

The amendment is to complete the Notes to Financial Statement since they previously stopped at number 25 but should have continued to number 35.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and all other footnotes (1-35)

There have been no significant changes since the annual statement filing.

A. Accounting Practices

The accompanying financial statements of U.S. Financial Life Insurance Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department ("SAP").

The Ohio Insurance Department recognizes only SAP for determining and reporting the financial condition and results of operations of an insurance company, in order to determine its solvency under the Ohio Insurance law. The National Association of Insurance Commissioners' ("NAIC SAP") *Accounting and Procedures* manual has been adopted as a component of prescribed or permitted practices by the State of Ohio. There are no material differences between accounting practices prescribed or permitted by NAIC SAP and by the State of Ohio.

5. Investments

D. Loan-backed Securities

The table below summarizes the amount of the Company's investment in loan-backed securities:

<u>Assets</u>	<u>Admitted Value as of March 31, 2011</u>	<u>Fair Value as of March 31, 2011</u>
Loan-backed securities	6,607,794	6,693,426

- (1) Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker-dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is predominately used to value securities; the prospective adjustment method was used to value issues in default and issues that have a variable interest rate.
- (2) & (3) There are no loan-backed securities with a recognized other than temporary impairment as of March 31, 2011.
- (6) Impaired (fair value is less than amortized cost) loan-backed securities for which an other than temporary impairment has not been recognized as a realized loss as of March 31, 2011 are as follows:

1 Unrealized Losses	2 Fair Value

Securities in continuous unrealized loss position < 12 months	-	-
Securities in continuous unrealized loss position ≥ 12 months	125,559	3,463,665

The \$125,559 of unrealized losses includes \$0 of valuation allowances already recognized through surplus.

- (7) The Company's management, with the assistance of its investment advisors, monitors the investment performance of its portfolio. This review process culminates with a quarterly review of certain assets by the Company's Investments Under Surveillance Committee that evaluates whether any investments are other than temporarily impaired. The review considers an analysis of individual credit metrics of each insurer as well as industry fundamentals and the outlook for the future. Based on the analysis, a determination is made as to the ability of the issuer to service its debt obligation on an ongoing basis. If this ability is deemed to be impaired, then the appropriate provisions are taken.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

C. Wash Sales

The Company did not sell any securities during the quarter ended March 31, 2011, which were reacquired within 30 days of the sale date.

20. Fair Value Measurements

A. Fair Value Measurements at Reporting Date

The Company has no invested assets that were required to be reported at fair value at March 31, 2011.

25. Change in Incurred Losses and Loss Adjustment Expenses

There are no material changes in the provision for incurred loss and loss adjustment expenses attributable to insured events of prior years.