation which would affect Class B Common Stock.

In 1987, the Company adopted the 1987 Incentive Stock Option Plan (the 1987 Plan). The 1987 Plan provides that shares of the Class A Common Stock of the Company may be optioned to certain officers and key employees of the Company. The Plan establishes a Stock Option Plan Committee which selects the employees to whom the options will be granted and determines the price of the stock. The Plan establishes the minimum purchase price of the stock at an amount which is not less than 100% of the fair market value of the stock (110% for employees owning more than 10% of the total combined voting power of all classes of stock). The Plan provides that if additional shares of Class A Common Stock are issued pursuant to a stock split or a stock dividend, the number of shares of Class A Common Stock then covered by each outstanding option granted hereunder shall be increased proportionately with no increase in the total purchase price of the shares then so covered, and the number of shares of Class A Common Stock reserved for the purpose of the Plan shall be increased by the same proportion. In the event that the shares of Class A Common Stock of the Company from time to time issued and outstanding are reduced by a combination of shares, the number of shares of Class A Common Stock then covered by each outstanding option granted hereunder shall be reduced proportionately with no reduction in the total price of the shares then so covered, and the number of shares of Class A Common Stock reserved for the purposes of the Plan shall be reduced by the same proportion. The Plan terminates ten years from its effective date and options granted are non-transferable. The Plan also includes a Stock Appreciation Right which permits the holder of the option to elect to receive cash, amounting to the difference between the option price and the fair market value of the stock at the time of the exercise, or a lesser amount of stock without payment, upon exercise of the option.

Activity of the 1987 Plan for 1995 and 1994 is summarized as follows:

	1995		1994	
The 1987 Stock Option Plan	Number of Shares	Option Price	Number of Shares	Option Price
Outstanding at beginning of year	176,893	$2.43-2.72	168,469	$2.55-$2.86
Stock Dividend	8,845		8,424	
Outstanding at end of year	185,738	2.31-2.59	176,893	2.43- 2.72
Exercisable at end of year	185,738	2.31-2.59	176,893	2.43- 2.72
Available options for future grant under the 1987 Stock Incentive Plan	188,000		188,000	

On June 21, 1993, the Company adopted the Security National Financial Corporation 1993 Stock Incentive Plan (the "1993 Plan"), which reserves shares of Class A Common Stock for issuance thereunder. The 1993 Plan was approved at the annual meeting of the stockholders held on June 21, 1993. The 1993 Plan allows the Company to grant options and issue shares as a means of providing equity incentives to key personnel, giving them a proprietary interest in the

Company and its success and progress.

The 1993 Plan provides for the grant of options and the award or sale of stock to officers, directors, and employees of the Company. Both "incentive stock options," as defined under Section 422A of the Internal Revenue Code of 1986 (the "Code"), and "non-qualified options" may be granted pursuant to the 1993 Plan. The exercise prices for the options granted are equal to or greater than the fair market value of the stock subject to such options as of the date of grant, as determined by the Company's Board of Directors.

The options granted on April 29, 1993, were to reward certain officers and key employees who have been employed by the Company for a number of years and to help the Company retain these officers by providing them with an additional incentive to contribute to the success of the Company.

The 1993 Plan is to be administered by the Board of Directors or by a committee designated by the Board. The terms of options granted or stock awards or sales effected under the 1993 Plan are to be determined by the Board of Directors or its committee. The Plan provides that if the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, the number of shares of Common Stock deliverable upon the exercise of Options shall be increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or stock dividend. No options may be exercised for a term of more than ten years from the date of grant. Options intended as incentive stock options may be issued only to employees, and must meet certain conditions imposed by the code, including a requirement that the option exercise price be no less than the fair market value of the option shares on the date of grant. The 1993 Plan provides that the exercise price for non-qualified options will be not less than at least 50% of the fair market value of the stock subject to such option as of the date of grant of such options, as determined by the Company's Board of Directors.

The 1993 Plan has a term of ten years. The Board of Directors may amend or terminate the 1993 Plan at any time.

	1995		1994	
The 1993 Stock Option Plan	Number of Shares	Option Price	Number of Shares	Option Price
Outstanding at beginning of year	198,200	2.98-4.40	90,000	3.13-3.44
Stock dividend	9,910		4,500	
Granted	0		103,700	
Outstanding at end of year	208,110	2.84-4.19	198,200	2.98-4.40
Exercisable at end of year	208,110	2.84-4.19	198,200	2.98-4.40
Available options for future grant under the 1993 Stock				

Incentive Plan	106,300	106,300

12) Statutory Financial Information

The Company's insurance subsidiary is domiciled in Utah and prepares its statutory basis financial statements in accordance with accounting practices prescribed or permitted by the Utah Insurance Department. "Prescribed" statutory accounting practices include state laws, regulations, and general administrative rules, as well as a variety of publications of the National Association of Insurance Commissioners ("NAIC"). "Permitted" statutory accounting practices encompass all accounting practices that are not prescribed; such practices may differ from state to state, may differ from company to company within a state, and may change in the future. The NAIC currently is in the process of codifying statutory accounting practices, the result of which is expected to constitute the only source of "prescribed" statutory accounting practices. Accordingly, that project, which is expected to be completed in 1997, will likely change, to some extent, prescribed statutory accounting practices, and may result in changes to the accounting practices that insurance enterprises use to prepare their statutory financial statements. Statutory net income and statutory stockholder's equity for the life subsidiary as reported to state regulatory authorities, is presented below:

	1995	1994	1993
Statutory net income (loss) for the years ended December 31	$1,414,246	$ 701,985	$ (380,271)
Statutory Stockholder's Equity at December 31	$9,472,696	$8,569,956	$7,499,128

Generally, the net assets of the life subsidiary are available for transfer to the Company are limited to the amounts that the life subsidiary's net assets, as determined in accordance with statutory accounting practices, exceed minimum statutory capital requirements; however, payments of such amounts as dividends may be subject to approval by regulatory authorities.

The Utah Insurance Department imposes minimum risk-based capital requirements on insurance enterprises that were developed by the NAIC. The formulas for determining the amount of risk-based capital ("RBC") specify various weighing factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio (the "Ratio") of the enterprise's regulatory total adjusted capital, as defined by the NAIC, to its authorized control level, RBC, as defined by the NAIC. Enterprises below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. The life insurance subsidiary has a Ratio that is greater than 300% of the minimum RBC requirements.

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13) Business Segment Information

The Company is principally involved in three segments: Life insurance and annuities, cemetery/mortuary operations and mortgage operations. The following schedules summarize segment information for the three segments and corporate activities for 1995, 1994, and 1993:

1995

	Life Insurance	Corporate	Cemetery/ Mortuary	Mortgage	Consolidated
Revenues:					
Net investment income	$ 5,630,462	$ 14,518	$ 574,116	$ 460,608	$ 6,679,704
Other revenues	6,017,641	207,116	8,270,787	4,943,103	19,438,647
	11,648,103	221,634	8,844,903	5,403,711	26,118,351
Expenses:					
Death and other policy benefits	4,354,837	--	--	--	4,354,837
Increase in future policy benefits	1,813,881	--	--	--	1,813,881
Amortization of deferred policy acquisition costs and cost of insurance acquired	1,149,510	--	--	--	1,149,510
General, administrative and other costs	3,446,723	529,678	7,916,265	4,647,993	16,540,659
	10,764,951	529,678	7,916,265	4,647,993	23,858,887
Earnings before income taxes	$ 883,152	$(308,044)	$ 928,638	$ 755,718	$ 2,259,464
Identifiable assets	$93,152,884	$ 361,161	$24,126,989	$20,571,647	$138,212,681

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13) Business Segment Information (Continued)

1994

	Life Insurance	Corporate	Cemetery/ Mortuary	Mortgage	Consolidated
Revenues:					
Net investment income	$ 3,582,518	$ 23,379	$ 515,020	$ --	$ 4,120,917
Other revenues	5,077,914	171	6,291,109	1,170,465	12,539,659
	8,660,432	23,550	6,806,129	1,170,465	16,660,576
Expenses:					
Death and other policy benefits	2,567,078	--	--	--	2,567,078
Increase in future policy benefits	1,469,029	--	--	--	1,469,029
Amortization of deferred policy acquisition costs	766,658	--	--	--	766,658
General, administrative and other costs	3,126,598	228,604	6,073,846	1,093,703	10,522,751
	7,929,363	228,604	6,073,846	1,093,703	15,325,516
Earnings before income taxes	$ 731,069	$(205,054)	$ 732,283	$ 76,762	$ 1,335,060
Identifiable assets	$81,962,820	$ 764,201	$20,573,980	$ 457,256	$103,758,257

13) Business Segment Information (Continued)

1993

	Life Insurance	Corporate	Cemetery/ Mortuary	Mortgage	Consolidated
Revenues:					
Net investment income	$3,059,424	$21,235	$ 392,715	$ --	$ 3,473,374
Other revenues	5,588,015	35,964	6,610,771	788,032	13,022,782
	8,647,439	57,199	7,003,486	788,032	16,496,156
Expenses:					
Death and other policy benefits	2,414,817	--	--	--	2,414,817
Increase in future policy benefits	2,005,048	--	--	--	2,005,048
Amortization of deferred policy acquisition costs	943,387	--	--	--	943,387
General, administrative and other costs	2,763,250	28,559	6,216,203	655,245	9,663,257
	8,126,502	28,559	6,216,203	655,245	15,026,509
Earnings before income taxes	$ 520,937	$ 28,640	$ 787,283	$132,787	$ 1,469,647
Identifiable assets	$55,240,540	$733,542	$19,463,228	$483,900	$75,921,210

14) Disclosure about Fair Value of Financial Instruments

The fair values of investments in fixed maturity and equity securities along with methods used to estimate such values are disclosed in Note 2. The following methods and assumptions were used by the Company in estimating the "fair value" disclosures related to other significant financial instruments:

Cash, Short-term Investments, and Restricted Assets of the Cemeteries and Mortuaries: The carrying amounts reported in the accompanying balance sheets for these financial instruments approximate their fair values.

Mortgage, Policy, and Collateral Loans: The fair values are estimated using interest rates currently being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The carrying amounts reported in the accompanying balance sheets for these financial instruments approximate their fair values.

Investment Contracts: The fair values for the Company's liabilities under investment-type insurance contracts presented are estimated based on the contracts' cash surrender values and are summarized as follows:

	Carrying Amount	Fair Value
	(In Thousands)	
Individual and group annuities	$33,663	$32,654
Supplementary contracts		
without life contingencies	261	261
with life contingencies	1,638	1,638
Total	$35,562	$34,553

The fair values for the Company's insurance contracts other than investment-type contracts are not required to be disclosed. However, the fair values of liabilities under all insurance contracts are taken into consideration in the Company's overall management of interest rate risk, such that the Company's exposure to changing interest rates is minimized through the matching of investment maturities with amounts due under insurance contracts.

Schedule I

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
Summary of Investments
Other than Investments in Related Parties

As of December 31, 1995:

Type of Investment	Amortized Cost	Estimated Fair Value	Amount at Which Shown in the Balance Sheet
Fixed maturity securities held to maturity:			
Bonds:			
United States Government and government agencies and authorities	$13,713,860	$14,205,089	$13,713,860
States, municipalities and political subdivisions	204,586	194,450	204,586
Mortgage backed securities	7,846,212	7,789,309	7,846,212
Public utilities and other corporate	29,244,915	30,217,211	29,244,915
Redeemable preferred stocks	133,788	122,667	133,788
Total	51,143,361	52,528,726	51,143,361
Equity securities, available for sale:			
Common Stocks:			
Public utilities	278,980	403,200	403,200
Banks, trusts and insurance companies	91,725	214,270	214,270
Industrial, miscellaneous and all other	3,453,374	3,619,637	3,619,637
Nonredeemable preferred stocks	247,857	319,458	319,458
Total	4,071,936	4,556,565	4,556,565
Mortgage loans on real estate	10,434,844		10,434,844
Real estate	7,669,296		7,669,296
Policy loans	3,007,596		3,007,596
Other investments	1,016,758		1,016,758
Total investments	$77,343,791		$77,828,420

Schedule II

SECURITY NATIONAL FINANCIAL CORPORATION
(Parent Company Only)

Balance Sheets

	December 31, 1995	December 31, 1994
Assets		
Short-term investments	$ 274,850	$ 660,405
Cash	29,280	39,041
Investment in affiliates, at equity	26,172,249	22,162,208
Receivables:		
Receivable from affiliates	1,738,557	1,453,570
Other	16,585	16,585
Total receivables	1,755,142	1,470,155
Property, plant and equipment, at cost, net of accumulated depreciation of $273,608 for 1995 and $262,594 for 1994	40,318	50,815
Other assets	128	54
Total assets	$28,271,967	$24,382,678

See accompanying notes to parent company only financial statements.

Schedule II, Continued)

SECURITY NATIONAL FINANCIAL CORPORATION
(Parent Company Only)

Balance Sheets (Continued)

	December 31, 1995	December 31, 1994
Liabilities:		
Bank loans payable (note 1):		
Current installments	$ 185,683	$ 187,316
Long-term	2,502,751	2,671,861
Notes and contracts payable (note 2):		
Current installments	179,448	425
Long-term	939,330	55,353
Advances from affiliated companies (note 3)	1,781,118	947,936
Accounts payable	90	6,683
Other liabilities and accrued expenses	540,448	408,195
Income Taxes	224,506	126,364
Total liabilities	6,353,374	4,404,133
Stockholders' equity:		
Common Stock:		
Class A: $2 par value, authorized 10,000,000 shares, issued 3,819,415 shares in 1995 and 3,558,406 shares in 1994	7,638,830	7,116,814
Class C: $0.40 par value, authorized 7,500,000 shares, issued 2,388,040 shares in 1995 and 2,275,045 shares in 1994	955,216	910,018
Additional paid-in capital	7,879,578	7,214,061
Unrealized appreciation of investments	484,629	221,790
Retained earnings	6,759,972	6,154,694
	23,718,225	21,617,377
Treasury stock at cost (598,614 Class A shares and 25,495 Class C shares in 1995; 532,015 Class A shares and 24,281 Class C shares in 1994, held by affiliated companies)	(1,799,632)	(1,638,832)
Total Stockholders' Equity	21,918,593	19,978,545
Total liabilities and Stockholders'		

equity	$ 28,271,967	$24,382,678
	============	===========

See accompanying notes to parent company only financial statements.

Schedule II, (Continued)

SECURITY NATIONAL FINANCIAL CORPORATION
(Parent Company Only)

Statements of Earnings

	Year Ended December 31, 1995	1994	1993
Revenue:			
Net investment income	$ 14,518	$ 23,379	$ 21,235
Realized loss on investments	--	--	(98,859)
Other	971,505	568,971	656,023
Total revenues	986,023	592,350	578,399
Expenses:			
General and administrative expenses	278,581	209,500	(18,773)
Interest expense	271,701	40,607	64,047
Total expenses	550,282	250,107	45,274
Earnings before income taxes, and earnings of subsidiaries	435,741	342,243	533,125
Income tax expense	(98,142)	(93,222)	(500)
Equity in earnings of subsidiaries	1,214,181	790,738	550,916
Net earnings	$1,551,780	$1,039,759	$1,083,541

See accompanying notes to parent company only financial statements.

Schedule II, (Continued)

SECURITY NATIONAL FINANCIAL CORPORATION
(Parent Company Only)
Statements of Cash Flows

	December 31, 1995	1994	1993
Cash flows from operating activities:			
Net earnings	$1,551,780	$1,039,759	$1,083,541
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	11,014	4,378	2,821
Provision for loss on accounts receivable	161,528	--	(98,859)
Gain on sale of investment to affiliate	--	--	(121,898)
Change in assets and liabilities:			
Undistributed earnings of affiliates	(1,214,181)	(790,731)	(550,916)
Accounts receivable	(327,115)	(43,546)	44,489
Other assets	(74)	76,770	19,533
Accounts payable and accrued expenses	(6,593)	(54,968)	(119,140)
Other liabilities	138,282	86,420	58,262
Income taxes	98,142	93,222	500
Net cash provided by operating activities	412,783	411,304	318,333
Cash flows from investing activities:			
Proceeds from sale of equity securities	--	--	203,248
Proceeds from sale of short term investments	385,555	61,485	54,652
Investment in subsidiaries	(2,533,021)	(3,196,446)	(147,451)
Purchase of Property plant & equipment	(517)	(52,842)	--
Net cash (used in) provided by investing activities	(2,147,983)	(3,187,803)	110,449
Cash flows from financing activities:			
Proceeds from advances from affiliates	833,182	493,345	--
Payments of notes and contracts payable	(170,743)	(528,023)	(384,055)
Proceeds from borrowings on notes and contracts payable	1,063,000	2,859,177	1,710
Net cash provided by (used in) financing activities	1,725,439	2,824,499	(382,345)
Net (decrease) increase in cash	(9,761)	48,000	46,437
Cash at beginning of year	39,041	(8,959)	(55,396)
Cash at end of year	$ 29,280	$ 39,041	$ (8,959)

SECURITY NATIONAL FINANCIAL CORPORATION
Notes to Parent Company Only Financial Statements

(1) Bank Loans Payable

Bank loans payable are summarized as follows:

	December 31, 1995	December 31, 1994
Prime rate plus 1/2% (8.5% at December 31, 1995) note payable in monthly installments of $36,420	$2,688,434	$2,859,177
Less current installments	185,683	187,316
Bank loans, excluding current installments	$2,502,751	$2,671,861

(2) Notes and Contracts Payable

Notes and contracts are summarized as follows:

	December 31, 1995	December 31, 1994
7 year notes due April 16, 1996, 1/2% over U.S. Treasury 6 month bill rate	27,166	27,166
10 year notes due April 16, 1999, 1% over U.S. Treasury 6 month bill rate	28,187	28,187
Due to former stockholders of Civil Service Employees Life Insurance Company resulting from the acquisition of such entity. 7% note payable in seven annual principal payments of $151,857 due December 2003	1,063,000	--
Other	$ 425	$ 425
Total notes and contracts	$1,118,778	$ 55,778
Less current installments	179,448	425
Notes and contracts, excluding current installments	$ 939,330	$ 55,353

The following tabulation shows the combined maturities of bank loans payable and notes and contracts payable:

1996	$ 365,131
1997	372,608
1998	393,316
1999	444,153

2000	440,742
Thereafter	1,791,262
Total	$3,807,212

SECURITY NATIONAL FINANCIAL CORPORATION
Notes to Parent Company Only Financial Statements

(3) Advances from Affiliated Companies

	December 31, 1995	December 31, 1994
Non-interest bearing advances from affiliates:		
Cemetery and Mortuary subsidiary	$1,126,527	$493,345
Mortgage subsidiary	200,000	--
Life Insurance Subsidiary	454,591	454,591
	$1,781,118	$947,936

(4) Dividends

No dividends have been paid to the registrant for each of the last three years by any subsidiaries.

Schedule IV

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES

Reinsurance

	Direct Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
1995					
Life Insurance in force ($000)	$ 471,771	$ 80,262	$ 58,917	$ 450,426	13.08%
Premiums:					
Life Insurance	$5,004,568	$122,399	$317,312	$5,199,481	6.10%
Accident and Health Insurance	566,097	34,585	11,558	543,070	2.13%
Total premiums	$5,570,665	$156,984	$328,870	$5,742,551	5.73%
1994					
Life Insurance in force ($000)	$ 366,522	$ 35,073	$ 69,998	$ 401,447	17.44%
Premiums:					
Life Insurance	$4,852,223	$108,076	$ --	$4,744,147	N/A
Accident and Health Insurance	15,403	957	--	14,446	N/A
Total premiums	$4,867,626	$109,033	$ --	$4,758,593	N/A
1993					
Life Insurance in force ($000)	$ 310,260	$ 16,396	$ 135	$ 293,999	0.0459%
Premiums:					
Life Insurance	$4,855,633	$ 95,140	--	$4,760,493	N/A
Accident and Health Insurance	17,655	1,046	--	16,619	N/A
Total premiums	$4,873,288	$ 96,186	--	$4,777,112	N/A

Schedule V

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
Valuation and Qualifying Accounts

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions, Disposals and Write-offs	Balance at End of Year
For the Year Ended December 31, 1995				
Accumulated depreciation on real estate	$ 1,262,853	$297,254	$ --	$1,560,107
Accumulated depreciation on property, plant and equipment	2,925,906	422,649	(35,523)	3,313,032
Allowance for doubtful accounts	1,923,808	548,327	(160,685)	2,311,450
Allowance for doubtful loans	158,553	--	--	158,553
For the Year Ended December 31, 1994				
Accumulated depreciation on real estate	$ 1,000,113	$262,740	$ --	$1,262,853
Accumulated depreciation on property, plant and equipment	2,622,935	374,503	71,532	2,925,906
Allowance for doubtful accounts	1,949,553	79,752	105,497	1,923,808
Allowance for doubtful loans	158,553	--	--	158,553
For the Year Ended December 31, 1993				
Accumulated depreciation on real estate	$ 738,242	$261,871	$ --	$1,000,113
Accumulated depreciation on property, plant and equipment	2,327,249	295,686	--	2,622,935
Allowance for doubtful accounts	2,931,025	73,250	1,054,722	1,949,553
Allowance for doubtful loans	130,000	28,553	--	158,553

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III

Item 10. Directors and Executive Officers

There is incorporated by reference herein information contained in the registrant's definitive proxy statement in connection with the Company's 1996 annual shareholders meeting.

Item 11. Executive Compensation

There is incorporated by reference herein information contained in the registrant's definitive proxy statement in connection with the Company's 1996 annual shareholders meeting.

Item 12. Security Ownership of Certain Beneficial Owners and Management

There is incorporated by reference herein information contained in the registrant's definitive proxy statement in connection with the Company's 1996 annual shareholders meeting.

Item 13. Certain Relationships and Related Transactions

There is incorporated by reference herein information contained in the registrant's definitive proxy statement in connection with the Company's 1996 annual shareholders meeting.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)(1)(2) Financial Statements and Schedules

See "Index to Consolidated Financial Statements and Supplemental Schedules" under Item 8 above.

(a)(3) Exhibits

The following Exhibits are filed herewith pursuant to Rule 601 of Regulation S-K or are incorporated by reference to previous filings.

Exhibit Table No	Document
(a)(3)	Exhibits:
3.A.	Articles of Restatement of Articles of Incorporation***
B.	Bylaws*
4.A.	Specimen Class A Stock Certificate*
B.	Specimen Class C Stock Certificate*
C.	Specimen Preferred Stock Certificate and Certificate of Designation of Preferred Stock*

10. A. Restated and Amended Employee Stock Ownership Plan and Trust Agreement (1)

B. 1993 Stock Option Plan (2)

C. Stock Purchase Agreement with Capital Investors Life Insurance Company and Suncoast Financial Corporation (3)

D. Profit Sharing Agreement with Suncoast Financial Corporation (4)

E. Service Agreement with Suncoast Financial Corporation (4)

F. Promissory Note with Key Bank of Utah (4)

G. Loan and Security Agreement with Key Bank of Utah (4)

H. General Pledge Agreement with Key Bank of Utah (4)

I. Purchase and Sale Agreement with Escrow Instructions with the Carter Family Trust and the Leonard M. Smith Family Trust (5)

J. Note Secured by Purchase Price Deed of Trust and Assignment of Rents with the Carter Family Trust and the Leonard M. Smith Family Trust (5)

K. Deed of Trust and Assignment of Rents with the Carter Family Trust and the Leonard M. Smith Family Trust (5)

L. Stock Insurance Agreement with Greer-Wilson Funeral Home, Inc. and Page E. Greer (5)

M. Promissory Note with Page E. Greer and Patricia R. Greer (5)

N. Pledge Agreement with Page E. Greer and Patricia R. Greer (5)

O. Option Agreement with Page E. Greer, Patricia R. Greer and Greer-Wilson Funeral Home, Inc. (5)

P. Consultation and Noncompetition Agreement with Page E. Greer, Patricia R. Greer and Greer-Wilson Funeral Home, Inc. (5)

Q. Guaranty with Page E. Greer and Patricia R. Greer (5)

R. Irrevocable Stock Proxy with Page E. Greer and Patricia R. Greer (5)

S. Stock Purchase Agreement with Civil Service Life Insurance Company and Civil Service Employees Insurance Company (6)

T. Promissory Note with Civil Service Employees Insurance Company (6)

U. Articles of Merger of Civil Service Employees Life Insurance Company into Capital Investors Life Insurance Company (6)

V. Agreement and Plan of Merger of Civil Service Employees Life Insurance Company into Capital Investors Life Insurance Company (6)

11. Statement Re: Computation of Per-share Earnings

22. Subsidiaries of the Registrant

(1) Incorporated by reference from Registration Statement on Form S-1, as filed on June 29, 1987.

(2) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1994.

(3) Incorporated by reference from Report on Form 8-K, as filed on November 2, 1994.

(4) Incorporated by reference from Report on Form 8-K, as filed on February 24, 1995.

(5) Incorporated by reference from Report on Form 8-K, as filed on May 1, 1995.

(6) Incorporated by reference from Report on Form 8-K, as filed on January 16, 1996.

(b) Reports on Form 8-K:

The Company filed a report on Form 8-K with the Securities and Exchange Commission on January 16, 1996. The report supplied information under Section 2 thereof, captioned "Acquisition or Disposition of Assets," which was related to the acquisition of Civil Service Employees Life Insurance Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SECURITY NATIONAL FINANCIAL CORPORATION

Dated: March 28, 1995

By: George R. Quist,
Chairman of the Board,
President and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934 as amended, this report has been signed by the following persons in counterpart on behalf of the Company on the dates indicated:

SIGNATURE	TITLE	DATE
George R. Quist	Chairman of the Board, President and Chief Executive Officer	March 28, 1996
Scott M. Quist	(Principal Executive Officer) First Vice President, General Counsel, Treasurer and Director (Principal Accounting Officer)	March 28, 1996
William C. Sargent	Senior Vice President, Secretary and Director	March 28, 1996
Charles L. Crittenden	Director	March 28, 1996
Sherman B. Lowe	Director	March 28, 1996
R.A.F. McCormick	Director	March 28, 1996
H. Craig Moody	Director	March 28, 1996
W. Lowell Steen	Director	March 28, 1996
Nathan H. Wagstaff	Director	March 28, 1996

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
Year Ended December 31, 1995

SECURITY NATIONAL FINANCIAL CORPORATION
Commission File No. 0-9341

E X H I B I T S

Exhibit Index

Exhibit No.	Document Name
95.	
95.	
95.	
95.	
95.	
95.	

Exhibit 11

SECURITY NATIONAL FINANCIAL CORPORATION

Computation of Per-Share Earnings

	For the Year Ended December 31,		
	1995	1994	1993
Primary:			
Average shares outstanding	3,551	3,322	3,131
Net effect of dilutive stock options - based on the treasury stock method using average market price	135	28	--
Total	3,686	3,350	3,131
Net income	$ 1,552	$ 1,040	$ 1,084
Per-share amount	$ .42	$ .31	$ .35
Fully Diluted			
Average shares outstanding	3,551	3,322	3,131
Net effect of dilutive stock options - based on the treasury stock method using the year-end market price, if higher than average market price	145	37	--
Total	3,696	3,359	3,131
Net income	$ 1,552	$ 1,040	$ 1,084
Per-share amount	$ .42	$ .31	$ .35

Exhibit 22

Subsidiaries of Security National Financial Corporation
(as of March 28, 1996)

Security National Life Insurance Company

Memorial Estates, Inc.

Memorial Mortuary

Paradise Chapel Funeral Home, Inc.

California Memorial Estates, Inc.

Cottonwood Morutary, Inc.

Deseret Memorial, Inc.

Holladay Cottonwood Memorial Foundation

Holladay Memorial Park, Inc.

Camelback Sunset Funeral Home, Inc.

Security National Mortgage Company

Greer-Wilson Funeral Home, Inc.

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77,828,420
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4,509,974
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74,281,374
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727,379
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27,129,062
8,594,046
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13,324,547
138,212,681
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2,259,464
728,000
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1,551,780
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0.42
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