



ANNUAL STATEMENT

For the Year Ended December 31, 2011
of the Condition and Affairs of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

NAIC Group Code.....0084, 0084
(Current Period) (Prior Period)

NAIC Company Code..... 93661

Employer's ID Number..... 31-1021738

Organized under the Laws of Ohio

State of Domicile or Port of Entry Ohio

Country of Domicile US

Incorporated/Organized..... November 13, 1981

Commenced Business..... December 21, 1981

Statutory Home Office

301 East Fourth Street..... Cincinnati OH 45202
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office

301 East Fourth Street..... Cincinnati OH 45202
(Street and Number) (City or Town, State and Zip Code)

513-357-3300-
(Area Code) (Telephone Number)

Mail Address

Post Office Box 5423..... Cincinnati OH 45201- 542
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records

301 East Fourth Street..... Cincinnati OH 45202
(Street and Number) (City or Town, State and Zip Code)

513-357-3300-
(Area Code) (Telephone Number)

Internet Web Site Address

www.gafri.com

Statutory Statement Contact

Brian Patrick Sponaugle
(Name)
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(E-Mail Address)

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OFFICERS

Name	Title	Name	Title
1. Stephen Craig Lindner	President	2. Mark Francis Muething	Secretary
3. Christopher Patrick Miliano	Treasurer		

OTHER

Adrienne Susan Kessling	Senior Vice President	John Paul Gruber	Senior Vice President
Brian Patrick Sponaugle # #	Vice President	Eugene Michael Breen # #	Appointed Actuary

DIRECTORS OR TRUSTEES

Stephen Craig Lindner	Christopher Patrick Miliano	Mark Francis Muething	Michael James Prager
Jeffrey Gene Hester			

State of..... Ohio
County of..... Hamilton

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

(Signature)	(Signature)	(Signature)
Mark Francis Muething	Christopher Patrick Miliano	John Paul Gruber
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Secretary	Treasurer	Senior Vice President
(Title)	(Title)	(Title)

Subscribed and sworn to before me

a. Is this an original filing?

Yes [X] No []

This day of February, 2012

b. If no

1. State the amendment number

2. Date filed

3. Number of pages attached

Annual Statement for the year 2011 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	1,850,741,364		1,850,741,364	1,708,119,790
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	7,808,311		7,808,311	9,345,708
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....(856,185), Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....24,661,177, Sch. DA).....	23,804,992		23,804,992	15,549,377
6. Contract loans (including \$.....0 premium notes).....	59,870,478		59,870,478	59,116,102
7. Derivatives (Schedule DB).....	5,658,220		5,658,220	10,291,926
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	386,957		386,957	242,607
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,948,270,322	.0	1,948,270,322	1,802,665,510
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	21,646,143		21,646,143	20,446,940
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	343,810	343,810	.0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....			.0	
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	
18.2 Net deferred tax asset.....	2,160,839	727,683	1,433,156	794,644
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	482,421		482,421	45,923
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	758,220	307,543	450,677	325,324
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,973,661,755	1,379,036	1,972,282,719	1,824,278,342
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	548,310,891		548,310,891	615,750,111
28. TOTALS (Lines 26 and 27).....	2,521,972,646	1,379,036	2,520,593,610	2,440,028,453
DETAILS OF WRITE-INS				
1101. ....			.0	
1102. ....			.0	
1103. ....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Accounts receivable.....	307,543	307,543	.0	
2502. Accrued contractual fee income.....	242,097		242,097	151,309
2503. Receivable for marketing reallowance.....	208,580		208,580	174,016
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).....	758,220	307,543	450,677	325,324

Annual Statement for the year 2011 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

			1	2
			Current Year	Prior Year
1.	Aggregate reserve for life contracts \$.....1,779,583,588 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....		1,779,583,588	1,653,226,858
2.	Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$.....0 Modco Reserve).....			
3.	Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....		30,449,276	30,156,335
4.	Contract claims:			
4.1	Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....		6,033,805	4,646,281
4.2	Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....			
5.	Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....			
6.	Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:			
6.1	Dividends apportioned for payment (including \$.....0 Modco).....			
6.2	Dividends not yet apportioned (including \$.....0 Modco).....			
6.3	Coupons and similar benefits (including \$.....0 Modco).....			
7.	Amount provisionally held for deferred dividend policies not included in Line 6.....			
8.	Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....			
9.	Contract liabilities not included elsewhere:			
9.1	Surrender values on canceled contracts.....			
9.2	Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....			
9.3	Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded.....			
9.4	Interest Maintenance Reserve (IMR, Line 6).....		1,470,103	41,281
10.	Commissions to agents due or accrued - life and annuity contracts \$....546,625, accident and health \$.....0 and deposit-type contract funds \$.....0.....		546,625	36,344
11.	Commissions and expense allowances payable on reinsurance assumed.....			
12.	General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....		327,883	172,424
13.	Transfers to Separate Accounts due or accrued (net) (including \$....(10,750,152) accrued for expense allowances recognized in reserves, net of reinsured allowances).....		(10,750,152)	(11,203,727)
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....		549,080	425,778
15.1	Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....		3,096,022	2,204,415
15.2	Net deferred tax liability.....			
16.	Unearned investment income.....			
17.	Amounts withheld or retained by company as agent or trustee.....		54,723	35,232
18.	Amounts held for agents' account, including \$....534,365 agents' credit balances.....		534,365	266,960
19.	Remittances and items not allocated.....		1,846,687	280,100
20.	Net adjustment in assets and liabilities due to foreign exchange rates.....			
21.	Liability for benefits for employees and agents if not included above.....			2,247
22.	Borrowed money \$.....0 and interest thereon \$.....0.....			
23.	Dividends to stockholders declared and unpaid.....			
24.	Miscellaneous liabilities:			
24.01	Asset valuation reserve (AVR Line 16, Col. 7).....		858,139	1,822,413
24.02	Reinsurance in unauthorized companies.....			
24.03	Funds held under reinsurance treaties with unauthorized reinsurers.....			
24.04	Payable to parent, subsidiaries and affiliates.....			
24.05	Drafts outstanding.....			
24.06	Liability for amounts held under uninsured plans.....			
24.07	Funds held under coinsurance.....			
24.08	Derivatives.....			
24.09	Payable for securities.....			
24.10	Payable for securities lending.....			
24.11	Capital notes \$.....0 and interest thereon \$.....0.....			
25.	Aggregate write-ins for liabilities.....		324,965	153,262
26.	Total liabilities excluding Separate Accounts business (Lines 1 to 25).....		1,814,925,109	1,682,266,202
27.	From Separate Accounts Statement.....		548,310,891	615,750,111
28.	Total liabilities (Line 26 and 27).....		2,363,236,000	2,298,016,313
29.	Common capital stock.....		2,500,000	2,500,000
30.	Preferred capital stock.....			
31.	Aggregate write-ins for other than special surplus funds.....		344,438	544,237
32.	Surplus notes.....			
33.	Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....		171,550,000	171,550,000
34.	Aggregate write-ins for special surplus funds.....		0	0
35.	Unassigned funds (surplus).....		(17,036,828)	(32,582,097)
36.	Less treasury stock, at cost:			
36.1	.....0.000 shares common (value included in Line 29 \$.....0).....			
36.2	.....0.000 shares preferred (value included in Line 30 \$.....0).....			
37.	Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....		154,857,610	139,512,140
38.	Totals of Lines 29, 30 and 37 (Page 4, Line 55).....		157,357,610	142,012,140
39.	Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....		2,520,593,610	2,440,028,453

DETAILS OF WRITE-INS				
2501.	Unclaimed property.....		324,965	153,262
2502.	.....		
2503.	.....		
2598.	Summary of remaining write-ins for Line 25 from overflow page.....		0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....		324,965	153,262
3101.	SSAP 10R election 10.e.....		344,438	544,237
3102.	.....		
3103.	.....		
3198.	Summary of remaining write-ins for Line 31 from overflow page.....		0	0
3199.	Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....		344,438	544,237
3401.	.....		
3402.	.....		
3403.	.....		
3498.	Summary of remaining write-ins for Line 34 from overflow page.....		0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....		0	0

Annual Statement for the year 2011 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

SUMMARY OF OPERATIONS

	1	2
	Current Year	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).....	300,252,315	351,284,939
2. Considerations for supplementary contracts with life contingencies.....		
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	113,937,793	107,090,301
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....	855,540	477,443
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....		
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1).....		
7. Reserve adjustments on reinsurance ceded.....		
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....	8,085,814	7,733,446
8.2 Charges and fees for deposit-type contracts.....	1,085,832	995,470
8.3 Aggregate write-ins for miscellaneous income.....	2,263,621	2,106,065
9. Totals (Lines 1 to 8.3).....	426,480,915	469,687,664
10. Death benefits.....		
11. Matured endowments (excluding guaranteed annual pure endowments).....		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....	20,239,934	20,237,680
13. Disability benefits and benefits under accident and health contracts.....		
14. Coupons, guaranteed annual pure endowments and similar benefits.....		
15. Surrender benefits and withdrawals for life contracts.....	237,285,031	185,991,865
16. Group conversions.....		
17. Interest and adjustments on contract or deposit-type contract funds.....	11,164,019	10,659,336
18. Payments on supplementary contracts with life contingencies.....		
19. Increase in aggregate reserves for life and accident and health contracts.....	126,356,731	192,862,347
20. Totals (Lines 10 to 19).....	395,045,715	409,751,229
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	19,057,880	24,742,593
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....		
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....	16,102,032	22,064,204
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	1,618,269	1,422,733
25. Increase in loading on deferred and uncollected premiums.....		
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	(38,747,602)	(7,073,831)
27. Aggregate write-ins for deductions.....	0	0
28. Totals (Lines 20 to 27).....	393,076,294	450,906,928
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	33,404,621	18,780,735
30. Dividends to policyholders.....		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	33,404,621	18,780,735
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	6,778,646	962,616
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).....	26,625,975	17,818,119
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....191,349 (excluding taxes of \$.....1,230,041 transferred to the IMR).....	(6,050,673)	(4,259,856)
35. Net income (Line 33 plus Line 34).....	20,575,302	13,558,263
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	142,012,140	129,595,667
37. Net income (Line 35).....	20,575,302	13,558,263
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....(550,025).....	(6,294,454)	2,218,376
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax.....	85,677	(5,179,297)
41. Change in nonadmitted assets.....	214,470	2,797,648
42. Change in liability for reinsurance in unauthorized companies.....		
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4).....		
44. Change in asset valuation reserve	964,274	(512,430)
45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....		
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....		
47. Other changes in surplus in Separate Accounts Statement.....		
48. Change in surplus notes.....		
49. Cumulative effect of changes in accounting principles.....		
50. Capital changes:		
50.1 Paid in.....		
50.2 Transferred from surplus (Stock Dividend).....		
50.3 Transferred to surplus.....		
51. Surplus adjustment:		
51.1 Paid in.....		
51.2 Transferred to capital (Stock Dividend).....		
51.3 Transferred from capital.....		
51.4 Change in surplus as a result of reinsurance.....		
52. Dividends to stockholders.....		
53. Aggregate write-ins for gains and losses in surplus.....	(199,799)	(466,087)
54. Net change in capital and surplus for the year (Lines 37 through 53).....	15,345,470	12,416,473
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	157,357,610	142,012,140
DETAILS OF WRITE-INS		
08.301. Marketing reallowance.....	1,301,989	1,211,031
08.302. Contractual annual maintenance and surrender charge fees.....	522,631	561,642
08.303. Contractual rider fee income.....	438,926	326,977
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	75	6,415
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	2,263,621	2,106,065
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
5301. SSAP 10R election 10.e.- Nonadmitted deferred tax asset.....	(199,799)	(466,087)
5302.		
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	(199,799)	(466,087)

Annual Statement for the year 2011 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

CASH FLOW

		1	2
		Current Year	Prior Year
CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance.....	300,252,315	351,284,939
2.	Net investment income.....	112,655,036	102,102,223
3.	Miscellaneous income.....	10,224,082	9,835,306
4.	Total (Lines 1 through 3).....	423,131,433	463,222,468
5.	Benefit and loss related payments.....	256,256,072	205,722,476
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	(39,201,176)	(7,321,278)
7.	Commissions, expenses paid and aggregate write-ins for deductions.....	35,989,138	49,379,216
8.	Dividends paid to policyholders.....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....(1,421,390) tax on capital gains (losses).....	7,308,429	(3,513,713)
10.	Total (Lines 5 through 9).....	260,352,463	244,266,701
11.	Net cash from operations (Line 4 minus Line 10).....	162,778,970	218,955,767
CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds.....	185,122,946	172,379,528
12.2	Stocks.....		1,652,996
12.3	Mortgage loans.....		
12.4	Real estate.....		
12.5	Other invested assets.....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7	Miscellaneous proceeds.....		
12.8	Total investment proceeds (Lines 12.1 to 12.7).....	185,122,946	174,032,524
13.	Cost of investments acquired (long-term only):		
13.1	Bonds.....	323,116,872	467,912,382
13.2	Stocks.....	186,054	36,372
13.3	Mortgage loans.....		
13.4	Real estate.....		
13.5	Other invested assets.....		
13.6	Miscellaneous applications.....	7,485,700	6,702,077
13.7	Total investments acquired (Lines 13.1 to 13.6).....	330,788,626	474,650,831
14.	Net increase (decrease) in contract loans and premium notes.....	754,376	4,133,529
15.	Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(146,420,056)	(304,751,836)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes.....		
16.2	Capital and paid in surplus, less treasury stock.....		
16.3	Borrowed funds.....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities.....	(9,666,615)	(10,281,523)
16.5	Dividends to stockholders.....		
16.6	Other cash provided (applied).....	1,563,316	(391,414)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(8,103,299)	(10,672,937)
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).....	8,255,615	(96,469,007)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year.....	15,549,377	112,018,384
19.2	End of year (Line 18 plus Line 19.1).....	23,804,992	15,549,377
Note: Supplemental disclosures of cash flow information for non-cash transactions:			
20.0001	Exchanges.....	2,348,334	1,989,900
20.0002	Securities acquired from liquidation distributions.....	186,054	36,372
20.0003	Securities acquired in paid in kind interest payment.....	168,835	64,246

Annual Statement for the year 2011 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	Ordinary			6	Group		Accident and Health			12
	Total	Industrial Life	3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts	Credit Life (Group and Individual)	7 Life Insurance(a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	Aggregate of All Other Lines of Business
1. Premiums and annuity considerations for life and accident and health contracts.....	300,252,315			263,289,427				36,962,888				
2. Considerations for supplementary contracts with life contingencies.....	0											
3. Net investment income.....	113,937,793			108,006,844				5,930,949				
4. Amortization of Interest Maintenance Reserve (IMR).....	855,540			807,390				48,150				
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0											
6. Commissions and expense allowances on reinsurance ceded.....	0											
7. Reserve adjustments on reinsurance ceded.....	0											
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	8,085,814			6,101,815				1,983,999				
8.2 Charges and fees for deposit-type contracts.....	1,085,832			1,085,832								
8.3 Aggregate write-ins for miscellaneous income.....	2,263,621			1,727,874	0	0	0	535,747	0	0	0	0
9. Totals (Lines 1 to 8.3).....	426,480,915	0	0	381,019,182	0	0	0	45,461,733	0	0	0	0
10. Death benefits.....	0											
11. Matured endowments (excluding guaranteed annual pure endowments).....	0											
12. Annuity benefits.....	20,239,934			20,082,430				157,504				
13. Disability benefits and benefits under accident and health contracts.....	0											
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0											
15. Surrender benefits and withdrawals for life contracts.....	237,285,031			178,686,362				58,598,669				
16. Group conversions.....	0											
17. Interest and adjustments on contract or deposit-type contract funds.....	11,164,019			11,164,019								
18. Payments on supplementary contracts with life contingencies.....	0											
19. Increase in aggregate reserves for life and accident and health contracts.....	126,356,731			125,214,638				1,142,093				
20. Totals (Lines 10 to 19).....	395,045,715	0	0	335,147,449	0	0	0	59,898,266	0	0	0	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	19,057,880			17,468,384				1,589,496				
22. Commissions and expense allowances on reinsurance assumed.....	0											
23. General insurance expenses.....	16,102,032			14,479,739				1,622,293				
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	1,618,269			1,476,305				141,964				
25. Increase in loading on deferred and uncollected premiums.....	0											
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	(38,747,602)			(18,160,775)				(20,586,827)				
27. Aggregate write-ins for deductions.....	0	0	0	0	0	0	0	0	0	0	0	0
28. Totals (Lines 20 to 27).....	393,076,294	0	0	350,411,102	0	0	0	42,665,192	0	0	0	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	33,404,621	0	0	30,608,080	0	0	0	2,796,541	0	0	0	0
30. Dividends to policyholders.....	0											
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	33,404,621	0	0	30,608,080	0	0	0	2,796,541	0	0	0	0
32. Federal income taxes incurred (excluding tax on capital gains).....	6,778,646			6,411,632				367,014				
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).....	26,625,975	0	0	24,196,448	0	0	0	2,429,527	0	0	0	0

DETAILS OF WRITE-INS

08.301. Marketing reallowance.....	1,301,989			978,713				323,276				
08.302. Contractual annual maintenance and surrender charge fees.....	522,631			392,865				129,766				
08.303. Contractual rider fee income.....	438,926			356,237				82,689				
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	75	0	0	59	0	0	0	16	0	0	0	0
08.399. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	2,263,621	0	0	1,727,874	0	0	0	535,747	0	0	0	0
2701.	0											
2702.	0											
2703.	0											
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	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.....	1,653,226,857			1,556,258,133				96,968,724
2. Tabular net premiums or considerations.....	298,860,567			261,900,073				36,960,494
3. Present value of disability claims incurred.....	0				XXX			
4. Tabular interest.....	56,198,136			53,489,406				2,708,730
5. Tabular less actual reserve released.....	30,879			30,879				
6. Increase in reserve on account of change in valuation basis.....	0							
7. Other increases (net).....	12,797,057			12,716,578				80,479
8. Totals (Lines 1 to 7).....	2,021,113,496	0	0	1,884,395,069	0	0	0	136,718,427
9. Tabular cost.....	0				XXX			
10. Reserves released by death.....	0			XXX	XXX			XXX
11. Reserves released by other terminations (net).....	0							
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	279,951,353			221,188,851				58,762,502
13. Net transfers to or (from) Separate Accounts.....	(38,421,445)			(18,266,553)				(20,154,892)
14. Total deductions (Lines 9 to 13).....	241,529,908	0	0	202,922,298	0	0	0	38,607,610
15. Reserve December 31, current year.....	1,779,583,588	0	0	1,681,472,771	0	0	0	98,110,817

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EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....524,960	.....483,371
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....104,755,723	.....105,887,840
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....49,608	.....49,608
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....3,954,395	.....4,028,175
6. Cash, cash equivalents and short-term investments.....	(e).....8,243	.....8,137
7. Derivative instruments.....	(f).....11,141,221	.....4,439,148
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....74,066	.....74,066
10. Total gross investment income.....	.....120,508,216	.....114,970,345
11. Investment expenses.....		(g).....1,032,552
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....1,032,552
17. Net investment income (Line 10 minus Line 16).....		.....113,937,793

DETAILS OF WRITE-INS		
0901. Interest on agent debit balance.....	.....74,422	.....74,422
0902. Miscellaneous investment income (loss).....	.....(356)	.....(356)
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....74,066	.....74,066
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0
(a) Includes \$.....8,992,746 accrual of discount less \$.....2,172,138 amortization of premium and less \$.....462,080 paid for accrued interest on purchases.		
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.		
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.		
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(f) Includes \$.....0 accrual of discount less \$.....7,053,935 amortization of premium.		
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.		
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.		
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....(2,422)	.....	.....(2,422)	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....3,838,250	.....(6,180,749)	.....(2,342,499)	.....151,954	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....(1,723,451)	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....(5,272,982)	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....3,835,828	.....(6,180,749)	.....(2,344,921)	.....(6,844,479)	.....0
DETAILS OF WRITE-INS					
0901. ....	.....	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

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

	1	2	Ordinary		5	Group		Accident and Health			11
	Total	Industrial Life	3 Life Insurance	4 Individual Annuities	Credit Life (Group and Individual)	6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	Aggregate of All Other Lines of Business
FIRST YEAR (other than single)											
1. Uncollected.....	.0										
2. Deferred and accrued.....	.0										
3. Deferred, accrued and uncollected:											
3.1 Direct.....	.0										
3.2 Reinsurance assumed.....	.0										
3.3 Reinsurance ceded.....	.0										
3.4 Net (Line 1 + Line 2).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Advance.....	.0										
5. Line 3.4 - Line 4.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Collected during year:											
6.1 Direct.....	21,523,055			19,257,909			2,265,146				
6.2 Reinsurance assumed.....	.0										
6.3 Reinsurance ceded.....	.0										
6.4 Net.....	21,523,055	.0	.0	19,257,909	.0	.0	2,265,146	.0	.0	.0	.0
7. Line 5 + Line 6.4.....	21,523,055	.0	.0	19,257,909	.0	.0	2,265,146	.0	.0	.0	.0
8. Prior year (uncollected + deferred and accrued - advance).....	.0										
9. First year premiums and considerations:											
9.1 Direct.....	21,523,055			19,257,909			2,265,146				
9.2 Reinsurance assumed.....	.0										
9.3 Reinsurance ceded.....	.0										
9.4 Net (Line 7 - Line 8).....	21,523,055	.0	.0	19,257,909	.0	.0	2,265,146	.0	.0	.0	.0
SINGLE											
10. Single premiums and considerations:											
10.1 Direct.....	108,863,605			91,117,636			17,745,969				
10.2 Reinsurance assumed.....	.0										
10.3 Reinsurance ceded.....	.0										
10.4 Net.....	108,863,605	.0	.0	91,117,636	.0	.0	17,745,969	.0	.0	.0	.0
RENEWAL											
11. Uncollected.....	.0										
12. Deferred and accrued.....	.0										
13. Deferred, accrued and uncollected:											
13.1 Direct.....	.0										
13.2 Reinsurance assumed.....	.0										
13.3 Reinsurance ceded.....	.0										
13.4 Net (Line 11 + Line 12).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Advance.....	.0										
15. Line 13.4 - Line 14.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
16. Collected during year:											
16.1 Direct.....	169,865,655			152,913,882			16,951,773				
16.2 Reinsurance assumed.....	.0										
16.3 Reinsurance ceded.....	.0										
16.4 Net.....	169,865,655	.0	.0	152,913,882	.0	.0	16,951,773	.0	.0	.0	.0
17. Line 15 + Line 16.4.....	169,865,655	.0	.0	152,913,882	.0	.0	16,951,773	.0	.0	.0	.0
18. Prior year (uncollected + deferred and accrued - advance).....	.0										
19. Renewal premiums and considerations:											
19.1 Direct.....	169,865,655			152,913,882			16,951,773				
19.2 Reinsurance assumed.....	.0										
19.3 Reinsurance ceded.....	.0										
19.4 Net (Line 17 - Line 18).....	169,865,655	.0	.0	152,913,882	.0	.0	16,951,773	.0	.0	.0	.0
TOTAL											
20. Total premiums and annuity considerations:											
20.1 Direct.....	300,252,315	.0	.0	263,289,427	.0	.0	36,962,888	.0	.0	.0	.0
20.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	300,252,315	.0	.0	263,289,427	.0	.0	36,962,888	.0	.0	.0	.0

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

10

	1	2	Ordinary		5	Group		Accident and Health			11
	Total	Industrial Life	3 Life Insurance	4 Individual Annuities	Credit Life (Group and Individual)	6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	Aggregate of All Other Lines of Business
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums.....	0										
22. All other.....	0										
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded.....	0										
23.2 Reinsurance assumed.....	0										
23.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
24. Single:											
24.1 Reinsurance ceded.....	0										
24.2 Reinsurance assumed.....	0										
24.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded.....	0										
25.2 Reinsurance assumed.....	0										
25.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	0	0	0	0	0	0	0	0	0	0	0
26.2 Reinsurance assumed (Page 6, Line 22).....	0	0	0	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single).....	2,112,384			1,948,785			163,599				
28. Single.....	9,074,673			8,290,867			783,806				
29. Renewal.....	7,870,823			7,228,732			642,091				
30. Deposit-type contract funds.....	0										
31. Totals (to agree with Page 6, Line 21).....	19,057,880	0	0	17,468,384	0	0	1,589,496	0	0	0	0

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EXHIBIT 2 - GENERAL EXPENSES

		Insurance				5	6
		1	Accident and Health		4		
			2	3			
		Life	Cost Containment	All Other	All Other Lines of Business	Investment	Total
1.	Rent.....	774,108					774,108
2.	Salaries and wages.....	7,479,521					7,479,521
3.11	Contributions for benefit plans for employees.....	1,046,676					1,046,676
3.12	Contributions for benefit plans for agents.....						.0
3.21	Payments to employees under non-funded benefit plans.....						.0
3.22	Payments to agents under non-funded benefit plans.....						.0
3.31	Other employee welfare.....	508,332					508,332
3.32	Other agent welfare.....	84,898					84,898
4.1	Legal fees and expenses.....	130,063					130,063
4.2	Medical examination fees.....	3,300					3,300
4.3	Inspection report fees.....	2,359					2,359
4.4	Fees of public accountants and consulting actuaries.....	281,797					281,797
4.5	Expense of investigation and settlement of policy claims.....	4,590					4,590
5.1	Traveling expenses.....	401,400					401,400
5.2	Advertising.....	643,598					643,598
5.3	Postage, express, telegraph and telephone.....	494,903					494,903
5.4	Printing and stationery.....	306,478					306,478
5.5	Cost or depreciation of furniture and equipment.....	116,949					116,949
5.6	Rental of equipment.....	1,258					1,258
5.7	Cost or depreciation of EDP equipment and software.....	707,094					707,094
6.1	Books and periodicals.....	18,380					18,380
6.2	Bureau and association fees.....	151,746					151,746
6.3	Insurance, except on real estate.....	7,257					7,257
6.4	Miscellaneous losses.....	(57,899)					(57,899)
6.5	Collection and bank service charges.....	127,703					127,703
6.6	Sundry general expenses.....	601,278					601,278
6.7	Group service and administration fees.....	541,175					541,175
6.8	Reimbursements by uninsured plans.....						.0
7.1	Agency expense allowance.....	698,849					698,849
7.2	Agents' balances charged off (less \$.....0 recovered).....	(19,281)					(19,281)
7.3	Agency conferences other than local meetings.....	189,424					189,424
9.1	Real estate expenses.....						.0
9.2	Investment expenses not included elsewhere.....					1,032,552	1,032,552
9.3	Aggregate write-ins for expenses.....	856,076	.0	.0	.0	.0	856,076
10.	General expenses Incurred.....	16,102,032	.0	.0	.0	1,032,552	(a).....17,134,584
11.	General expenses unpaid December 31, prior year.....	172,424					172,424
12.	General expenses unpaid December 31, current year.....	327,883					327,883
13.	Amounts receivable relating to uninsured plans, prior year.....						.0
14.	Amounts receivable relating to uninsured plans, current year.....						.0
15.	General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14).....	15,946,573	.0	.0	.0	1,032,552	16,979,125
DETAILS OF WRITE-INS							
09.301.	PC & EDP Expenses.....	856,076					856,076
09.302.	.....						.0
09.303.	.....						.0
09.398.	Summary of remaining write-ins for Line 9.3 from overflow page.....	.0	.0	.0	.0	.0	.0
09.399.	Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....	856,076	.0	.0	.0	.0	856,076

(a) Includes management fees of \$.....892,958 to affiliates and \$.....0 to non-affiliates.

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

		Insurance			4	5
		1	2	3		
					Investment	Total
1.	Real estate taxes.....					0
2.	State insurance department licenses and fees.....	651,790				651,790
3.	State taxes on premiums.....	260,294				260,294
4.	Other state taxes, including \$.....0 for employee benefits.....	181,553				181,553
5.	U.S. Social Security taxes.....	514,947				514,947
6.	All other taxes.....	9,685				9,685
7.	Taxes, licenses and fees incurred.....	1,618,269	0	0	0	1,618,269
8.	Taxes, licenses and fees unpaid December 31, prior year.....	425,778				425,778
9.	Taxes, licenses and fees unpaid December 31, current year.....	549,080				549,080
10.	Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	1,494,967	0	0	0	1,494,967

EXHIBIT 4 - DIVIDENDS OR REFUNDS

		1	2
		Life	Accident and Health
1.	Applied to pay renewal premiums.....		
2.	Applied to shorten the endowment or premium-paying period.....		
3.	Applied to provide paid-up additions.....		
4.	Applied to provide paid-up annuities.....		
5.	Total Lines 1 through 4.....	0	0
6.	Paid-in cash.....		
7.	Left on deposit.....		
8.	Aggregate write-ins for dividend or refund options.....	0	0
9.	Total Lines 5 through 8.....	0	0
10.	Amount due and unpaid.....		
11.	Provision for dividends or refunds payable in the following calendar year.....		
12.	Terminal dividends.....		
13.	Provision for deferred dividend contracts.....		
14.	Amount provisionally held for deferred dividend contracts not included in Line 13.....		
15.	Total Lines 10 through 14.....	0	0
16.	Total from prior year.....		
17.	Total dividends or refunds (Lines 9 + 15 - 16).....	0	0
DETAILS OF WRITE-INS			
0801.	.....	
0802.	.....	
0803.	.....	
0898.	Summary of remaining write-ins for Line 8 from overflow page.....	0	0
0899.	Totals (Line 0801 thru 0803 plus 0898) (Line 8 above).....	0	0

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EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
Annuities (excluding supplementary contracts with life contingencies):					
0200001. a-2000 6.25% (IMM) 1999.....	50,149	XXX.....	50,149	XXX	
0200002. a-2000 7.00% (IMM) 2000.....	105,073	XXX.....	105,073	XXX	
0200003. a-2000 6.75% (IMM) 2001.....	204,361	XXX.....	204,361	XXX	
0200004. a-2000 6.50% (IMM) 2002.....	211,209	XXX.....	211,209	XXX	
0200005. a-2000 6.00% (IMM) 2003.....	241,146	XXX.....	241,146	XXX	
0200006. a-2000 5.50% (IMM) 2004.....	756,160	XXX.....	756,160	XXX	
0200007. a-2000 5.25% (IMM) 2005-2006.....	926,226	XXX.....	926,226	XXX	
0200008. a-2000 5.50% (IMM) 2007-2008.....	1,056,150	XXX.....	1,056,150	XXX	
0200009. a-2000 6.00% (IMM) 2009.....	456,519	XXX.....	456,519	XXX	
0200010. a-2000 5.25% (IMM) 2010.....	633,444	XXX.....	633,444	XXX	
0200011. a-2000 5.00% (IMM) 2011.....	1,545,849	XXX.....	1,545,849	XXX	
0200012. 83IAM 5.50% (DEF CARVM) 1997.....	1,521,979	XXX.....	1,521,979	XXX	
0200013. 83IAM 5.25% (DEF CARVM) 1998.....	9,495,924	XXX.....	9,495,924	XXX	
0200014. a-2000 5.25% (DEF CARVM) 1999.....	8,290,305	XXX.....	8,290,305	XXX	
0200015. a-2000 5.75% (DEF CARVM) 2000.....	11,900,835	XXX.....	11,900,835	XXX	
0200016. a-2000 5.50% (DEF CARVM) 2001-2002.....	54,124,537	XXX.....	54,124,537	XXX	
0200017. a-2000 5.00% (DEF CARVM) 2003.....	81,225,882	XXX.....	81,225,882	XXX	
0200018. a-2000 4.75% (DEF CARVM) 2004.....	115,425,089	XXX.....	115,425,089	XXX	
0200019. a-2000 4.50% (DEF CARVM) 2005-2006.....	363,316,775	XXX.....	341,408,004	XXX	21,908,771
0200020. a-2000 4.75% (DEF CARVM) 2007-2008.....	495,633,681	XXX.....	471,145,676	XXX	24,488,005
0200021. a-2000 5.00% (DEF CARVM) 2009.....	264,106,430	XXX.....	255,045,084	XXX	9,061,346
0200022. a-2000 4.50% (DEF CARVM) 2010.....	108,297,034	XXX.....	106,537,506	XXX	1,759,528
0200023. a-2000 4.25% (DEF CARVM) 2011.....	56,353,244	XXX.....	55,601,145	XXX	752,099
0200024. 1994 MGDB 6.00% 1996-1997.....	11,746,673	XXX.....	5,375,908	XXX	6,370,765
0200025. 1994 MGDB 5.75% 1998.....	14,274,229	XXX.....	11,828,021	XXX	2,446,208
0200026. 1994 MGDB 5.50% 1999.....	21,260,911	XXX.....	16,253,003	XXX	5,007,908
0200027. 1994 MGDB 5.75% 2000.....	28,961,968	XXX.....	26,342,971	XXX	2,618,997
0200028. 1994 MGDB 6.00% 2001-2002.....	46,644,052	XXX.....	40,055,073	XXX	6,588,979
0200029. 1994 MGDB 5.50% 2003.....	15,571,070	XXX.....	12,653,600	XXX	2,917,470
0200030. 1994 MGDB 5.00% 2004.....	14,234,762	XXX.....	11,241,879	XXX	2,992,883
0200031. 1994 MGDB 4.75% 2005-2007.....	24,498,990	XXX.....	19,395,972	XXX	5,103,018
0200032. 1994 MGDB 5.00% 2008.....	14,265,312	XXX.....	12,770,208	XXX	1,495,104
0200033. 1994 MGDB 5.25% 2009.....	8,768,765	XXX.....	5,357,687	XXX	3,411,078
0200034. 1994 MGDB 4.75% 2010.....	2,114,233	XXX.....	1,458,785	XXX	655,448
0200035. 1994 MGDB 4.50% 2011.....	1,348,348	XXX.....	815,138	XXX	533,210
0200036. Guaranteed Minimum Income Benefit.....	16,274	XXX.....	16,274	XXX	
0299997. Totals (Gross).....	1,779,583,588	XXX.....	1,681,472,771	XXX	98,110,817
0299999. Totals (Net).....	1,779,583,588	XXX.....	1,681,472,771	XXX	98,110,817
9999999. Totals (Net) - Page 3, Line 1.....	1,779,583,588	0	1,681,472,771	0	98,110,817

EXHIBIT 5 - INTERROGATORIES

1.1 Has the reporting entity ever issued both participating and non-participating contracts?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/> X]
1.2 If not, state which kind is issued..... Non-participating		
2.1 Does the reporting entity at present issue both participating and non-participating contracts?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/> X]
2.2 If not, state which kind is issued..... Non-participating		
3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?	Yes [<input checked="" type="checkbox"/> X]	No [<input type="checkbox"/>]
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 [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/> X]
4.1 Amount of insurance:	\$.....	
4.2 Amount of reserve:	\$.....	
4.3 Basis of reserve:		
4.4 Basis of regular assessments:		
4.5 Basis of special assessments:		
4.6 Assessments collected during year:	\$.....	
5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.		
Not Applicable		
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 [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/> X]
6.1 If so, state the amount of reserve on such contracts on the basis actually held:	\$.....	
6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits:	\$.....	
Attach statement of methods employed in their valuation.		
7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/> X]
7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements:	\$.....	
7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:		
7.3 State the amount of reserves established for this business:	\$.....	
7.4 Identify where the reserves are reported in the blank.		

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

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

NONE

EXHIBIT 6 - AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	Other Individual Contracts				
					5	6	7	8	9
	Total	Group Accident and Health	Credit Accident and Health (Group and Individual)	Collectively Renewable	Non- Cancelable	Guaranteed Renewable	Non-Renewable for Stated Reasons Only	Other Accident Only	All Other
ACTIVE LIFE RESERVE									
1. Unearned premium reserves.....	.0								
2. Additional contract reserves (a).....	.0								
3. Additional actuarial reserves - Asset/Liability analysis.....	.0								
4. Reserve for future contingent benefits.....	.0								
5. Reserve for rate credits.....	.0								
6. Aggregate write-ins for reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Totals (Gross).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Reinsurance ceded.....	.0								
9. Totals (Net).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
CLAIM RESERVE									
10. Present value of amounts not yet due on claims.....	.0								
11. Additional actuarial reserves - Asset/Liability analysis.....	.0								
12. Reserve for future contingent benefits.....	.0								
13. Aggregate write-ins for reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Totals (Gross).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
15. Reinsurance ceded.....	.0								
16. Totals (Net).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
17. TOTALS (Net).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
18. TABULAR FUND INTEREST.....	.0								

DETAILS OF WRITE-INS

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

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

EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS

	1	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Annuities Certain	Supplemental Contracts	Dividend Accumulations or Refunds	Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance.....	30,156,335		30,156,335			
2. Deposits received during the year.....	868,889		868,889			
3. Investment earnings credited to the account.....	1,631,260		1,631,260			
4. Other net change in reserves.....	9,414,128		9,414,128			
5. Fees and other charges assessed.....	1,085,832		1,085,832			
6. Surrender charges.....	0					
7. Net surrender or withdrawal payments.....	10,535,504		10,535,504			
8. Other net transfers to or (from) Separate Accounts.....	0					
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	30,449,276	0	30,449,276	0	0	0
10. Reinsurance balance at the beginning of the year.....	0					
11. Net change in reinsurance assumed.....	0					
12. Net change in reinsurance ceded.....	0					
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....	0	0	0	0	0	0
14. Net balance at the end of the current year after reinsurance (Lines 9 + 13).....	30,449,276	0	30,449,276	0	0	0

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

16

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other
1. Due and unpaid:											
1.1 Direct.....	0										
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net.....	0	0	0	0	0	0	0	0	0	0	0
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	0										
2.12 Reinsurance assumed.....	0										
2.13 Reinsurance ceded.....	0										
2.14 Net.....	0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	0	0	0
2.2 Other:											
2.21 Direct.....	6,033,805			6,033,805							
2.22 Reinsurance assumed.....	0										
2.23 Reinsurance ceded.....	0										
2.24 Net.....	6,033,805	0	(b).....0	(b).....6,033,805	0	(b).....0	(b).....0	0	(b).....0	(b).....0	(b).....0
3. Incurred but unreported:											
3.1 Direct.....	0										
3.2 Reinsurance assumed.....	0										
3.3 Reinsurance ceded.....	0										
3.4 Net.....	0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	(b).....0
4. Totals:											
4.1 Direct.....	6,033,805	0	0	6,033,805	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	6,033,805	(a).....0	(a).....0	6,033,805	0	0	(a).....0	0	0	0	0

(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	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life (a)	Life Insurance (b)	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (c)	Annuities	Group	Credit (Group and Individual)	Other
1. Settlements during the year:											
1.1 Direct.....	18,852,410			18,694,906				157,504			
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net..... (d).....	18,852,410	0	0	18,694,906	0	0	0	157,504	0	0	0
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	6,033,805			6,033,805							
2.2 Reinsurance assumed.....	0										
2.3 Reinsurance ceded.....	0										
2.4 Net.....	6,033,805	0	0	6,033,805	0	0	0	0	0	0	0
3. Amounts recoverable from reinsurers December 31, current year.....	0										
4. Liability December 31, prior year:											
4.1 Direct.....	4,646,281			4,646,281							
4.2 Reinsurance assumed.....	0										
4.3 Reinsurance ceded.....	0										
4.4 Net.....	4,646,281	0	0	4,646,281	0	0	0	0	0	0	0
5. Amounts recoverable from reinsurers December 31, prior year.....	0										
6. Incurred benefits:											
6.1 Direct.....	20,239,934	0	0	20,082,430	0	0	0	157,504	0	0	0
6.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
6.4 Net.....	20,239,934	0	0	20,082,430	0	0	0	157,504	0	0	0

(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 \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 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 \$.....0 premiums waived under total and permanent disability benefits.

Annual Statement for the year 2011 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.....0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.....0
2.2 Common stocks.....			.....0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.....0
3.2 Other than first liens.....			.....0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.....0
4.2 Properties held for the production of income.....			.....0
4.3 Properties held for sale.....			.....0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.....0
6. Contract loans.....			.....0
7. Derivatives (Schedule DB).....			.....0
8. Other invested assets (Schedule BA).....			.....0
9. Receivables for securities.....			.....0
10. Securities lending reinvested collateral assets (Schedule DL).....			.....0
11. Aggregate write-ins for invested assets.....	.....0	.....0	.....0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.....0	.....0	.....0
13. Title plants (for Title insurers only).....			.....0
14. Investment income due and accrued.....			.....0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.....343,810	.....557,033	.....213,223
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.....0
15.3 Accrued retrospective premiums.....			.....0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.....0
16.2 Funds held by or deposited with reinsured companies.....			.....0
16.3 Other amounts receivable under reinsurance contracts.....			.....0
17. Amounts receivable relating to uninsured plans.....			.....0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.....0
18.2 Net deferred tax asset.....	.....727,683	.....730,494	.....2,811
19. Guaranty funds receivable or on deposit.....			.....0
20. Electronic data processing equipment and software.....			.....0
21. Furniture and equipment, including health care delivery assets.....			.....0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.....0
23. Receivables from parent, subsidiaries and affiliates.....			.....0
24. Health care and other amounts receivable.....			.....0
25. Aggregate write-ins for other than invested assets.....	.....307,543	.....106,180	.....(201,363)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	.....1,379,036	.....1,393,707	.....14,671
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
28. TOTALS (Lines 26 and 27).....	.....1,379,036	.....1,393,707	.....14,671

DETAILS OF WRITE-INS			
1101. ....			.....0
1102. ....			.....0
1103. ....			.....0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.....0	.....0	.....0
2501. Accounts receivable.....	.....307,543	.....106,180	.....(201,363)
2502. ....			.....0
2503. ....			.....0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....0	.....0	.....0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.....307,543	.....106,180	.....(201,363)

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

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

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

B. Use of Estimates in Preparation of the Financial Statements

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

C. Accounting Policy

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

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at cost.
- (2) Bonds with a NAIC rating 1 through 5 are stated at amortized cost using the interest method; all others are stated at the lower of amortized cost or fair value. For residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and loan-backed and structured securities ("LBASS"), the NAIC has retained third-party investment management firms to assist in the determination of the appropriate NAIC designations and Book Adjusted Carrying Values based not only on the probability of loss, but also the severity of loss. Those RMBS, CMBS and LBASS securities that are not modeled but receive a current year Acceptable Rating Organizations rating are subject to the Modified FE process which determines the appropriate NAIC designations and Book Adjusted Carrying Values.
- (3) Common stocks are stated at fair value.
- (4) The Company has no investments in redeemable preferred stocks.
- (5) Policy loans are stated at the aggregate unpaid balance. The Company has no mortgage loans or real estate.
- (6) The Company has no investments in a parent, subsidiary or affiliate.
- (7) The Company has no ownership interests in joint ventures, partnerships or limited liability companies.
- (8) Derivatives to hedge the Company's fixed indexed annuities are valued at fair value consistent with the hedged items. The change in the fair value is recorded as an unrealized gain or loss to surplus.
- (9) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (10) The Company has no accident and health contracts.
- (11) The Company has not modified its capitalization policy from the prior period.
- (12) The Company has no pharmaceutical rebate receivables.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

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

3. BUSINESS COMBINATIONS AND GOODWILL

- A. The Company has no business combinations accounted for under the statutory purchase method.
- B. The Company was not involved in any statutory mergers.
- C. The Company did not enter into any assumption reinsurance agreements.
- D. The Company did not recognize any impairment losses related to business combinations or goodwill.

4. DISCONTINUED OPERATIONS

The Company has no discontinued operations.

5. INVESTMENTS

- A. The Company has no mortgage loans or mezzanine real estate loans.
- B. The Company has no restructured debt.
- C. The Company has no investment in reverse mortgages.

Notes to Financial Statements

D. Loan-Backed Securities

- (1) The Company uses dealer-modeled prepayment assumptions for mortgage-backed and asset-backed securities at the date of purchase to determine the effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis.
- (2) The Company has no aggregate loan-backed securities with an other-than-temporary impairment (“OTTI”) in which the Company has the intent to sell or the inability or lack of intent to retain the investment in the security for a period of time to recover the amortized cost basis.
- (3) The following table shows each loan-backed security with an OTTI recognized during 2011:

CUSIP	Amortized Cost Before OTTI	Present Value of Projected Cash Flows	OTTI Charge Recognized in Income Statement	Amortized Cost After OTTI	Fair Value at Time of OTTI	Date Reported
05948KZF9	\$ 1,715,712	\$ 1,460,372	\$ 26,072	\$ 1,689,640	\$ 1,663,254	3/31/2011
05949CGW0	969,010	944,680	24,330	944,680	925,000	3/31/2011
05953YAH4	415,582	345,635	7,677	407,905	369,360	3/31/2011
12641PAQ7	350,520	341,040	9,480	341,040	176,400	3/31/2011
12641PAR5	75,775	28,800	46,975	28,800	136,800	3/31/2011
12641PBB9	36,938	22,438	14,500	22,438	44,100	3/31/2011
12641PBQ6	69,647	63,321	6,326	63,321	34,400	3/31/2011
12641PBR4	23,650	10,000	13,650	10,000	39,000	3/31/2011
12641QAG7	32,952	21,582	11,370	21,582	11,500	3/31/2011
12641QAH5	14,875	10,000	4,875	10,000	10,000	3/31/2011
12641QAS1	32,533	8,940	23,593	8,940	49,350	3/31/2011
12641QCS9	98,028	92,775	5,253	92,775	51,079	3/31/2011
12641QCZ3	71,497	57,191	14,306	57,191	48,301	3/31/2011
12641QDH2	1,234,185	1,157,429	76,756	1,157,429	824,336	3/31/2011
12641QEB4	202,582	146,782	55,800	146,782	183,600	3/31/2011
12641QEN8	206,620	105,446	101,174	105,446	43,200	3/31/2011
12667GAC7	1,041,213	1,030,049	11,164	1,030,049	996,822	3/31/2011
45254NNT0	181,215	177,027	4,188	177,027	158,338	3/31/2011
45660LPK9	280,263	265,061	15,202	265,061	208,115	3/31/2011
46627MEC7	1,890,276	1,850,960	39,316	1,850,960	1,626,299	3/31/2011
47232DAL6	86,829	53,574	33,255	53,574	101,742	3/31/2011
47232DBK7	98,681	29,928	68,753	29,928	96,028	3/31/2011
47232DBL5	12,698	5,323	7,375	5,323	60,711	3/31/2011
47232DFJ6	797,907	771,988	25,919	771,988	645,981	3/31/2011
47232VCP5	211,626	172,890	38,736	172,890	174,853	3/31/2011
47232VCT7	34,095	18,238	15,857	18,238	43,643	3/31/2011
47232VDE9	95,235	85,580	9,655	85,580	50,093	3/31/2011
47232VDQ2	139,252	83,040	56,212	83,040	196,881	3/31/2011
47232VEH1	20,164	8,807	11,357	8,807	50,457	3/31/2011
47232VEV0	350,017	332,000	18,017	332,000	228,288	3/31/2011
47232VFA5	159,586	150,151	9,435	150,151	86,081	3/31/2011
47232VFB3	13,579	6,715	6,864	6,715	30,614	3/31/2011
47232VJV9	528,110	493,616	34,494	493,616	388,687	3/31/2011
57643MLZ5	957,240	925,680	27,240	930,000	930,000	3/31/2011
65538PAA6	574,712	549,775	24,937	549,775	468,830	3/31/2011
761118KH0	1,021,558	984,059	14,131	1,007,427	1,007,427	3/31/2011
761118UQ9	523,145	511,340	11,805	511,340	453,580	3/31/2011
02660LAA8	437,609	415,749	21,860	415,749	298,319	6/30/2011
05948KZF9	1,650,531	1,577,236	66,719	1,583,812	1,583,812	6/30/2011
05949CGW0	944,542	913,150	13,793	930,749	930,749	6/30/2011
05951FAB0	466,447	415,716	50,731	415,716	373,874	6/30/2011
05951UAC5	57,751	48,898	8,853	48,898	41,278	6/30/2011
05953YAH4	372,866	331,380	41,486	331,380	315,347	6/30/2011
12641PAF1	94,714	55,980	38,734	55,980	55,500	6/30/2011
12641PAG9	28,823	9,600	19,223	9,600	37,200	6/30/2011
12641PAH7	20,840	6,000	14,840	6,000	31,200	6/30/2011
12641PAQ7	341,199	190,707	150,492	190,707	167,400	6/30/2011
12641PBA1	80,000	61,525	18,475	61,525	43,600	6/30/2011
12641PBB9	22,422	5,400	17,022	5,400	40,050	6/30/2011
12641PBP8	120,000	102,235	17,765	102,235	60,000	6/30/2011
12641PBQ6	63,301	32,000	31,301	32,000	34,400	6/30/2011
12641PCE2	78,569	2,401	76,168	2,401	39,000	6/30/2011
12641QAF9	100,000	87,164	12,836	87,164	24,750	6/30/2011
12641QAR3	180,000	96,129	83,871	96,129	50,400	6/30/2011
12641QAY8	115,686	71,140	44,546	71,140	27,000	6/30/2011
12641QBX9	207,179	179,120	28,059	179,120	72,000	6/30/2011
12641QCJ9	249,730	229,775	19,955	229,775	176,563	6/30/2011
12641QCS9	92,555	77,394	15,161	77,394	52,356	6/30/2011
12641QCY6	67,085	53,527	13,558	53,527	30,188	6/30/2011

Notes to Financial Statements

CUSIP	Amortized Cost Before OTTI	Present Value of Projected Cash Flows	OTTI Charge Recognized in Income Statement	Amortized Cost After OTTI	Fair Value at Time of OTTI	Date Reported
12641QCZ3	\$ 56,955	\$ 37,568	\$ 19,387	\$ 37,568	\$ 46,960	6/30/2011
12641QDH2	1,152,411	1,017,753	134,658	1,017,753	794,630	6/30/2011
12641QDW9	85,834	49,193	36,641	49,193	25,201	6/30/2011
12641QEB4	150,041	37,421	112,620	37,421	167,025	6/30/2011
12641QEM0	238,078	203,910	34,168	203,910	67,500	6/30/2011
12641QEN8	102,531	37,800	64,731	37,800	40,500	6/30/2011
12641QEP3	48,646	24,000	24,646	24,000	15,000	6/30/2011
12641QEX6	50,147	19,920	30,227	19,920	14,400	6/30/2011
12641QEY4	14,831	6,000	8,831	6,000	25,200	6/30/2011
12667GAC7	991,255	954,696	23,958	967,297	967,297	6/30/2011
16163CAG7	2,449,552	1,895,883	54,451	2,395,101	2,395,101	6/30/2011
1729733L1	2,987,122	2,959,620	27,502	2,959,620	2,913,750	6/30/2011
225458QM3	2,006,014	1,971,840	9,139	1,996,875	1,996,875	6/30/2011
23245GAB7	1,308,391	1,171,783	136,608	1,171,783	943,755	6/30/2011
45254NNT0	169,876	120,829	6,634	163,242	163,242	6/30/2011
45660LPK9	250,221	192,834	57,387	192,834	184,729	6/30/2011
46627MEC7	1,847,121	1,719,620	127,501	1,719,620	1,601,600	6/30/2011
472320AA8	4,913,803	4,338,887	331,706	4,582,097	4,582,097	6/30/2011
472321AD0	57,794	20,267	9,782	48,012	48,012	6/30/2011
472321AH1	21,087	11,561	6,683	14,404	14,404	6/30/2011
472321AK4	155,784	56,890	21,384	134,400	134,400	6/30/2011
472321AL2	40,425	25,561	14,864	25,561	20,400	6/30/2011
472321AN8	15,617	9,016	5,050	10,567	10,567	6/30/2011
47232DAH5	121,507	108,015	13,492	108,015	76,239	6/30/2011
47232DAJ1	121,507	85,055	36,452	85,055	55,579	6/30/2011
47232DAK8	90,367	60,753	29,614	60,753	44,542	6/30/2011
47232DAR3	275,878	116,437	159,441	116,437	367,367	6/30/2011
47232DBB7	186,167	131,179	54,988	131,179	163,581	6/30/2011
47232DBJ0	473,800	449,511	24,289	449,511	334,602	6/30/2011
47232DBK7	31,310	6,654	24,656	6,654	95,017	6/30/2011
47232DCX8	130,374	117,122	13,252	117,122	150,244	6/30/2011
47232DCY6	48,362	23,160	25,202	23,160	71,878	6/30/2011
47232DFJ6	772,701	764,168	8,533	764,168	641,817	6/30/2011
47232VAJ1	105,015	68,324	36,691	68,324	99,638	6/30/2011
47232VAK8	94,278	46,256	48,022	46,256	145,001	6/30/2011
47232VCN0	300,000	249,150	50,850	249,150	139,132	6/30/2011
47232VCP5	168,338	90,000	78,338	90,000	173,208	6/30/2011
47232VCS9	81,995	57,584	24,411	57,584	51,391	6/30/2011
47232VDD1	200,000	176,000	24,000	176,000	95,888	6/30/2011
47232VDE9	84,273	22,000	62,273	22,000	48,802	6/30/2011
47232VDP4	1,050,000	997,500	52,500	997,500	880,912	6/30/2011
47232VDQ2	81,548	67,110	14,438	67,110	194,002	6/30/2011
47232VDT6	22,771	5,536	17,235	5,536	27,381	6/30/2011
47232VDU3	10,357	1,986	8,371	1,986	23,292	6/30/2011
47232VDV1	10,419	3,881	6,538	3,881	54,542	6/30/2011
47232VEA6	436,618	402,939	33,679	402,939	329,137	6/30/2011
47232VEG3	55,967	35,039	20,928	35,039	20,352	6/30/2011
47232VEV0	328,740	250,100	78,640	250,100	213,271	6/30/2011
47232VFA5	149,904	110,042	39,862	110,042	82,310	6/30/2011
61758VAQ0	892,256	700,146	53,154	839,102	839,102	6/30/2011
65538PAA6	534,771	478,558	56,213	478,558	444,379	6/30/2011
74928DAV7	1,103,936	639,121	11,950	1,091,986	1,091,986	6/30/2011
761118UQ9	497,793	460,977	36,816	460,977	397,211	6/30/2011
93934NAR6	246,386	211,639	8,287	238,099	238,099	6/30/2011
12641PAF1	56,041	23,939	32,102	23,939	55,125	9/30/2011
12641PAG9	9,585	6,000	3,585	6,000	37,350	9/30/2011
12641PAH7	5,985	3,600	2,385	3,600	31,500	9/30/2011
12641PAP9	240,000	228,000	12,000	228,000	124,800	9/30/2011
12641PAQ7	188,061	110,040	78,021	110,040	166,500	9/30/2011
12641PAR5	28,056	7,200	20,856	7,200	126,900	9/30/2011
12641PBQ6	30,897	16,388	14,509	16,388	37,400	9/30/2011
12641PCD4	100,000	58,792	41,208	58,792	33,750	9/30/2011
12641QAF9	86,748	81,090	5,658	81,090	25,000	9/30/2011
12641QAG7	21,428	20,000	1,428	20,000	10,500	9/30/2011
12641QAH5	9,838	7,500	2,338	7,500	9,500	9/30/2011
12641QAJ1	20,613	16,000	4,613	16,000	30,250	9/30/2011
12641QAR3	95,168	60,498	34,670	60,498	50,850	9/30/2011
12641QAX0	120,000	102,820	17,180	102,820	24,300	9/30/2011

Notes to Financial Statements

CUSIP	Amortized Cost Before OTTI	Present Value of Projected Cash Flows	OTTI Charge Recognized in Income Statement	Amortized Cost After OTTI	Fair Value at Time of OTTI	Date Reported
12641QAY8	\$ 69,589	\$ 50,400	\$ 19,189	\$ 50,400	\$ 27,675	9/30/2011
12641QBX9	178,802	164,160	14,642	164,160	70,860	9/30/2011
12641QCJ9	229,818	217,950	11,868	217,950	173,438	9/30/2011
12641QCS9	76,756	67,449	9,307	67,449	58,422	9/30/2011
12641QCY6	53,503	36,764	16,739	36,764	33,878	9/30/2011
12641QDV1	1,113,436	1,108,078	5,358	1,108,078	1,118,897	9/30/2011
12641QEM0	200,613	178,966	21,647	178,966	66,825	9/30/2011
12641QEX6	19,831	10,642	9,189	10,642	14,550	9/30/2011
47232DBJ0	452,119	421,447	30,672	421,447	329,727	9/30/2011
47232DBS0	294,043	267,779	26,264	267,779	221,685	9/30/2011
47232DBT8	488,337	356,926	131,411	356,926	498,137	9/30/2011
47232DBU5	34,384	18,180	16,204	18,180	134,439	9/30/2011
47232DCX8	116,310	73,242	43,068	73,242	113,058	9/30/2011
47232DCY6	21,489	11,580	9,909	11,580	54,088	9/30/2011
47232DFJ6	761,334	731,534	29,800	731,534	592,331	9/30/2011
47232DFM9	147,444	84,091	63,353	84,091	127,570	9/30/2011
47232VAC6	56,896	37,700	19,196	37,700	35,077	9/30/2011
47232VCK6	44,202	34,253	9,949	34,253	38,250	9/30/2011
47232VCL4	122,589	56,689	65,900	56,689	122,949	9/30/2011
47232VCS9	57,247	45,274	11,973	45,274	46,660	9/30/2011
47232VCT7	17,860	10,560	7,300	10,560	38,384	9/30/2011
47232VDP4	997,261	977,511	19,750	977,511	777,112	9/30/2011
47232VDS8	132,384	119,812	12,572	119,812	47,219	9/30/2011
47232VDT6	5,536	1,655	3,881	1,655	21,286	9/30/2011
47232VDU3	1,988	1,324	664	1,324	18,107	9/30/2011
47232VEA6	402,304	360,372	41,932	360,372	223,485	9/30/2011
47232VEL2	153,212	145,440	7,772	145,440	110,129	9/30/2011
47232VEM0	153,212	61,285	91,927	61,285	92,218	9/30/2011
47232VEN8	27,646	13,789	13,857	13,789	64,043	9/30/2011
47232VEP3	27,763	12,174	15,589	12,174	67,982	9/30/2011
47232VFB9	508,578	472,884	35,694	472,884	308,495	9/30/2011
47232VGR7	13,962	5,826	8,136	5,826	104,189	9/30/2011
525241AL9	503,633	399,144	24,084	479,549	479,549	9/30/2011
863579VW5	1,651,802	1,532,495	119,307	1,532,495	1,491,942	9/30/2011
12641QAG7	20,000	18,131	1,869	18,131	9,813	12/31/2011
12641QCY6	36,764	30,811	5,953	30,811	33,626	12/31/2011
12641QDW9	45,937	32,980	12,957	32,980	35,023	12/31/2011
472321AK4	119,683	84,000	35,683	84,000	84,000	12/31/2011
472321AL2	12,484	2,165	10,319	2,165	2,165	12/31/2011
472321AN8	5,768	846	4,922	846	846	12/31/2011
47232DAJ1	83,919	79,146	4,773	79,146	33,304	12/31/2011
47232DAK8	56,947	36,452	20,495	36,452	26,690	12/31/2011
47232DBB7	125,994	114,255	11,739	114,255	141,534	12/31/2011
47232DBJ0	421,447	381,803	39,644	381,803	300,784	12/31/2011
47232DBR2	338,595	282,163	56,432	282,163	283,620	12/31/2011
47232DBS0	272,441	142,770	129,671	142,770	206,991	12/31/2011
47232DCX8	73,242	58,361	14,881	58,361	108,687	12/31/2011
47232DDB5	73,269	57,689	15,580	57,689	86,734	12/31/2011
47232DFJ6	731,534	703,157	28,377	703,157	528,542	12/31/2011
47232DFM9	84,091	51,823	32,268	51,823	123,474	12/31/2011
47232VAC6	37,700	17,220	20,480	17,220	30,868	12/31/2011
47232VAK8	40,357	6,581	33,776	6,581	90,219	12/31/2011
47232VCK6	34,254	25,858	8,396	25,858	37,198	12/31/2011
47232VCL4	56,689	37,793	18,896	37,793	119,565	12/31/2011
47232VCN0	246,749	176,985	69,764	176,985	62,550	12/31/2011
47232VCP5	78,937	41,647	37,290	41,647	77,225	12/31/2011
47232VDS8	119,812	106,274	13,538	106,274	45,559	12/31/2011
47232VEA6	360,372	334,145	26,227	334,145	200,211	12/31/2011
47232VEG3	34,209	16,847	17,362	16,847	20,359	12/31/2011
47232VEL2	145,440	125,731	19,709	125,731	95,411	12/31/2011
47232VEM0	61,285	15,321	45,964	15,321	79,900	12/31/2011
47232VEN8	13,789	7,661	6,128	7,661	55,490	12/31/2011
47232VEP3	11,366	4,335	7,031	4,335	52,434	12/31/2011
93934NAR6	223,391	214,592	8,799	214,592	183,172	12/31/2011
Total			<u>\$ 6,180,749</u>			

Notes to Financial Statements

(4) The following table shows all loan-backed securities with an unrealized loss position for a duration of less than 12 months or 12 months or more:

<u>Less than 12 months</u>		<u>12 months or more</u>	
<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
\$106,812,931	(\$5,011,780)	\$60,732,944	(\$13,147,626)

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

E. The Company has no repurchase agreements and is not engaged in securities lending.

F. The Company has no real estate investments.

G. The Company has no investments in low-income housing tax credits ("LIHTC").

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

The Company has no investments in joint ventures, partnerships or limited liability companies.

7. INVESTMENT INCOME

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

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

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

8. DERIVATIVE INSTRUMENTS

The Company uses S&P 500 equity index call options in the over-the-counter market as economic hedging transactions for financial accounting, regulatory and tax purposes for the S&P 500 index liabilities of its fixed indexed annuity products. Under the fixed indexed annuity products, the crediting rate is linked to changes in the S&P 500 index at specified periods and participation rates. The prices of the call options purchased are calculated with reference to the participation rates, caps, durations and notional amounts of the underlying contracts. The Company pays cash at the beginning of the contract and may receive cash at expiration of the option as calculated in the option contract. The credit exposure of the options is represented by the fair value (market value) of contracts at the reporting date. The Company recognized an unrealized loss of (\$5.3) million during the period resulting from derivatives that no longer qualify for hedge accounting.

Counterparties to financial instruments expose the Company to credit-related losses in the event of nonperformance, but the Company does not expect any counterparties to fail to meet their obligations.

9. INCOME TAXES

A. Deferred tax assets and deferred tax liabilities

1. The components of the net deferred tax assets/liabilities at December 31 are as follows:

	<u>2011</u>	<u>2010</u>
Gross deferred tax assets:		
Ordinary	\$ 1,777,991	\$ 1,775,669
Capital	1,958,804	1,875,449
Statutory valuation allowance	-	-
Total deferred tax assets	<u>3,736,795</u>	<u>3,651,118</u>
Gross deferred tax liabilities:		
Ordinary	-	-
Capital	1,575,956	2,125,980
Total deferred tax liabilities	<u>1,575,956</u>	<u>2,125,980</u>
Net deferred tax assets	2,160,839	1,525,138
Deferred tax assets nonadmitted	<u>(727,683)</u>	<u>(730,494)</u>
Net admitted deferred tax assets	<u>\$ 1,433,156</u>	<u>\$ 794,644</u>
Decrease (increase) in nonadmitted deferred tax assets	<u>\$ 2,811</u>	<u>\$ (232,807)</u>

2. The Company has met the necessary Rick Based Capital levels to be able to admit the increased amount of deferred tax assets and has elected to admit DTAs pursuant to SSAP 10R, Paragraph 10.e. for 2011 and 2010. As a result of these elections, the Company has recognized additional deferred tax assets as follows:

	<u>2011</u>	<u>2010</u>
Additional admitted DTA - SSAP 10R - Paragraph 10.e.	<u>\$ 344,438</u>	<u>\$ 544,237</u>
Decrease for the year	<u>\$ (199,799)</u>	<u>\$ (466,087)</u>

Notes to Financial Statements

3. The results of the admissibility calculations are as follows:

	2011		
	Ordinary	Capital	Total
Pursuant to SSAP 10R – Par 10.a. – 10.b.:			
Recoverable through loss carrybacks (10.a.)	\$ 705,870	\$ 1,421,390	\$ 2,127,260
Lesser of:			
Reversal of DTAs in following year (10.b.i.)	\$ -	\$ 537,414	\$ 537,414
10% of adjusted capital & surplus (10.b.ii.)	XXXXXX	XXXXXX	14,795,587
DTAs offset against existing DTLs (10.c.)	-	537,414	537,414
Total admissible asset per Par 10.a. – 10.c.	\$ 705,870	\$ 1,958,804	\$ 2,664,674
Pursuant to SSAP 10R – Par 10.e.:			
Recoverable through loss carrybacks (10.e.i.)	\$ 1,050,308	\$ 1,421,390	\$ 2,471,698
Lesser of:			
Reversal of DTAs within 3 years (10.e.ii.a.)	\$ -	\$ 537,414	\$ 537,414
15% of adjusted capital & surplus (10.e.ii.b.)	XXXXXX	XXXXXX	22,193,381
DTAs offset against existing DTLs (10.e.iii.)	-	537,414	537,414
Total admissible asset per Par 10.e.	\$ 1,050,308	\$ 1,958,804	\$ 3,009,112
Additional DTA pursuant to SSAP 10R (10.e.)	\$ 344,438	\$ -	\$ 344,438

	2010		
	Ordinary	Capital	Total
Pursuant to SSAP 10R – Par 10.a. – 10.b.:			
Recoverable through loss carrybacks (10.a.)	\$ 500,938	\$ -	\$ 500,938
Lesser of:			
Reversal of DTAs in following year (10.b.i.)	\$ -	\$ 1,875,449	\$ 1,875,449
10% of adjusted capital & surplus (10.b.ii.)	XXXXXX	XXXXXX	13,522,326
DTAs offset against existing DTLs (10.c.)	-	1,875,449	1,875,449
Total admissible asset per Par 10.a. – 10.c.	\$ 500,938	\$ 1,875,449	\$ 2,376,387
Pursuant to SSAP 10R – Par 10.e.:			
Recoverable through loss carrybacks (10.e.i.)	\$ 1,045,175	\$ -	\$ 1,045,175
Lesser of:			
Reversal of DTAs within 3 years (10.e.ii.a.)	\$ -	\$ 1,875,449	\$ 1,875,449
15% of adjusted capital & surplus (10.e.ii.b.)	XXXXXX	XXXXXX	20,283,489
DTAs offset against existing DTLs (10.e.iii.)	-	1,875,449	1,875,449
Total admissible asset per Par 10.e.	\$ 1,045,175	\$ 1,875,449	\$ 2,920,624
Additional DTA pursuant to SSAP 10R (10.e.)	\$ 544,237	\$ -	\$ 544,237

4. Impact of Tax Planning Strategies:

	12/31/2011		
	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%

5. The impact to the Company’s 2011 financials statements as a result of the election of SSAP 10R Paragraph 10.e. is as follows:

	Prior to Election	After Election
Admitted deferred tax assets	\$ 1,088,718	\$ 1,433,156
Admitted assets	2,520,249,172	2,520,593,610
Statutory Surplus	157,013,172	157,357,610
Total adjusted capital for Risk Based Capital	157,871,311	158,215,749
Authorized control level for Risk Based Capital	14,984,322	14,992,959

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

	2011	2010
C. The provision for incurred taxes on earnings for the years ended December 31 are:		
Federal income tax expense on operations	\$ 6,778,646	\$ 962,616
Tax on foreign investment income	-	-
Federal income tax expense on operations	6,778,646	962,616
Federal income tax expense on net capital gains / losses	1,421,390	583,653
Utilization of capital loss carryforward	-	(860,806)
Federal income tax expense	\$ 8,200,036	\$ 685,463

Notes to Financial Statements

The changes in main components of deferred tax assets and tax liabilities are as follows:

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Deferred tax assets resulting in book/tax differences in:			
Ordinary:			
DAC premium tax	\$ 920,009	\$ 1,082,036	\$ (162,027)
Reserves	161,565	123,772	37,793
Nonadmitted assets	227,973	232,124	(4,151)
Depreciation	-	15,112	(15,112)
Other	468,444	322,625	145,819
Total ordinary deferred tax assets	1,777,991	1,775,669	2,322
Capital:			
Security-related adjustments	1,958,804	1,875,449	83,355
Capital loss carryforwards	-	-	-
Total capital deferred tax assets	1,958,804	1,875,449	83,355
Total deferred tax assets	3,736,795	3,651,118	85,677
Deferred tax assets nonadmitted	(727,683)	(730,494)	2,811
Admitted deferred tax assets	3,009,112	2,920,624	88,488
Deferred tax liabilities resulting book/tax differences in:			
Ordinary:			
Reserves	-	-	-
Other	-	-	-
Total ordinary deferred tax liabilities	-	-	-
Capital:			
Unrealized gains	1,575,956	2,125,980	(550,024)
Total capital deferred tax liabilities	1,575,956	2,125,980	(550,024)
Total deferred tax liabilities	1,575,956	2,125,980	(550,024)
Total net admitted deferred tax assets	\$ 1,433,156	\$ 794,644	\$ 638,512

The changes in net deferred income taxes are comprised of the following (this analysis excludes non-admitted assets; the change in non-admitted assets is reported separately from the change in net deferred income taxes in the Exhibit of Nonadmitted Assets):

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Total deferred tax assets	\$3,736,795	\$3,651,118	\$ 85,677
Total deferred tax liabilities	1,575,956	2,125,980	(550,024)
Net deferred tax assets	<u>\$2,160,839</u>	<u>\$1,525,138</u>	635,701
Tax effect of unrealized gains (losses)			550,024
Change in net deferred income tax (page 4, line 40)			<u>\$ 85,677</u>

D. The provision for federal income taxes incurred on operations is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	<u>2011</u>	<u>2010</u>
Provision computed at statutory rate (operations and realized gains / losses)	\$ 10,571,456	\$ 5,728,356
Permanent differences:		
Dividend received deduction	(823,951)	(1,367,867)
Other	(35,963)	46,475
Total permanent differences	(859,914)	(1,321,392)
Timing adjustments:		
Investment differences	90,320	(2,637,426)
Reserves	169,224	(978)
DAC tax adjustment	(162,026)	(232,662)
Depreciation	(15,112)	(100,846)
Capital loss carryforward	-	(860,806)
Other	251,632	(28,978)
Total timing adjustments	334,038	(3,861,696)
Other adjustments:		
Unrealized (loss) gain on options	(1,845,544)	140,195
Total other adjustments	(1,845,544)	140,195
Federal income tax expense on operations and realized gains / losses	<u>\$ 8,200,036</u>	<u>\$ 685,463</u>
Gross change in deferred tax asset:		
Timing adjustments	\$ (334,038)	\$ 3,861,696
Impact of non-admitted assets	4,151	168,926
Unrealized gains / losses	(550,024)	978,829
Other	244,210	1,148,675
Total change in deferred tax asset recorded directly to surplus	(635,701)	6,158,126
Total statutory income tax expense	<u>\$ 7,564,335</u>	<u>\$ 6,843,589</u>

Notes to Financial Statements

E. (1) The following are income taxes on operations and realized gains incurred in the current and prior years that will be available for recoupment in the event of future net losses:

<u>Period</u>		<u>Ordinary</u>		<u>Capital</u>		<u>Total</u>
2011	\$	7,636,632	\$	1,421,390	\$	9,058,022
2010		1,123,429		-		1,123,429
2009		545,108		-		545,108

(2) At December 31, 2011, the Company had no deposits to disclose under Section 6603 of the Internal Revenue Service Code.

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

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

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

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

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A.,B.

The Company is an indirect subsidiary of Great American Financial Resources, Inc. ("GAFRI"), which is a subsidiary of American Financial Group ("AFG"); 100% of the Company's outstanding common stock is directly owned by Great American Life Insurance Company ("GALIC"). See Schedule Y, Part 1, Organizational Chart.

Notes to Financial Statements

During 2011 the Company paid (received) federal income tax payments in cash to (from) GALIC:

03-15-11	\$	2,204,000
04-19-11	\$	495,000
06-10-11	\$	4,239,000
09-16-11	\$	1,579,000
09-22-11	\$	(857,571)
12-12-11	\$	(351,000)

- C. During 2011 the Company received no capital contributions from GALIC.
- D. At December 31, 2011, the Company reported \$482,421 as receivable from parents and affiliated companies and \$0 as amounts due to the parent and affiliated companies. The terms of the agreement require that any outstanding amounts are settled within 90 days.
- E. The Company has no material guarantees or undertakings for the benefit of an affiliate.
- F. Management or service contracts and all cost sharing arrangements involving the Company or any affiliate:
 - (1) The Company has an agreement with GAFRI, subject to the direction of the Finance Committee of the Company, whereby GAFRI, along with services provided by American Money Management Corporation (an affiliate), provides for money management and accounting services related to the investment portfolio.
 - (2) The Company has an agreement with Great American Advisors, Inc. ("GAA"), a wholly owned subsidiary of GAFRI, whereby GAA is the principal underwriter and distributor of the Company's variable contracts. The Company pays GAA for acting as underwriter under a distribution agreement.
 - (3) Certain administrative, management, accounting, data processing, collection, and investment services are provided under agreements between the Company and affiliates at charges not unfavorable to the Company or the affiliate.
- G. The Company's outstanding shares are 100% owned by GALIC.
- H. The Company does not own shares of an upstream intermediate entity or its ultimate parent.
- I. The Company has no investment in a subsidiary.
- J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled or affiliated companies during the statement period.
- K. The Company has no investment in a foreign insurance subsidiary.
- L. The Company does not hold an investment in a downstream non-insurance holding company.

11. DEBT

- A. The Company has no capital notes or reverse repurchase agreements outstanding.
- B. The Company has no Federal Home Bank Loan Agreements.

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

- A. The Company does not participate in a defined benefit plan.
- B. Defined Contribution Plan - See item D below.
- C. The Company does not participate in multiemployer plans.
- D. Consolidated/Holding Company Plans:

1. Employees' Retirement Plan

American Financial Group, Inc. has established the American Financial Group, Inc. 401(k) Retirement and Savings Plan for the benefit of employees of American Financial Group, Inc. and its participating subsidiaries. Substantially all employees meeting minimum requirements regarding service are eligible to participate in this Plan. The Plan is a defined contribution plan in which participating employees are entitled to share in contributions made by the Company on their behalf. The Plan has three types of contributions, including (1) Retirement Contributions made by the Company, (2) 401(k) Contributions made by participating employees, and (3) Matching Contributions made by the Company. The benefits for the Retirement Contributions are based on eligible compensation as defined by the Plan for each year of participation. Funding is determined annually. Each Company contributes an amount for Retirement Contributions based upon the relationship of its total eligible compensation to total eligible compensation under the Plan for all participating subsidiaries. In addition, participating employees are permitted to make 401(k) Contributions to the Plan. Matching Contributions may be made by the Company based on the amount of 401(k) Contributions made by the participating employees. Plan costs are funded as they accrue and vested benefits are fully funded. Both Retirement Contributions and Matching Contributions to the Plan are subject to the discretion of the Board of Directors of the Company, and the Company has no liability for future contributions to the Plan. At December 31, 2011, the fair market value of the Plan's Retirement Contributions assets was \$328,185,698 and the fair market value of the Plan's Matching Contributions assets was \$108,159,359. GAFRI's share of the expense for the Plan during 2011 was \$3,172,641.

2. Deferred Compensation Plans

Effective October 1, 1994, GAFRI offered to its officers and selected employees the opportunity to defer receipt of a specific percentage of the employee's compensation. Amounts deferred were credited either with a fixed rate of interest or a rate based on the performance of GAFRI's common stock, based on the participant's election. Effective November 1, 2007, this plan was merged into a similar plan maintained by AFG and existing balances were transferred to that plan. The AFG plan offers additional options into which participants may elect to invest their balances.

Notes to Financial Statements

3. Post Retirement Benefits

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

GAFRI accrues its postretirement benefits over the period the employees qualify for such benefits. At December 31, 2011, GAFRI's accumulated postretirement benefit obligation was \$727,798 using a discount rate of 3.75% of which all is currently accrued. Net postretirement benefits costs for the year ended December 31, 2011 was a \$11,094 credit which includes service cost, interest cost, and amortization of the transition obligation.

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

E. Postemployment Benefits and Compensated Absences

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

F. The Medicare Modernization Act

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

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

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

- (1) The Company's capital is common stock. There are 25,000 shares authorized and 20,000 shares issued and outstanding, with a per share par value of \$125.00. There are no other classes of capital stock.
- (2) The Company has no preferred stock outstanding.
- (3) The maximum amount of dividends which can be paid to stockholders by life insurance companies domiciled in the state of Ohio without prior approval of the Insurance Commissioner is the greater of 10% of surplus as regards policyholders or net income as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of dividends payable in 2012 without prior approval is \$0, based on earned deficit.
- (4) The Company did not pay dividends for the year ended December 31, 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) The Company has placed no restrictions on unassigned surplus funds.
- (7) The total amount of advances to surplus not repaid is \$0. The Company is not organized as a mutual insurer or similar entity.
- (8) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes are:
 - a. For conversion of preferred stock: 0 shares
 - b. For employee stock options: 0 shares
 - c. For stock purchase warrants: 0 shares
- (9) The Company has no special surplus funds.
- (10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 - a. Unrealized gains and losses: \$ 2,819,601
 - b. Nonadmitted asset values: \$ (1,379,036)
 - c. Separate account business: \$ 10,750,152
 - d. Asset valuation reserves: \$ (858,139)
 - e. Provision for reinsurance: \$ -
- (11) The Company has not issued any surplus debentures or similar obligations.
- (12) & (13) There has been no restatement of surplus due to quasi-reorganization.

14. CONTINGENCIES

- A. The Company is not aware of any material contingent liabilities and has committed no reserves to cover any contingent liabilities.
- B. At December 31, 2011, the Company held a guaranty fund assessment liability for future assessments of \$9,303.
- C. The Company has no gain contingencies to report.
- D. The Company is not aware of any claims related to extra contractual obligations and bad faith losses stemming from lawsuits.
- E. The Company is not aware of any other material loss contingencies as of the Balance Sheet date, or any date subsequent up to the filing of this statement.

Notes to Financial Statements

15. LEASES

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

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

The Company does not have financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk, except as described in Note 8 – Derivative Instruments.

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

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

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

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

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

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

20. FAIR VALUE MEASUREMENTS

1. Fair Value Measurements at Reporting Date

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

Description	Level 1	Level 2	Level 3	Total
Assets:				
Bonds:				
U.S. Government and government agencies	\$ -	\$ -	\$ -	\$ -
States, municipalities and political subdivisions	-	-	-	-
Foreign government	-	-	-	-
Residential MBS	-	742,983	-	742,983
Commercial MBS	-	-	-	-
All other bonds	-	38	-	38
Total bonds	-	743,021	-	743,021
Non-affiliated common stock	7,808,311	-	-	7,808,311
Non-affiliated preferred stock	-	-	-	-
Equity index call options	-	5,658,220	-	5,658,220
Variable annuity assets (separate accounts) (a)	-	548,310,891	-	548,310,891
Total assets accounted for at fair value	\$ 7,808,311	\$554,712,132	\$ -	\$ 562,520,443

(a) Separate account liabilities equal the fair value for separate account assets.

2. The Company does not have any Level 3 securities carried at fair value.

3. Fair Value Recognition of Transfers Between Levels

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

4. Inputs and Techniques Used in Estimating Fair Value

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

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

Notes to Financial Statements

Level 3 - Valuations derived from market valuation techniques generally consistent with those used to estimate the fair value of Level 2 financial instruments in which one or more significant inputs are unobservable. The unobservable inputs may include management's own assumptions about the assumptions market participants would use based on the best information available in the circumstances. The Company does not have any Level 3 assets or liabilities.

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

21. OTHER ITEMS

- A. The Company had no extraordinary events or transactions.
- B. The Company had no troubled debt restructuring.
- C. Assets in the amount of \$7,223,159 and \$7,225,853 at December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law. The Company has no unusual items or exposures related to forward commitments.
- D. The Company has no material balance that is reasonably possible to be uncollectible.
- E. The Company has no business interruption insurance recoveries.
- F. The Company has no state transferable tax credits.
- G. Subprime Mortgage Related Risk Exposure
 - (1) Included in determining the Company's exposure to sub-prime mortgage loans are the debt and equity securities of companies whose principal business includes the origination, securitization, providing of mortgage insurance on, investment in or management of sub-prime mortgage loans. Also included in such determination are those residential mortgage backed securities and collateral debt obligations in which the ultimate collateral supporting anticipated cash flows are sub-prime mortgage loans. In general, we limit the Company's purchases of sub-prime residential mortgage backed securities to those securities with AAA ratings and whose underlying collateral is fixed-rate (as opposed to adjustable rate).
 - (2) The Company does not have any investments with direct exposure in subprime mortgage loans.
 - (3) Direct exposure to subprime mortgage risk through investments in the following securities:

	# of Securities	Actual Cost	Book adjusted carrying value	Fair Value	Any other than temporary impairment recognized to date	% NAIC 1 & 2
Residential mortgage backed securities	41	\$47,523,200	\$44,857,676	\$42,780,016	\$4,323,889	99%
Commercial mortgage backed securities		0	0	0	0	
Collateralized debt obligations		0	0	0	0	
Structured securities (including principal protected notes)		0	0	0	0	
Equity investments in SCA's		0	0	0	0	
Other assets		0	0	0	0	
Totals		\$47,523,200	\$44,857,676	\$42,780,016	\$4,323,889	

- (4) The Company has no net underwriting exposure to subprime mortgage risk through Mortgage Guaranty coverage or Financial Guaranty coverage.
- H. The Company does not have retained asset accounts.

22. EVENTS SUBSEQUENT

There have been no events subsequent to December 31, 2011 that have had a material financial effect on the Company.

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

Notes to Financial Statements

Section 2 – Ceded Reinsurance Report – Part A

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

Section 3 – Ceded Reinsurance Report – Part B

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

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

B. Uncollectible Reinsurance

The Company did not write off any uncollectible reinsurance during 2011.

C. Commutation of Ceded Reinsurance

The Company was not involved in any commutation of ceded reinsurance during 2011.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

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

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

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

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company does not participate in intercompany pooling arrangements.

27. STRUCTURED SETTLEMENTS

The Company has no structured settlement policies.

28. HEALTH CARE RECEIVABLES

The Company has no health care receivables.

29. PARTICIPATING POLICIES

The Company has no participating policies.

30. PREMIUM DEFICIENCY RESERVES

The Company has no premium deficiency reserves for 2011.

31. RESERVES FOR LIFE CONTRACTS AND ANNUITY CONTRACTS

- (1) The Company has no life insurance business in force.
- (2) The Company has no substandard policies in force.
- (3) As of December 31, 2011 the Company had no insurance in force for which the gross premiums are less than the net premiums according to the valuation standard.
- (4) The tabular interest has been determined by the formula as described in the instructions. The tabular less actual reserve released has been determined by the formula as described in the instructions. The tabular cost has been determined by the formula as described in the instructions.

Notes to Financial Statements

- (5) The method for determining tabular interest on funds not involving life contingencies (Exhibit 7, line 3) and individual and group annuities in their accumulation phase is as described in the formula for tabular interest contained in the instructions.
- (6) Other reserve changes include primarily the change in Commissioners Annuity Reserve Valuation Method (CARVM) allowance not captured elsewhere.

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

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

	<u>AMOUNT</u>	<u>% OF TOTAL</u>
A. Subject to discretionary withdrawal:		
1. With fair value adjustment	\$ -	0.0%
2. At book value less current surrender charge of 5% or more	1,342,982,922	57.2%
3. At fair value	537,560,739	22.9%
4. Total with adjustment or at fair value (Total of 1 to 3)	1,880,543,661	80.1%
5. At book value without adjustment (minimal or no charge or adjustment)	446,014,813	19.0%
B. Not Subject to discretionary withdrawal:	21,035,129	0.9%
C. Total (gross: direct & assumed)	2,347,593,603	100.0%
D. Reinsurance ceded	-	
E. Total (net)* (C)-(D)	\$ 2,347,593,603	

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

F. Life and Accident and Health Annual Statement:

1. Exhibit 5, Annuities Section, Total (net)	\$ 1,779,583,588
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	-
3. Exhibit 7, Line 14, Column 1	30,449,276
4. Subtotal	1,810,032,864

Separate Accounts Annual Statement:

5. Exhibit 3, Line 02999999, Column 2	537,560,739
6. Exhibit 3, Line 03999999, Column 2	-
7. Policyholder dividend and coupon accumulations	-
8. Policyholder premiums	-
9. Guaranteed interest contracts	-
10. Other contract deposit funds	-
11. Subtotal	537,560,739
12. Combined Total	\$ 2,347,593,603

33. PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

The Company has no deferred and uncollected premium or annuity considerations.

34. SEPARATE ACCOUNTS

A. Separate Account Activity

- 1. The Company utilizes separate accounts to record and account for assets and liabilities for individual and group variable annuities. The separate accounts are registered under the Investment Company Act of 1940, as amended, as a unit investment trust. In accordance with the state of Ohio procedures for approving items within the separate accounts, the separate accounts classification of the individual and group variable annuities are supported by Section 3907.15 of the Ohio Revised Code.
- 2. In accordance with the products and transactions recorded within the separate accounts, all assets are considered legally insulated from the general account and are not chargeable with liabilities incurred in any other business operation of the Company. As of December 31, 2011 and 2010, the Company separate account statement included legally insulated variable annuity assets of \$548,310,891 and \$615,750,111, respectively.
- 3. In accordance with the products/transactions recorded within the separate accounts, some separate account liabilities are guaranteed by the general account. To compensate the general account for the risk taken, the separate account has paid risk charges of \$253,602 for the year ended December 31, 2011 for guaranteed withdrawal benefits for variable annuity contracts.

As of December 31, 2011, the general account of the Company had a maximum guarantee for separate account liabilities of \$62,958,800 for the guaranteed minimum death benefit of the variable annuity contracts. The total separate account guarantees paid by the general account for the year ended December 31, 2011 was \$656,191.

- 4. The Company does not engage in securities lending transactions with the separate accounts.

Notes to Financial Statements

B. General Nature and Characteristics of Separate Accounts Business

The separate and variable accounts held by the Company relate to individual and group variable annuities of a nonguaranteed return nature. The net investment experience of the separate accounts is credited directly to the policyholder and can be positive or negative. These variable annuities generally provide a death benefit of the greater of account value or premium paid, accumulated at 0% to 5%. A minimum guaranteed death benefit is also provided on some contracts which is the highest account value (reduced for partial withdrawals) on a prior contract anniversary. The minimum guaranteed death benefit reserve is held in Exhibit 5. The assets and liabilities of these accounts are carried at fair value.

Information regarding the nonguaranteed separate accounts of the Company is as follows:

	Nonguaranteed Separate Accounts
1. Premiums, considerations or deposits for the year ended December 31, 2011	<u>\$ 57,498,560</u>
2. Reserves at December 31, 2011	
I. For accounts with assets at:	
a. Fair Value	\$ 537,560,739
b. Amortized cost	<u>-</u>
c. Total reserves	<u>\$ 537,560,739</u>
II. By withdrawal characteristics:	
a. Subject to discretionary withdrawal	
1. With market value adjustment	\$ -
2. At book value without market value adjustment and with current surrender charges of 5% or more	-
3. At fair value	537,560,739
4. At book value without market value adjustment and with current surrender charges of less than 5%	<u>-</u>
5. Subtotal	-
b. Not subject to discretionary withdrawal	<u>-</u>
6. Total	<u>\$ 537,560,739</u>
C. The following is a reconciliation of the net transfer to or (from) Separate Accounts:	
1. Transfers as reported in the Summary of Operations in the Separate Accounts Statement:	
a. Transfers to Separate Accounts (Page 4, Line 1.4)	\$ 57,498,560
b. Transfers from Separate Accounts (Page 4, Line 10)	<u>(96,246,162)</u>
c. Net transfers to or (from) Separate Accounts (a) – (b)	(38,747,602)
2. Reconciling adjustments:	
a. None	<u>-</u>
b. Total adjustments	<u>-</u>
3. Transfers as reported in the Summary of Operations of the Life, Accident & Health Annual Statement (Page 4, Line 26)	<u>\$ (38,747,602)</u>
35. LOSS/CLAIM ADJUSTMENT EXPENSES	
Not Applicable.	

Annual Statement for the year 2011 of the **ANNUITY INVESTORS 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 [X]

No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X]

No []

N/A []

1.3

State regulating?

Ohio

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes []

No [X]

2.2

If yes, date of change:

12/31/2011

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2006

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

01/25/2008

3.4

By what department or departments?

State of Ohio, Department of Insurance

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 []

No []

N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes []

No []

N/A [X]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes []

No [X]

4.12

renewals?

Yes []

No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes []

No [X]

4.22

renewals?

Yes []

No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes []

No [X]

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	2	3
Name of Entity	NAIC Co. Code	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 []

No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes []

No [X]

7.2

If yes,

7.21

State the percentage of foreign control

.....%

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes []

No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [X]

No []

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	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
Great American Advisors	Cincinnati, Ohio	NO	NO	NO	NO	YES

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young LLP, 1900 Scripps Center, 312 Walnut Street, Cincinnati, OH 45202

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 []

No [X]

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 []

No [X]

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 []

No [X]

N/A []

10.6

If the answer to 10.5 is no or n/a, please explain.

The Audit Committee of American Financial Group, Inc., the Company's SOX compliant parent, will be deemed to serve as the Company's Audit Committee for the purposes of compliance with Ohio insurance law.

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?

Eugene Michael Breen, 301 East Fourth Street, Cincinnati, OH 45202, Appointed Actuary

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes []

No [X]

12.11

Name of real estate holding company

12.12

Number of parcels involved

.....

12.13

Total book/adjusted carrying value

.....

12.2

If yes, provide explanation.

Annual Statement for the year 2011 of the **ANNUITY INVESTORS 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 [X]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:

- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).

- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....0
- 20.12 To stockholders not officers \$.....0
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....0
- 20.22 To stockholders not officers \$.....0
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others
- 21.22 Borrowed from others
- 21.23 Leased from others
- 21.24 Other
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment
- 22.22 Amount paid as expenses
- 22.23 Other amounts paid
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....482,421

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.3)? Yes [X] No []
- 24.2 If no, give full and complete information relating thereto.

- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
The Company does not engage in securities lending.
- 24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs.

Annual Statement for the year 2011 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**

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 [☒]

24.8

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes [☐]

No [☐]

N/A [☒]

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 [☒]

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 [☒]

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

\$.....7,223,159

25.29

Other

\$.....0

25.3

For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [☒]

No [☐]

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [☒]

No [☐]

N/A [☐]

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 [☒]

27.2

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

.....

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 [☒]

No [☐]

28.01

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

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

28.02

For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	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 [☒]

28.04

If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	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	2	3
Central Registration Depository Number(s)	Name	Address
Not applicable	American Money Management Corporation	301 East Fourth Street, Cincinnati, OH 45202

29.1

Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [☐]

No [☒]

29.2

If yes, complete the following schedule:

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

29.3

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

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	.....1,875,402,541	.....1,997,157,788	.....121,755,247
30.2 Preferred stocks.....			.....0
30.3 Totals.....	.....1,875,402,541	.....1,997,157,788	.....121,755,247

30.4

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

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

31.1

Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [☒]

No [☐]

31.2

If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [☐]

No [☒]

31.3

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

32.1

Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [☒]

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? \$.....0

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

34.1 Amount of payments for legal expenses, if any? \$.....0

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? \$.....4,023

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
American Council of Life Insurers	4,023

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [☐] No [☒]

1.2

If yes, indicate premium earned on U.S. business only

.....

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

.....

1.31

Reason for excluding

1.4

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

.....

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

.....

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

.....

1.62

Total incurred claims

.....

1.63

Number of covered lives

.....

All years prior to most current three years:

1.64

Total premium earned

.....

1.65

Total incurred claims

.....

1.66

Number of covered lives

.....

1.7

Group policies:

Most current three years:

1.71

Total premium earned

.....

1.72

Total incurred claims

.....

1.73

Number of covered lives

.....

All years prior to most current three years:

1.74

Total premium earned

.....

1.75

Total incurred claims

.....

1.76

Number of covered lives

.....

2.

Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	.....0	.....0
2.2 Premium Denominator.....	...300,252,315	...351,284,939
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	.....0	.....0
2.5 Reserve Denominator.....	.1,785,617,393	.1,657,873,139
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

3.1

Does this reporting entity have Separate Accounts?

Yes [☒] No [☐]

3.2

If yes, has a Separate Accounts statement been filed with this Department?

Yes [☒] No [☐] N/A [☐]

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?

\$.....10,750,152

3.4

State the authority under which Separate Accounts are maintained:

State of Ohio Department of Insurance. Also, registered with the Securities and Exchange Commission.

3.5

Was any of the reporting entity's Separate Accounts business reinsured as of December 31?

Yes [☐] No [☒]

3.6

Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31?

Yes [☐] No [☒]

3.7

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

.....

4.1

Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)?

Yes [☒] No [☐]

4.2

Net reimbursement of such expenses between reporting entities:

4.21

Paid

\$.....16,629,408

4.22

Received

\$.....0

5.1

Does the reporting entity write any guaranteed interest contracts?

Yes [☐] No [☒]

5.2

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

5.21

Page 3, Line 1

.....

5.22

Page 4, Line 1

.....

6.

For stock reporting entities only:

6.1

Total amount paid in by stockholders as surplus funds since organization of the reporting entity:

\$.....171,550,000

7.

Total dividends paid stockholders since organization of the reporting entity:

7.11

Cash

\$.....3,800,000

7.12

Stock

\$.....0

GENERAL INTERROGATORIES
PART 2 - LIFE INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: 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. Yes [] No [X]

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	2	3
Reinsurance Assumed	Reinsurance Ceded	Net Retained
0.....	0.....	0.....
0.....	0.....	0.....
0.....	0.....	0.....
0.....	0.....	0.....
0.....	0.....	0.....

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	2
Earned Premium	Claim Liability and Reserve
0.....	0.....
0.....	0.....
0.....	0.....
0.....	0.....
0.....	0.....

Attachment Point
8.41 < \$25,000.....
8.42 \$25,000 -- 99,999.....
8.43 \$100,000 -- 249,999.....
8.44 \$250,000 -- 999,999.....
8.45 \$1,000,000 or more.....

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

9.1 Does the company have variable annuities with guaranteed benefits? Yes [X] No []

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

Type		3	4	5	6	7	8	9
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Col. 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit
Return of Premium	None	N/A	N/A	229,427,896		N/A	None	
Ratchet/MAV	None	N/A	N/A	230,906,991		N/A	None	
Greater of 5 yr Ratchet and 3% Roll-up	None	N/A	N/A	257,066,707		N/A	None	
Ratchet/MAV	GMIB-- MAV, 10 yr Waiting period	5 years 4 years Total	1,065,358 239,091 1,304,449	1,304,449	16,274	Exhibit 5	None	
Greater of 5 yr Ratchet and 5% Roll-up	GLWB, 0 yr Waiting period	N/A	N/A	1,080,611		N/A	None	
Ratchet/MAV	GMWB, 0 yr Waiting period	N/A	N/A	8,397,536		N/A	None	
Greater of Ratchet and 10 yr 6% Roll-up	GLWB, 0 yr Waiting period	N/A	N/A	22,139,799		N/A	None	

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	2
P&C Insurance Company and Location	Statement Value on Purchase Date of Annuities (i.e., Present Value)
	\$ 0

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

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

11.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

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

Annual Statement for the year 2011 of the

ANNUITY INVESTORS 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).....					
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....					
3. Credit life (Line 21, Col. 6).....					
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....					
5. Industrial (Line 21, Col. 2).....					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....					
7. Total (Line 21, Col. 10).....	0	0	0	0	0
New Business Issued (Exhibit of Life Insurance)					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....					
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....					
10. Credit life (Line 2, Col. 6).....					
11. Group (Line 2, Col. 9).....					
12. Industrial (Line 2, Col. 2).....					
13. Total (Line 2, Col. 10).....	0	0	0	0	0
Premium Income - Lines of Business (Exhibit 1-Part 1)					
14. Industrial life (Line 20.4, Col. 2).....					
15.1 Ordinary life insurance (Line 20.4, Col. 3).....					
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....	263,289,427	311,009,101	380,331,801	373,026,235	279,376,308
16. Credit life (group and individual) (Line 20.4, Col. 5).....					
17.1 Group life insurance (Line 20.4, Col. 6).....					
17.2 Group annuities (Line 20.4, Col. 7).....	36,962,888	40,275,837	41,612,637	44,346,384	39,550,898
18.1 A&H - group (Line 20.4, Col. 8).....					
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....					
18.3 A&H - other (Line 20.4, Col. 10).....					
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....					
20. Total.....	300,252,315	351,284,939	421,944,438	417,372,619	318,927,206
Balance Sheet (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....	1,972,282,719	1,824,278,342	1,618,434,231	1,330,342,402	1,046,991,982
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	1,814,925,109	1,682,266,202	1,488,838,564	1,247,934,574	981,056,009
23. Aggregate life reserves (Page 3, Line 1).....	1,779,583,588	1,653,226,858	1,460,364,511	1,212,423,154	944,314,747
24. Aggregate A&H reserves (Page 3, Line 2).....					
25. Deposit-type contract funds (Page 3, Line 3).....	30,449,276	30,156,335	30,933,128	34,758,255	34,490,666
26. Asset valuation reserve (Page 3, Line 24.01).....	858,139	1,822,413	1,309,983	149,520	4,002,837
27. Capital (Page 3, Lines 29 & 30).....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
28. Surplus (Page 3, Line 37).....	154,857,610	139,512,140	127,095,667	79,907,828	63,435,974
Cash Flow (Page 5)					
29. Net Cash from operations (Line 11).....	162,778,970	218,955,767	266,222,566	278,686,674	161,667,983
Risk-Based Capital Analysis					
30. Total adjusted capital.....	158,215,749	143,834,553	130,905,650	82,557,348	69,938,811
31. Authorized control level risk-based capital.....	14,992,959	15,099,962	14,307,558	12,530,173	10,349,567
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).....	95.0	94.8	88.5	89.0	89.8
33. Stocks (Lines 2.1 and 2.2).....	0.4	0.5	0.4	0.4	1.4
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....					
35. Real estate (Line 4.1, 4.2 and 4.3).....					
36. Cash, cash equivalents and short-term investments (Line 5).....	1.2	0.9	7.0	6.5	4.8
37. Contract loans (Line 6).....	3.1	3.3	3.5	3.9	3.7
38. Derivatives (Line 7).....	0.3	0.6	XXX	XXX	XXX
39. Other invested assets (Line 8).....					
40. Receivables for securities (Line 9).....	0.0	0.0	0.0	0.0	
41. Securities lending reinvested collateral assets (Line 10).....			XXX	XXX	XXX
42. Aggregate write-ins for invested assets (Line 11).....			0.5	0.1	0.3
43. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0

Annual Statement for the year 2011 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

(continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
Investments in Parent, Subsidiaries and Affiliates					
44. Affiliated bonds (Sch. D Summary, Line 12 Col. 1).....					
45. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....					
46. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....					
47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....					
48. Affiliated mortgage loans on real estate					
49. All other affiliated.....					
50. Total of above Lines 44 to 49.....	0	0	0	0	0
Total Nonadmitted and Admitted Assets					
51. Total nonadmitted assets (Page 2, Line 28, Col. 2).....	1,379,036	1,393,707	3,725,268	9,595,085	8,002,439
52. Total admitted assets (Page 2, Line 28, Col. 3).....	2,520,593,610	2,440,028,453	2,167,232,613	1,746,238,792	1,739,484,511
Investment Data					
53. Net investment income (Exhibit of Net Investment Income).....	113,937,793	107,090,301	81,172,990	65,277,730	55,485,318
54. Realized capital gains (losses) (Page 4, Line 34, Column 1).....	(6,050,673)	(4,259,856)	(9,759,913)	(18,827,667)	(1,491,681)
55. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	(6,294,454)	2,218,376	10,931,343	(1,688,456)	(4,054,292)
56. Total of above Lines 53, 54 and 55.....	101,592,666	105,048,821	82,344,420	44,761,607	49,939,345
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).....	257,524,965	206,229,545	182,654,484	212,636,096	239,789,171
58. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....					
59. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....					
60. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....					
61. Dividends to policyholders (Line 30, Col 1).....					
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.....	11.7	13.3	11.3	11.5	14.0
63. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00.....					
64. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....					
65. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....					
66. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....					
A&H Claim Reserve Adequacy					
67. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....					
68. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....					
69. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....					
70. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....					
Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)					
71. Industrial life (Col. 2).....					
72. Ordinary - life (Col. 3).....					
73. Ordinary - individual annuities (Col. 4).....	24,196,448	17,238,789	13,812,839	(1,996,700)	500,311
74. Ordinary - supplementary contracts (Col. 5).....					
75. Credit life (Col. 6).....					
76. Group life (Col. 7).....					
77. Group annuities (Col. 8).....	2,429,527	579,330	(2,800,062)	(1,034,004)	(210,289)
78. A&H - group (Col. 9).....					
79. A&H - credit (Col. 10).....					
80. A&H - other (Col. 11).....					
81. Aggregate of all other lines of business (Col. 12).....					
82. Total (Col. 1).....	26,625,975	17,818,119	11,012,777	(3,030,704)	290,023

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 [X]

If no, please explain:

The Company was not party to a merger.

Ex. of Life Ins.-(Lines 1-23)
NONE

Ex. of Life Ins.-(Lines 24-26)
NONE

Ex. of Life Ins.-(Lines 27-35)
NONE

Ex. of Life Ins.-(Lines 36-40)
NONE

Ex. of Life Ins.-(Lines 41-45)
NONE

Ex. of Life Ins.-(Line 46)
NONE

Ex. of Life Ins.-(Line 47)
NONE

Ex. of Life Ins.-(Lines 48-52)
NONE

Annual Statement for the year 2011 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

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.....	NONE			
2. Issued during year.....				
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....				
	0	0	0	0
Deductions during year:				
6. Decreased (net).....				
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	0	0	0	0
9. In force end of year.....	0	0	0	0
10. Amount on deposit.....	(a)			(a)
11. Income now payable.....				
12. Amount of income payable.....	(a)	(a)	(a)	(a)

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	1,226	125,146	698	12,199
2. Issued during year.....	243	6,866	17	560
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....	1,469	132,012	715	12,759
Deductions during year:				
6. Decreased (net).....	151	7,406	14	1,868
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	151	7,406	14	1,868
9. In force end of year.....	1,318	124,606	701	10,891
Income now payable:				
10. Amount of income payable.....	(a) 11,893,539	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance.....	XXX	(a) 172,609,829	XXX	(a)
Deferred not fully paid:				
12. Account balance.....	XXX	(a) 2,028,317,566	XXX	(a) 225,833,698

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.....	NONE					
2. Issued during year.....						
3. Reinsurance assumed.....						
4. Increased during year (net).....						
5. Total (Lines 1 to 4).....						
	0	0	0	XXX	0	XXX
Deductions during year:						
6. Conversions.....		XXX	XXX	XXX	XXX	XXX
7. Decreased (net).....		XXX		XXX		XXX
8. Reinsurance ceded.....		XXX		XXX		XXX
9. Totals (Lines 6 to 8).....	0	XXX	0	XXX	0	XXX
10. In force end of year.....	0	(a)	0	(a)	0	(a)

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1 Deposit Funds Contracts	2 Dividend Accumulations Contracts
1. In force end of prior year.....	NONE	
2. Issued during year.....		
3. Reinsurance assumed.....		
4. Increased during year (net).....		
5. Total (Lines 1 to 4).....		
	0	0
Deductions during year:		
6. Decreased (net).....		
7. Reinsurance ceded.....		
8. Totals (Lines 6 and 7).....	0	0
9. In force end of year.....	0	0
10. Amount of account balance.....	(a)	(a)

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

Annual Statement for the year 2011 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.		1		Direct Business Only				
		Active Status	Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	7 Deposit-Type Contracts
			2 Life Insurance Premiums	3 Annuity Considerations				
1.	Alabama.....	AL	..L...	.....829,537	.....	.....	.....829,537	.....
2.	Alaska.....	AK	..L...	.....189,344	.....	.....	.....189,344	.....
3.	Arizona.....	AZ	..L...	.....3,675,696	.....	.....	.....3,675,696	.....
4.	Arkansas.....	AR	..L...	.....501,388	.....	.....	.....501,388	.....
5.	California.....	CA	..L...	.....60,401,760	.....	.....	.....60,401,760	.....219,991
6.	Colorado.....	CO	..L...	.....726,469	.....	.....	.....726,469	.....
7.	Connecticut.....	CT	..L...	.....3,683,809	.....	.....	.....3,683,809	.....55,000
8.	Delaware.....	DE	..L...	.....517,727	.....	.....	.....517,727	.....
9.	District of Columbia.....	DC	..L...	.....187,342	.....	.....	.....187,342	.....
10.	Florida.....	FL	..L...	.....24,691,064	.....	.....	.....24,691,064	.....38,713
11.	Georgia.....	GA	..L...	.....2,232,274	.....	.....	.....2,232,274	.....
12.	Hawaii.....	HI	..L...	.....2,711,561	.....	.....	.....2,711,561	.....
13.	Idaho.....	ID	..L...	.....847,077	.....	.....	.....847,077	.....
14.	Illinois.....	IL	..L...	.....6,330,674	.....	.....	.....6,330,674	.....
15.	Indiana.....	IN	..L...	.....4,419,890	.....	.....	.....4,419,890	.....25,123
16.	Iowa.....	IA	..L...	.....2,863,224	.....	.....	.....2,863,224	.....
17.	Kansas.....	KS	..L...	.....552,411	.....	.....	.....552,411	.....
18.	Kentucky.....	KY	..L...	.....2,277,883	.....	.....	.....2,277,883	.....
19.	Louisiana.....	LA	..L...	.....1,127,602	.....	.....	.....1,127,602	.....
20.	Maine.....	ME	..L...	.....1,530,883	.....	.....	.....1,530,883	.....
21.	Maryland.....	MD	..L...	.....1,401,692	.....	.....	.....1,401,692	.....
22.	Massachusetts.....	MA	..L...	.....8,571,025	.....	.....	.....8,571,025	.....
23.	Michigan.....	MI	..L...	.....16,454,629	.....	.....	.....16,454,629	.....49,203
24.	Minnesota.....	MN	..L...	.....3,848,147	.....	.....	.....3,848,147	.....210,257
25.	Mississippi.....	MS	..L...	.....342,288	.....	.....	.....342,288	.....
26.	Missouri.....	MO	..L...	.....446,356	.....	.....	.....446,356	.....
27.	Montana.....	MT	..L...	.....575,938	.....	.....	.....575,938	.....21,595
28.	Nebraska.....	NE	..L...	.....319,630	.....	.....	.....319,630	.....
29.	Nevada.....	NV	..L...	.....5,159,839	.....	.....	.....5,159,839	.....
30.	New Hampshire.....	NH	..L...	.....613,387	.....	.....	.....613,387	.....
31.	New Jersey.....	NJ	..L...	.....10,705,880	.....	.....	.....10,705,880	.....50,656
32.	New Mexico.....	NM	..L...	.....664,861	.....	.....	.....664,861	.....
33.	New York.....	NY	..N...	.....96,099	.....	.....	.....96,099	.....
34.	North Carolina.....	NC	..L...	.....19,231,437	.....	.....	.....19,231,437	.....22,372
35.	North Dakota.....	ND	..L...	.....1,194,897	.....	.....	.....1,194,897	.....
36.	Ohio.....	OH	..L...	.....26,568,467	.....	.....	.....26,568,467	.....44,674
37.	Oklahoma.....	OK	..L...	.....1,139,656	.....	.....	.....1,139,656	.....
38.	Oregon.....	OR	..L...	.....472,837	.....	.....	.....472,837	.....
39.	Pennsylvania.....	PA	..L...	.....11,972,695	.....	.....	.....11,972,695	.....
40.	Rhode Island.....	RI	..L...	.....2,452,565	.....	.....	.....2,452,565	.....24,857
41.	South Carolina.....	SC	..L...	.....1,367,930	.....	.....	.....1,367,930	.....
42.	South Dakota.....	SD	..L...	.....215,619	.....	.....	.....215,619	.....
43.	Tennessee.....	TN	..L...	.....3,806,491	.....	.....	.....3,806,491	.....
44.	Texas.....	TX	..L...	.....45,352,902	.....	.....	.....45,352,902	.....
45.	Utah.....	UT	..L...	.....7,720,527	.....	.....	.....7,720,527	.....
46.	Vermont.....	VT	..N...	.....109,125	.....	.....	.....109,125	.....
47.	Virginia.....	VA	..L...	.....1,698,329	.....	.....	.....1,698,329	.....
48.	Washington.....	WA	..L...	.....5,973,654	.....	.....	.....5,973,654	.....64,122
49.	West Virginia.....	WV	..L...	.....284,075	.....	.....	.....284,075	.....
50.	Wisconsin.....	WI	..L...	.....856,393	.....	.....	.....856,393	.....42,326
51.	Wyoming.....	WY	..L...	.....329,130	.....	.....	.....329,130	.....
52.	American Samoa.....	AS	..N...	.....0	.....	.....	.....0	.....0
53.	Guam.....	GU	..N...	.....0	.....	.....	.....0	.....0
54.	Puerto Rico.....	PR	..N...	.....0	.....	.....	.....0	.....0
55.	US Virgin Islands.....	VI	..N...	.....0	.....	.....	.....0	.....0
56.	Northern Mariana Islands.....	MP	..N...	.....0	.....	.....	.....0	.....0
57.	Canada.....	CN	..N...	.....0	.....	.....	.....0	.....0
58.	Aggregate Other Alien.....	OT	..XXX...	.....08,200	.....0	.....0	.....8,200	.....0
59.	Subtotal.....	(a).....	49	.....0300,252,315	.....0	.....0	.....300,252,315	.....868,889
90.	Reporting entity contributions for employee benefit plans.....	XXX	.....	.....	.....	.....	.....0	.....
91.	Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX	.....	.....	.....	.....	.....0	.....
92.	Dividends or refunds applied to shorten endowment or premium paying period.....	XXX	.....	.....	.....	.....	.....0	.....
93.	Premium or annuity considerations waived under disability or other contract provisions.....	XXX	.....	.....	.....	.....	.....0	.....
94.	Aggregate other amounts not allocable by State.....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
95.	Totals (Direct Business).....	XXX	.....0	.....300,252,315	.....0	.....0	.....300,252,315	.....868,889
96.	Plus reinsurance assumed.....	XXX	.....	.....	.....	.....	.....0	.....
97.	Totals (All Business).....	XXX	.....0	.....300,252,315	.....0	.....0	.....300,252,315	.....868,889
98.	Less reinsurance ceded.....	XXX	.....	.....	.....	.....	.....0	.....
99.	Totals (All Business) less reinsurance ceded.....	XXX	.....0	.....300,252,315	(b).....0	.....0	.....300,252,315	.....868,889

DETAILS OF WRITE-INS								
5801.	Other Foreign.....	XXX	.....	.....8,200	.....	.....	.....8,200	.....
5802.	.....	XXX	.....	.....	.....	.....	.....0	.....
5803.	.....	XXX	.....	.....	.....	.....	.....0	.....
5898.	Summ. of remaining write-ins for line 58 from overflow page.....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
5899.	Total (Lines 5801 thru 5803 plus 5898) (Line 58 above).....	XXX	.....0	.....8,200	.....0	.....0	.....8,200	.....0
9401.	.....	XXX	.....	.....	.....	.....	.....0	.....
9402.	.....	XXX	.....	.....	.....	.....	.....0	.....
9403.	.....	XXX	.....	.....	.....	.....	.....0	.....
9498.	Summ. of remaining write-ins for line 94 from overflow page.....	XXX	.....0	.....0	.....0	.....0	.....0	.....0
9499.	Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX	.....0	.....0	.....0	.....0	.....0	.....0

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

Explanation of basis of allocation by states, etc., of premiums and annuity considerations.
Premiums and annuity considerations are allocated on the residences of policyholders.

(a) Insert the number of "L" responses except for Canada and Other Alien.
(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9, and 10, or with Schedule H, Part 1, Column 1, Line 1. Indicate which:
Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10

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

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

* Denotes insurer
@ Company affiliated but not owned
Participant in Lloyd's Syndicate 2468
Subsidiaries 100% owned by respective parent unless otherwise stated
^ Total percentage owned by respective parent and other affiliated companies

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

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

* Denotes insurer
@ Company affiliated but not owned
Participant in Lloyd's Syndicate 2468
Subsidiaries 100% owned by respective parent unless otherwise stated
^ Total percentage owned by respective parent and other affiliated companies

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

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

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