



ANNUAL STATEMENT

For the Year Ended December 31, 2011

of the Condition and Affairs of the

Loyal American Life Insurance Company

NAIC Group Code.....0084, 0084

(Current Period) (Prior Period)

Organized under the Laws of Ohio

Incorporated/Organized..... May 18, 1955

Statutory Home Office

NAIC Company Code..... 65722

Employer's ID Number..... 63-0343428

State of Domicile or Port of Entry Ohio

Country of Domicile US

Commenced Business..... July 4, 1955

Main Administrative Office

301 East Fourth Street..... Cincinnati OH 45202

(512)451-2224

(Street and Number) (City or Town, State and Zip Code)

(Area Code) (Telephone Number)

Mail Address

11200 Lakeline Blvd., Suite 100..... Austin TX 78717

(512)451-2224

(Street and Number) (City or Town, State and Zip Code)

(Area Code) (Telephone Number)

Primary Location of Books and Records

11200 Lakeline Blvd., Suite 100..... Austin TX 78717

(512)451-2224

(Street and Number) (City or Town, State and Zip Code)

(Area Code) (Telephone Number)

Internet Web Site Address

www.gafri.com

512-531-1435

Statutory Statement Contact

Andrew Joseph Muller

(Area Code) (Telephone Number) (Extension)

(Name)

austinfinrpt@gafri.com

(512) 467-1399

(E-Mail Address)

(Fax Number)

OFFICERS

Name

1. Bradley Allen Wolfram #
3. Byron Keith Buescher

Title

President
Treasurer

Name

2. Brenda Weigilia Hardison
4. Mark Edward Alberts #

Title

Secretary
Appointed Actuary

OTHER

John Paul Gruber
Christopher Patrick Milano
Mark Francis Muething
Tracy Eugene Maples
James Monroe Garvin, III #

Vice President & Secretary
Vice President
Executive Vice President
Chief Actuary
Vice President

Mylott White Nyhart
Thomas Edward Mischell
Paul Adolph Severt
David Lawrence Chambers #

Sr. Vice President
Assisstant Treasurer
Chief Financial Officer
Vice President

DIRECTORS OR TRUSTEES

Bradley Allen Wolfram #
Paul Adolph Severt #

Stephen Craig Lindner

Christopher Patrick Milano

Mark Francis Muething

State of..... Texas
County of.... Williamson

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)
Bradley Allen Wolfram
1. (Printed Name)
President
(Title)

(Signature)
Brenda Weigilia Hardison
2. (Printed Name)
Secretary
(Title)

(Signature)
Byron Keith Buescher
3. (Printed Name)
Treasurer
(Title)

Subscribed and sworn to before me

This _____ 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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	387,381,174		387,381,174	393,632,242
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	16,748,695		16,748,695	17,281,747
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$....(2,908,157), Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$....3,103,804, Sch. DA).....	195,647		195,647	5,619,136
6. Contract loans (including \$.....0 premium notes).....	18,128,986		18,128,986	18,674,443
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....	32,702		32,702	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	422,487,204	0	422,487,204	435,207,568
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	4,465,240		4,465,240	4,450,100
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	(584,049)	59,484	(643,533)	(644,169)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	1,105,880		1,105,880	1,214,030
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	1,870,937	114,892	1,756,045	1,428,316
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....	1,178,120		1,178,120	1,167,957
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	276,860
18.2 Net deferred tax asset.....	11,638,000	3,611,000	8,027,000	8,131,000
19. Guaranty funds receivable or on deposit.....	522,379		522,379	338,327
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	29,310		29,310	1,358,463
24. Health care (\$.....0) and other amounts receivable.....	2,025,942	2,025,942	0	
25. Aggregate write-ins for other than invested assets.....	522,779	522,779	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	445,261,742	6,334,097	438,927,645	452,928,452
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	445,261,742	6,334,097	438,927,645	452,928,452

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Other Receivables and Prepaid Expenses.....	75,687	75,687	0	
2502. Disallowed IMR.....	447,092	447,092	0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	522,779	522,779	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$....222,238,520 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	222,238,520	240,142,087
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$.....0 Modco Reserve).....	19,119,979	19,806,384
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....	13,418,246	13,470,506
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	3,476,412	3,633,852
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	8,892,643	7,458,288
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....	40,000	40,000
6.2 Dividends not yet apportioned (including \$.....0 Modco).....		
6.3 Coupons and similar benefits (including \$.....0 Modco).....		
7. Amount provisionally held for deferred dividend policies not included in Line 6.....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$....1,201,509 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....	1,229,805	1,156,572
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....		
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$....1,768,929 ceded.....	1,768,929	452,876
9.4 Interest Maintenance Reserve (IMR, Line 6).....		
10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....	770,491	1,025,241
11. Commissions and expense allowances payable on reinsurance assumed.....		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	451,138	661,151
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	1,278,292	1,226,273
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....	548,579	
15.2 Net deferred tax liability.....		
16. Unearned investment income.....	522,037	538,844
17. Amounts withheld or retained by company as agent or trustee.....	60,707	59,578
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....	19,093	22,441
19. Remittances and items not allocated.....	703,044	810,678
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....		
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR Line 16, Col. 7).....	1,178,762	1,270,361
24.02 Reinsurance in unauthorized companies.....		
24.03 Funds held under reinsurance treaties with unauthorized reinsurers.....	120,842,629	122,009,920
24.04 Payable to parent, subsidiaries and affiliates.....	222,496	367,800
24.05 Drafts outstanding.....		
24.06 Liability for amounts held under uninsured plans.....		
24.07 Funds held under coinsurance.....		
24.08 Derivatives.....		
24.09 Payable for securities.....		
24.10 Payable for securities lending.....		
24.11 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	1,338,510	891,654
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	398,120,312	415,044,506
27. From Separate Accounts Statement.....		
28. Total liabilities (Line 26 and 27).....	398,120,312	415,044,506
29. Common capital stock.....	5,640,000	5,640,000
30. Preferred capital stock.....	0	0
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....		
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	27,937,739	27,937,739
34. Aggregate write-ins for special surplus funds.....	2,682,565	2,456,616
35. Unassigned funds (surplus).....	4,547,029	1,849,591
36. Less treasury stock, at cost:		
36.1 ....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 ....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	35,167,333	32,243,946
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	40,807,333	37,883,946
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	438,927,645	452,928,452

DETAILS OF WRITE-INS

2501. Escheat.....	1,078,510	696,654
2502. Deferred Lease Liability.....	260,000	195,000
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).....	1,338,510	891,654
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. SSAP 10R Additional Surplus.....	2,660,000	2,405,000
3402. Subsidiary SSAP 10R Additional Surplus.....	22,565	51,616
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).....	2,682,565	2,456,616

Loyal American Life Insurance Company

SUMMARY OF OPERATIONS

	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).....	103,290,042	87,444,914
2. Considerations for supplementary contracts with life contingencies.....	24,262,766	24,444,027
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	310,083	350,437
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....	6,261,735	12,702,021
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	.....	.....
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1).....	.....	.....
7. Reserve adjustments on reinsurance ceded.....	.....	.....
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....	.....	.....
8.2 Charges and fees for deposit-type contracts.....	.....	.....
8.3 Aggregate write-ins for miscellaneous income.....	652,669	508,359
9. Totals (Lines 1 to 8.3).....	134,777,295	125,449,758
10. Death benefits.....	1,786,789	1,546,637
11. Matured endowments (excluding guaranteed annual pure endowments).....	8,173	36,746
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....	7,736,500	9,577,039
13. Disability benefits and benefits under accident and health contracts.....	71,823,164	57,412,219
14. Coupons, guaranteed annual pure endowments and similar benefits.....	1,167	739
15. Surrender benefits and withdrawals for life contracts.....	20,603,132	19,817,829
16. Group conversions.....	.....	.....
17. Interest and adjustments on contract or deposit-type contract funds.....	400,939	435,654
18. Payments on supplementary contracts with life contingencies.....	74,565	80,723
19. Increase in aggregate reserves for life and accident and health contracts.....	(18,589,971)	(17,196,423)
20. Totals (Lines 10 to 19).....	83,844,458	71,711,163
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	21,987,004	20,950,124
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....	1,560	3,423
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....	12,257,028	14,810,460
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	3,019,974	2,182,400
25. Increase in loading on deferred and uncollected premiums.....	(83,727)	(214,757)
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	.....	.....
27. Aggregate write-ins for deductions.....	6,962,624	5,977,004
28. Totals (Lines 20 to 27).....	127,988,921	115,419,817
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	6,788,374	10,029,941
30. Dividends to policyholders.....	36,575	(12,192)
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	6,751,799	10,042,133
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	3,231,574	(642,861)
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).....	3,520,225	10,684,994
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$...23,435 (excluding taxes of \$...272,980 transferred to the IMR).....	(692,460)	(62,935)
35. Net income (Line 33 plus Line 34).....	2,827,765	10,622,059
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	37,883,946	33,330,107
37. Net income (Line 35).....	2,827,765	10,622,059
38. Change in net unrealized capital gains (losses) less capital gains tax of \$...(487,434).....	77,560	1,033,862
39. Change in net unrealized foreign exchange capital gain (loss) .....	.....	.....
40. Change in net deferred income tax.....	851,566	(268,758)
41. Change in nonadmitted assets.....	267,586	1,462,508
42. Change in liability for reinsurance in unauthorized companies.....	.....	.....
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4).....	.....	.....
44. Change in asset valuation reserve	91,599	(399,967)
45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....	.....	.....
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....	.....	.....
47. Other changes in surplus in Separate Accounts Statement.....	.....	.....
48. Change in surplus notes.....	.....	.....
49. Cumulative effect of changes in accounting principles.....	.....	(1,280,252)
50. Capital changes:		
50.1 Paid in.....	.....	.....
50.2 Transferred from surplus (Stock Dividend).....	.....	.....
50.3 Transferred to surplus.....	.....	.....
51. Surplus adjustment:		
51.1 Paid in.....	.....	5,935,620
51.2 Transferred to capital (Stock Dividend).....	.....	.....
51.3 Transferred from capital.....	.....	.....
51.4 Change in surplus as a result of reinsurance.....	(1,418,638)	(12,876,253)
52. Dividends to stockholders.....	.....	.....
53. Aggregate write-ins for gains and losses in surplus.....	225,949	325,020
54. Net change in capital and surplus for the year (Lines 37 through 53).....	2,923,387	4,553,839
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	40,807,333	37,883,946

DETAILS OF WRITE-INS

08.301. Interest on Agents Balances.....	302,294	482,907
08.302. Express Script Rebates.....	28,631	25,302
08.303. Other Miscellaneous Income.....	1,265	150
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	320,479	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	652,669	508,359
2701. Interest on Debt.....	6,959,592	5,975,212
2702. Penalties.....	3,032	1,792
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).....	6,962,624	5,977,004
5301. SSAP 10R Additional Surplus.....	255,000	321,000
5302. Subsidiary SSAP 10R Additional Surplus.....	(29,051)	4,020
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).....	225,949	325,020

Loyal American Life Insurance Company

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	101,874,112	89,633,515
2. Net investment income.....	22,847,179	22,784,890
3. Miscellaneous income.....	5,441,357	6,578,706
4. Total (Lines 1 through 3).....	130,162,648	118,997,111
5. Benefit and loss related payments.....	98,718,000	90,829,127
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	43,461,413	44,832,837
7. Commissions, expenses paid and aggregate write-ins for deductions.....	30,666	37,871
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	2,702,550	(1,540,398)
10. Total (Lines 5 through 9).....	144,912,629	134,159,437
11. Net cash from operations (Line 4 minus Line 10).....	(14,749,981)	(15,162,326)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	37,515,594	32,777,989
12.2 Stocks.....		698,284
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		24,294
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	37,515,594	33,500,567
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	29,675,840	49,100,823
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	32,702	
13.7 Total investments acquired (Lines 13.1 to 13.6).....	29,708,542	49,100,823
14. Net increase (decrease) in contract loans and premium notes.....	(545,457)	(2,493,582)
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	8,352,509	(13,106,674)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		4,602,972
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	(453,199)	(768,975)
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	1,427,182	1,034,433
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	973,983	4,868,430
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(5,423,489)	(23,400,570)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	5,619,136	29,019,706
19.2 End of year (Line 18 plus Line 19.1).....	195,647	5,619,136

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance(a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts.....	103,290,042		1,759,552	412,253			107,436		127,178		100,883,623	
2. Considerations for supplementary contracts with life contingencies.....	0											
3. Net investment income.....	24,262,766		8,225,420	13,941,808	24,309		2,524	46,293	13,259		2,009,153	
4. Amortization of Interest Maintenance Reserve (IMR).....	310,083		104,670	178,747	309		32	589	169		25,567	
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0											
6. Commissions and expense allowances on reinsurance ceded.....	6,261,735		1,777,462	16,524					271,344		4,196,405	
7. Reserve adjustments on reinsurance ceded.....	0											
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	0											
8.2 Charges and fees for deposit-type contracts.....	0											
8.3 Aggregate write-ins for miscellaneous income.....	652,669	0	325,639	1,210	0	0	315	0	373	0	325,132	0
9. Totals (Lines 1 to 8.3).....	134,777,295	0	12,192,743	14,550,542	24,618	0	110,307	46,882	412,323	0	107,439,880	0
10. Death benefits.....	1,786,789		1,634,107				152,682					
11. Matured endowments (excluding guaranteed annual pure endowments).....	8,173		5,095	3,078								
12. Annuity benefits.....	7,736,500			7,602,208				134,292				
13. Disability benefits and benefits under accident and health contracts.....	71,823,164		6,789									
14. Coupons, guaranteed annual pure endowments and similar benefits.....	1,167		1,167									
15. Surrender benefits and withdrawals for life contracts.....	20,603,132		885,130	19,718,002								
16. Group conversions.....	0											
17. Interest and adjustments on contract or deposit-type contract funds.....	400,939		312,175	84,883	3,810				15		56	
18. Payments on supplementary contracts with life contingencies.....	74,565				74,565							
19. Increase in aggregate reserves for life and accident and health contracts.....	(18,589,971)		(94,247)	(17,735,668)	(41,486)		(2,870)	(29,296)	(20,394)		(666,010)	
20. Totals (Lines 10 to 19).....	83,844,458	0	2,750,216	9,672,503	36,889	0	149,894	104,996	18,713	0	71,111,247	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	21,987,004		315,646	3,318			4,816		258,885		21,404,339	
22. Commissions and expense allowances on reinsurance assumed.....	1,560		1,445								115	
23. General insurance expenses.....	12,257,028		2,504,701	458,809			51,084		35,971		9,206,463	
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	3,019,974		187,319	107,140			3,297		18,238		2,703,980	
25. Increase in loading on deferred and uncollected premiums.....	(83,727)		(85,073)				1,346					
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0											
27. Aggregate write-ins for deductions.....	6,962,624	0	6,960,211	118	0	0	13	0	9	0	2,273	0
28. Totals (Lines 20 to 27).....	127,988,921	0	12,634,465	10,241,888	36,889	0	210,450	104,996	331,816	0	104,428,417	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	6,788,374	0	(441,722)	4,308,654	(12,271)	0	(100,143)	(58,114)	80,507	0	3,011,463	0
30. Dividends to policyholders.....	36,575		36,200	375								
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	6,751,799	0	(477,922)	4,308,279	(12,271)	0	(100,143)	(58,114)	80,507	0	3,011,463	0
32. Federal income taxes incurred (excluding tax on capital gains).....	3,231,574		(750,735)	1,066,183	(4,935)		(37,205)	(22,096)	24,146		2,956,216	
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).....	3,520,225	0	272,813	3,242,096	(7,336)	0	(62,938)	(36,018)	56,361	0	55,247	0

DETAILS OF WRITE-INS

08.301. Interest on Agents Balances.....	302,294		5,150	1,207			314		372		295,251	
08.302. Express Scripts Rebates.....	28,631										28,631	
08.303. Other Miscellaneous Income.....	1,265		10	3			1		1		1,250	
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	320,479	0	320,479	0	0	0	0	0	0	0	0	0
08.399. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	652,669	0	325,639	1,210	0	0	315	0	373	0	325,132	0
2701. Interest on Debt.....	6,959,592		6,959,592									
2702. Penalties.....	3,032		619	118			13		9		2,273	
2703.	0											
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	6,962,624	0	6,960,211	118	0	0	0	0	13	0	2,273	0

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

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group				
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities			
Involving Life or Disability Contingencies (Reserves)											
(Net of Reinsurance Ceded)											
1. Reserve December 31, prior year.....	240,142,087		23,194,286	215,523,337	475,008		16,884	.932,572			
2. Tabular net premiums or considerations.....	2,621,540		2,513,740	107,333			467				
3. Present value of disability claims incurred.....	0				XXX						
4. Tabular interest.....	9,399,597		798,242	8,527,600	21,896		544	.51,315			
5. Tabular less actual reserve released.....	121,128		(675)	23,300	33,494		(192)	.65,201			
6. Increase in reserve on account of change in valuation basis.....	0										
7. Other increases (net).....	1,519,877			1,519,877							
8. Totals (Lines 1 to 7).....	253,804,229	.0	26,505,593	225,701,447	530,398	.0	17,703	1,049,088			
9. Tabular cost.....	2,054,658		2,051,051		XXX		3,607				
10. Reserves released by death.....	365,661		365,661	XXX	XXX			XXX			
11. Reserves released by other terminations (net).....	1,034,685		982,053	18,800	22,311			.11,521			
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	28,110,705		6,789	27,894,977	74,565		82	.134,292			
13. Net transfers to or (from) Separate Accounts.....	0										
14. Total deductions (Lines 9 to 13).....	31,565,709	.0	3,405,554	27,913,777	96,876	.0	3,689	145,813			
15. Reserve December 31, current year.....	222,238,520	.0	23,100,039	197,787,670	433,522	.0	14,014	.903,275			

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....418,785	.....415,044
1.1 Bonds exempt from U.S. tax.....	(a).....	
1.2 Other bonds (unaffiliated).....	(a).....22,909,622	.....22,928,612
1.3 Bonds of affiliates.....	(a).....	
2.1 Preferred stocks (unaffiliated).....	(b).....	
2.11 Preferred stocks of affiliates.....	(b).....	
2.2 Common stocks (unaffiliated).....	.....22,320	.....22,320
2.21 Common stocks of affiliates.....	.....
3. Mortgage loans.....	(c).....	
4. Real estate.....	(d).....	
5. Contract loans.....	.....1,134,957	.....1,151,786
6. Cash, cash equivalents and short-term investments.....	(e).....4,432	.....4,287
7. Derivative instruments.....	(f).....	
8. Other invested assets.....	.....
9. Aggregate write-ins for investment income.....	.....3,063	.....3,063
10. Total gross investment income.....	.....24,493,179	.....24,525,111
11. Investment expenses.....	(g).....262,345	
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g).....	
13. Interest expense.....	(h).....	
14. Depreciation on real estate and other invested assets.....	(i).....0	
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....262,345
17. Net investment income (Line 10 minus Line 16).....	.....	.....24,262,766

DETAILS OF WRITE-INS

0901. Other Investment Income.....	.....3,063	.....3,063
0902. ....	.....
0903. ....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....3,063	.....3,063
1501. ....	.....
1502. ....	.....
1503. ....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....0	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....0	.....0

(a) Includes \$....2,046,098 accrual of discount less \$....662,458 amortization of premium and less \$....39,372 paid for accrued interest on purchases.
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
 (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....(3,634)	.....	.....(3,634)	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....0	.....0	.....
1.2 Other bonds (unaffiliated).....	.....783,877	.....(669,325)	.....114,552	.....94,127	
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	.....(533,052)	
3. Mortgage loans.....	.....	.....	.....0	.....
4. Real estate.....	.....	.....	.....0	.....
5. Contract loans.....	.....	.....	.....0	.....
6. Cash, cash equivalents and 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).....	.....780,242	.....(669,325)	.....110,917	.....(438,925)	.....0

DETAILS OF WRITE-INS

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

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

	1 Total	2 Industrial Life	Ordinary			5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	6 Life Insurance		7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other		
FIRST YEAR (other than single)												
1. Uncollected.....	52,579										52,579	
2. Deferred and accrued.....	0											
3. Deferred, accrued and uncollected:												
3.1 Direct.....	160,230										106,986	
3.2 Reinsurance assumed.....	0											
3.3 Reinsurance ceded.....	107,651										54,407	
3.4 Net (Line 1 + Line 2).....	52,579	0	0	0	0		0	0	0	0	52,579	
4. Advance.....	579,793										579,793	
5. Line 3.4 - Line 4.....	(527,214)	0	0	0	0		0	0	0	0	(527,214)	
6. Collected during year:												
6.1 Direct.....	29,733,594										29,491,092	
6.2 Reinsurance assumed.....	0											
6.3 Reinsurance ceded.....	2,893,173										2,650,692	
6.4 Net.....	26,840,421	0	0	0	0		0	0	0	0	26,840,400	
7. Line 5 + Line 6.4.....	26,313,207	0	0	0	0		0	0	0	0	26,313,186	
8. Prior year (uncollected + deferred and accrued - advance).....	(471,841)										(471,841)	
9. First year premiums and considerations:												
9.1 Direct.....	29,639,114										29,377,217	
9.2 Reinsurance assumed.....	0											
9.3 Reinsurance ceded.....	2,854,066										2,592,190	
9.4 Net (Line 7 - Line 8).....	26,785,048	0	0	0	0		0	0	0	0	26,785,027	
SINGLE												
10. Single premiums and considerations:												
10.1 Direct.....	718,153					718,153						
10.2 Reinsurance assumed.....	0											
10.3 Reinsurance ceded.....	324,621					324,621						
10.4 Net.....	393,532	0	0	0	0	393,532	0	0	0	0	0	
RENEWAL												
11. Uncollected.....	(596,541)					(945,547)					344,479	
12. Deferred and accrued.....	1,527,736					1,527,515						
13. Deferred, accrued and uncollected:												
13.1 Direct.....	2,490,924					1,685,805					.723,000	
13.2 Reinsurance assumed.....	15,593					15,378					215	
13.3 Reinsurance ceded.....	1,575,322					1,119,215					378,736	
13.4 Net (Line 11 + Line 12).....	931,195	0	0	0	0	581,968	0	0	0	0	344,479	
14. Advance.....	650,012					26,089					619,291	
15. Line 13.4 - Line 14.....	281,183	0	0	0	0	555,879	0	0	0	0	(274,812)	
16. Collected during year:												
16.1 Direct.....	91,847,633					7,646,174	18,721				83,502,349	
16.2 Reinsurance assumed.....	61,036					48,775					12,261	
16.3 Reinsurance ceded.....	15,510,529					5,770,130					9,292,803	
16.4 Net.....	76,398,140	0	0	0	0	1,924,819	18,721				74,221,807	
17. Line 15 + Line 16.4.....	76,679,323	0	0	0	0	2,480,698	18,721				73,946,995	
18. Prior year (uncollected + deferred and accrued - advance).....	567,861					721,146					(151,601)	
19. Renewal premiums and considerations:												
19.1 Direct.....	91,543,834					7,383,087	18,721				83,417,190	
19.2 Reinsurance assumed.....	59,384					47,322					12,062	
19.3 Reinsurance ceded.....	15,491,757					5,670,857					9,330,657	
19.4 Net (Line 17 - Line 18).....	76,111,462	0	0	0	0	1,759,552	18,721				74,098,596	
TOTAL												
20. Total premiums and annuity considerations:												
20.1 Direct.....	121,901,101	0	0	0	0	7,383,087	736,874	0	0	0	112,794,407	
20.2 Reinsurance assumed.....	59,384	0	0	0	0	47,322	0	0	0	0	12,062	
20.3 Reinsurance ceded.....	18,670,444	0	0	0	0	5,670,857	324,621	0	0	0	11,922,847	
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	103,290,042	0	0	0	0	1,759,552	412,253	0	0	0	100,883,623	

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums.....	778		778								
22. All other.....	2,798		2,798								
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded.....	2,367,420							186,777		2,180,643	
23.2 Reinsurance assumed.....	0										
23.3 Net ceded less assumed.....	2,367,420	0	0	0	0	0	0	186,777	0	2,180,643	0
24. Single:											
24.1 Reinsurance ceded.....	16,524			16,524							
24.2 Reinsurance assumed.....	0										
24.3 Net ceded less assumed.....	16,524	0	0	16,524	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded.....	3,877,791		1,777,462					84,567		2,015,762	
25.2 Reinsurance assumed.....	1,560		1,445							115	
25.3 Net ceded less assumed.....	3,876,231	0	1,776,017	0	0	0	0	84,567	0	2,015,647	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	6,261,735	0	1,777,462	16,524	0	0	0	271,344	0	4,196,405	0
26.2 Reinsurance assumed (Page 6, Line 22).....	1,560	0	1,445	0	0	0	0	0	0	115	0
26.3 Net ceded less assumed.....	6,260,175	0	1,776,017	16,524	0	0	0	271,344	0	4,196,290	0
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single).....	8,616,690		55,573			4,503		183,721		8,372,893	
28. Single.....	3,318		3,318								
29. Renewal.....	13,366,996		260,073			313		75,164		13,031,446	
30. Deposit-type contract funds.....	0										
31. Totals (to agree with Page 6, Line 21).....	21,987,004	0	315,646	3,318	0	4,816	0	258,885	0	21,404,339	0

Loyal American Life Insurance Company
EXHIBIT 2 - GENERAL EXPENSES

	Insurance			5	6		
	1 Life	Accident and Health					
		2 Cost Containment	3 All Other				
1. Rent.....	117,767		408,611		526,378		
2. Salaries and wages.....	1,466,434		4,618,201		6,084,635		
3.11 Contributions for benefit plans for employees.....	212,476		741,975		954,451		
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.....	36,879		73,726		110,605		
3.32 Other agent welfare.....	2,352				2,352		
4.1 Legal fees and expenses.....	23,024		31,937		54,961		
4.2 Medical examination fees.....	.91		129,997		130,088		
4.3 Inspection report fees.....	.65				.65		
4.4 Fees of public accountants and consulting actuaries.....	69,751		241,408		311,159		
4.5 Expense of investigation and settlement of policy claims.....	3,422		461,063		464,485		
5.1 Traveling expenses.....	21,267		27,268		48,535		
5.2 Advertising.....	4,317		94,789		99,106		
5.3 Postage, express, telegraph and telephone.....	89,512		.696,767		786,279		
5.4 Printing and stationery.....	26,332		148,839		175,171		
5.5 Cost or depreciation of furniture and equipment.....	3,466		.621		4,087		
5.6 Rental of equipment.....	82,255		177,984		260,239		
5.7 Cost or depreciation of EDP equipment and software.....	48,313		61,917		110,230		
6.1 Books and periodicals.....	6,985		20,618		27,603		
6.2 Bureau and association fees.....	4,661		.903		.5,564		
6.3 Insurance, except on real estate.....	22,510		58,797		81,307		
6.4 Miscellaneous losses.....	(851)		1,401		.550		
6.5 Collection and bank service charges.....	158,499		188,113		346,612		
6.6 Sundry general expenses.....	95,463		215,653		311,116		
6.7 Group service and administration fees.....	18,212		9,660		27,872		
6.8 Reimbursements by uninsured plans.....					0		
7.1 Agency expense allowance.....	19,357		118,303		137,660		
7.2 Agents' balances charged off (less \$....105 recovered).....	(5,533)		(359,464)		(364,997)		
7.3 Agency conferences other than local meetings.....	5,249		1		.5,250		
9.1 Real estate expenses.....					0		
9.2 Investment expenses not included elsewhere.....				262,345	262,345		
9.3 Aggregate write-ins for expenses.....	482,319	0	1,073,346	0	1,555,665		
10. General expenses Incurred.....	3,014,594	0	9,242,434	0	262,345 (a) 12,519,373		
11. General expenses unpaid December 31, prior year.....	140,259		520,892		661,151		
12. General expenses unpaid December 31, current year.....	111,231		339,907		451,138		
13. Amounts receivable relating to uninsured plans, prior year.....					0		
14. Amounts receivable relating to uninsured plans, current year.....					0		
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14).....	3,043,622	0	9,423,419	0	262,345 12,729,386		

DETAILS OF WRITE-INS

09.301. EDP Expenses.....	474,845		1,073,346		1,548,191
09.302. TPA Service Fees.....	7,474				7,474
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).....	482,319	0	1,073,346	0	1,555,665

(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.....	58,002	328,304			386,306
3. State taxes on premiums.....	80,077	1,923,096			2,003,173
4. Other state taxes, including \$.....0 for employee benefits.....	31,608	25,356			56,964
5. U.S. Social Security taxes.....	101,348	342,937			444,285
6. All other taxes.....	26,721	102,525			129,246
7. Taxes, licenses and fees incurred.....	297,756	2,722,218	0	0	3,019,974
8. Taxes, licenses and fees unpaid December 31, prior year.....	144,206	1,082,067			1,226,273
9. Taxes, licenses and fees unpaid December 31, current year.....	126,038	1,152,254			1,278,292
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	315,924	2,652,031	0	0	2,967,955

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1 Life	2 Accident and Health
1. Applied to pay renewal premiums.....	.778	
2. Applied to shorten the endowment or premium-paying period.....		
3. Applied to provide paid-up additions.....	2,798	
4. Applied to provide paid-up annuities.....		
5. Total Lines 1 through 4.....	3,576	0
6. Paid-in cash.....	11,753	
7. Left on deposit.....	21,246	
8. Aggregate write-ins for dividend or refund options.....	0	0
9. Total Lines 5 through 8.....	36,575	0
10. Amount due and unpaid.....		
11. Provision for dividends or refunds payable in the following calendar year.....	40,000	
12. Terminal dividends.....		
13. Provision for deferred dividend contracts.....		
14. Amount provisionally held for deferred dividend contracts not included in Line 13.....		
15. Total Lines 10 through 14.....	40,000	0
16. Total from prior year.....	40,000	
17. Total dividends or refunds (Lines 9 + 15 - 16).....	36,575	0

DETAILS OF WRITE-INS

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

Loyal American Life Insurance Company
EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
Life Insurance:					
0100001. AM(5) 3.00% ANB.....	24,784		24,784		
0100002. 41 CET 3.00%	35,764		35,764		
0100003. 41 CSO 2.50%	18,461		18,461		
0100004. 41 CSO 2.50% CRVM.....	5,089		5,089		
0100005. 41 CSO 2.75% CRVM.....	71,698		71,698		
0100006. 41 CSO 3.00%	4,008,515		4,008,515		
0100007. 41 CSO 3.00% CRVM.....	742,037		742,037		
0100008. 58 CET 2.50%	127,937		127,937		
0100009. 58 CET 3.00%	1,233,034		1,233,034		
0100010. 58 CET 3.50%	1,169,007		1,169,007		
0100011. 58 CET 3.50% ALB.....	27,373		27,373		
0100012. 58 CET 3.50% ANB.....	20,693		20,693		
0100013. 58 CET 4.00%	78		78		
0100014. 58 CET 4.00% ALB	410		410		
0100015. 58 CET 4.50%	135,290		135,290		
0100016. 58 CSO 2.00%	54,471		54,471		
0100017. 58 CSO 2.50%	146,245		146,245		
0100018. 58 CSO 2.50% CRVM	37,431		37,431		
0100019. 58 CSO 2.75% CRVM.....	60,497		60,497		
0100020. 58 CSO 3.00%	5,169,213		5,169,213		
0100021. 58 CSO 3.00% CRVM.....	40,438,077		40,438,077		
0100022. 58 CSO 3.00% CRVM ANB.....	479		479		
0100023. 58 CSO 3.50%	661,257		661,257		
0100024. 58 CSO 3.50% ALB	2,373		2,373		
0100025. 58 CSO 3.50% ANB	31,842		31,842		
0100026. 58 CSO 3.50% CRVM.....	11,647,899		11,647,899		
0100027. 58 CSO 3.50% CRVM ALB.....	425,194		425,194		
0100028. 58 CSO 3.50% CRVM ANB.....	80,675		80,675		
0100029. 58 CSO 4.00%	106,172		106,172		
0100030. 58 CSO 4.00% ALB	901		901		
0100031. 58 CSO 4.00% CRVM.....	8,404,168		8,404,168		
0100032. 58 CSO 4.00% CRVM ALB.....	64,463		64,463		
0100033. 58 CSO 4.50%	406,752		406,752		
0100034. 58 CSO 4.50% CRVM.....	22,641,670		22,641,670		
0100035. 58 CSO 4.50% CRVM ALB.....	86,852		86,852		
0100036. 58 CSO 4.50%/20/3.50% CRVM.....	4,280,100		4,280,100		
0100037. 58 CSO 5.50% CRVM ALB.....	23,759		23,759		
0100038. 80 CET 3.50%	7,701		7,701		
0100039. 80 CET 4.50%	121,369		121,369		
0100040. 80 CET 5.00%.....	58,600		58,600		
0100041. 80 CET 5.50%.....	120,868		120,868		
0100042. 80 CET 6.00%.....	7,484		7,484		
0100043. 80 CSO 3.50%	1,052		1,052		
0100044. 80 CSO 3.50% CRVM.....	239,889		239,889		
0100045. 80 CSO 4.00%.....	491		491		
0100046. 80 CSO 4.00% CRVM.....	360,497		360,497		
0100047. 80 CSO 4.00% CRVM ALB.....	209,532		209,532		
0100048. 80 CSO 4.50%	186,052		186,052		
0100049. 80 CSO 4.50% CRVM.....	13,359,633		13,359,633		
0100050. 80 CSO 4.50% CRVM ALB.....	102,743		102,743		
0100051. 80 CSO 5.00%	71,959		71,959		
0100052. 80 CSO 5.00% CRVM.....	4,232,537		4,232,537		
0100053. 80 CSO 5.25% CRVM.....	8,854,942		8,854,942		
0100054. 80 CSO 5.50%	150,196		150,196		
0100055. 80 CSO 5.50% CRVM.....	8,234,191		8,234,191		
0100056. 80 CSO 6.00% ALB.....	88,217		88,217		
0100057. 80 CSO 6.00% CRVM.....	1,554,506		1,554,506		
0100058. 01 CSO 4.00% CRVM ANB.....	882,106		882,106		
0100059. Unearned Premium.....	8,762				8,762
0100060. a-2000 6.00% NLP.....	150,747		150,747		
0199997. Totals (Gross).....	141,394,734	0	141,385,972	0	8,762
0199998. Reinsurance ceded.....	119,523,849		119,523,849		
0199999. Totals (Net).....	21,870,885	0	21,862,123	0	8,762

Annuities (excluding supplementary contracts with life contingencies):

0200001. 51 GA 4.00%.....	9,270	XXX		XXX	9,270
0200002. 71 GA 6.00%.....	894,006	XXX		XXX	894,006
0200003. 71 IA 7.00%.....	285,292	XXX	285,292	XXX	
0200004. Various Accumulations.....	1,706,456	XXX	1,706,456	XXX	
0200005. A-2000 4.25% CARVM.....	34,211	XXX	34,211	XXX	
0200006. A-2000 4.50% CARVM.....	12,428,301	XXX	12,428,301	XXX	
0200007. A-2000 4.75% CARVM.....	154,809,041	XXX	154,809,041	XXX	
0200008. A-2000 5.00% CARVM.....	48,910,704	XXX	48,910,704	XXX	

Loyal American Life Insurance Company
EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
0200009. A-2000 5.25% CARVM.....	608,854	XXX.....	608,854	XXX.....	
0200010. A-2000 5.50% CARVM.....	34,253,910	XXX.....	34,253,910	XXX.....	
0200011. A-2000 5.75% CARVM.....	353,640	XXX.....	353,640	XXX.....	
0200012. A-2000 6.00% CARVM.....	76,039	XXX.....	76,039	XXX.....	
0299997. Totals (Gross).....	254,369,724	XXX.....	253,466,448	XXX.....	903,276
0299998. Reinsurance ceded.....	55,678,778	XXX.....	55,678,778	XXX.....	
0299999. Totals (Net).....	198,690,946	XXX.....	197,787,670	XXX.....	903,276
Supplementary Contracts with Life Contingencies:					
0300001. 71 IAM 5.00%.....	286,349		286,349		
0300002. 71 IAM 6.00%.....	8,547		8,547		
0300003. 71 IAM 6.75%.....	984		984		
0300004. 71 IAM 7.50%.....	3,293		3,293		
0300005. 71 IAM 10.5%.....	16,420		16,420		
0300006. 83 IAM 4.50%.....	43,095		43,095		
0300007. 83 IAM 4.75%.....	74,834		74,834		
0399997. Totals (Gross).....	433,522	0	433,522	0	0
0399999. Totals (Net).....	433,522	0	433,522	0	0
Accidental Death Benefits:					
0400001. 59 ADB 3%.....	149,567		149,567		
0400002. 59 ADB 58 CSO 3.0% NET LEVEL.....	158		158		
0400003. 1959 ADB with 1980 CSO 4%.....	2		2		
0499997. Totals (Gross).....	149,727	0	149,727	0	0
0499998. Reinsurance ceded.....	132,051		132,051		
0499999. Totals (Net).....	17,676	0	17,676	0	0
Disability - Active Lives:					
0500001. 52 DIS / 58 CSO 3% NL.....	73,921		73,921		
0500002. Unearned Premium - Payor.....	3,600		3,600		
0500003. 52 DIS 58 CSO 3.0%.....	623		623		
0599997. Totals (Gross).....	78,144	0	78,144	0	0
0599998. Reinsurance ceded.....	61,676		61,676		
0599999. Totals (Net).....	16,468	0	16,468	0	0
Disability - Disabled Lives:					
0600001. 52 DIS / 58 CSO 3% BEN 4.....	133,613		133,613		
0600002. 52 DIS / 58 CSO 3% BEN 5.....	466,178		466,178		
0600003. 70 GROUP DIS 3.5%.....	358				358
0600004. 52 DIS 58 CSO 3.5%.....	1,260		1,260		
0699997. Totals (Gross).....	601,409	0	601,051	0	358
0699998. Reinsurance ceded.....	559,221		559,221		
0699999. Totals (Net).....	42,188	0	41,830	0	358
Miscellaneous Reserves:					
0700001. Deficiency Reserves.....	3,613,587		3,613,587		
0700002. Non-Deduction Reserves.....	512,526		507,637		4,889
0700003. IPC Reserves.....	2,481,426		2,481,421		5
0700004. Guaranteed Insurability Riders.....	56,055		56,055		
0700005. Substandard Extra.....	30,346		30,346		
0700006. Surrender Value Excess	665,352		665,352		
0799997. Totals (Gross).....	7,359,292	0	7,354,398	0	4,894
0799998. Reinsurance ceded.....	6,192,457		6,192,457		
0799999. Totals (Net).....	1,166,835	0	1,161,941	0	4,894
9999999. Totals (Net) - Page 3, Line 1.....	222,238,520	0	221,321,230	0	917,290

EXHIBIT 5 - INTERROGATORIES

1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes [X] No []

1.2 If not, state which kind is issued.....

2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes [] No [X]

2.2 If not, state which kind is issued..... NON-PARTICIPATING

3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes [X] No []

If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.

4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state: Yes [] No [X]

4.1 Amount of insurance: \$.....

4.2 Amount of reserve: \$.....

4.3 Basis of reserve: \$.....

4.4 Basis of regular assessments: \$.....

4.5 Basis of special assessments: \$.....

4.6 Assessments collected during year: \$.....

5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.

6. Does the reporting entity hold reserves for any annuity contracts that 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 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$.....

Attach statement of methods employed in their valuation.

7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes [] No [X]

7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$.....

7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount: \$.....

7.3 State the amount of reserves established for this business: \$.....

7.4 Identify where the reserves are reported in the blank.

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

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

NONE

EXHIBIT 6 - AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non- Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
ACTIVE LIFE RESERVE									
1. Unearned premium reserves.....	4,852,708	11,704		5,894	.42	4,835,068			
2. Additional contract reserves (a).....	18,841,335	159,862		248,936	.45	18,432,492			
3. Additional actuarial reserves - Asset/Liability analysis.....	0								
4. Reserve for future contingent benefits.....	0								
5. Reserve for rate credits.....	0								
6. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
7. Totals (Gross).....	23,694,043	171,566	0	254,830	.87	23,267,560	0	0	0
8. Reinsurance ceded.....	6,427,463	6,005				6,421,458			
9. Totals (Net).....	17,266,580	165,561	0	254,830	.87	16,846,102	0	0	0
CLAIM RESERVE									
10. Present value of amounts not yet due on claims.....	1,893,935	23,110		7,079	.53	1,863,693			
11. Additional actuarial reserves - Asset/Liability analysis.....	0								
12. Reserve for future contingent benefits.....	0								
13. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
14. Totals (Gross).....	1,893,935	23,110	0	7,079	.53	1,863,693	0	0	0
15. Reinsurance ceded.....	40,536					40,536			
16. Totals (Net).....	1,853,399	23,110	0	7,079	.53	1,823,157	0	0	0
17. TOTALS (Net).....	19,119,979	188,671	0	261,909	.140	18,669,259	0	0	0
18. TABULAR FUND INTEREST.....	711,352	9,131		12,626	.15	689,580			

DETAILS OF WRITE-INS

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

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

EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS

	1 Total	2 Guaranteed Interest Contracts	3 Annuities Certain	4 Supplemental Contracts	5 Dividend Accumulations or Refunds	6 Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance.....	13,470,506		4,706,459	36,133	6,119,306	2,608,608
2. Deposits received during the year.....	372,618		103,872		190,969	77,777
3. Investment earnings credited to the account.....	569,734		248,846	3,810	181,264	135,814
4. Other net change in reserves.....	1,367,108		1,368,963		(2,316)	461
5. Fees and other charges assessed.....	0					
6. Surrender charges.....	0					
7. Net surrender or withdrawal payments.....	2,361,721		1,828,210	1,050	422,267	110,194
8. Other net transfers to or (from) Separate Accounts.....	0					
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	13,418,245	0	4,599,930	38,893	6,066,956	2,712,466
10. Reinsurance balance at the beginning of the year.....	0					
11. Net change in reinsurance assumed.....	0					
12. Net change in reinsurance ceded.....	0					
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....	0	0	0	0	0	0
14. Net balance at the end of the current year after reinsurance (Lines 9 + 13).....	13,418,245	0	4,599,930	38,893	6,066,956	2,712,466

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS**PART 1 - Liability End of Current Year**

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct.....	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
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	0										
2.12 Reinsurance assumed.....	0										
2.13 Reinsurance ceded.....	0										
2.14 Net.....	0	0	(b).....0	(b).....0	(b).....0	(b).....0	(b).....0	(b).....0	(b).....0	(b).....0	(b).....0
2.2 Other:											
2.21 Direct.....	2,717,622		1,534,174	1,152,857			28,352				2,239
2.22 Reinsurance assumed.....	0										
2.23 Reinsurance ceded.....	90,893		72,530	16,124							2,239
2.24 Net.....	2,626,729	0	(b).....1,461,644	(b).....1,136,733	0	(b).....0	(b).....28,352	0	(b).....0	(b).....0	(b).....0
3. Incurred but unreported:											
3.1 Direct.....	12,563,671		828,038				21,644		17,914		11,696,075
3.2 Reinsurance assumed.....	1,381										1,381
3.3 Reinsurance ceded.....	2,822,728								28		2,822,700
3.4 Net.....	9,742,324	0	(b).....828,038	(b).....0	0	(b).....0	(b).....21,644	0	(b).....17,886	(b).....0	(b).....8,874,756
4. Totals:											
4.1 Direct.....	15,281,293	0	2,362,212	1,152,857	0	0	49,996	0	17,914	0	11,698,314
4.2 Reinsurance assumed.....	1,381	0	0	0	0	0	0	0	0	0	1,381
4.3 Reinsurance ceded.....	2,913,621	0	72,530	16,124	0	0	0	0	28	0	2,824,939
4.4 Net.....	12,369,053	(a).....0	(a).....2,289,682	(a).....1,136,733	0	0	(a).....49,996	0	17,886	0	8,874,756

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

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

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

are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$....23,110, Credit (Group and Individual) Accident and Health \$.....0 and Other Accident and Health \$....1,842,871

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

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.....	96,250,597		8,527,815	10,332,897	74,565		128,106	134,292	128,901		76,924,021
1.2 Reinsurance assumed.....	41,825		41,270								.555
1.3 Reinsurance ceded.....	15,838,274		7,192,874	1,973,861					86,581		6,584,958
1.4 Net.....	(d) 80,454,148	0	1,376,211	8,359,036	74,565	0	128,106	134,292	42,320	0	70,339,618
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	15,281,293		2,362,212	1,152,857			49,996		17,914		11,698,314
2.2 Reinsurance assumed.....	1,381										.1,381
2.3 Reinsurance ceded.....	2,913,621		72,530	16,124					28		2,824,939
2.4 Net.....	12,369,053	0	2,289,682	1,136,733	0	0	49,996	0	17,886	0	8,874,756
3. Amounts recoverable from reinsurers December 31, current year.....	1,870,938		1,870,938								
4. Liability December 31, prior year:											
4.1 Direct.....	14,449,977		2,135,280	1,981,716			25,338		34,960		10,272,683
4.2 Reinsurance assumed.....	2,273										.2,273
4.3 Reinsurance ceded.....	3,360,111		420,328	88,155					13,846		2,837,782
4.4 Net.....	11,092,139	0	1,714,952	1,893,561	0	0	25,338	0	21,114	0	7,437,174
5. Amounts recoverable from reinsurers December 31, prior year.....	1,565,987		1,565,987								
6. Incurred benefits:											
6.1 Direct.....	97,081,913	0	8,754,747	9,504,038	74,565	0	152,764	134,292	111,855	0	78,349,652
6.2 Reinsurance assumed.....	40,933	0	41,270	0	0	0	0	0	0	0	(337)
6.3 Reinsurance ceded.....	15,696,735	0	7,150,027	1,901,830	0	0	0	0	72,763	0	6,572,115
6.4 Net.....	.81,426,111	0	1,645,990	7,602,208	74,565	0	152,764	134,292	39,092	0	71,777,200

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

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$....5,096 in Line 1.1, \$....5,096 in Line 1.4, \$....5,096 in Line 6.1 and \$....5,096 in line 6.4.

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

(d) Includes \$....20,390 premiums waived under total and permanent disability benefits.

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.59,484	137,060	.77,576
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	114,892	137,671	.22,779
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	3,611,000	2,168,000	(1,443,000)
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....	2,025,942	3,639,605	1,613,663
25. Aggregate write-ins for other than invested assets.....	522,779	774,346	251,567
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	6,334,097	6,856,682	522,585
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	6,334,097	6,856,682	522,585

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Other Receivables and Prepaid Expenses.....	.75,687	130,375	.54,688
2502. Disallowed IMR.....	.447,092	.643,971	.196,879
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	522,779	774,346	251,567

NOTES TO FINANCIAL STATEMENTS**1. Summary of Significant Accounting Policies****a. Accounting Practices and Procedures**

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

The Ohio Department of Insurance 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, ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of Ohio.

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

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

c. Accounting Policy

Life premiums are recognized as income over the premium-paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. The Company pays dividends to participating policyholders.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans with an NAIC rating 1 through 5 are stated at amortized cost using the interest method; those rated 6 are stated at lower of cost or market.
- (3) Common stocks are stated at market, except investments in stocks of wholly owned subsidiaries, which are carried on the equity basis, in accordance with SSAP No. 97.
- (4) Redeemable preferred stocks rated RP1 through RP3 and perpetual preferred stocks rated P1 through P3 are stated at book value; all others are stated at the lower of book value or market value.
- (5) Mortgage loans on real estate and policy loans are stated at the aggregate unpaid balance.
- (6) Loan-backed securities with an NAIC rating of 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. Certain residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and loan-backed and structured securities (LBASS) are subject to the two-step process based on the price point determined by a third party financial model to properly reflect the expected loss from the securities which in turn determines the Book Adjusted Carrying Value method and a final NAIC designation. Those RMBS, CMBS and LBASS securities that are not modeled but receive a current year Acceptable Rating Organizations (ARO) rating are subject to the two-step Modified FE process based on the price point determined by the NAIC which in turn determines the Book Adjusted Carrying Value method and a final NAIC designation. For loan-backed bonds and structured securities, dealer modified 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 carries several affiliated insurance companies and non-insurance companies at statutory and GAAP equity, respectively, in accordance with SSAP No. 97.
- (8) Investments in joint ventures, partnerships and limited liability companies – Not applicable
- (9) Derivatives – Not applicable
- (10) The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.
- (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 amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The company has not modified its capitalization policy from the prior period.
- (13) The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

- a. During 2010, the Company discovered that it was incorrectly holding a ceded claim liability pursuant to a funds withheld reinsurance arrangement with Hannover Life Reassurance (Ireland) LTD. In accordance with SSAP No. 3 "Accounting Changes and Correction of Errors," the error was corrected through a direct charge to surplus, net of applicable federal income taxes.

3. Business Combinations and Goodwill – Not applicable.**4. Discontinued Operations – The Company has no reportable discontinued operations.**

NOTES TO FINANCIAL STATEMENTS**5. Investments**

a. Mortgage Loans, including Mezzanine Real Estate Loans – Not applicable

b. Debt Restructuring – No debt has been restructured during 2011.

c. Reverse Mortgages – Not applicable

d. Loan-Backed Securities

(1) The Company uses dealer-modeled prepayment assumptions for mortgage-backed and asset-backed securities 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.

(2) The Company does not currently hold any securities with a recognized other-than-temporary ("OTTI") impairment where there is an intent to sell or an inability or lack of intent to hold the securities for a sufficient period of time necessary to recover the amortized cost basis of the securities.

(3) The following table shows each security with an other-than-temporary ("OTTI") impairment recognized during 2011:

CUSIP	Amortized Cost Before OTTI	Present Value of Projected Cash Flows	OTTI Charge Recognized in Income Statement	Amortized Cost After OTTI	Fair Value	Date Reported
05949CGW0	969,010	944,680	24,330	944,680	925,000	3/31/11
12641PBB9	36,938	22,438	14,500	22,438	44,100	3/31/11
12641PBQ6	34,823	31,660	3,163	31,660	17,200	3/31/11
12641PBR4	11,918	5,000	6,918	5,000	19,500	3/31/11
47232DAL6	34,732	21,430	13,302	21,430	40,697	3/31/11
47232VCP5	70,542	57,630	12,912	57,630	58,284	3/31/11
47232VCT7	34,095	18,238	15,857	18,238	43,643	3/31/11
47232VDE9	95,235	85,580	9,655	85,580	50,093	3/31/11
47232VEV0	175,007	165,999	9,008	165,999	114,144	3/31/11
57643MLZ5	957,240	925,680	27,240	930,000	930,000	3/31/11
761118KH0	510,779	492,029	7,066	503,713	503,713	3/31/11
05949CGW0	944,542	913,150	13,793	930,749	930,749	6/30/11
12641PBA1	80,000	61,525	18,475	61,525	43,600	6/30/11
12641PBB9	22,422	5,400	17,022	5,400	40,050	6/30/11
12641PBP8	60,000	51,117	8,883	51,117	30,000	6/30/11
12641PBQ6	31,650	16,000	15,650	16,000	17,200	6/30/11
12641QBX9	103,590	89,560	14,030	89,560	36,000	6/30/11
12641QDW9	85,834	49,193	36,641	49,193	25,201	6/30/11
41161PTN3	490,304	467,615	22,689	467,615	430,881	6/30/11
472321AK4	40,619	14,833	5,576	35,043	35,043	6/30/11
472321AL2	10,609	6,708	3,901	6,708	5,354	6/30/11
47232DAH5	48,603	43,206	5,397	43,206	30,496	6/30/11
47232DAJ1	48,603	34,022	14,581	34,022	22,232	6/30/11
47232DAK8	36,147	24,301	11,846	24,301	17,817	6/30/11
47232VAJ1	30,005	19,522	10,483	19,522	28,468	6/30/11
47232VAK8	26,937	13,216	13,721	13,216	41,429	6/30/11
47232VCN0	100,000	83,050	16,950	83,050	46,377	6/30/11
47232VCP5	56,113	30,000	26,113	30,000	57,736	6/30/11
47232VCS9	81,995	57,584	24,411	57,584	51,391	6/30/11
47232VDD1	200,000	176,000	24,000	176,000	95,888	6/30/11
47232VDE9	84,273	22,000	62,273	22,000	48,802	6/30/11
47232VEV0	164,369	125,049	39,320	125,049	106,635	6/30/11
12641PBQ6	15,449	8,194	7,255	8,194	18,700	9/30/11
12641QBX9	89,401	82,080	7,321	82,080	35,430	9/30/11
12641QDV1	1,113,436	1,108,078	5,358	1,108,078	1,118,897	9/30/11
47232VCS9	57,247	45,274	11,973	45,274	46,660	9/30/11
47232VCT7	17,860	10,560	7,300	10,560	38,384	9/30/11
12641QDW9	45,937	32,980	12,957	32,980	35,023	12/31/11
472321AK4	31,206	21,902	9,304	21,902	21,902	12/31/11
472321AL2	3,276	568	2,708	568	568	12/31/11
47232DAJ1	33,568	31,659	1,909	31,659	13,322	12/31/11
47232DAK8	22,779	14,581	8,198	14,581	10,676	12/31/11
47232VAK8	11,531	1,880	9,651	1,880	25,777	12/31/11
47232VCN0	82,250	58,995	23,255	58,995	20,850	12/31/11
47232VCP5	26,312	13,882	12,430	13,882	25,742	12/31/11

NOTES TO FINANCIAL STATEMENTS

(4) The following table shows all loan-backed securities with an unrealized loss:

Less than 12 months		12 months or more	
Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
\$14,368,271	\$536,031	\$12,546,415	\$2,459,643

(5) Based on cash flow projections received from independent sources (which reflect loan to collateral values, subordination, vintage and geographic concentration), implied cash flows inherent in security ratings and analysis of historical payment data, management believes that the Company will recover its cost basis in all securities with unrealized losses at December 31, 2011. The Company has the intent to hold such securities until they recover in value or mature.

- e. Repurchase Agreements and/or Securities Lending Transactions – Not applicable
- f. Real Estate – Not applicable
- g. The Company does not have any investments in low-income housing tax credits.
- 6. Joint Ventures, Partnerships and Limited Liability Companies – Not applicable
- 7. Investment Income – There was no due and accrued investment income excluded from capital and surplus at December 31, 2011.
- 8. Derivative Instruments – Not applicable
- 9. Income Taxes
 - a. Deferred Tax Assets and Deferred Tax Liabilities
 - (1) The components of the net deferred tax asset/(liability) at December 31, were as follows:

	2011			2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$11,357,000	\$2,528,000	\$13,885,000	\$10,159,000	\$2,706,000	\$12,865,000
Gross deferred tax liabilities	1,589,000	658,000	2,247,000	1,622,000	944,000	2,566,000
Net deferred tax assets			11,638,000			10,299,000
Deferred tax assets non-admitted			(3,611,000)			(2,168,000)
Net admitted deferred tax assets			\$8,027,000			\$8,131,000
Increase (decrease) in net deferred tax assets			\$ 1,339,000			\$ (546,000)
Tax effects of unrealized gains (losses)			(487,434)			277,242
Reported increase (decrease) in net deferred tax assets			\$ 851,566			\$ (268,758)
Increase (decrease) in non-admitted deferred tax assets			\$ 1,443,000			\$ (714,000)

(2) The Company has elected to admit DTAs pursuant to SSAP 10R - Paragraph 10.e. The Company utilized this election in 2010.

(3) As a result of these elections, the Company has recognized additional deferred tax assets, as follows:

	2011	2010
Additional admitted deferred tax assets - SSAP 10R - Paragraph 10.e	\$2,660,000	\$2,405,000
Additional admitted deferred tax assets - Subsidiaries	22,565	51,616
Subtotal	\$2,682,565	\$2,456,616
Increase (decrease) for the year	\$ 225,949	\$ 325,020

NOTES TO FINANCIAL STATEMENTS

(4) The results of the deferred tax admissibility calculations pursuant to paragraph 10.a. – 10.c. are as follows:

	2011			2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks	\$2,849,000	\$296,000	\$3,145,000	\$3,069,000	\$ -	\$3,069,000
Lesser of:						
Reversal of deferred tax assets in the following year	-	2,222,000	2,222,000	-	2,657,000	2,657,000
10% of adjusted capital and surplus			<u>3,247,000</u>			<u>2,729,000</u>
			2,222,000			2,657,000
Adjusted gross deferred tax assets offset against deferred tax liabilities	2,247,000		<u>2,247,000</u>	2,566,000		<u>2,566,000</u>
Admitted deferred tax assets			<u>\$7,614,000</u>			<u>\$8,292,944</u>

The results of the deferred tax admissibility calculations pursuant to paragraph 10.e. are as follows:

	2011			2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks	\$4,446,000	\$296,000	\$4,742,000	\$4,978,000	\$ -	\$4,978,000
Lesser of:						
Reversal of deferred tax assets in the following three years	1,063,000	2,222,000	3,285,000	496,000	2,657,000	3,153,000
15% of adjusted capital and surplus			<u>4,870,000</u>			<u>4,093,000</u>
			3,285,000			3,153,000
Adjusted gross deferred tax assets offset against deferred tax liabilities	2,247,000		<u>2,247,000</u>	2,566,000		<u>2,566,000</u>
Admitted deferred tax assets			<u>\$10,274,000</u>			<u>\$10,697,000</u>

For Purposes of SSAP No 10R, Paragraph 10.d., the following amounts were used:

	2011	2010	Change
Total Adjusted Capital	\$39,341,842	\$36,769,307	\$2,572,535
Authorized Control Level	\$4,405,776	\$4,459,880	\$(130,450)

NOTES TO FINANCIAL STATEMENTS

(5) The impact of the Company's tax planning strategies on the adjusted gross DTA and net admitted DTA by tax character is as follows:

	12/31/2011		
	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted gross DTAs (% of total adjusted gross DTAs)	0.0%	18%	18%
(b) Net admitted adjusted DTAs (% of total net admitted DTAs)	0.0%	31%	31%
	12/31/2010		
	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted gross DTAs (% of total adjusted gross DTAs)	0.0%	21%	21%
(b) Net admitted adjusted DTAs (% of total net admitted DTAs)	0.0%	33%	33%
	Change		
	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted gross DTAs (% of total adjusted gross DTAs)	0.0%	(3)%	(3)%
(b) Net admitted adjusted DTAs (% of total net admitted DTAs)	0.0%	(2)%	(2)%

(6) a. The impact to the Company's financial statements as a result of the election of SSAP 10R Paragraph 10.e are as follows:

December 31, 2011	Prior to Election	After Election	Change
Admitted deferred tax assets	\$ 7,614,000	\$ 10,274,000	\$2,660,000
Admitted assets	436,267,645	438,927,645	2,660,000
Adjusted statutory capital and surplus*	32,465,738	xxx	xxx
Total adjusted capital for RBC	39,341,842	xxx	xxx
Statutory surplus	32,507,333	35,167,333	2,660,000

December 31, 2010	Prior to Election	After Election	Change
Admitted deferred tax assets	\$ 8,292,000	\$10,697,000	\$2,405,000
Admitted assets	450,523,452	452,928,452	2,405,000
Adjusted statutory capital and surplus*	27,177,841	xxx	xxx
Total adjusted capital for RBC	36,769,307	xxx	xxx
Statutory surplus	29,838,946	32,243,946	2,405,000

* 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

b. The Company has recognized all of its deferred tax liabilities.

NOTES TO FINANCIAL STATEMENTS

c. The provisions for incurred taxes on earnings for the years ended December 31 are as follows:

	2011	2010	Change
Federal income taxes (benefit) on current operations	\$ 3,229,164	\$ (587,490)	\$ 3,816,654
Prior year adjustment	2,410	(55,371)	57,781
Total taxes on operations	3,231,574	(642,861)	3,874,435
 Taxes on capital gains (losses):			
Current Year	335,310	161,780	173,530
Prior year adjustment	-	(56,353)	56,353
Deferred intercompany capital gains net of amounts triggered	(38,895)	(249,782)	210,887
Total taxes on capital gains (losses)	296,415	(144,355)	440,770
Taxes on change in accounting principle	-	(689,367)	689,367
Federal and foreign income taxes incurred	<u>\$ 3,527,989</u>	<u>\$(1,476,583)</u>	<u>\$ 5,004,572</u>
 Deferred tax assets resulting from book/tax differences in:			
Ordinary:			
Policy and contract reserves	\$1,103,000	\$1,177,000	\$ (74,000)
Tax deferred acquisition costs	9,060,000	7,138,000	1,922,000
Non-admitted assets	797,000	1,416,000	(619,000)
Other	397,000	428,000	(31,000)
Total ordinary deferred tax assets	11,357,000	10,159,000	1,198,000
Deferred tax assets non-admitted	(3,601,000)	(2,119,000)	(1,482,000)
Admitted ordinary deferred tax assets	7,756,000	8,040,000	(284,000)
 Capital:			
Investments	2,325,000	2,464,000	(139,000)
Deferred intercompany losses	203,000	242,000	(39,000)
Total capital deferred tax assets	2,528,000	2,706,000	(178,000)
Deferred tax assets non-admitted	(10,000)	(49,000)	39,000
Admitted capital deferred tax assets	2,518,000	2,657,000	(139,000)
Deferred tax assets	10,274,000	10,697,000	(423,000)
 Deferred tax liabilities resulting from book/tax differences in:			
Ordinary:			
Investments	1,384,000	1,413,000	(29,000)
Other	205,000	209,000	(4,000)
Total ordinary deferred tax liabilities	1,589,000	1,622,000	(33,000)
Capital:			
Investments	658,000	944,000	(286,000)
Total deferred tax liabilities	2,247,000	2,566,000	(319,000)
Net admitted deferred tax asset	<u>\$ 8,027,000</u>	<u>\$ 8,131,000</u>	<u>\$ (104,000)</u>

d. The Company's income tax expense and change in deferred income taxes differs from the amount obtained by applying the statutory rate of 35% to net income after dividends to policyholders are as follows:

	2011	2010
Expected income tax at 35%	\$ 2,401,951	\$ 3,507,260
Prior year tax adjustment	2,410	(111,724)
Tax impact of Hannover Reinsurance	(496,523)	(4,506,689)
Impairments	234,264	133,351
IMR Amortization	(108,529)	(122,653)
Other investment differences	2	112,883
Non-admitted assets	619,048	431,915
Cumulative effect of change in accounting principle	-	(689,367)
Other	23,800	37,200
Total statutory federal income taxes	<u>\$ 2,676,423</u>	<u>\$(1,207,824)</u>
 Federal Income taxes incurred	\$ 3,527,989	\$ (1,476,582)
Change in net deferred income taxes	(851,566)	268,758
Total statutory federal income taxes	<u>\$ 2,676,423</u>	<u>\$(1,207,824)</u>

e. (1) As of December 31, 2011, the Company does not have any operating loss carryforward or capital loss carryforward available to offset future net income subject to federal income taxes.

NOTES TO FINANCIAL STATEMENTS

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future losses:

Tax Year	Ordinary	Capital	Total
2011	\$3,229,164	\$296,415	\$ 3,525,579
2010	-	-	-
2009	1,216,609	-	\$1,216,609

f. The Company's federal income tax return is consolidated.

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

AAG Holding Company, Inc.	Great American Plan Administrators, Inc.
AAG Insurance Agency, Inc.	Great American Protection Insurance Company
ADL Financial Services, Inc.	Great American Re Inc.
American Empire Insurance Company	Great American Security Insurance Company
American Empire Surplus Lines Insurance Company	Great American Spirit Insurance Company
American Empire Underwriters, Inc.	Great Southwest Corporation
American Financial Enterprises, Inc.	Hangar Acquisition Corp.
American Financial Group, Inc.	Indianapolis Union Railway Company (The)
American Money Management Corporation	Key Largo Group, Inc.
American Premier Underwriters, Inc.	Lehigh Valley Railroad Company
American Retirement Life Insurance Company	Lifestyle Financial Investments, Inc.
American Signature Underwriters, Inc.	Loyal American Holding Corporation
Ann Arbor Railroad Company (The)	Loyal American Life Insurance Company
Annuity Investors Life Insurance Company	Magnolia Alabama Holdings, Inc.
APU Holding Company	Manhattan National Holding Corporation
Associates of the Jersey Company (The)	Manhattan National Life Insurance Company
Brothers Pennsylvanian Corporation	Marathon Manufacturing Company
Brothers Property Corporation	Mid-Continent Assurance Company
Brothers Property Management Corporation	Mid-Continent Casualty Company
Cal Coal, Inc.	Mid-Continent Excess and Surplus Insurance Company
Ceres Group, Inc.	Mid-Continent Specialty Insurance Services, Inc.
Consolidated Financial Corporation	Oklahoma Surety Company
Continental General Corporation	One East Fourth, Inc.
Continental Print & Photo Co.	Owasco River Railway, Inc. (The)
Crop Managers Insurance Agency, Inc.	PCC Chicago Realty Corp.
Dempsey & Siders Agency, Inc.	PCC Gun Hill Realty Corp.
Dixie Terminal Corporation	PCC Maryland Realty Corp.
Eden Park Insurance Brokers, Inc.	PCC Michigan Realty, Inc.
ESC, INC.	PCC Real Estate, Inc.
Farmers Crop Insurance Alliance, Inc.	PCC Scarsdale Realty Corp.
FCIA Management Company, Inc.	PCC Technical Industries, Inc.
FlexTech Holding Co., Inc.	Penn Camarillo Realty Corp.
GAI Warranty Company	Penn Central Energy Management Company
GAI Warranty Company of Florida	Penn Towers, Inc.
GALIC Brothers, Inc.	Pioneer Carpet Mills, Inc.
Global Premier Finance Company	Pittsburgh and Cross Creek Railroad Company
Great American Advisors, Inc.	PLLS, Ltd.
Great American Agency of Texas, Inc.	Premier Lease & Loan Services Insurance Agency, Inc.
Great American Alliance Insurance Company	Premier Lease & Loan Services of Canada, Inc.
Great American Assurance Company	Professional Risk Brokers, Inc.
Great American Casualty Insurance Company	Purity Financial Corporation
Great American Claims Services, Inc.	QQAgency of Texas, Inc.
Great American Contemporary Insurance Company	Republic Indemnity Company of America
Great American E&S Insurance Company	Republic Indemnity Company of California
Great American Fidelity Insurance Company	Risico Management Corporation
Great American Financial Resources, Inc.	Skipjack Marina Corp.
Great American Holding, Inc.	Superior NWVN of Ohio, Inc.
Great American Insurance Agency, Inc.	TEJ Holdings, Inc.
Great American Insurance Company	Terminal Realty Penn Co.
Great American Insurance Company of New York	Three East Fourth, Inc.
Great American Life Assurance Company	United Agency Brokerage GP, Inc.
Great American Life Insurance Company	United Railroad Corp.
Great American Life Insurance Company of New York	United Teacher Associates Insurance Company
Great American Lloyd's Insurance Company	United Teacher Associates, Ltd.
Great American Lloyd's, Inc.	Waynesburg Southern Railroad Company
Great American Management Services, Inc.	World Houston, Inc.

(2) Pursuant to the tax allocation agreement, the company's tax expense will be determined based upon its inclusion in the consolidated tax return of American Financial Group, Inc. and its includable subsidiaries. Estimated payments are to be made quarterly during the year. Following year-end, additional settlements will be made on the original due date of the return and, when extended, at the time the return is filed. The method of allocation among the companies under the agreement is based upon separate return calculations with current credit for net losses to the extent the losses provide a benefit in the consolidated tax return.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

a, b. & c. Related party transactions for 2011 and 2010 include:

(1) The Company received a \$4,602,972 cash contribution from Great American Financial Resources, Inc. on September 29, 2010 and \$1,332,648 on December 31, 2010.

NOTES TO FINANCIAL STATEMENTS

- d. At December 31, 2011, the Company reported \$29,310 as amounts due from affiliated companies and \$222,496 due to affiliated companies. The terms of the agreements require that these amounts be settled within 90 days.
- e. During 2011 there were no material guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that resulted in a material contingent exposure of the Company's or any related party's assets or liabilities.
- f. Management or service contracts and all cost sharing arrangements involving the Company:
 - (1) The Company has an agreement with GAFRI, subject to the direction of the finance committee of the Company, whereby GAFRI, along with the services provided by American Money Management, provides for money management and accounting services related to the investment portfolio.
 - (2) Certain administrative, management, underwriting, claims, 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 is a direct subsidiary of Great American Financial Resources, Inc. ("GAFRI"), which is a subsidiary of American Financial Group, Inc.; 100% of the Company's outstanding common stock is directly owned by Loyal American Holding Company. See Schedule Y, Part 1, Organizational Chart.
- h. The Company does not own shares of any upstream immediate entity or ultimate parent.
- i. The Company has no investments in SCA entities.
- j. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated companies during the statement period.
- k. The Company has no investment in a foreign insurance subsidiary.
- l. The Company has no investment in a downstream noninsurance holding company.

- 11. Debt
 - a. The Company has no outstanding debt instruments.
 - b. The Company has no Federal Home Loan Bank agreements.
- 12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans.
 - a. The Company does not participate in a defined benefit plan.
 - b. Defined Compensation Plan -- See item d below.
 - c. The Company does not participate in multi-employer plans.
 - d. Consolidated/Holding Company Plans:
 - (1) Employees' Retirement Plan:
 - (a) All employees meeting minimum requirements are eligible to participate in an Employee Stock Ownership Retirement Plan ("Plan") established by GAFRI for employees of GAFRI and its participating subsidiaries. The Plan is a defined contribution plan in which participating employees are entitled to share in contributions made by GAFRI on their behalf. The benefits are based on an employee's years of service and eligible compensation for each year of participation. Funding is determined annually. Each participating employer contributes an amount based upon the relationship of its total eligible compensation to total eligible compensation under the Plan. The Company's contribution for the plan was \$97,307 in 2011 and \$192,017 in 2010.
 - (b) Plan costs are funded as they accrue and vested benefits are fully funded. Contributions to the Plan are subject to the discretion of the Board of Directors of the Company, and the Company has no liability for future contributions under the Plan.
 - (c) The Company's parent, GAFRI, sponsors a 401(k) retirement plan for all eligible employees of GAFRI and its participating subsidiaries. Effective January 1, 2001, GAFRI and participating subsidiaries began making matching contributions to the 401(k) plan. Company contributions are based on the amount of the participating employees' contributions. The Company recognized expenses of \$182,515 for its contribution to the plan in 2011 and \$215,956 in 2010.
 - (2) Deferred Compensation Plans:

The Company offers to its officers and selected employees the opportunity to defer receipt of a specific percentage of income. Amounts deferred are credited with interest at either a rate set by the Board of Directors or based on the performance of the common stock of AFG, as chosen by individual participants.
 - (3) Post Retirement Benefits

GAFRI provides postretirement health care and life insurance benefits to employees meeting age and service requirements through plans sponsored by American Financial Group, Inc. The retiree medical care plan is a contributory plan covering all eligible employees hired prior to 1993; employees hired after 1992 pay the full cost of retiree medical coverage. GAFRI has established a cap on the total amount of health care costs that are subsidized for the majority of current retirees and all eligible future retirees. GAFRI currently pays the full cost of life insurance coverage for past retirees, but no coverage is provided for new retirees after 2005. The medical plan is funded by monthly payments to a trust. Life insurance benefits are provided by insurance contracts. American Financial Group, Inc. has the right to modify or terminate either of these plans in the future. The Company has the right to terminate its participation at any time in the future.

GAFRI accrues its postretirement benefits over the period the employees qualify for such benefits. At December 31, 2011, GAFRI's accumulated postretirement benefit obligation was \$727,798 using a discount rate of 3.75% of which all is currently

NOTES TO FINANCIAL STATEMENTS

accrued. Net postretirement benefits costs for the year ended December 31, 2011, was a credit of \$11,094, which includes service cost, interest cost, and amortization of the transition obligation.

The weighted average annual assumed rate of increase in the health care cost trend rate is 8% for 2012 and is assumed to decrease gradually to 5% over 7 years and to remain at that level thereafter. The effect of a 1% increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation at December 31, 2011 by \$869.

e. Post-Employment Benefits and Compensated Absences:

The Company accrues obligations for post employment benefits and compensated absences in accordance with SSAP No. 11.

f. The Medicare Modernization Act

(1) In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act") became law. Under the Act, starting in 2006, retirees will have the ability to obtain prescription drug benefits through a new Medicare Part D program and companies that continue to provide postretirement prescription drug benefits to their retirees may be eligible to receive a new federal subsidy.

(2) The Medicare Modernization Act had no impact on the Company's postretirement benefits.

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

a. The Company has 2,500 shares authorized and 1,800 shares issued and outstanding. All shares are class A shares.

b. The Company has no preferred stock outstanding.

c. The maximum amount of dividends that 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 to 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 2012 without prior approval is \$4,080,733 based on policyholder surplus. At December 31, 2011 surplus as regards to policyholders was \$40,807,333, net income was \$2,827,765 and earned surplus was \$4,547,029.

d. No dividends were paid in 2011.

e. Within the limitations of (c) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

f. There are no restrictions on the Company's surplus.

g. The total amount of advances to surplus not repaid is \$0.

h. The amounts of stock held by the Company, including stock of affiliated companies, for special purposes is:

(1) Conversion of preferred stock:	0 shares
(2) Employee stock options:	0 shares
(3) Stock purchase warrants:	0 shares

i. At December 31, 2011, the Company has recognized \$2,682,565 of surplus relating to the use of SSAP No. 10R. This is an increase of \$225,949 from 2010.

j. The portion of unassigned funds (surplus) represented or (reduced) by each of the following items:

(1) Unrealized gains and losses:	2,159,098
(2) Non-admitted asset values:	(6,334,097)
(3) Separate account business:	0
(4) Asset valuation reserves:	(1,178,762)
(5) Reinsurance in unauthorized companies	0

k. Surplus Notes -- Not applicable

l. The impact of any restatement due to prior quasi-reorganizations is as follows: Not applicable

m. The effective date of all quasi-reorganization in the prior 10 years is/are: Not applicable

14. Contingencies

a. Contingent Commitments -- No reportable material commitments or contingent commitments.

b. Assessments

From time to time, insurance companies may be assessed by various state insurance guaranty funds to help pay for the cost of other insurance company insolvencies. These assessments are generally recoverable in most states over a 3 to 10 year period through reduction in future premium tax liabilities. The Company periodically adjusts its accrual for future assessments utilizing information provided by the National Organization of Life and Health Insurance Guaranty Associations. At December 31, 2011, the Company held a liability for future assessments of \$432,000. The Company also holds an asset for premium tax offsets related to guaranty fund assessments paid or accrued.

Assets recognized from paid and accrued tax offsets for the year ended December 31, 2011, are as follows:

Balance, beginning of year	\$ 338,327
Premium tax offsets accrued	208,794
Premium tax offsets applied	(24,742)
	<u>\$ 522,379</u>

NOTES TO FINANCIAL STATEMENTS

- c. Gain Contingencies -- No reportable material gain contingencies.
- d. Claims related extra contractual obligations and bad faith losses stemming from lawsuits – No reportable material losses
- e. All Other Contingencies -- No reportable material other contingencies.

15. Leases

Effective January 17, 2008, the Company entered into a fifteen year non-cancellable operating lease for home office facilities which are shared among several affiliated companies. The lease may be renewed for two additional five year terms at market rates then in effect. Minimum annual rentals under the lease are as follows:

Years 1 – 5	\$1,007,500
Years 6 – 10	1,072,500
Years 11 – 14	1,137,500

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk -- Not applicable**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities -- Not applicable****18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans -- Not applicable****19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators --Not applicable****20. Fair Value Measurements****(1) Fair Value Measurements at Reporting Date**

The Company has categorized its assets and liabilities measured at fair value into the three-level fair value hierarchy as reflected in the following table. See item 4 below for a discussion of each of these three levels.

Description	Level 1	Level 2	Level 3	Total
Assets:				
Bonds:				
All other bonds	-	-	20	20
Total Bonds	-	-	20	20
Non affiliated common stock	2,982,510	-	-	2,982,510
Total assets accounted for at fair value	<u>\$2,982,510</u>	<u>-</u>	<u>\$ 20</u>	<u>\$2,982,530</u>

(2) Fair Value Measurements in (Level 3) of Fair Value Hierarchy.

	Balance	Transfers	Balance
	December 31, 2010	To/From Cost Basis	December 31, 2011
All other bonds	\$ -	\$ 20	\$ 20

(3) Fair Value Recognition of Transfers Between Levels

The Company recognizes and records the transfer of securities into and out of Level 3 due to changes in availability of market observable inputs. All transfers are reflected in the table above at fair value as of the end of the reporting period.

(4) Inputs and Techniques Used in Estimating Fair Value

Level 1 - Quoted prices for identical assets or liabilities in active markets (markets in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis). The Company's Level 1 financial instruments consist primarily of publicly traded equity securities and highly liquid government bonds for which quoted market prices in active markets are available.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar assets or liabilities in inactive markets (markets in which there are few transactions, the prices are not current, price quotations vary substantially over time or among market makers, or in which little information is released publicly); and valuations based on other significant inputs that are observable in active markets. The Company's Level 2 financial instruments include corporate and municipal fixed maturity securities and MBS priced using observable inputs. Level 2 inputs include benchmark yields, reported trades, corroborated broker/dealer quotes, issuer spreads and benchmark securities. When non-binding broker quotes can be corroborated by comparison to similar securities priced using observable inputs, they are classified as Level 2.

NOTES TO FINANCIAL STATEMENTS

Level 3 - Valuations derived from market valuation techniques generally consistent with those used to estimate the fair value of Level 2 financial instruments in which one or more significant inputs are unobservable. The unobservable inputs may include management's own assumptions about the assumptions market participants would use based on the best information available in the circumstances. The Company's Level 3 is comprised of financial instruments whose fair value is estimated based on non-binding broker quotes or internally developed using significant inputs not based on, or corroborated by, observable market information.

The Company's investment managers, American Money Management Corporation (an affiliate) is responsible for the valuation process and uses data from outside sources (including nationally recognized pricing services and broker/dealers) in establishing fair value. Valuation techniques utilized by pricing services and prices obtained from external sources are reviewed by AMMC's internal investment professionals who are familiar with the securities being priced and the markets in which they trade to ensure the fair value determination is representative of an exit price. To validate the appropriateness of the prices obtained, these investment managers consider widely published indices (as benchmarks), recent trades, changes in interest rates, general economic conditions and the credit quality of the specific issuers.

21. Other Items

- a. Extraordinary Items -- No reportable material extraordinary items.
- b. Troubled debt restructuring: Debtors -- Not applicable
- c. Other disclosures

Assets in the amount of \$111,759,019 and \$117,312,411 at December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law or in accordance with the terms of various reinsurance agreements.

- d. Uncollectible assets

The Company routinely assesses the collectability of assets covered by SSAP No. 6. Based upon Company experience, amounts that may become uncollectible and the potential loss thereof is not material to the Company's financial condition. The accompanying financial statements do not include any assets covered by SSAP No. 47 or SSAP No. 66.

- e. Business interruption insurance recoveries -- There were no business interruption claims made or recovered.
- f. State Transferable Tax Credits – Not applicable.
- g. Subprime Mortgage Related Risk Exposure.

(1) Included in determining the company's exposure to sub-prime mortgage loans are the debt and equity securities of companies whose principal business includes the origination, securitization, providing of mortgage insurance on, investment in or management of sub-prime mortgage loans. Also included in such determination are those residential mortgage backed securities and collateral debt obligations in which the ultimate collateral supporting anticipated cash flows are sub-prime mortgage loans. In general, we limit the company's purchases of sub-prime residential mortgage backed securities to those securities with AAA ratings and whose underlying collateral is fixed-rate (as opposed to adjustable rate).

(2) The Company does not have any investments with direct exposure in subprime mortgage loans.

(3) Indirect exposure to subprime mortgage risk through investments in the following securities:

	# of Securities	Actual Cost	Book adjusted carrying value	Fair Value	Any other than temporary impairment losses recognized	% AAA
Residential mortgage backed securities	4	\$2,288,844	\$2,340,868	\$2,379,304	\$0	100%
Totals		<u>\$2,288,844</u>	<u>\$2,340,868</u>	<u>\$2,379,304</u>	<u>\$0</u>	

(4) The Company has no net underwriting exposure to subprime mortgage risk through Mortgage Guaranty coverage or Financial Guaranty coverage.

- h. Retained Assets – Not applicable.

22. Events Subsequent

Management has evaluated the financial statements for subsequent events through February 21, 2012, the date financial statements were available to be issued.

23. Reinsurance

- a. Ceded Reinsurance Report

- (1) Section 1 - General Interrogatories

- (a) 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.

NOTES TO FINANCIAL STATEMENTS

(b) 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.

(2) Section 2 - Ceded Reinsurance Report - Part A

(a) 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)

(i) 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. \$ _____

(ii) 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? \$ _____

(b) 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.

(3) Section 3 - Ceded Reinsurance Report - Part B

(a) 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. \$ _____

(b) 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? \$ _____

b. Uncollectible Reinsurance – No reinsurance recoverables were written off.

c. Commutation of Ceded Reinsurance Reflected in Income and Expenses – Not applicable.

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

25. Change in Incurred Losses and Loss Adjustment Expenses:

Reserves as of December 31, 2010 were \$9,553,823. As of December 31, 2011, \$7,347,411 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$525,038 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on medicare supplement and cancer expense lines of insurance. Therefore, there has been a \$1,681,374 favorable prior year development since December 31, 2010 to December 31, 2011. The 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.

26. Intercompany Pooling Arrangements -- Not applicable

27. Structured Settlements -- Not applicable

28. Health Care Receivables -- Not applicable

29. Participating Policies

- a. Participating policies represent approximately 5.4% of the total life insurance inforce at December 31, 2011.
- b. Policyholder dividends are recognized on the policy's anniversary.
- c. Dividends to policyholders in 2011 were \$36,575.
- d. No additional income was allocated to participating policyholders.

30. Premium Deficiency Reserves -- Not applicable

31. Reserves for Life Contracts and Annuity Contracts

NOTES TO FINANCIAL STATEMENTS

- a. 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.
- b. Extra premiums are charged for substandard lives. Reserves are based on a combination of mean reserves for substandard lives and the gross premiums charged for such.
- c. As of December 31, 2011, the Company had \$38,742,380 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio. Reserves to cover the above insurance totaled \$3,613,587 at year-end and are reported in Exhibit 5, Miscellaneous Reserves section.
- d. Tabular interest less actual reserves released, and tabular cost have been determined by formula as described in the instructions.
- e. For the determination of tabular interest on funds not involving life for each valuation rate of interest, the tabular interest is calculated as one hundredth of the product of such valuation rate of interest times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.
- f. The increase in annuity reserves on the Analysis of Increase in Reserves, Page 7, line 7, can be attributed to changes in CARVM and annual runoff of surrender charges. Other net change in reserves on annuities certain found in Exhibit 7, Line 4 is due to internal rollovers.

32. Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics

	Amount	% of Total
Subject to discretionary withdrawal:		
With market value adjustment	\$ 89,576,647	33.4%
At book value less current surrender charge of 5% or more	49,657,185	18.5%
At book value without adjustment	122,437,127	45.7%
Not subject to discretionary withdrawal	6,550,532	2.4%
Subtotal	\$ 268,221,491	100.0%
Reinsurance Ceded	55,678,778	
Total	\$ 212,542,713	

*Reconciliation of total annuity actuarial reserves and deposit fund liabilities:

	Amount
Life & Accident & Health Annual Statement:	
Exhibit 5, Section B, Total (net)	\$ 198,690,946
Exhibit 5, Section C, Total (net)	433,522
Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	13,418,245
Total	\$ 212,542,713

33. Premium and Annuity Considerations Deferred and Uncollected

Type	Gross	Loading	Net of Loading
(1) Industrial	\$ -	\$ -	\$ -
(2) Ordinary new business	-	-	-
(3) Ordinary renewal	581,971	458,152	123,819
(4) Credit Life	-	-	-
(5) Group Life	3,814	3,793	21
(6) Group Annuity	-	-	-
(7) Totals	\$ 585,785	\$ 461,945	\$ 123,840

34. Separate Accounts -- Not applicable**35. Loss/Claim Adjustment Expenses**

Reserves for LAE expense is contained within the claim liability reserve for incurred but not reported claims. For 2011 and 2010 LAE reserves were \$227,174 and \$191,181, respectively.

Loyal American Life Insurance Company

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 [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]							
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 [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] N/A [<input type="checkbox"/>]							
1.3 State regulating? <u>Ohio</u>								
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 [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
2.2 If yes, date of change:	12/31/2011							
3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.	12/31/2006							
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.	01/25/2008							
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).	01/25/2008							
3.4 By what department or departments? <u>Ohio Department of Insurance</u>								
3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] N/A [<input checked="" type="checkbox"/>]							
3.6 Have all of the recommendations within the latest financial examination report been complied with?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] N/A [<input type="checkbox"/>]							
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 [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
4.12 renewals?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
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 [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
4.22 renewals?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
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.	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">1 Name of Entity</td> <td style="width: 33%; text-align: center;">2 NAIC Co. Code</td> <td style="width: 33%; text-align: center;">3 State of Domicile</td> </tr> </table>		1 Name of Entity	2 NAIC Co. Code	3 State of Domicile				
1 Name of Entity	2 NAIC Co. 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?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
6.2 If yes, give full information:								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">1 Nationality</td> <td style="width: 50%; text-align: center;">2 Type of Entity</td> </tr> </table>		1 Nationality	2 Type of Entity					
1 Nationality	2 Type of Entity							
7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
7.2 If yes,%%							
7.21 State the percentage of foreign control								
7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">1 Nationality</td> <td style="width: 50%; text-align: center;">2 Type of Entity</td> </tr> </table>		1 Nationality	2 Type of Entity					
1 Nationality	2 Type of Entity							
8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
8.2 If response to 8.1 is yes, please identify the name of the bank holding company.								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 14.28%; text-align: center;">1 Affiliate Name</td> <td style="width: 14.28%; text-align: center;">2 Location (City, State)</td> <td style="width: 14.28%; text-align: center;">3 FRB</td> <td style="width: 14.28%; text-align: center;">4 OCC</td> <td style="width: 14.28%; text-align: center;">5 OTS</td> <td style="width: 14.28%; text-align: center;">6 FDIC</td> <td style="width: 14.28%; text-align: center;">7 SEC</td> </tr> </table>		1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC		
8.3 Is the company affiliated with one or more banks, thrifts or securities firms?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 14.28%; text-align: center;">1 Affiliate Name</td> <td style="width: 14.28%; text-align: center;">2 Location (City, State)</td> <td style="width: 14.28%; text-align: center;">3 FRB</td> <td style="width: 14.28%; text-align: center;">4 OCC</td> <td style="width: 14.28%; text-align: center;">5 OTS</td> <td style="width: 14.28%; text-align: center;">6 FDIC</td> <td style="width: 14.28%; text-align: center;">7 SEC</td> </tr> </table>		1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC		
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? <u>Ernst & Young, LLP, 1900 Scripps Center, 312 Walnut Street, Cincinnati, OH 45202</u>								
10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
10.2 If the response to 10.1 is yes, provide information related to this exemption:								
10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
10.4 If the response to 10.3 is yes, provide information related to this exemption:								
10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
10.6 If the answer to 10.5 is no or n/a, please explain. <u>The Audit Committee of American Financial Group, Inc., the Company's SOX compliant ultimate parent, will be deemed to serve as the Company's Audit Committee for the purposes of compliance with Ohio insurance law.</u>								
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? <u>Mark E. Alberts, FSA, MAAA; 22 East 55th Street; Indianapolis, IN 46220; Consulting Actuary</u>								
12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]							
12.11 Name of real estate holding company								
12.12 Number of parcels involved							
12.13 Total book/adjusted carrying value							
12.2 If yes, provide explanation.								

Loyal American Life Insurance Company

GENERAL INTERROGATORIES

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. 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 []

17. 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 []

18. 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 that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$.....0
20.12 To stockholders not officers	\$.....0
20.13 Trustees, supreme or grand (Fraternal only)	\$.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$.....0
20.22 To stockholders not officers	\$.....0
20.23 Trustees, supreme or grand (Fraternal only)	\$.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

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

21.21 Rented from others	.....
21.22 Borrowed from others	.....
21.23 Leased from others	.....
21.24 Other	.....

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No []

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	\$.....0
22.22 Amount paid as expenses	\$.....0
22.23 Other amounts paid	\$.....101,631

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....4,829

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.1 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 (other than securities lending programs addressed in 24.3)? Yes [X] No []

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

24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
The Company does not engage in securities lending.

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.

24.6 If answer to 24.4 is no, report amount of collateral for other programs.

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

25.1 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, 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 21.1 and 24.3) Yes [X] No []

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

25.21 Subject to repurchase agreements	\$.....0
25.22 Subject to reverse repurchase agreements	\$.....0
25.23 Subject to dollar repurchase agreements	\$.....0
25.24 Subject to reverse dollar repurchase agreements	\$.....0
25.25 Pledged as collateral	\$.....0
25.26 Placed under option agreements	\$.....0
25.27 Letter stock or securities restricted as to sale	\$.....0
25.28 On deposit with state or other regulatory body	\$.....4,619,823
25.29 Other	\$.....107,139,196

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]

If no, attach a description with this statement.

27.1 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]

27.2 If yes, state the amount thereof at December 31 of the current year: 0

28. Excluding items in Schedule E-Part 3-Special Deposits, 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 Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

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

28.02 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)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

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

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

28.05 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
N/A	American Money Mangement Corporation	301 East Fourth Street, Cincinnati, OH 45202

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
29.2999. TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	390,484,978	424,937,972	34,452,994
30.2 Preferred stocks.....			0
30.3 Totals.....	390,484,978	424,937,972	34,452,994

30.4 Describe the sources or methods utilized in determining the fair values:

Fair values for bonds and preferred stocks are determined by internal investment professionals at American Monay Management Corporation (the manager of the Company's investment portfolio) using data from nationally recognized pricing services, broker quotes and available trade information. When data from these sources is not available (typically less than 1% of the portfolio), prices are developed internally by the investment professionals using widely published indices (as benchmarks), interest rates, issuer spreads, credit quality of the specific issuer and general economic conditions.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D. For the securities that were priced using broker prices, the Company obtains data from brokers that are familiar with the securities being priced and the markets in which they trade.

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

32.2 If no, list exceptions:

Loyal American Life Insurance Company**PART 1 - COMMON INTERROGATORIES - OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....21,439

33.2 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	2
Name	Amount Paid
AM Best	21,439

34.1 Amount of payments for legal expenses, if any? \$.....51,358

34.2 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	2
Name	Amount Paid
Hijar Sutherland	44,333

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....1,550

35.2 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	2
Name	Amount Paid
American Council of Life Insurers	1,550

GENERAL INTERROGATORIES**PART 2 - LIFE INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [X] No []

1.2 If yes, indicate premium earned on U.S. business only \$.....92,087,795

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$.....0

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. \$.....0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....66,654,523

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$.....85,759,995
1.62 Total incurred claims \$.....61,889,746
1.63 Number of covered lives46,184

All years prior to most current three years:

1.64 Total premium earned \$.....6,327,800
1.65 Total incurred claims \$.....4,764,777
1.66 Number of covered lives2,635

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 lives0

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 lives0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	.....92,087,998	.....73,939,613
2.2 Premium Denominator.....	.....103,290,042	.....87,444,914
2.3 Premium Ratio (2.1/2.2).....	.....89.2	.....84.6
2.4 Reserve Numerator.....	.....13,745,350	.....12,022,166
2.5 Reserve Denominator.....	.....252,560,719	.....270,558,270
2.6 Reserve Ratio (2.4/2.5).....	.....5.4	.....4.4

3.1 Does this reporting entity have Separate Accounts? Yes [] No [X]

3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes [] No [] N/A [X]

3.3 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?

3.4 State the authority under which Separate Accounts are maintained:

3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes [] No []

3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes [] No []

3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)"?

4.1 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 [X] No []

4.2 Net reimbursement of such expenses between reporting entities:

4.21 Paid \$.....11,452,716
4.22 Received \$.....954,856

5.1 Does the reporting entity write any guaranteed interest contracts? Yes [] No [X]

5.2 If yes, what amount pertaining to these items is included in:

5.21 Page 3, Line 1

5.22 Page 4, Line 1

6. For stock reporting entities only:

6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$.....27,937,739

7. Total dividends paid stockholders since organization of the reporting entity:

7.11 Cash \$.....171,293,877
7.12 Stock \$.....0

GENERAL INTERROGATORIES**PART 2 - LIFE INTERROGATORIES**

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as:

Yes [] No [X]

Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement?

Yes [] No []

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

1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained
8.31 Earned premium.....
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 Col. (1) are:

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, Col. 1 was assumed from pools?

9.1 Does the company have variable annuities with guaranteed benefits?

Yes [] No [X]

9.2 If 9.1 is yes, complete the following table for each type of guaranteed benefit.

Type	1 Guaranteed Death Benefit	2 Guaranteed Living Benefit	3 Waiting Period Remaining	4 Account Value Related to Col. 3	5 Total Related Account Values	6 Gross Amount of Reserve	7 Location of Reserve	8 Portion Reinsured	9 Reinsurance Reserve Credit

10. For reporting entities having sold annuities to another insurer when the insurer purchasing the annuities has obtained a release of liability from the claimant (payee) as the result of the purchase of an annuity from the reporting entity only:

10.1 Amount of loss reserves established by these annuities during the current year? \$.....0

10.2 List the name and location of the insurance company purchasing the annuities and the statement value on the purchase date of the annuities.

1 P&C Insurance Company and Location	2 Statement Value on Purchase Date of Annuities (i.e., Present Value) \$

11.1 Do you act as a custodian for health savings account? Yes [] No [X]

11.2 If yes, please provide the amount of custodial funds held as of the reporting date.

.....

11.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

11.4 If yes, please provide the balance of the funds administered as of the reporting date.

.....

Loyal American Life Insurance Company

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 2011	2 2010	3 2009	4 2008	5 2007
Life Insurance in Force (Exhibit of Life Insurance)					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....	501,348	547,363	598,382	637,788	688,220
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....	151,782	165,538	178,543	199,168	219,089
3. Credit life (Line 21, Col. 6).....					924
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....	14,912	17,210	18,797	19,997	22,109
5. Industrial (Line 21, Col. 2).....					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....					
7. Total (Line 21, Col. 10).....	668,042	730,111	795,722	856,953	930,342
New Business Issued (Exhibit of Life Insurance)					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	34	124	22,615	4,578	8,094
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....	3	8	31	558	3,674
10. Credit life (Line 2, Col. 6).....				76	166
11. Group (Line 2, Col. 9).....	80		30	155	403
12. Industrial (Line 2, Col. 2).....					
13. Total (Line 2, Col. 10).....	117	132	22,676	5,367	12,337
Premium Income - Lines of Business (Exhibit 1-Part 1)					
14. Industrial life (Line 20.4, Col. 2).....					
15.1 Ordinary life insurance (Line 20.4, Col. 3).....	1,759,552	1,928,755	2,375,226	1,474,686	1,446,005
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....	412,253	1,449,050	1,600,301	78,108,546	30,163,825
16. Credit life (group and individual) (Line 20.4, Col. 5).....				825	965
17.1 Group life insurance (Line 20.4, Col. 6).....	107,436	121,536	144,870	162,272	187,457
17.2 Group annuities (Line 20.4, Col. 7).....					
18.1 A&H - group (Line 20.4, Col. 8).....	127,178	142,579	167,790	279,328	400,673
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....					
18.3 A&H - other (Line 20.4, Col. 10).....	100,883,623	83,802,994	48,640,185	27,192,371	27,117,888
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....					
20. Total.....	103,290,042	87,444,914	52,928,372	107,218,028	59,316,813
Balance Sheet (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....	438,927,645	452,928,452	465,848,601	483,898,561	438,979,709
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	398,120,312	415,044,506	432,518,494	446,200,556	397,184,902
23. Aggregate life reserves (Page 3, Line 1).....	222,238,520	240,142,087	257,131,032	268,598,384	215,834,116
24. Aggregate A&H reserves (Page 3, Line 2).....	19,119,979	19,806,384	20,036,848	31,449,607	35,072,286
25. Deposit-type contract funds (Page 3, Line 3).....	13,418,246	13,470,506	13,803,826	12,774,630	11,214,685
26. Asset valuation reserve (Page 3, Line 24.01).....	1,178,762	1,270,361	870,394	1,282,242	2,932,043
27. Capital (Page 3, Lines 29 & 30).....	5,640,000	5,640,000	5,640,000	5,640,000	5,640,000
28. Surplus (Page 3, Line 37).....	35,167,333	32,243,946	27,690,107	32,058,005	36,154,807
Cash Flow (Page 5)					
29. Net Cash from operations (Line 11).....	(14,749,981)	(15,162,326)	(8,521,534)	60,307,225	6,854,588
Risk-Based Capital Analysis					
30. Total adjusted capital.....	42,024,407	39,174,307	34,248,668	39,098,037	44,726,850
31. Authorized control level risk-based capital.....	4,473,042	4,520,185	4,085,794	5,549,068	4,830,514
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line No. /Page 2, Line 12, Col. 3) x 100.0					
32. Bonds (Line 1).....	91.7	90.4	85.2	83.3	85.2
33. Stocks (Lines 2.1 and 2.2).....	4.0	4.0	3.6	3.1	4.4
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....					
35. Real estate (Line 4.1, 4.2 and 4.3).....					
36. Cash, cash equivalents and short-term investments (Line 5).....	0.0	1.3	6.5	9.1	5.4
37. Contract loans (Line 6).....	4.3	4.3	4.7	4.5	4.9
38. Derivatives (Line 7).....			XXX.....	XXX.....	XXX.....
39. Other invested assets (Line 8).....					0.0
40. Receivables for securities (Line 9).....	0.0		0.0		
41. Securities lending reinvested collateral assets (Line 10).....			XXX.....	XXX.....	XXX.....
42. Aggregate write-ins for invested assets (Line 11).....					
43. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0

Loyal American Life Insurance Company
FIVE-YEAR HISTORICAL DATA

(continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
Investments in Parent, Subsidiaries and Affiliates					
44. Affiliated bonds (Sch. D Summary, Line 12 Col. 1).....					
45. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....					
46. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....	13,766,185	13,481,767	13,342,773	13,807,583	14,719,668
47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....					
48. Affiliated mortgage loans on real estate					
49. All other affiliated.....					
50. Total of above Lines 44 to 49.....	13,766,185	13,481,767	13,342,773	13,807,583	14,719,668
Total Nonadmitted and Admitted Assets					
51. Total nonadmitted assets (Page 2, Line 28, Col. 2).....	6,334,097	6,856,682	8,640,189	6,623,859	7,841,276
52. Total admitted assets (Page 2, Line 28, Col. 3).....	438,927,645	452,928,452	465,848,601	483,898,561	438,979,709
Investment Data					
53. Net investment income (Exhibit of Net Investment Income).....	24,262,766	24,444,027	24,398,651	26,523,421	23,982,964
54. Realized capital gains (losses) (Page 4, Line 34, Column 1).....	(692,460)	(62,935)	(934,730)	(6,764,669)	(57,976)
55. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	77,560	1,033,862	332,064	1,381,329	(529,051)
56. Total of above Lines 53, 54 and 55.....	23,647,866	25,414,954	23,795,985	21,140,081	23,395,937
Benefits and Reserve Increase (Page 6)					
57. 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).....	30,142,632	30,983,575	25,525,092	39,079,544	36,590,171
58. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	71,816,293	57,407,634	29,391,029	14,939,903	14,229,641
59. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	(94,247)	(434,474)	(320,044)	(638,036)	(385,989)
60. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	(686,404)	(207,477)	1,221,990	2,564,361	2,432,050
61. Dividends to policyholders (Line 30, Col 1).....	36,575	(12,192)	38,378	39,649	(32,174)
Operating Percentages					
62. Insurance expense percent (Page 6, Col. 1, Lines 21, 22, & 23 less Line 6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00.....	27.1	26.4	39.7	12.4	29.0
63. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00.....	6.7	6.3	8.2	7.3	7.9
64. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....	70.3	67.7	61.2	64.3	60.3
65. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....					
66. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....	29.0	33.8	42.8	46.0	52.7
A&H Claim Reserve Adequacy					
67. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....	6,421	8,974	12,870	33,546	74,885
68. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....	48,189	49,260	79,247	124,423	171,623
69. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	7,866,028	6,472,667	4,590,437	4,158,774	6,179,819
70. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	9,505,634	7,864,747	5,295,201	5,720,987	7,347,442
Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)					
71. Industrial life (Col. 2).....					
72. Ordinary - life (Col. 3).....	272,813	7,217,445	171,367	927,696	4,455,804
73. Ordinary - individual annuities (Col. 4).....	3,242,096	4,312,153	3,104,929	1,485,464	515,186
74. Ordinary - supplementary contracts (Col. 5).....	(7,336)	(149,766)	(31,169)	55,535	(189,854)
75. Credit life (Col. 6).....			655	716	915
76. Group life (Col. 7).....	(62,938)	(22,473)	(15,761)	(87,524)	(2,116)
77. Group annuities (Col. 8).....	(36,018)	(44,322)	(5,487)	(12,012)	105,536
78. A&H - group (Col. 9).....	56,361	138,208	94,281	163,596	155,264
79. A&H - credit (Col. 10).....					
80. A&H - other (Col. 11).....	55,247	(766,252)	(130,951)	(489,834)	(78,943)
81. Aggregate of all other lines of business (Col. 12).....					
82. Total (Col. 1).....	3,520,225	10,684,993	3,187,864	2,043,637	4,961,792

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group		10 Total Amount of Insurance (a)
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	7 Number of Policies	8 Certificates	
1. In force end of prior year.....			44,211	712,901			77	2,365	17,210
2. Issued during year.....				37				.616	.80
3. Reinsurance assumed.....									0
4. Revived during year.....			7	1,720					1,720
5. Increased during year (net).....									215
6. Subtotals, Lines 2 to 5.....	0	0	7	1,757	0	0	0	.616	295
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
9. Totals (Lines 1 and 6 to 8).....	0	0	44,218	714,658	0	0	77	2,981	17,505
Deductions during year:									
10. Death.....			1,065	8,519			XXX	9	126
11. Maturity.....			29	118			XXX		118
12. Disability.....							XXX		0
13. Expiry.....			433	5,697					125
14. Surrender.....			1,146	26,007					612
15. Lapse.....			256	19,744			10	.84	1,855
16. Conversion.....							XXX	XXX	XXX
17. Decreased (net).....				30					30
18. Reinsurance.....			5	1,413					1,413
19. Aggregate write-ins for decreases.....	0	0	0	0	0	0	0	0	0
20. Totals (Lines 10 to 19).....	0	0	2,934	61,528	0	0	10	.218	2,593
21. In force end of year (Line 9 minus Line 20).....	0	0	41,284	653,130	0	0	.67	.2,763	14,912
22. Reinsurance ceded end of year.....	XXX		XXX	504,634	XXX		XXX	XXX	504,634
23. Line 21 minus Line 22.....	XXX	0	XXX	148,496	XXX	(b) 0	XXX	XXX	14,912
									163,408

DETAILS OF WRITE-INS

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

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.....	1,050
25. Other paid-up insurance.....			12,033	37,586
26. Debit ordinary insurance.....	XXX.....	XXX.....		

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies-decreasing.....			208	1,345
28. Term policies-other.....		2	611	98,329
29. Other term insurance-decreasing.....	XXX.....		XXX.....	425
30. Other term insurance.....	XXX.....		XXX.....	29,738
31. Totals (Lines 27 to 30).....	0	2	819	129,837
Reconciliation to Lines 2 and 21:				
32. Term additions.....	XXX.....		XXX.....	
33. Totals, extended term insurance.....	XXX.....	XXX.....	2,747	21,944
34. Totals, whole life and endowment.....		34	37,718	501,348
35. Totals (Lines 31 to 34).....	0	36	41,284	653,129

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial.....				
37. Ordinary.....		37		617,332
38. Credit Life (Group and Individual).....				
39. Group.....		80		14,912
40. Totals (Lines 36 to 39).....	117	0	632,244	35,798

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 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.....	2,763	XXX.....
43. Federal Employees' Group Life Insurance included in Line 21.....				
44. Servicemen's Group Life Insurance included in Line 21.....				
45. Group Permanent Insurance included in Line 21.....				

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a).....	86,569
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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 <u>Actual for spouse, \$1,000 per unit for children</u>

POLICIES WITH DISABILITY PROVISIONS

Disability Provision	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium.....			3,603	41,129				
49. Disability Income.....								
50. Extended Benefits.....		XXX.....	XXX.....					
51. Other.....								
52. Total.....	0	(b).....0	3,603	(b).....41,129	0	(b).....0	0	(b).....0

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

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

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

SUPPLEMENTARY CONTRACTS

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year.....	64	.6		
2. Issued during year.....		2		
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....	64	.8	.0	.0
Deductions during year:				
6. Decreased (net).....	10	1		
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	10	.1	.0	.0
9. In force end of year.....	54	.7	.0	.0
10. Amount on deposit.....		(a) 32,083		(a)
11. Income now payable.....	54	.2		
12. Amount of income payable.....	(a) 60,827	(a) 21,740	(a)	(a)

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	149	3,665	.3	.64
2. Issued during year.....	32	.1		
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....	181	3,666	.3	.64
Deductions during year:				
6. Decreased (net).....	16	420		.3
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	16	420	.0	.3
9. In force end of year.....	165	3,246	.3	.61
Income now payable:				
10. Amount of income payable.....	(a) 2,002,207	XXX	XXX	(a) 106,937
Deferred fully paid:				
11. Account balance.....	XXX	(a) 1,073,226	XXX	(a) 175,868
Deferred not fully paid:				
12. Account balance.....	XXX	(a) 198,229,781	XXX	(a)

ACCIDENT AND HEALTH INSURANCE

	Group		Credit		Other	
	1 Certificates	2 Premiums in force	3 Policies	4 Premiums in force	5 Policies	6 Premiums in force
1. In force end of prior year.....	.3	141,059			.85,878	.94,959,827
2. Issued during year.....		.806,794			.17,743	.25,958,322
3. Reinsurance assumed.....						
4. Increased during year (net).....		XXX		XXX		XXX
5. Total (Lines 1 to 4).....	.3	XXX	.0	XXX	.103,621	XXX
Deductions during year:						
6. Conversions.....		XXX	XXX	XXX	XXX	XXX
7. Decreased (net).....		XXX		XXX	.15,185	XXX
8. Reinsurance ceded.....		XXX		XXX	.3,882	XXX
9. Totals (Lines 6 to 8).....	.0	XXX	.0	XXX	.19,067	XXX
10. In force end of year.....	.3	(a) 126,653	.0	(a)	.84,554	(a) 107,373,836

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1 Deposit Funds Contracts		2 Dividend Accumulations Contracts	
	1 Deposit Funds	2 Dividend Accumulations	1 Contracts	2 Contracts
1. In force end of prior year.....			1,969	.3,492
2. Issued during year.....			.34	.88
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....			.2,003	.3,580
Deductions during year:				
6. Decreased (net).....			114	.170
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....			114	.170
9. In force end of year.....			1,889	.3,410
10. Amount of account balance.....			(a) 2,712,468	(a) 6,066,955

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

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	Active Status	1	Direct Business Only					Deposit-Type Contracts	
		Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5			
		2 Life Insurance Premiums	3 Annuity Considerations						
1. Alabama.....	AL.....	745,299		3,547,517		4,292,815		1,201	
2. Alaska.....	AK.....	2,938		6,928		9,866			
3. Arizona.....	AZ.....	44,888		475,135		520,023		3,998	
4. Arkansas.....	AR.....	228,302	16,172	783,337		1,027,811		116	
5. California.....	CA.....	146,895	100,485	820,089		1,067,469		4,159	
6. Colorado.....	CO.....	24,292		415,262		439,555		811	
7. Connecticut.....	CT.....	4,320		70,132		74,451		65	
8. Delaware.....	DE.....	20,473		7,445		27,918			
9. District of Columbia.....	DC.....	9,694		10,839		20,533		371	
10. Florida.....	FL.....	780,844	77,421	880,751		1,739,016		4,081	
11. Georgia.....	GA.....	357,179	1,069	1,045,193		1,403,440		4,191	
12. Hawaii.....	HI.....	15,189	27,230	111,092		153,511		1,266	
13. Idaho.....	ID.....	3,854	5,000	1,016,130		1,024,984			
14. Illinois.....	IL.....	154,281		7,887,999		8,042,279		186	
15. Indiana.....	IN.....	300,633	15,134	5,078,953		5,394,721		864	
16. Iowa.....	IA.....	16,442		4,641,431		4,657,873		257	
17. Kansas.....	KS.....	58,638	5,000	4,434,376		4,498,013		643	
18. Kentucky.....	KY.....	50,433		1,728,580		1,779,013		801	
19. Louisiana.....	LA.....	322,064		1,924,469		2,246,532		348	
20. Maine.....	ME.....	86,108		218,243		304,351		127	
21. Maryland.....	MD.....	74,428		186,165		260,593		1,749	
22. Massachusetts.....	MA.....	84,427		34,494		118,922		420	
23. Michigan.....	MI.....	63,135	68,976	4,420,501		4,552,612		389	
24. Minnesota.....	MN.....	35,881		210,112		245,993		52,087	
25. Mississippi.....	MS.....	319,640		4,617,034		4,936,674		256	
26. Missouri.....	MO.....	157,536		3,055,654		3,213,190		741	
27. Montana.....	MT.....	1,888		1,578,881		1,580,769			
28. Nebraska.....	NE.....	29,105		2,698,032		2,727,138			
29. Nevada.....	NV.....	19,036		63,531		82,567		3,659	
30. New Hampshire.....	NH.....	16,705		10,196		26,901			
31. New Jersey.....	NJ.....	89,961	96,628	8,403		194,992		(81)	
32. New Mexico.....	NM.....	16,397		585,478		601,875		26	
33. New York.....	NY.....	27,958		17,462		45,420		1,140	
34. North Carolina.....	NC.....	742,163	4,172	7,601,947		8,348,282		22,582	
35. North Dakota.....	ND.....	1,186		54,939		56,125			
36. Ohio.....	OH.....	193,569		3,390,838		3,584,408		107	
37. Oklahoma.....	OK.....	113,672		3,188,402		3,302,074		448	
38. Oregon.....	OR.....	24,669	120,394	2,431,158		2,576,221		397	
39. Pennsylvania.....	PA.....	80,534	109,615	883,709		1,073,859		456	
40. Rhode Island.....	RI.....	35,106		26,402		61,508			
41. South Carolina.....	SC.....	306,576	7,174	6,984,161		7,297,910		1,532	
42. South Dakota.....	SD.....	24,077		1,755,418		1,779,494		444	
43. Tennessee.....	TN.....	487,678	160	2,451,046		2,938,884		582	
44. Texas.....	TX.....	432,874		29,382,338		29,815,212		15,495	
45. Utah.....	UT.....	21,318	6,000	572,701		600,019		1,074	
46. Vermont.....	VT.....	147,033		37,778		184,811			
47. Virginia.....	VA.....	177,700	24,345	498,479		700,524		1,777	
48. Washington.....	WA.....	15,774	17,286	43,660		76,721		281	
49. West Virginia.....	WV.....	166,447	276	818,170		984,893		243	
50. Wisconsin.....	WI.....	16,774	28,060	794,212		839,047		51,987	
51. Wyoming.....	WY.....	2,390		289,134		291,524		158	
52. American Samoa.....	AS.....					0			
53. Guam.....	GU.....	2,146				2,146		86	
54. Puerto Rico.....	PR.....	12,573		.50		12,622		30	
55. US Virgin Islands.....	VI.....	13,693	6,277	.625		20,595		100	
56. Northern Mariana Islands.....	MP.....					0			
57. Canada.....	CN.....	.154				.154			
58. Aggregate Other Alien.....	OT.....	299,299	0	.837	0	300,136	0	0	
59. Subtotal.....	(a).....	51	7,626,268	736,874	113,795,847	0	122,158,989	181,650	
90. Reporting entity contributions for employee benefit plans.....	XXX.....					0			
91. Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX.....					0			
92. Dividends or refunds applied to shorten endowment or premium paying period.....	XXX.....					0			
93. Premium or annuity considerations waived under disability or other contract provisions.....	XXX.....	126,024		14,366		140,390			
94. Aggregate other amounts not allocable by State.....	XXX.....	0	0	0	0	0		0	
95. Totals (Direct Business).....	XXX.....	7,752,292	736,874	113,810,213	0	122,299,379		181,650	
96. Plus reinsurance assumed.....	XXX.....	48,775		12,261		51,036			
97. Totals (All Business).....	XXX.....	7,801,067	736,874	113,822,474	0	122,360,415		181,650	
98. Less reinsurance ceded.....	XXX.....	5,770,130	324,621	12,633,572		18,728,323			
99. Totals (All Business) less reinsurance ceded.....	XXX.....	2,030,937	412,253	(b).....101,188,902	0	103,632,092		181,650	

DETAILS OF WRITE-INS

5801. Chile.....	XXX.....	86,853				86,853		
5802. Honduras.....	XXX.....	64,191				64,191		
5803. Austria.....	XXX.....	42,599				42,599		
5898. Summ. of remaining write-ins for line 58 from overflow page.....	XXX.....	105,656	0	.837	0	106,493	0	
5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above).....	XXX.....	299,299	0	.837	0	300,136	0	
9401.	XXX.....					0		
9402.	XXX.....					0		
9403.	XXX.....					0		
9498. Summ. of remaining write-ins for line 94 from overflow page.....	XXX.....	0	0	0	0	0	0	
9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX.....	0	0	0	0	0	0	

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

Premiums are allocated to the state in which the related policy or certificate holder currently resides.

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

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

Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group
Part 1 - Organizational Chart

	Domiciliary Location	FEIN	NAIC Co. Code
American Financial Group, Inc.	OH	31-1544320	
American Financial Capital Trust II	DE	31-6549738	
American Financial Capital Trust III	DE	16-6543606	
American Financial Capital Trust IV	DE	16-6543609	
American Financial Enterprises, Inc.	CT	31-0996797	
American Money Management Corporation	OH	31-0828578	
American Real Estate Capital Company, LLC (80%)	OH	27-1577326	
MidMarket Capital Partners, LLC (51%)	DE	27-2829629	
APU Holding Company	OH	41-2112001	
American Premier Underwriters, Inc.	PA	23-6000765	
The Associates of the Jersey Company	NJ	23-6297584	
Cal Coal, Inc.	IL	37-1094159	
Great Southwest Corporation	DE	95-2802826	
The Indianapolis Union Railway Company	IN	35-6001691	
Lehigh Valley Railroad Company	PA	13-6400464	
Magnolia Alabama Holdings, Inc.	DE	20-1548213	
Magnolia Alabama Holdings LLC	AL	20-1574094	
The Owasco River Railway, Inc.	NY	13-6021353	
PCC Real Estate, Inc.	NY	31-1236926	
PCC Technical Industries, Inc.	DE	76-0080537	
PCC Maryland Realty Corp.	MD	31-1388401	
Penn Central Energy Management Company	DE	06-1209709	
Penn Towers, Inc.	PA	23-1537928	
Pennsylvania-Reading Seashore Lines (66.67%)	NJ	23-6000766	
Pittsburgh and Cross Creek Railroad Company (83%)	PA	23-6207599	
Terminal Realty Penn Co.	DC	23-1707450	
Waynesburg Southern Railroad Company	PA	23-1675796	
GAI Insurance Company, Ltd. *	BM		
Hangar Acquisition Corp.	OH	31-1446308	
PLLS, Ltd.	WA	91-1508643	
Premier Lease & Loan Services Insurance Agency, Inc.	WA	91-1242743	
Premier Lease & Loan Services of Canada, Inc.	WA	91-1508644	
Republic Indemnity Company of America *	CA	95-2801326	22179
Republic Indemnity Company of California *	CA	31-1054123	43753
Risico Management Corporation	DE	31-1262960	
Atlas Building Company, LLC	OH	27-4521779	
Dixie Terminal Corporation	OH	31-0823725	
Flextech Holding Co., Inc.	OH	31-1733037	
GAI Holding Bermuda Ltd.	BM	98-0606803	
GAI Indemnity, Ltd. #	GB	98-0556144	
Marketform Group Limited (71.6%)	GB		
Marketform Holdings Limited	GB		
Caduceus Underwriting Limited	GB		
Lavenham Underwriting Limited #	GB	98-0412245	
Marketform Limited	GB		
Gabinet Marketform SL	ES		
Marketform Australia Pty Limited	AU		
Studio Marketform SRL	IT		
Marketform Management Services Limited	GB		
Marketform Managing Agency Limited	GB		
Sampford Underwriting Limited #	GB	98-0431601	
Marketform Trust Company Limited	GB		

* Denotes insurer

@ Company affiliated but not owned

Participant in Lloyd's Syndicate 2468

Subsidiaries 100% owned by respective parent unless otherwise stated

^ Total percentage owned by respective parent and other affiliated companies

Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group
Part 1 - Organizational Chart

	Domiciliary Location	FEIN	NAIC Co. Code
American Financial Group, Inc.	OH	31-1544320	
Great American Financial Resources, Inc. ^	DE	06-1356481	
AAG Holding Company, Inc.	OH	31-1475936	
Great American Financial Statutory Trust IV	CT	58-646032	
Great American Life Insurance Company *	OH	13-1935920	63312
Aerielle IP Holdings, LLC ^	OH	45-2969767	
Aerielle, LLC ^	DE	26-4391696	
Aerielle Technologies, Inc.	CA	26-0756104	
Annuity Investors Life Insurance Company *	OH	31-1021738	93661
Bay Bridge Marina Hemingway's Restaurant, LLC (85%)	MD	27-4078277	
Bay Bridge Marina Management, LLC (85%)	MD	27-0513333	
Brothers Management, LLC (99%)	FL	20-1246122	
Consolidated Financial Corporation	MI	36-3383108	
FT Liquidation, LLC	OH	45-3988240	
GALIC - Bay Bridge Marina, LLC	MD	20-4604276	
GALIC - Stoneleigh, LLC	FL	45-3829557	
GALIC Brothers, Inc. (80%)	OH	31-1391777	
GALIC Pointe, LLC ^	FL	45-1144095	
GALIC Port Orange, LLC (80%) ^	FL	27-1026964	
Manhattan National Holding Corporation	OH	26-3260520	
Manhattan National Life Insurance Company *	IL	45-0252531	67083
Skipjack Marina Corp.	MD	52-2179330	
Loyal American Holding Corporation	OH	20-3568924	
Loyal American Life Insurance Company *	OH	63-0343428	65722
American Retirement Life Insurance Company *	OH	59-2760189	88366
GALAC Holding Company	OH	45-4121852	
Great American Life Assurance Company *	OH	95-2496321	62200
United Teacher Associates, Ltd. ^	TX	74-2180806	
United Teacher Associates Insurance Company *	TX	58-0869673	63479
AAG Insurance Agency, Inc.	KY	31-1422717	
Ceres Group, Inc.	DE	34-1017531	
Central Reserve Life Insurance Company *	OH	34-0970995	61727
Provident American Life & Health Insurance Company *	OH	23-1335885	67903
United Benefit Life Insurance Company *	OH	75-2305400	65269
Ceres Administrators, L.L.C.	DE	34-1880408	
Ceres Sales, LLC	DE	34-1947043	
Ceres Sales of Ohio, LLC	OH	34-1970892	
HealthMark Sales, LLC	DE	34-1920479	
Continental General Corporation	NE	47-0717079	
Continental General Insurance Company *	OH	47-0463747	71404
Continental Print & Photo Co.	NE	47-0562685	
QQAgency of Texas, Inc.	TX	34-1947042	
Great American Advisors, Inc.	OH	31-1395344	
Great American Holding, Inc.	OH	42-1575938	
Agricultural Services, LLC	OH	27-3062314	
United States Commodities Producers, LLC (51.3%)	MT	45-4110027	
United States Livestock Producers, LLC (51.3%)	NV	27-2354685	
Livestock Market Enhancement Risk Retention Group *	NV	27-4395897	14084
American Empire Surplus Lines Insurance Company *	DE	31-0912199	35351
American Empire Insurance Company *	OH	31-0973761	37990
American Empire Underwriters, Inc.	TX	59-1671722	
Great American International Insurance Limited *	IE		
Mid-Continent Casualty Company *	OH	73-0556513	23418
Mid-Continent Assurance Company *	OH	73-1406844	15380
Mid-Continent Excess and Surplus Insurance Company *	DE	38-3803661	13794
Mid-Continent Specialty Insurance Services, Inc.	OK	30-0571535	
Oklahoma Surety Company *	OH	73-0773259	23426
Premier International Insurance Company *	TC	98-0627464	

* Denotes insurer

@ Company affiliated but not owned

Participant in Lloyd's Syndicate 2468

Subsidiaries 100% owned by respective parent unless otherwise stated

^ Total percentage owned by respective parent and other affiliated companies

Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group
Part 1 - Organizational Chart

	Domiciliary Location	FEIN	NAIC Co. Code
American Financial Group, Inc.	OH	31-1544320	
Great American Insurance Company *	OH	31-0501234	16691
American Signature Underwriters, Inc.	OH	31-1463075	
Brothers Property Corporation (80%)	OH	59-2840291	
Brothers Le Pavillon, LLC	DE	20-5173494	
Brothers Le Pavillon (SPE), LLC	DE	20-5173589	
Brothers Pennsylvanian Corporation	PA	25-1754638	
Brothers Property Management Corporation	OH	59-2840294	
Crescent Centre Apartments ^	OH	20-4498054	
Crop Managers Insurance Agency, Inc.	KS	31-1277904	
Dempsey & Siders Agency, Inc.	OH	31-0589001	
Eden Park Insurance Brokers, Inc.	CA	31-1341668	
El Aguila, Compañía de Seguros, S.A. de C.V. *	MX		
Financiadora de Primas Condor, S.A. de C.V. (99%)	MX		
Farmers Crop Insurance Alliance, Inc.	KS	39-1404033	
FCIA Management Company, Inc.	NY	13-3628555	
Foreign Credit Insurance Association @	NY		
GAI Warranty Company	OH	31-1753938	
GAI Warranty Company of Florida	FL	31-1765544	
GAI Warranty Company of Canada Inc.	CN		
Global Premier Finance Company	OH	61-1329718	
Great American Agency of Texas, Inc.	TX	74-2693636	
Great American Alliance Insurance Company *	OH	95-1542353	26832
Great American Assurance Company *	OH	15-6020948	26344
Great American Casualty Insurance Company *	OH	61-0983091	39896
Great American Claims Services, Inc.	DE	31-1228726	
Great American Contemporary Insurance Company *	OH	36-4079497	10646
Great American E & S Insurance Company *	DE	31-0954439	37532
Great American Fidelity Insurance Company *	DE	31-1036473	41858
Great American Insurance Agency, Inc.	OH	31-1652643	
Great American Insurance Company of New York *	NY	13-5539046	22136
Great American Lloyd's Insurance Company * @	TX	31-0974853	38024
Great American Lloyd's, Inc.	TX	31-1073664	
Great American Management Services, Inc.	OH	31-0856644	
Great American Protection Insurance Company *	OH	31-1288778	38580
Great American Re Inc.	DE	31-0918893	
Great American Security Insurance Company *	OH	31-1209419	31135
Great American Spirit Insurance Company *	OH	31-1237970	33723
Key Largo Group, Inc.	FL	59-1263251	
National Interstate Corporation (52.4%)	OH	34-1607394	
American Highways Insurance Agency, Inc.	OH	34-1899058	
Explorer RV Insurance Agency, Inc.	OH	31-1548235	
Hudson Indemnity, Ltd.	KY	98-0191335	
Hudson Management Group, Ltd.	VI	66-0660039	
National Interstate Insurance Agency, Inc.	OH	34-1607396	
Commercial For Hire Transportation Purchasing Group @	SC	36-4670968	
National Interstate Insurance Company *	OH	34-1607395	32620
National Interstate Insurance Company of Hawaii, Inc. *	OH	99-0345306	11051
Triumphe Casualty Company *	OH	95-3623282	41106
Vanliner Group, Inc.	DE	43-1415856	
TransProtection Service Company	MO	43-1254631	
Vanliner Insurance Company *	MO	86-0114294	21172
Vanliner Reinsurance Limited *	BM		
Safety Claims and Litigation Services, LLC	MT	20-5546054	
Safety, Claims & Litigation Services, Inc.	PA	23-2825108	
Penn Central U.K. Limited	GB		
Insurance (GB) Limited *	GB		
Pinecrest Place LLC	FL	27-2226948	
PLLS Canada Insurance Brokers Inc. ^	CN	871850814	
Professional Risk Brokers, Inc.	IL	31-1293064	
Strategic Comp Holdings, L.L.C.	LA	72-1331800	
Strategic Comp Services, L.L.C.	LA	36-4517754	
Strategic Comp, L.L.C.	LA	32-0050970	
One East Fourth, Inc.	OH	31-0686194	
Pioneer Carpet Mills, Inc.	OH	31-0883227	
Superior NWVN of Ohio, Inc.	OH	31-1737792	
TEJ Holdings, Inc.	OH	31-1119320	
Three East Fourth, Inc.	OH	31-0728327	

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