

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

COMMISSION FILE NUMBER 0-1999

KENTUCKY INVESTORS, INC.

(Exact name of registrant as specified in its Charter)

KENTUCKY
(State or Other Jurisdiction of
Incorporation or Organization)

61-6030333
(IRS Employer
Identification Number)

200 Capital Avenue, Frankfort, Kentucky 40601
(Address of Principal Executive Offices)

Registrant's telephone number, including area code 502-223-2361

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

None

Title of Each Class

None

Name of Each Exchange on Which Registered

None

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

Common Capital Stock Par Value \$1.00 Per Share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405

of the Securities Act. YES () NO (X)

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES () NO (X)

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 ()

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) 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 amendments to this Form 10-K. (X)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer () Accelerated filer () Non-accelerated filer () (Do not check if a smaller reporting company) Smaller Reporting Company (X)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES () NO (X)

State the aggregate market value of the voting stock held by nonaffiliates of the registrant computed by reference to the average bid and asked price of such common equity as of June 30, 2008. \$28,826,153

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class
Common Capital Stock

Outstanding at March 12, 2009
1,120,686.256

Documents Incorporated by Reference:

(1) Portions of the Annual Report to the Stockholders for the year ended December 31, 2008 (Form 10-K, Items 1, 7, 8 and 15)

(2) Portions of the Proxy Statement dated April 3, 2009, for the Annual Meeting of Stockholders to be held May 14, 2009 (Form 10-K, Items 10, 11, 12, 13 and 14.)

CONTENTS

PART I

	<u>Page</u>
Item 1. Business	4
Item 2. Properties	11
Item 3. Legal Proceedings	11
Item 4. Submission of Matters to a Vote of Security Holders	11

Part II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	12
Item 7. Management's Discussion and Analysis of Financial Condition And Results of Operations	13
Item 8. Financial Statements	13
Item 9. Changes in And Disagreements with Accountants on Accounting and Financial Disclosure	13
Item 9A(T) Controls and Procedures	13
Item 9B. Other Information	14

Part III

Item 10. Directors, Executive Officers and Corporate Governance	15
Item 11. Executive Compensation	16
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	16
Item 13. Certain Relationships and Related Transactions, and Director Independence	16
Item 14. Principal Accountant Fees and Services	16

Part IV

Item 15. Exhibits	17
Index To Exhibits	18
Signatures	19

PART I

Item 1. Business

(a) Business Overview

Kentucky Investors, Inc. is the holder of 100% of the outstanding common stock of a life insurance company, a printing company and an insurance marketing company and is the sole member of two Kentucky limited liability companies.

Kentucky Investors owns 100% of Investors Heritage Life Insurance Company, Investors Heritage Printing, Inc. and Investors Heritage Financial Services Group, Inc. Kentucky Investors is the sole member of At Need Funding, LLC, and Heritage Funding, LLC, both Kentucky limited liability corporations. We will be referring to Investors Heritage Printing, Investors Heritage Financial, At Need Funding and Heritage Funding as the "Non-insurance Subsidiaries". We will be referring to Investors Heritage Life, Investors Heritage Printing, Investors Heritage Financial and At Need Funding as the "Subsidiaries". We will also be referring to Kentucky Investors and its subsidiaries as "we", "us", "our" and as the "Company".

Investors Heritage Life owns 96% of Investors Underwriters, Inc., an investment holding company. Approximately 1% of Kentucky Investors' total consolidated revenues were generated by the Non-insurance Subsidiaries for the year ended December 31, 2008. The Non-insurance Subsidiaries' total assets and stockholders' equity comprised less than 1% in the aggregate of Kentucky Investors' reported total assets and stockholders' equity as of December 31, 2008.

(b) Financial Information About Business Segments

Investors Heritage Life

The business segments of Investors Heritage Life are identified and discussed on page 6 of the Annual Report to Stockholders for the year ended December 31, 2008 and are incorporated herein by reference. We offer a portfolio of the standard forms of participating and non-participating whole life, limited pay, endowments, split-funding, interest-sensitive whole life, guaranteed issue whole life, universal life, term and group life. In addition, we write credit life and credit accident and health insurance (collectively "Credit Insurance") on a group basis. The business of Investors Heritage Life is not seasonal.

Ordinary Production. The business segments for ordinary production are Preneed and Burial products ("Preneed") and Traditional and Universal Life products ("Traditional"). Ordinary in force accounts for 35% of total in force business. We continue to work diligently to increase ordinary product sales. Our primary focus over the last several years has been the Preneed sales in the final expense and preneed funeral markets. Final expense sales include the sale of small face amount ordinary life insurance products, the purpose of which is to pay the insured's final expenses. Preneed funeral sales include the sale of multiple premium and single premium ordinary life policies which are sold to fund a specific prearranged funeral contract.

Preneed sales decreased 2% during 2008 primarily due to the sluggish economy coupled with competition in the marketplace. Investors Heritage Life strives to continue to improve its marketing capability in this area. Our efforts and strategy to continue a successful ordinary insurance operation hinge on continuing to provide solid products and outstanding administrative service and on the personal relationships developed and fostered each year. In the fourth quarter of 2007, we introduced a new preneed product replacing the Legacy Protector and Legacy Preferred product series. The Legacy Gold series includes both single premium as well as multi-pay policies. Reaction to this product in our markets has been favorable. The performance of this product series has been in line with expectations and has improved product profitability in this segment. Our Preneed sales are generated primarily through independent funeral homes in fourteen states.

Credit Insurance Products and Administrative Services (“Credit Insurance”). Investors Heritage Life has sold Credit Insurance since 1966. Since 1996, Investors Heritage Financial has marketed Investors Heritage Life’s Credit Insurance products. All of the risk on Credit Insurance policies sold by Investors Heritage Life has been and will continue to be reinsured with larger, highly rated companies. Currently, Investors Heritage Life has reinsurance agreements with ACE Life Insurance Company and Swiss Life Insurance and Pension Company, which replaced Scottish Re (U.S.), Inc. as one of our reinsurers on new business effective June 1, 2008. During 2005, Investors Heritage Life, with the assistance of Investors Heritage Financial, entered into a joint venture partnership with the Kentucky Bankers Association (“KBA”) to market various products to all of the KBA members throughout the Commonwealth of Kentucky. Investors Heritage Life reinsures credit business sold through KBA members to, and serves in an administrative capacity for, KenBanc Reinsurance Company, Ltd., the KBA’s reinsurance company. Investors Heritage Financial markets Investors Heritage Life Credit Insurance products and mortgage redemption products through this partnership as well as products for several unaffiliated companies. These relationships allow Investors Heritage Financial to provide more products and better serve our existing accounts thereby allowing us to further strengthen these agency relationships.

During 2008, our market share through the Kentucky financial institutions remains steady although sales lagged due to economic conditions. We anticipate sales of our Credit Insurance and mortgage redemption products to rebound as the economic conditions strengthen.

(c) Narrative Description of Business

Preneed and Burial Products (“Preneed”). Approximately 55% of total ordinary insurance in force is Preneed. Sales for this segment are under the direct supervision of the home office using a regionally supervised agency system. The method of field operation involves independent contractual agents working with district and regional managers. These managers contract with and train agents who work under them. The regional managers may have several district managers under their supervision. As a result of our growth in the Preneed area, agency relationships have also been entered into directly with numerous funeral home owners. Management anticipates this trend to continue and, depending on the size of the funeral home and state law, preneed counselors may also become part of the agency force.

During the fourth quarter 2007, we introduced the “Legacy Gold Series”, our sixth generation of life products designed for the preneed funeral market. These products provide an underwritten and a guaranteed issue single premium policy as well as underwritten and guaranteed issue multi-pay policies. All of the products provide for increasing death benefits on a non-guaranteed basis with a guaranteed minimum increase and for a lengthened reduced benefit period on the guaranteed issue multi-pay product.

We also market a series of final expense whole life insurance policies known as the “Heritage Final Expense Products”. During the fourth quarter 2008, we introduced a new Final Expense product, Heritage Final Expense II, which replaced our old final expense product series and was designed to provide more flexibility to our customers. These products are non-participating whole life insurance issued with simplified underwriting. These products are offered outside of the preneed market and are performing in line with expectations.

Traditional and Universal Life Products (“Traditional”). Sales for this segment are under the direct supervision of the home office using a regionally supervised agency system. The method of field operation involves independent contractual agents working with district and regional managers. These managers contract with and train agents who work under them. The regional managers may have several district managers under their supervision. We also sell business through general agents or brokers who may represent one or more companies.

Approximately 45% of total ordinary insurance in force is Traditional. These sales are built around a standard portfolio of life insurance policies with some of the contributions to in-force business being a participating ordinary life insurance policy, a guaranteed issue whole life policy and non-participating life policies. In addition, we offer term insurance products.

During the fourth quarter 2008, we also introduced a new Whole Life Policy, HLW Choice Whole Life, which replaced our Life Paid Up at 95 product. This Whole Life Policy is designed with numerous options and with flexibility to achieve our customer’s goals.

As anticipated, ordinary premium production from financial institutions decreased by \$662,142 to \$925,203 in 2008. This 41.7% decrease over 2007 was primarily due to the tightening of consumer credit markets in light of the current economic situation.

Group life accounts for 53% of total in-force business. In addition to the group business discussed above, Investors Heritage Life participates in the Federal Employee Group Life Insurance (“FEGLI”) Program, which is administered by Metropolitan Life Insurance Company, and in the Servicemen's Group Life Insurance (“SEGLI”) Program, which is administered by Prudential Insurance Company of America. As of year-end 2008, the total amount of insurance in force from the FEGLI and SEGLI programs was approximately \$440,547,000 and \$1,159,350,000, respectively.

Credit Insurance. Credit Insurance, which accounts for 12% of total in-force business, is generally sold through banks, finance companies and automobile dealerships and is offered in connection with the extension of credit. The amount of the insurance is designed to cover the amount of the loan with the financial institution being the beneficiary of the insurance policy to

the extent of the unpaid balance of the loan. Credit Insurance production is dependent on consumer debt. In times of low unemployment, reasonable interest rates and a steadily improving economy, consumer debt increases; therefore, Credit Insurance sales increase. When the economy slows, consumer debt slows and therefore Credit Insurance sales decrease.

Investors Heritage Life has reinsurance agreements with eight unaffiliated companies, Life Investors Insurance Company of America, Universal Guaranty Life Insurance Company, Madison National Life Insurance Company, Minnesota Life Insurance Company, Reinsurance Company, Ltd., Plateau Insurance Company, Central States Health and Life Company of Omaha and Aspi Re Limited. Pursuant to those agreements, our Credit Insurance products sold by each company's agents are then reinsured to each company, respectively. Investors Heritage Life and Investors Heritage Financial are paid an initiation fee and an administration fee for services provided. Investors Heritage Financial will continue to seek contracts to operate as an administrator for other companies that sell Credit Insurance.

Investors Heritage Financial continues to call on banks, finance companies and selected automobile dealerships to market Credit Insurance products for Investors Heritage Life. As anticipated, 12.8% of Investors Heritage Financial revenues for 2008 were derived from the sale of Investors Heritage Life's Credit Insurance products. Credit Insurance gross written premiums were lower than in the prior year due primarily to lower loan demand related to the sluggish economy.

In addition to selling Credit Insurance, Investors Heritage Life provides ongoing servicing of written credit business, generating fee income. Additionally, Investors Heritage Life bank agents may obtain an ordinary life license enabling them to sell mortgage life insurance that might be required in excess of the statutory credit life limitation enacted by each state where our Credit Insurance products are sold. The mortgage life insurance sales operations will continue to be conducted through Investors Heritage Financial. During the fourth quarter of 2008, we introduced a new product for our credit ordinary sales through financial institutions, Heritage Protector IV. This product replaces the Heritage Protector III Series. Further, Investors Heritage Financial is licensed with other unaffiliated insurance companies to provide products that Investors Heritage Life does not offer to the financial institutions and other agents. These products include cancer, accident, second-to-die, large face amount term insurance, short term and long term disability and annuities. These relationships generated additional fee income in the amount of \$285,593 during 2008 and management anticipates continued fee income from this area.

Reinsurance. Investors Heritage Life utilizes a combination of yearly renewable term reinsurance and coinsurance to cede life insurance coverage in excess of its retention limit, which is \$25,000 per life. This retention level was achieved by keeping current reinsurance treaties in place and adding additional yearly renewable term treaties for the difference with Scottish Re (U.S.) (inforce as of December 31, 2003) and Munich American Reassurance Company (business issued in 2004 and later). As anticipated, this retention level has stabilized earnings fluctuations in the Traditional segment. Excess coverages are reinsured externally to unaffiliated reinsurers.

Investors Heritage Life has a reinsurance agreement with Munich, which reinsures the Heritage Final Expense products on an 80/20 quota share basis with Investors Heritage Life retaining 20% of the risk on each life. We also have a reinsurance agreement with Lincoln National Life Insurance Company, which reinsures the Term to 95 product on an 80/20 quota share basis with Investors Heritage Life retaining 20% of the risk on each life.

As of December 31, 2008, approximately \$49,735,000 or 14% of total benefit and unearned premium reserves was reinsured with non-affiliated well-established insurance companies. Investors Heritage Life is party to reinsurance and coinsurance agreements with twenty-seven non-affiliated companies. The reinsurers for Investors Heritage Life and amounts of insurance in force that are reinsured are as follows:

<u>Company</u>	<u>Reinsurance Reserves</u>	<u>Percent Of Total</u>
ACE Life Insurance Company	\$ 1,575,000	3.17%
Aspi Re Limited	551,000	1.11%
Canada Life Assurance Company	198,000	0.40%
Central States Health & Life Co. of Omaha	88,000	0.18%
KenBanc Reinsurance Company LTD	217,000	0.44%
Life Investors Insurance Company of America	569,000	1.14%
Lincoln National Life Insurance Company	1,174,000	2.36%
Madison National Life Insurance Company	264,000	0.53%
Minnesota Life Insurance Company	3,196,000	6.43%
Munich American Reassurance Company	4,458,000	8.96%
Optimum Re Insurance Company	29,000	0.06%
Plateau Insurance Company	23,000	0.05%
RBC Reinsurance (Ireland) Ltd.	1,674,000	3.37%
ReliaStar Life Insurance Company	41,000	0.08%
Scottish Annuity and Life Insurance Company	29,210,000	58.73%
Scottish RE (US)	3,073,000	6.18%
Settlers Life Insurance Company	1,384,000	2.78%
Swiss Life Insurance and Pension Company	1,635,000	3.29%
Swiss Re Life & Health America Inc.	322,000	0.65%
Universal Guaranty Life Insurance Company	30,000	0.06%
Vernon General Insurance Company	15,000	0.03%
Other Companies (6)	9,000	0.02%
	<u>\$49,735,000</u>	<u>100.00%</u>

Investors Heritage Life reinsures all of the risk on the Credit Insurance products sold by its agents. Currently, this business is being reinsured with ACE Life Insurance Company and Swiss Life Insurance and Pension Company, which replaced Scottish Re (U.S.), Inc. effective June 1, 2008 on new sales of our credit products. As explained above, some of these credit insurance risks are also reinsured to Life Investors, Universal Guaranty, Madison National, Minnesota Life, KenBanc, Plateau, Central States and Aspi Re.

Administrative Services. During 2008, we continued to market our third party administrative services to non-affiliated companies. We have an employee whose primary responsibility is to promote this aspect of our organization. This additional marketing focus has and is expected to generate increased fee income associated with providing these services. Our overall revenue is further enhanced by the fact that we generally incur minimal expense increases associated with the third party administrative services, which decreases our overall unit costs.

We have the capacity within our organization to handle the additional load and we have been successful in providing services without the need to add other new employees. During 2008, we added one new company and now provide administrative services for five companies. One of the agreements is with an established company opening a new line of life insurance products. A second agreement is with a startup company that raised in excess of \$14,000,000 and commenced marketing their life insurance products in the second quarter of 2007. The remaining agreements are with start-up companies that have not commenced insurance sales but need administrative assistance with accounting and financial reporting.

Other Subsidiaries. Investors Heritage Printing does job printing for Investors Heritage Life as well as numerous unaffiliated sources. This includes the printing of the application forms and other office forms required by Investors Heritage Life. While the income from Investors Heritage Printing is not a significant factor in our overall business, Investors Heritage Printing continues to work to improve profitability. Revenues from Investors Heritage Printing were approximately \$366,000 in 2008, down \$111,000 compared to 2007.

The formation and operation of Investors Heritage Financial generates additional revenue to Kentucky Investors. Although this additional revenue is not a significant factor in our overall business, Investors Heritage Financial generated revenue from its operations of approximately \$329,000 in 2008 compared to \$522,000 in 2007. The decrease is directly related to the decrease in production of credit insurance and credit ordinary insurance due to the tightening of credit that resulted from the current economic conditions.

At Need Funding is a single member, limited liability company organized under the laws of the Commonwealth of Kentucky. Kentucky Investors is the sole member of the LLC. Funding provided by At Need Funding is secured by assignments of verified incontestable life insurance policies issued by unaffiliated companies. The funds are advanced to funeral homes for services provided for the insured. Upon receipt of death benefits from the unaffiliated insurance company, the principal balance of the debt is reduced and interest and fees are recorded. This service is marketed primarily to funeral homes that do not have the manpower to timely complete necessary paperwork to process the insurance claim. Revenues from At Need Funding were approximately \$106,000 in 2008, down \$50,000 compared to 2007, primarily due to the current economic conditions.

Dividends and distributions from the Non-insurance Subsidiaries for 2008 and 2007 amounted to \$234,500 and \$494,000, respectively.

Additionally, we earn fees for other services performed for our subsidiaries. The fees pay for the necessary supervision and coordination required to provide a common policy for all the

companies. The supervision results in a coordination of contracts with the various independent agents, common sales brochures, and a savings to each company in the area of printing and purchasing. We purchase director and officer liability coverage, employment practices liability insurance coverage, and blanket fidelity bonds. All policies provide coverage for each of the subsidiaries and provide a cost savings when compared to purchases made by individual companies. We also administer the group life and the retirement programs for the various companies. These fees are not significant to our total revenue. Kentucky Investors also has revenue from other investments, but it is not a significant factor in our business.

Employees. Kentucky Investors does not have any employees. While Kentucky Investors' officers perform various functions, they are not paid a salary by Kentucky Investors for performing such functions. There are 83 people employed by Investors Heritage Life and three people employed by Investors Heritage Printing. The number of active independent contractual agents of Investors Heritage Life is 2,366. There are no unions organized nor are there any collective bargaining agreements with the employees or agents. Management of Investors Heritage Life considers its relationship with the employees and agents to be satisfactory.

(d) Financial Information about Geographic Areas

The principal markets for Investors Heritage Life's products are in the Commonwealths of Kentucky and Virginia, and the States of North Carolina, South Carolina, Georgia, Ohio, Indiana, Florida, Tennessee and Michigan. Investors Heritage Life has licensed ordinary agents and regional managers throughout these states and credit life agents in 280 banks and automobile dealerships.

Investors Heritage Life is also licensed in twenty other states: Alabama, Arizona, Arkansas, Illinois, Louisiana, Mississippi and West Virginia in the South and Southeast; Colorado, Missouri, New Mexico, North Dakota, South Dakota, Oklahoma, Montana, Nebraska, Kansas, Texas and Utah in the West; and Maryland and Pennsylvania in the North. The business in these states is written mostly through general agents.

Forward Looking Information. We caution readers regarding certain forward-looking statements contained in this report and in any other statements made by, or on behalf of, the Company, whether or not in future filings with the Securities and Exchange Commission (the "SEC"). Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, or other developments. Statements using verbs such as "expect," "anticipate," "believe" or words of similar import generally involve forward-looking statements. Without limiting the foregoing, forward-looking statements include statements which represent our beliefs concerning future levels of sales and redemptions of our products, investment spreads and yields, or the earnings and profitability of our activities.

Forward looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which are subject to change. These uncertainties and contingencies could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company. Whether or

not actual results differ materially from forward-looking statements may depend on numerous foreseeable and unforeseeable factors and developments. Some of these may be national in scope, such as general economic conditions, changes in tax law and changes in interest rates. Some may be related to the insurance industry generally, such as pricing competition, regulatory developments, industry consolidation and the effects of competition in the insurance business from other insurance companies and other financial institutions operating in our market area and elsewhere. Others may relate to the Company specifically, such as credit, volatility and other risks associated with our investment portfolio. We caution that such factors are not exclusive. We disclaim any obligation to update forward-looking information.

Item 2. Properties

The physical property of the Company consists of the home office building and grounds, owned in fee, at 200 Capital Avenue, Frankfort, Kentucky. Adjacent to the home office, the Company owns additional property on Second Street and on Shelby Street in Frankfort, Kentucky. One building is used for agency and company meetings; one building is a print shop used by Investors Heritage Printing, one building is used for supplies and additional storage; one building is leased to a commercial tenant and one building is a residential apartment building. All of the properties are in good condition.

Item 3. Legal Proceedings

There are no legal proceedings to which Kentucky Investors is a party. There are no legal proceedings to which Investors Heritage Life is a party that are material to the overall financial condition or results of operations of Kentucky Investors.

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

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a)

- (i) The stock of Kentucky Investors, Inc. is quoted on the OTC Bulletin Board. The quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not represent actual transactions. The symbol for Kentucky Investors is KINV. The following table shows the range of high and low closing sales prices of our shares on the OTC Bulletin Board market quotations.

	HIGH	LOW
YEAR ENDED DECEMBER 31, 2008:		
First Quarter	\$29.50	\$26.50
Second Quarter	31.00	26.75
Third Quarter	27.20	23.75
Fourth Quarter	29.75	19.85

YEAR ENDED DECEMBER 31, 2007:		
First Quarter	\$29.50	\$25.80
Second Quarter	27.25	24.55
Third Quarter	28.95	25.00
Fourth Quarter	28.75	26.80

- (ii) Approximate Number of Equity Security Holders

(A)
Title of Class
Common Stock

(B)
Number of Holders of Record 12-31-2008
2,975

- (iii) Dividends

Kentucky Investors, Inc. paid dividends totaling \$422,959 to stockholders in 2008, representing \$.38 per share.

- (iv) Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	61,125	\$23.00	188,875
Equity compensation plans not approved by security holders	-	-	-
Total	61,125	\$23.00	188,875

(b) None.

(c) No share repurchases were made pursuant to a publicly announced plan or program. All share repurchases were shares tendered by original stockholders under our right of first refusal or by employees as part of our 401(k) plan.

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

Management's Discussion and Analysis of financial condition and results of operations appears on pages 4-13 in the Annual Report to the Stockholders for the year ended December 31, 2008, and is incorporated herein by reference.

Item 8. Financial Statements

The financial statements and notes appear on pages 15-35 in the Annual Report to the Stockholders for the year ended December 31, 2008 and are incorporated herein by reference. See Part IV, Item 15.

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

None.

Item 9A(T). Controls and Procedures (This report shall not be deemed to be filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section).

(a) Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. As of the end of the period covered by this annual report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's internal controls over financial reporting as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. The standard measures adopted by management in making its evaluation are the measures in the Internal-Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission. This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to the attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the Company's disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in this Annual Report on Form 10-K.

(b) Changes to Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the three months ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

(a) The Executive officers and directors of the Company are:

Name, Position & Year Became Officer/Director Family Relationship	Age
Harry Lee Waterfield II Chairman of the Board, President/1963	65
Jimmy R. McIver, Treasurer/2000	57
Robert M. Hardy, Jr. Director, Vice President and General Counsel/1988 Nephew of Harry Lee Waterfield II	51
Raymond L. Carr, Chief Financial Officer, Vice President/2002	60
Jane S. Jackson, Secretary/2003	54
Helen S. Wagner, Director/1986	72
Gordon C. Duke, Director/1991	63
Harold G. Doran, Jr. Director/2001	55
Howard L. Graham, Director/2002	74
Jerry F. Howell, Jr., Director/1983	67
David W. Reed, Director/1982	54
Michael F. Dudgeon, Jr., Director/2004 Nephew of Harry Lee Waterfield II	47

(b) Each of the Directors has occupied the position indicated for a period of more than five years with the exception of Gordon C. Duke. Since 2003, Mr. Duke was an independent businessman. On November 1, 2008, Mr. Duke was engaged as a consultant for Nucleus: Kentucky's Life Science and Innovation Center, LLC and also serves as Vice President of that organization.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any Director or Executive Officer during the past five years.

Officers are appointed annually by the Board of Directors at the Board meeting immediately following the Annual Meeting of Shareholders. There are no arrangements or any understandings between any officer and any other person pursuant to which the office was selected.

The Board of Directors has determined that Audit Committee members Harold G. Doran, Jr. and Gordon C. Duke are audit committee financial experts as defined by Item 407(d)(5) of Regulation S-K of the Exchange Act and are independent as that term is used in Item 7(d) of Schedule 14A under the Exchange Act. The Company has a designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Harold G. Doran, Jr., Gordon C. Duke, Jerry F. Howell, Jr. and David W. Reed. All members of the Audit Committee are independent.

The Company has adopted a written code of ethics that applies to the Company's President and Chief Executive Officer, the Chief Financial Officer and all other corporate officers designated by the Chief Executive Officer. The Company has posted a copy of the code on the Company's internet website at the internet address: <http://www.InvestorsHeritage.com>. Copies of the code may be obtained free of charge from the Company's website at the above internet address.

Item 11. Executive Compensation

Information regarding compensation of executive officers and transactions with executive officers and directors is shown on pages 6-10 of the Proxy Statement for the Annual Meeting of Shareholders to be held May 14, 2009, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security ownership by Officers, Directors, and management is shown on pages 4-5 of the Proxy Statement for the Annual Meeting of Shareholders to be held May 14, 2009, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain relationships and related transactions are shown on page 12 of the Proxy Statement for the Annual Meeting of Shareholders to be held May 14, 2009, and are incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information regarding accounting fees and services is shown on pages 11-12 of the Proxy Statement for the Annual Meeting of Shareholders to be held May 14, 2009, and is incorporated herein by reference.

PART IV

Item 15. Exhibits

(a)1. The following financial statements incorporated herein by reference in Item 8 to the Company's Annual Report to Stockholders for the year ended December 31, 2008 (pages 15-35) are filed as Exhibit 1 thereto:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2008 and 2007

For each of the two years in the period ended December 31, 2008:

Consolidated Statements of Income

Consolidated Statements of Stockholders' Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

INDEX TO EXHIBITS

(a)3. Listing of Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
3.1	Articles of Incorporation of the Company, as amended, is incorporated by reference as Exhibit 3.1 to the Company's registration statement on Form S-4 filed on 10-7-1999 (File No. 333-87947).
3.2	By-Laws of the Company, as amended, are incorporated by reference as Exhibit 3.2 to the Company's registration statement on Form S-4 filed on 10-7-1999 (File No. 333-87947).
11	Statements re: computation of Per Share Earnings is contained in Note A to the Consolidated Financial Statements, "Common Stock and Earnings per Share", on page 22 of the Annual Report to the Stockholders for the year ended December 31, 2008, and is incorporated herein by reference.
13	Annual Report to the Stockholders for the year ended December 31, 2008 is attached hereto as Exhibit 1 and is incorporated herein by reference.
23	Consent of Independent Registered Public Accounting Firm.
31.1 & 31.2	Certifications pursuant to Securities and Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*The material included in this Report shall not be deemed to be "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Act, except to the extent that this registrant specifically incorporates it in its Annual Report on this Form 10-K by reference.

(b) See Item 15(a)3 above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

KENTUCKY INVESTORS, INC.

March 12, 2009
DATE

/s/Harry Lee Waterfield II
BY: Harry Lee Waterfield II
ITS: Chairman of the Board and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report is signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/Harry Lee Waterfield II
Harry Lee Waterfield II
Chairman of the Board and President
Principal Executive Officer
March 12, 2009

/s/Robert M. Hardy, Jr.
Robert M. Hardy, Jr.
Vice President, General Counsel and Director
March 12, 2009

/s/Jimmy R. McIver
Jimmy R. McIver
Treasurer
March 12, 2009

/s/Raymond L. Carr
Raymond L. Carr
Chief Financial Officer
Vice President
March 12, 2009

/s/Gordon C. Duke
Gordon C. Duke
Director
March 12, 2009

/s/Helen S. Wagner
Helen S. Wagner
Director
March 12, 2009

/s/Harold G. Doran
Harold G. Doran
Director
March 12, 2009

/s/David W. Reed
David W. Reed
Director
March 12, 2009

/s/Jerry F. Howell, Jr.
Jerry F. Howell, Jr.
Director
March 12, 2009

/s/ Howard L. Graham
Howard L. Graham
Director
March 12, 2009

/s/Michael F. Dudgeon, Jr.
Michael F. Dudgeon, Jr.
Director
March 12, 2009