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QUARTERLY STATEMENT

As of September 30, 2012

of the Condition and Affairs of the

Family Heritage Life Insurance Company of America

NAIC Group Code.....0000, 0000 (Current Period) (Prior Period) NAIC Company Code..... 77968 Employer's ID Number..... 34-1626521

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

Incorporated/Organized..... August 22, 1989 Commenced Business..... November 17, 1989

Statutory Home Office	6001 East Royalton Road, Suite 200….. Cleveland ..... OH ..... 44147-3529 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	6001 East Royalton Road, Suite 200….. Cleveland ..... OH ..... 44147-3529 *(Street and Number) (City or Town, State and Zip Code)*	440-922-5200 *(Area Code) (Telephone Number)*
Mail Address	P. O. Box 470608….. Cleveland ..... OH ..... 44147-0608 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	6001 East Royalton Road, Suite 200….. Cleveland ..... OH ..... 44147-3529 *(Street and Number) (City or Town, State and Zip Code)*	440-922-5200 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.FamilyHeritageLife.com	
Statutory Statement Contact	John A. Wise *(Name)*	440-922-5200 *(Area Code) (Telephone Number) (Extension)*
	acctdept@familyheritagelife.com *(E-Mail Address)*	440-922-5120 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Howard L. Lewis	President/Chief Executive Officer	2. Ronald L. Sarosy	Treasurer/Chief Financial Officer
3. Edward J. Rocheck	Secretary/Chief Operations Officer	4. Jeffrey S. Morris	Actuary

OTHER

Jeffrey S. Morris	Senior Vice President	Edward J. Rocheck	Senior Vice President
Henry G. Grendell	Vice President	Douglas B. Kelly	Vice President
Ronald L. Sarosy	Vice President		

DIRECTORS OR TRUSTEES

Henry E. Bedford	Howard L. Lewis	Edward J. Rocheck	Cynthia D. Johnstone
Jeffrey S. Morris			

State of........ Ohio
County of..... Cuyahoga

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)
Howard L. Lewis	Ronald L. Sarosy	Edward J. Rocheck
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President/Chief Executive Officer	Treasurer/Chief Financial Officer	Secretary/Chief Operations Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This ______ day of Novermber, 2012

a. Is this an original filing? Yes [X] No [ ]

b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	514,283,773		514,283,773	460,236,713
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
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 $..........0 encumbrances)			0	
5. Cash ($.....(1,454,068)), cash equivalents ($.....22,462,174) and short-term investments ($.....1,298,935)	22,307,041		22,307,041	20,815,779
6. Contract loans (including $..........0 premium notes)	5,554		5,554	
7. Derivatives			0	
8. Other invested assets	585,313		585,313	565,477
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	537,181,681	0	537,181,681	481,617,969
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	1,885,910		1,885,910	1,211,000
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,725,262		1,725,262	1,721,342
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)	227,987		227,987	169,224
15.3 Accrued retrospective premiums			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	74,787
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon	296,794		296,794	292,825
18.2 Net deferred tax asset	21,815,467	16,237,467	5,578,000	3,228,000
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software	433,190	213,617	219,573	144,344
21. Furniture and equipment, including health care delivery assets ($..........0)	39,883	39,883	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 ($..........0) and other amounts receivable			0	
25. Aggregate write-ins for other than invested assets	11,058,403	11,058,403	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	574,664,577	27,549,370	547,115,207	488,459,491
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. Total (Lines 26 and 27)	574,664,577	27,549,370	547,115,207	488,459,491

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. Agent Balances	10,271,071	10,271,071	0	
2502. Prepaid Expenses	746,835	746,835	0	
2503. Other Assets Non-Admitted	40,497	40,497	0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	11,058,403	11,058,403	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Aggregate reserve for life contracts $.....1,320,936 less $..........0 included in Line 6.3 (including $..........0 Modco Reserve)	1,320,936	1,107,560
2.	Aggregate reserve for accident and health contracts (including $.........0 Modco Reserve)	458,140,554	411,996,287
3.	Liability for deposit-type contracts (including $..........0 Modco Reserve)		
4.	Contract claims:		
	4.1 Life		26,520
	4.2 Accident and health	11,837,593	11,793,199
5.	Policyholders' dividends $..........0 and coupons $..........0 due and unpaid		
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		
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 $.....48,900 ceded	48,900	21,142
	9.4 Interest Maintenance Reserve	113,980	132,764
10.	Commissions to agents due or accrued - life and annuity contracts $..........0, accident and health $..........0 and deposit-type contract funds $..........0	421,400	360,000
11.	Commissions and expense allowances payable on reinsurance assumed		
12.	General expenses due or accrued	4,643,755	4,526,594
13.	Transfers to Separate Accounts due or accrued (net) (including $..........0 accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes	969,950	1,302,000
15.1	Current federal and foreign income taxes, including $..........0 on realized capital gains (losses)		
15.2	Net deferred tax liability		
16.	Unearned investment income		
17.	Amounts withheld or retained by company as agent or trustee		
18.	Amounts held for agents' account, including $..........0 agents' credit balances		
19.	Remittances and items not allocated	533,017	500,652
20.	Net adjustment in assets and liabilities due to foreign exchange rates		
21.	Liability for benefits for employees and agents if not included above		
22.	Borrowed money $..........0 and interest thereon $..........0		
23.	Dividends to stockholders declared and unpaid		
24.	Miscellaneous liabilities:		
	24.01 Asset valuation reserve	1,470,000	333,000
	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		505,950
	24.10 Payable for securities lending		
	24.11 Capital notes $..........0 and interest thereon $..........0		
25.	Aggregate write-ins for liabilities	594,586	545,641
26.	Total liabilities excluding Separate Accounts business (Lines 1 to 25)	480,094,671	433,151,309
27.	From Separate Accounts statement		
28.	Total liabilities (Lines 26 and 27)	480,094,671	433,151,309
29.	Common capital stock	2,556,950	2,556,950
30.	Preferred capital stock		
31.	Aggregate write-ins for other than special surplus funds	0	0
32.	Surplus notes		
33.	Gross paid in and contributed surplus	32,646,050	32,646,050
34.	Aggregate write-ins for special surplus funds	0	0
35.	Unassigned funds (surplus)	31,817,536	20,105,182
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)	64,463,586	52,751,232
38.	Totals of Lines 29, 30 and 37	67,020,536	55,308,182
39.	Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	547,115,207	488,459,491

DETAILS OF WRITE-INS

2501.	Unclaimed Property	594,586	545,641
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)	594,586	545,641
3101.			
3102.			
3103.			
3198.	Summary of remaining write-ins for Line 31 from overflow page	0	0
3199.	Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above)	0	0
3401.			
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

SUMMARY OF OPERATIONS

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	132,360,620	119,484,577	160,990,164
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	19,012,648	17,764,480	23,679,225
4. Amortization of Interest Maintenance Reserve (IMR)	18,784	10,088	13,612
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	620,439	342,590	556,188
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	0	0	0
9. Totals (Lines 1 to 8.3)	152,012,491	137,601,735	185,239,189
10. Death benefits	76,726	10,000	61,733
11. Matured endowments (excluding guaranteed annual pure endowments)			
12. Annuity benefits			
13. Disability benefits and benefits under accident and health contracts	33,544,057	31,181,288	41,505,940
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	40,280	1,331	18,050
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	(13)		288
18. Payments on supplementary contracts with life contingencies			
19. Increase in aggregate reserves for life and accident and health contracts	46,357,643	39,227,408	52,915,427
20. Totals (Lines 10 to 19)	80,018,693	70,420,027	94,501,438
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	32,586,229	29,562,237	39,686,235
22. Commissions and expense allowances on reinsurance assumed			
23. General insurance expenses	15,553,189	15,731,211	20,101,228
24. Insurance taxes, licenses and fees, excluding federal income taxes	3,141,687	2,876,179	3,920,931
25. Increase in loading on deferred and uncollected premiums	120,366	9,055	9,393
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions	0	0	0
28. Totals (Lines 20 to 27)	131,420,164	118,598,709	158,219,225
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	20,592,327	19,003,026	27,019,964
30. Dividends to policyholders			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	20,592,327	19,003,026	27,019,964
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	8,896,031	8,330,206	11,439,129
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)	11,696,296	10,672,820	15,580,835
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $..........0 (excluding taxes of $..........0 transferred to the IMR)			
35. Net income (Line 33 plus Line 34)	11,696,296	10,672,820	15,580,835
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	55,308,182	48,331,135	48,331,135
37. Net income (Line 35)	11,696,296	10,672,820	15,580,835
38. Change in net unrealized capital gains (losses) less capital gains tax of $..........0	19,836	(15,466)	(62,966)
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax	2,350,000	300,000	1,844,906
41. Change in nonadmitted assets	(1,216,778)	(1,186,615)	(3,372,729)
42. Change in liability for reinsurance in unauthorized companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	(1,137,000)	4,000	(13,000)
45. Change in treasury stock			
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		950	950
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in		94,999,050	94,999,050
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		(100,000,000)	(101,999,999)
53. Aggregate write-ins for gains and losses in surplus	0	0	0
54. Net change in capital and surplus (Lines 37 through 53)	11,712,354	4,774,739	6,977,047
55. Capital and surplus as of statement date (Lines 36 + 54)	67,020,536	53,105,874	55,308,182

DETAILS OF WRITE-INS

08.301.	Interest from IRS Refund Payment			
08.302.				
08.303.				
08.398.	Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399.	Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	0	0	0
2701.				
2702.				
2703.				
2798.	Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799.	Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0	0
5301.	Prior Year Tax Adjustments			
5302.				
5303.				
5398.	Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399.	Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above)	0	0	0

CASH FLOW

		1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance	132,187,873	119,458,342	160,851,094
2.	Net investment income	4,836,405	4,200,516	5,850,266
3.	Miscellaneous income	615,239	342,590	556,188
4.	Total (Lines 1 through 3)	137,639,517	124,001,448	167,257,548
5.	Benefit and loss related payments	33,540,631	31,137,987	41,269,562
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	51,388,750	49,191,192	63,343,483
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of $..........0 tax on capital gains (losses)	8,900,000	8,400,000	11,500,000
10.	Total (Lines 5 through 9)	93,829,381	88,729,179	116,113,045
11.	Net cash from operations (Line 4 minus Line 10)	43,810,136	35,272,269	51,144,503
	CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	133,347,225	23,903,647	49,125,007
	12.2 Stocks			
	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)	133,347,225	23,903,647	49,125,007
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	173,894,953	50,055,404	73,467,970
	13.2 Stocks			
	13.3 Mortgage loans			
	13.4 Real estate			
	13.5 Other invested assets			
	13.6 Miscellaneous applications	505,950	(156,001)	4,494,050
	13.7 Total investments acquired (Lines 13.1 to 13.6)	174,400,903	49,899,403	77,962,020
14.	Net increase (decrease) in contract loans and premium notes	5,554		
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(41,059,232)	(25,995,756)	(28,837,013)
	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		95,000,000	95,000,000
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities			
	16.5 Dividends to stockholders		100,000,000	101,999,999
	16.6 Other cash provided (applied)	(1,259,642)		(1,624,175)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(1,259,642)	(5,000,000)	(8,624,174)
	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)	1,491,262	4,276,513	13,683,316
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	20,815,779	7,132,463	7,132,463
	19.2 End of period (Line 18 plus Line 19.1)	22,307,041	11,408,976	20,815,779

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

20.0001				

EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Industrial life			
2. Ordinary life insurance	743,092	451,978	605,836
3. Ordinary individual annuities			
4. Credit life (group and individual)			
5. Group life insurance			
6. Group annuities			
7. A&H - group	2,592,836	1,005,485	1,591,136
8. A&H - credit (group and individual)			
9. A&H - other	129,914,571	118,435,873	159,455,522
10. Aggregate of all other lines of business	0	0	0
11. Subtotal	133,250,499	119,893,336	161,652,494
12. Deposit-type contracts			
13. Total	133,250,499	119,893,336	161,652,494

DETAILS OF WRITE-INS

1001.			
1002.			
1003.			
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0
1099. Total (Lines 1001 thru 1003 plus 1098) (Line 10 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

. A. Accounting Practices

The Company presents these financial statements on the basis of accounting principles prescribed or permitted by the Ohio Insurance Department. The National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio.

	09-30-2012	12-31-2011
Net Income - Ohio Basis	$11,696,296	$15,580,835
State Prescribe Practices - None	-0-	-0-
State Permitted Practices - None	-0-	-0-
Net Income - NAIC SAP	**$11,696,296**	**$15,580,835**
Statutory Surplus - Ohio Basis	$67,020,536	$55,308,182
State Prescribe Practices - None	-0-	-0-
State Permitted Practices - None	-0-	-0-
Statutory Surplus - NAIC SAP	**$67,020,536**	**$55,308,182**

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

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

C. Accounting Policy

Life premiums are recognized as income over the premium paying period of the related policies. Health premiums are earned ratably over the terms of the related insurance policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.

2. Bonds not backed by other loans are stated at amortized cost using yield to worst.

3. Liabilities for losses and loss/claim adjustment expenses for accident and health contracts are estimated by the Company's valuation actuary using statistical claim development models and tabular reserves employing mortality/morbidity tables.

4. The Company has a 50% ownership interest in the joint venture which owns the company's home office site. This investment is carried at equity at September 30, 2012.

Note 2 - Accounting Changes and Corrections of Errors

Not applicable.

Note 3 - Business Combinations and Goodwill

Not applicable.

Note 4 - Discontinued Operations

Not applicable.

Note 5 - Investments

Not applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

Not applicable.

Note 9 - Income Taxes

No significant change.

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

No significant change.

Note 11 - Debt

Not applicable.

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

No significant change.

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

Not applicable.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

Note 20 - Fair Value

A, B, D - Not applicable

C.

1)	2)	3)	4)	5)	6)	7)
Type of Financial Instrument	*Aggregate Fair Value*	*Admitted Assets*	*(Level 1)*	*(Level 2)*	*(Level 3)*	*Not Practicable (Carrying Value)*
Bonds	586,531,792	514,283,773		586,531,792		

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

On 08/01/2012 Torchmark Corporation signed a definitive agreement to acquire Family Heritage Life Insurance Company of America. The transaction closed on November 1, 2012 for approximately $232 million, subject to final post-closing adjustments.

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

Reserves on accident and health contracts for incurred losses and loss adjustment expenses attributable to insured events or prior years developed as anticipated during 2011. See Schedule H - Part 3 and the Five Year Historical Data. Original estimates are increased or decreased as additional information becomes known regarding individual claims. However, no significant trends or unanticipated events were noted in 2011. None of the Company's accident and health contracts are subject to retrospective rating or experience refunds.

Note 26 - Intercompany Pooling Arrangements

Not applicable.

Note 27 - Structured Settlements

Not applicable.

Note 28 - Health Care Receivables

Not applicable.

Note 29 - Participating Policies

Not applicable.

Note 30 - Premium Deficiency Reserves

No significant change.

Note 31 - Reserves for Life Contracts and Annuity Contracts

NOTES TO FINANCIAL STATEMENTS

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

Not applicable.

Note 33 - Premiums and Annuity Considerations Deferred and Uncollected

No significant change.

Note 34 - Separate Accounts

Not applicable.

Note 35 - Loss/Claim Adjustment Expenses

No significant change.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [X] No [ ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [X] No [ ]

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: ....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 122/31/2011....................

6.2 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......................

6.3 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). 7/16/2008........................

6.4 By what department or departments?
Ohio Department of Insurance

6.5 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]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]

7.1 Has this 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]

7.2 If yes, give full information:

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 [ ] No [X]

8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9.1 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.

9.11 If the response to 9.1 is No, please explain:

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

PART 1 - FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ....

PART 1 - INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $..................................0

13. Amount of real estate and mortgages held in short-term investments: $..................................0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$ 0	$ 0
14.22 Preferred Stock	$ 0	$ 0
14.23 Common Stock	$ 0	$ 0
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 0	$ 0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$ 0	$ 0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

16. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
PNC Bank, National Association	PO Box 5756, Cleveland OH 44101

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

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

17.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2 - LIFE & HEALTH

1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:

		Amount
1.1	Long-term mortgages in good standing	
1.11	Farm mortgages	$
1.12	Residential mortgages	$
1.13	Commercial mortgages	$
1.14	Total mortgages in good standing	$0
1.2	Long-term mortgages in good standing with restructured terms	
1.21	Total mortgages in good standing with restructured terms	$
1.3	Long-term mortgage loans upon which interest is overdue more than three months	
1.31	Farm mortgages	$
1.32	Residential mortgages	$
1.33	Commercial mortgages	$
1.34	Total mortgages with interest overdue more than three months	$0
1.4	Long-term mortgage loans in process of foreclosure	
1.41	Farm mortgages	$
1.42	Residential mortgages	$
1.43	Commercial mortgages	$
1.44	Total mortgages in process of foreclosure	$0
1.5	Total mortgage loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2)	$0
1.6	Long-term mortgages foreclosed, properties transferred to real estate in current quarter	
1.61	Farm mortgages	$
1.62	Residential mortgages	$
1.63	Commercial mortgages	$
1.64	Total mortgages foreclosed and transferred to real estate	$0

2. Operating Percentages:

2.1	A&H loss percent	60.3
2.2	A&H cost containment percent	
2.3	A&H expense percent excluding cost containment expenses	38.4

3.1	Do you act as a custodian for health savings accounts?	Yes [ ]	No [X]
3.2	If yes, please provide the amount of custodial funds held as of the reporting date	$	
3.3	Do you act as an administrator for health savings accounts?	Yes [ ]	No [X]
3.4	If yes, please provide the balance of the funds administered as of the reporting date	$	

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (YES or NO)

NONE

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

	1	Direct Business Only					
		Life Contracts		4	5	6	7
		2	3				
States, Etc.	Active Status	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 through 5	Deposit-Type Contracts
1. Alabama AL	L	8,088		2,130,395		2,138,483	
2. Alaska AK	L			32,714		32,714	
3. Arizona AZ	L	7,104		2,886,575		2,893,679	
4. Arkansas AR	L	37,025		4,908,974		4,945,999	
5. California CA	L	22,064		2,149,133		2,171,197	
6. Colorado CO	L	9,716		3,374,939		3,384,655	
7. Connecticut CT	L			9,387		9,387	
8. Delaware DE	L	393		146,672		147,065	
9. District of Columbia DC	L			15,771		15,771	
10. Florida FL	L	10,126		1,941,135		1,951,261	
11. Georgia GA	L	14,220		5,480,426		5,494,646	
12. Hawaii HI	L			9,536		9,536	
13. Idaho ID	L	990		513,613		514,603	
14. Illinois IL	L	14,317		7,686,432		7,700,749	
15. Indiana IN	L	1,321		6,407,546		6,408,867	
16. Iowa IA	L	982		1,426,722		1,427,704	
17. Kansas KS	L	7,039		3,687,746		3,694,785	
18. Kentucky KY	L	18,705		3,911,935		3,930,640	
19. Louisiana LA	L	2,116		3,012,448		3,014,564	
20. Maine ME	L			233,937		233,937	
21. Maryland MD	L	1,585		939,188		940,773	
22. Massachusetts MA	L	875		17,458		18,333	
23. Michigan MI	L	1,454		731,508		732,962	
24. Minnesota MN	L	235		2,750,104		2,750,339	
25. Mississippi MS	L	991		613,969		614,960	
26. Missouri MO	L	11,281		2,693,682		2,704,963	
27. Montana MT	L	5,292		1,400,997		1,406,289	
28. Nebraska NE	L	10,165		4,573,307		4,583,472	
29. Nevada NV	L	2,236		724,498		726,734	
30. New Hampshire NH	L	3,456		271,890		275,346	
31. New Jersey NJ	L			13,198		13,198	
32. New Mexico NM	L	5,385		1,397,194		1,402,579	
33. New York NY	N					0	
34. North Carolina NC	L	40,405		4,596,664		4,637,069	
35. North Dakota ND	L	2,493		810,383		812,876	
36. Ohio OH	L	36,350		12,419,405		12,455,755	
37. Oklahoma OK	L	848		1,869,132		1,869,980	
38. Oregon OR	L	1,894		396,661		398,555	
39. Pennsylvania PA	L	7,501		1,534,143		1,541,644	
40. Rhode Island RI	L			6,191		6,191	
41. South Carolina SC	L	5,710		1,166,010		1,171,720	
42. South Dakota SD	L	7,815		2,548,252		2,556,067	
43. Tennessee TN	L	10,323		3,020,924		3,031,247	
44. Texas TX	L	195,008		27,153,499		27,348,507	
45. Utah UT	L			2,214,967		2,214,967	
46. Vermont VT	L	6,661		41,564		48,225	
47. Virginia VA	L	13,241		2,798,486		2,811,727	
48. Washington WA	L	23,338		1,732,590		1,755,928	
49. West Virginia WV	L	10,535		1,389,201		1,399,736	
50. Wisconsin WI	L	3,312		885,895		889,207	
51. Wyoming WY	L	377		1,817,657		1,818,034	
52. American Samoa AS	N					0	
53. Guam GU	N					0	
54. Puerto Rico PR	L			8,418		8,418	
55. US Virgin Islands VI	N					0	
56. Northern Mariana Islands MP	N					0	
57. Canada CN	N					0	
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0
59. Subtotal	(a) 51	562,972	0	132,503,071	0	133,066,043	0
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	562,972	0	132,503,071	0	133,066,043	0
96. Plus Reinsurance Assumed	XXX					0	
97. Totals (All Business)	XXX	562,972	0	132,503,071	0	133,066,043	0
98. Less Reinsurance Ceded	XXX	20,127		858,043		878,170	
99. Totals (All Business) less Reinsurance Ceded	XXX	542,845	0	131,645,028	0	132,187,873	0

DETAILS OF WRITE-INS

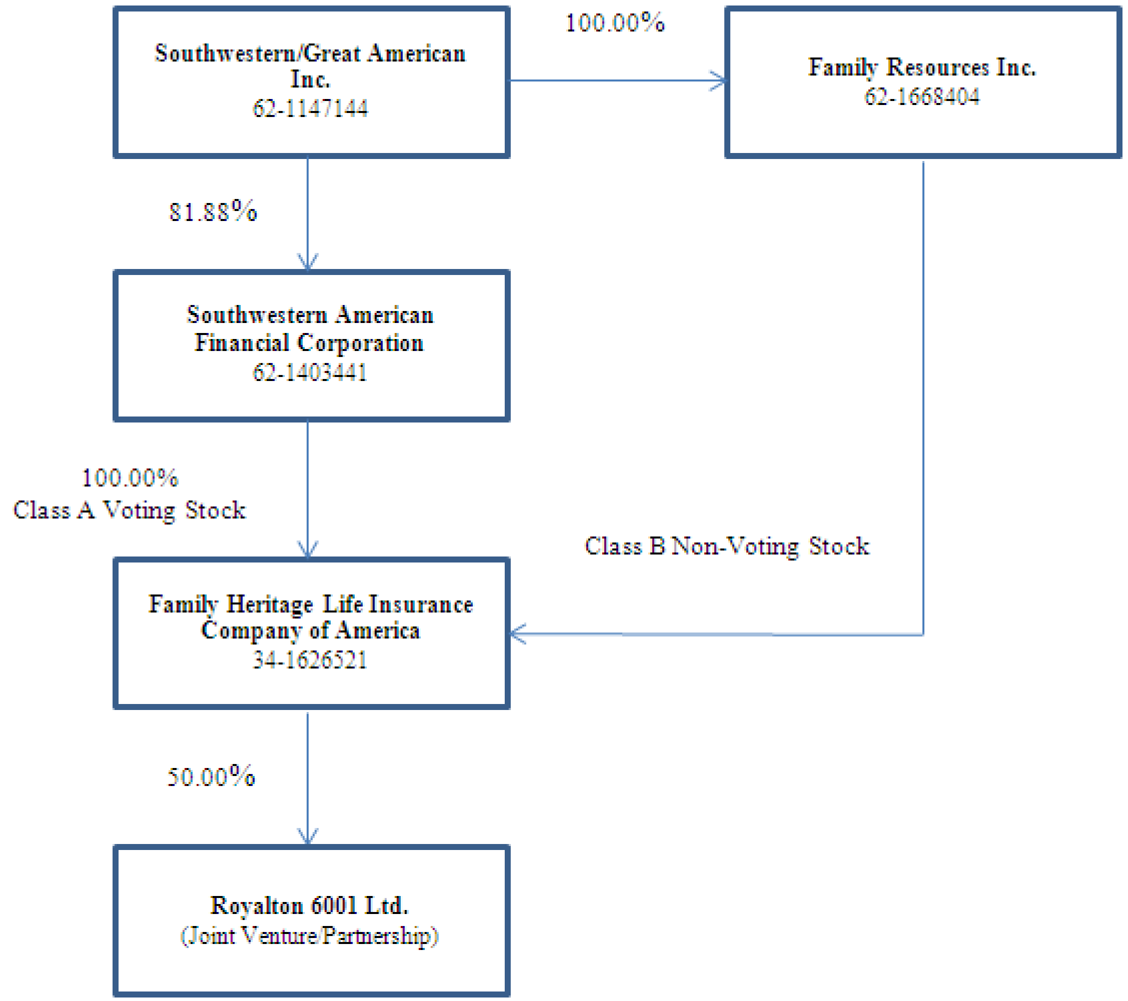
5801.	XXX					0	
5802.	XXX					0	
5803.	XXX					0	
5898. Summary of remaining write-ins for line 58 from overflow page	XXX	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0
9401.	XXX					0	
9402.	XXX					0	
9403.	XXX					0	
9498. Summary of remaining write-ins for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

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

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



Note – percentages reflect voting stock ownership/control

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent, Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 *
Members														
		77968	34-1626521				Family Heritage Life Ins Co of America	OH		Southwestern American Financial Corporation		100.000	Southwestern/Great American Inc.	
			62-1403441				Southwestern American Financial Corporation	OH	UDP	Southwestern/Great American Inc.	Ownership	81.880	Southwestern/Great American Inc.	
			62-1668404				Family Resources Inc.	TN	UIP	Southwestern/Great American Inc.	Other	100.000	Southwestern/Great American Inc.	
			62-1147144				Southwestern/Great American Inc.	TN	UDP	N/A	Board			
							Royalton 6001 Ltd (Joint Venture)	OH	DS	Family Heritage Life Ins Co of America	Ownership	50.000	Family Heritage Life Ins Co of America	

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

		Response
1.	Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2.	Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
3.	Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
4.	Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
5.	Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC?	NO
6.	Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC?	NO
7.	Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC?	NO

Explanations:

1.
2.
3.
4.
5.
6.
7.

Bar Code:

77968201249000003

77968201244700003

77968201236500003

77968201244800003

77968201244500003

77968201244900003

77968201244600003

Overflow Page for Write-Ins

NONE

SCHEDULE A - VERIFICATION
Real Estate

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B - VERIFICATION
Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA - VERIFICATION
Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	565,477	628,443
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	44,836	62,034
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	25,000	125,000
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	585,313	565,477
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	585,313	565,477

SCHEDULE D - VERIFICATION
Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	460,236,713	417,703,247
2. Cost of bonds and stocks acquired	173,894,953	73,467,970
3. Accrual of discount	13,711,611	18,223,023
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		170,839
6. Deduct consideration for bonds and stocks disposed of	133,347,225	49,125,007
7. Deduct amortization of premium	212,279	203,359
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	514,283,773	460,236,713
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	514,283,773	460,236,713

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	489,761,526	46,960,959	28,027,694	3,624,468	481,523,343	489,761,526	512,319,259	457,769,191
2. Class 2 (a)	2,535,977		100,000	827,472	2,514,239	2,535,977	3,263,449	2,492,767
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	492,297,503	46,960,959	28,127,694	4,451,940	484,037,582	492,297,503	515,582,708	460,261,958
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	492,297,503	46,960,959	28,127,694	4,451,940	484,037,582	492,297,503	515,582,708	460,261,958

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $..........0; NAIC 2 $..........0; NAIC 3 $..........0; NAIC 4 $..........0; NAIC 5 $..........0; NAIC 6 $..........0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	1,298,935	XXX	1,298,935	2,588	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	25,245	40,914
2. Cost of short-term investments acquired	1,273,690	
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		15,669
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	1,298,935	25,245
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	1,298,935	25,245

Sch. DB-Pt A-Verification
NONE

Sch. DB-Pt B-Verification
NONE

Sch. DB-Pt C-Sn 1
NONE

Sch. DB-Pt C-Sn 2
NONE

Sch. DB-Verification
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	21,986,008	8,162,803
2. Cost of cash equivalents acquired	476,166	13,823,205
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		
7. Deduct amortization of premium		
8. Total foreign exchange change in book/ adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	22,462,174	21,986,008
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	22,462,174	21,986,008

Sch. A-Pt 2
NONE

Sch. A-Pt 3
NONE

Sch. B-Pt 2
NONE

Sch. B-Pt 3
NONE

Sch. BA-Pt 2
NONE

Sch. BA-Pt 3
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. States, Territories and Possessions									
605580 4X 4	MISSISSIPPI STATE (TAXABLE)		08/03/2012	FTN FINANCIAL		634,685	500,000	9,999	1FE
1799999.	Total - Bonds - U.S. States, Territories & Possessions					634,685	500,000	9,999	XXX
Bonds - U.S. Special Revenue and Special Assessment									
313380 HM 2	FEDERAL HOME LOAN BANK		08/15/2012	CREDIT SUISSE		997,500	1,000,000		1FE
3134A4 NT 7	FEDERAL HOME LOAN MTG CORP - STRIPPED		08/08/2012	CREDIT SUISSE		2,383,188	4,591,000		1FE
57419P MD 8	MARYLAND HOUSING CMNTY DEV (TAXABLE)		07/17/2012	ANCORA ADVISORS LLC		1,039,000	1,000,000	25,329	1FE
576000 KV 4	MASSACHUSETTS SCH BLDG AUTH (TAXABLE)		08/16/2012	ANCORA ADVISORS LLC		642,750	500,000	476	1FE
60636V BW 6	MISSOURI STATE DEV FIN BRD (TAXABLE)		07/19/2012	ANCORA ADVISORS LLC		500,500	500,000		1FE
649883 TM 7	NEW YORK STATE MTG AGY (TAXABLE)		07/13/2012	FTN FINANCIAL		507,710	500,000		1FE
658207 PA 7	NORTH CAROLINA HOUSING FIN AGY (TAXABLE)		07/10/2012	ANCORA ADVISORS LLC		200,200	200,000		1FE
88059E N7 5	TENNESSEE VALLEY AUTHORITY - STRIPPED		08/16/2012	FTN FINANCIAL		1,801,188	4,235,000		1FE
88059E N8 3	TENNESSEE VALLEY AUTHORITY - STRIPPED		08/15/2012	FTN FINANCIAL		1,792,083	4,235,000		1FE
88059E N9 1	TENNESSEE VALLEY AUTHORITY - STRIPPED		08/14/2012	FTN FINANCIAL		1,781,868	4,235,000		1FE
88059E P2 4	TENNESSEE VALLEY AUTHORITY - STRIPPED		08/10/2012	FTN FINANCIAL		1,775,905	4,235,000		1FE
88059E P3 2	TENNESSEE VALLEY AUTHORITY - STRIPPED		08/14/2012	FTN FINANCIAL		1,383,784	3,408,000		1FE
88059E P4 0	TENNESSEE VALLEY AUTHORITY - STRIPPED		08/07/2012	FTN FINANCIAL		1,683,230	4,159,000		1FE
88059E V8 4	TENNESSEE VALLEY AUTHORITY - STRIPPED		09/14/2012	FTN FINANCIAL		1,908,249	4,235,000		1FE
88059E V9 2	TENNESSEE VALLEY AUTHORITY - STRIPPED		09/13/2012	FTN FINANCIAL		1,914,406	4,235,000		1FE
88059E W2 6	TENNESSEE VALLEY AUTHORITY - STRIPPED		08/16/2012	FTN FINANCIAL		1,838,625	4,235,000		1FE
88059F BA 8	TENNESSEE VALLEY AUTHORITY - STRIPPED		09/12/2012	VARIOUS		1,177,030	2,990,000		1FE
88059F BG 5	TENNESSEE VALLEY AUTHORITY - STRIPPED		08/15/2012	FTN FINANCIAL		4,039,583	7,519,000		1FE
88059F BM 2	TENNESSEE VALLEY AUTHORITY - STRIPPED		09/14/2012	FTN FINANCIAL		1,686,477	3,900,000		1FE
88059F BR 1	TENNESSEE VALLEY AUTHORITY - STRIPPED		08/03/2012	FTN FINANCIAL		16,537,250	40,000,000		1FE
92817Q VU 3	VIRGINIA RESOURCES AUTHORITY (TAXABLE)		08/07/2012	ANCORA ADVISORS LLC		624,965	500,000	8,250	1FE
3199999.	Total - Bonds - U.S. Special Revenue & Special Assessments					46,215,491	100,412,000	34,055	XXX
8399997.	Total - Bonds - Part 3					46,850,176	100,912,000	44,054	XXX
8399999.	Total - Bonds					46,850,176	100,912,000	44,054	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					46,850,176	XXX	44,054	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:...............0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
912833 DC 1	US TREASURY STRIPS		08/15/2012	MATURITY		5,700,000	5,700,000	861,385	5,409,991		290,009		290,009		5,700,000			0		08/15/2012	1
0599999.	Total - Bonds - U.S. Government					5,700,000	5,700,000	861,385	5,409,991	0	290,009	0	290,009	0	5,700,000	0	0	0	0	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment																					
3128X6 FL 5	FEDERAL HOME LOAN MTG CORP - STRIPPED		07/13/2012	CALLED BY ISSUER at 17.905		895,267	5,000,000	701,205	866,135		29,132		29,132		895,267			0		07/13/2037	1FE
313376 T4 7	FEDERAL HOME LOAN BANK		07/25/2012	CALLED BY ISSUER at 100.000		5,000,000	5,000,000	5,000,000					0		5,000,000			0	100,000	01/25/2035	1FE
3133EA DR 6	FEDERAL FARM CREDIT BANK		07/27/2012	CALLED BY ISSUER at 100.000		15,000,000	15,000,000	15,000,000					0		15,000,000			0	260,000	02/21/2042	1FE
3136F8 QM 0	FEDERAL NATIONAL MTG ASSOC - STRIPPED		07/30/2012	CALLED BY ISSUER at 17.905		1,432,427	8,000,000	1,144,080	1,384,486		47,941		47,941		1,432,427			0		07/30/2037	1FE
745235 VT 5	COMMONWEALTH OF PUERTO RICO		07/01/2012	MATURITY		100,000	100,000	112,423	100,969		(969)		(969)		100,000			0	5,000	07/01/2012	2FE
3199999.	Total - Bonds - U.S. Special Revenue & Assessment					22,427,694	33,100,000	21,957,708	2,351,590	0	76,104	0	76,104	0	22,427,694	0	0	0	365,000	XXX	XXX
8399997.	Total - Bonds - Part 4					28,127,694	38,800,000	22,819,093	7,761,581	0	366,113	0	366,113	0	28,127,694	0	0	0	365,000	XXX	XXX
8399999.	Total - Bonds					28,127,694	38,800,000	22,819,093	7,761,581	0	366,113	0	366,113	0	28,127,694	0	0	0	365,000	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					28,127,694	XXX	22,819,093	7,761,581	0	366,113	0	366,113	0	28,127,694	0	0	0	365,000	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:...............0.

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1B-Broker List
NONE

Sch. DB-Pt D
NONE

Sch. DL-Pt. 1
NONE

Sch. DL-Pt. 2
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
						6	7	8	
Depository		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories									
PNC - Checking	Cleveland, OH		0.200	181	34	484,941	537,530	428,434	XXX
SunTrust - Checking	Nashville, TN		0.200			1,986	1,986	1,986	XXX
American Founders Bank - Checking	Frankfort, KY					37,126	72,998	79,652	XXX
Wells Fargo Bank, N.A. - DDA & Cont. Disb	Cleveland, OH					(2,004,777)	(1,771,046)	(1,967,540)	XXX
0199999. Total Open Depositories		XXX	XXX	181	34	(1,480,724)	(1,158,532)	(1,457,468)	XXX
0399999. Total Cash on Deposit		XXX	XXX	181	34	(1,480,724)	(1,158,532)	(1,457,468)	XXX
0499999. Cash in Company's Office		XXX	XXX	XXX	XXX	3,400	3,400	3,400	XXX
0599999. Total Cash		XXX	XXX	181	34	(1,477,324)	(1,155,132)	(1,454,068)	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
Sweep Accounts							
Wells Fargo - Stagecoach Sweep Preferred		09/28/2012	0.100	10/01/2012	22,462,174	184	18,225
8499999. Total - Sweep Accounts					22,462,174	184	18,225
8699999. Total - Cash Equivalents					22,462,174	184	18,225