AMENDED FILING EXPLANATION

I amended Note 30 from the Notes page 14.11 to the correct format.

* 1 0 9 7 4 2 0 1 1 2 0 1 0 0 1 0 5 *

ANNUAL STATEMENT

For the Year Ended December 31, 2011

of the Condition and Affairs of the

Club Insurance Company

NAIC Group Code..... , (Current Period) (Prior Period) NAIC Company Code..... 10974 Employer's ID Number..... 31-1631404

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

Incorporated/Organized..... December 11, 1998 Commenced Business..... April 29, 1999

Statutory Home Office	90 East Wilson Bridge Rd….. Worthington ..... OH ..... 43085 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	90 East Wilson Bridge Rd….. Worthington ..... OH ..... 43085 *(Street and Number) (City or Town, State and Zip Code)*	614-431-7889 *(Area Code) (Telephone Number)*
Mail Address	90 East Wilson Bridge Rd….. Worthington ..... OH ..... 43085 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	90 East Wilson Bridge Rd….. Worthington ..... OH ..... 43085 *(Street and Number) (City or Town, State and Zip Code)*	614-431-7889 *(Area Code) (Telephone Number)*
Internet Web Site Address	N/A	
Statutory Statement Contact	Ronald Jay Carr *(Name)*	614-431-7805 *(Area Code) (Telephone Number) (Extension)*
	rcarr@aaaohio.com *(E-Mail Address)*	614-431-7852 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Gregory Lowell Cady	President	2. Thomas Wesley Keyes	Treasurer
3. Thomas Wesley Keyes	Secretary	4.	N/A

OTHER

DIRECTORS OR TRUSTEES

John Jeffery Bognaird	Charles Henderson Hire	John Edward McClain Jr	Thomas Joseph Eberly
Thomas Alan Dunlap	Sue Ann Fouche	Brian W Thomas	William Joseph Hafer
Mark Harry Shaw			

State of........ Ohio
County of..... Franklin

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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Gregory Lowell Cady	Thomas Wesley Keyes	Thomas Wesley Keyes
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This 24th day of February 2012

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Club Insurance Company (Company) have been prepared on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The state of Ohio requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC*) Accounting Practices and Procedures Manual.*

The Company has no difference between Ohio prescribed practices and NAIC statutory accounting practices (NAIC SAP).

Description	2011	2010
Net income, Ohio state basis	$ 678,468	$ 842,218
Effect of Ohio prescribed practices	0	0
Net income, NAIC SAP basis	$ 678,468	$ 842,218
Policyholders' surplus, Ohio basis	$12,543,400	$12,727,348
Effect of Ohio prescribed practices	0	0
Policyholders' surplus, NAIC SAP basis	$12,543,400	$12,727,348

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates 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 Policies

Direct, assumed and ceded premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct and ceded business and are based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value.

2. Investment grade bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value.

3. Common stocks are stated at fair value.

4. Investment grade redeemable preferred stocks are stated at amortized value. Investment grade perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.

5. First lien mortgage loans on real estate are stated at their unpaid principal balances

6. Investment grade loan-backed securities are stated at amortized value. The retrospective adjustment method is used to determine amortized value for all loan-backed securities. Non-investment grade loan-backed securities with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value.

7. We have no investments in subsidiary and affiliated companies.

8. Investments in joint ventures and partnerships are stated at the underlying audited GAAP equity value.

9. The accounting for derivatives varies with the nature of the derivative and its use. Written call options used in income generation transactions are covered by items at fair value (common stock) and therefore, are valued at fair value.

10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.

11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

NOTES TO FINANCIAL STATEMENTS

12. The Company has a written capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, vehicles, other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

13. Not applicable as the Company does not write major medical insurance with prescription drug coverage.

Note 2 - Accounting Changes and Correction of Errors

A. Not applicable

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

B. Statutory Mergers

Not applicable

C. Writedowns for Impairment of Investments in Affiliates

Not applicable (see Note 10J)

Note 4 - Discontinued Operations

A. Not applicable

Note 5 - Investments

A. Mortgage Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

1. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.

2. We do not have any Loan-backed securities that we have recognized other-than-temporary impairment during the year.
3. We do not have any other-than-temporary impairments for loan-backed securities held at the end of the year.
4. The following table summarizes unrealized losses on loan-backed securities by the length of time that the securities have continuously been in unrealized loss positions.

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Single class mortgage-backed securities	$0	$0	$127,689	($3,662)	$127,689	($3,662)
Multi-class residential mortgage-backed securities	0	0	0	0	0	0
Multi-class commercial mortgage-backed/asset backed securities	0	0	0	0	0	0
Totals	$0	$0	$127,689	$(3,662)	$127,689	$(3,662)

NOTES TO FINANCIAL STATEMENTS

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable

F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features

Not applicable

G. Low Income Housing Tax Credits

Not applicable

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets

Not applicable

B. Writedowns for Impairment of Joint Ventures, Partnerships and LLCs

Not applicable

Note 7 - Investment Income

A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due (180 days for mortgage loans).

B. Amounts Nonadmitted

Not applicable

Note 8 - Derivative Instruments

Not applicable

Note 9 - Income Taxes

A. The amount of gross deferred tax assets (DTAs) and deferred tax liabilities (DTLs) comprising net DTAs is shown below as well as admitted, nonadmitted and change in nonadmitted DTAs.

1.

	2011			2010			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	53,000	-	53,000	57,000	-	57,000	(4,000)	-	(4,000)
(b) Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	53,000	-	53,000	57,000	-	57,000	(4,000)	-	(4,000)
(d) Deferred Tax Liabilities	45,955	-	45,955	127,563	-	127,563	(81,608)	-	(81,608)
(e) Subtotal (Net Deferred Tax Assets) (1c-1d)	7,045	-	7,045	(70,563)	-	(70,563)	77,608	-	77,608
(f) Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-
(g) Net Admitted Deferred Tax Assets (1e-1f)	7,045	-	7,045	(70,563)	-	(70,563)	77,608	-	77,608

2. The Company has not elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10(e). The current period election does not differ from the prior reporting period.
3. Not applicable.

NOTES TO FINANCIAL STATEMENTS

4.

	2011			2010			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) Col 7+9) Total
Admission Calculation Components – SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:									
(a) Paragraph 10.a.	53,000	-	53,000	57,000	-	57,000	(4,000)	-	(4,000)
(b) Paragraph 10.b. (the lesser paragraph of 10.b.i and 10.b.ii below)	-	-	-	-	-	-	-	-	-
(c) Paragraph 10.b.i.	-	-	-	-	-	-	-	-	-
(d) Paragraph 10.b.ii.	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
(e) Paragraph 10.c.	-	-	-	-	-	-	-	-	-
(f) Total (4a+4b+4e)	53,000	-	53,000	57,000	-	57,000	(4,000)	-	(4,000)
Admission Calculation Components – SSAP 10R, paragraph 10.e.:									
(g) Paragraph 10.e.i.	-	-	-	-	-	-	-	-	-
(h) Paragraph 10.e.ii. (the lesser paragraph of 10.e.ii.a. and 10.e.ii.b. below)	-	-	-	-	-	-	-	-	-
(i) Paragraph 10.e.ii.a.	-	-	-	-	-	-	-	-	-
(j) Paragraph 10.e.ii.b.	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
(k) Paragraph 10.e.iii.	-	-	-	-	-	-	-	-	-
(l) Total (4g+4h+4k)	-	-	-	-	-	-	-	-	-
Used in SSAP 10R, Paragraph 10.d.:									
(m) Total Adjusted Capital	XXX	XXX	12,543,400	XXX	XXX	12,727,348	XXX	XXX	(183,948)
(n) Authorized Control Level	XXX	XXX	245,387	XXX	XXX	293,743	XXX	XXX	(48,356)

5.

	2010			2009			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) Col 7+9) Total
SSAP 10R, Paragraphs 10.a., 10.b. and 10.c.:									
(a) Admitted Deferred Tax Assets	7,045	-	7,045	(70,563)	-	(70,563)	77,608	-	77,608
(b) Admitted Assets	XXX	XXX	13,631,961	XXX	XXX	14,080,820	XXX	XXX	(448,859)
(c) Adjusted Statutory Surplus*	XXX	XXX	12,543,400	XXX	XXX	12,727,348	XXX	XXX	(183,948)
(d) Total Adjusted Capital from DTAs	XXX	XXX	7,045	XXX	XXX	(70,563)	XXX	XXX	77,608
Increases due to SSAP 10R, paragraph 10.e.									
(e) Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
(f) Admitted Assets	-	-	-	-	-	-	-	-	-
(g) Statutory Surplus	-	-	-	-	-	-	-	-	-

* As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R, Paragraph 10bii.

6.

	December 31, 2011		
	Ordinary	Capital	Total %
Impact of Tax Planning Strategies			
a. Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0%	0.0%	0.0%
b. Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0%	0.0%	0.0%

B. Regarding deferred tax liabilities that are not recognized:

Not applicable

C. Current and deferred income taxes consist of the following major components

1. Current Income Tax:

	(1) 2011	(2) 2010	(3) (Col 1-2) Change
(a) Federal	161,000	216,000	(55,000)
(b) Foreign	-	-	-
(c) Subtotal	161,000	216,000	(55,000)
(d) Federal income tax on net capital gains	191,000	211,000	(20,000)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and Foreign income taxes incurred	352,000	427,000	(75,000)

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets:

	(1) 2011	(2) 2010	(3) (Col 1-2) Change
(a) Ordinary:			
(1) Discounting of unpaid losses	3,400	7,000	(3,600)
(2) Unearned premium reserve	49,600	50,000	(400)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	-	-	-
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	-	-	-
(14) Other assets – nonadmitted	-	-	-
(99) Subtotal	53,000	57,000	(4,000)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	53,000	57,000	(4,000)
(e) Capital:			
(1) Investments	-	-	-
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	-	-	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99-2f-2g)	-	-	-
(i) Admitted deferred tax assets (2d+2h)	53,000	57,000	(4,000)

3. Deferred Tax Liabilities:

	2011	2010	Change
(a) Ordinary:			
(1) Investments	45,955	127,563	(81,608)
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax assets)	-	-	-
(6) Additional acquisition costs-installment premiums	-	-	-
(7) Discount of accrued salvage and subrogation	-	-	-
(8) Guaranty funds receivable	-	-	-
(99) Subtotal	45,955	127,563	(81,608)
(b) Capital:			
(1) Investments	-	-	-
(2) Real estate			
(3) Other (including items <5% of total capital tax assets)			
(99) Subtotal	-	-	-
(c) Deferred tax liabilities (3a99+3b99)	45,955	127,563	(81,608)

4. Net Deferred Tax Assets/Liabilities (2i-3c) $7,045 $(70,563) $81,563

NOTES TO FINANCIAL STATEMENTS

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

	2011	
	Amount In Thousands	**Effective Tax Rate (%)**
Provision computed at statutory rate	352,000	34.0
Change in nonadmitted assets	-	-
Tax exempt income deduction	-	-
Dividends received deduction	-	-
Accrued dividend from 100% owned affiliate	-	-
Goodwill amortization	-	-
Proration of tax exempt investment income	-	-
Other than temporary impairments	-	-
Disallowed travel and entertainment	-	-
Taxes recovered – 2007 RAR	-	-
Accrual adjustment – prior year	-	-
Other	5,000	0.5
Totals	357,000	34.5
Federal and foreign income taxes incurred	161,000	15.5
Realized capital gains (losses) tax	191,000	18.4
Change in net deferred income taxes	5,000	0.5
Total statutory income taxes	357,000	34.5

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

1. At December 31, 2011, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

2. The following is income tax expense for 2011 and 2010 that is available for recoupment in the event of future net losses:

Year	Amount
2011	$357,000
2010	$416,000

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

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

   The Ohio Automobile Club (Parent)
   Auto Club Insurance Agency
   Club Holding Corporation

2. The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled monthly.

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of Relationships

. The Company is a wholly owned subsidiary of The Ohio Automobile Club (Parent), a not-for-profit company incorporated in Ohio. The parent company is the primary source of revenue and leads for new business.

B. Detail of Transactions Greater than ½% of Admitted Assets

The Company pays management fees based on a management agreement to the Parent.

The Company pays tax payments to the Parent based upon a tax sharing agreement.

The Parent pays Club Insurance for a group policy covering all AAA Ohio members.

The Parent paid Club Insurance for annual policies sold by parent to AAA Ohio members.

The Company paid the parent commission for policies sold and renewed to AAA members.

NOTES TO FINANCIAL STATEMENTS

C. Dollar amounts of transactions for each period for which financial statements are presented.

The Company paid management fees of $400,000 in 2011 and $230,000 in 2010.

The Company paid pass through tax payments to the Parent in the amount of $357,000 for 2011 and $416,000 for 2010.

The Parent paid $753,511 in 2011 and $754,636 in 2010 to Club Insurance for a group policy covering all AAA Ohio members.

The Parent paid $390,460 in 2011 and $383,027 in 2010 to Club Insurance for annual policies sold to AAA Ohio members by parent.

The Company paid commission of $152,408 in 2011 and $149,665 in 2010 to the parent for policies sold and renewed to AAA members.

The Company paid dividend of $700,000 to parent in 2011 and 2010.

D. Amounts Due to or from Related Parties

Due from Parent amount of $141,900 for December insurance premiums.

Due to Parent amount of $123,828 for commissions, federal taxes, management fee, and miscellaneous expenses paid by parent.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The Parent has agreed to provide certain management services to the company for an annual fee of $400,000 paid on a monthly basis.

G. Nature of Relationships that Could Affect Operations

Parent owns all outstanding shares of the Company.

H. Amount Deducted for Investment in Upstream Company

Not applicable

I. Detail of investments in Affiliates Greater than 10% of admitted assets

Not applicable

J. Write down for Impairments in Affiliates.

Not applicable

K. Foreign subsidiary Valued using CARVM

Not applicable

L. Downstream Holding Company Valued Look-Through Method

Not applicable

Note 11 - Debt

A. Amount, interest, maturities, collateral, covenants

Not applicable

B. FHLB Agreements

Not applicable

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plans

The Parent does not have a defined benefit pension plan The Parent does not sponsor a postretirement health care plan.

B. Defined Contribution Plans

The Parent sponsors a defined contribution savings plan covering substantially all employees of the Company. See Note 12D.

C. Multiemployer Plans

Not applicable

NOTES TO FINANCIAL STATEMENTS

D. Consolidated/Holding Company Plans

The Parent does not sponsor a defined benefit pension plan.

The Parent does not sponsor a postretirement health care benefit plan.

The Parent sponsors a defined contribution savings plan covering substantially all employees of the Company. Employees may contribute up to 15% of salary to the plan, of which the first 4% is contributed by the parent as a “safe harbor”, the parent then will match the next 4% employee contribution subject to a 50% Parent match. The Parent match is funded bi-weekly and the Company is not allocated expense for this. The Company has no legal obligation for benefits under this plan.

E. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation. The liability for earned but untaken vacation has not been accrued.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

The Company has no postretirement benefit obligations under this act.

Note 13 - Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

A. Outstanding Shares

The Company has 850 shares of $10,000 par value common stock authorized and 100 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

B. Dividend Rate of Preferred Stock

Not applicable

B. Dividend Restrictions

Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the state of Ohio to no more than 10% of unassigned surplus.

C. Dividend Restrictions

Under the insurance regulations of Ohio, the maximum amount of ordinary dividends that the Company may pay to shareholders in a twelve month period is limited to 10% of unassigned surplus. Accordingly, the maximum amount of ordinary dividends that the Company may pay in the next year is $950,347. Dividends above this amount would be deemed extraordinary and may not be paid unless approved by the Commissioner of Insurance of Ohio.

D. Dates and Amounts of Dividends Paid

Ordinary dividends of $700,000 was paid to parent in September 8, 2011.

F. Restrictions on Unassigned Funds

There were no restrictions placed on the Company’s surplus, including for whom the surplus is being held for.

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes.

Not applicable

I. Changes in Special Surplus Funds

Not applicable

J. Changes in Unassigned Funds

The portion of Unassigned funds (surplus) represented by cumulative unrealized capital gains is $135,162 less applicable deferred taxes of $45,955, for a net balance of $89,207.

K. Surplus Notes

Not applicable

L. and M. Quasi Reorganizations

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 14 - Contingencies

A. Contingent Commitments

Not applicable

B. Guaranty Fund and Other Assessments

Not applicable

C. Gain Contingencies

Not applicable

D. Extra Contractual Obligation and Bad Faith Losses

Not applicable

E. Other Contingencies

Not applicable

Note 15 - Leases

A. Lessee Leasing Arrangements

Not applicable

B. Lessor Leasing Arrangements

Not applicable

Note 16 - Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

A. Face or Contract Amounts

Not applicable

B. Nature and Terms

Not applicable

C. Exposure to credit-related losses

Not applicable

D. Collateral policy

Not applicable

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

A. Wash Sales

In the course of the Company's asset management, securities are sold and reacquired within 30 days of the sale date to enhance the yield of investments.

Note 18 - Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

Note 19 - Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators

A. Detail if amount greater than 5% of policyholder surplus

Not applicable

Note 20 – Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured at Fair Value

Our Investments fall into two levels of fair value measurement. Our money manager, Manning & Napier, obtains values based upon exchanged traded values. The second is that we have one equity (ACLI Acquisition Corp) that is a privately held company. Value is based upon the equity method of valuation.

B. Other Fair Value Disclosures

Not applicable

C. Reasons Not Practical to Estimate Fair Values

Not applicable

Note 21 - Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

Not applicable

D. Uncollectible Premiums Receivable

Not applicable

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable Tax Credits

Not applicable

G. Subprime Mortgage Related Risk Exposure

1. Subprime Mortgage Exposures

The Company does not invest subprime mortgage classes that could potentially be adversely affected by subprime mortgage exposure. The Company believes that its greatest exposure is to unrealized losses from declines in asset values versus realized losses resulting from defaults or foreclosures. Conservative lending and investment practices limit the Company's exposure to such losses.

2. Direct Exposure – Mortgage Loans

Not applicable

3. Direct Exposure – Other Investment Classes

The Company has several other investment classes that could have subprime mortgage exposure including:

- Mortgage-backed securities
- Debt obligations of financial institutions participating in subprime lending practices
- Unaffiliated equity securities, both preferred and common, issued by financial institutions participating in subprime lending
- Equity interests in affiliated financial institutions

Additionally, the Company has reviewed the investment objectives of its investments in hedge funds, partnerships and limited-liability corporations and determined that its subprime mortgage exposure is negligible on these investments.

NOTES TO FINANCIAL STATEMENTS

The Company has reviewed its mortgage-backed security portfolio and determined that all of these investments are in pools that are backed by loans made to well qualified borrowers or in tranches that have minimal default risk. All bonds held that were issued by financial institutions participating in subprime lending activities are investment grade quality. Default risk on these bonds appears minimal. The impact on these investments should the subprime credit crisis worsen cannot be assessed at this time.

4. Underwriting Exposure

Not applicable

Note 22 - Events Subsequent

A. Subsequent events have been considered through February 28, 2012 for these statutory financial statements which are to be issued February 28, 2012. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate reinsurance recoverable for paid and unpaid losses, loss adjustment expenses and unearned premiums from any individual reinsurer, authorized or unauthorized, that exceeds 3% of policyholders' surplus.

NAIC Code	Federal ID #	Name of Reinsurer	Amount
None			

B. Reinsurance Recoverables in Dispute

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholders' surplus in aggregate.

Name of Reinsurer	Total Amount in Dispute (Including IBNR)	Status of Dispute		
		Notification	Arbitration	Litigation
None				

C. Reinsurance Assumed and Ceded and Protected Cells

Our one reinsurance contract does not have any provisions for any additional or return commissions.

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

H. Run-off Agreements

Not applicable

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate

Not applicable.

B. Method Used to Record

Not applicable.

C. Amount and Percent of Net Retrospective Premiums

Not applicable.

D. Calculation of Nonadmitted Accrued Retrospective Premiums

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by $155,807 during 2011 from $295,093 to $139,286 as a result of re-estimation of unpaid losses and loss adjustment expenses. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. However, the net impact was not significant on surplus.

Note 26 - Intercompany Pooling Arrangements

A. Not applicable

Note 27 - Structured Settlements

A. Reserves Released Due to Purchase of Annuities

Not applicable

B. Annuity Insurers with Balances Due Greater than 1% of Policyholders' Surplus

Not applicable

Note 28 - Health Care Receivables

A. and B. Not applicable

Note 29 - Participating Policies

A. Not applicable

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves: $0
2. Date of most recent evaluation of this liability: 2/15/12
3. Was anticipated investment income utilized in the calculation? No.

Note 31 - High Deductibles

A. Not applicable

Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

A. Tabular Discounts

Not applicable

B. Non-Tabular Discounts

Not applicable

C. Changes in Discount Assumptions

Not applicable

Note 33 - Asbestos and Environmental Reserves

A. Five-Year Rollforward of Asbestos Reserves, Direct, Assumed and Net

Not applicable

B. Ending Reserves for Asbestos Claims for Bulk and IBNR Losses and LAE Included in A above:

Not applicable

C. Ending Reserves for Asbestos Claims for LAE Included in A above (Case, Bulk and IBNR):

Not applicable

D. Five-Year Rollforward of Environmental Reserves, Direct, Assumed and Net

Not applicable

E. Ending Reserves for Environmental Claims for Bulk and IBNR Losses and LAE Included in D above:

Not applicable

NOTES TO FINANCIAL STATEMENTS

F. Ending Reserves for Environmental Claims for LAE Included in D above (Case, Bulk and IBNR):

Not applicable

Note 34 – Subscriber Savings Accounts

A. Not applicable

Note 35 – Multiple Peril Crop Insurance

A. Not applicable

Note 36 – Financial Guaranty Insurance

A. and B. Not applicable