



# ANNUAL STATEMENT

For the Year Ended December 31, 2002  
of the Condition and Affairs of the

## Family Heritage Life Insurance Company of America

NAIC Group Code..... 0000, 0000 (Current Period) (Prior Period) NAIC Company Code..... 77968 Employer's ID Number..... 34-1626521

Organized under the Laws of Ohio State of Domicile or Port of Entry Ohio

Country of Domicile United States

Incorporated..... August 22, 1989 Commenced Business..... November 17, 1989

Statutory Home Office	Three Summit Park Drive, Suite 400 ..... Cleveland ..... Oh ..... 44131 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	Three Summit Park Drive, Suite 400 ..... Cleveland ..... Oh ..... 44131 <i>(Street and Number) (City or Town, State and Zip Code)</i>	216-520-2800 <i>(Area Code) (Telephone Number)</i>
Mail Address	PO BOX 31420 ..... Cleveland ..... Oh ..... 44131-0420 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	Three Summit Park Drive, Suite 400 ..... Cleveland ..... Oh ..... 44131 <i>(Street and Number) (City or Town, State and Zip Code)</i>	216-520-2800 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	FAMILYHERITAGELIFE.COM	
Statement Contact	John A. Wise <i>(Name)</i>	216-520-2800 <i>(Area Code) (Telephone Number) (Extension)</i>
	ACCTDEPT@FAMILYHERITAGELIFE.COM <i>(E-Mail Address)</i>	216-520-2801 <i>(Fax Number)</i>
Policyowner Relations Contact	Three Summit Park Drive, Suite 400 ..... Cleveland ..... Oh ..... 44131 <i>(Street and Number) (City or Town, State and Zip Code)</i>	216-520-2800 <i>(Area Code) (Telephone Number) (Extension)</i>

### OFFICERS

President ..... Howard L. Lewis Treasurer ..... Jerome E. Grabowski  
Secretary ..... Edward J. Rocheck Actuary ..... Jeffrey S. Morris

### VICE PRESIDENTS

Edward J. Rocheck Jerome E. Grabowski Jeffrey S. Morris

### DIRECTORS OR TRUSTEES

Henry E. Bedford Jerome E. Grabowski Howard L. Lewis Ralph W. Mosley  
Edward J. Rocheck

State of..... Ohio  
County of..... Cuyahoga

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.

_____ (Signature) Howard L. Lewis _____ (Printed Name) President Chief Executive Officer	_____ (Signature) Edward J. Rocheck _____ (Printed Name) Secretary Chief Marketing Officer	_____ (Signature) Jerome E. Grabowski _____ (Printed Name) Treasurer Chief Financial Officer
--	--	--

Subscribed and sworn to before me this

...30th.....day of January....., 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....

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds.....	82,051,391		82,051,391	68,245,738
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....			0	
2.2 Common stocks (Schedule D, Part 2, Section 2).....			0	
3. Mortgage loans on real estate (Schedule B, Part 1):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Policy loans.....			0	
6. Premium notes, including \$.....0 for first year premiums.....			0	
7. Cash (\$.....7,306,921, Schedule E, Part 1) and short-term investments (\$.....9,999,096, Schedule DA, Part 2).....	17,306,017		17,306,017	6,102,413
8. Other invested assets (Schedule BA, Part 1).....			0	
9. Receivable for securities.....			0	
10. Aggregate write-ins for invested assets.....	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10).....	99,357,408	0	99,357,408	74,348,151
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers (Schedule S, Part 2).....			0	
12.2 Commissions and expense allowances due.....			0	
12.3 Experience rating and other refunds due.....			0	
12.4 Other amounts receivable under reinsurance contracts.....			0	
13. Electronic data processing equipment and software.....	141,373		141,373	68,786
14. Federal and foreign income tax recoverable and interest thereon (including \$.....761,487 net deferred tax asset).....	869,693		869,693	2,620,625
15. Guaranty funds receivable or on deposit.....			0	
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$.....0 loading).....			0	
17. Accident and health premiums due and unpaid.....	841,860		841,860	405,027
18. Investment income due and accrued.....	429,450		429,450	425,865
19. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....			0	
21. Amounts receivable relating to uninsured accident and health plans.....			0	
22. Amounts due from agents.....	5,120,714	5,120,714	0	
23. Other assets nonadmitted (Exhibit 9).....	257,020	257,020	0	
24. Aggregate write-ins for other than invested assets.....	0	0	0	0
25. Total assets excluding Separate Accounts business (Lines 11 to 24).....	107,017,518	5,377,734	101,639,784	77,868,454
26. From Separate Accounts Statement.....			0	
27. Total (Lines 25 and 26).....	107,017,518	5,377,734	101,639,784	77,868,454

### DETAILS OF WRITE-INS

1001. ....			0	
1002. ....			0	
1003. ....			0	
1098. Summary of remaining write-ins for Line 10 from overflow page.....	0	0	0	0
1099. Totals (Lines 1001 thru 1003 plus 1098) (Line 10 above).....	0	0	0	0
2401. ....			0	
2402. ....			0	
2403. ....			0	
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	0	0	0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....39,701 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	39,701	18,010
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$.....0 Modco Reserve).....	75,802,941	60,099,919
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....		
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	4,399,976	3,325,606
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....		
6. Provision for policyholders' dividends and coupons payable in following calendar year--estimated amounts:		
6.1 Dividends apportioned for payment to (including \$.....0 Modco Reserve).....		
6.2 Dividends not yet apportioned (including \$.....0 Modco Reserve).....		
6.3 Coupons and similar benefits (including \$.....0 Modco Reserve).....		
7. Amount provisionally held for deferred dividend policies not included in Line 6.....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including \$.....0 accident and health experience rating refunds.....		
9.3 Other amounts payable on reinsurance including \$.....0 assumed and \$.....0 ceded.....		
9.4 Interest Maintenance Reserve (Page 33, Line 6).....		
10. Commissions to agents due or accrued-life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....	255,444	123,444
11. Commissions and expense allowances payable on reinsurance assumed.....		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 5).....	2,511,734	1,690,974
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	572,970	506,970
15. Federal and foreign income taxes, including \$.....0 on realized capital gains (losses) (including \$.....0 net deferred tax liability).....		2,239,104
16. Unearned investment income.....		
17. Amounts withheld or retained by company as agent or trustee.....		
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....	171,000	142,617
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....		
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve (Page 34, Line 16, Col. 7).....	144,000	100,000
24.2 Reinsurance in unauthorized companies.....		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers.....		
24.4 Payable to parent, subsidiaries and affiliates.....	500,000	
24.5 Drafts outstanding.....		
24.6 Liability for amounts held under uninsured accident and health plans.....		
24.7 Funds held under coinsurance.....		
24.8 Payable for securities.....	6,000,000	
24.9 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	27,655	15,425
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	90,425,421	68,262,069
27. From Separate Accounts Statement.....		
28. Total liabilities (Lines 26 and 27).....	90,425,421	68,262,069
29. Common capital stock.....	2,532,000	2,520,000
30. Preferred capital stock.....		
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....		
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	3,171,000	2,483,000
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	5,511,363	4,603,385
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	8,682,363	7,086,385
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	11,214,363	9,606,385
39. Totals of Lines 28 and 38 (Page 2, Line 27, Col. 3).....	101,639,784	77,868,454

### DETAILS OF WRITE-INS

2501. Unclaimed Property.....	27,655	15,425
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	27,655	15,425
3101. ....		
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	0
3401. ....		
3402. ....		
3403. ....		
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

## SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11).....	48,459,186	38,813,672
2. Considerations for supplementary contracts with life contingencies.....		
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	5,729,716	4,830,166
4. Amortization of Interest Maintenance Reserve (IMR) (Page 33, Line 5).....		
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....		
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1).....		
7. Reserve adjustments on reinsurance ceded.....		
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....		
8.2 Charges and fees for deposit-type contracts.....		
8.3 Aggregate write-ins for miscellaneous income.....	0	0
9. Totals (Lines 1 to 8.3).....	54,188,902	43,643,838
10. Death benefits.....		
11. Matured endowments (excluding guaranteed annual pure endowments).....		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....		
13. Disability benefits and benefits under accident and health contracts.....	9,425,725	6,241,831
14. Coupons, guaranteed annual pure endowments and similar benefits.....		
15. Surrender benefits and withdrawals for life contracts.....		
16. Group conversions.....		
17. Interest and adjustments on contract or deposit-type contract funds.....		
18. Payments on supplementary contracts with life contingencies.....		
19. Increase in aggregate reserves for life and accident and health contracts.....	15,724,713	14,404,457
20. Totals (Lines 10 to 19).....	25,150,438	20,646,288
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	14,475,495	11,557,582
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....		
23. General insurance expenses (Exhibit 2, Line 10, Cols. 1 + 2 + 3).....	9,352,542	6,775,820
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	1,099,219	942,034
25. Increase in loading on deferred and uncollected premiums.....		
26. Net transfers to or (from) Separate Accounts.....		
27. Aggregate write-ins for deductions.....	0	0
28. Totals (Lines 20 to 27).....	50,077,694	39,921,724
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	4,111,208	3,722,114
30. Dividends to policyholders.....		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	4,111,208	3,722,114
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	2,150,000	1,991,376
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	1,961,208	1,730,738
34. Net realized capital gains or (losses) less capital gains tax of \$..... 0 (excluding taxes of \$..... 0 transferred to the IMR).....		
35. Net income (Line 33 plus Line 34).....	1,961,208	1,730,738
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	9,606,385	8,150,109
37. Net income (Line 35).....	1,961,208	1,730,738
38. Change in net unrealized capital gains or (losses).....		
39. Change in net unrealized foreign exchange capital gain (loss).....		
40. Change in net deferred income tax.....	238,172	
41. Change in nonadmitted assets and related items (Exhibit 9, Line 6, Col.3).....	(1,247,402)	99,310
42. Change in liability for reinsurance in unauthorized companies.....		
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4).....		
44. Change in asset valuation reserve (Page 34, Lines 2 through 5 minus Line 6 plus Lin 11 plus Line 11 plus Line 14 plus Line 15, Column 7).....	(44,000)	(55,000)
45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....		
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....		
47. Other changes in surplus in Separate Accounts Statement.....		
48. Change in surplus notes.....		
49. Cumulative effect of changes in accounting principles.....		581,228
50. Capital changes:		
50.1 Paid in.....	12,000	
50.2 Transferred from surplus (Stock Dividend).....		
50.3 Transferred to surplus.....		
51. Surplus adjustment:		
51.1 Paid in.....	688,000	
51.2 Transferred to capital (Stock Dividend).....		
51.3 Transferred from capital.....		
51.4 Change in surplus as a result of reinsurance.....		
52. Dividends to stockholders.....		(900,000)
53. Aggregate write-ins for gains and losses in surplus.....	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53).....	1,607,978	1,456,276
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	11,214,363	9,606,385
<b>DETAILS OF WRITE-INS</b>		
08.301. ....		
08.302. ....		
08.303. ....		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	0	0
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
5301. ....		
5302. ....		
5303. ....		
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	0

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums and annuity considerations for life and accident and health contracts.....	48,022,353	38,735,331
2. Charges and fees for deposit-type contracts.....		
3. Considerations for supplementary contracts with life contingencies.....		
4. Net investment income.....	3,126,697	2,646,690
5. Commissions and expense allowances on reinsurance ceded.....		
6. Fees associated with investment management, administration and contract guarantees from Separate Accounts.....		
7. Aggregate write-ins for miscellaneous income.....	6,540,613	128,597
8. Total (Lines 1 to 7).....	57,689,663	41,510,618
9. Death benefits.....		
10. Matured endowments.....		
11. Annuity benefits.....		
12. Disability benefits and benefits under accident and health contracts.....	8,351,355	6,031,023
13. Coupons, guaranteed annual pure endowments and similar benefits.....		
14. Surrender benefits and withdrawals for life contracts.....		
15. Group conversions.....		
16. Interest and adjustments on contract or deposit-type contract funds.....		
17. Payments on supplementary contracts with life contingencies.....		
18. Total (Lines 9 to 17).....	8,351,355	6,031,023
19. Commissions on premiums, annuity considerations and deposit-type contract funds.....	14,343,495	11,533,453
20. Commissions and expense allowances on reinsurance assumed.....		
21. General insurance expenses.....	8,531,682	6,504,842
22. Insurance taxes, licenses and fees, excluding federal income taxes.....	1,033,219	839,534
23. Net transfers to or (from) Separate Accounts.....		
24. Aggregate write-ins for deductions.....	1,320,089	500,000
25. Total (Lines 18 to 24).....	33,579,840	25,408,852
26. Dividends paid to policyholders.....		
27. Federal income taxes (excluding tax on capital gains).....	2,400,000	2,000,000
28. Total (Lines 25 to 27).....	35,979,840	27,408,852
29. Net cash from operations (Line 8 minus Line 28).....	21,709,823	14,101,766
<b>Cash from Investments</b>		
30. Proceeds from investments sold, matured or repaid:		
30.1 Bonds.....	35,917,280	24,000,000
30.2 Stocks.....		
30.3 Mortgage loans.....		
30.4 Real estate.....		
30.5 Other invested assets.....		
30.6 Net gains (losses) on cash and short-term investments.....		
30.7 Miscellaneous proceeds.....		
30.8 Total investment proceeds (Lines 30.1 to 30.7).....	35,917,280	24,000,000
31. Net tax on capital gains (losses).....		
32. Total (Line 30.8 minus Line 31).....	35,917,280	24,000,000
33. Cost of investments acquired (long-term only):		
33.1 Bonds.....	47,123,499	39,193,649
33.2 Stocks.....		
33.3 Mortgage loans.....		
33.4 Real estate.....		
33.5 Other invested assets.....		
33.6 Miscellaneous applications.....		
33.7 Total investments acquired (lines 33.1 to 33.6).....	47,123,499	39,193,649
34. Net increase (or decrease) in policy loans and premium notes.....		
35. Net cash from investments (Line 32 minus Line 33.7 minus Line 34).....	(11,206,219)	(15,193,649)
<b>Cash from Financing and Miscellaneous Sources</b>		
36. Cash provided:		
36.1 Surplus notes, capital and surplus paid in.....	700,000	
36.2 Borrowed money \$.....0 less amounts repaid \$.....0.....		
36.3 Capital notes \$.....0 less amounts repaid \$.....0.....		
36.4 Deposits on deposit-type contract funds and other liabilities without life or disability contingencies.....		
36.5 Other cash provided.....		
36.6 Total (Lines 36.1 to 36.5).....	700,000	0
37. Cash applied:		
37.1 Dividends to stockholders paid.....		900,000
37.2 Interest on indebtedness.....		
37.3 Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies.....		
37.4 Other applications (net).....		
37.5 Total (Lines 37.1 to 37.4).....	0	900,000
38. Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5).....	700,000	(900,000)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
39. Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38).....	11,203,604	(1,991,883)
40. Cash and short-term investments:		
40.1 Beginning of year.....	6,102,413	8,094,296
40.2 End of year (Line 39 plus Line 40.1).....	17,306,017	6,102,413
<b>DETAILS OF WRITE-INS</b>		
0701. Increase in items not allocated / unclaimed funds lother.....	40,613	29,287
0702. Increase in amount due parent and payable for securities.....	6,500,000	
0703. Decrease in non-admitted assets.....		99,310
0798. Summary of remaining write-ins for Line 7 from overflow page.....	0	0
0799. Total (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	6,540,613	128,597
2401. Increase in non-admitted assets.....	1,247,402	
2402. Decrease in amount due parent.....		500,000
2403. Other.....	72,687	
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0
2499. Total (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	1,320,089	500,000

## ANALYSIS OF OPERATION BY LINES OF BUSINESS (Gain and Loss Exhibit) (Excluding Capital Gains and Losses)

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance(a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts.....	48,459,186		23,784								48,435,402	
2. Considerations for supplementary contracts with life contingencies.....	0											
3. Net investment income.....	5,729,716		713								5,729,003	
4. Amortization of Interest Maintenance Reserve (IMR).....	0											
5. Separate Accounts net gains from operations excluding unrealized gains or losses.....	0											
6. Commissions and expense allowances on reinsurance ceded.....	0											
7. Reserve adjustments on reinsurance ceded.....	0											
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	0											
8.2 Charges and fees for deposit-type contracts.....	0											
8.3 Aggregate write-ins for miscellaneous income.....	0	0	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 to 8.3).....	54,188,902	0	24,497	0	0	0	0	0	0	0	54,164,405	0
10. Death benefits.....	0											
11. Matured endowments (excluding guaranteed annual pure endowments).....	0											
12. Annuity benefits.....	0											
13. Disability benefits and benefits under accident and health contracts.....	9,425,725										9,425,725	
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0											
15. Surrender benefits and withdrawals for life contracts.....	0											
16. Group conversions.....	0											
17. Interest and adjustments on contract or deposit-type contract funds.....	0											
18. Payments on supplementary contracts with life contingencies.....	0											
19. Increase in aggregate reserves for life and accident and health contracts.....	15,724,713		21,691								15,703,022	
20. Totals (Lines 10 to 19).....	25,150,438	0	21,691	0	0	0	0	0	0	0	25,128,747	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	14,475,495										14,475,495	
22. Commissions and expense allowances on reinsurance assumed.....	0											
23. General insurance expenses.....	9,352,542		500								9,352,042	
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	1,099,219		475								1,098,744	
25. Increase in loading on deferred and uncollected premiums.....	0											
26. Net transfers to or (from) Separate Accounts.....	0											
27. Aggregate write-ins for deductions.....	0	0	0	0	0	0	0	0	0	0	0	0
28. Totals (Lines 20 to 27).....	50,077,694	0	22,666	0	0	0	0	0	0	0	50,055,028	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	4,111,208	0	1,831	0	0	0	0	0	0	0	4,109,377	0
30. Dividends to policyholders.....	0											
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	4,111,208	0	1,831	0	0	0	0	0	0	0	4,109,377	0
32. Federal income taxes incurred (excluding tax on capital gains).....	2,150,000		957								2,149,043	
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	1,961,208	0	874	0	0	0	0	0	0	0	1,960,334	0

### DETAILS OF WRITE-INS

08.301. ....	0											
08.302. ....	0											
08.303. ....	0											
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	0	0	0	0	0	0	0	0	0	0	0	0
2701. ....	0											
2702. ....	0											
2703. ....	0											
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes the following amounts for FEGLI/SGLI: Line 1.....0 Line 10.....0 Line 16.....0 Line 23.....0 Line 24.....0.

## ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
<b>Involving Life or Disability Contingencies (Reserves)</b>								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year.....	18,010		18,010					
2. Tabular net premiums or considerations.....	21,125		21,125					
3. Present value of disability claims incurred.....	.0				XXX			
4. Tabular interest.....	1,231		1,231					
5. Tabular less actual reserve released.....	.0							
6. Increase in reserve on account of change in valuation basis.....	.0							
7. Other increases (net).....	.0							
8. Totals (Lines 1 to 7).....	40,366	.0	40,366	.0	.0	.0	.0	.0
9. Tabular cost.....	.665		.665		XXX			
10. Reserves released by death.....	.0			XXX	XXX			XXX
11. Reserves released by other terminations (net).....	.0							
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	.0							
13. Net transfers to or (from) Separate Accounts.....	.0							
14. Total deductions (Lines 9 to 13).....	.665	.0	.665	.0	.0	.0	.0	.0
15. Reserve December 31, current year.....	39,701	.0	39,701	.0	.0	.0	.0	.0

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....5,103,678	.....5,109,263
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....42,000	.....42,000
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash/short-term investments.....	(e).....109,929	.....107,929
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....598,237	.....598,237
10. Total gross investment income.....	.....5,853,844	.....5,857,429
11. Investment expenses.....	.....	(g).....127,713
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....127,713
17. Net investment income (Line 10 minus Line 16).....	.....	.....5,729,716

### DETAILS OF WRITE-INS

0901. Agent Balances.....	.....598,237	.....598,237
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....598,237	.....598,237
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....2,628,095 accrual of discount less \$.....28,661 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4 Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment		
1. U.S. government bonds.....					.....0
1.1 Bonds exempt from U.S. tax.....					.....0
1.2 Other bonds (unaffiliated).....					.....0
1.3 Bonds of affiliates.....					.....0
2.1 Preferred stocks (unaffiliated).....					.....0
2.11 Preferred stocks of affiliates.....					.....0
2.2 Common stocks (unaffiliated).....					.....0
2.21 Common stocks of affiliates.....					.....0
3. Mortgage loans.....					.....0
4. Real estate.....					.....0
5. Contract loans.....					.....0
6. Cash/short-term investments.....					.....0
7. Derivative instruments.....					.....0
8. Other invested assets.....					.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....0	.....0	.....0	.....0	.....0

### DETAILS OF WRITE-INS

0901. ....					.....0
0902. ....					.....0
0903. ....					.....0
0998. Summary of remaining write-ins for Line 9 from overflow page..	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

## EXHIBIT 1 - PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

			Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
	1 Total	2 Industrial Life	3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	
<b>FIRST YEAR (other than single)</b>											
1. Uncollected.....	841,860									841,860	
2. Deferred and accrued.....	0										
3. Deferred, accrued and uncollected:											
3.1 Direct.....	841,860									841,860	
3.2 Reinsurance assumed.....	0										
3.3 Reinsurance ceded.....	0										
3.4 Net (Line 1 + Line 2).....	841,860	0	0	0	0	0	0	0	0	841,860	0
4. Advance.....	0										
5. Line 3.4 - Line 4.....	841,860	0	0	0	0	0	0	0	0	841,860	0
6. Collected during year:											
6.1 Direct.....	14,435,804									14,435,804	
6.2 Reinsurance assumed.....	0										
6.3 Reinsurance ceded.....	0										
6.4 Net.....	14,435,804	0	0	0	0	0	0	0	0	14,435,804	0
7. Line 5 + Line 6.4.....	15,277,664	0	0	0	0	0	0	0	0	15,277,664	0
8. Prior year (uncollected + deferred and accrued - advance).....	405,027									405,027	
9. First year premiums and considerations:											
9.1 Direct.....	14,872,637									14,872,637	
9.2 Reinsurance assumed.....	0										
9.3 Reinsurance ceded.....	0										
9.4 Net (Line 7 - Line 8).....	14,872,637	0	0	0	0	0	0	0	0	14,872,637	0
<b>SINGLE</b>											
10. Single premiums and considerations:											
10.1 Direct.....	23,784		23,784								
10.2 Reinsurance assumed.....	0										
10.3 Reinsurance ceded.....	0										
10.4 Net.....	23,784	0	23,784	0	0	0	0	0	0	0	0
<b>RENEWAL</b>											
11. Uncollected.....	0										
12. Deferred and accrued.....	0										
13. Deferred, accrued and uncollected:											
13.1 Direct.....	0										
13.2 Reinsurance assumed.....	0										
13.3 Reinsurance ceded.....	0										
13.4 Net (Line 11 + Line 12).....	0	0	0	0	0	0	0	0	0	0	0
14. Advance.....	0										
15. Line 13.4 - Line 14.....	0	0	0	0	0	0	0	0	0	0	0
16. Collected during year:											
16.1 Direct.....	33,562,765									33,562,765	
16.2 Reinsurance assumed.....	0										
16.3 Reinsurance ceded.....	0										
16.4 Net.....	33,562,765	0	0	0	0	0	0	0	0	33,562,765	0
17. Line 15 + Line 16.4.....	33,562,765	0	0	0	0	0	0	0	0	33,562,765	0
18. Prior year (uncollected + deferred and accrued - advance).....	0										
19. Renewal premiums and considerations:											
19.1 Direct.....	33,562,765									33,562,765	
19.2 Reinsurance assumed.....	0										
19.3 Reinsurance ceded.....	0										
19.4 Net (Line 17 - Line 18).....	33,562,765	0	0	0	0	0	0	0	0	33,562,765	0
<b>TOTAL</b>											
20. Total premiums and annuity considerations:											
20.1 Direct.....	48,459,186	0	23,784	0	0	0	0	0	0	48,435,402	0
20.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
20.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	48,459,186	0	23,784	0	0	0	0	0	0	48,435,402	0

6

## EXHIBIT 1 - PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (direct business only)

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums (Exhibit 4, Line 1).....	.0										
22. All other (Exhibit 4, Lines 2, 3 & 4).....	.0										
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded.....	.0										
23.2 Reinsurance assumed.....	.0										
23.3 Net ceded less assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
24. Single:											
24.1 Reinsurance ceded.....	.0										
24.2 Reinsurance assumed.....	.0										
24.3 Net ceded less assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
25. Renewal:											
25.1 Reinsurance ceded.....	.0										
25.2 Reinsurance assumed.....	.0										
25.3 Net ceded less assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
26.2 Reinsurance assumed (Page 6, Line 22).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
26.3 Net ceded less assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single).....	10,467,586										10,467,586
28. Single.....	.0										
29. Renewal.....	4,007,909										4,007,909
30. Deposit-type contract funds.....	.0										
31. Totals (to agree with Page 6, Line 21).....	14,475,495	.0	.0	.0	.0	.0	.0	.0	.0	.0	14,475,495

## EXHIBIT 2 - GENERAL EXPENSES

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Rent.....		325,970		6,652	332,622
2. Salaries and wages.....		3,878,539		79,154	3,957,693
3.11 Contributions for benefit plans for employees.....		236,452		4,826	241,278
3.12 Contributions for benefit plans for agents.....					0
3.21 Payments to employees under non-funded benefit plans.....					0
3.22 Payments to agents under non-funded benefit plans.....					0
3.31 Other employee welfare.....		96,553			96,553
3.32 Other agent welfare.....					0
4.1 Legal fees and expenses.....		369,130			369,130
4.2 Medical examination fees.....					0
4.3 Inspection report fees.....					0
4.4 Fees of public accountants and consulting actuaries.....		34,417			34,417
4.5 Expense of investigation and settlement of policy claims.....		13,498			13,498
5.1 Traveling expenses.....		454,763			454,763
5.2 Advertising.....		14,322			14,322
5.3 Postage, express, telegraph and telephone.....		279,525			279,525
5.4 Printing and stationery.....		18,060			18,060
5.5 Cost or depreciation of furniture and equipment.....		25,367			25,367
5.6 Rental of equipment.....		88,391			88,391
5.7 Cost or depreciation of EDP equipment and software.....		39,222			39,222
6.1 Books and periodicals.....		41,454			41,454
6.2 Bureau and association fees.....		2,575			2,575
6.3 Insurance, except on real estate.....		13,567			13,567
6.4 Miscellaneous losses.....					0
6.5 Collection and bank service charges.....		126,831		37,081	163,912
6.6 Sundry general expenses.....	500	(15,090)			(14,590)
6.7 Group service and administration fees.....					0
6.8 Reimbursements by uninsured accident and health plans.....					0
7.1 Agency expense allowance.....		27			27
7.2 Agents' balances charged off (less \$.....0 recovered).....		580,918			580,918
7.3 Agency conferences other than local meetings.....					0
9.1 Real estate expenses.....					0
9.2 Investment expenses not included elsewhere.....					0
9.3 Aggregate write-ins for expenses.....	0	2,727,551	0	0	2,727,551
10. General expenses incurred.....	500	9,352,042	0	127,713	(a) 9,480,255
11. General expenses unpaid December 31, prior year.....		1,682,874		8,000	1,690,874
12. General expenses unpaid December 31, current year.....		2,503,734		8,000	2,511,734
13. Amounts receivable relating to uninsured accident and health plans, prior year.....					0
14. Amounts receivable relating to uninsured accident and health plans, current year.....					0
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14).....	500	8,531,182	0	127,713	8,659,395

### DETAILS OF WRITE-INS

09.301. Consultant Fees.....		97,717			97,717
09.302. Supplies.....		528,186			528,186
09.303. Agency Conf - local.....		100,271			100,271
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	0	2,001,377	0	0	2,001,377
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....	0	2,727,551	0	0	2,727,551

(a) Includes management fees of \$.....0 to affiliates \$.....0 to non-affiliates.

## EXHIBIT 3 - TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes.....					0
2. State insurance department licenses and fees.....		127,655			127,655
3. State taxes on premiums.....	475	781,338			781,813
4. Other state taxes, including \$.....0 for employee benefits.....					0
5. U.S. Social Security taxes.....		188,379			188,379
6. All other taxes.....		1,372			1,372
7. Taxes, licenses and fees incurred.....	475	1,098,744	0	0	1,099,219
8. Taxes, licenses and fees unpaid December 31, prior year.....		506,970			506,970
9. Taxes, licenses and fees unpaid December 31, current year.....		572,970			572,970
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	475	1,032,744	0	0	1,033,219

## EXHIBIT 4 - DIVIDENDS OR REFUNDS

	Dividends	
	1 Life	2 Accident and Health
1. Applied to pay renewal premiums.....		
2. Applied to shorten the endowment or premium-paying period.....		
3. Applied to provide paid-up additions.....		
4. Applied to provide paid-up annuities.....		
5. Total Lines 1 through 4.....	0	0
6. Paid-in cash.....		
7. Left on deposit.....		
8. Aggregate write-ins for dividend or refund options.....	0	0
9. Total Lines 5 through 8.....	0	0
10. Amount due and unpaid.....		
11. Provision for dividends or refunds payable in the following calendar year.....		
12. Terminal dividends.....		
13. Provision for deferred dividend contracts.....		
14. Amount provisionally held for deferred dividend contracts not included in Line 13.....		
15. Total Lines 10 through 14.....	0	0
16. Total from prior year.....		
17. Total dividends or refunds (Lines 9 + 15 - 16).....	0	0

# NONE

### DETAILS OF WRITE-INS

0801. ....		
0802. ....		
0803. ....		
0898. Summary of remaining write-ins for Line 8 from overflow page.....	0	0
0899. Totals (Line 0801 thru 0803 plus 0898) (Line 8 above).....	0	0

## EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
<b>Life Insurance:</b>					
0100001. ....	38,276		38,276		
0199997. Totals (Gross).....	38,276	0	38,276	0	0
0199999. Totals (Net).....	38,276	0	38,276	0	0
<b>Accidental Death Benefits:</b>					
0400001. ....	1,425		1,425		
0499997. Totals (Gross).....	1,425	0	1,425	0	0
0499999. Totals (Net).....	1,425	0	1,425	0	0
9999999. Totals (Net) - Page 3, Line 1.....	39,701	0	39,701	0	0

## EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes [ ] No [X]  
 1.2 If not, state which kind is issued.....  
 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes [ ] No [X]  
 2.2 If not, state which kind is issued.....  
 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes [ ] No [X]  
 If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.



4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state: Yes [ ] No [X]  
 4.1 Amount of insurance? \$.....  
 4.2 Amount of reserve? \$.....  
 4.3 Basis of reserve:  
 4.4 Basis of regular assessments:  
 4.5 Basis of special assessments:  
 4.6 Assessments collected during year: \$.....  
 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5 %, not in advance, state the contract loan rate guarantees on any such contracts.  
 6. Does the reporting entity hold reserves for any annuity contracts which are less than the reserves that would be held on a standard basis? Yes [ ] No [X]  
 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$.....  
 6.2 Which would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$.....  
 Attach statement of methods employed in their valuation.  
 7. Does the reporting entity have any Synthetic GIC contracts, or agreements in effect as of December 31 of the current year? Yes [ ] No [X]  
 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$.....  
 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:  
 7.3 State the amount of reserves established for this business: \$.....  
 7.4 Identify where the reserves are reported in the blank.

### EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR

1 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due To Change
	2 Changed From	3 Changed To	

NONE

## EXHIBIT 6 - AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non- Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
<b>ACTIVE LIFE RESERVE</b>									
1. Unearned premium reserves.....	3,299,629					3,299,629			
2. Additional contract reserves (a).....	71,957,221					71,957,221			
3. Additional actuarial reserves - Asset/Liability analysis.....	0								
4. Reserve for future contingent benefits.....	0								
5. Reserve for rate credits.....	0								
6. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
7. Totals (Gross).....	75,256,850	0	0	0	0	75,256,850	0	0	0
8. Reinsurance ceded.....	0								
9. Totals (Net).....	75,256,850	0	0	0	0	75,256,850	0	0	0
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims.....	546,091					546,091			
11. Additional actuarial reserves - Asset/Liability analysis.....	0								
12. Reserve for future contingent benefits.....	0								
13. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
14. Totals (Gross).....	546,091	0	0	0	0	546,091	0	0	0
15. Reinsurance ceded.....	0								
16. Totals (Net).....	546,091	0	0	0	0	546,091	0	0	0
17. TOTALS (Net).....	75,802,941	0	0	0	0	75,802,941	0	0	0
18. TABULAR FUND INTEREST.....	0								

### DETAILS OF WRITE-INS

0601. ....									
0602. ....									
0603. ....									
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0	0	0	0
1301. ....									
1302. ....									
1303. ....									
1398. Summary of remaining write-ins for Line 13 from overflow page.....	0	0	0	0	0	0	0	0	0
1399. Totals (Lines 1301 thru 1303 + 1398) (Line 13 above).....	0	0	0	0	0	0	0	0	0

(a) Attach statement as to valuation standard used in calculating this reserve, specifying reserve bases, interest rates and methods.

### EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS

	1 Total	2 Guaranteed Interest Contracts	3 Supplemental Contracts and Annuities Certain	4 Dividend Accumulations or Refunds	5 Premium and Other Deposit Funds	6 Other
1. Balance at the beginning of the year before reinsurance.....	0					
2. Deposits received during the year.....	0					
3. Investment earnings credited to the account.....	0					
4. Other net change in reserves.....	0					
5. Fees and other charges assessed.....	0					
6. Surrender charges.....	0					
7. Net surrender or withdrawal payments.....	0					
8. Other net transfers to or (from) Separate Accounts.....	0					
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	0					
10. Reinsurance balance at the beginning of the year.....	0					
11. Net change in reinsurance assumed.....	0					
12. Net change in reinsurance ceded.....	0					
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....	0					
14. Balance at the end of the current year after reinsurance (Lines 9 + 13).....	0					

**NONE**

## EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

### PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct.....	38,676										38,676
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net.....	38,676	0	0	0	0	0	0	0	0	0	38,676
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	0										
2.12 Reinsurance assumed.....	0										
2.13 Reinsurance ceded.....	0										
2.14 Net.....	0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	0	0	0
2.2 Other:											
2.21 Direct.....	57,000										57,000
2.22 Reinsurance assumed.....	0										
2.23 Reinsurance ceded.....	0										
2.24 Net.....	57,000	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	(b).....57,000
3. Incurred but unreported:											
3.1 Direct.....	4,304,300										4,304,300
3.2 Reinsurance assumed.....	0										
3.3 Reinsurance ceded.....	0										
3.4 Net.....	4,304,300	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	(b).....4,304,300
4. Totals:											
4.1 Direct.....	4,399,976	0	0	0	0	0	0	0	0	0	4,399,976
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	4,399,976	(a).....0	(a).....0	0	0	0	(a).....0	0	0	0	4,399,976

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$.....0 in Column 2, \$.....0 in Column 3 and \$.....0 in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for

Ordinary Life Insurance \$.....0, Individual Annuities \$.....0, Credit Life (Group and Individual) \$.....0, and Group Life \$.....0,

are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$.....0, Credit (Group and Individual) Accident and Health \$.....0 and Other Accident and Health \$.....0

are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

## EXHIBIT 8 - CONTRACT CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

### PART 2 - Incurred During the Year

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct.....	8,351,355										8,351,355
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net..... (d)	8,351,355	0	0	0	0	0	0	0	0	0	8,351,355
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	4,399,976										4,399,976
2.2 Reinsurance assumed.....	0										
2.3 Reinsurance ceded.....	0										
2.4 Net.....	4,399,976	0	0	0	0	0	0	0	0	0	4,399,976
3. Amounts recoverable from reinsurers December 31, current year.....	0										
4. Liability December 31, prior year:											
4.1 Direct.....	3,325,606										3,325,606
4.2 Reinsurance assumed.....	0										
4.3 Reinsurance ceded.....	0										
4.4 Net.....	3,325,606	0	0	0	0	0	0	0	0	0	3,325,606
5. Amounts recoverable from reinsurers December 31, prior year.....	0										
6. Incurred benefits:											
6.1 Direct.....	9,425,725	0	0	0	0	0	0	0	0	0	9,425,725
6.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
6.4 Net.....	9,425,725	0	0	0	0	0	0	0	0	0	9,425,725

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in line 6.4.

(d) Includes \$.....0 premiums waived under total and permanent disability benefits.

## EXHIBIT 9 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 17 and 19 to 22, Column 2.....	5,120,714	3,923,723	(1,196,991)
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....			.0
2.2 Furniture and equipment.....	108,804	125,565	16,761
2.3 Leasehold improvements.....			.0
2.4 Cash advanced to or in the hands of officers or agents.....			.0
2.5 Loans on personal security, endorsed or not.....			.0
2.6 Supplies, stationery, printed matter.....	148,216	81,044	(67,172)
2.7 Commuted commissions.....			.0
3. Total (Lines 2.1 to 2.7).....	257,020	206,609	(50,411)
4. Disallowed interest maintenance reserve.....			.0
5. Aggregate write-ins for other assets.....	.0	.0	.0
6. Total (Line 1 plus Lines 3 to 5).....	5,377,734	4,130,332	(1,247,402)

### DETAILS OF WRITE-INS

0501. Lines 2.1 and 5 from 2000 Annual Statement .....			.0
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	.0	.0	.0

---

## NOTES TO FINANCIAL STATEMENTS

---

1. Summary of Significant Accounting Policies

This is a statement of the accounting principles and methods applied in preparing these statutory financial statements.

## A. Accounting Practices

The company presents these financial statements on the basis of accounting principles prescribed or permitted by the Ohio Insurance Department. The National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual, version effective January 1, 2001, (NAIC SAP) has been adopted by Ohio.

## B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## C. Accounting Policy

Life premiums are recognized as income over the premium paying period of the related policies. Health premiums are earned ratably over the terms of the related insurance policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the constant yield method.
3. Liabilities for losses and loss/claim adjustment expenses for accident and health contracts are estimated by the Company's valuation actuary using statistical claim development models and tabular reserves employing mortality/morbidity tables.

2. Accounting Changes and Correction of Errors

## A. Correction of Errors: None

## B. Cumulative Effect of Changes in Accounting Principles as a result of the initial implementation of Codification January 1, 2001

The company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by Ohio. Effective January 1, 2001, the State required that insurance companies domiciled in the State prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual* version effective January 1, 2001, (Codification) subject to any deviations prescribed or permitted by the State.

There are two accounting changes due to adopting Codification. The cumulative effect of these changes in accounting principles is reported as an increase in the Capital and Surplus accounts, Page 4, line 49, column 1, for 2001 amounting to \$581,228. The following is a description of these changes.

	Increase Surplus (Decrease Surplus)
SSAP 16, Electronic Data Processing Equipment and Software allows the recognition of this previously non-admitted asset with certain limitations.	\$ 66,537
SSAP 10, Income Taxes provides for deferred tax accounting. This is the deferred tax asset remaining after accounting for the deferred tax assets on January 1, 2001.	<u>514,691</u>
Net Increase in Surplus	<u>\$581,228</u>

3. Business Combinations and Goodwill - not applicable4. Discontinued Operations - not applicable5. Investments

A. Mortgage Loans - not applicable

B. Debt Restructuring - not applicable

C. Reverse Mortgages - not applicable

D. Loan-Backed Securities - not applicable

E. Repurchase Agreements - not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies - not applicable

---

## NOTES TO FINANCIAL STATEMENTS

---

7. Investment Income - No investment income due or accrued was nonadmitted at December 31, 2002.

8. Derivative Instruments - not applicable

9. Income Taxes

The components of deferred tax assets as of December 31, 2002 are as follows:

A. Deferred Tax Asset (DTA):	
Proxy DAC	\$ 761,487
Net Change During 2002 in the DTA's	\$ 238,172

B. Components of total income tax for the year as follows:

Current Paid and Payable	
Federal	\$2,150,000
Total Income Tax Current and Deferred	<u>\$2,150,000</u>

C. A reconciliation between the standard Federal income tax rate and the effective tax rate for 2002, follows:

Standard Federal Income Tax Rate	34.0%
Small Company Deduction	(9.2)
Proxy DAC	12.1
Reserves	8.7
Other	<u>6.7</u>
Effective Tax Rate	<u>52.3%</u>

D. The Company does not have any operating loss or tax credit carryforwards available for tax purposes.

E. The Company's tax return is not consolidated with any other entity.

10. Information concerning Parent

Subsidiaries and Affiliates

A. The Company is the wholly-owned subsidiary of Southwestern American Financial Corporation ("SAFC").

B. & C. The Company and SAFC operate under a cost-sharing agreement approved by the State of Ohio. Costs incurred by the Company under this agreement were \$4,883,517 and \$3,650,815 for the years 2002 and 2001, respectively. The Company owed SAFC \$491,724 and \$375,668 at year end 2002 and 2001, respectively. These amounts are generally paid within 45 days of the period's end.

D. The Company owed SAFC \$500,000 at December 31, 2002. This amount was paid promptly in 2003.

E. There are no guarantees or undertakings for the benefit of affiliated party, other than that disclosed in these Notes.

F. There are no material management or service contacts and cost-sharing arrangements involving the Company and any related party other than disclosed in these Notes.

G. SAFC is 82% owned by Southwestern/Great American, Inc., a Nashville, TN company.

H., I. and J. - Not applicable

11. Debt - None

12. Retirement Plans, Deferred compensation, Postemployment Benefits, Compensated Absences and Other Postretirement Benefit Plans

A., B. and C. Defined Benefit Plan - not applicable

D. Consolidated/Holding Company Plans

The Company's employees participate in its ultimate controlling entity's profit-sharing plan. The plan is funded currently and can be cancelled at any time. Funds are self-directed by all employees.

E. Compensated absences/vacation pay is recorded as an accrued liability in salaries and wages general expense.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

1. The Company's capital is common stock, 750 shares authorized, 211 issued and outstanding, \$12,000 per share par value. There are no other classes of capital stock. One share of common stock was sold to the Company's sole shareholder for \$700,000 in 2002.

2. The Company has no preferred stock.

---

## NOTES TO FINANCIAL STATEMENTS

---

3. 4. and 5. Dividends on company stock are paid as declared by its Board of Directors and are subject to regulations of the State of Ohio. A \$900,000 dividend was paid in 2001. No dividend was paid in 2002.

6. 7. and 8. Not applicable

9. The portion of unassigned funds surplus represented or (reduced) by each item below is as follows:

Unrealized gains and losses	-0-
Nonadmitted asset values	(5,377,734)
Separate account business	None
Asset valuation reserve	( 144,000)
Reinsurance in unauthorized companies	-0-

10. 11. and 12. - Not applicable

### 14. Contingencies

A. Contingent Commitments - None

B. Assessments

The Company estimates that insolvencies will result in future guaranty fund assessments against the Company of \$82,000. This amount has been recorded as a liability on December 31, 2002.

C. Gain Contingencies - None

D. All Other Contingencies

Various liabilities arise in the normal course of the Company's business and have been recorded. We believe that any ultimate contingent losses will not have a material adverse effect on the Company's future results of operations and financial position.

### 15. Leases

A. Lessee Leasing Arrangements

The Company leases office, furniture and equipment under various noncancelable operating leases that expire through 2005. Rental expense for 2002 and 2001 was approximately \$369,000 and \$302,000, respectively.

At December 31, 2002, the minimum aggregate rental commitments are as follows for the five succeeding years:

<u>Year Ended December 31</u>	<u>Operating Leases</u>
2003	\$253,000
2004	38,000
2005	32,000
2006	22,000
2007	11,000

The Company has no sublease or sale-leaseback transactions.

B. Lessor Leases - Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk - None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans - Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - Not applicable

### 20. Other Items

A. Extraordinary Items - Not applicable

B. Troubled Debt Restructuring - Not applicable

C. Other Disclosures

Assets in the amount of \$8,925,000 at both December 31, 2002 and 2001, respectively, were on deposit with government authorities or trustees as required by law.

D. Balance That is Reasonably Possible to be Uncollectible

No admitted assets are considered as reasonably possible to be uncollectible.

### 21. Events Subsequent

---

## NOTES TO FINANCIAL STATEMENTS

---

Type 1 - Not applicable.

Type 11 - Not applicable.

22. Reinsurance - none

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination - Not applicable

24. Change in incurred Losses and Loss Adjustment Expenses

Reserves on accident and health contracts for incurred losses and loss adjustment expenses attributable to insured events or prior years developed as anticipated during 2002. See Schedule H - Part 3 and the Five Year Historical Data. Original estimates are increased or decreased as additional information becomes known regarding individual claims. However, no significant trends or unanticipated events were noted in 2002. None of the Company's accident and health contracts are subject to retrospective rating or experience refunds.

25. Intercompany Pooling Arrangements - Not applicable

26. Reserves for Life Contracts and Deposit-Type Contracts

1. The Company's only life product is single premium whole life product, and there are no deferred fractional premiums. The Company does not return the portion of the final premium for periods beyond the date of death.
2. The Company does not currently issue substandard policies, and does not have any substandard policies in force.
3. There are no policies where the gross premiums are less than the net premiums.
4. Tabular Interest and Tabular Cost shown on Page 7 have been determined by formula as described in the instructions for Page 7.
5. None
6. None

27. Variable Annuities with Guaranteed Living Benefits - not applicable

28. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics - Not applicable

29. Premium and Annuity Considerations Deferred and Uncollected - Not applicable

30. Separate Accounts - none

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	35,897,263	36.1	35,897,263	36.1
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	401,090	0.4	401,090	0.4
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....		0.0		0.0
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....		0.0		0.0
1.512 Issued by FNMA and FHLMC.....	45,503,700	45.8	45,503,700	45.8
1.513 Privately issued.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....		0.0		0.0
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....		0.0		0.0
1.523 All other privately issued.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	249,338	0.3	249,338	0.3
2.2 Unaffiliated foreign securities.....		0.0		0.0
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt).....		0.0		0.0
6. Policy loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash and short-term investments.....	17,306,017	17.4	17,306,017	17.4
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	99,357,408	100.0	99,357,408	100.0

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  N/A

1.3 State regulating? OHIO

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes  No

2.2 If yes, date of change: \_\_\_\_\_  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2001

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1996

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 08/15/1997

3.4 By what department or departments? OHIO

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes  No

4.12 renewals? Yes  No

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes  No

4.22 renewals? Yes  No

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes  No

6.2 If yes, give full information: \_\_\_\_\_

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes  No

7.2 If yes,  
7.21 State the percentage of foreign control. .....0.000 %

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

## GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young LLP, 1300 Huntington Building,  
925 Euclid Avenue, Cleveland, Ohio 44115
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Jeffrey S. Morris, Officer, Family Heritage Life Ins. Co. of America,  
Three Summit Park Drive, Suite 400, Cleveland, OH 44131
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 \_\_\_\_\_
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ]      No [ ]
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ]      No [ ]
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ]      No [ ]      N/A [ ]

### BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [ ]      No [ X ]
12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [ X ]      No [ ]
13. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes [ X ]      No [ ]

### FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.11 To directors or other officers \$.....0
- 14.12 To stockholders not officers \$.....0
- 14.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 14.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.21 To directors or other officers \$.....0
- 14.22 To stockholders not officers \$.....0
- 14.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ]      No [ X ]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- 15.21 Rented from others \$.....0
- 15.22 Borrowed from others \$.....0
- 15.23 Leased from others \$.....0
- 15.24 Other \$.....0
- Disclose in the Notes to Financial the nature of each obligation.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ]      No [ X ]
- 16.2 If answer is yes:
- 16.21 Amount paid as losses or risk adjustment \$.....0
- 16.22 Amount paid as expenses \$.....0
- 16.23 Other amounts paid \$.....0

## GENERAL INTERROGATORIES (continued)

### INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred.....	.....	.....	.....	.....	Yes [ ].....No [ ].....	Yes [ ].....No [ ].....
Common.....	750,000	211,000	12,000.00	XXX	XXX.....XXX	XXX.....XXX

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 2-Special Deposits? Yes [ ]      No [X]

18.2 If no, give full and complete information relating thereto.

Securities are held by custodian bank, generally, positions are book-entry only.

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 2-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes [ ]      No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Loaned to others	\$.....0
19.22 Subject to repurchase agreements	\$.....0
19.23 Subject to reverse repurchase agreements	\$.....0
19.24 Subject to dollar repurchase agreements	\$.....0
19.25 Subject to reverse dollar repurchase agreements	\$.....0
19.26 Pledged as collateral	\$.....0
19.27 Placed under option agreements	\$.....0
19.28 Letter stock or securities restricted as to sale	\$.....0
19.29 Other	\$.....0

19.3 For each category above, if any of these assets are held by others, identify by whom held:

- 19.31 \_\_\_\_\_
- 19.32 \_\_\_\_\_
- 19.33 \_\_\_\_\_
- 19.34 \_\_\_\_\_
- 19.35 \_\_\_\_\_
- 19.36 \_\_\_\_\_
- 19.37 \_\_\_\_\_
- 19.38 \_\_\_\_\_
- 19.39 \_\_\_\_\_

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ]      No [X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ]      No [ ]      N/A [X]  
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ]      No [X]

21.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X]      No [ ]

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
National City Bank	PO Box 5756, Cleveland, OH 44101

## GENERAL INTERROGATORIES (continued)

### INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes [ ]      No [X]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

### OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....2,575

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

24.1 Amount of payments for legal expenses, if any? \$.....369,130

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Calfee, Halter, & Griswold	220,011

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

## GENERAL INTERROGATORIES (continued)

### PART 2 - LIFE INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
1.2 If yes, indicate premium earned on U.S. business only	\$.....	0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$.....	0
1.31 Reason for excluding		
<hr/>		
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$.....	0
1.5 Indicate total incurred claims on all Medicare Supplement insurance.	\$.....	0
1.6 Individual policies:		
Most current three years:		
1.61 Total premium earned	\$.....	0
1.62 Total incurred claims	\$.....	0
1.63 Number of covered lives	.....	0
All years prior to most current three years:		
1.64 Total premium earned	\$.....	0
1.65 Total incurred claims	\$.....	0
1.66 Number of covered lives	.....	0
1.7 Group policies:		
Most current three years:		
1.71 Total premium earned	\$.....	0
1.72 Total incurred claims	\$.....	0
1.73 Number of covered lives	.....	0
All years prior to most current three years:		
1.74 Total premium earned	\$.....	0
1.75 Total incurred claims	\$.....	0
1.76 Number of covered lives	.....	0
2.1 Does this reporting entity have Separate Accounts?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
2.2 If yes, has a Separate Accounts statement been filed with this Department?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]    N/A [ <input checked="" type="checkbox"/> ]
2.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account?	\$.....	0
2.4 State the authority under which Separate Accounts are maintained:		
<hr/>		
2.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]
2.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]
3.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]
3.2 Net reimbursement of such expenses between reporting entities:		
3.21 Paid	\$.....	4,883,517
3.22 Received	\$.....	0
4.1 Does the reporting entity write any guaranteed interest contracts?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
4.2 If yes, what amount pertaining to these items is included in:		
4.21 Page 3, Line 3	\$.....	0
4.22 Page 4, Line 1	\$.....	0
5. For stock reporting entities only:		
5.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity:	\$.....	3,171,000
6. Total dividends paid stockholders, since organization of the reporting entity:		
6.11 Cash	\$.....	2,300,000
6.12 Stock	\$.....	306,000
7.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
7.11 Name of real estate holding company		
<hr/>		
7.12 Number of parcels involved	.....	0
7.13 Total book/adjusted carrying value	\$.....	0
7.2 If yes, provide explanation		
<hr/>		
<hr/>		

## GENERAL INTERROGATORIES (continued)

### PART 2 - LIFE INTERROGATORIES (continued)

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Yes [ ]      No [X]  
 Workers' compensation carve-out business is defined as reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement? Yes [ ]      No [ ]

8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

	1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained
8.31 Earned premium.....	\$.....0	\$.....0	\$.....0
8.32 Paid claims.....	\$.....0	\$.....0	\$.....0
8.33 Claim liability and reserve (beginning of year).....	\$.....0	\$.....0	\$.....0
8.34 Claim liability and reserve (end of year).....	\$.....0	\$.....0	\$.....0
8.35 Incurred claims.....	\$.....0	\$.....0	\$.....0

8.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and 8.34 for Column (1) are:

Attachment Point	1 Earned Premium	2 Claim Liability and Reserve
8.41 < \$25,000.....	\$.....0	\$.....0
8.42 \$25,000 -- 99,999.....	\$.....0	\$.....0
8.43 \$100,000 -- 249,999.....	\$.....0	\$.....0
8.44 \$250,000 -- 999,999.....	\$.....0	\$.....0
8.45 \$1,000,000 or more.....	\$.....0	\$.....0

8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools? \$.....0

## FIVE YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

Show amounts of life insurance in this exhibit in thousands (omit \$000)

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>Life Insurance in Force (Exhibit of Life Insurance)</b>					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....	53	24			
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....					
3. Credit life (Line 21, Col. 6).....					
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....					
5. Industrial (Line 21, Col. 2).....					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....					
7. Total (Line 21, Col. 10).....	53	24	0	0	0
<b>New Business Issued (Exhibit of Life Insurance)</b>					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	29	38			
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....					
10. Credit life (Line 2, Col. 6).....					
11. Group (Line 2, Col. 9).....					
12. Industrial (Line 2, Col. 2).....					
13. Total (Line 2, Col. 10).....	29	38	0	0	0
<b>Premium Income - Lines of Business</b>					
14. Industrial life (Exhibit 1-Part 1, Line 20.4, Col. 2).....					
15.1 Ordinary life insurance (Exhibit 1-Part 1, Line 20.4, Col. 3).....	23,784	20,100			
15.2 Ordinary individual annuities (Exhibit 1-Part 1, Line 20.4, Col. 4).....					
16. Credit life (group and individual) (Exhibit 1-Part 1, Line 20.4, Col. 5).....					
17.1 Group life insurance (Exhibit 1-Part 1, Line 20.4, Col. 6).....					
17.2 Group annuities (Exhibit 1-Part 1, Line 20.4, Col. 7).....					
18.1 A&H - group (Exhibit 1-Part 1, Line 20.4, Col. 8).....					
18.2 A&H - credit (group and individual) (Exhibit 1-Part 1, Line 20.4, Col. 9).....					
18.3 A&H - other (Exhibit 1-Part 1, Line 20.4, Col. 10).....	48,435,402	38,793,572	31,144,915	25,069,999	19,809,949
19. Aggregate of all other lines of business (Exhibit 1-Part 1, Line 20.4, Col. 11).....					
20. Deposit-type funds.....	XXX	XXX			
21. Total.....	48,459,186	38,813,672	31,144,915	25,069,999	19,809,949
<b>Balance Sheet Items (Pages 2 and 3)</b>					
22. Total admitted assets excluding Separate Accounts business (Page 2, Line 25, Col. 3).....	101,639,784	77,868,454	60,883,472	47,169,044	34,985,468
23. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	90,425,421	68,262,069	52,733,363	39,933,351	27,811,742
24. Aggregate life reserves (Page 3, Line 1).....	39,701	18,010			
25. Aggregate A&H reserves (Page 3, Line 2).....	75,802,941	60,099,919	45,713,472	34,698,838	25,466,801
26. Deposit-type contract funds (Page 3, Line 3).....			XXX	XXX	XXX
27. Asset valuation reserve (Page 3, Line 24.1).....	144,000	100,000	45,000	15,000	
28. Capital (Page 3, Lines 29 & 30).....	2,532,000	2,520,000	2,520,000	2,508,000	2,508,000
29. Surplus (Page 3, Line 37).....	8,682,363	7,086,385	5,630,109	4,727,693	4,665,726
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital.....	10,596,876	9,183,070	8,195,109	7,250,693	7,173,727
31. Authorized control level risk-based capital.....	1,005,258	806,749	649,507	520,801	829,284
<b>Percentage Distribution of Assets (Page 2, Col. 3) (Line No. /Page 2, Line 11, Col. 3) x 100.0</b>					
32. Bonds (Line 1).....	82.6	91.8	86.3	93.1	84.7
33. Stocks (Lines 2.1 and 2.2).....					
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....					
35. Real estate (Line 4.1, 4.2 and 4.3).....					
36. Policy loans (Line 5).....					
37. Premium notes (Line 6).....					
38. Cash and short-term investments (Line 7).....	17.4	8.2	13.7	6.9	15.3
39. Other invested assets (Line 8).....					
40. Receivable for securities (Line 9).....					
41. Aggregate write-ins for invested assets (Line 10).....					
42. Cash and invested assets (Line 11).....	100.0	100.0	100.0	100.0	100.0

**FIVE YEAR HISTORICAL DATA**

(continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
43. Affiliated bonds (Sch. D Summary, Line 25 Col. 1).....					
44. Affiliated preferred stocks (Sch. D Summary, Line 39 Col. 1).....					
45. Affiliated common stocks (Sch. D Summary, Line 53 Col. 2).....					
46. Affiliated short-term investments (subtotal included in Schedule DA, Part 2 Col. 5, Line 11).....					
47. Affiliated mortgage loans on real estate.....					
48. All other affiliated.....					
49. Total of above Lines 43 to 48.....	0	0	0	0	0
<b>Total Nonadmitted and Admitted Assets</b>					
50. Total nonadmitted assets (Page 2, Line 27, Col. 2).....	5,377,734	4,130,332	4,296,179	3,497,648	3,103,065
51. Total admitted assets (Page 2, Line 27, Col. 3).....	101,639,784	77,868,454	60,883,472	47,169,044	34,985,468
<b>Investment Data</b>					
52. Net investment income (Exhibit of Net Investment Income).....	5,729,716	4,830,166	4,083,708	3,105,828	2,269,786
53. Realized capital gains (losses).....					
54. Unrealized capital gains (losses).....					
55. Total of above Lines 52, 53 and 54.....	5,729,716	4,830,166	4,083,708	3,105,828	2,269,786
<b>Benefits and Reserve Increase (Page 6)</b>					
56. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15 Col. 1 less Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11).....					
57. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	9,425,725	6,241,831	6,019,368	3,978,877	3,730,959
58. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	21,691	18,010			
59. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	15,703,022	14,386,447	11,014,634	9,232,037	7,824,770
60. Dividends to policyholders (Line 30, Col 1).....					
<b>Operating Percentages</b>					
61. Insurance expense percent (Page 6, Col. 1, Lines 21, 22, & 23 less Line 6)/(Page 6 Col. 1, Line 1 plus group annuity contribution funds) x 100.00.....	49.2	49.7	48.3	50.9	46.2
62. Lapse percent (ordinary only) (Exhibit of Life Insurance, Col. 4, Lines 14 & 15) x 100.00 / 1/2 (Lines 1 & 21).....		40.0			
63. A&H loss percent (Schedule H, Part 1, Lines 3 & 4, Col. 2).....	51.5	52.6	54.3	51.8	56.7
64. A&H expense percent (Schedule H, Part 1, Line 8, Col. 2).....	51.8	50.3	51.2	54.3	49.6
<b>A&amp;H Claim Reserve Adequacy</b>					
65. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....					
66. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....					
67. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	3,064,548	2,396,441	2,175,055	1,775,037	1,146,399
68. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	3,743,105	2,935,798	1,975,000	1,650,000	1,100,000
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
69. Industrial life (Col. 2).....					
70. Ordinary - life (Col. 3).....	.874	.972			
71. Ordinary - individual annuities (Col. 4).....					
72. Ordinary - supplementary contracts (Col. 5).....					
73. Credit life (Col. 6).....					
74. Group life (Col. 7).....					
75. Group annuities (Col. 8).....					
76. A&H - group (Col. 9).....					
77. A&H - credit (Col. 10).....					
78. A&H - other (Col. 11).....	1,960,334	1,729,766	1,142,947	471,550	541,970
79. Aggregate of all other lines of business (Col. 12).....					
80. Total (Col. 1).....	1,961,208	1,730,738	1,142,947	471,550	541,970

## EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	Number of		9 Amount of Insurance (a)	
							7 Policies	8 Certificates		
1. In force end of prior year.....			3	.24						.24
2. Issued during year.....			3	.29						.29
3. Reinsurance assumed.....										.0
4. Revived during year.....										.0
5. Increased during year (net).....										.0
6. Subtotals, Lines 2 to 5.....	0	.0	3	.29	0	.0	0	.0	.0	.29
7. Additions by dividends during year.....	XXX		XXX		XXX		XXX	XXX		.0
8. Aggregate write-ins for increases.....	0	.0	0	.0	0	.0	0	.0	.0	.0
9. Totals (Lines 1 and 6 to 8).....	0	.0	6	.53	0	.0	0	.0	.0	.53
<b>Deductions during year:</b>										
10. Death.....							XXX			.0
11. Maturity.....							XXX			.0
12. Disability.....							XXX			.0
13. Expiry.....										.0
14. Surrender.....										.0
15. Lapse.....										.0
16. Conversion.....							XXX	XXX	XXX	.0
17. Decreased (net).....										.0
18. Reinsurance.....										.0
19. Aggregate write-ins for decreases.....	0	.0	0	.0	0	.0	0	.0	.0	.0
20. Totals (Lines 10 to 19).....	0	.0	0	.0	0	.0	0	.0	.0	.0
21. In force end of year (Line 9 minus Line 20).....	0	.0	6	.53	0	.0	0	.0	.0	.53
22. Reinsurance ceded end of year.....	XXX		XXX		XXX		XXX	XXX		.0
23. Line 21 minus Line 22.....	XXX	.0	XXX	.53	XXX	(b)	.0	XXX	XXX	.53

30

### DETAILS OF WRITE-INS

0801. ....										.0
0802. ....										.0
0803. ....										.0
0898. Summary of remaining write-ins for Line 8 from overflow page.....	0	.0	0	.0	0	.0	0	.0	.0	.0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	0	.0	0	.0	0	.0	0	.0	.0	.0
1901. ....										.0
1902. ....										.0
1903. ....										.0
1998. Summary of remaining write-ins for Line 19 from overflow page.....	0	.0	0	.0	0	.0	0	.0	.0	.0
1999. Totals (Lines 1901 thru 1903 plus 1998) (Line 19 above).....	0	.0	0	.0	0	.0	0	.0	.0	.0

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).

(b) Group \$.000; Individual \$.000.

## EXHIBIT OF LIFE INSURANCE (continued)

### ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends.....	XXX		XXX	
25. Other paid-up insurance.....				
26. Debit ordinary insurance.....	XXX	XXX		

### ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (Included in Page 30, Line 2)		In Force End of Year (Included in Page 30, Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies-decreasing.....				
28. Term policies-other.....				
29. Other term insurance-decreasing.....	XXX		XXX	
30. Other term insurance.....	XXX		XXX	
31. Totals, Lines 27 to 30.....	0	0	0	0
Reconciliation to Page 30, Lines 2 and 21:				
32. Term additions.....	XXX		XXX	
33. Totals, extended term insurance.....	XXX	XXX		
34. Totals, whole life and endowment.....	3	29	6	53
35. Totals, Lines 31 to 34.....	3	29	6	53

### CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (Included in Page 30, Line 2)		In Force End of Year (Included in Page 30, Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial.....				
37. Ordinary.....	29		53	
38. Credit Life (Group and Individual).....				
39. Group.....				
40. Totals (Lines 36 to 39).....	29	0	53	0

### ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Page 30, Line 2 ceded to other companies.....	XXX		XXX	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis.....		XXX		XXX
43. Federal Employees' Group Life Insurance included in Page 30, Line 21.....				
44. Servicemen's Group Life Insurance included in Page 30, Line 21.....				
45. Group Permanent Insurance included in Page 30, Line 21.....				

### ADDITIONAL ACCIDENT DEATH BENEFITS

46. Amount of additional accident death benefits in force end of year under ordinary policies (a).....	
--	--

### BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.....	<b>NONE</b>
47.1 _____	
47.2 _____	

### POLICIES WITH DISABILITY PROVISIONS

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium.....								
49. Disability Income.....								
50. Extended Benefits.....								
51. Other.....								
52. Total.....	0	(b) 0	0	(b) 0	0	(b) 0	0	(b) 0

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).

(b) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

## EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT & HEALTH AND OTHER POLICIES

### SUPPLEMENTARY CONTRACTS

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year.....	<b>NONE</b>			
2. Issued during year.....	<b>NONE</b>			
3. Reinsurance assumed.....	<b>NONE</b>			
4. Increased during year (net).....	<b>NONE</b>			
5. Total (Lines 1 to 4).....	0	0	0	0
Deductions during year:				
6. Decreased (net).....	<b>NONE</b>			
7. Reinsurance.....	<b>NONE</b>			
8. Totals (Lines 6 and 7).....	0	0	0	0
9. In force end of year.....	0	0	0	0
10. Amount on deposit.....	(a)	(a)	(a)	(a)
11. Income now payable.....	(a)	(a)	(a)	(a)
12. Amount of income payable.....	(a)	(a)	(a)	(a)

### ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	<b>NONE</b>			
2. Issued during year.....	<b>NONE</b>			
3. Reinsurance assumed.....	<b>NONE</b>			
4. Increased during year (net).....	<b>NONE</b>			
5. Total (Lines 1 to 4).....	0	0	0	0
Deductions during year:				
6. Decreased (net).....	<b>NONE</b>			
7. Reinsurance.....	<b>NONE</b>			
8. Totals (Lines 6 and 7).....	0	0	0	0
9. In force end of year.....	0	0	0	0
Income now payable:				
10. Amount of income payable.....	(a)	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance.....	XXX	(a)	XXX	(a)
Deferred not fully paid:				
12. Account balance.....	XXX	(a)	XXX	(a)

### ACCIDENT AND HEALTH INSURANCE

	Ordinary		Group		Credit	
	1 Policies	2 Premiums in force	3 Policies	4 Premiums in force	5 Policies	6 Premiums in force
1. In force end of prior year.....	75,631	43,595,707				
2. Issued during year.....	40,655	24,848,468				
3. Reinsurance assumed.....						
4. Increased during year (net).....		XXX		XXX		XXX
5. Total (Lines 1 to 4).....	116,286	XXX	0	XXX	0	XXX
Deductions during year:						
6. Conversions.....	XXX	XXX		XXX	XXX	XXX
7. Decreased (net).....	22,845	XXX		XXX		XXX
8. Reinsurance.....		XXX		XXX		XXX
9. Totals (Lines 6 to 8).....	22,845	XXX	0	XXX	0	XXX
10. In force end of year.....	93,441	(a) 54,697,182	0	(a)	0	(a)

### DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year.....	<b>NONE</b>	
2. Issued during year.....	<b>NONE</b>	
3. Reinsurance assumed.....	<b>NONE</b>	
4. Increased during year (net).....	<b>NONE</b>	
5. Total (Lines 1 to 4).....	0	0
Deductions during year:		
6. Decreased (net).....	<b>NONE</b>	
7. Reinsurance.....	<b>NONE</b>	
8. Totals (Lines 6 and 7).....	0	0
9. In force end of year.....	0	0
10. Amount of account balance.....	(a)	(a)

(a) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the Annual Statement Instructions.

## SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>				
Governments (Including all obligations guaranteed by governments)	1. United States.....81,400,963	.....95,889,591	.....67,602,946	.....185,497,674
	2. Canada.....	.....	.....	.....
	3. Other Countries.....	.....	.....	.....
	4. Totals.....81,400,963	.....95,889,591	.....67,602,946	.....185,497,674
States, Territories and Possessions (Direct and guaranteed)	5. United States.....401,090	.....408,632	.....413,648	.....400,000
	6. Canada.....	.....	.....	.....
	7. Other Countries.....	.....	.....	.....
	8. Totals.....401,090	.....408,632	.....413,648	.....400,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	.....	.....	.....
	10. Canada.....	.....	.....	.....
	11. Other Countries.....	.....	.....	.....
	12. Totals.....0	.....0	.....0	.....0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	.....	.....	.....
	14. Canada.....	.....	.....	.....
	15. Other Countries.....	.....	.....	.....
	16. Totals.....0	.....0	.....0	.....0
Public Utilities (unaffiliated)	17. United States.....	.....	.....	.....
	18. Canada.....	.....	.....	.....
	19. Other Countries.....	.....	.....	.....
	20. Totals.....0	.....0	.....0	.....0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....249,338	.....257,500	.....248,125	.....250,000
	22. Canada.....	.....	.....	.....
	23. Other Countries.....	.....	.....	.....
	24. Totals.....249,338	.....257,500	.....248,125	.....250,000
Parent, Subsidiaries and Affiliates	25. Totals.....	.....	.....	.....
	26. <b>Total Bonds</b> .....82,051,391	.....96,555,723	.....68,264,719	.....186,147,674
<b>PREFERRED STOCKS</b>				
Public Utilities (Unaffiliated)	27. United States.....	.....	.....	.....
	28. Canada.....	.....	.....	.....
	29. Other Countries.....	.....	.....	.....
	30. Totals.....0	.....0	.....0	.....0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	.....	.....	.....
	32. Canada.....	.....	.....	.....
	33. Other Countries.....	.....	.....	.....
	34. Totals.....0	.....0	.....0	.....0
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	.....	.....	.....
	36. Canada.....	.....	.....	.....
	37. Other Countries.....	.....	.....	.....
	38. Totals.....0	.....0	.....0	.....0
Parent, Subsidiaries and Affiliates	39. Totals.....	.....	.....	.....
	40. <b>Total Preferred Stocks</b> .....0	.....0	.....0	.....0
<b>COMMON STOCKS</b>				
Public Utilities (Unaffiliated)	41. United States.....	.....	.....	.....
	42. Canada.....	.....	.....	.....
	43. Other Countries.....	.....	.....	.....
	44. Totals.....0	.....0	.....0	.....0
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	.....	.....	.....
	46. Canada.....	.....	.....	.....
	47. Other Countries.....	.....	.....	.....
	48. Totals.....0	.....0	.....0	.....0
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	.....	.....	.....
	50. Canada.....	.....	.....	.....
	51. Other Countries.....	.....	.....	.....
	52. Totals.....0	.....0	.....0	.....0
Parent, Subsidiaries and Affiliates	53. Totals.....	.....	.....	.....
	54. <b>Total Common Stocks</b> .....0	.....0	.....0	.....0
	55. <b>Total Stocks</b> .....0	.....0	.....0	.....0
	56. <b>Total Bonds and Stocks</b> .....82,051,391	.....96,555,723	.....68,264,719	.....

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....0.

## SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	68,245,738		6. Foreign exchange adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	47,123,499		6.1 Column 17, Part 1.....
3. Increase (decrease) by adjustment:			6.2 Column 13, Part 2, Section 1.....
3.1 Column 16, Part 1.....	2,552,259		6.3 Column 11, Part 2, Section 2.....
3.2 Column 12, Part 2, Section 1.....			6.4 Column 11, Part 4.....
3.3 Column 10, Part 2, Section 2.....			
3.4 Column 10, Part 4.....	47,175	2,599,434	7. Book/adjusted carrying value at end of current period.....
4. Total gain (loss), Column 14, Part 4.....			82,051,391
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4.....	35,917,280		8. Total valuation allowance.....
			82,051,391
			9. Subtotal (Lines 7 plus 8).....
			82,051,391
			10. Total nonadmitted amounts.....
			82,051,391
			11. Statement value of bonds and stocks, current period.....
			82,051,391

**SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Direct Business Only				
		Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Deposit-Type Contract Funds	6 Other Considerations
		2 Life Insurance Premiums	3 Annuity Considerations			
1. Alabama.....AL	YES			1,143,498		
2. Alaska.....AK	NO					
3. Arizona.....AZ	YES			325,219		
4. Arkansas.....AR	YES			1,679,234		
5. California.....CA	YES			420,586		
6. Colorado.....CO	YES			286,981		
7. Connecticut.....CT	YES			382		
8. Delaware.....DE	YES			1,491		
9. District of Columbia.....DC	YES			2,919		
10. Florida.....FL	YES			704,046		
11. Georgia.....GA	YES			1,540,885		
12. Hawaii.....HI	YES			762		
13. Idaho.....ID	YES			22,862		
14. Illinois.....IL	YES			4,531,986		
15. Indiana.....IN	YES			4,258,841		
16. Iowa.....IA	YES			105,012		
17. Kansas.....KS	YES			1,094,021		
18. Kentucky.....KY	YES			130,621		
19. Louisiana.....LA	YES			406,250		
20. Maine.....ME	YES			214,266		
21. Maryland.....MD	YES			189,501		
22. Massachusetts.....MA	NO					
23. Michigan.....MI	YES			30,282		
24. Minnesota.....MN	NO					
25. Mississippi.....MS	YES			237,029		
26. Missouri.....MO	YES			711,891		
27. Montana.....MT	YES			235,858		
28. Nebraska.....NE	YES			2,469,472		
29. Nevada.....NV	YES			32,859		
30. New Hampshire.....NH	NO					
31. New Jersey.....NJ	NO					
32. New Mexico.....NM	YES			237,333		
33. New York.....NY	NO					
34. North Carolina.....NC	YES			2,449,559		
35. North Dakota.....ND	YES			22,686		
36. Ohio.....OH	YES	23,784		12,227,102		
37. Oklahoma.....OK	YES			164,811		
38. Oregon.....OR	YES			131,450		
39. Pennsylvania.....PA	YES			264,180		
40. Rhode Island.....RI	YES			1,957		
41. South Carolina.....SC	YES			466,259		
42. South Dakota.....SD	YES			1,960,353		
43. Tennessee.....TN	YES			1,898,116		
44. Texas.....TX	YES			5,362,092		
45. Utah.....UT	YES			14,388		
46. Vermont.....VT	NO					
47. Virginia.....VA	YES			1,902,273		
48. Washington.....WA	YES			74,183		
49. West Virginia.....WV	YES			17,728		
50. Wisconsin.....WI	NO					
51. Wyoming.....WY	YES			27,345		
52. American Samoa.....AS	NO					
53. Guam.....GU	NO					
54. Puerto Rico.....PR	YES					
55. US Virgin Islands.....VI	NO					
56. Canada.....CN	NO					
57. Aggregate Other Alien.....OT	XXX	0	0	0	0	0
58. Subtotal.....(a) 44		23,784	0	47,998,569	0	0
91. Reporting entity contributions for employee benefit plans.....XXX						
92. Dividends or refunds applied to purchase paid-up additions and annuities.....XXX						
93. Dividends or refunds applied to shorten endowment or premium paying period.....XXX						
94. Premium or annuity considerations waived under disability or other contract provisions.....XXX						
95. Aggregate other amounts not allocable by State.....XXX		0	0	0	0	0
96. Totals (Direct Business).....XXX		23,784	0	47,998,569	0	0
97. Plus reinsurance assumed.....XXX						
98. Totals (All Business).....XXX		23,784	0	47,998,569	0	0
99. Less reinsurance ceded.....XXX						
99. Totals (All Business) less reinsurance ceded.....XXX		23,784	0	(b) 47,998,569	0	0

**DETAILS OF WRITE-INS**

5701. ....XXX						
5702. ....XXX						
5703. ....XXX						
5798. Summary of remaining write-ins for line 57 from overflow page.....XXX		0	0	0	0	0
5799. Total (Lines 5701 thru 5703 plus 5798) (Line 57 above).....XXX		0	0	0	0	0
9401. ....XXX						
9402. ....XXX						
9403. ....XXX						
9498. Summary of remaining write-ins for line 94 from overflow page.....XXX		0	0	0	0	0
9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....XXX		0	0	0	0	0

Explanation of basis of allocation by states, etc., of premiums and annuity considerations.

(a) Insert the number of yes responses except for Canada and Other Alien.

(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9, and 10, or with Schedule H, Part 1, Column, Line 1. Indicate which:

## **SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

### **PART 1 – ORGANIZATIONAL CHART**

---

**Southwestern/Great American, Inc.**  
**62-1147144**

---

**Southwestern American Financial Corporation**  
**62-1403441**

---

**Family Heritage Life Insurance Company of America**  
**34-1626521**

---

# **SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

## **PART 1 – ORGANIZATIONAL CHART**

---