

Annual Statement for the year 2011 of the **Universal Guaranty Life Insurance Company**
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).....	90,773,315	0	90,773,315	121,936,323
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	8,001,450	0	8,001,450	10,814,043
2.2 Common stocks.....	23,763,326	0	23,763,326	28,214,548
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	29,575,290	0	29,575,290	51,132,233
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	1,525,958	0	1,525,958	1,474,424
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	11,554,785	0	11,554,785	14,055,804
5. Cash (\$....36,378,692, Sch. E-Part 1), cash equivalents (\$....10,000,000, Sch. E-Part 2) and short-term investments (\$....427,942, Sch. DA).....	46,806,634	0	46,806,634	12,204,859
6. Contract loans (including \$.....0 premium notes).....	10,421,752	0	10,421,752	10,841,393
7. Derivatives (Schedule DB).....	426,371	0	426,371	466,710
8. Other invested assets (Schedule BA).....	37,776,529	566,972	37,209,557	18,860,366
9. Receivables for securities.....	46,772	0	46,772	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	260,672,182	566,972	260,105,210	270,000,703
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	957,451	0	957,451	1,014,325
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	(84,117)	0	(84,117)	(55,858)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	704,622	0	704,622	759,614
15.3 Accrued retrospective premiums.....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	20,994	0	20,994	111,049
16.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	80,156	0	80,156	371,051
17. Amounts receivable relating to uninsured plans.....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	264,692	0	264,692	0
18.2 Net deferred tax asset.....	582,830	0	582,830	0
19. Guaranty funds receivable or on deposit.....	19,278	0	19,278	20,863
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0	0
24. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other than invested assets.....	525,630	0	525,630	302,673
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	263,743,718	566,972	263,176,746	272,524,420
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTALS (Lines 26 and 27).....	263,743,718	566,972	263,176,746	272,524,420

DETAILS OF WRITE-INS

1101.....	0	0	0	0
1102.....	0	0	0	0
1103.....	0	0	0	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. Due from unaffiliate.....	525,630	0	525,630	302,673
2502.....	0	0	0	0
2503.....	0	0	0	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).....	525,630	0	525,630	302,673

Universal Guaranty Life Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....199,987,627 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	199,987,627	203,144,271
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$.....0 Modco Reserve).....	328,817	334,296
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....	10,187,383	10,379,884
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	1,644,928	1,911,705
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	62,454	63,186
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....	0	0
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....	494,059	557,880
6.2 Dividends not yet apportioned (including \$.....0 Modco).....	0	0
6.3 Coupons and similar benefits (including \$.....0 Modco).....	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6.....	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$....360 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....	44,614	56,116
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....	0	0
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.....	0	0
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded.....	0	0
9.4 Interest Maintenance Reserve (IMR, Line 6).....	2,632,355	0
10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....	0	0
11. Commissions and expense allowances payable on reinsurance assumed.....	0	0
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	584,300	595,576
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	650,065	486,525
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....	0	77,061
15.2 Net deferred tax liability.....	0	398,271
16. Unearned investment income.....	201,604	200,018
17. Amounts withheld or retained by company as agent or trustee.....	514,335	421,329
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....	0	0
19. Remittances and items not allocated.....	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0
21. Liability for benefits for employees and agents if not included above.....	0	0
22. Borrowed money \$.....0 and interest thereon \$.....0.....	0	2,000,000
23. Dividends to stockholders declared and unpaid.....	0	0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR Line 16, Col. 7).....	7,428,857	8,207,244
24.02 Reinsurance in unauthorized companies.....	0	0
24.03 Funds held under reinsurance treaties with unauthorized reinsurers.....	0	0
24.04 Payable to parent, subsidiaries and affiliates.....	89,269	35,428
24.05 Drafts outstanding.....	0	0
24.06 Liability for amounts held under uninsured plans.....	0	0
24.07 Funds held under coinsurance.....	0	0
24.08 Derivatives.....	3,875,267	12,030,030
24.09 Payable for securities.....	0	0
24.10 Payable for securities lending.....	0	0
24.11 Capital notes \$.....0 and interest thereon \$.....0.....	0	0
25. Aggregate write-ins for liabilities.....	1,283,590	1,182,720
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	230,009,524	242,081,540
27. From Separate Accounts Statement.....	0	0
28. Total liabilities (Line 26 and 27).....	230,009,524	242,081,540
29. Common capital stock.....	2,000,000	2,000,000
30. Preferred capital stock.....	0	0
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....	0	0
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	18,655,343	18,655,343
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	12,511,879	9,787,537
36. Less treasury stock, at cost:		
36.1 ....0.000 shares common (value included in Line 29 \$.....0).....	0	0
36.2 ....0.000 shares preferred (value included in Line 30 \$.....0).....	0	0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	31,167,222	28,442,880
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	33,167,222	30,442,880
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	263,176,746	272,524,420

DETAILS OF WRITE-INS

2501. Short Stock.....	1,283,590	1,182,720
2502.	0	0
2503.	0	0
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).....	1,283,590	1,182,720
3101.	0	0
3102.	0	0
3103.	0	0
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.	0	0
3402.	0	0
3403.	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

Annual Statement for the year 2011 of the **Universal Guaranty 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).....	7,421,387	7,725,367
2. Considerations for supplementary contracts with life contingencies.....	65,169	101,129
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	19,308,100	17,666,022
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....	204,383	112,475
5. Separate Accounts net from operations excluding unrealized gains or losses.....	0	0
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1).....	236,662	243,996
7. Reserve adjustments on reinsurance ceded.....	0	0
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....	0	0
8.2 Charges and fees for deposit-type contracts.....	0	0
8.3 Aggregate write-ins for miscellaneous income.....	1,925,042	1,627,816
9. Totals (Lines 1 to 8.3).....	29,160,743	27,476,805
10. Death benefits.....	10,993,985	9,878,775
11. Matured endowments (excluding guaranteed annual pure endowments).....	82,694	95,889
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....	378,418	572,843
13. Disability benefits and benefits under accident and health contracts.....	56,521	49,037
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0	0
15. Surrender benefits and withdrawals for life contracts.....	5,351,379	5,803,683
16. Group conversions.....	0	0
17. Interest and adjustments on contract or deposit-type contract funds.....	340,863	426,864
18. Payments on supplementary contracts with life contingencies.....	167,434	179,863
19. Increase in aggregate reserves for life and accident and health contracts.....	(3,162,123)	(3,028,625)
20. Totals (Lines 10 to 19).....	14,209,171	13,978,329
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	28,859	7,845
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....	15,774	16,827
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....	4,574,133	4,264,313
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	338,491	489,643
25. Increase in loading on deferred and uncollected premiums.....	(9,934)	(27,672)
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0	0
27. Aggregate write-ins for deductions.....	0	0
28. Totals (Lines 20 to 27).....	19,156,494	18,729,285
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	10,004,249	8,747,520
30. Dividends to policyholders.....	439,954	500,341
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	9,564,295	8,247,179
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	3,764,810	2,144,790
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).....	5,799,485	6,102,389
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$....(612,327) (excluding taxes of \$....1,474,887 transferred to the IMR).....	(5,217,268)	(1,305,950)
35. Net income (Line 33 plus Line 34).....	582,217	4,796,439
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	30,442,880	27,349,870
37. Net income (Line 35).....	582,217	4,796,439
38. Change in net unrealized capital gains (losses) less capital gains tax of \$....0.....	3,364,192	2,034,746
39. Change in net unrealized foreign exchange capital gain (loss)	0	0
40. Change in net deferred income tax.....	981,101	230,101
41. Change in nonadmitted assets.....	(51,555)	164,825
42. Change in liability for reinsurance in unauthorized companies.....	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4).....	0	0
44. Change in asset valuation reserve	778,387	(1,408,101)
45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....	0	0
47. Other changes in surplus in Separate Accounts Statement.....	0	0
48. Change in surplus notes.....	0	0
49. Cumulative effect of changes in accounting principles.....	0	0
50. Capital changes:		
50.1 Paid in.....	0	0
50.2 Transferred from surplus (Stock Dividend).....	0	0
50.3 Transferred to surplus.....	0	0
51. Surplus adjustment:		
51.1 Paid in.....	0	0
51.2 Transferred to capital (Stock Dividend).....	0	0
51.3 Transferred from capital.....	0	0
51.4 Change in surplus as a result of reinsurance.....	0	0
52. Dividends to stockholders.....	(2,930,000)	(2,725,000)
53. Aggregate write-ins for gains and losses in surplus.....	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53).....	2,724,342	3,093,010
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	33,167,222	30,442,880

DETAILS OF WRITE-INS

08.301. Miscellaneous Income.....	781	2,295
08.302. Third Party Administration Income.....	1,924,261	1,625,521
08.303.	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	1,925,042	1,627,816
2701.	0	0
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
5301.	0	0
5302.	0	0
5303.	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	0

Universal Guaranty Life Insurance Company

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	7,568,239	7,120,511
2. Net investment income.....	17,127,174	11,985,720
3. Miscellaneous income.....	2,161,704	1,871,812
4. Total (Lines 1 through 3).....	26,857,117	20,978,043
5. Benefit and loss related payments.....	16,770,151	15,336,225
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	5,000,103	4,584,281
8. Dividends paid to policyholders.....	503,775	552,140
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	4,969,123	1,500,000
10. Total (Lines 5 through 9).....	27,243,152	21,972,646
11. Net cash from operations (Line 4 minus Line 10).....	(386,035)	(994,603)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	125,230,117	60,565,600
12.2 Stocks.....	28,288,857	32,527,042
12.3 Mortgage loans.....	14,372,588	34,460,947
12.4 Real estate.....	5,263,946	289,944
12.5 Other invested assets.....	4,935,395	578,662
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	107,413	1,652,116
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	178,198,316	130,074,311
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	92,002,191	79,935,937
13.2 Stocks.....	17,240,879	32,523,424
13.3 Mortgage loans.....	9,698,836	32,324,781
13.4 Real estate.....	1,400,905	1,081,232
13.5 Other invested assets.....	8,405,485	439,000
13.6 Miscellaneous applications.....	46,772	712,962
13.7 Total investments acquired (Lines 13.1 to 13.6).....	128,795,068	147,017,336
14. Net increase (decrease) in contract loans and premium notes.....	(419,641)	(171,067)
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	49,822,889	(16,771,958)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	(2,000,000)	2,000,000
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	(675,386)	(911,246)
16.5 Dividends to stockholders.....	2,930,000	2,725,000
16.6 Other cash provided (applied).....	(9,229,693)	3,885,953
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(14,835,079)	2,249,707
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).....	34,601,775	(15,516,854)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	12,204,859	27,721,713
19.2 End of year (Line 18 plus Line 19.1).....	46,806,634	12,204,859

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

20.0001	0	.0
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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.....	7,421,387	5,650	6,848,715	308,289	0	9,156	231,904	0	0	.222	.17,451	0
2. Considerations for supplementary contracts with life contingencies.....	65,169	0	0	0	.65,169	0	0	0	0	0	0	0
3. Net investment income.....	19,308,100	119,866	16,812,616	2,187,970	154,823	892	1,762	0	8,515	.104	.21,552	0
4. Amortization of Interest Maintenance Reserve (IMR).....	204,383	1,269	.177,968	23,160	1,639	9	.19	0	.90	1	.228	0
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0	0	0	0	0	0	0	0	0	0	0	0
6. Commissions and expense allowances on reinsurance ceded.....	.236,662	0	.235,229	0	0	0	0	0	0	0	1,433	0
7. Reserve adjustments on reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Charges and fees for deposit-type contracts.....	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Aggregate write-ins for miscellaneous income.....	1,925,042	0	1,925,042	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 to 8.3).....	29,160,743	126,785	25,999,570	2,519,419	221,631	10,057	233,685	0	8,605	.327	.40,664	0
10. Death benefits.....	10,993,985	33,492	10,555,717	0	0	(13)	404,789	0	0	0	0	0
11. Matured endowments (excluding guaranteed annual pure endowments).....	82,694	0	.82,694	0	0	0	0	0	0	0	0	0
12. Annuity benefits.....	378,418	0	0	378,418	0	0	0	0	0	0	0	0
13. Disability benefits and benefits under accident and health contracts.....	56,521	0	0	0	0	0	0	0	16,200	0	.40,321	0
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0	0	0	0	0	0	0	0	0	0	0	0
15. Surrender benefits and withdrawals for life contracts.....	5,351,379	15,110	4,228,389	1,107,880	0	0	0	0	0	0	0	0
16. Group conversions.....	0	0	0	0	0	0	0	0	0	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds.....	340,863	0	.318,658	0	.22,205	0	0	0	0	0	0	0
18. Payments on supplementary contracts with life contingencies.....	167,434	0	0	0	167,434	0	0	0	0	0	0	0
19. Increase in aggregate reserves for life and accident and health contracts.....	(3,162,123)	(41,082)	(2,963,193)	(161,700)	11,456	(1,930)	(195)	0	(6,988)	(772)	2,281	0
20. Totals (Lines 10 to 19).....	14,209,171	7,520	12,222,265	1,324,598	201,095	(1,943)	404,594	0	9,212	(772)	.42,602	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	28,859	0	28,807	0	0	0	0	0	0	0	.52	0
22. Commissions and expense allowances on reinsurance assumed.....	15,774	0	14,039	0	0	1,709	0	0	0	26	0	0
23. General insurance expenses.....	4,574,133	2,562	4,282,045	134,401	0	3,992	101,576	0	0	.353	.49,204	0
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	338,491	.190	.317,143	.9,954	0	.296	.7,523	0	0	.24	.3,361	0
25. Increase in loading on deferred and uncollected premiums.....	(9,934)	(216)	(9,624)	0	0	(94)	0	0	0	0	0	0
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0	0	0	0	0	0	0	0	0	0	0	0
27. Aggregate write-ins for deductions.....	0	0	0	0	0	0	0	0	0	0	0	0
28. Totals (Lines 20 to 27).....	19,156,494	10,056	16,854,675	1,468,953	201,095	3,960	513,693	0	9,212	(369)	.95,219	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	10,004,249	116,729	9,144,895	1,050,466	.20,536	6,097	(280,008)	0	(607)	.696	(54,555)	0
30. Dividends to policyholders.....	439,954	0	.439,954	0	0	0	0	0	0	0	0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	9,564,295	116,729	8,704,941	1,050,466	.20,536	6,097	(280,008)	0	(607)	.696	(54,555)	0
32. Federal income taxes incurred (excluding tax on capital gains).....	3,764,810	.45,948	3,426,541	.413,497	8,084	2,400	(110,220)	0	(239)	.274	(21,475)	0
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).....	5,799,485	70,781	5,278,400	.636,969	12,452	3,697	(169,788)	0	(368)	.422	(33,080)	0

DETAILS OF WRITE-INS

08.301. Miscellaneous Income.....	.781	0	.781	0	0	0	0	0	0	0	0	0
08.302. Third Party Administration Income.....	1,924,261	0	1,924,261	0	0	0	0	0	0	0	0	0
08.303.	0	0	0	0	0	0	0	0	0	0	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	1,925,042	0	1,925,042	0	0	0	0	0	0	0	0	0
2701.	0	0	0	0	0	0	0	0	0	0	0	0
2702.	0	0	0	0	0	0	0	0	0	0	0	0
2703.	0	0	0	0	0	0	0	0	0	0	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0	0	0	0	0	0	0	0	0	0	0

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

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group				
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities			
Involving Life or Disability Contingencies (Reserves)											
(Net of Reinsurance Ceded)											
1. Reserve December 31, prior year.....	203,144,271	1,338,447	176,541,574	24,124,953	1,109,071	10,764	19,462	0			
2. Tabular net premiums or considerations.....	7,175,488	2,569	6,583,067	308,289	.65,169	7,680	208,714	0			
3. Present value of disability claims incurred.....	0	0	0	0	XXX	0	0	0			
4. Tabular interest.....	7,441,232	39,883	6,244,436	1,119,786	.31,738	438	4,951	0			
5. Tabular less actual reserve released.....	(2,156)	0	57,053	(141,192)	.81,983	0	0	0			
6. Increase in reserve on account of change in valuation basis.....	0	0	0	0	0	0	0	0			
7. Other increases (net).....	0	0	0	0	0	0	0	0			
8. Totals (Lines 1 to 7).....	217,758,835	1,380,899	189,426,130	25,411,836	1,287,961	18,882	233,127	0			
9. Tabular cost.....	6,320,723	36,073	6,061,971	0	XXX	10,033	212,646	0			
10. Reserves released by death.....	3,801,922	26,787	3,773,979	XXX	XXX	0	1,156	XXX			
11. Reserves released by other terminations (net).....	7,102,711	20,674	6,011,799	1,070,165	0	15	.58	0			
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	.545,852	0	0	378,418	.167,434	0	0	0			
13. Net transfers to or (from) Separate Accounts.....	0	0	0	0	0	0	0	0			
14. Total deductions (Lines 9 to 13).....	17,771,208	83,534	15,847,749	1,448,583	167,434	10,048	213,860	0			
15. Reserve December 31, current year.....	199,987,627	1,297,365	173,578,381	23,963,253	1,120,527	.8,834	19,267	0			

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....1,779,082	.....2,116,133
1.1 Bonds exempt from U.S. tax.....	(a).....0	.....0
1.2 Other bonds (unaffiliated).....	(a).....2,934,770	.....2,587,321
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....400,717	.....400,717
2.11 Preferred stocks of affiliates.....	(b).....264,219	.....264,219
2.2 Common stocks (unaffiliated).....	.....600,300	.....582,082
2.21 Common stocks of affiliates.....	.....6,516,054	.....6,516,054
3. Mortgage loans.....	(c).....7,069,871	.....7,045,221
4. Real estate.....	(d).....374,452	.....374,453
5. Contract loans.....	.....773,245	.....764,190
6. Cash, cash equivalents and short-term investments.....	(e).....6,971	.....6,968
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....1,219,163	.....1,223,027
9. Aggregate write-ins for investment income.....	.....(55,510)	.....(55,510)
10. Total gross investment income.....	.....21,883,334	.....21,824,875
11. Investment expenses.....	(g).....1,840,163	
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g).....395,964	
13. Interest expense.....	(h).....182	
14. Depreciation on real estate and other invested assets.....	(i).....280,466	
15. Aggregate write-ins for deductions from investment income.....	.....0	
16. Total deductions (Lines 11 through 15).....	.....2,516,775	
17. Net investment income (Line 10 minus Line 16).....	.....19,308,100	

DETAILS OF WRITE-INS

0901. Aggregate write-ins for liabilities.....	.....(55,510)	.....(55,510)
0902. ....	.....0	.....0
0903. ....	.....0	.....0
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).....	.....(55,510)	.....(55,510)
1501. ....	.....0	
1502. ....	.....0	
1503. ....	.....0	
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 \$....51,685 accrual of discount less \$....13,796 amortization of premium and less \$....577,348 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 \$....2,769,570 accrual of discount less \$....92,497 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 \$....280,466 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.....	.....4,022,062	.....0	.....4,022,062	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....0	.....0	.....0	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....513,008	.....0	.....513,008	.....1,086,014	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....0	.....(366,596)	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....(1,446,049)	.....0	.....(1,446,049)	.....2,002,751	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
3. Mortgage loans.....	.....0	.....(910,599)	.....(910,599)	.....0	.....0
4. Real estate.....	.....360,500	.....(2,344,397)	.....(1,983,897)	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....0	.....0	.....0	.....0	.....0
7. Derivative instruments.....	.....(1,090,737)	.....0	.....(1,090,737)	.....162,223	.....0
8. Other invested assets.....	.....496,908	.....(895,220)	.....(398,312)	.....580,670	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....(100,870)	.....0
10. Total capital gains (losses).....	.....2,855,692	.....(4,150,216)	.....(1,294,524)	.....3,364,192	.....0

DETAILS OF WRITE-INS

0901. Short sales.....	.....0	.....0	.....0	.....(100,870)	.....0
0902. ....	.....0	.....0	.....0	.....0	.....0
0903. ....	.....0	.....0	.....0	.....0	.....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	.....(100,870)	.....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)	
FIRST YEAR (other than single)										
1. Uncollected.....	155	0	0	0	0	155	0	0	0	0
2. Deferred and accrued.....	1,524	0	1,524	0	0	0	0	0	0	0
3. Deferred, accrued and uncollected:										
3.1 Direct.....	1,679	0	1,524	0	0	155	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
3.4 Net (Line 1 + Line 2).....	1,679	0	1,524	0	0	155	0	0	0	0
4. Advance.....	171	0	171	0	0	0	0	0	0	0
5. Line 3.4 - Line 4.....	1,508	0	1,353	0	0	155	0	0	0	0
6. Collected during year:										
6.1 Direct.....	9,117	0	7,195	0	0	1,922	0	0	0	0
6.2 Reinsurance assumed.....	972	0	972	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
6.4 Net.....	10,089	0	8,167	0	0	1,922	0	0	0	0
7. Line 5 + Line 6.4.....	11,597	0	9,520	0	0	2,077	0	0	0	0
8. Prior year (uncollected + deferred and accrued - advance).....	3,456	0	3,307	0	0	149	0	0	0	0
9. First year premiums and considerations:										
9.1 Direct.....	7,169	0	5,241	0	0	1,928	0	0	0	0
9.2 Reinsurance assumed.....	972	0	972	0	0	0	0	0	0	0
9.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
9.4 Net (Line 7 - Line 8).....	8,141	0	6,213	0	0	1,928	0	0	0	0
SINGLE										
10. Single premiums and considerations:										
10.1 Direct.....	96,167	0	88,634	7,533	0	0	0	0	0	0
10.2 Reinsurance assumed.....	9,378	0	0	9,156	0	0	0	0	222	0
10.3 Reinsurance ceded.....	4,414	0	4,414	0	0	0	0	0	0	0
10.4 Net.....	101,131	0	84,220	7,533	9,156	0	0	0	222	0
RENEWAL										
11. Uncollected.....	(64,591)	78	(69,274)	0	0	4,378	0	0	0	227
12. Deferred and accrued.....	831,126	1,673	829,453	0	0	0	0	0	0	0
13. Deferred, accrued and uncollected:										
13.1 Direct.....	909,164	1,751	902,808	0	0	4,378	0	0	0	227
13.2 Reinsurance assumed.....	12,146	0	12,146	0	0	0	0	0	0	0
13.3 Reinsurance ceded.....	154,775	0	154,775	0	0	0	0	0	0	0
13.4 Net (Line 11 + Line 12).....	766,535	1,751	760,179	0	0	4,378	0	0	0	227
14. Advance.....	44,443	398	35,534	0	0	8,151	0	0	0	360
15. Line 13.4 - Line 14.....	722,092	1,353	724,645	0	0	(3,773)	0	0	0	(133)
16. Collected during year:										
16.1 Direct.....	10,272,014	5,877	9,703,391	300,756	0	231,072	0	0	0	30,918
16.2 Reinsurance assumed.....	21,965	0	21,965	0	0	0	0	0	0	0
16.3 Reinsurance ceded.....	2,902,129	0	2,888,661	0	0	0	0	0	0	13,468
16.4 Net.....	7,391,850	5,877	6,836,695	300,756	0	231,072	0	0	0	17,450
17. Line 15 + Line 16.4.....	8,113,942	7,230	7,561,340	300,756	0	227,299	0	0	0	17,317
18. Prior year (uncollected + deferred and accrued - advance).....	801,827	1,580	803,058	0	0	(2,677)	0	0	0	(134)
19. Renewal premiums and considerations:										
19.1 Direct.....	10,218,242	5,650	9,650,941	300,756	0	229,976	0	0	0	30,919
19.2 Reinsurance assumed.....	22,300	0	22,300	0	0	0	0	0	0	0
19.3 Reinsurance ceded.....	2,928,427	0	2,914,959	0	0	0	0	0	0	13,468
19.4 Net (Line 17 - Line 18).....	7,312,115	5,650	6,758,282	300,756	0	229,976	0	0	0	17,451
TOTAL										
20. Total premiums and annuity considerations:										
20.1 Direct.....	10,321,578	5,650	9,744,816	308,289	0	231,904	0	0	0	30,919
20.2 Reinsurance assumed.....	32,650	0	23,272	0	9,156	0	0	0	222	0
20.3 Reinsurance ceded.....	2,932,841	0	2,919,373	0	0	0	0	0	0	13,468
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	7,421,387	5,650	6,848,715	308,289	9,156	231,904	0	0	222	17,451

Annual Statement for the year 2011 of the **Universal Guaranty Life Insurance Company**
EXHIBIT 2 - GENERAL EXPENSES

	Insurance				5	6		
	1 Life	Accident and Health		4 All Other Lines of Business				
		2 Cost Containment	3 All Other					
1. Rent.....	93,217	0	966	0	2,415	96,598		
2. Salaries and wages.....	1,931,040	0	20,059	0	54,826	2,005,925		
3.11 Contributions for benefit plans for employees.....	207,924	0	2,155	0	5,387	215,466		
3.12 Contributions for benefit plans for agents.....	0	0	0	0	0	0		
3.21 Payments to employees under non-funded benefit plans.....	80,478	0	813	0	0	81,291		
3.22 Payments to agents under non-funded benefit plans.....	0	0	0	0	0	0		
3.31 Other employee welfare.....	459	0	5	0	12	476		
3.32 Other agent welfare.....	0	0	0	0	0	0		
4.1 Legal fees and expenses.....	126,258	0	1,275	0	0	127,533		
4.2 Medical examination fees.....	6,308	0	0	0	0	6,308		
4.3 Inspection report fees.....	0	0	0	0	0	0		
4.4 Fees of public accountants and consulting actuaries.....	46,507	0	470	0	0	46,977		
4.5 Expense of investigation and settlement of policy claims.....	0	0	0	0	0	0		
5.1 Traveling expenses.....	286,491	0	2,894	0	0	289,385		
5.2 Advertising.....	3,746	0	38	0	0	3,784		
5.3 Postage, express, telegraph and telephone.....	129,982	0	1,347	0	3,364	134,693		
5.4 Printing and stationery.....	56,051	0	566	0	0	56,617		
5.5 Cost or depreciation of furniture and equipment.....	231,352	0	2,337	0	0	233,689		
5.6 Rental of equipment.....	1,097	0	11	0	0	1,108		
5.7 Cost or depreciation of EDP equipment and software.....	0	0	0	0	0	0		
6.1 Books and periodicals.....	29,642	0	299	0	0	29,941		
6.2 Bureau and association fees.....	0	0	0	0	0	0		
6.3 Insurance, except on real estate.....	75,117	0	759	0	0	75,876		
6.4 Miscellaneous losses.....	(228)	0	(2)	0	0	(230)		
6.5 Collection and bank service charges.....	81,183	0	820	0	0	82,003		
6.6 Sundry general expenses.....	37,119	0	375	0	0	37,494		
6.7 Group service and administration fees.....	0	0	0	0	0	0		
6.8 Reimbursements by uninsured plans.....	0	0	0	0	0	0		
7.1 Agency expense allowance.....	13,834	0	0	0	0	13,834		
7.2 Agents' balances charged off (less \$.....0 recovered).....	0	0	0	0	0	0		
7.3 Agency conferences other than local meetings.....	0	0	0	0	0	0		
9.1 Real estate expenses.....	0	0	0	0	226,947	226,947		
9.2 Investment expenses not included elsewhere.....	0	0	0	0	1,535,585	1,535,585		
9.3 Aggregate write-ins for expenses.....	1,086,999	0	14,370	0	11,627	1,112,996		
10. General expenses Incurred.....	4,524,576	0	49,557	0	1,840,163	(a).....6,414,296		
11. General expenses unpaid December 31, prior year.....	291,714	0	2,971	0	300,891	595,576		
12. General expenses unpaid December 31, current year.....	309,214	0	3,182	0	271,904	584,300		
13. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0	0		
14. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0	0	0		
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14).....	4,507,076	0	49,346	0	1,869,150	6,425,572		

DETAILS OF WRITE-INS

09.301. Data processing.....	448,783	0	4,651	0	11,627	465,061
09.302. Charitable contributions.....	638,216	0	9,719	0	0	647,935
09.303.	0	0	0	0	0	0
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	0	0	0	0	0	0
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....	1,086,999	0	14,370	0	11,627	1,112,996

(a) Includes management fees of \$....3,858,507 to affiliates and \$....0 to non-affiliates.

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

	Insurance			4	5
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes.....	0	0	0	395,964	395,964
2. State insurance department licenses and fees.....	189,848	1,918	0	0	191,766
3. State taxes on premiums.....	86,632	875	0	0	87,507
4. Other state taxes, including \$.....0 for employee benefits.....	5,356	54	0	0	5,410
5. U.S. Social Security taxes.....	0	0	0	0	0
6. All other taxes.....	53,270	538	0	0	53,808
7. Taxes, licenses and fees incurred.....	335,106	3,385	0	395,964	734,455
8. Taxes, licenses and fees unpaid December 31, prior year.....	385,878	3,898	0	96,749	486,525
9. Taxes, licenses and fees unpaid December 31, current year.....	325,927	3,292	0	320,846	650,065
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	395,057	3,991	0	171,867	570,915

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1 Life	2 Accident and Health	4	5
1. Applied to pay renewal premiums.....		106,402		0
2. Applied to shorten the endowment or premium-paying period.....		0		0
3. Applied to provide paid-up additions.....		84,219		0
4. Applied to provide paid-up annuities.....		0		0
5. Total Lines 1 through 4.....		190,621		0
6. Paid-in cash.....		40,520		0
7. Left on deposit.....		272,634		0
8. Aggregate write-ins for dividend or refund options.....		0		0
9. Total Lines 5 through 8.....		503,775		0
10. Amount due and unpaid.....		0		0
11. Provision for dividends or refunds payable in the following calendar year.....		494,059		0
12. Terminal dividends.....		0		0
13. Provision for deferred dividend contracts.....		0		0
14. Amount provisionally held for deferred dividend contracts not included in Line 13.....		0		0
15. Total Lines 10 through 14.....		494,059		0
16. Total from prior year.....		557,880		0
17. Total dividends or refunds (Lines 9 + 15 - 16).....		439,954		0

DETAILS OF WRITE-INS

0801.	0	0
0802.	0	0
0803.	0	0
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

Universal Guaranty Life Insurance Company
EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5 Credit (Group and Individual)	6
Valuation Standard	Total	Industrial	Ordinary		
Life Insurance:					
0100001. 41 CET 2.5 % NLP ANB CRF.....	3,992	0	3,992	0	0
0100002. 41 CET 2.75% NLP ANB CRF.....	6,316	0	6,316	0	0
0100003. 41 CET 3% NLP CRF.....	56,728	0	56,728	0	0
0100004. 41 CET 3.5% NLP ANB CRF.....	619	0	619	0	0
0100005. 41 CIET 3% NLP ANB CRF.....	54,728	53,919	809	0	0
0100006. 41 CIET 3.5% NLP ANB CRF.....	164	161	3	0	0
0100007. 41 CSI 3% CRVM ANB CRF.....	56,119	55,290	829	0	0
0100008. 41 CSI 3% NLP ANB CRF.....	857,644	844,969	12,675	0	0
0100009. 41 CSI 3.5% CRVM ANB CRF.....	174	171	3	0	0
0100010. 41 CSI 3.5% NLP ANB CRF.....	64,308	63,202	1,106	0	0
0100011. 41 CSO 2.5% CRVM ANB CRF.....	29,270	0	29,270	0	0
0100012. 41 CSO 2.5% NLP ANB CRF.....	3,259	0	3,259	0	0
0100013. 41 CSO 2.75% CRVM ANB CRF.....	28,355	0	28,355	0	0
0100014. 41 CSO 3% CRVM CRF.....	670,380	0	670,380	0	0
0100015. 41 CSO 3% NJS ANB CRF.....	76,237	0	76,237	0	0
0100016. 41 CSO 3% NLP CRF.....	1,575,504	0	1,575,504	0	0
0100017. 41 CSO 3.5% CRVM CRF.....	40,429	0	40,429	0	0
0100018. 41 CSO 3.5% NLP CRF.....	32,094	0	32,094	0	0
0100019. 58 CET 2% NLP ALB CRF.....	18,600	0	18,600	0	0
0100020. 58 CET 2% NLP ANB CRF.....	1,127	0	1,127	0	0
0100021. 58 CET 2.5% NLP ALB CRF.....	8,016	0	8,016	0	0
0100022. 58 CET 2.5% NLP ANB CRF.....	48,336	0	48,336	0	0
0100023. 58 CET 3% NLP ALB CRF.....	171	0	171	0	0
0100024. 58 CET 3% NLP ANB CRF.....	1,591,778	0	1,591,778	0	0
0100025. 58 CET 3.5% NLP ALB CRF.....	0	0	0	0	0
0100026. 58 CET 3.5% NLP ANB CRF.....	474,771	0	474,771	0	0
0100027. 58 CET 4% NLP ALB CRF.....	6,259	0	6,259	0	0
0100028. 58 CET 4% NLP ANB CRF.....	136,754	0	136,754	0	0
0100029. 58 CET 4.5% NLP ALB CRF.....	2,053	0	2,053	0	0
0100030. 58 CET 4.5% NLP ANB CRF.....	28,427	0	28,427	0	0
0100031. 58 CSO 2% CRVM ANB CRF.....	76,168	0	76,168	0	0
0100032. 58 CSO 2% NLP ALB CRF.....	6,819	0	6,819	0	0
0100033. 58 CSO 2.25% NLP ANB CRF.....	35	0	35	0	0
0100034. 58 CSO 2.5% CRVM ANB CRF.....	520,154	0	520,154	0	0
0100035. 58 CSO 2.5% NLP ALB CRF.....	54,286	0	54,286	0	0
0100036. 58 CSO 2.5% NLP ANB CRF.....	1,499,373	0	1,499,373	0	0
0100037. 58 CSO 3% CRVM ALB CRF.....	118,241	0	118,241	0	0
0100038. 58 CSO 3% CRVM ANB CRF.....	13,287,752	0	13,287,752	0	0
0100039. 58 CSO 3% CRVM ANB JT CRF.....	36,244	0	36,244	0	0
0100040. 58 CSO 3% NJ ANB CRF.....	11,232	0	11,232	0	0
0100041. 58 CSO 3% NLP ALB CRF.....	35,434	0	16,167	0	19,267
0100042. 58 CSO 3% NLP ANB CRF.....	18,542,128	0	18,533,294	8,834	0
0100043. 58 CSO 3% NLP ANB JT CRF.....	25,946	0	25,946	0	0
0100044. 58 CSO 3.5% CRVM ALB CRF.....	557,679	0	557,679	0	0
0100045. 58 CSO 3.5% CRVM ANB CRF.....	4,854,527	0	4,854,527	0	0
0100046. 58 CSO 3.5% NLP ALB CRF.....	42,027	0	42,027	0	0
0100047. 58 CSO 3.5% NLP ANB CRF.....	3,601,910	0	3,601,910	0	0
0100048. 58 CSO 3.5%(20)/2.5% NJ ALB CRF.....	16,286	0	16,286	0	0
0100049. 58 CSO 3.5%(65)/1.5% NJ ANB CRF.....	107,122	0	107,122	0	0
0100050. 58 CSO 4% CRVM ALB CRF.....	158,923	0	158,923	0	0
0100051. 58 CSO 4% CRVM ANB CRF.....	974,214	0	974,214	0	0
0100052. 58 CSO 4% NLP ALB CRF.....	11,567	0	11,567	0	0
0100053. 58 CSO 4% NLP ANB CRF.....	481,301	0	481,301	0	0
0100054. 58 CSO 4.5% CRVM ALB CRF.....	803,556	0	803,556	0	0
0100055. 58 CSO 4.5% CRVM ANB CRF.....	3,023,750	0	3,023,750	0	0
0100056. 58 CSO 4.5% NLP ALB CRF.....	23,666	0	23,666	0	0
0100057. 58 CSO 4.5% NLP ANB CRF.....	319,118	0	319,118	0	0
0100058. 58 CSO 5.5% NLP ANB CRF.....	3,492	0	3,492	0	0
0100059. 61 CIET 3.5% NLP ANB CRF.....	142,999	140,540	2,459	0	0
0100060. 61 CSI 3.5% CRVM ANB CRF.....	47,293	46,480	813	0	0
0100061. 61 CSI 3.5% NLP ANB CRF.....	92,879	91,282	1,597	0	0
0100062. 80 CET 4% NLP ANB CRF.....	19,499	0	19,499	0	0
0100063. 80 CET 4% NLP ALB NS/SK CRF.....	872	0	872	0	0
0100064. 80 CET 4.5% NLP ANB CRF.....	137,012	0	137,012	0	0
0100065. 80 CET 4.5% NLP ALB NS/SK CRF.....	23	0	23	0	0
0100066. 80 CET 5% NLP ALB CRF.....	109,373	0	109,373	0	0
0100067. 80 CET 5% NLP ANB CRF.....	1,179,915	0	1,179,915	0	0
0100068. 80 CET 5.5% NLP ALB CRF.....	8,384	0	8,384	0	0
0100069. 80 CET 5.5% NLP ANB CRF.....	515,796	0	515,796	0	0
0100070. 80 CET 5.5% NLP ANB NS/SK CRF.....	419	0	419	0	0
0100071. 80 CET-B UNI 4% NLP ANB CRF.....	9,050	0	9,050	0	0
0100072. 80 CET-B UNI 5% NLP ANB CRF.....	4,372	0	4,372	0	0

Universal Guaranty 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
0100073. 80 CET-D 4% NLP ANB CRF.....	29,153	0	29,153	0	0
0100074. 80 CSO 4% CRVM ALB NS/SK CRF.....	88,870	0	88,870	0	0
0100075. 80 CSO 4% CRVM ANB CRF.....	97,775,349	0	97,775,349	0	0
0100076. 80 CSO 4% NLP ALB NS/SK CRF.....	34,913	0	34,913	0	0
0100077. 80 CSO 4% NLP ANB CRF.....	9,118	0	9,118	0	0
0100078. 80 CSO 4.5% CRVM ALB NS/SK CRF.....	86,229	0	86,229	0	0
0100079. 80 CSO 4.5% CRVM ANB CRF.....	933,465	0	933,465	0	0
0100080. 80 CSO 4.5% CRVM NLP NS/SK CRF.....	106,632	0	106,632	0	0
0100081. 80 CSO 4.5% NLP ALB CRF.....	168	0	168	0	0
0100082. 80 CSO 4.5% NLP ALB NS/SK CRF.....	18,643	0	18,643	0	0
0100083. 80 CSO 4.5% NLP ANB CRF.....	2,015,498	0	2,015,498	0	0
0100084. 80 CSO 5% CRVM ALB CRF.....	3,774	0	3,774	0	0
0100085. 80 CSO 5% CRVM ALB NS/SK CRF.....	25,621	0	25,621	0	0
0100086. 80 CSO 5% CRVM ANB CRF.....	5,399,739	0	5,399,739	0	0
0100087. 80 CSO 5% CRVM ANB NS/SK CRF	24,883	0	24,883	0	0
0100088. 80 CSO 5% NLP ALB CRF.....	2,264,137	0	2,264,137	0	0
0100089. 80 CSO 5% NLP ANB CRF.....	9,669,815	0	9,669,815	0	0
0100090. 80 CSO 5% NLP ANB NS/SK CRF.....	71,252	0	71,252	0	0
0100091. 80 CSO 5.5% CRVM ALB CRF.....	166,424	0	166,424	0	0
0100092. 80 CSO 5.5% CRVM ALB NS/SK CRF.....	4,770	0	4,770	0	0
0100093. 80 CSO 5.5% CRVM ANB CRF.....	9,452,231	0	9,452,231	0	0
0100094. 80 CSO 5.5% CRVM ANB NS/SK CRF	28,527	0	28,527	0	0
0100095. 80 CSO 5.5% NLP ALB CRF.....	56,591	0	56,591	0	0
0100096. 80 CSO 5.5% NLP ALB NS/SK CRF.....	1,502	0	1,502	0	0
0100097. 80 CSO 5.5% NLP ANB CRF.....	14,438,156	0	14,438,156	0	0
0100098. 80 CSO-B 4% CRVM ANB CRF.....	70,936	0	70,936	0	0
0100099. 80 CSO-B 4% NLP ANB CRF.....	592	0	592	0	0
0100100. 80 CSO-B 4% NLP ALB CRF.....	36,703	0	36,703	0	0
0100101. 80 CSO-B 5% NLP ALB CRF.....	532	0	532	0	0
0100102. 80 CSO-B 5% NLP ANB CRF.....	345,652	0	345,652	0	0
0100103. 80 CSO-B 6% NLP ANB CRF.....	15,024	0	15,024	0	0
0100104. 80 CSO-D 4% NLP ANB CRF.....	64,323	0	64,323	0	0
0100105. 80 CSO-D 4% CRVM ANB CRF.....	1,113,099	0	1,113,099	0	0
0100106. 01 CSO 4% CRVM ALB NS/SK CRF.....	14,586	0	14,586	0	0
0100107. 01 CSO 4% NLP ALB CRF.....	41,569	0	41,569	0	0
0100108. 01 CSO 4% NLP ALB NS/SK CRF.....	116	0	116	0	0
0100109. AE 3% NLP CRF.....	2,783	0	2,783	0	0
0100110. AE 3.5% ILL STD CRF.....	298,004	0	298,004	0	0
0100111. AE 3.5% NLP CRF.....	366,386	0	366,386	0	0
0100112. AM 3% ILL STD	65,422	0	65,422	0	0
0100113. NFC 4% ILL STD.....	3,096	0	3,096	0	0
0199997. Totals (Gross).....	202,477,731	1,296,014	201,153,616	8,834	19,267
0199998. Reinsurance ceded.....	28,587,559	0	28,587,559	0	0
0199999. Totals (Net).....	173,890,172	1,296,014	172,566,057	8,834	19,267
Annuities (excluding supplementary contracts with life contingencies):					
0200001. 37 sa (-1.5) 2.5% DEF.....	23,412	XXX	23,412	XXX	0
0200002. 37 SA 3% DEF.....	29,265	XXX	29,265	XXX	0
0200003. 83 IAM 9.25%.....	629,916	XXX	629,916	XXX	0
0200004. Deferred 3%.....	2,664,282	XXX	2,664,282	XXX	0
0200005. Deferred 3.25%.....	330,277	XXX	330,277	XXX	0
0200006. Deferred 3.5%.....	337,757	XXX	337,757	XXX	0
0200007. Deferred 4%.....	5,116,987	XXX	5,116,987	XXX	0
0200008. Deferred 4.5%.....	12,523,641	XXX	12,523,641	XXX	0
0200009. Deferred 5%.....	1,606,272	XXX	1,606,272	XXX	0
0200010. Deferred 7%.....	903,706	XXX	903,706	XXX	0
0200011. Single Prem 3%.....	70,742	XXX	70,742	XXX	0
0200012. Single Prem 4%.....	17,702	XXX	17,702	XXX	0
0200013. Single Prem 6%.....	36,620	XXX	36,620	XXX	0
0299997. Totals (Gross).....	24,290,579	XXX	24,290,579	XXX	0
0299998. Reinsurance ceded.....	327,326	XXX	327,326	XXX	0
0299999. Totals (Net).....	23,963,253	XXX	23,963,253	XXX	0
Supplementary Contracts with Life Contingencies:					
0300001. 37 STD Ann(0.6) 3%.....	.465	0	.465	0	0
0300002. 71 IAM 6%,&.5%,11%,11.25%.....	62,804	0	62,804	0	0
0300003. 83 IAM 2.5%.....	62,390	0	62,390	0	0
0300004. 83 IAM 2.75%.....	87,513	0	87,513	0	0
0300005. 83 IAM 3%.....	194,781	0	194,781	0	0
0300006. 83 IAM 3.5%.....	80,063	0	80,063	0	0
0300007. 83 IAM 4%.....	120,071	0	120,071	0	0
0300008. 83 IAM 4.5%.....	6,439	0	6,439	0	0
0300009. 83 IAM 5%.....	124,755	0	124,755	0	0
0300010. 83 IAM 5.5%.....	32,786	0	32,786	0	0
0300011. 83 IAM 6%.....	93,831	0	93,831	0	0

Universal Guaranty 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
0300012. 83 IAM 8%.....	222,179	0	222,179	0	0
0300013. 83 IAM 9.25%.....	32,450	0	32,450	0	0
0399997. Totals (Gross).....	1,120,527	0	1,120,527	0	0
0399999. Totals (Net).....	1,120,527	0	1,120,527	0	0
Accidental Death Benefits:					
0400001. 59 ADB With 58 CSO 3%.....	55,301	.833	54,468	0	0
0499997. Totals (Gross).....	55,301	.833	54,468	0	0
0499999. Totals (Net).....	55,301	.833	54,468	0	0
Disability - Active Lives:					
0500001. 52 Interco Disa With 58 CSO 3%.....	216,348	.154	216,194	0	0
0599997. Totals (Gross).....	216,348	.154	216,194	0	0
0599999. Totals (Net).....	216,348	.154	216,194	0	0
Disability - Disabled Lives:					
0600001. 52 Interco Disability 3%.....	480,731	0	480,731	0	0
0699997. Totals (Gross).....	480,731	0	480,731	0	0
0699999. Totals (Net).....	480,731	0	480,731	0	0
Miscellaneous Reserves:					
0700001. Deficiency Reserves.....	176,540	0	176,540	0	0
0700002. Non-Deduct Reserves.....	84,755	.363	84,392	0	0
0799997. Totals (Gross).....	261,295	.363	260,932	0	0
0799999. Totals (Net).....	261,295	.363	260,932	0	0
9999999. Totals (Net) - Page 3, Line 1.....	199,987,627	1,297,364	198,662,162	8,834	19,267

Universal Guaranty Life Insurance Company
EXHIBIT 5 - INTERROGATORIES

1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes [] 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 []

2.2 If not, state which kind is issued..... Non-participating

3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes [] No []
 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 []
 4.1 Amount of insurance: \$.....0
 4.2 Amount of reserve: \$.....0
 4.3 Basis of reserve:
 4.4 Basis of regular assessments:
 4.5 Basis of special assessments:
 4.6 Assessments collected during year: \$.....0

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 []
 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$.....0
 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: \$.....0
 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 []
 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$.....0
 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: \$.....0
 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.....	3,999	0	761	0	0	3,238	0	0	0
2. Additional contract reserves (a).....	75,971	0	0	0	0	75,971	0	0	0
3. Additional actuarial reserves - Asset/Liability analysis.....	0	0	0	0	0	0	0	0	0
4. Reserve for future contingent benefits.....	0	0	0	0	0	0	0	0	0
5. Reserve for rate credits.....	121,823	0	0	0	0	121,823	0	0	0
6. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
7. Totals (Gross).....	201,793	0	761	0	0	201,032	0	0	0
8. Reinsurance ceded.....	19,915	0	0	0	0	19,915	0	0	0
9. Totals (Net).....	181,878	0	761	0	0	181,117	0	0	0
CLAIM RESERVE									
10. Present value of amounts not yet due on claims.....	724,115	600,521	0	0	0	123,594	0	0	0
11. Additional actuarial reserves - Asset/Liability analysis.....	0	0	0	0	0	0	0	0	0
12. Reserve for future contingent benefits.....	0	0	0	0	0	0	0	0	0
13. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
14. Totals (Gross).....	724,115	600,521	0	0	0	123,594	0	0	0
15. Reinsurance ceded.....	577,176	510,443	0	0	0	66,733	0	0	0
16. Totals (Net).....	146,939	90,078	0	0	0	56,861	0	0	0
17. TOTALS (Net).....	328,817	90,078	761	0	0	237,978	0	0	0
18. TABULAR FUND INTEREST.....	6,359	2,807	0	0	0	3,552	0	0	0

DETAILS OF WRITE-INS

0601.....		0	0	0	0	0	0	0	0
0602.....		0	0	0	0	0	0	0	0
0603.....		0	0	0	0	0	0	0	0
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.....		0	0	0	0	0	0	0	0
1302.....		0	0	0	0	0	0	0	0
1303.....		0	0	0	0	0	0	0	0
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.....	13,696,467	0	0	662,882	12,990,374	43,211
2. Deposits received during the year.....	272,634	0	0	0	272,634	0
3. Investment earnings credited to the account.....	503,417	0	0	22,219	478,463	2,735
4. Other net change in reserves.....	0	0	0	0	0	0
5. Fees and other charges assessed.....	0	0	0	0	0	0
6. Surrender charges.....	0	0	0	0	0	0
7. Net surrender or withdrawal payments.....	948,020	0	0	174,804	765,415	7,801
8. Other net transfers to or (from) Separate Accounts.....	0	0	0	0	0	0
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	13,524,498	0	0	510,297	12,976,056	38,145
10. Reinsurance balance at the beginning of the year.....	(3,316,583)	0	0	0	(3,316,583)	0
11. Net change in reinsurance assumed.....	0	0	0	0	0	0
12. Net change in reinsurance ceded.....	20,533	0	0	0	20,533	0
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....	(3,337,116)	0	0	0	(3,337,116)	0
14. Net balance at the end of the current year after reinsurance (Lines 9 + 13).....	10,187,382	0	0	510,297	9,638,940	38,145

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	0	0	0	0	0	0	0	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0
2.12 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
2.13 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
2.14 Net.....	0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	0	0	0
2.2 Other:											
2.21 Direct.....	850,739	4,100	737,467	36,974	0	0	31,000	0	0	0	41,198
2.22 Reinsurance assumed.....	361	0	213	0	0	148	0	0	0	0	0
2.23 Reinsurance ceded.....	52,786	0	29,913	629	0	0	0	0	0	0	22,244
2.24 Net.....	798,314	4,100	(b).....707,767	(b).....36,345	0	(b).....148	(b).....31,000	0	(b).....0	(b).....0	(b).....18,954
3. Incurred but unreported:											
3.1 Direct.....	1,011,500	10,000	900,000	0	0	0	50,000	0	5,500	0	46,000
3.2 Reinsurance assumed.....	2,500	0	2,500	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	104,932	0	96,932	0	0	0	0	0	0	0	8,000
3.4 Net.....	909,068	10,000	(b).....805,568	(b).....0	0	(b).....0	(b).....50,000	0	(b).....5,500	(b).....0	(b).....38,000
4. Totals:											
4.1 Direct.....	1,862,239	14,100	1,637,467	36,974	0	0	81,000	0	5,500	0	87,198
4.2 Reinsurance assumed.....	2,861	0	2,713	0	0	148	0	0	0	0	0
4.3 Reinsurance ceded.....	157,718	0	126,845	629	0	0	0	0	0	0	30,244
4.4 Net.....	1,707,382	(a).....14,100	(a).....1,513,335	36,345	0	148	(a).....81,000	0	5,500	0	56,954

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

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$.....0, Individual Annuities \$.....0, Credit Life (Group and Individual) \$.....0, and Group Life \$.....0,

are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$.....0, Credit (Group and Individual) Accident and Health \$.....0 and Other Accident and Health \$.....0 are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

EXHIBIT 8 - 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.....	14,138,577	33,530	13,004,393	376,621	167,434	0	393,289	0	108,000	0	55,310
1.2 Reinsurance assumed.....	15,083	0	15,083	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	2,297,154	0	2,187,938	7,494	0	0	0	0	91,800	0	9,922
1.4 Net.....	(d) 11,856,506	33,530	10,831,538	369,127	167,434	0	393,289	0	16,200	0	45,388
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	1,862,239	14,100	1,637,467	36,974	0	0	81,000	0	5,500	0	87,198
2.2 Reinsurance assumed.....	2,861	0	2,713	0	0	148	0	0	0	0	0
2.3 Reinsurance ceded.....	157,718	0	126,845	629	0	0	0	0	0	0	30,244
2.4 Net.....	1,707,382	14,100	1,513,335	36,345	0	148	81,000	0	5,500	0	56,954
3. Amounts recoverable from reinsurers December 31, current year.....	20,994	0	0	0	0	0	0	0	15,300	0	5,694
4. Liability December 31, prior year:											
4.1 Direct.....	2,326,125	14,138	2,121,427	27,054	0	0	69,500	0	5,500	0	88,506
4.2 Reinsurance assumed.....	2,661	0	2,500	0	0	161	0	0	0	0	0
4.3 Reinsurance ceded.....	353,895	0	323,075	0	0	0	0	0	0	0	30,820
4.4 Net.....	1,974,891	14,138	1,800,852	27,054	0	161	69,500	0	5,500	0	57,686
5. Amounts recoverable from reinsurers December 31, prior year.....	111,049	0	94,390	0	0	0	0	0	15,300	0	1,359
6. Incurred benefits:											
6.1 Direct.....	13,674,691	33,492	12,520,433	386,541	167,434	0	404,789	0	108,000	0	54,002
6.2 Reinsurance assumed.....	15,283	0	15,296	0	0	(13)	0	0	0	0	0
6.3 Reinsurance ceded.....	2,010,922	0	1,897,318	8,123	0	0	0	0	91,800	0	13,681
6.4 Net.....	11,679,052	33,492	10,638,411	378,418	167,434	(13)	404,789	0	16,200	0	40,321

(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 \$....112,790 in Line 1.1, \$....82,694 in Line 1.4, \$....112,790 in Line 6.1 and \$....82,694 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 \$....68,377 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	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA).....	566,972	291,972	(275,000)
9. Receivables for securities.....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	566,972	291,972	(275,000)
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued.....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	0	0	0
16.2 Funds held by or deposited with reinsured companies.....	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit.....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other than invested assets.....	0	223,445	223,445
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	566,972	515,417	(51,555)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. TOTALS (Lines 26 and 27).....	566,972	515,417	(51,555)

DETAILS OF WRITE-INS

1101.	0	0	0
1102.	0	0	0
1103.	0	0	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. Negative IMR.....	0	223,445	223,445
2502.	0	0	0
2503.	0	0	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).....	0	223,445	223,445

NOTES TO FINANCIAL STATEMENTS**1. Summary of Significant Accounting Policies****A. Accounting Practices**

The financial statements of Universal Guaranty Life Insurance Company have been completed in accordance with the NAIC Accounting Practices and Procedures manual. The Company has not employed any permitted practices in the preparation of these financial statements.

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 and reinsurance contracts for policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.
- (5) Mortgage loans on real estate are stated at the aggregate carrying value less any unamortized discount or valuation allowance.
- (6) Loan-backed securities are stated at amortized cost. The prospective adjustment method is used to value all securities.
- (7) The Company has investments in subsidiaries, controlled and affiliated companies. The Company carries these investments in accordance with the guidance provided in SSAP No. 97.
- (8) The Company has ownership interests in joint ventures. The Company carries these interests based on the underlying audited GAAP equity of the investee.
- (9) The Company carries all derivatives at fair value.
- (10) The Company has not 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

None

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments**A. Mortgage Loans**

- (1) The maximum and minimum lending rates for new mortgage loans during 2011 were:

Commercial loans 6.95% and 3.25%.

NOTES TO FINANCIAL STATEMENTS

Starting in 2009, the Company began acquiring existing mortgage loans at deep discounts. The strategy with these discounted loans is to, as soon as practical, either a) reach a pay-off settlement with the borrower, b) get the loan to a regular performing status, or c) foreclose on the collateral and sell it.

The Company has taken a conservative approach to these loans, only recognizing income when cash is received. At December 31, 2011, the Company held \$20,372,085 in discounted loans representing 35% of the total face amount of the outstanding loan balances. During 2011, the Company realized \$2,677,073 in discount accruals as a result of payments and settlements on these loans. Management anticipates continued favorable results relative to these investments.

Due to the existing loan discounts and management's assessment of the value of the underlying collateral, management has determined no allowance for uncollectibles was necessary during 2011 relating to these loans.

(2) During 2011, the Company did not reduce interest rates on outstanding mortgage loans.

(3) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was generally 80%. The Company held one loan whose value of the security to the loan was 100%. During 2011, the Company recognized other-than-temporary impairments of \$707,159 on two loans as a result of appraisal valuations and management's analysis and determination of value.

	<u>Current Year</u>	<u>Prior Year</u>
(4) As of year-end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest	\$8,919,175	\$27,829,129
a. Total interest due on mortgages with interest more than 180 days past due	\$0	\$0
(5) Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$0	\$0
(6) Current year impaired loans with a related allowance for credit losses	\$0	\$0
a. Related allowance for credit losses	\$0	\$0
(7) Impaired Mortgage loans without an allowance for credit losses	\$0	\$0
(8) Average recorded investment in impaired loans	\$0	\$733
(9) Interest income recognized during the period the loans were impaired	\$0	\$1,000
(10) Amount of interest income recognized on a cash basis during the period the loans were impaired	\$0	\$1,000
(11) Allowance for credit losses:		
a. Balance at beginning of period	\$0	\$12,730
b. Additions charged to operations	\$0	\$0
c. Direct write-downs charged against the allowances	\$0	\$12,730
d. Recoveries of amounts previously charged off	\$0	\$0
e. Balance at end of period	\$0	\$0

(12) The Company recognizes interest income on its impaired loans upon receipt of cash.

B. Debt Restructuring

	<u>Current Year</u>	<u>Prior Year</u>
(1) The total recorded investment in restructured loans, as of year end	\$7,471,101	\$4,919,872
(2) The realized capital losses related to these loans	\$0	\$0
(3) Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	\$0	\$0
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is being conservatively recognized on a cash basis.		

C. Reverse Mortgages

The Company has no reverse mortgages.

NOTES TO FINANCIAL STATEMENTS**D. Loan-Backed Securities**

(1) Prepayment assumptions for all loan-backed securities were obtained from Bloomberg.

(2) N/A

(3) N/A

(4) N/A

(5) The Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the issues, including, but not limited to, intentions to sell or ability to hold the fixed maturity with unrealized losses for a period of time sufficient for them to recover; the length of time and amount of the unrealized loss; and the credit ratings of the issuers of the investments, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2011.

E. Repurchase Agreements

The Company has no repurchase agreements.

F. Real Estate

(1) a. During 2011, the Company recorded an OTTI on four parcels of real estate referred to as Athens Trust, Ebert & Wolf Enterprises, LLC, Platinum Auto Wash and Pulaski County, KY. These parcels are small commercial/retail properties and land.

b. The OTTI impairment recorded on these properties was \$2,344,397 and was recorded as a result of recent appraisal values and management's determination of value.

c. The OTTI impairment is reported in the line item "net realized capital gains" in the summary of operations.

(2) a. During 2011, the Company acquired certain real estate properties through mortgage loan foreclosures it has classified as held for sale. All of these properties are being marketed for sale, with an expectation of selling the properties as soon as practical for a reasonable and fair price.

b. During 2011, the Company did not sell any parcels of real estate acquired through mortgage loan foreclosures during the year.

(3) None

(4) None

(5) None

G. Low-Income Housing Tax Credits

The Company has no investments in low-income housing tax credits.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

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

All investment income due and accrued with amounts that are over 90 days past due.

B. The total amount excluded was \$0.

8. Derivative Instruments

At December 31, 2011, the Company held certain derivative instruments in the form of exchange traded equity options of which a cash premium was paid or received at inception for the right/obligation specified in the contract. As the underlying instruments are exchange traded equity securities, the fair value of the options are subject to general market risk and company specific market risk. The options are combined with equity securities with the intent to generate a reasonable return while reducing risk. The options are carried at fair market value with changes in fair value recorded in surplus as unrealized gains or unrealized losses.

NOTES TO FINANCIAL STATEMENTS**9. Income Taxes**

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

<u>2011</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Total of all deferred tax assets (admitted and non-admitted)	\$1,778,324	\$418,346	\$2,196,670
Total of all deferred tax liabilities	(109,332)	(1,504,508)	(1,613,840)
Net deferred tax asset (liability)	1,668,992	(1,086,162)	582,830
Total deferred tax assets non-admitted per SSAP No. 10	0	0	0
Total of all deferred tax assets (liabilities) admitted	<u>\$1,668,992</u>	<u>\$(1,086,162)</u>	<u>\$582,830</u>
Increase (decrease) during the year in deferred tax assets non-admitted	0	0	0
<u>2010</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Total of all deferred tax assets (admitted and non-admitted)	\$1,493,865	\$82,434	\$1,576,299
Total of all deferred tax liabilities	(117,514)	(1,857,056)	(1,974,570)
Net deferred tax asset (liability)	1,376,351	(1,774,622)	(398,271)
Total deferred tax assets non-admitted per SSAP No. 10	0	0	0
Total of all deferred tax assets (liabilities) admitted	<u>\$1,376,351</u>	<u>\$(1,774,622)</u>	<u>\$(398,271)</u>
Increase (decrease) during the year in deferred tax assets non-admitted	0	0	0

B. Deferred tax liabilities are not recognized for the following amounts:

As of December 31, the Company had a balance of \$0 in its Policyholder Surplus account under the provisions of the Internal Revenue Code.

C. Current income taxes incurred consist of the following major components:

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Federal	\$3,764,810	\$2,144,790	\$1,620,020
Foreign	0	0	0
Sub-total	<u>3,764,810</u>	<u>2,144,790</u>	<u>1,620,020</u>
Tax on capital gains	862,560	52,741	809,819
Income taxes incurred	<u>\$4,627,370</u>	<u>\$2,197,531</u>	<u>\$2,429,839</u>

The main components of the 2011 deferred tax amounts are as follows:

DTAs (Type)	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Reserves (Ordinary)	\$199,987,627	\$197,287,099	\$2,700,528	\$378,074
Dividend Provision (Ordinary)	494,059	0	494,059	69,168
Proxy DAC (Ordinary)	0	1,923,445	1,923,445	269,282
Basis difference other invested assets (Capital)	2,520,721	0	2,520,721	352,901
Unrealized Losses-Preferred Stock (Capital)	0	366,596	366,596	51,323
Unrealized Losses-Other Inv Liabilities (Capital)	0	100,870	100,870	14,122
Other (Ordinary)	7,584,279	0	7,584,279	1,061,800
Total DTAs				<u>\$2,196,670</u>

DTLs (Type)	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Deferred premium (Ordinary)	\$761,665	\$0	\$761,665	\$106,633
Unrealized Gain-Bonds (Capital)	1,086,014	0	1,086,014	152,042
Unrealized Gain-Common Stock (Capital)	0	2,002,751	2,002,751	280,385
Unrealized Gain-Derivatives (Capital)	162,223	0	162,223	22,711
Unrealized Gain-Other Invested Assets (Capital)	580,670	0	580,670	81,294
Unrealized Gain-Real Estate (Capital)	1,512,851	0	1,512,851	211,799
Deferred Gain-1031 Exchange (Capital)	4,145,206	0	4,145,206	580,330
Basis difference other invested assets (Capital)	1,256,766	0	1,256,766	175,947
Other (Ordinary)	19,278	0	19,278	2,699
Total DTLs				<u>\$1,613,840</u>

NOTES TO FINANCIAL STATEMENTS

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

	<u>Amount</u>
Income before taxes	\$9,564,295
Book over tax reserves	(279,359)
Net DAC adjustment	(146,795)
Eliminate change in loading	(9,934)
Change in deferred and uncollected premium	56,854
Dividend received deduction	(6,741,593)
Income in other invested assets	9,365,630
Other than temporary impairments	3,946,776
Investment losses	(1,294,525)
Other	(232,834)
Taxable income	<u>\$14,228,515</u>

E. At December 31, 2011, the Company has no net operating loss carry forwards.

At December 31, 2011, the Company did not have any deposits reported as admitted assets under Section 6603 of the Internal Revenue Service Code.

F. The Company's Federal Income Tax return is not consolidated with any other entity.

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

A. All outstanding shares of the Company are owned by UTG, Inc, an insurance holding company organized under the laws of the state of Delaware.

On December 8, 2006, the stock (but not the assets) of UG was pledged to secure a loan from FTN Financial for an \$18,000,000 term loan, which matures on December 7, 2012, and a \$5,000,000 working capital line of credit, for a one-year term that may be renewed by consent of both parties, issued by that lender. Also, during 2011, UTG was extended a credit note from First National Bank of Tennessee in the amount of \$5,000,000. This note is for a one year term and may be renewed by consent of both parties.

B. On July 2, 2010, the Company paid a cash dividend of \$1,100,000 to UTG, Inc. An additional dividend of \$1,625,000 was paid to UTG, Inc. on December 6, 2010. During 2011, the Company paid two cash dividends to UTG, Inc. of \$1,600,000 and \$1,330,000 on July 5, 2011 and December 23, 2011, respectively. These dividends were comprised entirely of ordinary dividends. No regulatory approvals were required prior to the payment of these dividends.

C. The Company had no transactions with parents or subsidiaries that exceeded 1/2 of 1% of assets during the reporting period.

D. The Company reported \$89,269 and \$35,428 as amounts due to affiliates as of December 31, 2011 and December 31, 2010, respectively. The terms of the settlement require that these amounts be settled within 90 days.

E. The Company has not made any guarantees or undertakings for the benefit of an affiliate which results in a material contingent exposure of the Company's or any affiliated insurer's assets.

F. Effective January 1, 2007, the Company has a cost sharing arrangement with its upstream parent, UTG, Inc. Under this arrangement, the Company pays its proportionate share of expenses of the entire group, based on an allocation formula. Management anticipates general expenses to be lower in future periods for the Company than in recent history as a result of the relocation of operations and association with UTG, Inc. The Company continually monitors expenditures looking for saving opportunities. Management places significant emphasis on expense monitoring and cost containment. Maintaining administrative efficiencies directly impacts net income. The Company paid \$3,858,507 and \$3,692,434 in 2011 and 2010, respectively, under this agreement.

The Company, from time to time, acquires mortgage loans through participation agreements with FSNB. FSNB services the Company's mortgage loans including those covered by the participation agreements. The Company pays a .25% servicing fee on these loans and a one-time fee at loan origination of .50% of the original loan amount to cover costs incurred by FSNB relating to the processing and establishment of the loan. The Company paid \$91,594 and \$142,570 in servicing fees and \$89,651 and \$386,614 in origination fees to FSNB during 2011 and 2010, respectively.

G. All outstanding shares of the Company are owned by UTG, Inc., an insurance holding company incorporated in the State of Delaware.

H. None

I. The Company does not own any material subsidiaries.

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 investments in a foreign insurance subsidiary.

11. Debt

A. During the fourth quarter of 2010, the Company utilized its line of credit with Federal Home Loan Bank. This note was repaid in full on January 7, 2011. The Company incurred \$182 in interest expense related to this draw.

NOTES TO FINANCIAL STATEMENTS**B. Federal Home Loan Bank Agreements**

- (1) The Company maintains a collateral security deposit with the Federal Home Loan Bank (FHLB). Assets in such security deposit are required to be maintained in a market value amount at least equal to the outstanding principal of any borrowings.
- (2) The Company owns 5,270 Shares of FHLB stock with a market value of \$527,000 as of December 31, 2011, as part of this agreement.
- (3) At December 31, 2011, general account assets, consisting of bonds, having a market value of \$7,482,564 were pledged as collateral at FHLB, Cincinnati, Ohio.
- (4) The total funding capacity available as of December 31, 2011 is \$15,000,000. No outstanding balance currently exists on these borrowings.
- (5) N/A

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

The Company had a deferred compensation and pension plan for long-term former agents. At the end of the current reporting period the Company maintained a liability of \$0 for this plan.

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

- 1. The Company has 400,000 shares authorized, 400,000 shares issued and 400,000 shares outstanding. All shares are Class A shares.
- 2. The Company has no preferred stock outstanding.
- 3. The maximum amount of dividends which can be paid to shareholders without prior approval from the Insurance Commissioner is subject to restrictions related to statutory earnings and statutory earned surplus. Without prior approval, dividends may be paid only out of positive earned surplus at the time of the dividend, and within a calendar year may not exceed the greater of the net gain from operations of the prior year or 10% of the prior year's policyholders' surplus. Dividends are paid only as declared by the Board of Directors.
- 4. On July 5, 2011, the Company paid a cash dividend of \$1,600,000. An additional dividend of \$1,330,000 was paid on December 23, 2011.
- 5. Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 6. There are no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- 7. The total amount of advances to surplus not repaid is \$0.
- 8. There is no stock held by the Company, including stock of affiliated companies, for special purposes.
- 9. None
- 10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses as of December 31, 2011 are \$3,364,192.
- 11. None
- 12. None
- 13. None

14. Contingencies**A. Contingent Commitments**

During 2010, the Company committed to invest up to \$2,000,000 in Llano Music, LLC, which invests in music royalties. Llano does capital calls as funds are needed to acquire the royalty rights. At December 31, 2011, the Company has \$1,646,000 committed that has not been requested by Llano.

B. Assessments

The Company is assessed periodically for contributions by the life and health guaranty associations in almost all states in which the Company has policyholders or licenses to transact business to indemnify policyholders of failed insurance companies. In any states, the Company may reduce or offset these assessments against future premium tax payments. At December 31, 2011, the Company maintained a liability of \$52,212 net of expected future premium tax reductions for such assessments. This liability is based upon management's estimate of future assessments through utilization of information provided by NOLGHA.

C. Gain Contingencies

The Company has not realized any unrecognized gain contingencies as of the balance sheet date prior to the issuance of these financial statements.

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

None

NOTES TO FINANCIAL STATEMENTS**E. All Other Contingencies**

The Company's dispute with one of its outside reinsurers was resolved during 2010. The dispute was related to reinsurance premiums and was settled through arbitration. The Company paid the reinsurer for the back premiums in the amount of \$987,000.

The Company is not currently named as a defendant in any legal action.

15. Leases

None

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

None

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

None

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20. Fair Value Measurement**A. (1) Fair Value Measurements at Reporting Date**

	Level 1	Level 2	Level 3	Total
a. Assets at fair value				
Preferred Stock	\$ 4,368,046	\$ 0	\$ 0	\$ 4,368,046
Common Stock	3,474,805	20,288,520	0	23,763,325
Derivative (Assets)	426,371	0	0	426,371
Other Invested Assets	0	36,509,557	0	36,509,557
Total assets at fair value	\$ 8,269,222	\$ 56,798,077	\$ 0	\$ 65,067,299
b. Liabilities at fair value				
Derivatives (Liabilities)	\$ 3,875,267	\$ 0	\$ 0	\$ 3,875,267
Total liabilities at fair value	\$ 3,875,267	\$ 0	\$ 0	\$ 3,875,267

(2) None

(3) None

(4) The Company defines the input levels according to the ASC 820, Fair Value Measurements and Disclosures, as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. U.S. treasuries are in Level 1 and valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access. Equity securities and options that are actively traded and exchange listed in the U.S. are also included in Level 1. Equity security valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access.

Level 2 - Quoted prices in markets that are not active or inputs that are observable either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities other than quoted prices in Level 1; quoted prices in markets that are not active; or other inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets consist of fixed income investments valued based on quoted prices for identical or similar assets in markets that are not active and investments carried as equity securities that do not have an actively traded market that are valued based on their audited GAAP book value.

Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Company does not have any Level 3 financial assets or liabilities.

B. None

C. None

D. None

NOTES TO FINANCIAL STATEMENTS**21. Other Items****A. Extraordinary Items**

None

B. Troubled Debt Restructuring

None

C. Other Disclosures

(1) The Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the issues, including, but not limited to, intentions to sell or ability to hold the fixed maturity and equity securities with unrealized losses for a period of time sufficient for them to recover; the length of time and amount of the unrealized loss; and the credit ratings of the issuers of the investments, the Company held three fixed maturity investments as other-than-temporarily impaired at December 31, 2011 and December 31, 2010. Other-than-temporary impairments of \$0 and \$610,254 were taken during the twelve months ended December 31, 2011 and December 31, 2010, respectively. The other-than-temporary impairments during 2010 were due to changes in expected future cash flows of investments in bonds backed by trust preferred securities of banks.

During the twelve months ended December 31, 2011 and December 31, 2010, the Company recognized other-than-temporary impairments of \$0 and \$508,714 on two equity securities. The other-than-temporary impairments were due to changes in expected future cash flows of investments in common stock.

Other-than-temporary impairments of \$707,159 and \$128,867 were taken on mortgage loans during the twelve months ended December 31, 2011 and December 31, 2010, respectively. The other-than-temporary impairments were taken on two of its mortgage loans as a result of appraisal valuations and management's analysis and determination of value.

Other-than-temporary impairments of \$2,344,397 and \$0 were taken on real estate during the twelve months ended December 31, 2011 and December 31, 2010, respectively. The other-than-temporary impairments were the result of appraisal valuations and management's analysis and determination of value.

Other-than-temporary impairments of \$895,220 and \$0 were taken on other invested assets during the twelve months ended December 31, 2011 and December 31, 2010, respectively. The other-than-temporary impairments were the result of appraisal valuations and management's analysis and determination of value.

(2) Assets in the amount of \$5,906,843 and \$5,893,010 were on deposit with government authorities or trustees as required by law at December 31, 2011, and December 31, 2010, respectively.

D. As of the current balance sheet date, the Company has no admitted assets in accounts receivable for uninsured plans and amounts due from agents.**E. Business Interruption Insurance Recoveries**

None

F. State Transferable and Non-Transferable Tax Credits

None

G. Subprime Mortgage Related Risk Exposure

None

H. Retained Assets

None

22. Events Subsequent

The Company is not aware of any events occurring subsequent to the close of the books for this statement that may have a material effect on its financial condition or results or operation.

23. Reinsurance**A. Ceded Reinsurance Report****Section 1 – General Interrogatories**

1. Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the company?
 Yes () No (X)

NOTES TO FINANCIAL STATEMENTS

2. Have any policies issued by the Company been reinsured with a company chartered in a county 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)

Section 2 – Ceded Reinsurance Report – Part A

1. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes () No (X)

2. Does the Company 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)

Section 3 – Ceded Reinsurance Report – Part B

1. What is the estimated amount of the aggregate reduction in surplus, of termination of all reinsurance agreements, by either party, as of the date of this statement? \$1,859,882.

2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

B. Uncollectible Reinsurance

The Company had no uncollectible reinsurance during the current reporting period.

C. Commutation of Ceded Reinsurance

The Company has no commutation of ceded reinsurance during the current reporting period.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

None

25. Change in Incurred Losses and Loss Adjustment Expenses

None

26. Inter-company Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

None

29. Participating Policies

For the reporting year ended 2011, net premiums under life participating policies were \$1,607,798 or approximately 22% of total life premiums earned.

Policyholder dividend scales are established and periodically reviewed by the Board of Directors. The Company paid dividends in the amount of \$439,954 to policyholders and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

As of December 31, 2011, the Company had liabilities of \$176,540 related to premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

31. Reserves for Life Contracts and Annuity Contracts

1. The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death on contracts that contain such provisions. Surrender values are not promised in excess of the legally computed reserves.

NOTES TO FINANCIAL STATEMENTS

2. Extra premiums are charged for substandard lives.

Mean reserves are determined by computing the regular mean reserve for the plan at the rated age and holding, in addition, one-half (1/2) of the extra premium charge for the year. Policies issued for substandard lives, are charged an extra premium plus the regular premium for the true age. Mean reserves are based on appropriate multiples of standard rates of mortality.

3. As of December 31, 2011, the Company had 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 \$176,540 at year-end and are reported in Exhibit 5, Life Insurance and Annuities sections.

4. The Tabular Interest has been determined by formula as described in the instructions.

The Tabular Less Actual Reserve Released has been determined by formula as described in the instructions.

The Tabular Cost has been determined by formula as described in the instructions.

5. 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. The total amount of all such products is entered under Pg 7, Ln 4.

6. The details for other changes:

There were no other changes during the current reporting period.

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

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

	(1) Amount	(2) % of Total
A. Subject to discretionary withdrawal:		
(1) With fair value adjustment	\$0	0%
(2) At book value less current surrender charge of 5% or more	0	0%
(3) At fair value	0	0%
(4) Total with adjustment or at market value (Total of 1 through 3)	\$0	0%
(5) At book value without adjustment (minimal or no charge or adjustment)	38,305,688	98%
B. Not subject to discretionary withdrawal	629,916	2%
C. Total (gross)	<u>\$38,935,604</u>	<u>100%</u>
D. Reinsurance ceded	3,664,442	
E. Total (net)*(C) – (D)	<u>\$35,271,162</u>	

*Reconciliation of total annuity actuarial reserves and deposit funds liabilities.

	Amount
F. Life & Accident & Health Annual Statement:	
1. Exhibit 5, Annuities Section, Total (net)	\$23,963,253
2. Exhibit 5, Supplementary Contract with Life Contingencies Section, Total (net)	1,120,527
3. Exhibit of Deposit-Type Contracts, Line 14, Column 1	10,187,382
4. Subtotal	<u>35,271,162</u>

Separate Accounts Annual Statement:

5. Exhibit 3, Line 0299999, Column 2	0
6. Exhibit 3, Line 0399999, Column 2	0
7. Policyholder dividend and coupon accumulations	0
8. Policyholder premiums	0
9. Guaranteed interest contracts	0
10. Other contract deposit funds	0
11. Subtotal	0
12. Combined Total	<u>\$35,271,162</u>

G. Federal Home Loan Bank Agreements

(1) The Company maintains a collateral security deposit with the Federal Home Loan Bank (FHLB). Assets in such security deposit are required to be maintained in a market value amount at least equal to the outstanding principal of any borrowings.

(2) The Company owns 5,270 Shares of FHLB stock with a market value of \$527,000 as of December 31, 2011, as part of this agreement.

(3) At December 31, 2011, general account assets, consisting of bonds, having a market value of \$7,482,564 were pledged as collateral at FHLB, Cincinnati, Ohio.

NOTES TO FINANCIAL STATEMENTS

(4) The total funding capacity available as of December 31, 2011 is \$15,000,000. No outstanding balance currently exists on these borrowings.

(5) & (6) N/A

33. Premiums and Annuity Considerations Deferred and Uncollected

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2011, were as follows:

Type	(1) Gross	(2) Net of Loading
(1) Industrial	\$1,751	\$961
(2) Ordinary new business	1,524	237
(3) Ordinary renewal	760,179	615,000
(4) Credit life	0	0
(5) Group life	4,533	4,080
(6) Group annuity	0	0
(7) Totals	<u>\$767,987</u>	<u>\$620,278</u>

34. Separate Accounts

The Company maintains no separate accounts.

35. Loss/Claim Adjustment Expenses

The Company has no loss/claim adjustment expenses.

Universal Guaranty 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:			12/31/2009			
3.1	State as of what date the latest financial examination of the reporting entity was made or is being made.			12/31/2009			
3.2	State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.			12/31/2009			
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).			04/21/2011			
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 checked="" type="checkbox"/>]	No [<input type="checkbox"/>] N/A [<input 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?						
5.2	If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.						
	1 Name of Entity		2 NAIC 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:						
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,			.....0.000 %		
7.21	State the percentage of foreign control			.....0.000 %		
7.22	State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)						
	1 Nationality		2 Type of Entity				
8.1	Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?			Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]		
8.2	If response to 8.1 is yes, please identify the name of the bank holding company. First Southern Bancorp, Inc.						
8.3	Is the company affiliated with one or more banks, thrifts or securities firms?			Yes [<input checked="" type="checkbox"/>]	No [<input 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.						
	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? Brown Smith Wallace LLC 1050 N. Lindberg Blvd, St. Louis, MO 63132						
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 checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	N/A [<input type="checkbox"/>]	
10.6	If the answer to 10.5 is no or n/a, please explain.						
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? Wilfred Joseph Albracht - consulting actuary 2262 Meadow Vale Rd., Longmont, CO 80504						
12.1	Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?			Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]		
12.11	Name of real estate holding company Collier Beach, HPG Acquisitions, Resource Land Fund, RLF Chinook, RLF Kennesee, RLF Lexington, Sun Valley Homes (AZ), UG Acquisitions, TL Miami Investco						
12.12	NW Florida of Okaloosa Holding, Sand Lake, UTG Avalon, VC Palm Springs Investco, Wingate of St. Johns Holding, Cumberland Woodlands, Stanford Wilderness Road						
12.13	Number of parcels involved			.....20		
12.13	Total book/adjusted carrying value			\$.....34,023,932			
12.2	If yes, provide explanation. Real estate investment properties carried on Sch BA and Sch D part 2 section 2.						

Annual Statement for the year 2011 of the **Universal Guaranty 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 []

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- 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 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 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	\$.....0
21.22 Borrowed from others	\$.....0
21.23 Leased from others	\$.....0
21.24 Other	\$.....0

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 [] No [X]

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	\$.....0

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

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).

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. \$.....0

24.6 If answer to 24.4 is no, report amount of collateral for other programs. \$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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]

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	\$.....1,495,220
25.29 Other	\$.....0

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
Bank of New York	101 Barclay Street, New York, NY 10286
TD Ameritrade	PO Box 2209, Omaha, NE 68103
The Federal Home Loan Bank of Cincinnati	PO Box 598, Cincinnati, OH 45201
J.P. Morgan Clearing Corp.	3 Chase Metrotech Center, Brooklyn, NY 11245

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

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.....	101,201,257	117,241,083	16,039,826
30.2 Preferred stocks.....	8,001,450	8,001,450	0
30.3 Totals.....	109,202,707	125,242,533	16,039,826

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

The fair value is determined by using the factors from Standard & Poor and Moody's and is calculated by and received from the Bank of New York.

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 [X] No []

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.

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:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....4,629
 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 Name	2 Amount Paid
American Council of Life Insurers	3,255
National Alliance of Life Companies	1,153

34.1 Amount of payments for legal expenses, if any? \$.....127,533
 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 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
 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 Name	2 Amount Paid

GENERAL INTERROGATORIES**PART 2 - LIFE INTERROGATORIES**

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

1.2 If yes, indicate premium earned on U.S. business only \$.....0

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

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0

1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned \$.....0
 1.62 Total incurred claims \$.....0
 1.63 Number of covered lives0

All years prior to most current three years:
 1.64 Total premium earned \$.....0
 1.65 Total incurred claims \$.....0
 1.66 Number of covered lives0

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.....	0	.....0
2.2 Premium Denominator.....	7,421,387	7,725,367
2.3 Premium Ratio (2.1/2.2).....	0.0	.....0.0
2.4 Reserve Numerator.....	65,692	66,670
2.5 Reserve Denominator.....	201,640,708	205,081,572
2.6 Reserve Ratio (2.4/2.5).....	0.0	.....0.0

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? \$.....0

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)?" \$.....0

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 \$.....3,858,507
 4.22 Received \$.....0

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 \$.....0
 5.22 Page 4, Line 1 \$.....0

6. For stock reporting entities only:
 6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$.....18,655,343

7. Total dividends paid stockholders since organization of the reporting entity:
 7.11 Cash \$.....36,788,000
 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? \$.....0

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		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
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit							

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]
 \$.....0
 11.2 If yes, please provide the amount of custodial funds held as of the reporting date. Yes [] No [X]
 \$.....0
 11.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
 \$.....0
 11.4 If yes, please provide the balance of the funds administered as of the reporting date. Yes [] No [X]
 \$.....0

Universal Guaranty 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).....	1,116,590	1,173,383	1,229,207	1,291,134	1,349,689
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....	315,502	346,781	379,634	416,162	452,515
3. Credit life (Line 21, Col. 6).....	711	836	1,073	1,685	2,134
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....	18,863	21,710	24,109	28,807	33,246
5. Industrial (Line 21, Col. 2).....	2,532	2,636	2,797	2,949	3,120
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....	0	0	0	0	0
7. Total (Line 21, Col. 10).....	1,454,198	1,545,346	1,636,820	1,740,737	1,840,704
New Business Issued (Exhibit of Life Insurance)					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	393	304	393	483	484
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....	0	0	0	0	0
10. Credit life (Line 2, Col. 6).....	497	497	495	798	1,523
11. Group (Line 2, Col. 9).....	326	535	792	1,163	797
12. Industrial (Line 2, Col. 2).....	0	0	0	0	0
13. Total (Line 2, Col. 10).....	1,216	1,336	1,680	2,444	2,804
Premium Income - Lines of Business (Exhibit 1-Part 1)					
14. Industrial life (Line 20.4, Col. 2).....	5,650	4,718	10,268	11,262	12,382
15.1 Ordinary life insurance (Line 20.4, Col. 3).....	6,848,715	7,106,057	8,203,196	8,666,994	10,408,332
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....	308,289	332,621	445,254	427,672	428,103
16. Credit life (group and individual) (Line 20.4, Col. 5).....	9,156	10,818	5,898	13,254	29,469
17.1 Group life insurance (Line 20.4, Col. 6).....	231,904	250,661	267,039	295,028	343,024
17.2 Group annuities (Line 20.4, Col. 7).....	0	0	0	0	0
18.1 A&H - group (Line 20.4, Col. 8).....	0	0	0	0	0
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....	222	1,274	811	3,025	2,471
18.3 A&H - other (Line 20.4, Col. 10).....	17,451	19,218	22,315	27,059	23,932
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....	0	0	0	0	0
20. Total.....	7,421,387	7,725,367	8,954,781	9,444,294	11,247,713
Balance Sheet (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....	263,176,746	272,524,418	265,009,697	256,889,661	263,087,901
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	230,009,524	242,081,540	237,659,827	229,406,500	232,957,184
23. Aggregate life reserves (Page 3, Line 1).....	199,987,627	203,144,271	206,158,841	207,289,944	208,334,101
24. Aggregate A&H reserves (Page 3, Line 2).....	328,817	334,296	348,351	405,346	429,251
25. Deposit-type contract funds (Page 3, Line 3).....	10,187,383	10,379,884	10,454,094	10,510,273	10,126,759
26. Asset valuation reserve (Page 3, Line 24.01).....	7,428,857	8,207,244	6,799,143	6,503,681	8,687,268
27. Capital (Page 3, Lines 29 & 30).....	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
28. Surplus (Page 3, Line 37).....	31,167,222	28,442,880	25,349,870	25,483,161	28,130,717
Cash Flow (Page 5)					
29. Net Cash from operations (Line 11).....	(386,035)	(994,603)	(1,667,810)	(229,625)	2,165,629
Risk-Based Capital Analysis					
30. Total adjusted capital.....	41,306,051	39,656,563	34,719,954	34,444,294	39,616,736
31. Authorized control level risk-based capital.....	11,230,870	11,004,562	8,899,251	7,449,650	6,806,941
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).....	34.9	45.2	39.5	45.2	45.8
33. Stocks (Lines 2.1 and 2.2).....	12.2	14.5	14.2	18.1	18.9
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....	11.4	18.9	20.5	16.7	17.6
35. Real estate (Line 4.1, 4.2 and 4.3).....	5.0	5.8	3.9	2.9	2.5
36. Cash, cash equivalents and short-term investments (Line 5).....	18.0	4.5	10.6	6.2	5.5
37. Contract loans (Line 6).....	4.0	4.0	4.2	4.4	4.5
38. Derivatives (Line 7).....	0.2	0.2	XXX	XXX	XXX
39. Other invested assets (Line 8).....	14.3	7.0	6.8	6.5	5.1
40. Receivables for securities (Line 9).....	0.0	0.0	0.0	0.0	0.0
41. Securities lending reinvested collateral assets (Line 10).....	0.0	0.0	XXX	XXX	XXX
42. Aggregate write-ins for invested assets (Line 11).....	0.0	0.0	0.4	0.0	0.0
43. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0

Universal Guaranty 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).....	0	0	0	0	0
45. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
46. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....	14,532,520	18,860,326	17,307,211	14,487,298	14,469,384
47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....	0	0	0	0	0
48. Affiliated mortgage loans on real estate	0	0	0	0	0
49. All other affiliated.....	24,467,427	15,963,677	16,005,078	14,480,231	13,901,368
50. Total of above Lines 44 to 49.....	42,999,947	38,824,003	37,312,289	32,967,529	32,370,752
Total Nonadmitted and Admitted Assets					
51. Total nonadmitted assets (Page 2, Line 28, Col. 2).....	566,972	515,417	680,242	2,066,177	1,135,991
52. Total admitted assets (Page 2, Line 28, Col. 3).....	263,176,746	272,524,420	265,009,697	256,889,661	263,087,901
Investment Data					
53. Net investment income (Exhibit of Net Investment Income).....	19,308,100	17,666,021	10,603,286	12,019,628	13,496,788
54. Realized capital gains (losses) (Page 4, Line 34, Column 1).....	(5,217,268)	(1,305,950)	656,974	0	0
55. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	3,364,192	2,034,746	(650,350)	0	0
56. Total of above Lines 53, 54 and 55.....	17,455,024	18,394,817	10,609,910	12,019,628	13,496,788
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).....	16,806,476	16,351,190	17,992,536	18,410,356	18,202,306
58. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	56,521	49,037	73,328	106,024	81,768
59. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	(3,004,275)	(2,442,449)	(1,360,452)	(605,196)	(327,932)
60. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	(5,479)	(14,055)	(56,995)	(23,905)	(41,363)
61. Dividends to policyholders (Line 30, Col 1).....	439,954	500,341	582,287	527,182	906,124
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.....	59.0	52.4	35.8	36.0	29.8
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.....	4.5	4.2	4.7	4.3	3.8
64. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....	279.3	167.2	72.5	267.6	145.6
65. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....	0.0	0.0	0.0	0.0	0.0
66. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....	277.2	217.8	148.6	123.3	128.7
A&H Claim Reserve Adequacy					
67. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....	111,778	118,766	125,177	131,066	136,515
68. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....	102,566	108,977	114,866	120,280	125,256
69. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	95,113	96,133	97,383	123,992	150,139
70. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	116,745	119,244	143,567	144,436	170,117
Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)					
71. Industrial life (Col. 2).....	70,781	74,487	62,121	63,582	88,278
72. Ordinary - life (Col. 3).....	5,278,400	5,482,788	(272,613)	776,462	2,717,595
73. Ordinary - individual annuities (Col. 4).....	636,969	583,047	24,225	191,558	355,892
74. Ordinary - supplementary contracts (Col. 5).....	12,452	95,923	2,172	2,138	9,315
75. Credit life (Col. 6).....	3,697	5,577	14,374	(6,093)	14,917
76. Group life (Col. 7).....	(169,788)	(114,792)	(272,320)	(261,992)	(124,531)
77. Group annuities (Col. 8).....	0	0	0	0	0
78. A&H - group (Col. 9).....	(368)	(1,120)	(4,977)	(3,960)	(3,371)
79. A&H - credit (Col. 10).....	422	(535)	3,732	(3,595)	4,788
80. A&H - other (Col. 11).....	(33,080)	(22,986)	(10,059)	(50,361)	(22,890)
81. Aggregate of all other lines of business (Col. 12).....	0	0	0	0	0
82. Total (Col. 1).....	5,799,485	6,102,389	(453,345)	707,739	3,039,993

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 Policies	8 Certificates	9 Amount of Insurance (a)	
1. In force end of prior year.....	3,634	2,636	60,735	1,520,164	.213	.836	.84	1,573	21,710	1,545,346
2. Issued during year.....	0	0	61	393	.94	.497	0	14	326	1,216
3. Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4. Revived during year.....	1	1	.43	1,143	0	0	0	1	8	1,152
5. Increased during year (net).....	0	0	0	2,644	0	0	0	0	6	2,650
6. Subtotals, Lines 2 to 5.....	1	.1	104	4,180	.94	.497	0	15	340	5,018
7. Additions by dividends during year.....	XXX.	0	XXX.	380	XXX.	0	XXX.	XXX.	0	380
8. Aggregate write-ins for increases.....	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 and 6 to 8).....	3,635	2,637	60,839	1,524,724	.307	1,333	.84	1,588	22,050	1,550,744
Deductions during year:										
10. Death.....	.47	.33	1,150	12,776	0	0	XXX.	67	.534	13,343
11. Maturity.....	10	.5	58	119	0	0	XXX.	0	0	124
12. Disability.....	0	0	448	0	0	0	XXX.	0	0	0
13. Expiry.....	.43	.37	1,188	6,030	.114	.622	0	0	.57	.6,746
14. Surrender.....	.44	.28	231	37,066	0	0	0	0	0	37,094
15. Lapse.....	0	.1	0	29,422	0	0	53	111	2,474	31,897
16. Conversion.....	0	0	0	0	0	0	XXX.	XXX.	XXX.	0
17. Decreased (net).....	0	1	0	7,219	0	0	0	0	122	7,342
18. Reinsurance.....	0	0	0	0	0	0	0	0	0	0
19. Aggregate write-ins for decreases.....	0	0	0	0	0	0	0	0	0	0
20. Totals (Lines 10 to 19).....	144	105	3,075	92,632	.114	.622	.53	178	3,187	96,546
21. In force end of year (Line 9 minus Line 20).....	3,491	2,532	57,764	1,432,092	193	711	.31	1,410	18,863	1,454,198
22. Reinsurance ceded end of year.....	XXX.	0	XXX.	339,722	XXX.	0	XXX.	XXX.	0	339,722
23. Line 21 minus Line 22.....	XXX.	2,532	XXX.	1,092,370	XXX.	(b).....	711	XXX.	XXX.	18,863

DETAILS OF WRITE-INS

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

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

(b) Group \$.....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	.....0	.....XXX	.....17,246
25. Other paid-up insurance.....	.....3,243	.....2,333	.....28,733	.....162,231
26. Debit ordinary insurance.....	.....XXX	.....XXX	.....0	.....0

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.....	.....0	.....0	.....95	.....271
28. Term policies-other.....	.....0	.....0	.....916	.....45,706
29. Other term insurance-decreasing.....	.....XXX	.....0	.....XXX	.....135,671
30. Other term insurance.....	.....XXX	.....0	.....XXX	.....99,054
31. Totals (Lines 27 to 30).....	.....0	.....0	.....1,011	.....280,702
Reconciliation to Lines 2 and 21:				
32. Term additions.....	.....XXX	.....0	.....XXX	.....60
33. Totals, extended term insurance.....	.....XXX	.....XXX	.....5,324	.....34,740
34. Totals, whole life and endowment.....	.....61	.....393	.....51,429	.....1,116,590
35. Totals (Lines 31 to 34).....	.....61	.....393	.....57,764	.....1,432,092

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.....	.....0	.....0	.....2,532	.....0
37. Ordinary.....	.....393	.....0	.....1,299,055	.....133,038
38. Credit Life (Group and Individual).....	.....497	.....0	.....711	.....0
39. Group.....	.....326	.....0	.....18,862	.....0
40. Totals (Lines 36 to 39).....	.....1,216	.....0	.....1,321,160	.....133,038

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	.....0	.....XXX	.....0
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis.....	.....0	.....XXX	.....0	.....XXX
43. Federal Employees' Group Life Insurance included in Line 21.....	.....0	.....0	.....0	.....0
44. Servicemen's Group Life Insurance included in Line 21.....	.....0	.....0	.....0	.....0
45. Group Permanent Insurance included in Line 21.....	.....0	.....0	.....1,410	.....18,863

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a).....49,444
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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 Actual Amount
47.2 for each \$5,000 on husband, wife \$1,000, children \$2,500

POLICIES WITH DISABILITY PROVISIONS

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium.....	.....43	.....9	.....6,127	.....22,037	.....0	.....0	.....0	.....0
49. Disability Income.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
50. Extended Benefits.....	.....0	.....0	.....XXX	.....XXX	.....0	.....0	.....528	.....11,673
51. Other.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
52. Total.....	.....43	.....9	.....6,127	.....22,037	.....0	.....0	.....528	.....11,673

(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.....	157	44	0	0
2. Issued during year.....	1	0	0	0
3. Reinsurance assumed.....	0	0	0	0
4. Increased during year (net).....	0	0	0	0
5. Total (Lines 1 to 4).....	158	44	0	0
Deductions during year:				
6. Decreased (net).....	0	6	0	0
7. Reinsurance ceded.....	0	0	0	0
8. Totals (Lines 6 and 7).....	0	6	0	0
9. In force end of year.....	158	38	0	0
10. Amount on deposit.....	0	104,006	0	(a) 0
11. Income now payable.....	158	34	0	0
12. Amount of income payable.....	(a) 167,434	(a) 174,803	(a) 0	(a) 0

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	0	1,605	0	0
2. Issued during year.....	0	0	0	0
3. Reinsurance assumed.....	0	0	0	0
4. Increased during year (net).....	0	0	0	0
5. Total (Lines 1 to 4).....	0	1,605	0	0
Deductions during year:				
6. Decreased (net).....	0	102	0	0
7. Reinsurance ceded.....	0	0	0	0
8. Totals (Lines 6 and 7).....	0	102	0	0
9. In force end of year.....	0	1,503	0	0
Income now payable:				
10. Amount of income payable.....	(a) 0	XXX	XXX	(a) 0
Deferred fully paid:				
11. Account balance.....	XXX	(a) 11,819,108	XXX	(a) 0
Deferred not fully paid:				
12. Account balance.....	XXX	(a) 12,144,145	XXX	(a) 0

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.....	2	0	14	1,274	861	19,218
2. Issued during year.....	0	0	2	0	0	0
3. Reinsurance assumed.....	0	0	0	0	0	0
4. Increased during year (net).....	0	XXX	0	XXX	0	XXX
5. Total (Lines 1 to 4).....	2	XXX	16	XXX	861	XXX
Deductions during year:						
6. Conversions.....	0	XXX	XXX	XXX	XXX	XXX
7. Decreased (net).....	0	XXX	0	XXX	65	XXX
8. Reinsurance ceded.....	0	XXX	9	XXX	0	XXX
9. Totals (Lines 6 to 8).....	0	XXX	9	XXX	65	XXX
10. In force end of year.....	2	(a) 0	7	(a) 222	796	(a) 17,451

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1 Deposit Funds		2 Dividend Accumulations	
	Contracts	Contracts	Contracts	Contracts
1. In force end of prior year.....		11		5,057
2. Issued during year.....		0		0
3. Reinsurance assumed.....		0		0
4. Increased during year (net).....		0		0
5. Total (Lines 1 to 4).....		11		5,057
Deductions during year:				
6. Decreased (net).....		0		.263
7. Reinsurance ceded.....		0		0
8. Totals (Lines 6 and 7).....		0		.263
9. In force end of year.....		11		4,794
10. Amount of account balance.....	(a)	38,145	(a)	9,638,940

(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				
		Life Contracts		4	5	6	7	
		2	3					
1. Alabama.....	AL.....	48,308	1,112	0	0	49,420	0	
2. Alaska.....	AK.....	1,590	80	0	0	1,670	0	
3. Arizona.....	AZ.....	22,204	1,831	.99	0	24,134	0	
4. Arkansas.....	AR.....	81,600	450	0	0	82,050	0	
5. California.....	CA.....	27,694	1,790	.84	0	29,568	0	
6. Colorado.....	CO.....	63,588	3,039	.436	0	67,063	0	
7. Connecticut.....	CT.....	2,721	0	0	0	2,721	0	
8. Delaware.....	DE.....	4,930	0	0	0	4,930	0	
9. District of Columbia.....	DC.....	1,791	0	0	0	1,791	0	
10. Florida.....	FL.....	359,169	4,737	.222	0	364,128	0	
11. Georgia.....	GA.....	155,094	1,323	.84	0	156,501	0	
12. Hawaii.....	HI.....	577	80	0	0	.657	0	
13. Idaho.....	ID.....	2,141	0	0	0	2,141	0	
14. Illinois.....	IL.....	1,580,098	115,416	.280	0	1,695,794	0	
15. Indiana.....	IN.....	225,620	26,320	.8,180	0	260,120	0	
16. Iowa.....	IA.....	253,238	.56,849	0	0	310,087	0	
17. Kansas.....	KS.....	504,110	4,379	6,763	0	.515,252	0	
18. Kentucky.....	KY.....	69,986	.676	.551	0	71,213	0	
19. Louisiana.....	LA.....	146,642	1,953	0	0	148,595	0	
20. Maine.....	ME.....	69	0	0	0	.69	0	
21. Maryland.....	MD.....	11,855	1,348	0	0	13,203	0	
22. Massachusetts.....	MA.....	6,406	160	0	0	6,566	0	
23. Michigan.....	MI.....	196,664	4,095	.252	0	201,011	0	
24. Minnesota.....	MN.....	7,241	263	.327	0	.7,831	0	
25. Mississippi.....	MS.....	155,608	1,138	0	0	156,746	0	
26. Missouri.....	MO.....	329,369	17,760	1,823	0	348,952	0	
27. Montana.....	MT.....	42,365	.407	0	0	42,772	0	
28. Nebraska.....	NE.....	101,742	2,578	0	0	104,320	0	
29. Nevada.....	NV.....	6,897	0	0	0	6,897	0	
30. New Hampshire.....	NH.....	.920	0	0	0	.920	0	
31. New Jersey.....	NJ.....	5,362	150	0	0	5,512	0	
32. New Mexico.....	NM.....	29,519	1,898	0	0	31,417	0	
33. New York.....	NY.....	13,085	.478	0	0	13,563	0	
34. North Carolina.....	NC.....	186,492	4,618	0	0	191,110	0	
35. North Dakota.....	ND.....	1,377	0	.147	0	1,524	0	
36. Ohio.....	OH.....	3,080,865	13,939	.227	0	3,095,031	0	
37. Oklahoma.....	OK.....	242,293	6,288	.57	0	248,638	0	
38. Oregon.....	OR.....	7,462	0	0	0	7,462	0	
39. Pennsylvania.....	PA.....	142,537	.94	.8	0	142,639	0	
40. Rhode Island.....	RI.....	.68	0	0	0	.68	0	
41. South Carolina.....	SC.....	194,544	.294	.44	0	194,882	0	
42. South Dakota.....	SD.....	4,902	.67	.66	0	.5,035	0	
43. Tennessee.....	TN.....	70,457	1,201	.203	0	71,861	0	
44. Texas.....	TX.....	389,558	18,239	.72	0	407,869	0	
45. Utah.....	UT.....	5,721	320	0	0	6,041	0	
46. Vermont.....	VT.....	.70	0	0	0	.70	0	
47. Virginia.....	VA.....	142,981	4,894	0	0	147,875	0	
48. Washington.....	WA.....	10,591	.301	0	0	10,892	0	
49. West Virginia.....	WV.....	913,158	4,724	10,993	0	.928,875	0	
50. Wisconsin.....	WI.....	29,727	2,820	0	0	32,547	0	
51. Wyoming.....	WY.....	3,282	180	0	0	3,462	0	
52. American Samoa.....	AS.....	0	0	0	0	0	0	
53. Guam.....	GU.....	0	0	0	0	0	0	
54. Puerto Rico.....	PR.....	0	0	0	0	0	0	
55. US Virgin Islands.....	VI.....	0	0	0	0	0	0	
56. Northern Mariana Islands.....	MP.....	0	0	0	0	0	0	
57. Canada.....	CN.....	0	0	0	0	0	0	
58. Aggregate Other Alien.....	OT.....	0	0	0	0	0	0	
59. Subtotal.....	(a).....	9,884,288	.308,289	30,918	0	10,223,495	0	
60. Reporting entity contributions for employee benefit plans.....	XXX.....	0	0	0	0	0	0	
61. Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX.....	88,634	0	0	0	88,634	0	
62. Dividends or refunds applied to shorten endowment or premium paying period.....	XXX.....	0	0	0	0	0	0	
63. Premium or annuity considerations waived under disability or other contract provisions.....	XXX.....	65,169	0	0	0	65,169	0	
64. Aggregate other amounts not allocable by State.....	XXX.....	0	0	0	0	0	0	
65. Totals (Direct Business).....	XXX.....	10,038,091	.308,289	30,918	0	10,377,298	0	
66. Plus reinsurance assumed.....	XXX.....	32,093	0	.222	0	32,315	0	
67. Totals (All Business).....	XXX.....	10,070,184	.308,289	31,140	0	10,409,613	0	
68. Less reinsurance ceded.....	XXX.....	2,893,075	0	13,468	0	2,906,543	0	
69. Totals (All Business) less reinsurance ceded.....	XXX.....	7,177,109	.308,289	(b).....	17,672	0	7,503,070	0

DETAILS OF WRITE-INS

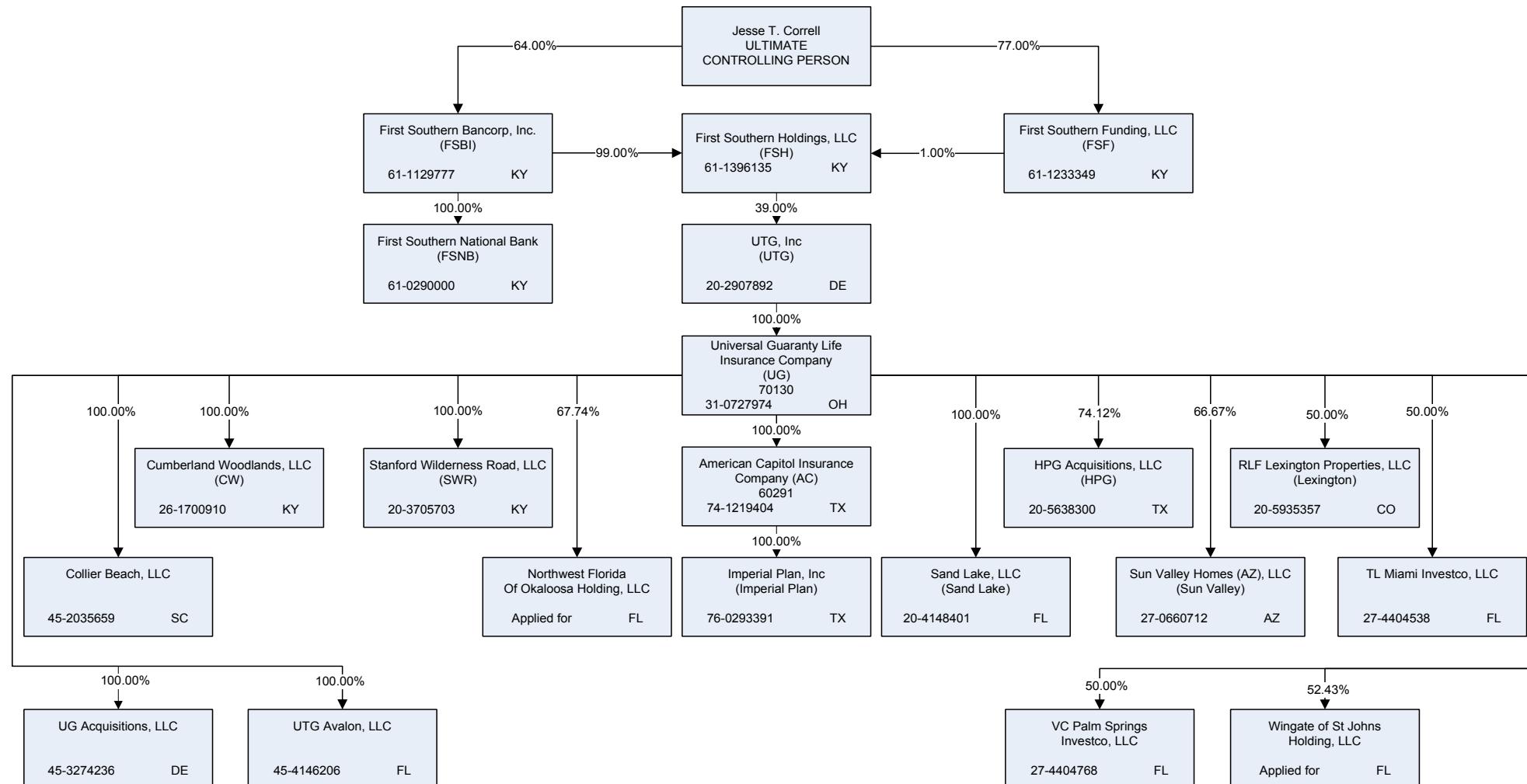
5801.....	XXX.....	0	0	0	0	0	0	0
5802.....	XXX.....	0	0	0	0	0	0	0
5803.....	XXX.....	0	0	0	0	0	0	0
5898. Summ. of remaining write-ins for line 58 from overflow page.....	XXX.....	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above).....	XXX.....	0	0	0	0	0	0	0
9401.....	XXX.....	0	0	0	0	0	0	0
9402.....	XXX.....	0	0	0	0	0	0	0
9403.....	XXX.....	0	0	0	0	0	0	0
9498. Summ. of remaining write-ins for line 94 from overflow page.....	XXX.....	0	0	0	0	0	0	0
9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX.....	0	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.

All premiums and annuity considerations are allocated by the policyholder's state of residence.

(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**

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