



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

AMERICAN RETIREMENT LIFE INSURANCE COMPANY

NAIC Group Code 0084 0084 NAIC Company Code 88366 Employer's ID Number 59-2760189
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Incorporated 05/12/1978 Commenced Business 11/27/1978
Statutory Home Office 250 East Fifth Street, Cincinnati, OH 45202
Main Administrative Office 440 Mount Rushmore Road, Rapid City, SD 57701
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OFFICERS

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

VICE PRESIDENTS

William Jack Maney II Mark Francis Muething #

DIRECTORS OR TRUSTEES

Stephen Craig Lindner William Jack Maney II Christopher Patrick Miliano
Mark Francis Muething David Butler Rich Charles Richard Scheper

State of Ohio } ss
County of Hamilton }

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

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

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

# OFFICERS AND DIRECTORS WHO DID NOT OCCUPY THE INDICATED POSITION IN THE PREVIOUS ANNUAL STATEMENT.

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds .....	3,238,192		3,238,192	4,582,058
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	0		0	0
2.2 Common stocks (Schedule D, Part 2, Section 2).....	0		0	0
3. Mortgage loans on real estate: (Schedule B, Part 1)				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Policy loans .....	6,808		6,808	6,304
6. Premium notes, including \$ ..... for first year premiums .....			0	0
7. Cash (\$ .....820,877 , Schedule E, Part 1) and short -term investments (\$ .....3,470,095 , Schedule DA, Part 2) .....	4,290,972		4,290,972	2,589,925
8. Other invested assets (Schedule BA, Part 1) .....	0		0	0
9. Receivable for securities .....			0	0
10. Aggregate write-ins for invested assets .....	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10) .....	7,535,972	0	7,535,972	7,178,287
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers (Schedule S, Part 2) .....	166,903		166,903	365,897
12.2 Commissions and expense allowances due .....	6,636		6,636	14,781
12.3 Experience rating and other refunds due .....	6,192		6,192	36,608
12.4 Other amounts receivable under reinsurance contracts .....			0	0
13. Electronic data processing equipment and software.....			0	0
14. Federal and foreign income tax recoverable and interest thereon (including \$ .....20,715 net deferred tax asset) .....	146,686	111,146	35,540	35,166
15. Guaranty funds receivable or on deposit .....			0	0
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$ .....3,259 loading) .....	5,182		5,182	(48)
17. Accident and health premiums due and unpaid .....			0	0
18. Investment income due and accrued .....	63,097		63,097	81,167
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
20. Receivable from parent, subsidiaries and affiliates .....			0	0
21. Amounts receivable relating to uninsured accident and health plans .....			0	0
22. Amounts due from agents .....	1,435	1,435	0	0
23. Other assets nonadmitted (Exhibit 9) .....			0	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) .....	7,932,103	112,581	7,819,521	7,711,859
26. From Separate Accounts Statement .....			0	0
27. Total (Lines 25 and 26)	7,932,103	112,581	7,819,521	7,711,859
<b>DETAILS OF WRITE-INS</b>				
1001. ....				
1002. ....				
1003. ....				
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. ....				
2402. ....				
2403. ....				
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 \$ .....580,854 (Exh. 5, Line 9999999) less \$ ..... included in Line 6.3 (including \$ ..... Modco Reserve) .....	580,854	567,119
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1)(including \$ ..... Modco Reserve) .....	0	0
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ ..... Modco Reserve) .....	0	0
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11) .....	3,000	3,000
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11) .....	0	0
5. Policyholders' dividends \$ ..... and coupons \$ ..... due and unpaid (Exhibit 4, Line 10) .....	0	0
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment to ..... (including \$ ..... Modco).....	0	0
6.2 Dividends not yet apportioned (including \$ ..... Modco) .....	0	0
6.3 Coupons and similar benefits (including \$ ..... Modco) .....	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6 .....	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ ..... discount; including \$ .....0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14) .....	374	218
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts .....	0	0
9.2 Provision for experience rating refunds, including \$ ..... accident and health experience rating refunds .....	0	0
9.3 Other amounts payable on reinsurance including \$ ..... assumed and \$ ..... ceded .....	0	0
9.4 Interest maintenance reserve (Page 33, Line 6) .....	10,976	53,985
10. Commissions to agents due or accrued-life contracts and annuity contracts \$ ..... accident and health \$ ..... and deposit-type contract funds \$ .....	0	0
11. Commissions and expense allowances payable on reinsurance assumed .....	0	0
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 5) .....	54,507	34,998
13. Transfers to Separate Accounts due or accrued (net) (Including \$ .....0 accrued for expense allowances recognized in reserves) .....	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5) .....	14,045	14,045
15. Federal and foreign income taxes including \$ .....(2,887) on realized capital gains (losses) (including \$ ..... net deferred tax liability) .....	165,430	121,776
16. Unearned investment income .....	0	0
17. Amounts withheld or retained by company as agent or trustee .....	1,237	1,851
18. Amounts held for agents' account, including \$ .....6,955 agents' credit balances .....	6,955	6,949
19. Remittances and items not allocated .....	24,133	2,488
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0
21. Liability for benefits for employees and agents if not included above .....	0	0
22. Borrowed money \$ ..... and interest thereon \$ .....	0	0
23. Dividends to stockholders declared and unpaid .....	0	0
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve (Page 34, Line 16, Col. 7) .....	5,315	9,320
24.2 Reinsurance in unauthorized companies .....	0	0
24.3 Funds held under reinsurance treaties with unauthorized reinsurers .....	0	0
24.4 Payable to parent, subsidiaries and affiliates .....	250	0
24.5 Drafts outstanding .....	0	0
24.6 Liability for amounts held under uninsured accident and health plans .....	0	0
24.7 Funds held under coinsurance .....	0	0
24.8 Payable for securities .....	0	0
24.9 Capital notes \$ ..... and interest thereon \$ .....	0	0
25. Aggregate write-ins for liabilities .....	162,605	163,000
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25) .....	1,029,681	978,749
27. From Separate Accounts Statement .....	0	0
28. Total Liabilities (Lines 26 and 27) .....	1,029,681	978,749
29. Common capital stock .....	2,500,000	2,500,000
30. Preferred capital stock .....	0	0
31. Aggregate write-ins for other than special surplus funds .....	0	0
32. Surplus notes .....	0	0
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1) .....	2,627,365	2,627,365
34. Aggregate write-ins for special surplus funds .....	0	0
35. Unassigned funds (surplus) .....	1,662,475	1,605,745
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 29 \$ ..... ) .....	0	0
36.2 ..... shares preferred (value included in Line 30 \$ ..... ) .....	0	0
37. Surplus (total Lines 31+32+33+34+35-36) ( Including \$ .....0 in Separate Accounts Statement) .....	4,289,840	4,233,110
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55) .....	6,789,840	6,733,110
39. Totals of Lines 28 and 38 (Page 2, Line 27, Col. 3) .....	7,819,521	7,711,859
<b>DETAILS OF WRITE-INS</b>		
2501. Deferred ceding commission income.....	162,605	163,000
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) .....	162,605	163,000
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)	27,883	28,678
2. Considerations for supplementary contracts with life contingencies		0
3. Net investment income (Exhibit of Net Investment Income, Line 17)	282,148	382,613
4. Amortization of interest maintenance reserve (IMR) (Page 33, Line 5)	(3,911)	(2,568)
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	83,578	92,028
7. Reserve adjustments on reinsurance ceded		0
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		0
8.2 Charges and fees for deposit-type contracts		0
8.3 Aggregate write-ins for miscellaneous income	0	0
9. Total (Lines 1 to 8.3)	389,698	500,750
10. Death benefits	20,590	17,049
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	(13,644)	(5,365)
13. Disability benefits and benefits under accident and health contracts		0
14. Coupons, guaranteed annual pure endowments and similar benefits		0
15. Surrender benefits and withdrawals for life contracts	13,341	2,489
16. Group conversions		0
17. Interest and adjustments on contracts 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	13,735	22,239
20. Totals (Lines 10 to 19)	34,022	36,413
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1 less Col. 11)	6	211
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	0	0
23. General insurance expenses (Exhibit 2, Line 10, Cols. 1 + 2 + 3)	206,647	211,969
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	27,755	41,673
25. Increase in loading on deferred and uncollected premiums	(1)	(142)
26. Net transfers to or (from) Separate Accounts		0
27. Aggregate write-ins for deductions	0	0
28. Totals (Lines 20 to 27)	268,428	290,124
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	121,270	210,626
30. Dividends to policyholders	0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	121,270	210,626
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	46,541	134,940
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)	74,729	75,686
34. Net realized capital gains or (losses) less capital gains tax of \$ (2,887) (excluding taxes of \$ 25,265 ) transferred to the IMR	(22,378)	0
35. Net income (Line 33 plus Line 34)	52,351	75,686
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, previous year (Page 3, Line 38, Col. 2)	6,733,110	6,639,926
37. Net income (Line 35)	52,351	75,686
38. Change in net unrealized capital gains (losses)		0
39. Change in net unrealized foreign exchange capital gain (loss)		0
40. Change in net deferred income tax	22,670	96,077
41. Change in nonadmitted assets and related items (Exhibit 9, Line 6, Col. 3)	(22,296)	(88,850)
42. Change in liability for reinsurance in unauthorized companies	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4)	0	0
44. Change in asset valuation reserve (Page 34, Lines 2 through 5 minus Line 6 plus Line 7 plus Line 11 plus Lines 14 through 15, Col. 7)	4,005	(2,844)
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1)	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0
47. Other changes in surplus in Separate Accounts Statement	0	0
48. Change in surplus notes	0	0
49. Cumulative effect of changes in accounting principles		0
50. Capital changes:		
50.1 Paid in		0
50.2 Transferred from surplus (Stock Dividend)		0
50.3 Transferred to surplus		0
51. Surplus adjustment:		
51.1 Paid in		0
51.2 Transferred to capital (Stock Dividend)		0
51.3 Transferred from capital		0
51.4 Change in surplus as a result of reinsurance		0
52. Dividends to stockholders		0
53. Aggregate write-ins for gains and losses in surplus	0	13,114
54. Net change in capital and surplus for the year (Lines 37 through 53)	56,730	93,183
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	6,789,840	6,733,109
<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. Adjustment to surplus due to codification		13,114
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	13,114

**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 .....	22,810	30,126
2. Charges and fees for deposit-type contracts .....	0	0
3. Considerations for supplementary contracts with life contingencies .....	0	0
4. Net investment income .....	318,483	385,482
5. Commissions and expense allowances on reinsurance ceded .....	91,329	87,860
6. Fees associated with investment management, administration and contract guarantees from Separate Accounts .....	0	0
7. Aggregate write-ins for miscellaneous income .....	0	0
8. Total (Lines 1 to 7) .....	432,622	503,468
9. Death benefits .....	20,590	17,049
10. Matured endowments .....	0	0
11. Annuity benefits .....	(212,638)	185,667
12. Disability benefits and benefits under accident and health contracts .....	0	0
13. Coupons, guaranteed annual pure endowments and similar benefits .....	0	0
14. Surrender benefits and withdrawals for life contracts .....	(17,075)	37,803
15. Group conversions .....	0	0
16. Interest and adjustments on contracts or deposit-type contract funds .....	0	0
17. Payments on supplementary contracts with life contingencies .....	0	0
18. Total (Lines 9 to 17) .....	(209,123)	240,519
19. Commissions on premiums, annuity considerations and deposit-type contract funds .....	6	211
20. Commissions and expense allowances on reinsurance assumed .....	0	0
21. General insurance expenses .....	187,137	214,969
22. Insurance taxes, licenses and fees, excluding federal income taxes .....	27,755	33,628
23. Net transfers to or (from) Separate Accounts .....	0	0
24. Aggregate write-ins for deductions .....	0	0
25. Total (Lines 18 to 24) .....	5,775	489,328
26. Dividends paid to policyholders .....	0	0
27. Federal income taxes (excluding tax on capital gains) .....	0	55,427
28. Total (Lines 25 to 27) .....	5,775	544,755
29. Net cash from operations (Line 8 minus Line 28) .....	426,847	(41,287)
<b>Cash from Investments</b>		
30. Proceeds from investments sold, matured or repaid:		
30.1 Bonds .....	1,354,527	438,447
30.2 Stocks .....	0	0
30.3 Mortgage loans .....	0	0
30.4 Real estate .....	0	0
30.5 Other invested assets .....	0	0
30.6 Net gains (losses) on cash and short-term investments .....	0	0
30.7 Miscellaneous proceeds .....	0	0
30.8 Total investment proceeds (Lines 30.1 to 30.7) .....	1,354,527	438,447
31. Net tax on capital gains (losses) .....	0	0
32. Total (Line 30.8 minus Line 31) .....	1,354,527	438,447
33. Cost of investments acquired (long-term only):		
33.1 Bonds .....	101,109	1,244,445
33.2 Stocks .....	0	0
33.3 Mortgage loans .....	0	0
33.4 Real estate .....	0	0
33.5 Other invested assets .....	0	0
33.6 Miscellaneous applications .....	0	0
33.7 Total investments acquired (Lines 33.1 to 33.6) .....	101,109	1,244,445
34. Net increase (or decrease) in policy loans and premium notes .....	504	(1,650)
35. Net cash from investments (Line 32 minus Line 33.7 minus Line 34) .....	1,252,914	(804,348)
<b>Cash from Financing and Miscellaneous Sources</b>		
36. Cash provided:		
36.1 Surplus notes, capital and surplus paid in .....	0	0
36.2 Borrowed money \$ ..... less amounts repaid \$ .....	0	0
36.3 Capital notes \$ ..... less amounts repaid \$ .....	0	0
36.4 Deposits on deposit-type contract funds and other liabilities without life or disability contingencies .....	0	0
36.5 Other cash provided .....	21,900	2,787
36.6 Total (Lines 36.1 to 36.5) .....	21,900	2,787
37. Cash applied:		
37.1 Dividends to stockholders paid .....	0	0
37.2 Interest on indebtedness .....	0	0
37.3 Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies .....	0	0
37.4 Other applications (net) .....	614	484
37.5 Total (Lines 37.1 to 37.4) .....	614	484
38. Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5) .....	21,286	2,303
<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) .....	1,701,047	(843,331)
40. Cash and short-term investments:		
40.1 Beginning of year .....	2,589,925	3,433,256
40.2 End of year (Line 39 plus Line 40.1) .....	4,290,972	2,589,925
<b>DETAILS OF WRITE-INS</b>		
0701. ....		
0702. ....		
0703. ....		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	0	0
0799. TOTALS (Lines 0701 thru 0703 plus 0798) (Line 7 above) .....	0	0
2401. ....		
2402. ....		
2403. ....		
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0
2499. TOTALS (Lines 2401 thru 2403 plus 2498) (Line 24 above) .....	0	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN RETIREMENT LIFE INSURANCE COMPANY**

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit) (Excluding Capital Gains and Losses)**

	1	2	Ordinary			6	Group		Accident and Health			12
			3	4	5		7	8	9	10	11	
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (a)	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
1. Premiums and annuity considerations for life and accident and health contracts	27,883	.0	27,706	177		.0	.0	.0	.0	.0	.0	
2. Considerations for supplementary contracts with life contingencies	.0											
3. Net investment income	282,148		280,455	1,693								
4. Amortization of Interest Maintenance Reserve (IMR)	(3,911)		(3,887)	(24)								
5. Separate Accounts net gain from operations excluding unrealized gains or losses	.0											
6. Commissions and expense allowances on reinsurance ceded	83,578	.0	.0	83,578		.0	.0	.0	.0	.0	.0	.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 Separate Accounts	.0											
8.2 Charges and fees for deposit-type contracts	.0											
8.3 Aggregate write-ins for miscellaneous income	.0											
9. Totals (Lines 1 to 8.3)	389,698	.0	304,274	85,424		.0	.0	.0	.0	.0	.0	.0
10. Death benefits	20,590		20,590									
11. Matured endowments (excluding guaranteed annual pure endowments)	.0	.0	.0				.0					
12. Annuity benefits	(13,644)			(13,644)				.0				
13. Disability benefits and benefits under accident and health contracts	.0								.0	.0	.0	
14. Coupons, guaranteed annual pure endowments and similar benefits	.0											
15. Surrender benefits and withdrawals for life contracts	13,341		13,341									
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	13,735		13,717	18								
20. Totals (Lines 10 to 19)	34,022	.0	47,648	(13,626)	.0	.0	.0	.0	.0	.0	.0	.0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	.6	.0	.0	.6		.0	.0	.0	.0	.0	.0	.0
22. Commissions and expense allowances on reinsurance assumed	.0	.0	.0	.0		.0	.0	.0	.0	.0	.0	.0
23. General insurance expenses	206,647		123,988	82,659								
24. Insurance taxes, licenses and fees, excluding federal income taxes (FIT)	27,755		16,653	11,102								
25. Increase in loading on deferred and uncollected premiums	(1)		(1)									
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
28. Totals (Lines 20 to 27)	268,428	.0	188,288	80,141		.0	.0	.0	.0	.0	.0	.0
29. Net gain from operations before dividends to policyholders and FIT (Line 9 - Line 28)	121,270	.0	115,986	5,284		.0	.0	.0	.0	.0	.0	.0
30. Dividends to policyholders	.0								.0	.0	.0	
31. Net gain from operations after dividends to policyholders and before FIT (Line 29 - Line 30)	121,270	.0	115,986	5,284		.0	.0	.0	.0	.0	.0	.0
32. Federal income taxes incurred (excluding tax on capital gains)	46,541		44,515	2,026								
33. Net gain from operations after dividends to policyholders and FIT and before realized capital gains or (losses) (Line 31 - Line 32)	74,729	.0	71,471	3,258	.0	.0	.0	.0	.0	.0	.0	.0
<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	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
08.399. Totals (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.												
2702.												
2703.												
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. Totals (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 ..... Line 10 ..... Line 16 ..... Line 23 ..... Line 24 .....

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN RETIREMENT LIFE INSURANCE COMPANY**

**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 .....	567,119	0	563,644	3,475	0	0	0	0
2. Tabular net premiums or considerations .....	17,475		17,475	0				
3. Present value of disability claims incurred .....	0				XXX			
4. Tabular interest .....	31,680		31,558	122				
5. Tabular less actual reserve released .....	0							
6. Increase in reserve on account of change in valuation basis .....	0							
7. Other increases (net) .....	6,014		6,014					
8. Totals (Lines 1 to 7) .....	622,288	0	618,691	3,597	0	0	0	0
9. Tabular cost .....	8,737		8,737		XXX			
10. Reserves released by death .....	16,539		16,539	XXX	XXX			XXX
11. Reserves released by other terminations (net) .....	16,054		16,054					
12. Annuity, supplementary contract and disability payments involving life contingencies .....	104			104				
13. Net transfers to or (from) Separate Accounts .....	0							
14. Total Deductions (Lines 9 to 13) .....	41,434	0	41,330	104	0	0	0	0
15. Reserve December 31, current year .....	580,854	0	577,361	3,493	0	0	0	0

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**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 81,379	82,125
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 167,043	148,685
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	504	504
6. Cash/short-term investments	(e) 56,752	56,294
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	7	7
10. Total gross investment income	305,685	287,615
11. Investment expenses		(g) 5,467
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)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		5,467
17. Net Investment Income - (Line 10 minus Line 16)		282,148
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous investment income	7	7
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	7	7
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 6,941 accrual of discount less \$ 25,206 amortization of premium and less \$ 1,966 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					0
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	(72,185)				(72,185)
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)	(72,185)	0	0	0	(72,185)
<b>DETAILS OF WRITE-INS</b>					
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 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN RETIREMENT LIFE INSURANCE COMPANY**

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

	1		2		3		4	5	6		7		8		9		10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business							
<b>FIRST YEAR (other than single)</b>																		
1. Uncollected	.0																	
2. Deferred and accrued	.0																	
3. Deferred, accrued and uncollected:																		
3.1 Direct	.0																	
3.2 Reinsurance assumed	.0																	
3.3 Reinsurance ceded	.0																	
3.4 Net (Line 1 + Line 2)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Advance	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Line 3.4 - Line 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Collected during year:																		
6.1 Direct	.0																	
6.2 Reinsurance assumed	.0																	
6.3 Reinsurance ceded	.0																	
6.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Line 5 + Line 6.4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Prior year (uncollected + deferred and accrued - advance)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. First year premiums and considerations:																		
9.1 Direct	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.4 Net (Line 7 - Line 8)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
<b>SINGLE</b>																		
10. Single premiums and considerations:																		
10.1 Direct	.0																	
10.2 Reinsurance assumed	.0																	
10.3 Reinsurance ceded	.0																	
10.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
<b>RENEWAL</b>																		
11. Uncollected	263		560	(297)														
12. Deferred and accrued	8,179		8,179															
13. Deferred, accrued and uncollected:																		
13.1 Direct	8,739		8,739	.0														
13.2 Reinsurance assumed	.0																	
13.3 Reinsurance ceded	297			297														
13.4 Net (Line 11 + Line 12)	8,442	.0	8,739	(297)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Advance	375	.0	375	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
15. Line 13.4 - Line 14	8,067	.0	8,364	(297)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
16. Collected during year:																		
16.1 Direct	49,547		27,891	21,656														
16.2 Reinsurance assumed	.0																	
16.3 Reinsurance ceded	26,736			26,736														
16.4 Net	22,811	.0	27,891	(5,080)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
17. Line 15 + Line 16.4	30,878	.0	36,255	(5,377)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
18. Prior year (uncollected + deferred and accrued - advance)	2,995	.0	8,549	(5,554)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19. Renewal premiums and considerations:																		
19.1 Direct	49,362	.0	27,706	21,656	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.3 Reinsurance ceded	21,479	.0	.0	21,479	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.4 Net (Line 17 - Line 18)	27,883	.0	27,706	177	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
<b>TOTAL</b>																		
20. Total premiums and annuity considerations:																		
20.1 Direct	49,362	.0	27,706	21,656	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.3 Reinsurance ceded	21,479	.0	.0	21,479	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.4 Net (Line 9.4 + 10.4 + 19.4)	27,883	.0	27,706	177	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN RETIREMENT LIFE INSURANCE COMPANY

**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 and 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 .....	83,578			83,578							
25.2 Reinsurance assumed .....	0										
25.3 Net ceded less assumed .....	83,578	0	0	83,578	0	0	0	0	0	0	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6) .....	83,578	0	0	83,578	0	0	0	0	0	0	0
26.2 Reinsurance assumed (Page 6, Line 23) .....	0	0	0	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed .....	83,578	0	0	83,578	0	0	0	0	0	0	0
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single) .....	6			6							
28. Single .....	0										
29. Renewal .....	0										
30. Deposit-type contract funds .....	0										
31. Totals (to agree with Page 6, Line 21) .....	6	0	0	6	0	0	0	0	0	0	0

**EXHIBIT 2 - GENERAL EXPENSES**

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Rent					0
2. Salaries and wages					0
3.11 Contributions for benefit plans for employees					0
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					0
3.32 Other agent welfare					0
4.1 Legal fees and expenses	941				941
4.2 Medical examination fees	109				109
4.3 Inspection report fees					0
4.4 Fees of public accountants and consulting actuaries	15,750				15,750
4.5 Expense of investigation and settlement of policy claims					0
5.1 Traveling expenses					0
5.2 Advertising					0
5.3 Postage, express, telegraph and telephone					0
5.4 Printing and stationery	2,613				2,613
5.5 Cost or depreciation of furniture and equipment					0
5.6 Rental of equipment					0
5.7 Cost or depreciation of EDP equipment and software					0
6.1 Books and periodicals					0
6.2 Bureau and association fees					0
6.3 Insurance, except on real estate					0
6.4 Miscellaneous losses					0
6.5 Collection and bank service charges	4,530				4,530
6.6 Sundry general expenses					0
6.7 Group service and administration fees	178,523				178,523
6.8 Reimbursements by uninsured accident and health plans					0
7.1 Agency expense allowance					0
7.2 Agents' balances charged off (less \$ recovered)					0
7.3 Agency conferences other than local meetings					0
9.1 Real estate expenses					0
9.2 Investment expenses not included elsewhere				5,467	5,467
9.3 Aggregate write-ins for expenses	4,180	0	0	0	4,180
10. General expenses incurred	206,647	0	0	5,467 (a)	212,114
11. General expenses unpaid December 31, prior year	34,998	0	0	0	34,998
12. General expenses unpaid December 31, current year	54,507	0	0	0	54,507
13. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0	0
14. Amounts receivable relating to uninsured accident and health plans, current year	0	0	0	0	0
15. General expenses paid during year (Lines 10+11-12-13+14)	187,137	0	0	5,467	192,605
<b>DETAILS OF WRITE-INS</b>					
09.301. PC software expenses	4,180				4,180
09.302.					0
09.303.					0
09.398. Summary of remaining write-ins for Line 9.3 from overflow page	0	0	0	0	0
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398) (Line 9.3 above)	4,180	0	0	0	4,180

(a) Includes management fees of \$ 0 to affiliates and \$ 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	27,876				27,876
3. State taxes on premiums	159				159
4. Other state taxes, incl. \$ for employee benefits	1,548				1,548
5. U.S. Social Security taxes					0
6. All other taxes	(1,827)				(1,827)
7. Taxes, licenses and fees incurred	27,755	0	0	0	27,755
8. Taxes, licenses and fees unpaid December 31, prior year	14,045	0	0	0	14,045
9. Taxes, licenses and fees unpaid December 31, current year	14,045	0	0	0	14,045
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	27,755	0	0	0	27,755

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

	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 thru 4		
6. Paid in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total Lines 5 thru 8		
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 thru 14		
16. Total from prior year		
17. Total Dividends or refunds (Lines 9 + 15 - 16)		
<b>DETAILS OF WRITE-INS</b>		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)		

**NONE**

**EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS**

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
<b>A. LIFE INSURANCE:</b>					
0100001. 80 CSO ALB Male 5.0% CRVM.....	164,720		164,720		
0100002. 80 CSO ALB Male 5.0% NET LEVEL.....	162,756		162,756		
0100003. 80 CSO ALB Male 5.5% CRVM.....	21,183		21,183		
0100004. 80 CSO ALB Male 5.5% NET LEVEL.....	206,597		206,597		
0100005. 80 CSO ALB Male 6.0% NET LEVEL.....	427		427		
0100006. 80 CSO ALB Female 4.0% NET LEVEL.....	821		821		
0100007. 80 CET ALB Male 5.0% NET LEVEL.....	6,263		6,263		
0199997. Totals (Gross)	562,767	0	562,767	0	0
0199998. Reinsurance ceded	0				
0199999. Totals (Net)	562,767	0	562,767	0	0
<b>B. ANNUITIES (excluding supplementary contracts with life contingencies):</b>					
0200001. 5.50% CARVM.....	6,432,672	XXX	6,432,672	XXX	
0200002. 5.75% CARVM.....	7,329,814	XXX	7,329,814	XXX	
0200003. 6.25% CARVM.....	5,003,329	XXX	5,003,329	XXX	
0200004. 6.50% CARVM.....	3,030,241	XXX	3,030,241	XXX	
0200005. 6.75% CARVM.....	3,904,624	XXX	3,904,624	XXX	
0200006. 7.00% CARVM.....	1,135,078	XXX	1,135,078	XXX	
0299997. Totals (Gross)	26,835,758	XXX	26,835,758	XXX	0
0299998. Reinsurance ceded	26,832,265	XXX	26,832,265	XXX	
0299999. Totals (Net)	3,493	XXX	3,493	XXX	0
<b>C. SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES:</b>					
0399997. Totals (Gross)	0	0	0	0	0
0399998. Reinsurance ceded	0				
0399999. Totals (Net)	0	0	0	0	0
<b>D. ACCIDENTAL DEATH BENEFITS:</b>					
0499997. Totals (Gross)	0	0	0	0	0
0499998. Reinsurance ceded	0				
0499999. Totals (Net)	0	0	0	0	0
<b>E. DISABILITY-ACTIVE LIVES:</b>					
0599997. Totals (Gross)	0	0	0	0	0
0599998. Reinsurance ceded	0				
0599999. Totals (Net)	0	0	0	0	0
<b>F. DISABILITY-DISABLED LIVES:</b>					
0699997. Totals (Gross)	0	0	0	0	0
0699998. Reinsurance ceded	0				
0699999. Totals (Net)	0	0	0	0	0
<b>G. MISCELLANEOUS RESERVES</b>					
0700001. For excess of valuation net premiums over corresponding gross premiums on respective policies, computed according to the standard of valuation required by this state.....	0				
0700002. For non-deduction of deferred fractional premiums or return of premiums at the death of the insured.....	110		110		
0700003. IPC Reserve.....	14,484		14,484		
0799997. Totals (Gross)	14,594	0	14,594	0	0
0799998. Reinsurance ceded	0				
0799999. Totals (Net)	14,594	0	14,594	0	0
9999999. Totals (Net) - (Page 3, Line 1)	580,854	0	580,854	0	0



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN RETIREMENT LIFE INSURANCE COMPANY

**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  
     Non-participating .....
- 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  
     Non-participating .....
- 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? ..... 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 the 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.  
     Not applicable .....
- 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	
<b>LIFE CONTRACTS (Including supplementary contracts set upon a basis other than that used to determine benefits) (Exhibit 5)</b>			
0199999 - Subtotal (Page 7, Line 6)	XXX	XXX	
<b>ACCIDENT AND HEALTH CONTRACTS (Exhibit 6)</b>			
0299999 - Subtotal	XXX	XXX	
<b>DEPOSIT-TYPE CONTRACTS (Exhibit 7)</b>			
<b>NONE</b>			
0399999 - Subtotal	XXX	XXX	
9999999 - Total (Column 4, only)			

Aggregate Reserve for A&H Contracts

**NONE**

Exhibit 7 - Deposit Type Contracts

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN RETIREMENT LIFE INSURANCE COMPANY**

**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
<b>1. Due and Unpaid:</b>											
1.1 Direct .....	.0										
1.2 Reinsurance assumed .....	.0										
1.3 Reinsurance ceded .....	.0										
1.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
<b>2. In course of settlement:</b>											
<b>2.1 Resisted</b> .....											
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
<b>2.2 Other</b> .....											
2.21 Direct .....	.0										
2.22 Reinsurance assumed .....	.0										
2.23 Reinsurance ceded .....	.0										
2.24 Net .....	.0	.0	(b) .0	(b) .0	.0	(b) .0	(b) .0	.0	.0	(b) .0	(b) .0
<b>3. Incurred but unreported:</b>											
3.1 Direct .....	3,000		3,000								
3.2 Reinsurance assumed .....	.0										
3.3 Reinsurance ceded .....	.0										
3.4 Net .....	3,000	.0	(b) 3,000	(b) .0	.0	(b) .0	(b) .0	.0	(b) .0	(b) .0	(b) .0
<b>4. TOTALS</b> .....											
4.1 Direct .....	3,000	.0	3,000	.0	.0	.0	.0	.0	.0	.0	.0
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 .....	3,000	(a) 0	(a) 3,000	0	0	0	(a) 0	0	0	0	0

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ ..... in Column 2, \$ ..... in Column 3 and \$ ..... 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 \$ ....., Individual Annuities \$ ....., Credit Life (Group and Individual) \$ ....., and Group Life \$ ....., are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$ ....., Credit (Group and Individual) Accident and Health \$ ....., and Other Accident and Health \$ ..... are included in Page 3, Line 2 (See Exhibit 6, Claim Reserve).

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN RETIREMENT LIFE INSURANCE COMPANY**

**EXHIBIT 8 - 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	2,630,993		20,590	2,610,404							
1.2 Reinsurance assumed	.0										
1.3 Reinsurance ceded	2,823,041			2,823,041							
1.4 Net	(192,048) <sup>(d)</sup>	.0	20,590	(212,638)	.0	.0	.0	.0	.0	.0	.0
2. Liability December 31, current year from Part 1:											
2.1 Direct	3,000	.0	3,000	.0	.0	.0	.0	.0	.0	.0	.0
2.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.4 Net	3,000	.0	3,000	.0	.0	.0	.0	.0	.0	.0	.0
3. Amounts recoverable from reinsurers December 31, current year	166,903			166,903							
4. Liability December 31, prior year:											
4.1 Direct	3,000	.0	3,000	.0	.0	.0	.0	.0	.0	.0	.0
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	3,000	.0	3,000	.0	.0	.0	.0	.0	.0	.0	.0
5. Amounts recoverable from reinsurers December 31, prior year	365,897	0	0	365,897	0	0	0	0	0	0	0
6. Incurred Benefits:											
6.1 Direct	2,630,993	.0	20,590	2,610,404	.0	.0	.0	.0	.0	.0	.0
6.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6.3 Reinsurance ceded	2,624,047	.0	.0	2,624,047	.0	.0	.0	.0	.0	.0	.0
6.4 Net	6,946	0	20,590	(13,644)	0	0	0	0	0	0	0

- (a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ ..... in Line 1.1, \$ ..... in Line 1.4.  
 \$ ..... in Line 6.1 and \$ ..... in Line 6.4.
- (b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ ..... in Line 1.1, \$ ..... in Line 1.4.  
 \$ ..... in Line 6.1 and \$ ..... in Line 6.4.
- (c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ ..... in Line 1.1, \$ ..... in Line 1.4.  
 \$ ..... in Line 6.1 and \$ ..... in Line 6.4.
- (d) Includes \$ ..... premiums waived under total and permanent disability benefits.

## EXHIBIT 9 ANALYSIS OF NON-ADMITTED ASSETS AND RELATED ITEMS

	1	2	3
	End of Current Year	End of Prior Year	Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 17 and 19 to 22, Column 2.....	112,581	90,285	(22,296)
2. Other Nonadmitted Assets:			
2.1 Bills receivable .....		.0	.0
2.2 Furniture and equipment .....		.0	.0
2.3 Leasehold improvements .....		.0	.0
2.4 Cash advanced to or in the hands of officers or agents .....		.0	.0
2.5 Loans on personal security, endorsed or not .....		.0	.0
2.6 Supplies, stationery, printed matter .....		.0	.0
2.7 Commuted commissions .....		.0	.0
3. Total (Lines 2.1 thru 2.7) .....	.0	.0	.0
4. Disallowed interest maintenance reserve .....		.0	.0
5. Aggregate write-ins for other assets .....	0	0	0
6. Total (Line 1 plus Lines 3 to 5)	112,581	90,285	(22,296)
<b>DETAILS OF WRITE-INS</b>			
0501. ....			
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

#### A. Accounting Practices

The financial statements of the American Retirement Life Insurance Company (the "Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures* manual, version effective March 2002, ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of Ohio.

#### B. Use of Estimates in 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. Annuity considerations are recognized as revenue when received. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. The Company does not pay dividends to policyholders.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at cost.
- (2) Bonds not backed by other loans are stated at amortized cost.
- (3) The Company holds no common stocks.
- (4) The Company holds no preferred stocks.
- (5) The Company does not have mortgage loans on real estate.
- (6) Loan-backed bonds and structured securities, rated 1 through 5 are stated at amortized cost using the interest method. Securities rated 6 are stated at the lower of amortized cost or market. For loan-backed bonds and structured securities, dealer modeled anticipated prepayment assumptions are used at the date of purchase to determine effective yields. Significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis.
- (7) The Company has no investments in a parent, subsidiary or affiliate.
- (8) The Company has no ownership interests in joint ventures, partnerships or limited liability companies.
- (9) The Company holds no derivatives.
- (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) The Company has no accident and health contracts.

### 2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

A. The Company had no material changes in accounting principles and/or the correction of errors.

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

Accounting changes adopted to conform to the provisions of the NAIC SAP - version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. The Company did not report a change of accounting principle during the statement period.

### 3. BUSINESS COMBINATIONS AND GOODWILL

A. The Company has no business combinations accounted for under the statutory purchase method.

B. The Company was not involved in any statutory mergers.

C. The Company did not enter into any assumed reinsurance agreements.

D. The Company did not recognize any impairment losses related to business combinations and goodwill.

### 4. DISCONTINUED OPERATIONS

The Company has no discontinued operations.

### 5. INVESTMENTS

A. The Company has no mortgage loans or mezzanine real estate loans.

B. The Company has no restructured debt.

C. The Company has no investment in reverse mortgages.

## NOTES TO FINANCIAL STATEMENTS

## D. Loan-Backed Securities

- (1) The company has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date.
- (2) The Company uses dealer modeled prepayment assumptions to determine effective yields for loan-backed bonds and structured securities. The prospective adjustment method is used to value the loan-backed bonds and structured securities.
- (3) Generally market values for publicly traded investment grade bonds were obtained from Interactive Data Services, Inc., a national and municipal security pricing service; EJV Partners, L.P., a national and taxable municipal security pricing service; or Merrill Lynch Pricing Service, a national security pricing service.

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

- (4) In 2002, the Company did not change from the retrospective to the prospective adjustment methodology due to negative yield on specific securities.

E. The Company has no repurchase agreements.

## 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

- A. The Company has no investments in joint ventures, partnerships or limited liability companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in joint ventures, partnerships and limited liability companies during the statement period.

## 7. INVESTMENT INCOME

- A. Due and accrued income is excluded from surplus on the following bases:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

- B. The amount of investment income due and accrued that is excluded from surplus is \$0.

## 8. DERIVATIVE INSTRUMENTS

- A. The Company's investment objectives do not include the use of derivative financial instruments.
- B. The Company holds no derivative instruments.

## 9. INCOME TAXES

- A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

	<u>2002</u>	<u>2001</u>
(1) Total of all deferred tax assets (admitted and nonadmitted)	\$ 134,903	\$ 109,190
(2) Total of all deferred tax liabilities	3,042	0
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	<u>111,146</u>	<u>88,850</u>
(4) Total of all deferred tax assets	<u>\$ 20,715</u>	<u>\$ 20,340</u>
(5) Increase (decrease) in deferred tax assets nonadmitted	<u>\$ 22,296</u>	<u>\$ 20,340</u>

- B. The Company has recognized all of the deferred tax liabilities.

- C. The components of incurred income tax expense and the change in DTAs and DTLs are as follows:

	<u>2002</u>	<u>2001</u>
(1) Current income tax expense (benefit)	\$ 68,390	\$ -
(2) Change in DTAs	\$ 25,712	\$ 6,840
Change in DTLs	\$ 3,042	\$ (386)
(3) Investment Tax Credit	\$ -	\$ -
(4) Benefit of Operating Loss Carry Forward	\$ -	\$ -
(5) Adjustment of DTA or DTL	\$ -	\$ 7,227

- D. The Company's income tax expense and change in DTA/DTL differs from the amount obtained by applying the federal statutory rate of 35% to net gain from operations after dividends to policyholders for the following reasons:

	<u>2002</u>	<u>2001</u>
(1) Expected federal income tax expense on operations	\$ 42,444	\$ 73,719
(2) Prior year federal income tax true-up	(24,736)	26,419
(3) Tax-exempt income	-	-
(4) Foreign taxes	-	-
(5) Other amounts	<u>28,833</u>	<u>34,802</u>
(6) Total incurred income tax expense (Page 4, line 32)	<u>\$ 46,541</u>	<u>\$ 134,940</u>

## NOTES TO FINANCIAL STATEMENTS

- E. The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

2002	\$ 68,390
2001	\$ 83,381
2000	\$ 101,349

- F. (1) The Company's federal income tax return is consolidated with the following entities:

AAG Holding Company, Inc.	AAG Insurance Agency, Inc.
AAG Insurance Agency of Alabama, Inc.	AAG Insurance Agency of Massachusetts, Inc.
AAG Insurance Agency of Texas, Inc.	ADL Financial Services, Inc.
AFC Coal Properties, Inc.	American Commonwealth Development Company
American DataSolutions International, Inc.	American Deposit Insurance Company
American Empire Insurance Company	American Empire Surplus Lines Insurance Company
American Empire Underwriters, Inc.	American Financial Corporation
American Financial Corporation (Inactive)	American Financial Enterprises, Inc.
American Insurance Agency, Inc.	American Memorial Marketing Services, Inc.
American Money Management Corporation	American Payroll Services, Inc.
American Premier Insurance Company	American Premier Underwriters, Inc.
American Retirement Life Insurance Company	American Signature Underwriters, Inc.
American Special Risk, Inc.	Ann Arbor Railroad Company (The)
Annuity Investors Life Insurance Company	Associates of the Jersey Company (The)
Atlanta Casualty Company	Atlanta Casualty General Agency, Inc.
Atlanta Casualty Group, Inc.	Atlanta Insurance Brokers, Inc.
Atlanta Reserve Insurance Company	Atlanta Specialty Insurance Company
Aviation Specialty Managers, Inc.	Brothers Pennsylvania Corporation
Brothers Port Richey Corporation	Brothers Property Corporation
Brothers Property Management Corporation	Brothers Railyard Corporation
Budget Insurance Premiums, Inc.	Cal Coal, Inc.
Charleston Harbor Marina, Inc.	CHATBAR, Inc.
Chatham Enterprises, Inc.	Consolidated Financial Corporation
Coventry Insurance Company	Crop Managers Insurance Agency, Inc.
CSW Management Services, Inc.	Delbay Corporation
Dempsey & Siders Agency, Inc.	Detroit Manufacturers Railroad Company
Dixie Terminal Corporation	Driskill Holdings, Inc.
Dudley L. Moore Insurance, Inc.	Eden Park Insurance Brokers, Inc.
ESC, Inc.	Fairmont Holdings, Inc.
FCIA Management Company, Inc.	Fidelity Excess and Surplus Insurance Company
FlexTech Holding Co., Inc.	FWC Corporation
GAI Warranty Company	GAI Warranty Company of Florida
Gains Group, Inc. (The)	GALIC Brothers, Inc.
GALIC Disbursing Company	Global Premier Finance Company
Granite Finance Co., Inc.	Great American Advisors, Inc.
Great American Agency of Texas, Inc.	Great American Alliance Insurance Company
Great American Assurance Company	Great American Claims Services, Inc.
Great American Contemporary Insurance Company	Great American Custom Insurance Services California, Inc.
Great American Custom Insurance Services Illinois, Inc.	Great American Custom Insurance Services, Inc.
Great American Custom Insurance Services Massachusetts, Inc.	Great American Custom Solutions, Inc.
Great American E & S Insurance Company	Great American Fidelity Insurance Company
Great American Financial Resources, Inc.	Great American Holding, Inc.
Great American Insurance Agency, Inc.	Great American Insurance Company
Great American Insurance Company of New York	Great American Life Assurance Company
Great American Life Insurance Company	Great American Lloyd's, Inc.
Great American Lloyd's Insurance Company	Great American Management Services, Inc.
Great American Protection Insurance Company	Great American Re Inc.
Great American Security Insurance Company	Great American Spirit Insurance Company
Great Southwest Corporation	Grizzly Golf Center, Inc.
Hangar Acquisition Corp.	Indianapolis Union Railway Company (The)
Infinity Agency of Texas, Inc.	Infinity Group, Inc. (The)
Infinity Insurance Company	Infinity National Insurance Company
Infinity Property and Casualty Corporation	Infinity Select Insurance Company
Instech Corporation	Integrated Display Systems, Inc.
Key Largo Group, Inc.	Keyes-Graham Insurance Agency, Inc.
Laurentian Credit Services Corporation	Laurentian Marketing Services, Inc.
Laurentian Securities Corporation	Leader Group, Inc.
Leader Insurance Company	Leader Managing General Agency, Inc.
Leader National Agency, Inc.	Leader Preferred Insurance Company
Leader Specialty Insurance Company	Lehigh Valley Railroad Company
Lifestyle Financial Investments, Inc.	Lifestyle Financial Investments Agency of Ohio, Inc.
Lifestyle Financial Investments of Indiana, Inc.	Lifestyle Financial Investments of the Northwest, Inc.
Loyal American Life Insurance Company	Loyal Marketing Services, Inc.
Marathon Manufacturing Companies, Inc.	Marathon Manufacturing Company
Mid-Continent Casualty Company	Mid-Continent Insurance Company
Money-Plan International, Inc.	Moore Group Inc.
New York and Harlem Railroad Company (The)	Oklahoma Surety Company
One East Fourth, Inc.	Owasco River Railway, Inc. (The)
PCC 38 Corp.	PCC Chicago Realty Corp.
PCC Gun Hill Realty Corp.	PCC Maryland Realty Corp.
PCC Michigan Realty, Inc.	PCC Real Estate, Inc.
PCC Scarsdale Realty Corp.	PCC Technical Industries, Inc.
Penn Camarillo Realty Corp.	Penn Central Energy Management Company
Penn Towers, Inc.	Pennsylvania Company
Pioneer Carpet Mills, Inc.	Pittsburgh and Cross Creek Railroad Company
PLLS, Ltd.	Pointe Apartments, Inc.
Premier Dealer Services, Inc.	Premier Lease & Loan Services Insurance Agency, Inc.
Premier Lease & Loan Services of Canada, Inc.	Professional Risk Brokers of Connecticut, Inc.

## NOTES TO FINANCIAL STATEMENTS

Professional Risk Brokers, Inc.  
 Purity Financial Corporation  
 Republic Indemnity Company of America  
 Republic Indemnity Medical Management, Inc.  
 Skipjack Marina Corp.  
 Solid State Scientific International, Inc.  
 Superior NWVN of Ohio, Inc.  
 TEJ Holdings, Inc.  
 Texas Windsor Group, Inc.  
 TICO Insurance Company  
 Treaty House, Ltd. (d/b/a Mr. Budget)  
 United Teacher Associates, Ltd.  
 Windsor Group, Inc.  
 World Houston, Inc.  
 Worldwide Direct Auto Insurance Company

Professional Risk Brokers of Ohio, Inc.  
 Regal Insurance Company  
 Republic Indemnity Company of California  
 Risico Management Corporation  
 Solid State Scientific Hi-Rel, Inc.  
 Stone Mountain Professional Liability Agency, Inc.  
 SWTC, Inc.  
 Terminal Realty Penn Co.  
 Three East Fourth, Inc.  
 Transport Insurance Company  
 United Railroad Corp.  
 Waynesburg Southern Railroad Company  
 Windsor Insurance Company  
 Worldwide Casualty Insurance Company  
 Worldwide Insurance Company

- (2) Tax payments and the recoupment (in the event of future losses) of tax paid pursuant to a tax allocation agreement with American Financial Group, Inc. ("AFG"), are computed on a separate company basis as determined in accordance with generally accepted accounting principles, based upon the rules provided by the Internal Revenue Code of 1986 as amended.

### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. The Company is an indirect subsidiary of Great American Financial Resources, Inc. ("GAFRI"), which is a subsidiary of AFG; 100% of the Company's outstanding common stock is directly owned by Great American Life Insurance Company ("GALIC"). See Schedule Y, Part 1, Organizational Chart.
- B. The Company had no transactions with an affiliate involving 1/2 of 1% of the total assets of the largest affiliated insurer.
- C. The Company did not receive any capital contributions from GALIC in the statement reporting period.
- D. At December 31, 2002, the Company reported amounts due from the Parent and affiliated companies. The terms of the agreement require that these amounts are settled within 90 days.
- E. The Company has no material guarantees or undertakings for the benefit of an affiliate.
- F. Management or service contracts and all cost sharing arrangements involving the Company or any affiliate
- (1) The Company has an agreement with GAFRI, subject to the direction of the Finance Committee of the Company, whereby GAFRI, along with services provided by AMM (an affiliate), provides for money management and accounting services related to the investment portfolio.
- (2) Certain administrative, management, accounting, data processing, collection, and investment services are provided under agreements between the Company and affiliates at charges not unfavorable to the Company or the affiliate.
- G. The Company's outstanding shares are 100% owned by GALIC.
- H. The Company owns no shares of an upstream intermediate entity or its ultimate parent.
- I. The Company has no investment in a subsidiary that exceeds 10% of admitted assets.
- J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled or affiliated companies during the statement period.

### 11. DEBT

- A. The Company has no capital notes outstanding.
- B. The Company has no other debt outstanding.

### 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

- A. The Company does not participate in retirement plans, deferred compensation, postemployment and postretirement benefit plans.

### 13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- (1) The Company's capital is common stock. There are 450,000 shares authorized and 250,000 shares issued and outstanding, with a per share par value of \$10.00. There are no other classes of capital stock.
- (2) The Company has no preferred stock outstanding.
- (3) The maximum amount of dividends which can be paid to stockholders by life insurance companies domiciled in the State of Ohio without prior approval of the Insurance Commissioner is the greater of 10% of surplus as regards policyholders or net income as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of dividends payable in 2003 without prior approval is \$678,984 based on surplus of \$6,789,840 at December 31, 2002. Earned surplus at December 31, 2002 was \$1,662,475.
- (4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (5) The Company has placed no restrictions on unassigned surplus funds.
- (6) The total amount of advances to surplus not repaid: Not applicable.

## NOTES TO FINANCIAL STATEMENTS

(7) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes is:

- a. For conversion of preferred stock: 0 shares
- b. For employee stock options: 0 shares
- c. For stock purchase warrants: 0 shares

(8) The Company has no special surplus funds.

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

a. unrealized (gains) and losses:	\$	0
b. nonadmitted asset values:	\$	112,581
c. separate account business:	\$	0
d. asset valuation reserves:	\$	5,315
e. provision for reinsurance:	\$	0

(10) The Company has not issued any surplus debentures or similar obligations.

(11) & (12) There has been no restatement of surplus due to quasi-reorganization.

### 14. CONTINGENCIES

The Company is not aware of any material contingent liabilities and has committed no reserves to cover any contingent liabilities.

### 15. LEASES

- A. The Company does not have any material lease obligations. Leasing agreements are held by GAFRI.
- B. Leasing is not part of the Company's business activities.

### 16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company does not have financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

### 17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

- A. The Company had no transfers of receivables reported as sales.
- B. The Company had no transfers and servicing of financial assets or extinguishments of liabilities.
- C. The Company had no wash sales.

### 18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Company had no gain or loss to the reporting entity from uninsured A&H plans and the uninsured portion of partially insured plans.

### 19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

The Company has no direct premiums written by managing general agents or third party administrators.

### 20. OTHER ITEMS

- A. The Company had no extraordinary events or transactions.
- B. The Company had no troubled debt restructuring.
- C. The Company has no unusual items or exposures related to forward commitments.
- D. The Company has no material balance that is reasonably possible to be uncollectible.
- E. Reinsurance Accounted for as a Deposit – Not applicable
- F. Multiple Peril Crop Insurance – Not applicable
- G. The Company holds no mezzanine real estate loans.
- H. The Company has no health care receivables.
- I. The Company had no material losses as a result of the events of September 11.
- J. The Company has no real estate.
- K. The Company has no participating policies.
- L. The Company has no premium deficiency reserves for 2002.
- M. Loss/Claim Adjustment Expenses – Not applicable
- N. The Company has no structured settlement policies.
- O. The Company had no noncash investing or financing transactions.

## NOTES TO FINANCIAL STATEMENTS

### 21. EVENTS SUBSEQUENT

There have been no events subsequent to December 31, 2002 that have had a material financial effect on the Company.

### 22. REINSURANCE

#### A. Ceded Reinsurance Report

##### Section 1 – General Interrogatories

1. Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?  
Yes ( ) No ( x ) : (If yes, give full details.)
2. Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?  
Yes ( ) No ( x ) : (If yes, give full details.)

##### Section 2 – Ceded Reinsurance Report – Part A

1. Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?  
Yes ( ) No ( x )
  - a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.
  - b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$0.
2. Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?  
Yes ( ) No ( x ) : (If yes, give full details.)

##### Section 3 – Ceded Reinsurance Report – Part B

1. What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.
2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?  
Yes ( ) No ( x )
 

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$0.

#### B. Uncollectible Reinsurance

The Company did not write off any uncollectible reinsurance during 2002.

#### C. Commutation of Ceded Reinsurance

The Company was not involved in any commutation of ceded reinsurance during 2002.

### 23. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

The Company does not have any retrospectively rated contracts or contracts subject to redetermination.

### 24. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The Company had no changes in the provision for incurred loss or loss adjustment expense attributable to insured events of prior years.

### 25. INTERCOMPANY POOLING ARRANGEMENTS

The Company does not participate in intercompany pooling arrangements.

### 26. RESERVES FOR LIFE CONTRACTS AND DEPOSIT-TYPE CONTRACTS

- (1) The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
- (2) Reserves for substandard policies are equal to the standard reserve for a particular plan, age and duration plus 50% of the extra premium charged for the year.
- (3) As of December 31, 2002 the Company had no insurance in force for which the gross premiums are less than the net premiums according to the valuation standard.

## NOTES TO FINANCIAL STATEMENTS

- (4) The Tabular Interest has been determined by the formula as described in the instructions.  
 The tabular less actual reserve released has been determined by the formula as described in the instructions.  
 The tabular cost has been determined by the formula as described in the instructions.
- (5) The method for determining tabular interest on funds not involving life contingencies (Exhibit 7, line 3) and individual and group annuities in their accumulation phase is as described in the formula for tabular interest contained in the 1986 and prior instructions for Page 7.
- (6) The Company has no other reserve changes.

27. VARIABLE ANNUITIES WITH GUARANTEED LIVING BENEFITS

The Company does not sell variable annuity products.

28. ANALYSIS OF ANNUITY ACTUARIAL RESERVES AND DEPOSIT LIABILITIES BY WITHDRAWAL CHARACTERISTICS

Withdrawal Characteristics of Annuity Actuarial Reserves and Deposit – Type Contract Funds and other Liabilities Without Life or Disability Contingencies

	AMOUNT	% OF TOTAL
A. Subject to discretionary withdrawal		
1. With market value adjustment	\$ 0	0.0%
2. At book value less current surrender charge of 5% or more	0	0.0%
3. At market value	0	0.0%
4. Total with adjustment or at market value (Total of 1 to 3)	0	0.0%
5. At book value without adjustment (minimal or no charge adjustment)	26,835,758	100.0%
B. Not Subject to discretionary withdrawal:	0	0.0%
C. Subtotal (gross)	26,835,758	100.0%
D. Reinsurance ceded	26,832,265	
E. Total (net)* (C)-(D)	\$ 3,493	

\*Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

1. Exhibit 5, Annuities Section, Total (net)	\$ 3,493	
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	0	
3. Exhibit 7, Line 14, Column 1	0	
4. Subtotal	3,493	

Separate Accounts Annual Statement:

5. Exhibit 3, Line 0299999, Column 2	-	
6. Exhibit 3, Line 0399999, Column 2	-	
7. Policyholder dividend and coupon accumulations	-	
8. Policyholder premiums	-	
9. Guaranteed interest contracts	-	
10. Other contract deposit funds	-	
11. Subtotal	-	
12. Combined Total	\$ 3,493	

29. PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

Instruction:

- A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2002 were as follows:

		<u>Gross</u>	<u>Net of Loading</u>
(1) Industrial	\$ -	\$ -	
(2) Ordinary new business	-	-	
(3) Ordinary renewal	8,441	5,182	
(4) Credit Life	-	-	
(5) Group Life	-	-	
(6) Group Annuity	-	-	
(7) Totals	\$ 8,441	\$ 5,182	

30. SEPARATE ACCOUNTS

The Company has no Separate Accounts.

**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 .....	2,285,258	30.325	2,285,258	30.325
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....	81,570	1.082	81,570	1.082
1.22 Issued by U.S. government sponsored agencies .....		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....		0.000		0.000
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA .....	327,119	4.341	327,119	4.341
1.512 Issued by FNMA and FHLMC .....	4	0.000	4	0.000
1.513 Privately issued .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC .....		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....		0.000		0.000
1.523 All other privately issued .....	18,191	0.241	18,191	0.241
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....	526,047	6.980	526,047	6.980
2.2 Unaffiliated foreign securities .....		0.000		0.000
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000	0	0.000
5.2 Property held for the production of income (includes \$ ..... of property acquired in satisfaction of debt) .....		0.000	0	0.000
5.3 Property held for sale (\$ ..... including property acquired in satisfaction of debt) .....		0.000	0	0.000
6. Policy loans .....	6,808	0.090	6,808	0.090
7. Receivables for securities .....		0.000	0	0.000
8. Cash and short-term investments .....	4,290,972	56.940	4,290,972	56.940
9. Other invested assets .....		0.000		0.000
10. Total invested assets	7,535,969	100.000	7,535,969	100.000

# 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 [  ] NA [  ]
- 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. ....12/31/1997
- 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). ....06/21/1999
- 3.4 By what department or departments? State of Ohio, Department of Insurance .....
- 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 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; .....
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or 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 Chiquita Center, 250 East Fifth Street, Cincinnati, OH 45202.....
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?  
Richard Lee Sutton, 250 East Fifth Street, Cincinnati, OH 45202, Officer
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 [ ] NA [ ]

### 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 [ X ] No [ ]
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 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 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 of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [ X ]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- |  |                                  |          |
|--|----------------------------------|----------|
|  | 15.21 Rented from others .....   | \$ ..... |
|  | 15.22 Borrowed from others ..... | \$ ..... |
|  | 15.23 Leased from others .....   | \$ ..... |
|  | 15.24 Other .....                | \$ ..... |
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 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 ..... | \$ ..... |
|  | 16.22 Amount paid as expenses .....                  | \$ ..... |
|  | 16.23 Other amounts paid .....                       | \$ ..... |

# GENERAL INTERROGATORIES

(continued)  
INVESTMENT

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[ ]	[ X ]	[ ]	[ X ]
Common	450,000	250,000	10.000	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 were held on behalf of the Company under a custodial agreement with the Bank of New York, N.Y.

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

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

- 19.31 ..... 19.35 .....
- 19.32 ..... 19.36 .....
- 19.33 ..... 19.37 .....
- 19.34 ..... 19.38 .....
- ..... 19.39 .....

For categories (19.21) and (19.23) above, and for any other 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	2	3
Nature of Restriction	Description	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 [ ] NA [ ]  
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. .... \$ .....

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	2
Name of Custodian(s)	Custodian's Address
The Bank of New York.....	1 Wall Street, New York, NY 10286.....
.....	.....

## 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 [  ]

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
Investment Advisor.....	American Money Management Corporation.....	1 East Fourth Street, Cincinnati, OH 45201.....

### OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....0

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?..... \$.....941

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
CT Corporation System.....	\$ .....941
	\$ .....
	\$ .....

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 [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U. S. business only ..... \$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....
- 1.31 Reason for excluding .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. .... \$ .....
- 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 [ ] No [ X ]
- 2.2 If yes, has a Separate Accounts Statement been filed with this Department? ..... Yes [ ] No [ ] NA [ X ]
- 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? ..... \$ .....
- 2.4 State the authority under which Separate Accounts are maintained:
- 2.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? ..... Yes [ ] No [ ]
- 2.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? ..... Yes [ ] No [ ]
- 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 [ ] No [ X ]
- 3.2 Net reimbursement of such expenses between reporting entities:
- 3.21 Paid: ..... \$ .....
- 3.22 Received: ..... \$ .....
- 4.1 Does the reporting entity write any guaranteed interest contracts? ..... Yes [ ] No [ X ]
- 4.2 If yes, what amount pertaining to these items is included in:
- 4.21 Page 3, Line 3 ..... \$ .....
- 4.22 Page 4, Line 1 ..... \$ .....
5. For stock reporting entities only:
- 5.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: ..... \$ .....2,627,365
6. Total dividends paid stockholders since organization of the reporting entity:
- 6.11 Cash: ..... \$ .....12,587,480
- 6.12 Stock: ..... \$ .....1,500,000
- 7.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 7.11 Name of real estate holding company .....
- 7.12 Number of parcels involved .....
- 7.13 Total book/adjusted carrying value ..... \$ .....
- 7.2 If yes, provide explanation:

# GENERAL INTERROGATORIES

(continued)

## PART 2 - LIFE INTERROGATORIES

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 expositors, 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.....	.....	.....	.....
8.32 Paid claims.....	.....	.....	.....
8.33 Claim liability and reserve (beginning of year).....	.....	.....	.....
8.34 Claim liability and reserve (end of year).....	.....	.....	.....
8.35 Incurred Claims.....	.....	.....	.....

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	.....	.....
8.42	\$25,000 – 99,999	.....	.....
8.43	\$100,000 – 249,999	.....	.....
8.44	\$250,000 – 999,999	.....	.....
8.45	\$1,000,000 or more	.....	.....

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

**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</b>					
(Exhibit of Life Insurance)					
1. Ordinary - Whole Life and Endowment (Line 34, Col. 4) .....	997	1,008	1,001	1,003	1,030
2. Ordinary - Term (Line 21, Col. 4, less Line 34, Col. 4) .....	84	88	89	93	81
3. Credit Life (Line 21, Col. 6) .....	0	0	0	0	0
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4) .....	0	0	0	0	0
5. Industrial (Line 21, Col. 2) .....	0	0	0	0	0
6. FEGLI/SGLI (Lines 43 & 44, Col. 4) .....	0	0	0	0	0
7. Total (Line 21, Col. 10) .....	1,081	1,096	1,090	1,096	1,111
<b>New Business Issued</b>					
(Exhibit of Life Insurance)					
8. Ordinary - Whole Life and Endowment (Line 34, Col. 2) .....	0	0	0	0	0
9. Ordinary - Term (Line 2, Col. 4, less Line 34, Col. 2) .....	0	0	0	0	0
10. Credit Life (Line 2, Col. 6) .....	0	0	0	0	0
11. Group (Line 2, Col. 9) .....	0	0	0	0	0
12. Industrial (Line 2, Col. 2) .....	0	0	0	0	0
13. Total (Line 2, Col. 10) .....	0	0	0	0	0
<b>Premium Income - Lines of Business</b>					
14. Industrial Life (Exhibit 1-Part 1, Line 20.4, Col. 2) .....	0	0	0	0	0
15.1 Ordinary-Life Insurance (Exhibit 1-Part 1, Line 20.4, Col. 3) .....	27,706	28,026	24,046	29,437	45,713
15.2 Ordinary-Individual Annuities (Exhibit 1-Part 1, Line 20.4, Col. 4) .....	177	652	(67)	(640)	4,048
16. Credit Life (Group and Individual) (Exhibit 1-Part 1, Line 20.4, Col. 5) .....	0	0	0	0	0
17.1 Group Life Insurance (Exhibit 1-Part 1, Line 20.4, Col. 6) .....	0	0	0	0	0
17.2 Group Annuities (Exhibit 1-Part 1, Line 20.4, Col. 7) .....	0	0	0	0	0
18.1 A & H-Group (Exhibit 1-Part 1, Line 20.4, Col. 8) .....	0	0	0	0	0
18.2 A & H-Credit (Group and Individual) (Exhibit 1-Part 1, Line 20.4, Col. 9) .....	0	0	0	0	0
18.3 A & H-Other (Exhibit 1-Part 1, Line 20.4, Col. 10) .....	0	0	0	0	0
19. Aggregate of All Other Lines of Business (Exhibit 1-Part 1, Line 20.4, Col. 11) .....	0	0	0	0	0
20. Deposit-type funds .....	XXX	XXX	0	0	0
21. Total .....	27,883	28,678	23,979	28,797	49,761
<b>Balance Sheet Items (Pages 2 &amp; 3)</b>					
22. Total Admitted Assets Excluding Separate Accounts Business (Page 2, Line 25, Col. 3) .....	7,819,521	7,711,859	7,504,695	7,288,114	7,058,042
23. Total Liabilities Excluding Separate Accounts Business (Page 3, Line 26) .....	1,029,681	978,749	864,769	794,507	776,734
24. Aggregate Life Reserves (Page 3, Line 1) .....	580,854	567,119	544,880	534,558	525,581
25. Aggregate A & H Reserves (Page 3, Line 2) .....	0	0	0	0	0
26. Deposit-type contract funds (Page 3, Line 3) .....	0	0	XXX	XXX	XXX
27. Asset Valuation Reserve (Page 3, Line 24.1) .....	5,315	9,320	6,476	5,752	5,332
28. Capital (Page 3, Lines 29 and 30) .....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
29. Surplus (Page 3, Line 37) .....	4,289,840	4,233,110	4,139,926	3,993,607	3,781,308
<b>Risk-Based Capital Analysis</b>					
30. Total Adjusted Capital .....	6,795,155	6,742,430	6,646,402	6,499,359	6,286,640
31. Authorized Control Level Risk - Based Capital .....	82,567	102,391	89,125	93,340	107,612
<b>Percentage Distribution of Assets</b>					
(Page 2, Col. 3) (Line No. / Page 2, Line 11, Col. 3) x 100.0					
32. Bonds (Line 1) .....	43.0	63.8	52.4	49.2	86.4
33. Stocks (Lines 2.1 and 2.2) .....	0.0	0.0	0.0	0.0	0.0
34. Mortgage Loans on Real Estate (Lines 3.1 and 3.2) .....	0.0	0.0	0.0	0.0	0.0
35. Real Estate (Lines 4.1, 4.2 and 4.3) .....	0.0	0.0	0.0	0.0	0.0
36. Policy Loans (Line 5) .....	0.1	0.1	0.1	0.1	0.1
37. Premium Notes (Line 6) .....	0.0	0.0	0.0	0.0	0.0
38. Cash and Short - Term Investments (Line 7) .....	56.9	36.1	47.5	50.7	13.5
39. Other Invested Assets (Line 8) .....	0.0	0.0	0.0	0.0	0.0
40. Receivable for Securities (Line 9) .....	0.0	0.0	0.0	0.0	0.0
41. Aggregate Write-ins for Invested Assets (Line 10) .....	0.0	0.0	0.0	0.0	0.0
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 (Schedule D Summary, Line 25, Col. 1) .....	0	0	0	0	0
44. Affiliated Preferred Stocks (Schedule D Summary, Line 39, Col. 1) .....	0	0	0	0	0
45. Affiliated Common Stocks (Schedule D Summary, Line 53, Col. 2) .....	0	0	0	0	0
46. Affiliated Short-Term Investments (Subtotals included in Schedule DA Part 2 Col. 5, Line 11) .....	0	0	0	0	0
47. Affiliated Mortgage Loans on Real Estate .....	0	0	0	0	0
48. All Other Affiliated .....	0	0	0	0	0
49. Total of above Lines 43 to 48 .....	0	0	0	0	0
<b>Total Non-admitted and Admitted Assets</b>					
50. Total Non admitted Assets (Page 2, Line 27, Col. 2) .....	112,581	90,285	1,435	(5,073)	(5,140)
51. Total Admitted Assets (Page 2, Line 27, Col. 3) .....	7,819,521	7,711,859	7,504,695	7,288,114	7,058,042
<b>Investment Data</b>					
52. Net Investment Income (Exhibit of Net Investment Income) .....	282,148	382,615	394,022	377,479	415,599
53. Realized Capital Gains (Losses) .....	0	0	0	98,921	0
54. Unrealized Capital Gains (Losses) .....	0	0	0	0	0
55. Total of above Lines 52, 53 & 54 .....	282,148	382,615	394,022	476,400	415,599
<b>Benefits and Reserve Increases (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) .....	20,287	14,174	29,123	28,641	21,390
57. Total contract benefits - A & H (Lines 13 & 14, Cols. 9, 10 & 11) .....	0	0	0	0	0
58. Increase in Life Reserves - Other than Group and Annuities (Line 19, Cols. 2 and 3) .....	13,717	23,587	15,331	13,002	34,776
59. Increase in A & H Reserves (Line 19, Cols. 9, 10 & 11) .....	0	0	0	0	0
60. Dividends to Policyholders (Line 30, Col. 1) .....	0	0	0	0	0
<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 100.0 .....	441.4	419.0	481.6	329.2	201.8
62. Lapse Percent (Ordinary Only) (Exhibit of Life Insurance, Col. 4, Lines 14 & 15) x 100.0 / 1/2 (Lines 1 & 21) .....	2.1	0.3	1.0	2.3	2.0
63. A & H Loss Percent (Schedule H, Part 1, Lines 3 and 4, Col. 2) .....	0.0	0.0	0.0	0.0	0.0
64. A & H Expense Percent (Schedule H, Pt. 1, Line 8, Col. 2) .....	0.0	0.0	0.0	0.0	0.0
<b>A &amp; H Claim Reserve Adequacy</b>					
65. Incurred Losses on Prior Years' Claims - Group Health (Schedule H, Part 3, Line 3.1 Col. 2) .....	0	0	0	0	0
66. Prior Years' Claim Liability and Reserve - Group Health (Schedule H, Part 3, Line 3.2 Col. 2) .....	0	0	0	0	0
67. Incurred Losses on Prior Years' Claims-Health other than Group (Schedule H, Part 3, Line 3.1 Col. 1 less Col. 2) .....	0	0	0	0	0
68. Prior Years' Claim Liability and Reserve-Health other than Group (Schedule H, Part 3, Line 3.2 Col. 1 less Col. 2) .....	0	0	0	0	0
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
69. Industrial Life (Col. 2) .....	0	0	0	0	0
70. Ordinary - Life (Col. 3) .....	71,471	39,498	64,905	211,858	236,450
71. Ordinary - Individual Annuities (Col. 4) .....	3,258	36,188	67,314	(58,585)	(61,362)
72. Ordinary-Supp. Contracts (Col. 5) .....	0	0	0	0	0
73. Credit Life (Col. 6) .....	0	0	0	0	0
74. Group Life (Col. 7) .....	0	0	0	0	0
75. Group Annuities (Col. 8) .....	0	0	0	0	0
76. A & H-Group (Col. 9) .....	0	0	0	0	0
77. A & H-Credit (Col. 10) .....	0	0	0	0	0
78. A & H-Other (Col. 11) .....	0	0	0	0	0
79. Aggregate of All Other Lines of Business (Col. 12) .....	0	0	0	0	0
80. Total (Col. 1) .....	74,729	75,686	132,218	153,273	175,088

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN RETIREMENT LIFE INSURANCE COMPANY**

**EXHIBIT OF LIFE INSURANCE**

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1	2	3	4	5	6	Number of		9	
	Number of Policies	Amount of Insurance (a)	Number of Policies	Amount of Insurance (a)	Number of Individual Policies and Group Certificates	Amount of Insurance (a)	7 Policies	8 Certificates	Amount of Insurance (a)	
1. In force end of prior year	0	0	247	1,096	0	0	0	0	0	1,096
2. Issued during year	0	0	0	0	0	0	0	0	0	0
3. Reinsurance assumed										0
4. Revived during year										0
5. Increased during year (net)				33						33
6. Subtotals, Lines 2 to 5	0	0	0	33	0	0	0	0	0	33
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	247	1,129	0	0	0	0	0	1,129
Deductions during year:										
10. Death			4	20			XXX			20
11. Maturity							XXX			0
12. Disability							XXX			0
13. Expiry			1	5						5
14. Surrender			5	23						23
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	10	48	0	0	0	0	0	48
21. In force end of year, (Line 9 minus Line 20)	0	0	237	1,081	0	0	0	0	0	1,081
22. Reinsurance ceded end of year	XXX		XXX		XXX		XXX	XXX		0
23. Line 21 minus Line 22	XXX	0	XXX	1,081	XXX	(b)	XXX	XXX	0	1,081
<b>DETAILS OF WRITE-INS</b>										
0801.										
0802.										
0803.										
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.										
1902.										
1903.										
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 \$ .....; Individual \$ .....

**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 .....			147	667
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, Line 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	22	84
34. Totals, whole life and endowment .....			215	997
35. Total (Lines 31 to 34) .....	0	0	237	1,081

**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 .....			1,081	
38. Credit Life (Group and Individual) .....				
39. Group .....				
40. Totals (Lines 36 to 39) .....	0	0	1,081	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 ACCIDENTAL DEATH BENEFITS**

46. Amount of additional accidental 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.	
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 Certificate s	8 Amount of Insurance (a)
48. Waiver of Premium .....								
49. Disability Income .....								
50. Extended Benefits .....			.XXX	.XXX				
51. Other .....								
52. Total .....	0 <sup>(b)</sup>	0	0 <sup>(b)</sup>	0	0 <sup>(b)</sup>	0	0 <sup>(b)</sup>	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 .....								
3. Reinsurance assumed .....								
4. Increased during year (net) .....								
5. Total (Lines 1 to 4) .....								
Deductions during year:								
6. Decreased (net) .....								
7. Reinsurance .....								
8. Totals (Lines 6 and 7) .....								
9. In force end of year .....								
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 .....	0	3	0	0
2. Issued during year .....				
3. Reinsurance assumed .....				
4. Increased during year (net) .....				
5. Total (Lines 1 to 4) .....	0	3	0	0
Deductions during year:				
6. Decreased (net) .....				
7. Reinsurance .....	0	0	0	0
8. Totals (Lines 6 and 7) .....	0	3	0	0
9. In force end of year .....				
Income now payable:				
10. Amount of income payable .....	(a)	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance .....	XXX	(a) 3,493	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 .....	<b>NONE</b>									
2. Issued during year .....										
3. Reinsurance assumed .....										
4. Increased during year (net) .....							XXX	XXX	XXX	XXX
5. Total (Lines 1 to 4) .....							XXX	XXX	XXX	XXX
Deductions during year:										
6. Conversions .....							XXX	XXX	XXX	XXX
7. Decreased (net) .....							XXX	XXX	XXX	XXX
8. Reinsurance .....							XXX	XXX	XXX	XXX
9. Total (Lines 6 thru 8) .....							XXX	XXX	XXX	XXX
10. In force end of year .....	(a)	(a)	(a)	(a)						

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year .....	1	0
2. Issued during year .....		
3. Reinsurance assumed .....		
4. Increased during year (net) .....		
5. Total (Lines 1 to 4) .....	1	0
Deductions During Year:		
6. Decreased (net) .....	1	
7. Reinsurance .....		
8. Totals (Lines 6 and 7) .....	1	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 ..... 2,693,947 2. Canada ..... 0 3. Other Countries ..... 0 4. Totals ..... 2,693,947	2,747,488 0 0 2,747,488	2,770,225 0 0 2,770,225	2,688,099 0 0 2,688,099
States, Territories and Possessions (Direct and guaranteed)	5. United States ..... 0 6. Canada ..... 0 7. Other Countries ..... 0 8. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States ..... 0 10. Canada ..... 0 11. Other Countries ..... 0 12. Totals ..... 0	0 0 0 0	0 0 0 0	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 ..... 0 14. Canada ..... 0 15. Other Countries ..... 0 16. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Public Utilities (unaffiliated)	17. United States ..... 0 18. Canada ..... 0 19. Other Countries ..... 0 20. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States ..... 544,242 22. Canada ..... 0 23. Other Countries ..... 0 24. Totals ..... 544,242	597,191 0 0 597,191	549,577 0 0 549,577	518,191 0 0 518,191
Parent, Subsidiaries and Affiliates	25. Totals ..... 0 26. <b>Total Bonds</b> ..... 3,238,189	0 3,344,679	0 3,319,802	0 3,206,290
<b>PREFERRED STOCKS</b>				
Public Utilities (unaffiliated)	27. United States ..... 0 28. Canada ..... 0 29. Other Countries ..... 0 30. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States ..... 0 32. Canada ..... 0 33. Other Countries ..... 0 34. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States ..... 0 36. Canada ..... 0 37. Other Countries ..... 0 38. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals ..... 0 40. <b>Total Preferred Stocks</b> ..... 0	0 0	0 0	0 0
<b>COMMON STOCKS</b>				
Public Utilities (unaffiliated)	41. United States ..... 0 42. Canada ..... 0 43. Other Countries ..... 0 44. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States ..... 0 46. Canada ..... 0 47. Other Countries ..... 0 48. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States ..... 0 50. Canada ..... 0 51. Other Countries ..... 0 52. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals ..... 0 54. <b>Total Common Stocks</b> ..... 0 55. <b>Total Stocks</b> ..... 0 56. <b>Total Bonds and Stocks</b> ..... 3,238,189	0 0 0 3,344,679	0 0 0 3,319,802	0 0 0 3,206,290

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

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year ..... 4,582,057	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 ..... 101,109	6.1 Column 17, Part 1 ..... 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 ..... 0
3.1 Column 16, Part 1 ..... (17,572)	6.3 Column 11, Part 2, Sec. 2 ..... 0
3.2 Column 12, Part 2, Sec. 1 ..... 0	6.4 Column 11, Part 4 ..... 0
3.3 Column 10, Part 2, Sec. 2 ..... 0	7. Book/adjusted carrying value at end of current period ..... 3,238,189
3.4 Column 10, Part 4 ..... (693)	8. Total valuation allowance ..... 0
4. Total gain (loss), Col. 14, Part 4 ..... (72,185)	9. Subtotal (Lines 7 plus 8) ..... 3,238,189
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 ..... 1,354,527	10. Total nonadmitted amounts ..... 0
	11. Statement value of bonds and stocks, current period ..... 3,238,189

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN RETIREMENT LIFE INSURANCE COMPANY

SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Life Contracts		Direct Business Only				
		2	3	4	5	6		
							Life Insurance Premiums	Annuity Considerations
1. Alabama	AL	Yes	186	.0	.0	.0	.0	.0
2. Alaska	AK	No	.0	.0	.0	.0	.0	.0
3. Arizona	AZ	Yes	.0	.0	.0	.0	.0	.0
4. Arkansas	AR	Yes	11,388	3,154	.0	.0	.0	.0
5. California	CA	No	.0	.0	.0	.0	.0	.0
6. Colorado	CO	Yes	664	.0	.0	.0	.0	.0
7. Connecticut	CT	No	.0	.0	.0	.0	.0	.0
8. Delaware	DE	Yes	.0	.0	.0	.0	.0	.0
9. District of Columbia	DC	No	.0	.0	.0	.0	.0	.0
10. Florida	FL	Yes	393	.0	.0	.0	.0	.0
11. Georgia	GA	Yes	.0	.0	.0	.0	.0	.0
12. Hawaii	HI	No	.0	.0	.0	.0	.0	.0
13. Idaho	ID	No	.0	.0	.0	.0	.0	.0
14. Illinois	IL	Yes	.0	.0	.0	.0	.0	.0
15. Indiana	IN	Yes	.0	.0	.0	.0	.0	.0
16. Iowa	IA	Yes	.0	(112)	.0	.0	.0	.0
17. Kansas	KS	No	.0	.0	.0	.0	.0	.0
18. Kentucky	KY	No	.0	.0	.0	.0	.0	.0
19. Louisiana	LA	Yes	.0	102	.0	.0	.0	.0
20. Maine	ME	No	.0	.0	.0	.0	.0	.0
21. Maryland	MD	Yes	.0	.0	.0	.0	.0	.0
22. Massachusetts	MA	No	.0	.0	.0	.0	.0	.0
23. Michigan	MI	No	.0	.0	.0	.0	.0	.0
24. Minnesota	MN	Yes	.0	.0	.0	.0	.0	.0
25. Mississippi	MS	Yes	.0	.0	.0	.0	.0	.0
26. Missouri	MO	Yes	.0	761	.0	.0	.0	.0
27. Montana	MT	No	.0	.0	.0	.0	.0	.0
28. Nebraska	NE	Yes	.0	.0	.0	.0	.0	.0
29. Nevada	NV	Yes	.0	.0	.0	.0	.0	.0
30. New Hampshire	NH	No	.0	.0	.0	.0	.0	.0
31. New Jersey	NJ	No	.0	.0	.0	.0	.0	.0
32. New Mexico	NM	Yes	.0	1,499	.0	.0	.0	.0
33. New York	NY	No	.0	.0	.0	.0	.0	.0
34. North Carolina	NC	Yes	905	2,363	.0	.0	.0	.0
35. North Dakota	ND	No	.0	.0	.0	.0	.0	.0
36. Ohio	OH	Yes	.0	.0	.0	.0	.0	.0
37. Oklahoma	OK	Yes	1,171	.0	.0	.0	.0	.0
38. Oregon	OR	Yes	.0	.0	.0	.0	.0	.0
39. Pennsylvania	PA	No	.0	.0	.0	.0	.0	.0
40. Rhode Island	RI	No	.0	.0	.0	.0	.0	.0
41. South Carolina	SC	Yes	.0	.0	.0	.0	.0	.0
42. South Dakota	SD	Yes	.0	.0	.0	.0	.0	.0
43. Tennessee	TN	Yes	10,464	1,255	.0	.0	.0	.0
44. Texas	TX	Yes	2,719	12,634	.0	.0	.0	.0
45. Utah	UT	No	.0	.0	.0	.0	.0	.0
46. Vermont	VT	No	.0	.0	.0	.0	.0	.0
47. Virginia	VA	Yes	.0	.0	.0	.0	.0	.0
48. Washington	WA	No	.0	.0	.0	.0	.0	.0
49. West Virginia	WV	No	.0	.0	.0	.0	.0	.0
50. Wisconsin	WI	No	.0	.0	.0	.0	.0	.0
51. Wyoming	WY	No	.0	.0	.0	.0	.0	.0
52. American Samoa	AS	No	.0	.0	.0	.0	.0	.0
53. Guam	GU	No	.0	.0	.0	.0	.0	.0
54. Puerto Rico	PR	No	.0	.0	.0	.0	.0	.0
55. US Virgin Islands	VI	No	.0	.0	.0	.0	.0	.0
56. Canada	CN	No	.0	.0	.0	.0	.0	.0
57. Aggregate Other Alien	OT	XXX	.0	.0	.0	.0	.0	.0
58. Subtotal	(a)	27	27,891	21,656	.0	.0	.0	.0
90. Reporting entity contributions for employee benefit plans	XXX							
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX							
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX							
93. Premium or annuity considerations waived under disability or other contract provisions	XXX							
94. Aggregate of other amounts not allocable by State	XXX		.0	.0	.0	.0	.0	.0
95. Totals (Direct Business)	XXX		27,891	21,656	.0	.0	.0	.0
96. Plus Reinsurance Assumed	XXX							
97. Totals (All Business)	XXX		27,891	21,656	.0	.0	.0	.0
98. Less Reinsurance Ceded	XXX			26,736				
99. Totals (All Business) less Reinsurance Ceded	XXX		27,891	(5,081)	(b)	0	0	0
<b>DETAILS OF WRITE-INS</b>								
5701.	XXX							
5702.	XXX							
5703.	XXX							
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX		.0	.0	.0	.0	.0	.0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		0	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	.0
9499. Totals (Lines 9401 thru 9403 plus 9498)(Line 94 above)	XXX		0	0	0	0	0	0

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

Premiums and annuity considerations are allocated to the state of residence of the owner at the time the premium was billed.

(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, Line 1, indicate which.

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

**PART 1 - ORGANIZATIONAL CHART**