



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

LOYAL AMERICAN LIFE INSURANCE COMPANY

NAIC Group Code 0084 (Current Period) 0084 (Prior Period) NAIC Company Code 65722 Employer's ID Number 63-0343428
Organized under the Laws of Ohio, State of Domicile or Port of Entry NA
Country of Domicile United States of America
Incorporated 05/18/1955 Commenced Business 07/04/1955
Statutory Home Office 250 East Fifth Street, Cincinnati, OH 45202
Main Administrative Office 250 East Fifth Street, Cincinnati, OH 45202
Mail Address P.O. Box 26580, Austin, TX 78755
Primary Location of Books and Records 250 East Fifth Street, Cincinnati, OH 45202
Internet Website Address WWW.GAFRI.COM
Statement Contact Wendy Leigh Wilson, 513-412-1168
Policyowner Relations Contact 5508 Parkcrest Dr., Austin, TX 78731

OFFICERS

President Charles Richard Scheper Secretary Mark Francis Muething
Treasurer Richard Lee Magoteaux Actuary Mark Billingsley

VICE PRESIDENTS

James Edward Moffett David Butler Rich Charles Louis Hardtke
Richard Lee Magoteaux William Richard Ealy Christopher Patrick Miliano
William J. Maney II Billy Buehl Hill Edward Carlisle Dahmer, Jr.

DIRECTORS OR TRUSTEES

Stephen Craig Lindner Christopher Patrick Miliano David Butler Rich
Mark Francis Muething Charles Richard Scheper

State of Ohio }
County of Hamilton } ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Charles Richard Scheper President Richard Lee Magoteaux CFO & Treasurer Mark Francis Muething Secretary

Subscribed and sworn to before me this
day of February, 2003

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE A - PART 1

Showing all Real Estate OWNED December 31 of Current Year

1 Description of Property	Location		4 Date Acquired	5 Date of Last Appraisal	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Fair Value Less Encumbrances	10 Increase (Decrease) by Adjustment	11 Increase (Decrease) by Foreign Exchange Adjustment	12 Amounts Received During Year	13 Expended for Additions, Permanent Improvements and Changes in Encumbrances During Year	14 Gross Income Earned Less Interest Incurred on Encumbrances	15 Taxes, Repairs and Expenses Incurred
	2 City	3 State												
0199999 - Property occupied by the reporting entity - Health Care Delivery					0		0	0						
0399999 - Total property occupied by the reporting entity					0		0	0						
Undeveloped land - Azalea Road	Mobile	AL	01/01/1983	05/09/2000	164,335	0	164,535	151,500						
0599999 - Properties held for sale					164,335		164,535	151,500						
9999999 Totals					164,335		164,535	151,500						

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Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE B - PART 1

Showing all Mortgage Loans OWNED December 31 of Current Year

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Book Value/Recorded Investment Excluding Accrued Interest	8 Increase (Decrease) by Adjustment	9 Increase (Decrease) by Foreign Exchange Adjustment	10 Value of Land and Buildings	11 Date of Last Appraisal or Valuation
	2 City	3 State								
323		NC			7.500	2,768				
1070		AL			8.000	16,736				
0399999 - Mortgages in good standing - Residential Mortgages - All Other						19,504				XXX
191		GA			5.000	152,552				
0499999 - Mortgages in good standing - Commercial Mortgages - Insured or Guaranteed						152,552				XXX
468		TN			10.000	48,483				
486		TX			10.000	204,568				
2002		LA			10.000	54,332				
0599999 - Mortgages in good standing - Commercial Mortgages - All Other						307,383				XXX
0799999 - Total - Mortgages in Good Standing						479,439				XXX
1075		AR			8.000	0	0			
1111		LA			13.000	0	0			
3134		LA			9.250	0	0			
1799999 - Mortgages with overdue interest over 90 days - Residential Mortgages - All Other						0	0			XXX
485					9.875	0	0			
484						0	0			
1899999 - Mortgages with overdue interest over 90 days - Commercial Mortgages - Insured or Guaranteed						0	0			XXX
2199999 - Total - Mortgages w/overdue interest over 90 days, not in the process of foreclosure						0	0			XXX
9999999 Totals						479,439	0			XXX

General Interrogatory:

- 1. Mortgages in good standing\$ unpaid taxes\$18,139 interest due and unpaid.
- 2. Restructured mortgages\$ unpaid taxes\$ interest due and unpaid.
- 3. Mortgages with overdue interest over 90 days not in process of foreclosure\$ unpaid taxes\$27,265 interest due and unpaid.
- 4. Mortgages in process of foreclosure\$ unpaid taxes\$ interest due and unpaid.

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Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21
			4	5									14	15						
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest
U.S. GOVERNMENT ISSUER OBLIGATIONS																				
912810-BZ-0	UNITED STATES TREASURY BOND 7.875% DUE 11-15-2007		7.875	NM	11/15/2007		0.000	199,424	200,000	100.0310	200,062	198,749	7,875	15,750	.94	0	0	1	12/31/1992	7.947
912810-CG-1	UNITED STATES TREASURY BOND 9.125% DUE 5-15-2009		9.125	NM	05/15/2009		0.000	50,401	50,000	110.1880	55,094	50,757	583	4,563	(45)	0	0	1	12/31/1992	8.957
912827-J7-8	UNITED STATES TREASURY NOTE 6.250% DUE 2-15-2003		6.250	AF	02/15/2003		0.000	900,611	900,000	100.5940	905,346	922,515	21,250	56,250	(4,901)	0	0	1	05/28/1998	5.678
912827-L8-3	UNITED STATES TREASURY NOTE 5.750% DUE 8-15-2003		5.750	AF	08/15/2003		0.000	49,991	50,000	102.7810	51,391	49,887	1,086	2,875	.14	0	0	1	08/12/1993	5.780
912827-S8-6	UNITED STATES TREASURY NOTE 7.500% DUE 2-15-2005		7.500	AF	02/15/2005		0.000	612,122	600,000	112.1250	672,750	638,445	17,000	45,000	(5,190)	0	0	1	02/19/1997	6.455
912827-X8-0	UNITED STATES TREASURY NOTE 6.875% DUE 5-15-2006		6.875	NM	05/15/2006		0.000	127,809	125,000	115.0630	143,829	129,707	1,098	8,594	(729)	0	0	1	04/05/2000	6.127
912827-3Z-3	UNITED STATES TREASURY NOTE 5.500% DUE 2-28-2003		5.500	AF	02/28/2003		0.000	520,965	520,000	100.6880	523,578	543,563	9,613	28,600	(5,784)	0	0	1	10/28/1998	4.343
912827-4F-6	UNITED STATES TREASURY NOTE 5.625% DUE 5-15-2008		5.625	NM	05/15/2008		0.000	370,054	355,000	113.4690	402,815	372,417	12,536	9,984	(2,363)	0	0	1	01/09/2002	4.722
912827-5G-3	UNITED STATES TREASURY NOTE 5.50% DUE 5-15-2009		5.500	NM	05/15/2009		0.000	2,665,290	2,600,000	113.4690	2,950,194	2,672,813	26,246	136,539	(6,420)	0	0	1	04/17/2002	5.034
912828-AN-0	UNITED STATES TREASURY NOTE 3.00% DUE 11-15-2007		3.000	NM	11/15/2007		0.000	15,168,888	15,000,000	101.2190	15,182,850	15,169,141	57,500	0	(252)	0	0	1	12/30/2002	2.751
0199999 - Total Bonds - U.S. Government - Issuer Obligations								20,665,555	20,400,000	XXX	21,087,909	20,747,994	154,787	308,155	(25,576)	0	0	XXX	XXX	XXX
SINGLE CLASS MBS/ABS																				
362046-YS-7	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #18721 8.00% DUE 8-15-2007		8.000	MTLY	08/15/2007	03/15/2007	0.000	7,235	7,235	107.7500	7,796	7,200	.48	579	.0	.0	.0	1	12/01/1986	8.000
36214A-RS-4	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #100497 11.00% DUE 7-15-2013		11.000	MTLY	07/15/2013	01/15/2005	0.000	684	684	111.8750	765	677	.6	.75	.0	.0	.0	1	10/22/1987	11.000
362166-WY-2	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #185263 9.50% DUE 8-15-2017		9.500	MTLY	08/15/2017	04/15/2011	0.000	5,335	5,335	111.6250	5,955	5,295	.42	507	.0	.0	.0	1	01/21/1988	9.500
36218R-GB-2	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #229794 9.50% DUE 7-15-2017		9.500	MTLY	07/15/2017	10/15/2004	0.000	529	529	112.5000	595	531	.4	.50	.0	.0	.0	1	08/26/1987	9.500
36218V-G4-9	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #233419 9.50% DUE 9-15-2017		9.500	MTLY	09/15/2017	03/15/2012	0.000	6,597	6,597	112.5000	7,422	6,515	.52	627	.0	.0	.0	1	12/13/1988	9.500
83162C-GJ-6	SBA - U.S. GOVERNMENT GUARANTEED DEVELOPMENT COMPANY PARTICIPATION CERTIFICATE SERIES 1995-20 K 6.65% DUE 11-01-2015		6.650	NM	11/01/2015	12/31/2009	0.000	2,174,025	2,177,207	110.7190	2,410,582	2,172,785	24,131	150,179	1,079	.0	.0	1PE	11/22/1995	6.698
831641-CA-1	U.S. SMALL BUSINESS ADMINISTRATION GUARANTEED PARTICIPATION CERTIFICATE, SERIES SBIC 1996-10 B 7.71% DUE 6-01-2006		7.710	DJ	06/01/2006	12/31/2004	0.000	244,711	244,711	112.6880	275,760	244,711	1,572	18,837	.0	.0	.0	1PE	06/19/1996	7.710
0299999 - Total Bonds - U.S. Government - Single Class Mortgage-Backed/Asset-Backed Securities								2,439,116	2,442,298	XXX	2,708,875	2,437,714	25,855	170,854	1,079	0	0	XXX	XXX	XXX
0399999 - Total - U.S. Government Bonds								23,104,671	22,842,298	XXX	23,796,784	23,185,708	180,642	479,009	(24,497)	0	0	XXX	XXX	XXX
STATES, TERRITORIES AND POSSESSIONS ISSUER OBLIGATIONS GENERAL																				
745144-7Z-2	COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT PREREFUNDING BOND SERIES 1993 GENERAL OBLIGATION BOND 5.30% DUE 7-01-2004		5.300	JJ	07/01/2004		0.000	10,011	10,000	105.8680	10,587	10,017	.265	265	(6)	.0	.0	2PE	03/01/2002	5.221
745144-8A-6	COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT PREREFUNDING BOND SERIES 1993 GENERAL OBLIGATION BOND 5.375% DUE 7-01-2005		5.375	JJ	07/01/2005		0.000	19,988	20,000	109.3190	21,864	19,985	.538	538	.4	.0	.0	2PE	03/01/2002	5.400
745144-8D-0	COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT UNREFUNDED BOND SERIES 1993 GENERAL OBLIGATION BOND 5.30% DUE 7-01-2004		5.300	JJ	07/01/2004		0.000	190,215	190,000	105.4730	200,399	190,328	5,035	5,035	(113)	.0	.0	2PE	03/01/2002	5.221
745144-8E-8	COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT UNREFUNDED BOND SERIES 1993 GENERAL OBLIGATION BOND 5.375% DUE 7-01-2005		5.375	JJ	07/01/2005		0.000	294,829	295,000	108.4750	320,001	294,777	7,928	7,928	.52	.0	.0	2PE	03/01/2002	5.400
1199999 - Total Bonds - States, Territories and Possessions - Issuer Obligations								515,043	515,000	XXX	552,851	515,107	13,766	13,766	(63)	0	0	XXX	XXX	XXX

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21
			4	5									14	15						
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest
1799999 - Total - States, Territories and Possessions																				
SPECIAL REVENUE																				
ISSUER OBLIGATIONS																				
CALIFORNIA																				
54474C-CQ-8	LOS ANGELES COUNTY TAXABLE PENSION OBLIGATION BOND SERIES 1995D CURRENT INTEREST BOND 6.65% DUE 6-30-2003		6.650	DJ	06/30/2003		0.000	3,000,939	3,000,000	102.4900	3,074,700	3,011,550	0	199,500	(1,800)	0	0	1PE	11/15/1995	6.585
786106-ED-2	COUNTY OF SACRAMENTO TAXABLE PENSION FUNDING BOND SERIES 1995 6.875% DUE 8-15-2008		6.875	AF	08/15/2008		0.000	1,943,320	2,000,000	115.6930	2,313,860	1,921,440	51,544	137,500	7,848	0	0	1PE	01/04/2000	7.502
CONNECTICUT																				
574754-AA-5	WASHANTUCKET (WESTERN) PEQUOT TRIBE SPECIAL REVENUE BOND, 1997 SERIES A 6.91% DUE 9-01-2012		6.910	SM	09/01/2012		0.000	1,126,682	1,000,000	115.4170	1,154,170	1,127,390	23,033	0	(708)	0	0	1	12/06/2002	5.224
GEORGIA																				
04780E-AA-5	ALTANTA GEORGIA DOWNTOWN DEVELOPMENT AUTHORITY LEASE REVENUE BOND TAXABLE ATLANTA FEDERAL CENTER PROJECT 6.25% DUE 2-10-2009		6.250	AF	02/01/2009		0.000	1,896,864	1,900,000	113.9040	2,164,176	1,894,425	49,479	118,750	412	0	0	1PE	11/28/1995	6.283
ILLINOIS																				
452001-UK-4	ILLINOIS EDUCATIONAL FACILITIES AUTHORITY REVENUES TAXABLE-LOYALA UNIVERSITY SERIES C 7.12% DUE 7-01-2011		7.120	JJ	07/01/2011		0.000	942,479	1,000,000	118.0610	1,180,610	931,180	35,600	71,200	4,563	0	0	1PE	05/12/2000	8.068
LOUISIANA																				
874778-AA-1	TALLULAH LA REVENUE BENEFICIAL INTEREST CERTIFICATE TAXABLE - CORRECTIONAL CENTER YOUTH 6.65% DUE 11-01-2008		6.650	NM	11/01/2008	11/01/2007	100.000	866,680	860,000	112.9770	971,602	870,750	4,969	57,190	(1,144)	0	0	1PE	02/12/1999	6.460
ISSUER OBLIGATIONS																				
MARYLAND																				
57429L-AL-0	MARYLAND TRANS REV 6.48 7-01-22		6.480	JJ	07/01/2022		0.000	1,078,850	1,000,000	110.1060	1,101,060	1,078,930	33,120	0	(80)	0	0	1PE	12/18/2002	5.800
NEBRASKA																				
02913L-CK-9	AMERICAN PUBLIC ENERGY AGENCY GAS SUPPLY REVENUE BOND 1999 SERIES B TAXABLE 7.125% DUE 6-01-2007		7.125	DJ	06/01/2007		0.000	1,975,727	2,000,000	115.8790	2,317,580	1,965,560	11,875	142,500	4,491	0	0	1PE	08/16/2000	7.453
02913L-CU-7	AMERICAN PUBLIC ENERGY AGENCY GAS SUPPLY REVENUE BOND 1999 SERIES B TAXABLE 7.375% DUE 12-01-2011		7.375	DJ	12/01/2011		0.000	2,472,373	2,500,000	121.3120	3,032,800	2,466,375	15,365	184,375	2,108	0	0	1PE	12/08/1999	7.548
NEW YORK																				
64987H-LY-9	NEW YORK STATE HOUSING FINANCE AGENCY SERVICE CONTRACT OBLIGATION REVENUE BOND, 1996 SERIES B 7.36% DUE 3-15-2004		7.360	SM	03/15/2004		0.000	1,220,000	1,220,000	106.6450	1,301,069	1,220,000	26,439	89,792	0	0	0	1PE	08/15/1996	7.360
GENERAL																				
649085-AA-5	NEW VALLEY GENERAL II SERIES 2001-1 PASS-THROUGH CERTIFICATE 5.572% DUE 5-01-2020		5.572	NM	05/01/2020		0.000	2,900,470	2,804,530	107.3750	3,011,364	2,900,613	26,045	0	(144)	0	0	1PE	12/16/2002	5.269
2599999 - Total Bonds - Special Revenue - Issuer Obligations																				
SINGLE CLASS MBS/ABS																				
GENERAL																				
31340A-W2-3	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #140665 8.25% DUE 6-01-2009		8.250	MTLY	06/01/2009	11/15/2006	0.000	12,310	12,310	105.8750	13,033	12,187	85	1,016	0	0	0	1	03/11/1987	8.250
31340A-2C-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #140771 8.25% DUE 1-01-2009		8.250	MTLY	01/01/2009	08/15/2004	0.000	7,130	7,130	102.6250	7,317	7,104	49	588	0	0	0	1	01/09/1987	8.250
31340L-DW-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #180117 8.00% DUE 3-01-2009		8.000	MTLY	03/01/2009	09/15/2007	0.000	4,695	4,695	107.2500	5,035	4,418	31	376	0	0	0	1	12/31/1992	8.000

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SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21	
			4	5									14	15							
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest	
31340P-R8-3	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #183211 8.50% DUE 12-01-2007		.8.500	MTLY	12/01/2007	08/15/2006	0.000	29,150	29,150	105.8750	30,863	29,132	206	2,478	0	0	0	1	12/30/1986	8.500	
31340P-XC-7	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #183375 9.00% DUE 1-01-2004		.9.000	MTLY	01/01/2004	11/15/2003	0.000	3,958	3,958	101.7500	4,027	3,948	30	356	0	0	0	1	08/27/1986	9.000	
31340I-GW-5	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #160092 10.00% DUE 10-01-2009		10.000	MTLY	10/01/2009	08/15/2008	0.000	11,572	11,572	108.7500	12,584	11,572	96	1,157	0	0	0	1	06/09/1988	10.000	
31340I-HX-2	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #170013 8.00% DUE 3-01-2007		.8.000	MTLY	03/01/2007	01/15/2005	0.000	3,123	3,123	104.2500	3,255	2,626	21	250	168	0	0	1	06/02/1983	9.918	
31341A-FY-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #250183 9.25% DUE 8-01-2004		.9.250	MTLY	08/01/2004	03/15/2004	0.000	6,533	6,533	102.0000	6,664	6,533	50	604	0	0	0	1	11/24/1986	9.250	
31341A-QC-7	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #250451 8.75% DUE 5-01-2004		.8.750	MTLY	05/01/2004	08/15/2003	0.000	2,728	2,728	101.1250	2,759	2,587	20	239	0	0	0	1	05/19/1987	8.750	
31341B-5X-2	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #251762 7.50% DUE 11-01-2008		.7.500	MTLY	11/01/2008	05/15/2005	0.000	5,045	5,152	105.0000	5,409	4,617	32	386	131	0	0	1	08/15/1988	9.155	
31341E-4P-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #254430 9.25% DUE 2-01-2010		.9.250	MTLY	02/01/2010	11/15/2007	0.000	17,073	17,073	108.2500	18,481	16,561	132	1,579	0	0	0	1	05/27/1988	9.250	
31341H-PZ-2	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #256740 9.00% DUE 9-01-2006		.9.000	MTLY	09/01/2006	05/15/2003	0.000	395	395	100.2500	395	383	3	36	0	0	0	1	05/18/1988	9.000	
31343A-GV-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #270212 9.50% DUE 3-01-2016		.9.500	MTLY	03/01/2016	02/15/2012	0.000	3,373	3,373	110.8750	3,740	3,386	27	320	0	0	0	1	12/01/1986	9.500	
31343A-HN-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #270237 8.50% DUE 5-01-2008		.8.500	MTLY	05/01/2008	08/15/2002	0.000	25,898	25,898	107.2500	27,775	25,315	183	2,201	0	0	0	1	08/19/1986	8.500	
31360A-YU-4	FEDERAL NATIONAL MORTGAGE ASSOCIATION PASS-THROUGH POOL #0000723 10.00% DUE 3-01-2011		10.000	MTLY	03/01/2011	07/25/2008	0.000	11,044	11,044	108.8750	12,024	10,924	92	1,104	0	0	0	1	09/15/1987	10.000	
2699999 - Total Bonds - Special Revenue - Single Class Mortgage-Backed/Asset-Backed Securities								144,027	144,134	XXX	153,361	141,293	1,057	12,690	299	0	0	0	XXX	XXX	XXX
DEFINED MULTI-CLASS RESIDENTIAL MBS																					
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022		.7.000	MTLY	02/15/2022	03/15/2009	0.000	1,046,695	1,048,279	104.0000	1,090,210	1,003,116	6,115	73,275	0	0	0	1PE	12/01/1993	7.000	
312910-MJ-8	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1295 CLASS JB 4.50% DUE 3-15-2007		.4.500	MTLY	03/15/2007	04/15/2004	0.000	105,676	107,446	102.2500	109,863	84,211	905	4,105	10,877	0	0	0	1PE	07/06/1994	9.133
312912-SL-3	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1393 CLASS F 6.50% DUE 10-15-2007		.6.500	MTLY	10/15/2007	04/15/2007	0.000	100,000	100,000	107.3750	107,375	98,125	542	6,500	0	0	0	1PE	09/01/1993	6.500	
3133TM-FX-9	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES T-20 CLASS A4 7.57% DUE 5-25-2028		.7.570	MTLY	05/25/2028	07/25/2007	0.000	999,922	1,000,000	104.6250	1,046,250	999,844	6,308	75,910	27	0	0	0	1PE	10/20/1999	7.573
31340Y-DB-2	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 12 CLASS A 9.25% DUE 11-15-2019		.9.250	MTLY	11/15/2019	08/15/2014	0.000	15,917	15,917	109.3750	17,409	15,764	123	1,472	0	0	0	1	07/28/1988	9.250	

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 *	Interest		6 Maturity Date	7 Option Date	8 Option Call Price	9 Book/Adjusted Carrying Value	10 Par Value	11 Rate Used to Obtain Fair Value	12 Fair Value	13 Actual Cost	Interest		16 Increase (Decrease) by Adjustment	17 Increase (Decrease) by Foreign Exchange Adjustment	18 Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	19 NAIC Designation	20 Date Acquired	21 Effective Rate of Interest
			4 Rate of	5 How Paid									14 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	15 Gross Amount Received During Year						
31358E-D8-2	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1990-93 CLASS G 5.50% DUE 8-25-2020		.5	MTLY	08/25/2020	03/25/2019	0.000	223,295	246,827	104.1250	257,008	211,191	1,202	13,575	15,589	0	0	1PE	07/01/1994	6.992
31358E-3Z-3	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1990-111 CLASS Z 8.75% DUE 9-25-2020		.8	MTLY	09/25/2020	09/25/2019	0.000	91,789	90,697	110.6250	100,333	89,194	661	7,936	(767)	0	0	1PE	07/01/1994	8.563
31358G-5J-2	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1991-65 CLASS Z 6.50% DUE 6-25-2021		.6	MTLY	06/25/2021	03/25/2018	0.000	1,833,429	1,926,957	105.6250	2,035,349	1,627,113	10,438	124,709	38,888	0	0	1PE	08/02/1993	7.298
31358H-HV-0	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1991-85 CLASS Z 8.00% DUE 6-25-2021		.8	MTLY	06/25/2021	06/25/2016	0.000	493,473	518,900	109.1250	566,250	467,435	3,459	41,512	16,267	0	0	1PE	07/01/1994	8.937
31358H-JM-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1991-76 CLASS Z 9.00% DUE 7-25-2021		.9	MTLY	07/25/2021	10/25/2019	0.000	216,275	216,275	108.2500	234,117	210,629	1,523	20,200	0	0	0	1PE	08/11/1994	9.000
31358K-DY-1	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1991-G36 CLASS ZB 7.00% DUE 11-25-2021		.7	MTLY	11/25/2021	05/25/2019	0.000	550,690	559,317	107.7500	602,664	497,511	3,263	39,152	4,384	0	0	1PE	08/02/1993	7.237
31358N-ZD-7	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-79 CLASS Z 9.00% DUE 6-25-2022		.9	MTLY	06/25/2022	08/25/2020	0.000	782,976	782,976	106.0000	829,954	752,392	5,778	70,468	0	0	0	1	06/27/1994	9.000
31358Q-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020		.7	MTLY	02/25/2020	06/25/2004	0.000	3,231,280	3,244,666	102.0000	3,309,560	2,977,552	19,001	228,515	18,450	0	0	1PE	08/02/1993	7.867
313602-AZ-7	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1988-2 CLASS 2-Z 10.10% DUE 2-25-2018		10	MTLY	02/25/2018	04/25/2015	0.000	118,513	120,013	108.3750	130,064	58,096	1,010	12,121	641	0	0	1PE	02/25/1988	10.359
31364H-AQ-0	FEDERAL NATIONAL MORTGAGE ASSOCIATION STRIPPED MORTGAGE BACKED SECURITIES SERIES H CLASS H-1 6.50% DUE 5-01-2009		.6	MTLY	05/01/2009	07/25/2008	0.000	18,073	18,464	104.0000	19,202	17,379	100	1,200	247	0	0	1PE	03/02/1987	7.330
31392E-ZN-3	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-63 CLASS BK 5.50% DUE 4-25-2031		.5	MTLY	04/25/2031	07/25/2009	0.000	3,000,000	3,000,000	100.2500	3,007,500	3,000,000	13,750	41,250	0	0	0	1PE	09/27/2002	5.500
31392F-BQ-9	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-70 CLASS QG 5.50% DUE 6-25-2031		.5	MTLY	06/25/2031	05/25/2013	0.000	2,022,898	2,000,000	101.2500	2,025,000	2,023,438	9,167	18,333	(539)	0	0	1PE	09/25/2002	5.330
31392F-QG-5	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-74 CLASS ME 5.50% DUE 6-25-2031		.5	MTLY	06/25/2031	02/25/2017	0.000	3,996,289	4,000,000	103.0000	4,120,000	3,996,250	18,333	36,667	39	0	0	1PE	10/15/2002	5.511
31392F-YB-7	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-85 CLASS PD 5.50% DUE 5-25-2031		.5	MTLY	05/25/2031	10/25/2016	0.000	4,025,489	4,000,000	101.2500	4,050,000	4,025,625	18,333	18,333	(136)	0	0	1PE	11/04/2002	5.424
31392F-4E-4	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-77 CLASS QE 5.50% DUE 8-25-2031		.5	MTLY	08/25/2031	06/25/2017	0.000	5,070,411	5,000,000	102.2500	5,112,500	5,070,781	22,917	22,917	(370)	0	0	1PE	11/21/2002	5.336
31392H-DS-9	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH TRUST 2002-97 CLASS PG 5.50% DUE 12-25-2031		.5	MTLY	12/25/2031	06/25/2018	0.000	2,501,943	2,500,000	102.1250	2,553,125	2,501,953	11,076	0	(10)	0	0	1PE	11/22/2002	5.491
31392V-XA-5	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES T-49 CLASS AF5 4.95% DUE 9-25-2032		.4	MTLY	09/25/2032	08/25/2019	0.000	1,999,334	2,000,000	101.6250	2,032,500	1,999,324	16,500	16,500	10	0	0	1PE	09/17/2002	4.954
31392W-B3-3	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2512 CLASS PE 5.50% DUE 2-15-2022		.5	MTLY	02/15/2022	01/15/2017	0.000	2,028,448	2,000,000	102.2500	2,045,000	2,028,750	9,167	18,333	(302)	0	0	1Z	10/01/2002	5.333

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21	
			4	5									14	15							
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest	
31392W-CY-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2514 CLASS ED 6.00% DUE 9-15-2031		.6.000	MTLY	09/15/2031	04/15/2016	0.000	4,097,263	4,000,000	104.6250	4,185,000	4,098,281	20,000	40,000	(1,018)	0	0	1	10/25/2002	5.707	
31392W-DQ-0	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2514 CLASS ND 5.50% DUE 3-15-2031		.5.500	MTLY	03/15/2031	09/15/2016	0.000	4,036,056	4,000,000	102.2500	4,090,000	4,036,250	12,222	18,333	(194)	0	0	1	11/01/2002	5.393	
31392W-O6-0	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2518 CLASS PE 5.50% DUE 4-15-2031		.5.500	MTLY	04/15/2031	01/15/2017	0.000	9,121,693	9,000,000	103.2500	9,292,500	9,122,695	41,250	68,750	(1,002)	0	0	1	11/01/2002	5.341	
31392W-UJ-7	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2510 CLASS PE 5.50% DUE 11-15-2031		.5.500	MTLY	11/15/2031	05/15/2014	0.000	4,035,353	4,000,000	102.7500	4,110,000	4,035,625	16,500	18,333	(271)	0	0	1PE	11/05/2002	5.371	
31392W-VD-9	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2510 CLASS XC 5.50% DUE 6-15-2031		.5.500	MTLY	06/15/2031	07/15/2017	0.000	1,993,505	2,000,000	102.2500	2,045,000	1,993,438	9,167	18,333	.67	0	0	1PE	10/16/2002	5.538	
31392X-ND-6	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2523 CLASS PG 5.50% DUE 11-01-2032		.5.500	MTLY	11/01/2032	04/15/2016	0.000	5,094,796	5,000,000	103.5000	5,175,000	5,095,313	22,917	22,917	(516)	0	0	1PE	11/14/2002	5.276	
38373T-Z2-4	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH SECURITIES TRUST 2002-15 CLASS PC 5.50% DUE 11-20-2031		.5.500	MTLY	11/20/2031	06/20/2007	0.000	1,977,805	2,000,000	104.2500	2,085,000	1,976,250	9,167	36,667	1,555	0	0	1PE	08/09/2002	5.840	
38373X-HA-7	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-42 CLASS KE 6.00% DUE 5-16-2029		.6.000	MTLY	05/16/2029	06/16/2007	0.000	834,345	844,711	105.5000	891,170	833,624	4,224	21,118	721	0	0	1PE	07/16/2002	6.345	
2799999 - Total Bonds - Special Revenue - Defined Multi-Class Residential Mortgage-Backed Securities								65,663,631	65,341,445	XXX	67,274,903	64,947,149	315,118	1,137,434	102,637	0	0	XXX	XXX	XXX	
3199999 - Total - Special Revenue Bonds								85,232,042	84,770,109	XXX	89,051,255	84,476,655	593,644	2,150,931	118,482	0	0	0	XXX	XXX	XXX
PUBLIC UTILITIES ISSUER OBLIGATIONS																					
125896-AK-6	CMS ENERGY CORPORATION SENIOR NOTE SERIES A 6.75% DUE 1-15-2004		.6.750	JJ	01/15/2004		0.000	1,000,000	1,000,000	93.0000	930,000	1,000,000	31,125	67,500	0	0	0	4	01/29/1999	6.750	
186108-BU-9	THE CLEVELAND ELECTRIC ILLUMINATING COMPANY SERIES D SECURED NOTE 7.88% DUE 11-01-2017		.7.880	NM	11/01/2017		0.000	1,707,143	1,500,000	115.8010	1,737,015	1,709,280	19,700	59,100	(2,137)	0	0	2	09/30/2002	6.422	
197648-CA-4	COLUMBIA ENERGY GROUP DEBENTURE 6.80% DUE 11-28-2005		.6.800	NM	11/28/2005		0.000	2,013,667	2,000,000	103.6550	2,073,100	2,021,510	12,089	136,000	(4,141)	0	0	2	01/25/2001	6.538	
210371-AH-3	CONSTELLATION ENERGY GROUP MARYLAND NOTE 7.00% DUE 4-01-2012		.7.000	OA	04/01/2012		0.000	1,027,687	1,000,000	105.1010	1,051,010	1,027,810	17,500	0	(123)	0	0	2	12/11/2002	6.595	
250847-DT-4	THE DETROIT EDISON COMPANY SENIOR NOTE 5.20% DUE 10-15-2012		.5.200	OA	10/15/2012		0.000	1,977,848	2,000,000	103.4970	2,069,940	1,977,520	19,356	0	328	0	0	1PE	10/17/2002	5.347	
29364G-AA-1	ENTERGY CORPORATION SENIOR NOTE 7.75% DUE 12-15-2009		.7.750	DJ	12/15/2009		0.000	1,000,000	1,000,000	100.8750	1,008,750	1,000,000	2,583	0	0	0	0	2Z	12/16/2002	7.750	
302570-AK-2	FPL GROUP CAPITAL INC. DEBENTURE SERIES 2006 7.625% DUE 9-15-2006		.7.625	SM	09/15/2006		0.000	998,204	1,000,000	112.0120	1,120,120	996,970	22,451	76,250	405	0	0	1	09/01/1999	7.682	
361706-AA-2	SYSTEM ENERGY RESOURCES, INC. SECURED LEASE OBLIGATION BOND 7.43% DUE 1-15-2011		.7.430	JJ	01/15/2011	01/15/2004	102.480	1,053,314	1,024,217	104.2390	1,067,633	1,065,185	35,090	76,099	(3,323)	0	0	2PE	01/25/1999	6.893	
452092-CK-3	ILLINOIS POWER COMPANY MORTGAGE BOND 11.50% DUE 12-15-2010		11.500	DJ	12/15/2010	12/15/2006	105.750	974,860	1,000,000	96.5000	965,000	974,800	3,514	0	.60	0	0	4	12/20/2002	11.999	
485260-AZ-6	KANSAS GAS AND ELECTRIC COMPANY FIRST MORTGAGE BOND 6.50% DUE 8-01-2005		.6.500	AF	08/01/2005		0.000	1,007,394	1,000,000	97.6450	976,450	1,016,270	27,083	65,000	(2,565)	0	0	3	03/31/1999	6.186	
494550-AA-4	KINDER MORGAN ENERGY PARTNERS, L.P. SENIOR NOTE DUE 6.30% 2-01-2009		.6.300	AF	02/01/2009		0.000	1,951,237	2,000,000	105.3460	2,106,920	1,931,340	52,500	126,000	6,191	0	0	2	07/08/1999	6.788	
641423-BC-1	NEVADA POWER COMPANY GENERAL AND REFUNDING MORTGAGE NOTE SERIES E 10.875% DUE 10-15-2009		10.875	OA	10/15/2009	10/15/2006	105.438	943,397	1,000,000	101.0000	1,010,000	942,450	19,031	0	947	0	0	3	10/22/2002	12.122	
66526H-AN-8	NORTHERN INDIANA PUBLIC SERVICE COMPANY MEDIUM-TERM NOTE 6.67% DUE 4-21-2003		.6.670	DJ	04/21/2003		0.000	2,301,639	2,300,000	100.6100	2,314,030	2,331,625	6,818	153,410	(5,130)	0	0	2PE	12/26/1995	6.432	

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21		
			4	5									14	15								
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest		
665501-AE-2	NORTHERN NATURAL GAS COMPANY SENIOR NOTE 5.375% DUE 10-31-2012		.5.375	OA	10/31/2012		0.000	1,997,226	2,000,000	99.9500	1,999,000	1,997,180	22,694	0	.46	0	0	2	10/09/2002	5.393		
679574-AG-8	OLD DOMINION ELECTRIC COOPERATIVE BOND SERIES B 6.21% DUE 12-01-2028		.6.210	DJ	12/01/2028		0.000	1,500,000	1,500,000	101.4950	1,522,425	1,500,000	3,623	0	0	0	0	1PE	12/12/2002	6.210		
68233D-AJ-6	ONCOR ELECTRIC DELIVERY COMPANY SECURED NOTE 6.375% DUE 1-15-2015		.6.375	JJ	01/15/2015		0.000	991,894	1,000,000	102.0520	1,020,520	991,880	1,948	0	.14	0	0	2PE	12/17/2002	6.473		
695114-AC-2	PACIFICORP FIRST MORTGAGE BOND 6.75% DUE 4-01-2005		.6.750	OA	04/01/2005		0.000	2,525,095	2,500,000	108.0560	2,701,400	2,584,375	42,188	168,750	(10,092)	0	0	1	12/26/1995	6.264		
736508-BG-6	PORTLAND GENERAL ELECTRIC COMPANY FIRST MORTGAGE BOND 8.125% DUE 2-01-2010		.8.125	AF	02/01/2010		0.000	1,000,000	1,000,000	99.8750	998,750	1,000,000	18,281	0	0	0	0	2PE	10/03/2002	8.125		
77136X-BB-7	ROCHESTER GAS AND ELECTRIC CORPORATION MEDIUM-TERM NOTE, SERIES B 7.60% DUE 10-27-2009		.7.600	AF	10/27/2009		0.000	2,000,000	2,000,000	116.9900	2,339,800	2,000,000	57,422	152,000	0	0	0	2PE	10/22/1999	7.600		
893570-BP-5	TRANSCONTINENTAL GAS PIPE LINE CORPORATION NOTE 6.25% DUE 1-15-2008		.6.250	JJ	01/15/2008		0.000	1,472,474	1,500,000	91.0000	1,365,000	1,466,490	43,229	93,750	4,461	0	0	4	08/23/2001	6.685		
3299999 - Total Bonds - Public Utilities - Issuer Obligations								29,443,079	29,324,217	XXX	30,376,863	29,534,685	458,225	1,173,859	(15,059)	0	0	0	XXX	XXX	XXX	
3899999 - Total - Public Utilities Bonds								29,443,079	29,324,217	XXX	30,376,863	29,534,685	458,225	1,173,859	(15,059)	0	0	0	0	XXX	XXX	XXX
INDUSTRIAL AND MISCELLANEOUS ISSUER OBLIGATIONS																						
001957-AV-1	AT&T CORP. NOTE 6.00% DUE 3-15-2009		.6.000	SM	03/15/2009		0.000	172,911	180,000	98.8750	177,975	169,974	3,180	10,800	892	0	0	2	06/04/1999	6.788		
00209T-AA-3	AT&T BROADBAND CORP. NOTE 8.375% DUE 3-15-2013		.8.375	SM	03/15/2013		0.000	1,811,000	1,811,000	113.0000	2,046,430	1,811,000	5,054	0	0	0	0	2	11/18/2002	8.375		
002451-AA-0	AXA FINANCIAL, INC. SENIOR NOTE 7.75% DUE 8-01-2010		.7.750	AF	08/01/2010		0.000	992,846	1,000,000	113.1550	1,131,550	991,310	32,292	77,500	668	0	0	1	07/25/2000	7.877		
003708-AB-0	ABLE EMPIRE GROUP, L.P. SERIES 2 NOTE (GSA) 7.26% DUE 6-15-2011		.7.260	DJ	06/15/2011		0.000	2,000,000	2,000,000	113.0000	2,260,000	2,000,000	6,453	145,200	0	0	0	1	03/22/1996	7.260		
032166-AG-5	AM SOUTH BANK N.A. BIRMINGHAM, ALABAMA SUBORDINATED NOTE 6.45% DUE 2-01-2018		.6.450	AF	02/01/2018	02/01/2008	100.000	1,993,619	2,000,000	109.6290	2,192,580	1,992,760	53,750	129,000	244	0	0	1PE	02/25/1999	6.483		
037389-AR-4	AON CORP SENIOR NOTE 7.375% DUE 12-14-2012		.7.375	DJ	12/14/2012		0.000	999,661	1,000,000	104.4240	1,044,240	999,660	3,073	0	.1	0	0	2PE	12/11/2002	7.380		
051157-AG-0	AUGUSTA FUNDING LIMITED VI SECURED GUARANTEED CLASS A-3 BOND 7.375% DUE 4-15-2013		.7.375	OA	04/15/2013		0.000	1,491,698	1,500,000	115.1250	1,726,875	1,490,145	23,354	110,625	522	0	0	1	10/12/1999	7.453		
06541E-AA-0	BANK UNITED HOUSTON TEXAS MEDIUM-TERM BANK NOTE 8.00% DUE 3-15-2009		.8.000	SM	03/15/2009		0.000	1,052,094	1,000,000	115.8000	1,158,000	1,063,980	23,556	80,000	(6,518)	0	0	2	02/16/2001	6.952		
084423-AB-8	W.R. BERKLEY CORPORATION DEBENTURE 9.875% DUE 5-15-2008		.9.875	NM	05/15/2008		0.000	2,188,363	2,000,000	120.0200	2,400,400	2,320,900	25,236	197,500	(27,390)	0	0	2PE	04/04/1997	7.701		
10138M-AA-3	BOTTLING GROUP LLC SENIOR NOTE 4.625% DUE 11-15-2012		.4.625	NM	11/15/2012		0.000	986,191	1,000,000	99.9550	999,550	986,130	5,910	0	.61	0	0	1PE	12/11/2002	4.802		
125509-BF-5	CIGNA CORP SENIOR NOTE 7.00% DUE 1-15-2011		.7.000	JJ	01/15/2011		0.000	1,023,144	1,000,000	103.5410	1,035,410	1,023,310	32,278	0	(166)	0	0	2	12/04/2002	6.624		
126650-AF-7	CYS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012		.7.770	MTLY	01/10/2012		0.000	1,452,955	1,452,955	109.5000	1,590,986	1,452,955	9,408	110,054	0	0	0	1PE	12/14/2001	7.770		
134429-AN-9	CAMPBELL SOUP COMPANY NOTE 5.875% DUE 10-01-2008		.5.875	OA	10/01/2008		0.000	995,569	1,000,000	110.9070	1,109,070	994,780	14,688	59,403	629	0	0	1PE	09/20/2001	5.967		
14178#-AD-5	CARGILL, INCORPORATED GUARANTEED EMPLOYEE STOCK OWNERSHIP PLAN SERIES E 8.35% DUE 2-12-2004		.8.350	AF	02/12/2004		0.000	2,040,639	2,000,000	106.2500	2,125,000	2,242,940	64,481	167,000	(34,167)	0	0	1	11/16/1995	6.428		
15640P-AA-6	CENTURA BANK NOTE 6.50% DUE 3-15-2009		.6.500	SM	03/15/2009		0.000	998,618	1,000,000	110.8000	1,108,000	998,010	19,139	65,000	176	0	0	1PE	03/19/1999	6.527		
156686-AK-3	CENTURY TELEPHONE ENTERPRISES, INC. SENIOR NOTE, SERIES E 6.15% DUE 1-15-2005		.6.150	JJ	01/15/2005		0.000	999,489	1,000,000	105.6880	1,056,880	998,480	28,358	61,500	229	0	0	2PE	01/12/1998	6.177		
16132N-AV-8	CHARTER ONE BANK NA SUBORDINATED NOTE ACCREDITED INVESTORS 6.375% DUE 5-15-2012		.6.375	NM	05/15/2012		0.000	1,098,088	1,000,000	110.4750	1,104,750	1,100,260	8,146	30,990	(2,172)	0	0	2PE	09/26/2002	5.048		
205887-AQ-5	CONAGRA, INC. SENIOR NOTE 6.70% DUE 8-01-2027		.6.700	AF	08/01/2027		0.000	1,132,376	1,000,000	113.9180	1,139,180	1,132,460	27,917	0	(84)	0	0	2	12/19/2002	5.693		
210805-CD-7	CONTINENTAL AIRLINES 1998-1 PASS THROUGH TRUSTS PASS THROUGH CERTIFICATE, SERIES 1998-1 CLASS 1998-1C 6.541% DUE 9-15-2009		.6.541	SM	09/15/2009		0.000	291,877	291,877	69.1070	201,707	291,877	5,621	25,288	0	0	0	3	02/11/1998	6.541		
224050-AL-8	COX ENTERPRISES, INC. NOTE 7.875% DUE 9-15-2010		.7.875	SM	09/15/2010		0.000	1,086,449	1,000,000	110.7540	1,107,540	1,086,890	23,188	0	(441)	0	0	2	12/13/2002	6.435		
235811-AH-9	DANA CORPORATION NOTE 6.50% DUE 03-15-2008		.6.500	SM	03/15/2008		0.000	957,333	1,000,000	87.0000	938,840	938,840	19,139	65,000	6,486	0	0	3	12/07/1999	7.506		
254067-AG-6	DILLARD'S, INC. NOTE 6.69% DUE 8-01-2007		.6.690	AF	08/01/2007		0.000	1,999,627	2,000,000	95.0000	1,900,000	1,999,360	55,750	133,800	.68	0	0	3	07/30/1998	6.695		
263534-BJ-7	E. I. DU PONT DE NEMOURS AND COMPANY NOTE 6.875% DUE 10-15-2009		.6.875	OA	10/15/2009		0.000	1,966,700	2,000,000	117.6470	2,352,940	1,956,220	29,028	137,500	3,692	0	0	1PE	12/16/1999	7.189		

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21
			4	5									14	15						
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest
299007-AP-9	THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY MEDIUM-TERM NOTE 6.78% DUE 11-01-2005		6.780	OA	11/01/2005		0.000	2,024,926	2,000,000	111.4930	2,229,860	2,070,640	33,900	135,600	(7,806)	0	0	1PE	01/03/1996	6.293
31331F-AY-7	FEDERAL EXPRESS CORPORATION PASS THROUGH TRUST 1998-1 PASS THROUGH CERTIFICATE 1998-1-B 6.845% DUE 1-15-2019		6.845	JJ	01/15/2019		0.000	1,780,427	1,744,942	108.1250	1,886,719	1,784,517	55,076	119,441	(1,213)	0	0	1PE	04/30/1999	6.637
345397-SU-8	FORD MOTOR CREDIT COMPANY GLOBAL NOTE 7.60% DUE 8-01-2005		7.600	AF	08/01/2005		0.000	1,444,266	1,500,000	102.1040	1,531,560	1,440,000	47,500	0	4,266	0	0	2	10/11/2002	9.250
362388-AA-8	G-P CANADA FINANCE COMPANY SENIOR NOTE 7.20% DUE 12-15-2006		7.200	DJ	12/15/2006		0.000	1,999,393	2,000,000	95.0000	1,900,000	1,998,740	6,400	144,000	128	0	0	3	12/11/1996	7.209
368771-AA-9	GENERAL AMERICAN RAILCAR CORPORATION 1997-1 PASS THROUGH TRUST PASS THROUGH CERTIFICATE, SERIES 1997-1 6.69% DUE 9-20-2019		6.690	MTLY	09/20/2016		0.000	857,820	857,820	105.0000	900,711	857,820	4,782	57,388	0	0	0	1PE	09/25/1997	6.690
369626-ZY-3	GENERAL ELECTRIC CAPITAL CORPORATION GLOBAL MEDIUM-TERM NOTE 5.45% DUE 1-15-2013		5.450	JJ	01/15/2013		0.000	1,993,852	2,000,000	103.8740	2,077,480	1,993,820	7,569	0	32	0	0	1PE	12/03/2002	5.490
40423Q-AE-7	HMH PROPERTIES, INC. SERIES A SENIOR NOTE 7.875% DUE 8-01-2005		7.875	SM	08/01/2005	08/01/2003	102.627	1,499,818	1,500,000	98.5000	1,477,500	1,499,580	34,781	118,125	61	0	0	3	07/29/1998	7.880
404280-AB-5	HSBC HOLDINGS PLC SUBORDINATED NOTE 5.25% DUE 12-12-2012		5.250	DJ	12/12/2012		0.000	1,994,801	2,000,000	102.4980	2,049,960	1,994,780	5,542	0	21	0	0	1PE	12/05/2002	5.284
44643T-AB-3	HUNTINGTON NATIONAL BANK COLUMBUS OHIO MEDIUM-TERM SUBORDINATED NOTE 8.00% DUE 4-01-2010		8.000	OA	04/01/2010		0.000	1,163,377	1,000,000	119.2900	1,192,900	1,164,470	20,000	0	(1,093)	0	0	1PE	12/10/2002	5.261
446438-AA-1	HUNTINGTON BANKSHARES INCORPORATED MEDIUM-TERM NOTE, SERIES A 7.625% DUE 1-15-2003		7.625	JJ	01/15/2003		0.000	1,750,706	1,750,000	100.1370	1,752,398	1,855,945	61,530	133,438	(17,825)	0	0	1PE	11/14/1995	6.553
45068H-AF-3	ITT HARTFORD GROUP INC. 7.30% DUE 11-01-15		7.300	NM	11/01/2015		0.000	1,108,490	1,000,000	107.6250	1,076,250	1,108,900	12,167	0	(410)	0	0	1	12/05/2002	6.071
45974V-YE-2	INTERNATIONAL LEASE FINANCE CORPORATION MEDIUM TERM NOTE 5.70% DUE 7-03-2006		5.700	OA	07/03/2006		0.000	1,485,673	1,500,000	104.6540	1,569,810	1,481,340	18,050	85,500	3,571	0	0	1PE	10/12/2001	6.006
459745-BK-0	INTERNATIONAL LEASE FINANCE CORPORATION NOTE 8.375% DUE 12-15-2004		8.375	DJ	12/15/2004		0.000	1,547,342	1,500,000	109.2150	1,638,225	1,676,775	5,583	125,625	(21,982)	0	0	1PE	11/16/1995	6.627
482727-AE-4	K-111 COMMUNICATIONS CORPORATION CLASS D SENIOR NOTE 8.50 DUE 2-01-2006		8.500	AF	02/01/2006	02/01/2003	100.000	499,155	500,000	93.6250	468,125	497,974	17,708	42,500	231	0	0	4	09/03/1996	8.564
530715-AB-7	LIBERTY MEDIA CORP SENIOR NOTE 7.875% DUE 7-15-2009		7.875	JJ	07/15/2009		0.000	1,005,870	1,000,000	108.4510	1,084,510	1,007,990	36,313	78,750	(667)	0	0	2	07/07/1999	7.759
552953-AB-7	MGM GRAND, INC. SENIOR COLLATERALIZED NOTE 6.875% DUE 2-06-2008		6.875	AF	02/06/2008		0.000	959,642	1,000,000	102.2300	1,022,300	938,360	27,500	68,750	6,225	0	0	3	03/16/1999	7.851
571748-AC-6	MARSH & MCLENNAN COMPANIES, INC. SENIOR NOTE 7.125% DUE 6-15-2009		7.125	DJ	06/15/2009		0.000	1,026,758	1,000,000	114.2690	1,142,690	1,032,930	3,167	71,250	(3,230)	0	0	1	01/12/2001	6.609
573275-AM-6	MARTIN MARIETTA CORPORATION NOTE 6.50% DUE 4-15-2003		6.500	OA	04/15/2003		0.000	1,501,446	1,500,000	101.0770	1,516,155	1,530,000	20,583	97,500	(4,847)	0	0	2	12/26/1995	6.156
617446-DX-4	MORGAN STANLEY DEAN WITTER & CO. NOTE 8.00% DUE 6-15-2010		8.000	DJ	06/15/2010		0.000	1,093,733	1,000,000	118.7880	1,187,880	1,103,140	3,556	80,000	(9,407)	0	0	1PE	01/07/2002	6.399
63534P-AC-1	NATIONAL CITY BANK CLEVELAND OHIO MEDIUM TERM SUBORDINATED BANK NOTE 6.20% DUE 12-15-2011		6.200	DJ	12/15/2011		0.000	991,032	1,000,000	109.7870	1,097,870	990,270	2,756	63,894	725	0	0	1	12/12/2001	6.333
67077E-AY-2	NYNEX CAPITAL FUNDING COMPANY MEDIUM-TERM NOTE 8.23% DUE 10-15-2009		8.230	OA	10/15/2009		0.000	1,095,721	1,000,000	116.7990	1,167,990	1,104,910	17,374	82,300	(9,189)	0	0	1	03/01/2002	6.465
68389Y-AB-9	ORACLE CORPORATION SENIOR NOTE 6.91% DUE 2-15-2007		6.910	AF	02/15/2007		0.000	503,203	500,000	111.8420	559,210	505,770	13,052	34,550	(654)	0	0	1PE	08/18/1998	6.729
697933-AK-5	PANAMATS CORPORATION NOTE 6.125% DUE 1-15-2005		6.125	JJ	01/15/2005		0.000	998,016	1,000,000	97.0000	970,000	994,110	28,243	61,250	886	0	0	3	01/13/1998	6.230
706448-AF-4	PEMEX FINANCE LTD. NOTE 6.30% DUE 5-15-2010		6.300	FMAN	05/15/2010		0.000	1,499,284	1,500,000	108.3750	1,625,625	1,499,010	12,075	94,500	74	0	0	1	12/04/1998	6.308
706448-BM-8	PEMEX FINANCE LTD. NOTE 7.80% DUE 2-15-2013		7.800	FMAN	02/15/2013		0.000	1,499,156	1,500,000	118.2500	1,773,750	1,499,013	14,950	117,000	53	0	0	1	02/03/2000	7.808
740884-AD-3	PRESIDENTIAL LIFE CORPORATION SENIOR NOTE 7.875% DUE 2-15-2009		7.875	AF	02/15/2009		0.000	1,491,055	1,500,000	70.5360	1,058,040	1,487,265	44,625	118,125	1,095	0	0	4	02/18/1999	8.000
758940-AF-7	REGIONS FINANCIAL CORPORATION SUBORDINATED NOTE 7.00% DUE 3-01-2011		7.000	SM	03/01/2011		0.000	1,144,738	1,000,000	114.5950	1,145,950	1,148,560	23,333	0	(3,822)	0	0	1PE	09/26/2002	4.834
759458-AF-9	RELIANCE ELECTRIC COMPANY NOTE 6.80% DUE 4-15-2003		6.800	OA	04/15/2003		0.000	3,005,955	3,000,000	101.1700	3,035,100	3,123,750	43,067	204,000	(19,963)	0	0	2PE	12/26/1995	6.092
760719-AM-6	REPUBLIC NEW YORK CORPORATION SUBORDINATED NOTE 9.70% DUE 2-01-2009		9.700	AF	02/01/2009		0.000	2,862,450	2,500,000	124.9440	3,123,600	3,137,150	101,042	242,500	(46,792)	0	0	1PE	11/15/1995	6.754
77175T-AA-1	ROCHESTER TELEPHONE CORPORATION MEDIUM-TERM NOTE 9.30% DUE 6-01-2004			OA	06/01/2004		0.000	123,750	2,750,000	4.5000	123,750	3,222,313	0	0	(697,459)	0	0	6	11/16/1995	0.000

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21
			4	5									14	15						
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest
78442F-AG-3	SLM CORP MEDIUM TERM NOTE 5.375% DUE 1-15-2013		5.375	JJ	01/15/2013			1,998,587	2,000,000	103.1340	2,062,680	1,998,580	0	0	7	0	0	1PE	12/03/2002	5.384
811410-AM-1	SEA-LAND SERVICE, INC. SECURED BOND, SERIES C 6.60% DUE 1-02-2011		6.600	JJ	01/02/2011			931,026	931,026	101.1250	941,500	931,026	30,553	61,276	0	0	0	2	02/11/1998	6.600
81170R-AC-8	SEACOR SMIT INC SENIOR NOTE 7.20% DUE 9-15-2009		7.200	SM	09/15/2009			1,096,040	1,000,000	109.5240	1,095,240	1,096,740	21,200	0	(700)	0	0	2PE	12/10/2002	5.470
82028K-AC-5	SHAW COMMUNICATIONS INC. SENIOR NOTE 8.25% DUE 4-11-2010		8.250	OA	04/11/2010			1,061,431	1,000,000	93.3950	933,950	1,070,080	18,333	82,500	(6,246)	0	0	3	08/07/2001	7.152
843597-AF-2	SOUTHERN PAC TRANSPORTATION COMPANY 1995-A PASS-THROUGH TRUST PASS-THROUGH CERT. SERIES 1995 CLASS A-6 8.02% DUE 7-02-2012		8.020	JJ	07/02/2012			1,888,026	1,811,632	110.3750	1,999,588	1,905,800	72,243	145,293	(5,384)	0	0	2	05/18/1999	7.394
8447HB-AC-6	SOUTHTRUST BANK OF ALABAMA, GEORGIA, NORTH CAROLINA AND FLORIDA MEDIUM-TERM SUBORDINATED BANK NOTE 6.565% DUE 12-15-2027		6.565	DJ	12/15/2027			2,450,808	2,400,000	108.9250	2,614,200	2,454,000	7,003	157,560	(813)	0	0	1PE	08/27/1998	6.394
872241-AB-0	TCA CABLE TV, INC. DEBENTURE 6.53% DUE 2-01-2028		6.530	AF	02/01/2028			1,011,207	1,000,000	107.3590	1,073,590	1,011,400	27,208	65,300	(177)	0	0	2PE	11/26/2001	6.439
872649-AN-8	TRW INC. NOTE 6.05% DUE 1-15-2005		6.050	JJ	01/15/2005			1,999,846	2,000,000	105.4470	2,108,940	1,999,540	55,794	121,000	69	0	0	2PE	01/08/1998	6.054
87305N-AT-5	TTX COMPANY NOTE 8.00 3-15-2005		8.000	SM	03/15/2005			1,540,441	1,500,000	110.6660	1,659,990	1,572,975	35,333	120,000	(16,512)	0	0	2	12/19/2000	6.664
88033G-AR-1	TENET HEALTHCARE CORPORATION SENIOR NOTE 5.375% DUE 11-15-2006		5.375	NM	11/15/2006			996,262	1,000,000	93.1250	931,250	995,290	8,958	55,094	845	0	0	2	10/30/2001	5.484
883556-AG-7	THERMO ELECTRON CORPORATION NOTE 7.625% DUE 10-30-2008		7.625	OA	10/30/2008			1,996,295	2,000,000	114.2460	2,284,920	1,994,480	25,417	152,500	488	0	0	2	10/26/1998	7.665
887364-AF-4	THE TIMES MIRROR COMPANY DEBENTURE 6.61% DUE 9-15-2027		6.610	SM	09/15/2027			979,303	1,000,000	107.6010	1,076,010	978,360	19,463	66,100	318	0	0	1PE	10/27/1999	6.784
892332-AH-0	TOYOTA MOTOR CREDIT CORPORATION NOTE 5.50% DUE 12-15-2008		5.500	DJ	12/15/2008			907,889	1,000,000	108.5730	1,085,730	877,440	2,444	55,000	11,906	0	0	1PE	04/13/2000	7.443
893290-AB-2	TRANS OCEAN CONTAINER CORPORATION 1996-A PASS THROUGH TRUST PASS THROUGH CERTIFICATE 6.67% DUE 1-01-2007		6.670	JAJ0	01/01/2007			472,002	472,257	110.4050	521,395	471,756	7,875	31,500	54	0	0	1	10/09/1997	6.685
902118-AX-6	TYCO INTERNATIONAL GROUP S.A. NOTE 6.375% DUE 2-15-2006		6.375	AF	02/15/2006			902,317	1,000,000	97.0000	970,000	885,000	24,083	31,875	17,317	0	0	3	05/02/2002	10.103
902905-AU-2	USX CORPORATION NOTE 6.85% DUE 3-01-2008		6.850	SM	03/01/2008			1,043,836	1,000,000	112.2970	1,122,970	1,049,970	22,833	68,500	(6,134)	0	0	2	02/21/2002	5.854
902984-AC-7	USA INTERACTIVE SENIOR NOTE 7.00% DUE 1-15-2013		7.000	JJ	01/15/2013			1,000,000	1,000,000	103.4020	1,034,020	1,000,000	3,111	0	0	0	0	2PE	12/11/2002	7.000
903216-AA-7	URC HOLDINGS CORP. SENIOR NOTE 7.875% DUE 6-30-2006		7.875	DJ	06/30/2006			1,396,454	1,400,000	114.9170	1,608,838	1,391,950	0	110,250	848	0	0	1PE	06/20/1996	7.959
904677-AE-1	UNIFI, INC. NOTE SERIES B 6.50% DUE 2-01-2008		6.500	AF	02/01/2008			1,980,263	2,000,000	84.0960	1,681,920	1,966,720	54,167	130,000	3,161	0	0	4	02/27/1998	6.733
909317-AH-2	UNITED AIR LINES, INC. PASS THROUGH CERTIFICATE, SERIES 1996-A1 7.27% DUE 1-30-2013		7.270	JJ	01/30/2013			508,713	1,695,710	30.0000	508,713	1,695,710	0	123,278	(1,186,997)	0	0	6	01/30/1996	15.831
949748-AF-4	WELLS FARGO BANK, NATIONAL ASSOCIATION SUBORDINATED NOTE 6.45% DUE 2-01-2011		6.450	AF	02/01/2011			986,393	1,000,000	112.2590	1,122,590	984,580	26,875	64,500	1,235	0	0	1	07/05/2001	6.671
961548-AU-8	WESTVACO CORPORATION NOTE 7.10% DUE 11-15-2009		7.100	NM	11/15/2009			1,912,545	2,000,000	109.1270	2,182,540	1,887,180	18,144	142,000	9,262	0	0	2PE	01/21/2000	7.938
96647K-AF-9	WHITMAN CORPORATION NOTE 7.29% DUE 9-15-2026		7.290	SM	09/15/2026			2,014,320	2,000,000	111.9800	2,239,600	2,014,960	42,930	145,800	(224)	0	0	2PE	12/08/1999	7.226
989388-AA-1	ZENITH NATIONAL INSURANCE CAPITAL TRUST I CAPITAL SECURITIES 8.55%		8.550	AF	08/01/2028			996,388	1,000,000	80.6540	806,540	996,240	35,625	85,500	38	0	0	4	07/27/1998	8.585
078149-DL-2	BELL TELEPHONE COMPANY OF CANADA DEBENTURE SERIES EL 7.75% DUE 4-01-2006		7.750	OA	04/01/2006			2,587,260	2,500,000	109.7260	2,743,150	2,725,325	48,438	193,750	(23,395)	0	0	1PE	11/17/1995	6.540
303901-AF-9	FAIRFAX FINANCIAL HOLDINGS LIMITED NOTE 6.875% DUE 4-15-2008		6.875	OA	04/15/2008			1,459,422	2,000,000	73.6090	1,472,180	1,997,420	29,028	137,500	(538,760)	0	0	3	04/09/1998	9.422
345220-AB-3	FORD CAPITAL B.V. GUARANTEED DEBENTURE 9.50% DUE 6-01-2010		9.500	DJ	06/01/2010			2,224,209	2,000,000	109.5820	2,191,640	2,329,080	15,833	190,000	(21,911)	0	0	2	05/12/1997	7.501
3999999	- Total Bonds - Industrial, Misc. - Issuer Obligations							110,024,385	112,549,219	XXX	115,298,665	116,073,685	1,894,114	6,518,222	(2,647,966)	0	0	XXX	XXX	XXX
SINGLE CLASS MBS/ABS																				
166782-AB-8	CHEVY CHASE HOME LOAN TRUST 1997-1 HOME LOAN ASSET-BACKED CERTIFICATE, SERIES 1997-1 6.55% DUE 5-20-2018		6.550	MTLY	05/20/2018	12/31/2017		122,086	122,116	103.5000	126,390	122,080	667	7,951	24	0	0	1	09/22/1997	6.554
4099999	- Total Bonds - Industrial, Misc. - Single Class Mortgage-Backed/Asset-Backed Securities							122,086	122,116	XXX	126,390	122,080	667	7,951	24	0	0	XXX	XXX	XXX
DEFINED MULTI-CLASS RESIDENTIAL MBS																				

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21
			4	5									14	15						
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest
09774X-AU-6	BOMBARDIER CAPITAL MORTGAGE SECURITIZATION CORPORATION SENIOR PASS-THROUGH CERTIFICATE SERIES 1999-A A3 5.98% DUE 1-15-2018		5.980	MTLY	01/15/2018	12/15/2006	0.000	835,069	869,653	102.3750	890,307	802,798	4,334	52,005	18,510	0	0	1PE	12/17/1999	7.674
125714-BY-0	CMC SECURITIES CORPORATION II REMIC MULTI-CLASS PASS-THROUGH CERTIFICATE, SERIES 1993-2E CLASS 2E-30H 7.00% DUE 10-25-2023		7.000	MTLY	10/25/2023	03/25/2003	0.000	47,361	47,361	100.0000	47,361	48,072	276	3,315	(503)	0	0	1PE	02/01/1994	6.715
125714-BZ-7	CMC SECURITIES CORPORATION II REMIC MULTI-CLASS PASS-THROUGH CERTIFICATE, SERIES 1993-2E CLASS 2E-30I 7.00% DUE 10-25-2023		7.000	MTLY	10/25/2023	03/25/2016	0.000	1,000,000	1,000,000	100.2500	1,002,500	1,005,313	5,833	70,000	0	0	0	1PE	09/01/1993	7.000
12669D-US-5	CWHL 2002-39 A18 PAC 5.75 2-25-33		5.750	MTLY	02/25/2033	11/25/2032	0.000	2,973,281	3,000,000	99.1250	2,973,750	2,973,281	14,375	0	0	0	0	1PE	12/02/2002	5.826
126690-HN-9	CWBS, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-8 CLASS M 7.00% DUE 12-25-2023		7.000	MTLY	12/25/2023	07/25/2017	0.000	759,912	753,151	101.5000	764,449	768,177	4,393	52,721	(6,636)	0	0	1PE	11/01/1993	6.852
126690-NT-9	CWBS, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-E CLASS B-1 6.50% DUE 1-25-2024		6.500	MTLY	01/25/2024	12/25/2023	0.000	781,720	802,233	101.0000	810,255	767,637	4,345	51,221	17,601	0	0	1PE	01/03/1994	6.819
126690-TV-8	CWBS, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1994-7 CLASS A-6 6.50% DUE 4-25-2024		6.500	MTLY	03/25/2024	08/25/2003	0.000	154,875	154,875	101.2500	156,811	150,809	839	10,067	6,381	0	0	1PE	03/01/1994	7.286
161626-UH-7	CHASE MORTGAGE FINANCE CORPORATION MULTI-CLASS MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993I CLASS IIM 7.25% DUE 7-25-2024		7.250	MTLY	07/25/2024	04/25/2015	0.000	492,938	484,886	100.0000	484,886	501,706	2,930	44,339	(9,760)	0	0	1	09/16/1993	6.918
22540V-2T-8	CREDIT SUISSE FIRST BOSTON MORTGAGE-BACKED PASS-THROUGH CERTIFICATE SERIES 2002-18 CLASS 1-A-3 6.32% DUE 6-25-2032		6.320	MTLY	06/25/2032	07/25/2004	0.000	1,000,000	1,000,000	104.0000	1,040,000	1,000,000	5,267	36,867	0	0	0	1PE	05/08/2002	6.320
32051D-MF-6	FIRST HORIZON MORTGAGE PASS-THROUGH TRUST 2002-3 MORTGAGE PASS-THROUGH CERTIFICATE SERIES 2002-3 CL 11A2 6.00% DUE 6-25-2017		6.000	MTLY	06/25/2017	03/25/2007	0.000	965,833	1,000,000	102.7500	1,027,500	962,813	5,000	35,000	3,021	0	0	1PE	05/15/2002	7.179
32051D-QQ-8	FIRST HORIZON HOME LOANS MORTGAGE PASS-THROUGH CERTIFICATE SERIES 2002-7 CLASS 2A2 5.25% DUE 12-25-2017		5.250	MTLY	12/25/2017	08/25/2017	0.000	2,247,035	2,300,000	98.1250	2,256,875	2,246,453	10,063	20,125	582	0	0	1PE	10/18/2002	5.530
56468-AA-5	MANUFACTURED HOUSING RESIDUAL INTEREST TRUST, 1991-1 RESIDUAL INTEREST PASS-THROUGH CERTIFICATE 9.25% DUE 3-18-2009		9.250	MTLY	03/18/2009		0.000	810	810	100.0000	810	812	50	75	0	0	0	1	08/19/1991	9.250
74434R-5H-0	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1993-1 CLASS A-8 7.50% DUE 2-25-2023		7.500	MTLY	02/25/2023	11/25/2014	0.000	798,333	828,110	100.2500	830,181	698,386	5,176	19,304	16,576	0	0	1PE	06/17/1993	8.239
74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023		7.500	MTLY	07/25/2023	09/25/2016	0.000	3,898,565	3,879,367	100.2500	3,889,066	3,803,372	24,246	257,319	(3,138)	0	0	1PE	04/01/1994	7.334
74434T-ZN-0	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-60 CLASS M 6.75% DUE 12-25-2023		6.750	MTLY	12/25/2023	04/25/2015	0.000	1,013,307	1,026,780	103.3750	1,061,433	1,004,641	5,776	68,523	13,692	0	0	1PE	02/01/1994	7.002
760944-FR-4	RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1993-S13 CLASS A-9 6.51639% DUE 3-25-2008		6.516	MTLY	03/25/2008		0.000	362,740	365,840	100.0000	365,840	350,921	1,987	23,193	4,011	0	0	1PE	03/01/1993	6.885
760947-VP-3	RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC. MORTGAGE PASS-THROUGH CERT SERIES 1996-S7 CLASS A-12 7.00% DUE 3-25-2026		7.000	MTLY	03/25/2026	02/25/2014	0.000	1,154,919	1,155,567	101.6250	1,174,345	1,154,844	6,741	78,777	379	0	0	1	02/15/2001	7.012
760972-MX-4	RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC. MORTGAGE PASS-THROUGH CERTIFICATE SERIES 1998-S3 CLASS A3 6.75% DUE 2-25-2028		6.750	MTLY	02/25/2028	02/25/2003	0.000	224,633	224,633	102.5000	230,249	217,438	1,264	14,132	26,819	0	0	1PE	01/26/2001	13.726
783760-CH-2	RYLAND ACCEPTANCE CORPORATION FOUR COLLATERALIZED MORTGAGE BOND, SERIES 11 CLASS 11-E BOND 8.90% DUE 5-01-2016		8.900	FMAN	05/01/2016		0.000	14,953	16,277	103.0000	16,765	14,578	241	1,449	506	0	0	1PE	06/06/1988	10.032

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 *	Interest		6 Maturity Date	7 Option Date	8 Option Call Price	9 Book/Adjusted Carrying Value	10 Par Value	11 Rate Used to Obtain Fair Value	12 Fair Value	13 Actual Cost	Interest		16 Increase (Decrease) by Adjustment	17 Increase (Decrease) by Foreign Exchange Adjustment	18 Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	19 NAIC Designation	20 Date Acquired	21 Effective Rate of Interest	
			4 Rate of	5 How Paid									14 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	15 Gross Amount Received During Year							
783766-NS-3	RYLAND MORTGAGE SECURITIES CORPORATION MORTGAGE PARTICIPATION SECURITIES, SERIES 1993-4 CLASS M 7.50% DUE 8-25-2024		.7.500	MTLY	08/25/2024	01/25/2018	0.000	619,479	619,479	100.1250	620,253	622,945	3,872	46,461	0	0	0	1PE	04/01/1994	7.500	
805570-DU-9	SAXON MORTGAGE SECURITIES CORPORATION MORTGAGE PARTICIPATION SECURITIES, SERIES 1994-2 CLASS M 6.75% DUE 1-25-2024		.6.750	MTLY	02/25/2024	01/25/2017	0.000	1,622,243	1,653,816	102.6250	1,697,229	1,601,967	9,303	111,633	17,977	0	0	1PE	02/01/1994	7.078	
812375-AC-7	SEARS MORTGAGE SECURITIES CORPORATION STRIPPED MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1987-B CLASS 1 8.00% DUE 5-25-2017		.8.000	MTLY	05/25/2017	12/25/2006	0.000	8,514	8,514	99.6250	8,483	8,296	57	707	0	0	0	1PE	06/28/1989	8.000	
81375F-CM-3	SECURITIZED ASSET SALES, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-7 CLASS T-A6 6.25% DUE 11-25-2023		.6.250	MTLY	12/25/2023	08/25/2018	0.000	50,000	50,000	103.0000	51,500	48,135	260	3,125	0	0	0	1PE	09/27/1993	6.250	
921796-HA-9	VANDEBILT MORTGAGE AND FINANCE, INC. SENIOR SUBORDINATED PASS-THROUGH CERTIFICATE, SERIES 1999C CL 1 A-3 7.385% DUE 1-7-2020		.7.385	MTLY	01/07/2020	11/07/2006	0.000	1,000,000	1,000,000	106.0000	1,060,000	1,000,000	6,154	73,850	0	0	0	1PE	08/18/1999	7.385	
929227-RF-5	WASHINGTON MUTUAL MORTGAGE SECURITIES CORP. MORTGAGE PASS-THROUGH CERTIFICATE SERIES 2002-S3 CLASS 2-A-5 6.00% DUE 6-25-2017		.6.000	MTLY	06/25/2017	06/25/2008	0.000	2,009,414	2,000,000	102.1250	2,042,500	2,010,000	10,000	40,000	(586)	0	0	1PE	07/30/2002	5.873	
4199999 - Total Bonds - Industrial, Misc. - Defined Multi-Class Residential Mortgage-Backed Securities								24,035,934	24,241,352	XXX	24,503,348	23,763,394	132,782	1,114,208	105,432	0	0	0	XXX	XXX	XXX
OTHER MULTI-CLASS RESIDENTIAL MBS																					
073914-FP-3	BEAR STEARNS MORTGAGE SECURITIES INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-4 CLASS B-1 7.375% DUE 4-25-2024		.7.375	MTLY	04/25/2024	09/25/2012	0.000	779,390	797,965	100.2500	799,960	769,191	4,904	66,500	9,784	0	0	1PE	03/31/1998	7.961	
126690-EC-6	CWMB, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-B CLASS B-2 6.75% DUE 11-25-2023		.6.750	MTLY	11/25/2023	10/25/2017	0.000	308,941	308,941	103.1250	318,595	309,761	1,738	33,001	0	0	0	2PE	10/01/1993	6.750	
126690-FK-7	CWMB, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-5 CLASS B-1 7.125% DUE 11-25-2023		.7.125	MTLY	12/25/2023	01/25/2020	0.000	340,459	340,459	101.2500	344,715	339,608	2,021	24,258	0	0	0	1PE	10/01/1993	7.125	
126690-FP-6	CWMB, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-7 CLASS B-2 7.00% DUE 11-25-2023		.7.000	MTLY	11/25/2023	07/25/2015	0.000	913,413	919,587	101.3750	932,231	908,671	5,364	97,852	6,072	0	0	1PE	10/01/1993	7.127	
152314-BW-9	CENTEX HOME EQUITY LOAN TRUST 1999-4 ASSET-BACKED CERTIFICATE, SERIES 1999-4 CLASS A-6 7.52% DUE 2-25-2031		.7.520	MTLY	02/25/2031	04/25/2016	0.000	2,999,352	3,000,000	108.3750	3,251,250	2,999,174	18,800	225,600	62	0	0	1PE	12/01/1999	7.524	
161626-H*-0	CHASE MORTGAGE FINANCE CORPORATION SUBORDINATED MORTGAGE PASS-THROUGH SERIES 1993-2 CLASS B-3 6.948% DUE 8-28-2024		.6.948	MTLY	08/28/2024	07/28/2024	0.000	207,760	210,873	102.0000	215,091	205,296	1,221	46,612	13,015	0	0	1PE	08/02/1993	7.083	
172921-AA-6	CITICORP MORTGAGE SECURITIES, INC. REMIC PASS-THROUGH CERTIFICATE SERIES 1987-1 CLASS A-1 9.00% DUE 4-25-2017		.9.000	MTLY	04/25/2017	04/01/2017	0.000	72,701	72,701	100.0000	72,701	70,272	545	3,279	0	0	0	1	07/14/1989	9.000	
22541N-GT-0	CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORP. HOME EQUITY MTOE PASS-THRU CERT SER 2002-3 CL A3 5.3467% DUE 2-25-2033		.5.347	MTLY	02/25/2033	06/25/2012	0.000	1,000,000	1,000,000	98.2500	982,500	1,000,000	4,456	13,367	0	0	0	1PE	09/18/2002	5.347	
24763L-FN-5	DELTA FUNDING HOME EQUITY LOAN TRUST 1999-2 HOME EQUITY LOAN ASSET-BACKED CERT. SERIES 1999-2 CLASS A7F 7.03% DUE 8-15-2030		.7.030	MTLY	08/15/2030	09/15/2017	0.000	862,555	862,621	104.6250	902,517	862,538	5,054	60,642	16	0	0	1PE	05/27/1999	7.031	
36157L-RJ-9	GE CAPITAL MORTGAGE SERVICES, INC. REMIC MULTI-CLASS PASS-THROUGH CERTIFICATE, SERIES 1993-10 CLASS B-1 6.50% DUE 9-25-2023		.6.500	MTLY	09/25/2023		0.000	510,353	514,583	100.2500	515,869	507,025	2,787	48,756	4,435	0	0	1PE	10/01/1993	6.602	
64352V-AX-9	NEW CENTURY HOME EQUITY LOAN TRUST ASSET-BACKED PASS-THROUGH CERTIFICATE SERIES 1999-NCA CLASS A4 7.22% DUE 11-25-2027		.7.220	MTLY	11/25/2027	06/25/2010	0.000	1,518,153	1,499,754	104.5000	1,567,243	1,524,125	9,024	108,282	(3,214)	0	0	1	01/11/2001	6.913	
74434R-G*-6	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1992-37 CL B-1 7.50% DUE 11-25-2022		.7.500	MTLY	11/25/2022	03/25/2004	0.000	665,737	661,635	103.0000	681,484	676,091	4,135	67,265	(14,160)	0	0	1	10/11/2000	6.155	

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21			
			4	5									14	15									
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest			
760944-QJ-0	RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1993-S21 CLASS M-2 7.50% DUE 6-25-2023		7.500	MTLY	06/25/2023	03/25/2012	0.000	247,066	242,789	100.0000	242,789	254,018	1,517	24,700	(5,797)	0	0	1	09/07/1993	7.044			
76110W-KR-6	RASC SERIES 2000-KS5 TRUST HOME EQUITY MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATE CLASS A-1-4 7.25% DUE 1-25-2029		7.250	MTLY	01/25/2029	09/25/2005	0.000	1,999,884	2,000,000	103.2500	2,065,000	1,999,787	12,083	144,883	54	0	0	1PE	11/30/2000	7.253			
872586-AM-4	TMS HOME EQUITY TRUST 1993-B HOME EQUITY LOAN ASSET BACKED CERTIFICATE, SERIES 1993-B CLASS A-2 6.975% DUE 7-15-2008		6.975	MTLY	07/15/2008	04/15/2008	0.000	550,812	550,812	100.2500	552,189	550,210	3,307	35,112	0	0	0	1PE	09/09/1993	6.975			
4299999 - Total Bonds - Industrial, Misc. - Other Multi-Class Residential Mortgage-Backed Securities								12,976,576	12,982,720	XXX	13,444,134	12,975,767	76,956	1,000,109	10,267	0	0	0	XXX	XXX	XXX		
DEFINED MULTI-CLASS COMML MBS																							
33735P-AF-4	FIRST UNION COMMERCIAL MORTGAGE TRUST COMMERCIAL MORTGAGE PASS-THROUGH CERT FUNB SER 1999-C1 CLASS A-2 6.07% DUE 10-15-2035		6.070	MTLY	10/15/2035	10/15/2008	0.000	2,819,673	3,000,000	110.8750	3,326,250	2,746,875	15,175	180,582	26,082	0	0	1	12/28/1999	7.421			
337378-AB-9	FIRST UNION NATIONAL BANK COMMERCIAL MORTGAGE TRUST COMMERCIAL MORTGAGE PASS-THROUGH CERT. SER 99-C4 A2 7.39% DUE 11-15-2009		7.390	MTLY	12/15/2031	12/15/2009	0.000	2,007,520	2,000,000	117.5000	2,350,000	2,009,976	12,317	147,800	(879)	0	0	1	12/14/1999	7.317			
361849-RB-0	GMAC COMMERCIAL MORTGAGE SECURITIES, INC. MORTGAGE PASS-THROUGH CERTIFICATE SERIES 2001-C2 CLASS A-2 6.70% DUE 4-15-2034		6.700	MTLY	04/15/2034	06/15/2011	0.000	1,021,231	1,000,000	114.5000	1,145,000	1,023,750	5,583	67,000	(1,909)	0	0	1	08/03/2001	6.367			
4399999 - Total Bonds - Industrial, Misc. - Defined Multi-Class Commercial Mortgage-Backed Securities								5,848,424	6,000,000	XXX	6,821,250	5,780,601	33,075	395,382	23,294	0	0	0	XXX	XXX	XXX		
OTHER MULTI-CLASS COMML MBS/ABS																							
36158Y-HA-0	GE CAPITAL COMMERCIAL MORTGAGE CORPORATION COMMERCIAL MORTGAGE PASS-THROUGH CERT SERIES 2002-3A CLASS A2 4.787 DUE 12-10-2037		4.787	MTLY	12/10/2037	10/10/2012	0.000	2,512,304	2,500,000	102.5000	2,562,500	2,512,392	9,973	0	(88)	0	0	1	11/20/2002	4.721			
656517-AC-3	NORSE CBO, LTD./NORSE CBO, INC. SENIOR SECURED CLASS A-3 FIXED RATE NOTE 6.515% DUE 8-13-2010		6.515	FMAN	08/13/2010		0.000	1,849,676	1,847,181	100.0000	1,847,181	1,850,645	20,057	120,344	(246)	0	0	1	08/06/1998	6.492			
76110V-EB-0	RESIDENTIAL FUNDING MORTGAGE SECURITIES II, INC. HOME LOAN TRUST 2000-H12 CLASS A-1-4 8.28% DUE 6-25-2020		8.280	MTLY	06/25/2020	08/25/2007	0.000	1,999,362	2,000,000	105.2500	2,105,000	1,999,001	13,800	165,600	162	0	0	1PE	03/13/2000	8.291			
76110V-HR-2	RESIDENTIAL FUNDING MORTGAGE SECURITIES II, INC HOME LOAN TRUST HOME LOAN-BACKED NOTE SER 2002-H11 CL A-6 6.46% DUE 9-25-2020		6.460	MTLY	09/25/2020	01/25/2011	0.000	999,843	1,000,000	106.7500	1,067,500	999,826	5,383	59,136	17	0	0	1PE	01/09/2002	6.463			
825703-AM-3	SHYPPCO FINANCE COMPANY LLC CLASS A-2B UNINSURED NOTE 6.64% DUE 6-15-2010		6.640	DJ	06/15/2010		0.000	2,304,697	2,324,584	74.0000	1,720,192	2,296,456	6,788	189,365	1,991	0	0	2	04/28/1998	6.788			
4499999 - Total Bonds - Industrial, Misc. - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities								9,665,882	9,671,765	XXX	9,302,373	9,658,320	56,001	534,445	1,836	0	0	0	XXX	XXX	XXX		
4599996 - Bonds - Industrial and Misc - United States								(283,456)		XXX									XXX	XXX	XXX		
4599999 - Total - Industrial and Miscellaneous Bonds								162,673,287	165,567,172	XXX	169,496,160	168,373,847	2,193,595	9,570,317	(2,507,113)	0	0	0	XXX	XXX	XXX		
5499999 - Total - Issuer Obligations								180,072,446	182,072,966	XXX	188,939,279	186,259,684	2,798,361	9,014,809	(2,673,118)	0	0	0	XXX	XXX	XXX		
5599999 - Total - Single Class Mortgage-Backed/Asset-Backed Securities								2,705,229	2,708,548	XXX	2,988,626	2,701,087	27,579	191,495	1,402	0	0	0	0	0	XXX	XXX	XXX
5699999 - Total - Defined Multi-Class Residential Mortgage-Backed Securities								89,699,565	89,582,797	XXX	91,778,251	88,710,543	447,900	2,251,642	208,069	0	0	0	XXX	XXX	XXX		
5799999 - Total - Other Multi-Class Residential Mortgage-Backed Securities								12,976,576	12,982,720	XXX	13,444,134	12,975,767	76,956	1,000,109	10,267	0	0	0	XXX	XXX	XXX		
5899999 - Total - Defined Multi-Class Commercial Mortgage-Backed Securities								5,848,424	6,000,000	XXX	6,821,250	5,780,601	33,075	395,382	23,294	0	0	0	XXX	XXX	XXX		
5999999 - Total - Other Multi-Class Commercial Mortgage-Backed Securities								9,665,882	9,671,765	XXX	9,302,373	9,658,320	56,001	534,445	1,836	0	0	0	XXX	XXX	XXX		
6099999 Totals								300,968,122	303,018,796	XXX	313,273,913	306,086,002	3,439,872	13,387,882	(2,428,250)	0	0	0	XXX	XXX	XXX		

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends
BONDS							
U.S. GOVERNMENT							
912827-4F-6	UNITED STATES TREASURY NOTE 5.625% DUE 5-15-2008	01/09/2002	MCDONALD & CO.		372,417	355,000	3,089
912827-5G-3	UNITED STATES TREASURY NOTE 5.50% DUE 5-15-2009	04/17/2002	ISI GROUP INC.		2,160,703	2,100,000	49,135
912828-AN-0	UNITED STATES TREASURY NOTE 3.00% DUE 11-15-2007	12/27/2002	MCDONALD INVESTMENTS		10,100,781	10,000,000	37,293
912828-AN-0	UNITED STATES TREASURY NOTE 3.00% DUE 11-15-2007	12/30/2002	ISI GROUP INC.		5,068,359	5,000,000	19,061
0399999 - Total - Bonds - U.S. Government					17,702,260	17,455,000	108,578
STATES, TERRITORIES AND POSSESSIONS							
745144-7Z-2	COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT PREREFUNDING BOND SERIES 1993 GENERAL OBLIGATION BOND 5.30% DUE 7-01-2004	03/01/2002	REFUNDING		10,017	10,000	.88
745144-8A-6	COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT PREREFUNDING BONDS SERIES 1993 GENERAL OBLIGATION BOND 5.375% DUE 7-01-2005	03/01/2002	REFUNDING		19,985	20,000	.179
745144-8D-0	COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT UNREFUNDED BOND SERIES 1993 GENERAL OBLIGATION BOND 5.30% DUE 7-01-2004	03/01/2002	NONREFUNDING		190,328	190,000	1,678
745144-8E-8	COMMONWEALTH OF PUERTO RICO PUBLIC IMPROVEMENT UNREFUNDED BOND SERIES 1993 GENERAL OBLIGATION BOND 5.375% DUE 7-01-2005	03/01/2002	NONREFUNDING		294,777	295,000	2,643
1799999 - Total - Bonds - States, Territories and Possessions					515,107	515,000	4,588
SPECIAL REVENUE							
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	01/15/2002	CAPITALIZED INTEREST		5,909	5,703	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	03/15/2002	CAPITALIZED INTEREST		12,029	11,538	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	04/15/2002	CAPITALIZED INTEREST		5,948	5,803	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	05/15/2002	CAPITALIZED INTEREST		5,983	5,837	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	06/15/2002	CAPITALIZED INTEREST		6,018	5,871	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	07/15/2002	CAPITALIZED INTEREST		6,141	5,905	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	08/15/2002	CAPITALIZED INTEREST		6,177	5,940	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	09/13/2002	CAPITALIZED INTEREST		6,213	5,974	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	10/08/2002	CAPITALIZED INTEREST		6,249	6,009	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	11/14/2002	CAPITALIZED INTEREST		6,286	6,044	.0
312908-UT-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1213 CLASS N 7.00% DUE 2-15-2022	12/15/2002	CAPITALIZED INTEREST		6,322	6,079	.0
313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	01/18/2002	CAPITALIZED INTEREST		22,978	22,121	.0
313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	02/25/2002	CAPITALIZED INTEREST		23,140	22,250	.0
313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	03/25/2002	CAPITALIZED INTEREST		23,191	22,380	.0
313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	04/15/2002	CAPITALIZED INTEREST		23,439	22,511	.0
313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	05/25/2002	CAPITALIZED INTEREST		23,548	22,642	.0
313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	06/19/2002	CAPITALIZED INTEREST		23,713	22,774	.0
313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	07/15/2002	CAPITALIZED INTEREST		23,823	22,907	.0
313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	08/16/2002	CAPITALIZED INTEREST		24,077	23,040	.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends
.313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	09/13/2002	CAPITALIZED INTEREST		23,870	23,175	.0
.313580-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	10/14/2002	CAPITALIZED INTEREST		24,068	23,310	.0
.31392E-ZN-3	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-63 CLASS BK 5.50% DUE 4-25-2031	09/27/2002	LEHMAN BROTHERS INC		3,000,000	3,000,000	13,292
.31392F-BQ-9	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-70 CLASS QG 5.50% DUE 6-25-2031	09/25/2002	LEHMAN BROTHERS INC		2,023,438	2,000,000	8,861
.31392F-QG-5	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-74 CLASS ME 5.50% DUE 6-25-2031	10/15/2002	SALOMON SMITH BARNEY		3,996,250	4,000,000	17,722
.31392F-YB-7	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-85 CLASS PD 5.50% DUE 5-25-2031	11/04/2002	LEHMAN BROTHERS INC		4,025,625	4,000,000	17,111
.31392F-4E-4	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-77 CLASS QE 5.50% DUE 8-25-2031	11/13/2002	GOLDMAN SACHS & CO		3,061,406	3,000,000	12,833
.31392F-4E-4	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 2002-77 CLASS QE 5.50% DUE 8-25-2031	11/21/2002	GOLDMAN SACHS & CO		2,009,375	2,000,000	8,556
.31392H-DS-9	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH TRUST 2002-97 CLASS PG 5.50% DUE 12-25-2031	11/22/2002	BANC OF AMERICA SEC LLC NATIONSBC		2,501,953	2,500,000	11,076
.31392V-XA-5	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES T-49 CLASS AF5 4.95% DUE 9-25-2032	09/17/2002	BANC OF AMERICA SEC LLC NATIONSBC		1,999,324	2,000,000	1,650
.31392W-B3-3	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2512 CLASS PE 5.50% DUE 2-15-2022	10/01/2002	GREENWICH CAPITAL MARKETS		2,028,750	2,000,000	8,861
.31392W-CY-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2514 CLASS ED 6.00% DUE 9-15-2031	10/25/2002	MORGAN STANLEY & CO		4,098,281	4,000,000	19,333
.31392W-DQ-0	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2514 CLASS ND 5.50% DUE 3-15-2031	11/01/2002	UBS WARBURG		4,036,250	4,000,000	3,056
.31392W-Q6-0	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2518 CLASS PE 5.50% DUE 4-15-2031	10/04/2002	SALOMON SMITH BARNEY		6,067,500	6,000,000	26,583
.31392W-Q6-0	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2518 CLASS PE 5.50% DUE 4-15-2031	11/01/2002	BANC OF AMERICA SEC LLC NATIONSBC		3,055,195	3,000,000	2,292
.31392W-UJ-7	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2510 CLASS PE 5.50% DUE 11-15-2031	11/05/2002	BEAR STEARNS & CO. INC		4,035,625	4,000,000	4,278
.31392W-VD-9	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2510 CLASS XC 5.50% DUE 6-15-2031	10/16/2002	BEAR STEARNS & CO. INC		1,993,438	2,000,000	8,861
.31392X-ND-6	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 2523 CLASS PG 5.50% DUE 11-01-2032	11/14/2002	DAIN RAUSCHER		5,095,313	5,000,000	21,389
.38373T-Z2-4	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH SECURITIES TRUST 2002-15 CLASS PC 5.50% DUE 11-20-2031	08/09/2002	BEAR STEARNS & CO. INC		1,976,250	2,000,000	3,972
.38373X-HA-7	TRUST 2002-42 CLASS KE 6.00% DUE 5-16-2029	07/16/2002	DAIN RAUSCHER		833,624	844,711	2,534
.57429L-AL-0	MARYLAND TRANS REV 6.48 7-01-22	12/18/2002	BB&T CAPITAL		1,078,930	1,000,000	33,120
.574754-AA-5	MASHANTUCKET (WESTERN) PEQUOT TRIBE SPECIAL REVENUE BOND, 1997 SERIES A 6.91% DUE 9-01-2012	12/06/2002	LEHMAN BROTHERS INC		1,127,390	1,000,000	19,194
.649085-AA-5	NEW VALLEY GENERAL II SERIES 2001-1 PASS-THROUGH CERTIFICATE 5.572% DUE 5-01-2020	12/16/2002	MORGAN STANLEY & CO		2,900,613	2,804,530	20,836
3199999 - Total - Bonds - Special Revenue					61,253,652	60,447,054	265,410
PUBLIC UTILITIES							
.186108-BU-9	THE CLEVELAND ELECTRIC ILLUMINATING COMPANY SERIES D SECURED NOTE 7.88% DUE 11-01-2017	09/30/2002	BANK OF AMERICA NT&SA		1,709,280	1,500,000	49,907
.210371-AH-3	CONSTELLATION ENERGY GROUP MARYLAND NOTE 7.00% DUE 4-01-2012	12/11/2002	SALOMON SMITH BARNEY		1,027,810	1,000,000	14,583
.250847-DT-4	THE DETROIT EDISON COMPANY SENIOR NOTE 5.20% DUE 10-15-2012	10/17/2002	SALOMON SMITH BARNEY		1,977,520	2,000,000	.0
.29364G-AA-1	ENTERGY CORPORATION SENIOR NOTE 7.75% DUE 12-15-2009	12/16/2002	MORGAN STANLEY & CO		1,000,000	1,000,000	.0
.452092-CK-3	ILLINOIS POWER COMPANY MORTGAGE BOND 11.50% DUE 12-15-2010	12/20/2002	MERRILL LYNCH P F & S		974,800	1,000,000	.0
.641423-BC-1	NEVADA POWER COMPANY GENERAL AND REFUNDING MORTGAGE NOTE SERIES E 10.875% DUE 10-15-2009	10/22/2002	LEHMAN BROTHERS INC		942,450	1,000,000	.0
.665501-AE-2	NORTHERN NATURAL GAS COMPANY SENIOR NOTE 5.375% DUE 10-31-2012	10/09/2002	UBS WARBURG		1,997,180	2,000,000	.0
.679574-AG-8	OLD DOMINION ELECTRIC COOPERATIVE BOND SERIES B 6.21% DUE 12-01-2028	12/12/2002	J. P. MORGAN SECURITIES		1,500,000	1,500,000	.0
.68233D-AJ-6	ONCOR ELECTRIC DELIVERY COMPANY SENIOR SECURED NOTE 6.375% DUE 1-15-2015	12/17/2002	MERRILL LYNCH P F & S		991,880	1,000,000	.0
.736508-BG-6	PORTLAND GENERAL ELECTRIC COMPANY FIRST MORTGAGE BOND 8.125% DUE 2-01-2010	10/03/2002	LEHMAN BROTHERS INC		1,000,000	1,000,000	.0
3899999 - Total - Bonds - Public Utilities					13,120,920	13,000,000	64,490
INDUSTRIAL AND MISCELLANEOUS							
.00209T-AA-3	AT&T BROADBAND CORP. NOTE 8.375% DUE 3-15-2013	11/18/2002	EXCHANGED		1,811,700	1,811,700	.0
.037389-AR-4	AON CORP SENIOR NOTE 7.375% DUE 12-14-2012	12/11/2002	SALOMON SMITH BARNEY		999,660	1,000,000	.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends
.073914-FP-3	BEAR STEARNS MORTGAGE SECURITIES INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-4 CLASS B-1 7.375% DUE 4-25-2024	12/11/2002	PAYDOWN ADJUSTMENT		125,107	125,107	.0
.10138M-AA-3	BOTTLING GROUP LLC SENIOR NOTE 4.625% DUE 11-15-2012	12/11/2002	SALOMON SMITH BARNEY		986,130	1,000,000	3,983
.125509-BF-5	CIGNA CORP SENIOR NOTE 7.00% DUE 1-15-2011	12/04/2002	J. P. MORGAN SECURITIES		1,023,310	1,000,000	28,000
.12669D-US-5	CWHL 2002-39 A18 PAC 5.75 2-25-33	12/02/2002	BANC OF AMERICA SEC LLC NATIONSBAN		2,973,281	3,000,000	13,896
.16132N-AV-8	CHARTER ONE BANK NA SUBORDINATED NOTE ACCREDITED INVESTORS 6.375% DUE 5-15-2012	09/26/2002	LEHMAN BROTHERS INC		1,100,260	1,000,000	23,198
.205887-AQ-5	CONAGRA, INC. SENIOR NOTE 6.70% DUE 8-01-2027	12/19/2002	MORGAN STANLEY & CO		1,132,460	1,000,000	26,614
.224050-AL-8	COX ENTERPRISES, INC. NOTE 7.875% DUE 9-15-2010	12/13/2002	LEHMAN BROTHERS INC		1,086,890	1,000,000	20,344
.22540V-2T-8	CREDIT SUISSE FIRST BOSTON MORTGAGE-BACKED PASS-THROUGH CERTIFICATE SERIES 2002-18 CLASS 1-A-3 6.32% DUE 6-25-2032	05/08/2002	CS FIRST BOSTON CORP		1,000,000	1,000,000	5,267
.22541N-GT-0	CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORP. HOME EQUITY MTGE PASS-THRU CERT SER 2002-3 CL A3 5.3467% DUE 2-25-2033	09/18/2002	CS FIRST BOSTON CORP		1,000,000	1,000,000	3,862
.32051D-MF-6	FIRST HORIZON MORTGAGE PASS-THROUGH TRUST 2002-3 MORTGAGE PASS-THROUGH CERTIFICATE SERIES 2002-3 CL 11A2 6.00% DUE 6-25-2017	05/15/2002	BANC OF AMERICA SEC LLC NATIONSBAN		962,813	1,000,000	4,833
.32051D-QQ-8	FIRST HORIZON HOME LOANS MORTGAGE PASS-THROUGH CERTIFICATE SERIES 2002-7 CLASS 2A2 5.25% DUE 12-25-2017	10/18/2002	DEUTSCHE MORGAN GRENFELL		2,246,453	2,300,000	10,063
.345397-SU-8	FORD MOTOR CREDIT COMPANY GLOBAL NOTE 7.60% DUE 8-01-2005	10/11/2002	BEAR STEARNS & CO. INC.		1,440,000	1,500,000	24,067
.36158Y-HA-0	GE CAPITAL COMMERCIAL MORTGAGE CORPORATION COMMERCIAL MORTGAGE PASS-THROUGH CERT SERIES 2002-3A CLASS A2 4.787 DUE 12-10-2037	11/20/2002	DEUTSCHE MORGAN GRENFELL		2,512,392	2,500,000	694
.36962G-ZY-3	GENERAL ELECTRIC CAPITAL CORPORATION GLOBAL MEDIUM-TERM NOTE 5.45% DUE 1-15-2013	12/03/2002	UBS WARBURG		1,993,820	2,000,000	.0
.404280-AB-5	HSBC HOLDINGS PLC SUBORDINATED NOTE 5.25% DUE 12-12-2012	12/05/2002	HSBC SECURITIES INC		1,994,780	2,000,000	.0
.44643T-AB-3	HUNTINGTON NATIONAL BANK COLUMBUS OHIO MEDIUM-TERM SUBORDINATED NOTE 8.00% DUE 4-01-2010	12/10/2002	UBS WARBURG		1,164,470	1,000,000	16,000
.45068H-AF-3	ITT HARTFORD GROUP INC. 7.30% DUE 11-01-15	12/05/2002	GOLDMAN SACHS & CO		1,108,900	1,000,000	7,908
.617446-DX-4	MORGAN STANLEY DEAN WITTER & CO. NOTE 8.00% DUE 6-15-2010	01/07/2002	MORGAN STANLEY & CO		1,103,140	1,000,000	5,556
.67077E-AY-2	NYNEX CAPITAL FUNDING COMPANY MEDIUM-TERM NOTE 8.23% DUE 10-15-2009	03/01/2002	MERRILL LYNCH P F & S		1,104,910	1,000,000	32,234
.74434R-5H-0	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1993-1 CLASS A-8 7.50% DUE 2-25-2023	01/25/2002	CAPITALIZED INTEREST		12,169	11,945	.0
.74434R-5H-0	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1993-1 CLASS A-8 7.50% DUE 2-25-2023	02/25/2002	CAPITALIZED INTEREST		12,594	12,242	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	01/25/2002	CAPITALIZED INTEREST		22,660	22,436	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	02/25/2002	CAPITALIZED INTEREST		23,444	22,651	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	03/25/2002	CAPITALIZED INTEREST		23,237	22,725	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	04/25/2002	CAPITALIZED INTEREST		23,095	22,587	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	05/25/2002	CAPITALIZED INTEREST		23,261	23,002	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	06/25/2002	CAPITALIZED INTEREST		23,262	23,117	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	07/25/2002	CAPITALIZED INTEREST		23,422	23,364	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	08/25/2002	CAPITALIZED INTEREST		23,510	23,510	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	09/25/2002	CAPITALIZED INTEREST		23,657	23,657	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	10/25/2002	CAPITALIZED INTEREST		23,582	23,641	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	11/25/2002	CAPITALIZED INTEREST		23,463	23,522	.0
.74434T-NV-5	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-27 CLASS A-7 7.50% DUE 7-25-2023	12/25/2002	CAPITALIZED INTEREST		23,386	23,445	.0
.758940-AF-7	REGIONS FINANCIAL CORPORATION SUBORDINATED NOTE 7.00% DUE 3-01-2011	09/26/2002	MORGAN KEEGAN & COMPANY		1,148,560	1,000,000	5,833
.76110V-HR-2	RESIDENTIAL FUNDING MORTGAGE SECURITIES II, INC HOME LOAN TRUST HOME LOAN-BACKED NOTE SER 2002-H11 CL A-6 6.46% DUE 9-25-2020	01/09/2002	BEAR STEARNS & CO. INC.		999,826	1,000,000	5,024
.78442F-AG-3	SLM CORP MEDIUM TERM NOTE 5.375% DUE 1-15-2013	12/03/2002	J. P. MORGAN SECURITIES		1,998,580	2,000,000	.0
.81170R-AC-8	SEACOR SMIT INC SENIOR NOTE 7.20% DUE 9-15-2009	12/10/2002	FIRST ALBANY CORPORATION		1,096,740	1,000,000	17,600
.902118-AX-6	TYCO INTERNATIONAL GROUP S.A. NOTE 6.375% DUE 2-15-2006	05/02/2002	GOLDMAN SACHS & CO		885,000	1,000,000	14,521
.902905-AU-2	USX CORPORATION NOTE 6.85% DUE 3-01-2008	02/21/2002	GOLDMAN SACHS & CO		1,049,970	1,000,000	33,299
.902984-AC-7	USA INTERACTIVE SENIOR NOTE 7.00% DUE 1-15-2013	12/11/2002	LEHMAN BROTHERS INC		1,000,000	1,000,000	.0
.929227-RF-5	WASHINGTON MUTUAL MORTGAGE SECURITIES CORP. MORTGAGE PASS-THROUGH CERTIFICATE SERIES 2002-S3 CLASS 2-A-5 6.00% DUE 6-25-2017	07/30/2002	LEHMAN BROTHERS INC		2,010,000	2,000,000	3,667

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
BONDS															
U.S. GOVERNMENT															
362046-YS-7	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #18721 8.00% DUE 8-15-2007	12/16/2002	PAYDOWNS		3,337	3,337	3,325	3,337	.0	.0		.0	.0	184	
36214A-RS-4	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #100497 11.00% DUE 7-15-2013	12/16/2002	PAYDOWNS		396	396	392	396	.0	.0		.0	.0	9	
362166-WY-2	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #185263 9.50% DUE 8-15-2017	12/16/2002	PAYDOWNS		432	432	431	432	.0	.0		.0	.0	23	
36218R-GB-2	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #229794 9.50% DUE 7-15-2017	12/16/2002	PAYDOWNS		577	577	579	577	.0	.0		.0	.0	26	
36218V-G4-9	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE BACKED PASS-THROUGH CERTIFICATE POOL #233419 9.50% DUE 9-15-2017	12/16/2002	PAYDOWNS		194	194	192	194	.0	.0		.0	.0	10	
83162C-GJ-6	SBA - U.S. GOVERNMENT GUARANTEED DEVELOPMENT COMPANY PARTICIPATION CERTIFICATE SERIES 1995-20 K 6.65% DUE 11-01-2015	11/01/2002	PAYDOWNS		389,927	389,927	389,135	389,927	.0	.0		.0	.0	18,202	
831641-CA-1	U.S. SMALL BUSINESS ADMINISTRATION GUARANTEED PARTICIPATION CERTIFICATE, SERIES SBIC 1996-10 B 7.71% DUE 6-01-2006	12/06/2002	PAYDOWNS		17,331	17,331	17,331	17,331	.0	.0		.0	.0	1,178	
912810-BX-5	UNITED STATES TREASURY BOND 7.625% DUE 2-15-2007	02/15/2002	REDEEMED BY CALL		325,000	325,000	351,561	338,526	(275)	.0		(13,526)	(13,526)	.0	
912810-BX-5	UNITED STATES TREASURY BOND 7.625% DUE 2-15-2007	03/27/2002	REDEEMED BY CALL		50,000	50,000	52,741	51,380	(56)	.0		(1,380)	(1,380)	14,296	
912827-D2-5	UNITED STATES TREASURY NOTE 7.50% DUE 11-15-2001	01/01/2002	PRIOR YEAR ADJUSTMENT		.0	.0	.0	.0	.0	.0		.0	.0	2,063	
0399999 - Bonds - U.S. Governments					787,194	787,194	815,687	802,100	(331)	0	0	(14,906)	(14,906)	35,991	XXX
STATES, TERRITORIES AND POSSESSIONS															
745144-KC-8	PUERTO RICO COMMONWEALTH GENERAL OBLIGATION 5.30% DUE 7-01-2004	03/01/2002	PRIOR YR REFUNDING		200,345	200,000	201,030	200,345	(23)	.0		.0	.0	7,067	
745144-KD-6	PUERTO RICO COMMONWEALTH GENERAL OBLIGATION 5.375% DUE 7-01-2005	03/01/2002	PRIOR YR REFUNDING		314,762	315,000	314,442	314,762	11	.0		.0	.0	11,288	
1799999 - Bonds - States, Territories and Possessions					515,107	515,000	515,472	515,107	(12)	0	0	0	0	18,355	XXX
SPECIAL REVENUE															
04780E-AA-5	ALANTA GEORGIA DOWNTOWN DEVELOPMENT AUTHORITY LEASE REVENUE BOND TAXABLE ATLANTA FEDERAL CENTER PROJECT 6.25% DUE 2-10-2009	02/01/2002	SINKING FUND PAYMENT		300,000	300,000	299,120	299,445	.5	.0		555	555	9,375	
312910-MJ-8	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 1295 CLASS JB 4.50% DUE 3-15-2007	12/16/2002	PAYDOWNS		146,645	146,645	117,850	146,645	.0	.0		.0	.0	3,349	
31298Y-AX-9	FEDERAL HOME LOAN MORTGAGE CORPORATION PARTICIPATION CERTIFICATE POOL #C60022 6.00% DUE 11-01-2031	12/06/2002	BANC OF AMERICA SEC LLC NATIONSBANC		399,356	399,356	405,719	399,356	.0	.0		.0	.0	19,102	
31298Y-AX-9	FEDERAL HOME LOAN MORTGAGE CORPORATION PARTICIPATION CERTIFICATE POOL #C60022 6.00% DUE 11-01-2031	12/06/2002	BANC OF AMERICA SEC LLC NATIONSBANC		1,625,448	1,587,981	1,613,290	1,612,603	(6,993)	.0		12,845	12,845	98,190	
31333M-SJ-6	FREDDIE MAC STRUCTURED PASS-THROUGH CERTIFICATES, SERIES T-022 CLASS A-4 7.12% DUE 10-25-2027	04/30/2002	LEHMAN BROTHERS INC.		2,091,563	2,000,000	2,000,000	2,000,000	.0	.0		91,563	91,563	60,124	

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
31340A-W2-3	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #140665 8.25% DUE 6-01-2009	12/16/2002	PAYDOWNS		11,952	11,952	11,854	11,952	.0	.0		.0	.0	.671	
31340A-2C-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #140771 8.25% DUE 1-01-2009	12/16/2002	PAYDOWNS		3,874	3,874	3,863	3,874	.0	.0		.0	.0	.177	
31340L-DW-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #180117 8.00% DUE 3-01-2009	12/16/2002	PAYDOWNS		1,683	1,683	1,643	1,683	.0	.0		.0	.0	.83	
31340N-DU-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #181915 7.00% DUE 6-01-2007	.05/15/2002	PAYDOWNS		426	426	378	426	.0	.0		.0	.0	.5	
31340P-R8-3	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #183211 8.50% DUE 12-01-2007	12/16/2002	PAYDOWNS		17,796	17,796	17,786	17,796	.0	.0		.0	.0	1,027	
31340P-XC-7	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #183375 9.00% DUE 1-01-2004	12/16/2002	PAYDOWNS		5,760	5,760	5,748	5,760	.0	.0		.0	.0	.283	
31340S-XS-6	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #186089 8.50% DUE 1-01-2008	.04/15/2002	PAYDOWNS		3,374	3,374	3,312	3,374	.0	.0		.0	.0	.55	
31340V-6G-5	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #188971 8.25% DUE 5-01-2007	12/16/2002	PAYDOWNS		1,845	1,845	1,717	1,845	.0	.0		.0	.0	.78	
31340Y-DB-2	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUAR) SERIES 12 CLASS A 9.25% DUE 11-15-2019	12/16/2002	PAYDOWNS		6,597	6,597	6,536	6,597	.0	.0		.0	.0	.324	
313400-AV-5	FEDERAL HOME LOAN MORTGAGE CORPORATION GUARANTEED MORTGAGE CERTIFICATE SERIES A-1979 9.875% DUE 3-15-2009	.01/01/2002	ADJUST PRIOR YEAR TRADE		2,600	2,600	2,592	2,594	.0	.0		.6	.6	.577	
313400-AV-5	FEDERAL HOME LOAN MORTGAGE CORPORATION GUARANTEED MORTGAGE CERTIFICATE SERIES A-1979 9.875% DUE 3-15-2009	.03/15/2002	SINKING FUND PAYMENT		2,164	2,164	2,157	2,164	.0	.0		.0	.0	.107	
313401-GW-5	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #160092 10.00% DUE 10-01-2009	12/16/2002	PAYDOWNS		5,057	5,057	5,057	5,057	.0	.0		.0	.0	.325	
313401-HX-2	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #170013 8.00% DUE 3-01-2007	12/16/2002	PAYDOWNS		2,650	2,650	2,330	2,650	.0	.0		.0	.0	.111	
31341A-FY-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #250183 9.25% DUE 8-01-2004	12/16/2002	PAYDOWNS		6,277	6,277	6,277	6,277	.0	.0		.0	.0	.324	
31341A-OC-7	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #250451 8.75% DUE 5-01-2004	12/16/2002	PAYDOWNS		9,437	9,437	9,080	9,437	.0	.0		.0	.0	.431	

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
31341B-5X-2	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #251762 7.50% DUE 11-01-2008	12/16/2002	PAYDOWNS		3,767	3,767	3,457	3,767	0	0		0	0	134	
31341E-4P-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #254430 9.25% DUE 2-01-2010	12/16/2002	PAYDOWNS		4,517	4,517	4,406	4,517	0	0		0	0	221	
31341H-PZ-2	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #256740 9.00% DUE 9-01-2006	12/16/2002	PAYDOWNS		6,430	6,430	6,271	6,430	0	0		0	0	201	
31343A-GV-4	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #270212 9.50% DUE 3-01-2016	12/16/2002	PAYDOWNS		3,219	3,219	3,230	3,219	0	0		0	0	31	
31343A-HN-1	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #270237 8.50% DUE 5-01-2008	12/16/2002	PAYDOWNS		11,694	11,694	11,495	11,694	0	0		0	0	562	
31344U-0S-5	FEDERAL HOME LOAN MORTGAGE CORPORATION MULTICLASS MTG. PARTICIPATION CERT. (GUARANTEED) POOL #285465 8.00% DUE 9-01-2003	07/15/2002	PAYDOWNS		766	766	764	766	0	0		0	0	22	
31358E-D8-2	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1990-93 CLASS G 5.50% DUE 8-25-2020	12/26/2002	PAYDOWNS		143,409	143,409	124,585	143,409	0	0		0	0	4,278	
31358E-3Z-3	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1990-111 CLASS Z 8.75% DUE 9-25-2020	12/26/2002	PAYDOWNS		56,816	56,816	57,698	56,816	0	0		0	0	2,434	
31358G-5J-2	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1991-65 CLASS Z 6.50% DUE 6-25-2021	12/26/2002	PAYDOWNS		1,224,519	1,224,519	1,170,983	1,224,519	12,536	0		0	0	37,070	
31358H-HV-0	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1991-85 CLASS Z 8.00% DUE 6-25-2021	12/26/2002	PAYDOWNS		273,301	273,301	254,824	273,301	0	0		0	0	10,950	
31358H-JM-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1991-76 CLASS Z 9.00% DUE 7-25-2021	12/26/2002	PAYDOWNS		129,230	129,230	129,658	129,230	0	0		0	0	5,192	
31358K-DY-1	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1991-636 CLASS ZB 7.00% DUE 11-25-2021	12/26/2002	PAYDOWNS		240,780	240,780	235,690	240,780	0	0		0	0	8,925	
31358N-ZD-7	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-79 CLASS Z 9.00% DUE 6-25-2022	12/26/2002	PAYDOWNS		627,616	627,616	640,124	627,616	(11,512)	0		0	0	26,149	
31358Q-L7-8	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1992-182 CLASS PZ 7.00% DUE 2-25-2020	12/26/2002	PAYDOWNS		774,383	774,383	774,383	774,383	0	0		0	0	52,225	
31360A-YU-4	FEDERAL NATIONAL MORTGAGE ASSOCIATION PASS-THROUGH POOL #0000723 10.00% DUE 3-01-2011	12/26/2002	PAYDOWNS		6,299	6,299	6,283	6,299	0	0		0	0	348	
313602-AZ-7	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED REMIC PASS-THROUGH CERT. TRUST 1988-2 CLASS 2-Z 10.10% DUE 2-25-2018	12/26/2002	PAYDOWNS		41,001	41,001	40,282	41,001	0	0		0	0	2,687	
31364H-AQ-0	FEDERAL NATIONAL MORTGAGE ASSOCIATION STRIPPED MORTGAGE BACKED SECURITIES SERIES H CLASS H-1 6.50% DUE 5-01-2009	12/26/2002	PAYDOWNS		7,243	7,243	6,894	7,243	0	0		0	0	235	
54474C-AZ-0	LOS ANGELES COUNTY TAXABLE PENSION OBLIGATION BOND SERIES 1994A CURRENT INTEREST BOND 8.30% DUE 6-30-2002	06/30/2002	REDEEMED		1,000,000	1,000,000	1,076,090	1,000,000	(7,284)	0		0	0	41,500	
3199999	- Bonds - Special Revenues				9,199,494	9,070,464	9,063,426	9,094,525	(13,248)	0	0	104,969	104,969	387,882	XXX

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SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
PUBLIC UTILITIES															
361706-AA-2	SYSTEM ENTERGY RESOURCES, INC. SECURED LEASE OBLIGATION BOND 7.43% DUE 1-15-2011	01/15/2002	SINKING FUND PAYMENT		118,938	118,938	123,695	122,689	(14)	0		(3,751)	(3,751)	4,419	
	3899999 - Bonds - Public Utilities				118,938	118,938	123,695	122,689	(14)	0	0	(3,751)	(3,751)	4,419	XXX
INDUSTRIAL AND MISCELLANEOUS															
001957-AV-1	AT&T CORP. NOTE 6.00% DUE 3-15-2009	11/18/2002	EXCHANGED		1,811,700	1,820,000	1,718,626	1,747,208	7,912	0		64,492	64,492	128,310	
00209T-AA-3	AT&T BROADBAND CORP. NOTE 8.375% DUE 3-15-2013	11/18/2002	PARTIAL CALL		700	700	700	700	0	0		0	0	0	
073914-FP-3	BEAR STEARNS MORTGAGE SECURITIES INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-4 CLASS B-1 7.375% DUE 4-25-2024	12/26/2002	PAYDOWNS		252,073	252,073	243,488	252,073	0	0		0	0	132	
09774X-AU-6	BOMBARDIER CAPITAL MORTGAGE SECURITIZATION CORPORATION SENIOR PASS-THROUGH CERTIFICATE SERIES 1999-A A3 5.98% DUE 1-15-2018	09/16/2002	PAYDOWNS		130,348	130,348	120,327	130,348	0	0		0	0	3,851	
125714-BY-0	CMC SECURITIES CORPORATION II REMIC MULTI-CLASS PASS-THROUGH CERTIFICATE, SERIES 1993-2E CLASS 2E-30H 7.00% DUE 10-25-2023	12/26/2002	PAYDOWNS		269,265	269,265	272,471	269,265	0	0		0	0	9,698	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	02/10/2002	SINKING FUND PAYMENT		4,154	4,154	4,154	4,154	0	0		0	0	45	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	03/10/2002	SINKING FUND PAYMENT		4,030	4,030	4,030	4,030	0	0		0	0	70	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	04/10/2002	SINKING FUND PAYMENT		4,207	4,207	4,207	4,207	0	0		0	0	100	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	05/10/2002	SINKING FUND PAYMENT		4,234	4,234	4,234	4,234	0	0		0	0	128	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	06/10/2002	SINKING FUND PAYMENT		4,262	4,262	4,262	4,262	0	0		0	0	156	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	07/10/2002	SINKING FUND PAYMENT		4,289	4,289	4,289	4,289	0	0		0	0	185	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	08/10/2002	SINKING FUND PAYMENT		4,317	4,317	4,317	4,317	0	0		0	0	214	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	09/10/2002	SINKING FUND PAYMENT		4,345	4,345	4,345	4,345	0	0		0	0	244	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	10/10/2002	SINKING FUND PAYMENT		4,373	4,373	4,373	4,373	0	0		0	0	274	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	11/13/2002	SINKING FUND PAYMENT		4,402	4,402	4,402	4,402	0	0		0	0	333	
126650-AF-7	CVS CORPORATION PASS-THROUGH CERTIFICATE 7.77% DUE 1-10-2012	12/10/2002	SINKING FUND PAYMENT		4,430	4,430	4,430	4,430	0	0		0	0	335	
126690-EC-6	CMBS, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-B CLASS B-2 6.75% DUE 11-25-2023	12/26/2002	PAYDOWNS		338,101	338,101	338,726	338,101	0	0		0	0	0	
126690-FK-7	CMBS, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-5 CLASS B-1 7.125% DUE 11-25-2023	12/26/2002	PAYDOWNS		346,347	346,347	345,725	346,347	0	0		0	0	14,513	
126690-FP-6	CMBS, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-7 CLASS B-2 7.00% DUE 11-25-2023	12/26/2002	PAYDOWNS		814,576	814,576	807,623	814,576	0	0		0	0	0	
126690-HN-9	CMBS, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-8 CLASS M 7.00% DUE 12-25-2023	12/26/2002	PAYDOWNS		676,626	676,626	684,309	676,626	0	0		0	0	31,232	
126690-NT-9	CMBS, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993-E CLASS B-1 6.50% DUE 1-25-2024	12/26/2002	PAYDOWNS		640,446	640,446	619,938	640,446	0	0		0	0	24,865	

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SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
126690-TV-8	CWMBBS, INC. MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1994-7 CLASS A-6 6.50% DUE 4-25-2024	12/26/2002	PAYDOWNS		845,124	845,124	827,034	845,124	0	0		0	0	17,905	
161626-H*-0	CHASE MORTGAGE FINANCE CORPORATION SUBORDINATED MORTGAGE PASS-THROUGH SERIES 1993-2 CLASS B-3 6.948% DUE 8-28-2024	12/06/2002	PAYDOWNS		860,258	860,258	845,958	860,258	0	0		0	0	6,228	
161626-UH-7	CHASE MORTGAGE FINANCE CORPORATION MULTI-CLASS MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1993I CLASS IIM 7.25% DUE 7-25-2024	12/30/2002	PAYDOWNS		467,508	467,508	477,310	467,508	0	0		0	0	11,287	
166782-AB-8	CHEVY CHASE HOME LOAN TRUST 1997-1 HOME LOAN ASSET-BACKED CERTIFICATE, SERIES 1997-1 6.55% DUE 5-20-2018	12/20/2002	PAYDOWNS		87,795	87,795	87,767	87,795	0	0		0	0	2,905	
172921-AA-6	CITICORP MORTGAGE SECURITIES, INC. REMIC PASS-THROUGH CERTIFICATE SERIES 1987-1 CLASS A-1 9.00% DUE 4-25-2017	12/30/2002	PAYDOWNS		19,929	19,929	19,640	19,929	0	0		0	0	385	
172921-ZS-0	CITICORP MORTGAGE SECURITIES, INC. REMIC PASS-THROUGH CERTIFICATE SERIES 1993-6 SENIOR CLASS A-3 7.00% DUE 3-25-2008	11/25/2002	PAYDOWN		15,854	15,854	15,854	15,854	0	0		0	0	1,014	
210805-CD-7	CONTINENTAL AIRLINES 1998-1 PASS THROUGH TRUSTS PASS THROUGH CERTIFICATE, SERIES 1998-1 CLASS 1998-1C 6.541% DUE 9-15-2009	03/15/2002	SINKING FUND PAYMENT		97,785	97,785	97,785	97,785	0	0		0	0	3,198	
210805-CD-7	CONTINENTAL AIRLINES 1998-1 PASS THROUGH TRUSTS PASS THROUGH CERTIFICATE, SERIES 1998-1 CLASS 1998-1C 6.541% DUE 9-15-2009	09/15/2002	SINKING FUND PAYMENT		45,832	45,832	45,832	45,832	0	0		0	0	2,998	
224044-AJ-6	COX COMMUNICATIONS, INC. NOTE 6.50% DUE 11-15-2002	11/15/2002	REDEEMED		1,250,000	1,250,000	1,246,175	1,250,000	576	0		0	0	81,250	
23322B-GB-8	DLJ COMMERCIAL MORTGAGE TRUST COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATE SERIES 1999-CG3 CLASS A-1B 7.34% DUE 9-10-2009	06/13/2002	CS FIRST BOSTON CORP		2,207,500	2,000,000	1,985,625	1,988,484	530	0		219,016	219,016	80,332	
24763L-FN-5	DELTA FUNDING HOME EQUITY LOAN TRUST 1999-2 HOME EQUITY LOAN ASSET-BACKED CERT. SERIES 1999-2 CLASS A7F 7.03% DUE 8-15-2030	12/16/2002	PAYDOWNS		137,378	137,378	137,366	137,378	0	0		0	0	7,644	
31331F-AY-7	FEDERAL EXPRESS CORPORATION PASS THROUGH TRUST 1998-1 PASS THROUGH CERTIFICATE 1998-1-B 6.845% DUE 1-15-2019	01/15/2002	SINKING FUND PAYMENT		35,926	35,926	36,741	36,681	(1)	0		(755)	(755)	1,230	
31331F-AY-7	FEDERAL EXPRESS CORPORATION PASS THROUGH TRUST 1998-1 PASS THROUGH CERTIFICATE 1998-1-B 6.845% DUE 1-15-2019	07/15/2002	SINKING FUND PAYMENT		7,204	7,204	7,367	7,353	(3)	0		(149)	(149)	493	
36157L-RJ-9	GE CAPITAL MORTGAGE SERVICES, INC. REMIC MULTI-CLASS PASS-THROUGH CERTIFICATE, SERIES 1993-10 CLASS B-1 6.50% DUE 9-25-2023	12/26/2002	PAYDOWNS		490,265	490,265	485,098	490,265	0	0		0	0	51	
368771-AA-9	GENERAL AMERICAN RAILCAR CORPORATION 1997-1 PASS THROUGH TRUST PASS THROUGH CERTIFICATE, SERIES 1997-1 6.69% DUE 9-20-2019	01/20/2002	SINKING FUND PAYMENT		4,175	4,175	4,175	4,175	0	0		0	0	23	
368771-AA-9	GENERAL AMERICAN RAILCAR CORPORATION 1997-1 PASS THROUGH TRUST PASS THROUGH CERTIFICATE, SERIES 1997-1 6.69% DUE 9-20-2019	02/20/2002	SINKING FUND PAYMENT		4,199	4,199	4,199	4,199	0	0		0	0	47	
368771-AA-9	GENERAL AMERICAN RAILCAR CORPORATION 1997-1 PASS THROUGH TRUST PASS THROUGH CERTIFICATE, SERIES 1997-1 6.69% DUE 9-20-2019	03/20/2002	SINKING FUND PAYMENT		4,222	4,222	4,222	4,222	0	0		0	0	71	

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Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

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CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
368771-AA-9	GENERAL AMERICAN RAILCAR CORPORATION 1997-1 PASS THROUGH TRUST PASS THROUGH CERTIFICATE, SERIES 1997-1 6.69% DUE 9-20-2019	04/20/2002	SINKING FUND PAYMENT		4,245	4,245	4,245	4,245	0	0		0	0	95	
368771-AA-9	GENERAL AMERICAN RAILCAR CORPORATION 1997-1 PASS THROUGH TRUST PASS THROUGH CERTIFICATE, SERIES 1997-1 6.69% DUE 9-20-2019	05/20/2002	SINKING FUND PAYMENT		4,268	4,268	4,268	4,268	0	0		0	0	119	
368771-AA-9	GENERAL AMERICAN RAILCAR CORPORATION 1997-1 PASS THROUGH TRUST PASS THROUGH CERTIFICATE, SERIES 1997-1 6.69% DUE 9-20-2019	06/20/2002	SINKING FUND PAYMENT		4,292	4,292	4,292	4,292	0	0		0	0	144	
368771-AA-9	GENERAL AMERICAN RAILCAR CORPORATION 1997-1 PASS THROUGH TRUST PASS THROUGH CERTIFICATE, SERIES 1997-1 6.69% DUE 9-20-2019	07/20/2002	SINKING FUND PAYMENT		4,315	4,315	4,315	4,315	0	0		0	0	168	
368771-AA-9	GENERAL AMERICAN RAILCAR CORPORATION 1997-1 PASS THROUGH TRUST PASS THROUGH CERTIFICATE, SERIES 1997-1 6.69% DUE 9-20-2019	08/20/2002	SINKING FUND PAYMENT		4,338	4,338	4,338	4,338	0	0		0	0	193	
41163G-AC-5	HARCOURT GENERAL, INC. SENIOR NOTE 8.25% DUE 6-01-2002	06/01/2002	REDEEMED		2,000,000	2,000,000	2,103,620	2,000,000	(8,576)	0		0	0	82,500	
427241-AB-0	HERITAGE MEDIA CORPORATION SENIOR SUBORDINATED NOTE 8.75% DUE 2-15-2006	02/15/2002	REDEEMED BY CALL		1,029,170	1,000,000	1,000,000	1,000,000	0	0		29,170	29,170	43,750	
441800-GF-0	HOUSEHOLD BANK FSB NEWPORT BEACH CALIFORNIA SUBORDINATED NOTE 8.45% DUE 12-10-2002	12/10/2002	REDEEMED		1,000,000	1,000,000	1,079,750	1,000,000	(14,758)	0		0	0	84,500	
55262#-AA-1	MANUFACTURED HOUSING FINANCIAL SERVICES CORPORATION MANUFACTURED HOUSING CONTRACT PASS-THROUGH SER. 1989A 9.40% DUE 7-01-2004	01/22/2002	WRITE OFF OF SECURITY		10,001	10,001	10,003	0	0	0		0	0	78	
55262#-AA-1	MANUFACTURED HOUSING FINANCIAL SERVICES CORPORATION MANUFACTURED HOUSING CONTRACT PASS-THROUGH SER. 1989A 9.40% DUE 7-01-2004	09/13/2002	WRITE OFF OF SECURITY		0	23,479	23,483	23,479	33,480	0		(23,479)	(23,479)	1,329	
56468*-AA-5	MANUFACTURED HOUSING RESIDUAL INTEREST TRUST, 1991-1 RESIDUAL INTEREST PASS-THROUGH CERTIFICATE 9.25% DUE 3-18-2009	12/20/2002	PAYDOWNS		8,653	8,653	8,661	8,653	0	0		0	0	430	
590188-JK-5	MERRILL LYNCH & CO., INC. NOTE 6.375% DUE 10-15-2008	04/24/2002	MERRILL LYNCH P F & S		2,044,560	2,000,000	1,960,140	1,965,418	1,323	0		79,142	79,142	68,708	
656517-AC-3	NORSE CBO, LTD./NORSE CBO, INC. SENIOR SECURED CLASS A-3 FIXED RATE NOTE 6.515% DUE 8-13-2010	11/19/2002	PAYDOWNS		152,818	152,818	153,106	153,034	(11)	0		(215)	(215)	6,747	
699216-AH-0	PARAMOUNT COMMUNICATIONS INC. SENIOR DEBENTURE 8.25% DUE 8-01-2022	08/01/2002	REDEEMED BY CALL		1,034,670	1,000,000	1,073,660	1,034,700	(7,588)	0		(30)	(30)	82,500	
74434R-G*-6	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1992-37 CL B-1 7.50% DUE 11-25-2022	12/30/2002	PAYDOWNS		905,495	905,495	918,308	905,495	0	0		0	0	9,556	
74434R-5H-0	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1993-1 CLASS A-8 7.50% DUE 2-25-2023	12/26/2002	PAYDOWNS		1,142,925	1,142,925	1,124,659	1,142,925	1,935	0		0	0	70,865	
74434R-6U-0	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER. 1993-28 CLASS A-9 7.375% DUE 8-25-2023	10/30/2002	PAYDOWN		9,376,227	9,376,227	9,322,334	9,376,227	46,288	0		0	0	576,247	

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CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
74434T-ZN-0	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER 1993-60 CLASS M 6.75% DUE 12-25-2023	12/26/2002	PAYDOWNS		935,936	935,936	920,532	935,936	0	0		0	0	36,679	
746030-AA-3	PUNTA GORDA ISLES INCORPORATED 6.50% DUE 6-01-1991	09/26/2002	WRITE OFF OF SECURITY		0	6,000	5,846	0	5,846	0		(5,846)	(5,846)	0	
746030-AB-1	PUNTA GORDA ISLES INCORPORATED 6.00% DUE 5-01-1992	09/26/2002	WRITE OFF OF SECURITY		0	110,000	102,118	0	102,118	0		(102,118)	(102,118)	0	
749361-AG-6	RCN CORPORATION SENIOR DISCOUNT NOTE 9.80% DUE 2-15-2008	04/15/2002	GOLDMAN SACHS & CO.		164,600	823,000	508,877	130,915	(41,000)	0		33,685	33,685	0	
760944-FR-4	RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1993-S13 CLASS A-9 6.51639% DUE 3-25-2008	12/26/2002	PAYDOWNS		318,789	318,789	310,350	318,789	0	0		0	0	10,563	
760944-OJ-0	RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1993-S21 CLASS M-2 7.50% DUE 6-25-2023	12/26/2002	PAYDOWNS		249,660	249,660	255,914	249,660	0	0		0	0	2,958	
760947-VP-3	RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC. MORTGAGE PASS-THROUGH CERT. SERIES 1996-S7 CLASS A-12 7.00% DUE 3-25-2026	12/26/2002	PAYDOWNS		534,580	534,580	534,246	534,580	0	0		0	0	23,108	
760972-MX-4	RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC. MORTGAGE PASS-THROUGH CERTIFICATE SERIES 1998-S3 CLASS A3 6.75% DUE 2-25-2028	12/26/2002	PAYDOWNS		775,367	775,367	750,531	775,367	0	0		0	0	46,367	
76110V-CP-1	RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC. HOME LOAN TRUST SERIES 1999-H14 CLASS A5 7.35% DUE 7-25-2015	12/30/2002	PAYDOWNS		1,500,000	1,500,000	1,499,556	1,500,000	235	0		0	0	87,029	
783760-CH-2	RYLAND ACCEPTANCE CORPORATION FOUR COLLATERALIZED MORTGAGE BOND, SERIES 11 CLASS 11-E BOND 8.90% DUE 5-01-2016	11/01/2002	PAYDOWNS		5,426	5,426	4,890	5,426	0	0		0	0	304	
783766-NH-7	RYLAND MORTGAGE SECURITIES CORPORATION MORTGAGE PARTICIPATION SECURITIES, SERIES 1993-3 CLASS 5 6.7125% DUE 8-25-2008	11/25/2002	PAYDOWNS		909,187	909,187	906,538	909,187	0	0		0	0	42,684	
783766-NS-3	RYLAND MORTGAGE SECURITIES CORPORATION MORTGAGE PARTICIPATION SECURITIES, SERIES 1993-4 CLASS M 7.50% DUE 8-25-2024	12/26/2002	PAYDOWNS		644,812	644,812	647,240	644,812	0	0		0	0	27,108	
78400E-AK-7	SASCO FLOATING RATE COMMERCIAL MORTGAGE TRUST MULTICLASS PASS-THROUGH CERTIFICATE, SERIES 1998-C3 CLASS H DUE 4-25-2003	01/23/2002	PAYDOWN		90,086	90,086	79,861	90,086	(3,415)	0		0	0	199	
784250-40-2	SIG CAPITAL TRUST I TRUST PREFERRED SECURITIES 9.50%	03/06/2002	RBC DOMINION SECURITIES		75,000	1,500,000	1,005,000	141,521	0	0		(66,521)	(66,521)	0	
805570-DU-9	SAXON MORTGAGE SECURITIES CORPORATION MORTGAGE PARTICIPATION SECURITIES, SERIES 1994-2 CLASS M 6.75% DUE 1-25-2024	12/26/2002	PAYDOWNS		808,060	808,060	788,575	808,060	0	0		0	0	31,042	
811410-AM-1	SEA-LAND SERVICE, INC. SECURED BOND, SERIES C 6.60% DUE 1-02-2011	01/02/2002	SINKING FUND PAYMENT		55,350	55,350	55,350	55,350	0	0		0	0	1,827	
812375-AC-7	SEARS MORTGAGE SECURITIES CORPORATION STRIPPED MORTGAGE PASS-THROUGH CERTIFICATE, SERIES 1987-B CLASS 1 8.00% DUE 5-25-2017	12/26/2002	PAYDOWNS		7,718	7,718	7,631	7,718	0	0		0	0	294	
825703-AM-3	SHYPPCO FINANCE COMPANY LLC CLASS A-2B UNINSURED NOTE 6.64% DUE 6-15-2010	12/20/2002	PAYDOWNS		438,893	438,893	433,583	435,016	253	0		3,877	3,877	107,586	
843597-AF-2	SOUTHERN PAC TRANSPORTATION COMPANY 1995-A PASS-THROUGH TRUST PASS-THROUGH CERT. SERIES 1995 CLASS A-6 8.02% DUE 7-02-2012	01/02/2002	SINKING FUND PAYMENT		118,547	118,547	124,709	123,897	(1)	0		(5,350)	(5,350)	4,754	
843597-AF-2	SOUTHERN PAC TRANSPORTATION COMPANY 1995-A PASS-THROUGH TRUST PASS-THROUGH CERT. SERIES 1995 CLASS A-6 8.02% DUE 7-02-2012	07/02/2002	SINKING FUND PAYMENT		38	38	40	39	0	0		(2)	(2)	3	

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	
845335-AL-2	SOUTHWESTERN BELL TELEPHONE COMPANY DEBENTURE 6.875% DUE 2-01-2011	01/01/2002	PRIOR YEAR ADJUSTMENT		.0	.0	.0	.0	.0	.0		.0	.0	1,585		
852060-AM-4	SPRINT CAPITAL CORPORATION GUARANTEED NOTE 6.00% DUE 1-15-2007	07/31/2002	LEHMAN BROTHERS INC.		765,000	1,000,000	995,140	995,747	.475	.0		(230,747)	(230,747)	48,807		
863572-DV-2	STRUCTURED ASSET SECURITIES CORPORATION TRUST I COLLATERALIZED MORTGAGE OBLIGATION SER. 1992-M1 CLASS B 7.05% DUE 11-25-2002	10/03/2002	PAYDOWNS		2,400,000	2,400,000	2,310,593	2,400,000	7,568	.0		.0	.0	107,635		
863573-UH-2	STRUCTURED MORTGAGE ASSET RESIDENTIAL TRUST MULTICLASS PASS-THROUGH CERTIFICATE, SERIES 93-6 CLASS BG 7.25% DUE 11-25-2022	02/25/2002	PAYDOWNS		738,878	738,878	735,287	738,878	639	.0		.0	.0	7,236		
872586-AM-4	TMS HOME EQUITY TRUST 1993-B HOME EQUITY LOAN ASSET BACKED CERTIFICATE, SERIES 1993-B CLASS A-2 6.975% DUE 7-15-2008	12/16/2002	PAYDOWNS		334,117	334,117	333,922	334,117	.0	.0		.0	.0	12,193		
893290-AB-2	TRANS OCEAN CONTAINER CORPORATION 1996-A PASS THROUGH TRUST PASS THROUGH CERTIFICATE 6.67% DUE 1-01-2007	01/01/2002	SINKING FUND PAYMENT		119,708	119,708	119,581	119,630	.0	.0		78	78	1,996		
909317-AH-2	UNITED AIR LINES, INC. PASS THROUGH CERTIFICATE, SERIES 1996-A1 7.27% DUE 1-30-2013	01/30/2002	SINKING FUND PAYMENT		66,437	66,437	66,437	66,437	.0	.0		.0	.0	2,415		
92344G-AK-2	VERIZON GLOBAL FUNDING CORPORATION NOTE 6.75% DUE 12-01-2005	05/14/2002	MORGAN STANLEY & CO		1,025,800	1,000,000	997,080	998,037	198	.0		27,763	27,763	30,422		
939335-AS-4	WASHINGTON MUTUAL MORTGAGE SECURITIES CORP. MORTGAGE PASS-THROUGH CERTIFICATE SERIES 2001-3 CLASS 11-A-2 6.75% DUE 5-25-2031	12/30/2002	PAYDOWNS		1,000,000	1,000,000	968,751	1,000,000	29,244	.0		.0	.0	64,164		
4599999 - Bonds - Industrial and Miscellaneous					44,716,145	46,840,624	45,794,484	44,576,169	163,267	0	0	22,011	22,011	2,158,633	XXX	
6099997 - Bonds - Part 4					55,336,878	57,332,220	56,312,764	55,110,590	149,662	0	0	108,323	108,323	2,605,280	XXX	
6099998 - Bonds - Part 5					25,334,544	24,836,103	25,069,271	25,050,089	(10,831)	0	0	284,454	284,454	532,345	XXX	
6099999 - Total - Bonds					80,671,422	82,168,323	81,382,035	80,160,679	138,831	0	0	392,777	392,777	3,137,625	XXX	
6599997 - Preferred Stocks - Part 4					0	XXX	0	0	0	0	0	0	0	0	XXX	0
6599998 - Preferred Stocks - Part 5					0	XXX	0	0	0	0	0	0	0	0	XXX	0
6599999 - Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	XXX	0
STOCKS																
PREFERRED																
BANKS, TRUSTS AND INSURANCE																
31336#-10-6	FEDERAL HOME LOAN BANK ATLANTA - R	10/01/2002	REDEEMED		3,756,000	375,600	375,600	375,600	.0	.0		.0	.0		.0	
6799999 - Common Stocks - Banks, Trust and Insurance Companies						375,600	XXX	375,600	375,600	0	0	0	0	0	XXX	0
7099997 - Common Stocks - Part 4						375,600	XXX	375,600	375,600	0	0	0	0	0	XXX	0
7099998 - Common Stocks - Part 5						0	XXX	0	0	0	0	0	0	0	XXX	0
7099999 - Total - Common Stocks						375,600	XXX	375,600	375,600	0	0	0	0	0	XXX	0
7199999 - Total - Preferred and Common Stocks						375,600	XXX	375,600	375,600	0	0	0	0	0	XXX	0
7299999 Totals						81,047,022	XXX	81,757,635	80,536,279	138,831	0	0	392,777	392,777	3,137,625	0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year and Fully DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stock)	Actual Cost	Consideration	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
BONDS																
SPECIAL REVENUE																
31283H-R2-3	FEDERAL HOME LOAN MORTGAGE CORPORATION POOL# G01405 6.00% DUE 5-01-2032	07/31/2002	GOLDMAN SACHS & CO	09/16/2002	PAYDOWNS	59,875	60,352	59,875	59,875	(463)	0	0	0	0	251	130
31283H-R2-3	FEDERAL HOME LOAN MORTGAGE CORPORATION POOL# G01405 6.00% DUE 5-01-2032	07/31/2002	GOLDMAN SACHS & CO	12/06/2002	VARIOUS	1,906,412	1,921,604	1,961,344	1,921,242	(376)	0	40,102	40,102	40,102	41,566	4,131
31287Y-RZ-9	FEDERAL HOME LOAN MORTGAGE CORPORATION PARTICIPATION CERTIFICATE POOL #C71404 5.50% DUE 9-01-2032	09/12/2002	CS FIRST BOSTON CORP	10/15/2002	PAYDOWNS	10,169	10,219	10,169	10,169	(99)	0	0	0	0	84	24
31287Y-RZ-9	FEDERAL HOME LOAN MORTGAGE CORPORATION PARTICIPATION CERTIFICATE POOL #C71404 5.50% DUE 9-01-2032	09/12/2002	CS FIRST BOSTON CORP	12/13/2002	VARIOUS	1,989,831	1,999,780	2,012,673	1,999,671	(110)	0	13,002	13,002	13,002	32,491	4,560
31292H-NB-6	FEDERAL HOME LOAN MORTGAGE CORPORATION PARTICIPATION CERTIFICATE POOL #C01286 6.00% DUE 1-01-2032	02/07/2002	LEHMAN BROTHERS INC	03/15/2002	PAYDOWNS	53,662	52,990	53,662	53,662	485	0	0	0	0	1,070	107
31292H-NB-6	FEDERAL HOME LOAN MORTGAGE CORPORATION PARTICIPATION CERTIFICATE POOL #C01286 6.00% DUE 1-01-2032	02/07/2002	LEHMAN BROTHERS INC	08/27/2002	VARIOUS	2,442,643	2,412,110	2,482,262	2,412,727	(762)	0	69,535	69,535	69,535	91,530	4,885
31371K-N3-1	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATE POOL #254310 6.00% DUE 5-01-2032	08/06/2002	MERRILL LYNCH P F & S	09/25/2002	PAYDOWNS	173,093	175,527	173,093	173,093	0	0	0	0	0	2,502	375
31371K-N3-1	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATE POOL #254310 6.00% DUE 5-01-2032	08/06/2002	MERRILL LYNCH P F & S	12/04/2002	BEAR STEARNS & CO. INC	2,791,146	2,830,397	2,858,090	2,830,126	(1,139)	0	27,964	27,964	27,964	60,940	6,047
31371K-06-1	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATE POOL #254377 6.00% DUE 7-01-2032	08/09/2002	FIRST UNION CAPITAL MKTS	09/25/2002	PAYDOWN	14,575	14,819	14,575	14,575	(649)	0	0	0	0	73	32
31371K-06-1	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATE POOL #254377 6.00% DUE 7-01-2032	08/09/2002	FIRST UNION CAPITAL MKTS	10/16/2002	VARIOUS	996,034	1,012,687	1,016,464	1,012,440	(251)	0	4,024	4,024	4,024	14,711	2,158
31371K-06-1	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATE POOL #254377 6.00% DUE 7-01-2032	08/09/2002	FIRST UNION CAPITAL MKTS	11/25/2002	PAYDOWN	18,778	19,092	18,778	18,778	0	0	0	0	0	282	41
31371K-06-1	FEDERAL NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATE POOL #254377 6.00% DUE 7-01-2032	08/09/2002	FIRST UNION CAPITAL MKTS	12/04/2002	VARIOUS	964,288	980,410	986,975	979,980	(335)	0	6,995	6,995	6,995	21,020	2,089
31389H-XL-7	FEDERAL NATIONAL MORTGAGE ASSOCIATION POOL #626283 6.00% DUE 4-01-2032	07/16/2002	LEHMAN BROTHERS INC	08/26/2002	PAYDOWNS	171,187	172,230	171,187	171,187	(999)	0	0	0	0	2,760	514
31389H-XL-7	FEDERAL NATIONAL MORTGAGE ASSOCIATION POOL #626283 6.00% DUE 4-01-2032	07/16/2002	LEHMAN BROTHERS INC	12/09/2002	VARIOUS	2,800,432	2,817,497	2,879,502	2,816,999	(542)	0	62,503	62,503	62,503	75,039	8,401

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year and Fully DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stock)	Actual Cost	Consideration	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
31389W-NL-5	FEDERL NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATE POOL #637695 6.00% DUE 4-01-2032	08/08/2002	BEAR STEARNS & CO. INC	09/25/2002	PAYDOWNS	215,586	218,314	215,586	215,586	(2,623)	0	0	0	0	2,565	467
31389W-NL-5	FEDERL NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATE POOL #637695 6.00% DUE 4-01-2032	08/08/2002	BEAR STEARNS & CO. INC	12/05/2002	BANK OF AMERICA NT&SA	6,531,816	6,614,484	6,688,988	6,613,967	(2,906)	0	0	75,020	75,020	142,611	14,152
31389W-NL-5	FEDERL NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATE POOL #637695 6.00% DUE 4-01-2032	08/08/2002	BEAR STEARNS & CO. INC	12/26/2002	PAYDOWN	180,494	182,779	180,494	180,494	0	0	0	0	0	3,610	391
31391F-MH-8	FNCL 665560 PT 5.50 9-1-32	11/13/2002	BANC OF AMERICA SEC LLC NATIONSBANC	12/09/2002	VARIOUS	2,988,574	3,038,072	3,023,319	3,038,010	(62)	0	0	(14,691)	(14,691)	18,714	6,392
3199999	- Bonds - Special Revenue					24,308,595	24,533,363	24,807,036	24,522,581	(10,831)	0	0	284,454	284,454	511,819	54,896
INDUSTRIAL AND MISCELLANEOUS																
74434R-6U-0	THE PRUDENTIAL HOME MORTGAGE SECURITIES COMPANY, INC. MORTGAGE PASS-THROUGH CERT. SER. 1993-28 CLASS A-9 7.375% DUE 8-25-2023	01/25/2002	CAPITALIZED INTEREST	10/30/2002	PAYDOWNS	527,508	535,908	527,508	527,508	0	0	0	0	0	20,526	0
4599999	- Bonds - Industrial and Miscellaneous					527,508	535,908	527,508	527,508	0	0	0	0	0	20,526	0
6099998	- Total - Bonds					24,836,103	25,069,271	25,334,544	25,050,089	(10,831)	0	0	284,454	284,454	532,345	54,896
6599998	- Total - Preferred Stocks					XXX	0	0	0	0	0	0	0	0	0	0
7099998	- Total - Common Stocks					XXX	0	0	0	0	0	0	0	0	0	0
7199999	- Total - Preferred and Common Stocks						0	0	0	0	0	0	0	0	0	0
7299999	Totals						25,069,271	25,334,544	25,050,089	(10,831)	0	0	284,454	284,454	532,345	54,896

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SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 NAIC Company Code or Alien Insurer Identification Number	4 NAIC Valuation Method (See SVO Purposes and Procedures manual)	5 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	6 Total Amount of Such Intangible Assets	7 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
							8 Number of Shares	9 % of Outstanding
NONE								
1799999 Totals							XXX	XXX

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$
2. Total amount of intangible assets nonadmitted: \$

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 6, Section 1	Stock in Lower-tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
NONE					
0399999 Total				XXX	XXX

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	Interest		7 Maturity Date	8 Book/Adjusted Carrying Value	9 Increase (Decrease) by Adjustment	10 Increase (Decrease) by Foreign Exchange Adjustment	11 Par Value	12 Actual Cost	Interest		15 Paid for Accrued Interest	16 NAIC Design- nation	17 Effective Rate of Interest
				5 Rate of	6 How Paid							13 Amount Due and Accrued Dec. 31 of Current Year on Bonds Not in Default	14 Gross Amount Received			
825252-30-7...	AIM Short-Term Investments Trust Treasury Portfolio	12/30/2002	Bank of New York	.1.240	Mtly	12/31/2003	30,134,585			30,134,585	30,134,585	15,658	147,231			
7799999	- Exempt Money Market Mutual Funds						30,134,585			XXX	30,134,585	15,658	147,231		XXX	XXX
8099999 Totals							30,134,585	(a)		XXX	30,134,585	15,658	147,231		XXX	XXX

(a) Includes \$ other than accrual of discount and amortization of premium.

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Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part A - Section 3

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part B - Section 3

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Part C - Section 3

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DB - Part D - Section 3

NONE

Schedule DB - Part E - Section 1

NONE

SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.

	1	2	3
	Statement (Admitted) Value	Fair Value (a)	Excess of Statement over Fair Value(-), or Fair Value over Statement (+)
1. Bonds	331,102,707	343,408,498	12,305,791
2. Preferred Stocks	11,172,549	10,920,975	(251,574)
3. Totals	342,275,256	354,329,473	12,054,217

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.

Generally market values for publicly traded investment graded bonds were obtained from Interactive Data Services, Inc., a national and municipal security pricing service; EJV Partners, L.P., a national and taxable municipal security pricing service; or Merrill Lynch Pricing Service, a national security pricing service.....

Market values for the privately placed investment grade bonds were determined by either Merrill Lynch Pricing Service or by comparison to similar investments in the public market by security analysis of American Money Management Corporation, manager of the company's investment portfolio. Market values for preferred stocks and non-investment graded bonds were obtained from the Securities Valuation Office of the National Association of Insurance Commissioners.....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE E - PART 2 - SPECIAL DEPOSITS

1 Line Number	2 Type	3 Description of Deposit	4 Where Deposited and Purpose of Deposit	5 Par or Book Value	6 Statement Value (a)	7 Fair Value
ARO0001	B	U.S. TREASURY NOTES 7.50 2-15-05	BANK OF AMERICA, LITTLE ROCK, AR RSD BY INS CODE, SECTION 23-63-206	150,000	153,030	168,187
GA00001	B	U.S. TREASURY NOTES 5.625 5-15-08	WACHOVIA BANK, WINSTON-SALEM, NC RSD BY INS CODE, SECTION 33-3-8	305,000	317,933	346,080
NM00001	B	U.S. TREASURY NOTES 6.875 5-15-06	WELLS FARGO, SANTA FE, NM RSD BY INS CODE, SECTION 59A-5-18	125,000	127,809	143,829
NM00002	B	U.S. TREASURY NOTES 7.50 2-15-05	WELLS FARGO, SANTA FE, NM RSD BY INS CODE, SECTION 59A-5-18	15,000	15,303	16,818
NC00001	B	U.S. TREASURY NOTES 7.50 2-15-05	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 58-5-90	100,000	102,020	112,125
NC00002	B	U.S. TREASURY NOTES 6.25 2-15-03	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 58-5-90	50,000	50,033	50,297
NC00003	B	U.S. TREASURY NOTES 5.50 5-15-09	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 58-5-90	35,000	35,878	39,714
NC00004	B	U.S. TREASURY NOTES 5.50 2-28-03	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 58-5-90	520,000	520,964	523,577
NC00005	C	WACHOVIA U.S. TREASURY MONEY MARKET FUND	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 58-5-90	200,000	200,000	200,000
NC00006	C	WACHOVIA U.S. TREASURY MONEY MARKET FUND	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 58-5-90	50,000	50,000	50,000
SC00001	B	U.S. TREASURY NOTES 5.75 8-15-03	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 38-9-80	50,000	49,991	51,391
SC00002	B	U.S. TREASURY NOTES 6.25 2-15-03	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 38-9-80	50,000	50,033	50,297
SC00003	B	U.S. TREASURY NOTES 5.50 5-15-09	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 38-9-80	200,000	205,022	226,938
SC00004	B	U.S. TREASURY NOTES 7.50 2-15-05	WACHOVIA BANK, WINSTON-SALEM NC RSD BY INS CODE, SECTION 38-9-80	50,000	51,010	56,062
VI00001	B	U.S. TREASURY NOTES 5.50 5-15-09	JPMORGAN CHASE, ST. THOMAS, VI - DEPOSIT FOR THE BENEFIT OF POLICYHOLDERS	255,000	261,403	289,345
VI00002	B	U.S. TREASURY NOTES 5.625 5-15-08	JPMORGAN CHASE, ST. THOMAS, VI - DEPOSIT FOR THE BENEFIT OF POLICYHOLDERS	50,000	52,120	56,737
VI00003	B	U.S. TREASURY NOTES 7.875 11-15-07	JPMORGAN CHASE, ST. THOMAS, VI - DEPOSIT FOR THE BENEFIT OF POLICYHOLDERS	200,000	199,424	200,062
VA00001	B	U.S. TREASURY NOTES 7.50 2-15-05	SUNTRUST BANK, RICHMOND, VA RSD BY INS CODE, SECTION 38.2-1045	150,000	153,030	168,187
VA00002	B	U.S. TREASURY BONDS 9.125 5-15-09	SUNTRUST BANK, RICHMOND, VA RSD BY INS CODE, SECTION 38.2-1045	50,000	50,401	55,094
OT00001	B	UNITED AIRLINES 7.27 1-30-13 AL1008	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,695,709	778,709	508,712
OT00002	B	UNIFI INC 6.50 2-01-08 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,980,263	1,681,920
OT00003	B	URC HOLDINGS CORP 7.875 6-30-06 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,400,000	1,396,453	1,608,838
OT00004	B	TRANSCONT GAS PIPELINE 6.25 1-15-08	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,500,000	1,472,473	1,365,000
OT00005	B	TRANS OCEAN CONT 6.67 1-1-07 AL10-04	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	472,256	472,000	521,393
OT00006	B	TOYOTA MOTOR CREDIT 5.50 12-15-08 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,000,000	907,889	1,085,730
OT00007	B	THERMO ELECTRON 7.625 10-30-08 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,996,295	2,284,920
OT00008	B	TTX CO 8.00 3-15-05 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,500,000	1,540,440	1,659,990
OT00009	B	TRW INC 6.05 1-15-05 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,999,846	2,108,940
OT00010	B	SOUTHERN PAC RR ETC 8.02 7-2-12 A07	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,811,630	1,888,023	1,999,585
OT00011	B	SBIC 1996-10B 7.710 6-1-06	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	244,710	244,710	275,758
OT00012	B	SHYPCO LLC A-2B CBO 6.64 6-15-10 C03	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,324,583	2,304,695	1,720,191
OT00013	B	SEA LAND SER C 6.60 1-02-11 AL07	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	931,025	931,025	941,498
OT00014	B	SAXON 94-2 M MEZ 6.75 2-25-24	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,653,815	1,622,242	1,697,227
OT00015	B	SACRAMENTO CNTY CA 6.875 8-15-08	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,943,320	2,313,860
OT00016	B	RYLAND 93-4M MEZ 7.50 8-25-24	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	619,477	619,477	620,250
OT00017	B	ROCHESTER G&E 7.60 10-27-09 MTN	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	2,000,000	2,339,800
OT00018	B	RASC 2000-KS5 A14 SEQ 7.25 1-25-29	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,999,884	2,065,000
OT00019	B	RFMSI 1998-S3 A3 TAC 6.75* 2-25-28	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	224,632	224,632	230,247
OT00020	B	RFMSI 1996-S7 A12 NAS 7.0* 3-25-26	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,155,565	1,154,916	1,174,342
OT00021	B	RFMSI 1993-S21 M2 MEZ 7.50 6-25-23 =	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	242,788	242,788	247,788
OT00022	B	PRU HOME 93-60 M MEZ 6.75* 12-25-23	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,026,778	1,013,304	1,061,430
OT00023	B	PRU HOME 93-27 A7 Z 7.50 7-25-23	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	3,879,367	3,898,565	3,889,066
OT00024	B	PRU HOME 93-1 A8 ZX 7.50* 2-25-23	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	828,110	798,332	830,180
OT00025	B	PRU HOME 92-37B1 SUB 7.50* 11-25-22P	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	661,634	665,735	681,482
OT00026	B	PRESIDENTIAL LIFE 7.875 2-15-09 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,500,000	1,491,054	1,058,040
OT00027	B	PEMEX FINANCE LTD 7.80 2-15-13 A0311	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,500,000	1,499,155	1,773,750
OT00028	B	N Y STATE HSG FIN SER B 7 36 3-15-04	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,220,000	1,220,000	1,301,069
OT00029	B	MARTIN MARIETTA 6.50 4-15-03 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,500,000	1,501,446	1,516,155
OT00030	B	MGM GRAND 6.875 2-06-08 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,000,000	959,642	1,022,300
OT00031	B	KINDER MORGAN 6.30 2-1-09 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,951,237	2,106,920
OT00032	B	K-III COMM CL D 8.50 2-1-06 C03@100	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	500,000	499,155	468,125
OT00033	B	ILLINOIS ED FAC (LOYOLA) 7.12 7-1-11	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,000,000	942,479	1,180,610
OT00034	B	GEORGIA PACIFIC FIN 7.20 12-15-06 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,999,393	1,900,000
OT00035	B	GE CAP 93-10 B1 SUB 6.50 9-25-23	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	514,582	510,351	515,867
OT00036	B	FORD CAPITAL BV 9.50 6-1-10 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	2,224,209	2,191,640
OT00037	B	FNMA 88-22 X SEQ 10.10 2-25-18	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	120,012	118,512	130,062
OT00038	B	FNMA 92-182 PZ 7.00 2-25-20	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	3,244,666	3,231,280	3,309,560
OT00039	B	FNMA 92-79 ZX 9.00 6-25-22	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	782,975	782,975	829,952
OT00040	B	FNMA 91-76 ZX 9.00 7-25-21	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	216,274	216,274	234,115
OT00041	B	FNMA 91-85 ZX 8.00 6-25-21	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	518,899	493,472	566,248
OT00042	B	FNMA 90-111 XSEQ 8.75 9-25-20	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	90,696	91,787	100,331
OT00043	B	FNMA 90-936 PAC 5.50 8-25-20	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	246,826	223,294	257,006
OT00044	B	FEDERAL EXP 6.845 1-15-19 AL123011	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,744,942	1,780,427	1,886,719
OT00045	B	FSPC T-20 A4 SEQ 7.57 5-25-28	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,000,000	999,922	1,046,250
OT00046	B	FHLMC 1393-F PAC 6.50 10-15-07	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	100,000	100,000	107,375
OT00047	B	FHLMC 1295-J PAC 4.50 3-15-07	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	107,445	105,675	109,861
OT00048	B	FHLMC 1213-N Z 7.00 2-15-22	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,048,279	1,046,695	1,090,210

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Loyal American Life Insurance Company

SCHEDULE E - PART 2 - SPECIAL DEPOSITS

1 Line Number	2 Type	3 Description of Deposit	4 Where Deposited and Purpose of Deposit	5 Par or Book Value	6 Statement Value (a)	7 Fair Value
0T00049	B	FAIRFAX FINANCIAL 6.875 4-15-08 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,459,422	1,472,180
0T00050	B	FPL GROUP CAP 7.625 9-15-06 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,000,000	998,204	1,120,120
0T00051	B	DUPONT EI NEM 6.875 10-15-09 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,966,700	2,352,940
0T00052	B	DILLARD INC 6.69 8-01-07 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,999,627	1,900,000
0T00053	B	DANA CORP 6.50 03-15-08 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,000,000	957,333	870,000
0T00054	B	CONT AIR ETC 98-1C 6.541 91509 AL04	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	291,876	291,876	201,706
0T00055	B	CHEVY CHASE 97-1 ABS 6.55 5-20-18	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	122,115	122,084	126,388
0T00056	B	CHASE 1993 111 MEZ 7.25 7-25-24	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	484,886	492,937	484,886
0T00057	B	CHASE 1993-2 B3 SUB 6.948 8-28-24P	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	210,872	207,759	215,089
0T00058	B	CNTRYWIDE 93-E B1 SUB 6.50* 1-25-24	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	802,232	781,719	810,253
0T00059	B	CNTRYWIDE 93-8 M MEZ 7.00* 12-25-23	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	753,151	759,911	764,448
0T00060	B	CNTRYWIDE 93-7 B2 SUB 7.00* 11-25-23	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	919,586	913,411	932,229
0T00061	B	CNTRYWIDE 93-B B2 SUB 6.75 11-25-23	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	308,940	308,940	318,593
0T00062	B	CMC2 93-2E2 E2H PAC 7.00 10-25-23	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	47,361	47,361	47,361
0T00063	B	BSMSI 1993-4 B1 SUB 7.375 4-25-24	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	797,964	779,388	799,958
0T00064	B	AMER PUBLIC ENERGY 7.125 6-01-07	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,975,727	2,317,580
0T00065	B	AXA FINANCIAL 7.75 8-01-10 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,000,000	992,846	1,131,550
0T00066	B	WESTVACO CORP 7.10 11-15-09 NC	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	2,000,000	1,912,545	2,182,540
0T00067	B	VMF 1999-C IA3 SEQ 7.385 1-7-20	THE BANK OF NEW YORK, NEW YORK, NY - HANOVER LIFE INSURANCE COMPANY REINSURANCE	1,000,000	1,000,000	1,060,000
XX99999 - Total - Not All Policyholders				80,471,658	78,701,920	81,522,873
FL00001	B	U.S. TREASURY NOTES 7.50 2-15-05	SALEM TRUST, JACKSONVILLE, FL RSD BY INS CODE, SECTION 624.411	100,000	102,020	112,125
FL00002	B	U.S. TREASURY NOTES 5.50 5-15-09	SALEM TRUST, JACKSONVILLE, FL RSD BY INS CODE, SECTION 624.411	450,000	461,300	510,610
OH00001	B	U.S. TREASURY NOTES 5.50 5-15-09	THE BANK OF NEW YORK, NEW YORK, NY RSD BY INS CODE, SECTION 3907.07	1,600,000	1,640,178	1,815,504
ZZ99999 - Total - All Policyholders				2,150,000	2,203,498	2,438,239
9999999 Totals				82,621,658	80,905,418	83,961,112

(a) Including \$ 250,000 cash and short-term investments as defined in SSAP No. 2 of the NAIC Accounting Practices and Procedures Manual.

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