
AMENDED FILING EXPLANATION

The 2012 Annual Statement of the First Catholic Slovak Ladies Association of the U.S.A. is being amended to comply with the August 22nd, 2013, NAIC Financial Reporting & Analysis Data Validation Notification.

The changes concern various disclosures in the Notes to Financial Statements, as well as Schedule D, Part1A.

These changes did not result in any changes to the Total Assets, Total Liabilities, Surplus or Net Income amounts for the First Catholic Slovak Ladies Association.

A copy of this amendment is being filed with the Department of Insurance of the State of Ohio.



ANNUAL STATEMENT

For the Year Ended December 31, 2012
of the Condition and Affairs of the

First Catholic Slovak Ladies Association Of The U.S.A.

NAIC Group Code..... , (Current Period) (Prior Period)	NAIC Company Code..... 56332	Employer's ID Number..... 34-0220540
Organized under the Laws of Ohio	State of Domicile or Port of Entry Ohio	Country of Domicile US
Incorporated/Organized..... October 20, 1899	Commenced Business..... January 1, 1892	
Statutory Home Office	24950 Chagrin Boulevard..... Beachwood OH US 44122-5634 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	24950 Chagrin Boulevard..... Beachwood OH US..... 44122-5634 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	800-464-4642 <i>(Area Code) (Telephone Number)</i>
Mail Address	24950 Chagrin Boulevard..... Beachwood OH US 44122-5634 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	24950 Chagrin Boulevard..... Beachwood OH US 44122-5634 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	800-464-4642 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	WWW.FCSLA.ORG	
Statutory Statement Contact	Robert Louis Jones <i>(Name)</i> treasdept@fcscla.org <i>(E-Mail Address)</i>	800-464-4642-1017 <i>(Area Code) (Telephone Number) (Extension)</i> 216-464-9260 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Cynthia Maria Maleski #	National President	2. Sue Ann Marie Seich #	National Secretary
3. Stephen C Hudak #	National Treasurer	4.	

OTHER

HOROVITZ, RUDROY & ROTEMAN	ACCOUNTANTS	BRUCE & BRUCE COMPANY	ACTUARIES
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DIRECTORS OR TRUSTEES

Msgr. Peter M Polando	Cynthia Maria Maleski	Sue Ann Marie Seich #	Stephen C Hudak
Carolyn Marie Bazik	Irene Joan Drotleff	Larry M Golofski #	Barbara A Sekerak
Barbara Novotny Waller #	Dorothy Urbanowicz	John Martin Janovec	Virginia Holmes
Katie A Esterle #			

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) Cynthia Maria Maleski _____ 1. (Printed Name) National President _____ (Title)	_____ (Signature) Sue Ann Marie Seich _____ 2. (Printed Name) National Secretary _____ (Title)	_____ (Signature) Stephen C Hudak _____ 3. (Printed Name) National Treasurer _____ (Title)
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Subscribed and sworn to before me
This _____ day of _____ 2013

a. Is this an original filing? Yes [] No [X]
b. If no 1. State the amendment number 001
2. Date filed October 15, 2013
3. Number of pages attached 20

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

The accompanying financial statements of the First Catholic Slovak Ladies Association are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance. The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. A reconciliation of the Association's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below:

	<u>State of Domicile</u>	<u>2012</u>	<u>2011</u>
NET INCOME			
1. First Catholic Slovak Ladies Association of the U.S.A. state basis (Page 4, Line 31, Columns 1 & 2)	OH	(\$1,218,543)	(\$2,041,983)
2. State Prescribed Practices that increase (decrease) NAIC SAP: NONE	OH	\$0	\$0
3. State Permitted Practices that increase (decrease) NAIC SAP: NONE	OH	<u>\$0</u>	<u>\$0</u>
4. NAIC SAP (1 - 2 - 3 = 4)	OH	<u>(\$1,218,543)</u>	<u>(\$2,041,983)</u>
SURPLUS			
5. First Catholic Slovak Ladies Association of the U.S.A. state basis (Page 3, Line 30, Columns 1 & 2)	OH	\$84,069,649	\$85,829,470
6. State Prescribed Practices that increase (decrease) NAIC SAP: NONE	OH	\$0	\$0
7. State Permitted Practices that increase (decrease) NAIC SAP NONE	OH	<u>\$0</u>	<u>\$0</u>
8. NAIC SAP (5 - 6 - 7 = 8)	OH	<u>\$84,069,649</u>	<u>\$85,829,470</u>

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

The life and annuity premiums are recognized as income when earned. Expenses incurred in connection with acquiring new insurance are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company.

In addition, the company uses the following accounting policies:

- 1) Short-term investments are stated at amortized cost.
- 2) Bonds not backed by other loans are stated at amortized cost using the interest method, except that bonds with a NAIC rating of "6" are valued at fair market.
- 3) Common stocks are stated at market.
- 4) Preferred stocks are stated at cost, except for stocks designated as "4, 5, 6", which are stated at market.
- 5) Mortgage loans – recorded at aggregate carrying value less accrued interest.
- 6) Loan-backed securities – are stated at amortized cost or the lower of amortized cost or fair value, using the retrospective method.
- 7) Subsidiaries controlled and affiliated companies – none.
- 8) Joint ventures, partnerships and limited liability companies – none.
- 9) Derivatives – none.
- 10) Premium deficiency calculation - The Association does not hold a premium deficiency reserve so therefore does not anticipate investment income as a factor in a premium deficiency calculation.
- 11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

NOTES TO FINANCIAL STATEMENTS

- 12) The Association has not modified its capitalization policy from the prior period. Real estate, furniture and fixtures are recorded at cost less depreciation over its estimated useful life. Electronic data processing equipment and software are recorded at cost and amortized over a three-year period.
- 13) Method used for Pharmaceutical Rebate Receivables - Not applicable.

2. Accounting Changes and Corrections of Errors

Surplus was adjusted by \$257,000 to correct reserves due to prior period calculation error.

3. Business Combinations and Goodwill – not applicable.

4. Discontinued Operations – not applicable.

5. Investments

A. Mortgage Loans

1. There were no new loans issued in 2012.
2. During 2012, the Company did not reduce interest rates on any outstanding mortgage loans.
3. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: Not Applicable.
4. As of year end, the Company held no mortgages with interest more than 180 days past due.
5. Taxes, assessments and any amounts advanced and not included in the mortgage loan total: \$ 0.
6. Current year impaired loans with a related allowance for credit losses: \$ 0.
7. Impaired mortgage loans without an allowance for credit losses: \$ 0.
8. Average recorded investment in impaired loans: \$ 0.
9. Interest income recognized during the period the loans were impaired: \$ 0.
10. Amount of interest income recognized on a cash basis during the period the loans were impaired: \$ 0.
11. Allowance for credit losses: \$ 0.
12. Cash receipts are recorded when received.

B. Debt Restructuring – none.

C. Reverse Mortgages – none.

D. Loan-backed Securities – the company used book value.

E. Repurchase Agreements – none.

F. Real Estate –

1. There were no impairment loss in 2012.
2. The Association has no real estate investments held for sale.
3. Changes to a plan to sell a real estate investment - none.
4. The Association does not participate in retail land sale operations.
5. Real estate investments with participating mortgage loan feature - none.

G. Investments in Low-income Housing Tax Credits - none.

NOTES TO FINANCIAL STATEMENTS**6. Joint Ventures, Partnerships and Limited Liability Companies – none.****7. Investment Income****A. Due and accrued income was excluded from surplus on the following bases:**

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

B. The total amount excluded was \$ - 0 -.**8. Derivative Instruments – none.****9. Income Taxes – not applicable.****10. Information Concerning Parent, Subsidiaries and Affiliates – not applicable.****11. Debt – none.****12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Compensated Absences and Other Post Retirement Benefit Plans.****A. Defined Benefit Plan**

The Association provides certain health care and life insurance benefits ("post-retirement benefits") for retired employees and directors. Life insurance benefits are generally set at a fixed amount. The health care coverage is for retirees as of December 31, 1996 only. The employees who retire after December 31, 1996 are not entitled to health insurance coverage during retirement.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2012 and 2011:

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
1) Change in benefit obligation				
a. Benefit obligation at beginning of year	\$ 0	\$ 0	\$ 432,656	\$ 356,539
b. Service cost	\$ 0	\$ 0	\$ 16,946	\$ 13,006
c. Interest cost	\$ 0	\$ 0	\$ (1,300)	\$ (3,659)
d. Contribution by plan participants	\$ 0	\$ 0	\$ 0	\$ 0
e. Actuarial gain (loss)	\$ 0	\$ 0	\$ 0	\$ 0
f. Foreign currency exchange rate changes	\$ 0	\$ 0	\$ 0	\$ 0
g. Benefits paid	\$ 0	\$ 0	\$ (24,793)	\$ (49,793)
h. Plan amendments	\$ 0	\$ 0	\$ 0	\$ 0
i. Business combinations, divestitures, curtailments, settlements and spacial termination benefits	\$ 0	\$ 0	\$ 0	\$ 0
j. Benefit obligation at end of year	\$ 0	\$ 0	\$ 423,509	\$ 316,093

NOTES TO FINANCIAL STATEMENTS

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
2) Change in plan assets				
a. Fair value of plan assets at beginning of year	\$ 0	\$ 0	\$ 0	\$ 0
b. Actual return on plan assets	\$ 0	\$ 0	\$ 0	\$ 0
c. Foreign currency exchange rate changes	\$ 0	\$ 0	\$ 0	\$ 0
d. Employer contributions	\$ 0	\$ 0	\$ 0	\$ 0
e. Plan participants' contributions	\$ 0	\$ 0	\$ 0	\$ 0
f. Benefits paid	\$ 0	\$ 0	\$ 0	\$ 0
g. Business combinations, divestitures and settlements	\$ 0	\$ 0	\$ 0	\$ 0
h. Fair value of plan assets at end of year	\$ 0	\$ 0	\$ 0	\$ 0
3) Funded status				
a. Unamortized prior service cost	\$ 0	\$ 0	\$ 0	\$ 0
b. Unrecognized net gain or (loss)	\$ 0	\$ 0	\$ 0	\$ 0
c. Remaining net obligation or net asset at initial date of application	\$ 0	\$ 0	\$ 0	\$ 0
d. Prepaid assets or accrued liabilities	\$ 0	\$ 0	\$ 0	\$ 0
e. Intangible asset	\$ 0	\$ 0	\$ 0	\$ 0
4) Accumulated benefit obligation for vested employees and partially vested employees to the extent vested	\$ 0	\$ 0	\$ 387,627	\$ 361,830
5) Benefit obligation for non-vested employees				
a. Projected pension obligation	\$ 0	\$ 0	\$ 0	\$ 0
b. Accumulated benefit obligation	\$ 0	\$ 0	\$ 60,682	\$ 70,826
6) Components of net periodic benefit cost				
a. Service cost	\$ 0	\$ 0	\$ 16,946	\$ 13,006
b. Interest cost	\$ 0	\$ 0	\$ (1,300)	\$ (3,659)
c. Expected return on plan assets	\$ 0	\$ 0		
d. Amortization of unrecognized transition obligation or transition asset	\$ 0	\$ 0	\$ 33,993	\$ 33,993
e. Amount of recognized gains and losses	\$ 0	\$ 0	\$ 10,923	\$ 5,364
f. Amount of prior service cost recognized	\$ 0	\$ 0	\$ 0	\$ 0
g. Amount of gain or loss recognized due to a settlement or curtailment	\$ 0	\$ 0	\$ 0	\$ 0
h. Total net periodic benefit cost	\$ 0	\$ 0	\$ 60,562	\$ 48,704

7) \$ 0 arising from a change in the additional minimum pension liability recognized is included in unassigned funds.

	<u>2012</u>	<u>2011</u>
8. Weighted-average assumptions used to determine net periodic benefit cost as of December 31:		
a. Weighted-average discount rate	5.0%	5.0%
b. Expected long-term rate of return on plan assets	N/A	N/A
c. Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine projected benefit obligations as of December 31:

d. Weighted-average discount rate	5.0%	5.0%
e. Rate of compensation increase	N/A	N/A

9. A measurement date of December 31, 2012 was used to determine the above

10. Multiple non-pension postretirement benefits - Not Applicable

NOTES TO FINANCIAL STATEMENTS

11. Assumed health care cost trend rates have a significant effect on the amounts reported. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point <u>Increase</u>	1 Percentage Point <u>Decrease</u>
a. Effect on total of service and interest cost components	\$ 393	\$ 393
b. Effect on postretirement benefit obligation	\$ 7,863	\$ 7,863

12. Defined benefit pension plan asset allocation - Not Applicable
13. The following estimated future payments, which reflect expected future services, as appropriate, are expected to be paid in the years indicated:

	<u>Year(s)</u>	<u>Amount</u>
a.	2013	-0-
b.	2014	-0-
c.	2015	-0-
d.	2016	-0-
e.	2017	-0-
f.	Thereafter Total	- 0-

14. The Association does not have any regulatory contribution requirements for 2013, however, the Association currently intends to make voluntary contributions to the defined benefit pension plan of \$ 0 in 2013.

B. Defined Contribution Plan - Not Applicable**C. Multiemployer Plans - Not Applicable****D. Consolidated/Holding Company Plans - Not Applicable****E. Postemployment Benefits and Compensated Absences - Not Applicable****F. Impact of Medicare Modernization Act on Postretirement Benefits - Not Applicable****G. Employee's 401(k) Deferred Compensation Plan**

In January 1997, a 401(k)-retirement plan was offered to employees who were eligible to participate. Eligibility is based on the employee attaining the age of 21 and completing one year of service. Each participant can choose to make "before-tax" contributions ranging from 1% to 15% of their compensation. The employee contributions are always 100% vested. The company makes matching contributions equal to 50% of the employee's contribution, up to 6% of the employee's compensation. In addition, the company makes a profit-sharing contribution of 3% of each eligible employee's compensation. The company contributions to the plan are vested as follows:

Years of Service	Vesting Percentage
1	20%
2	40%
3	60%
4	80%
5	100%

During the year-ended December 31, 2012 and 2011, the company contributed \$78,260 and \$97,967, respectively to the plan, which is administered by Key Corp, in Cleveland, Ohio.

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

- 1) The Company has no shares of capital stock outstanding.
- 2) The Company has no preferred stock outstanding.
- 3) Not applicable.
- 4) Not applicable.
- 5) Not applicable.
- 6) There were no restrictions placed on the Company's surplus.
- 7) There were no advances to surplus.
- 8) There were no stock held for special purposes by the Company
- 9) There were no major changes in balances of special surplus funds.

NOTES TO FINANCIAL STATEMENTS

10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a. Unrealized gains and losses	\$	867,638
b. Non-admitted asset values:	\$	44,995
c. Separate account business:	\$	- 0 -
d. Asset valuation reserve:	\$	(1,196,913)
e. Provision for reinsurance:	\$	- 0 -
f. Prior period adjustment	\$	(257,000)

11) The Company issued no surplus notes.

12) Not applicable.

13) Not applicable.

14. Contingencies

A. Contingent commitments – none.

B. Assessments – none.

C. Gain contingencies – none.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - None

E. All other contingencies – none.

15. Leases – Not Applicable.**16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – Not Applicable.****17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – Not Applicable.****18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans – Not Applicable.****19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators – Not Applicable.****20. Fair Value Measurements**

A.

The National Association of Insurance Commissioners (NAIC) Statement of Statutory Accounting Principles (SSAP) 100, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under SSAP 100 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTES TO FINANCIAL STATEMENTS

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments measured at fair value:

- Bonds: valued based on data provided by the NAIC or independent broker quotes
- Preferred stocks: valued based on data provided by the NAIC or independent broker quotes
- Common stocks: valued based on market value provided by the NAIC or independent broker quotes

The valuation methods described may produce a fair value calculation that may not be indicative of net realizable or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The Association's investments at fair value, by level within the fair value hierarchy, at December 31, 2012 are as follows:

1) Fair Value Measurements at Reporting Date

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
a. Assets at fair value				
Common Stocks				
Industrial and Misc	\$3,449,335	\$ -	\$ -	\$3,449,335

- 2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - Not applicable
- 3) Policy for Determining When Transfers Between Levels are Recognized - Not applicable
- 4) Not applicable
- 5) Not applicable

B. Not applicable**C. Fair Value Disclosure by Type of Financial Instrument:**

<u>Type of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Bonds	\$ 757,580,971	\$ 667,216,341	\$ -	\$ 757,580,971	\$ -
Preferred Stocks	\$ 4,310,866	\$ 4,095,422	\$ -	\$ 4,310,866	\$ -
Common Stocks	\$ 3,449,333	\$ 3,449,333	\$ 3,449,333	\$ -	\$ -
Mortgage Loans	\$ 6,261	\$ 6,261	\$ -	\$ 6,261	\$ -
Cash & Short-term Invest.	\$ 23,785,715	\$ 23,785,715	\$ 23,785,715	\$ -	\$ -
Other invested assets	\$ 11,748,520	\$ 10,085,591	\$ -	\$ 11,748,520	\$ -
Total	\$ 800,881,666	\$ 708,638,663	\$ 27,235,048	\$ 773,646,618	\$ -

D. Not applicable**21. Other items:****A. Extraordinary Items – none.****B. Troubled Debt Restructuring: Debtors – not applicable.****C. Other Disclosures**

Hybrid Securities - During 2012, the following securities were reported in Schedule D, Part 2, Section 1:

<u>Cusip</u>	<u>Issuer / Description</u>	<u>Carrying Value</u>
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N O N E

Assets in the amount of \$ 655,000 and \$ 655,000 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Assets Covered by SSAP No. 6 - none.

E. Business Interruption Insurance Recoveries - none.

F. State Transferable and Non-transferable Tax Credits - none.

G. Subprime Mortgage Related Risk Exposure

As regards subprime mortgage related risk exposure, we have: (1) no direct investments in subprime mortgage loans; (2) no direct investments in securities with underlying subprime exposure; and (3) no equity investments in subsidiary, controlled or affiliated entities with known significant subprime related risk exposure. Finally, we offer no Mortgage Guaranty or Financial Guaranty insurance coverage.

H. Retained Assets

The Company uses an Unpaid Beneficiary Trust account, which is shown as part of the general liabilities on the balance sheet. When there are life insurance death claim benefits to be paid to beneficiaries who are minors, these amounts are added to the Unpaid Beneficiary Trust account. Interest is added to this account at an annual rate of 6%. Items are paid out of this account when the beneficiary reaches adulthood. The balance as of December 31, 2012 is \$14,608.

Also, when a death is reported and the beneficiary does not file a claim for payment, or when there are various documents still needed after a claim is filed, the rules for escheat claims apply. When the applicable number of years has past, depending on the state, the claim is paid to the state after performing the necessary due diligence work. These accounts also earn interest at 6%. These escheat claims are recorded on the books as death claim expense when they are paid to the state.

22. Events Subsequent – none.

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? **NO**
- 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? **NO**

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? **NO**
- 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 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 reinsurer policies? **NO**

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 this agreement? **NO**

NOTES TO FINANCIAL STATEMENTS

B. Uncollectible Reinsurance

1,) Describe un-collectible reinsurance written off during the year reported in the following annual statement classifications, including the name or names of the reinsurer(s):

- | | |
|---|----------------|
| a. Claims incurred: | not applicable |
| b. Claims adjustment expenses incurred: | not applicable |
| c. Premiums earned: | not applicable |
| d. Other: | not applicable |

C. Commutation of Ceded Reinsurance

Describe commutation of ceded reinsurance during the year reported in the following annual statement classifications, including the name or names of the reinsurer(s):

- | | |
|---|----------------|
| 1) Claims incurred: | not applicable |
| 2) Claims adjustment expenses incurred: | not applicable |
| 3) Premiums earned: | not applicable |
| 4) Other: | not applicable |

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination – Not Applicable.**25. Change in Incurred Losses and Loss Adjustment Expenses – Not Applicable.****26. Intercompany Pooling Arrangements – Not Applicable.****27. Structured settlements – Not Applicable.****28. Health Care Receivables – Not Applicable.****29. Participating Policies**

- A. 96 % of life business is participating.
- B. The portfolio average method is applied, recognizing plan of insurance, amount of insurance, year of issue and age.
- C. Dividends are accounted for as shown in Exhibit 4.
- D. No additional income was allocated to participating policies.

30. Premium Deficiency Reserves – Not Applicable.**31. Reserves for Life Contracts and Annuity Contracts**

- A. The Society waives deduction of deferred fractional premiums upon death of insured and returns any portion of final premium beyond the date of death. A reserve for this is provided in Exhibit 5. Surrender values are not promised in excess of the legally computed reserves.
- B. The reserves for substandard policies are provided in the aggregated by strengthening the valuation reserve basis.
- C. Some single pay life premiums are less than the statutory net premiums. The statutory reserves, including deficiencies, are included in Exhibit 5.
- D. The Tabular Interest (page 7 line 4) has been determined from the basic data for the calculation of policy reserves. The Tabular Less Actual Reserves Release (page 7, line 5) has been determined from the basic data for the calculation of policy reserves and the actual reserves released. The Tabular Cost (page 7, line 9) has been determined by formula as described in the instructions for page 7.

NOTES TO FINANCIAL STATEMENTS

E Tabular Interest on accumulated dividends is equal to full year's interest on the beginning balance. Tabular interest on supplementary contracts without life contingencies is equal to a full year's interest on the principal left on deposit. In both cases, Tabular Interest as calculated as stated previously is adjusted in case of withdrawal of deposit during the year.

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

A. Subject to discretionary withdrawal:	<u>Amount</u>	<u>% of Total</u>
1) With market value adjustment	- 0. -	0 %
2) At book value less current surrender charge of 5% or more	\$ 9,996,588	2.64 %
3) At fair value	- 0. -	0 %
4) Total with adjustment or at market value (Total of 1 + 2 + 3)	9,996,588	2.64 %
5) At book value without adjustment (minimal or no charge or adjustment)	\$ 362,000,049	95.58 %
 B. Not subject to discretionary withdrawal provision	 \$ 6,724,186	 1.78 %
C. Total (Gross: Direct + Assumed)	\$ 378,720,823	100.00 %
D. Reinsurance ceded	- 0. -	0 %
E. Total (net) * (C – D)	\$ 378,720,823	100.00 %

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

F. Fraternal Annual Statement:	<u>Amount</u>
1) Exhibit 5, Annuities, Total (net)	\$ 371,996,637
Exhibit 5, Supplementary Contracts W/ Life Contingencies, Total (net)	1,482,186
2) Exhibit 7, Deposit-Type Contracts, line 16, column 1	5,242,000
3) Subtotal (to agree with "E" above)	378,720,823
 Separate Accounts Annual Statement:	
4) Exhibit 3, line 0299999, column 2	- 0. -
5) Exhibit 3, line 0399999, column 2	- 0. -
6) Policyholder dividend and coupon accumulations	- 0. -
7) Policyholder premiums	- 0. -
8) Guaranteed interest contracts	- 0. -
9) Other contract deposit funds	- 0. -
 10) Subtotal	 - 0. -
 11) Combined Total	 \$ 378,720,823

33. Premium and Annuity Considerations Deferred and Uncollected

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2012, were as follows.

<u>Type</u>	<u>Gross</u>
1) Industrial	\$ - 0. -
2) Ordinary new business	- 0. -
3) Ordinary renewal	\$ 16,364.
4) Credit life	- 0. -
5) Group life	- 0. -
6) Group annuity	- 0. -
7) Total	\$ 16,364.

34. Separate Accounts – None.**35. Loss / Claim Adjustment Expenses – Not Applicable.**

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Direct Business					
		Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Mem- bership 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	113,033	12,000	-	125,033	-
2. Alaska	AK	L	1,915	-	-	1,915	-
3. Arizona	AZ	L	406,415	92,219	-	498,634	35
4. Arkansas	AR	L	-	-	-	0	-
5. California	CA	L	-	-	-	0	-
6. Colorado	CO	L	607,332	19,400	-	626,732	2
7. Connecticut	CT	L	1,002,322	26,075	-	1,028,397	1,188
8. Delaware	DE	L	85,868	1,200	-	87,068	-
9. District of Columbia	DC	L	899	-	-	899	-
10. Florida	FL	L	235,117	160,600	-	395,717	158
11. Georgia	GA	L	50,507	-	-	50,507	-
12. Hawaii	HI	L	-	-	-	0	-
13. Idaho	ID	L	72,354	-	-	72,354	-
14. Illinois	IL	L	2,334,916	982,508	-	3,317,424	17,478
15. Indiana	IN	L	330,372	516,255	-	846,627	12,988
16. Iowa	IA	L	1,317,432	2,012,198	-	3,329,630	11,788
17. Kansas	KS	L	570,714	179,201	-	749,915	10,653
18. Kentucky	KY	L	10,941	-	-	10,941	4
19. Louisiana	LA	L	-	-	-	0	-
20. Maine	ME	L	27,211	-	-	27,211	-
21. Maryland	MD	L	7,502	183,027	-	190,529	191
22. Massachusetts	MA	L	338,018	2,800	-	340,818	14
23. Michigan	MI	L	3,021,352	442,594	-	3,463,946	4,962
24. Minnesota	MN	L	2,189,973	2,301,753	-	4,491,726	6,148
25. Mississippi	MS	N	-	-	-	0	-
26. Missouri	MO	L	468,299	58,200	-	526,499	15
27. Montana	MT	L	10,058	10,000	-	20,058	-
28. Nebraska	NE	L	4,754,508	2,152,403	-	6,906,911	27,756
29. Nevada	NV	L	50,597	20,000	-	70,597	-
30. New Hampshire	NH	N	-	-	-	0	-
31. New Jersey	NJ	L	77,031	305,301	-	382,332	6,565
32. New Mexico	NM	L	951	-	-	951	-
33. New York	NY	L	240,394	219,250	-	459,644	1,574
34. North Carolina	NC	L	1,124,389	-	-	1,124,389	-
35. North Dakota	ND	L	38,005	275,450	-	313,455	7,007
36. Ohio	OH	L	2,658,712	4,052,487	-	6,711,199	61,751
37. Oklahoma	OK	L	596	-	-	596	-
38. Oregon	OR	L	9,392	12,300	-	21,692	1,935
39. Pennsylvania	PA	L	6,182,919	4,125,512	-	10,308,431	63,083
40. Rhode Island	RI	L	277,095	29,064	-	306,159	-
41. South Carolina	SC	L	238,255	6,900	-	245,155	10
42. South Dakota	SD	L	322,583	83,060	-	405,643	3,190
43. Tennessee	TN	L	7,188	12,000	-	19,188	1,180
44. Texas	TX	L	113,857	214,415	-	328,272	823
45. Utah	UT	L	19,999	-	-	19,999	-
46. Vermont	VT	L	-	20,000	-	20,000	-
47. Virginia	VA	L	14,807	21,112	-	35,919	12
48. Washington	WA	L	9,999	-	-	9,999	-
49. West Virginia	WV	L	2,393,310	38,100	-	2,431,410	1,333
50. Wisconsin	WI	L	1,670,873	1,033,901	-	2,704,774	3,168
51. Wyoming	WY	L	-	-	-	0	-
52. American Samoa	AS	N	-	-	-	0	-
53. Guam	GU	N	-	-	-	0	-
54. Puerto Rico	PR	N	-	-	-	0	-
55. US Virgin Islands	VI	N	-	-	-	0	-
56. Northern Mariana Islands	MP	N	-	-	-	0	-
57. Canada	CAN	N	-	-	-	0	-
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Subtotal	(a)....49		33,408,010	19,621,285	0	53,029,295	245,011
90. Reporting entity contributions for employee benefit plans	XXX					0	
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX		1,610,145			1,610,145	
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
95. Totals (Direct Business)	XXX		35,018,155	19,621,285	0	54,639,440	245,011
96. Plus Reinsurance Assumed	XXX					0	
97. Totals (All Business)	XXX		35,018,155	19,621,285	0	54,639,440	245,011
98. Less Reinsurance Ceded	XXX		282,619			282,619	
99. Totals (All Business) less reinsurance ceded	XXX		34,735,536	19,621,285	(b).....0	54,356,821	245,011

DETAILS OF WRITE-INS

58001	XXX					0	
58002	XXX					0	
58003	XXX					0	
58998. Summ. of remaining write-ins for line 58 from overflow	XXX		0	0	0	0	0
58999. Total (Lines 58001 thru 58003 plus 58998) (Line 58)	XXX		0	0	0	0	0
9401	XXX					0	
9402	XXX					0	
9403	XXX					0	
9498. Summ. of remaining write-ins for line 94 from overflow	XXX		0	0	0	0	0
9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above)	XXX		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.

Based on the State in which the contract was issued.

(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, Col. 4 or with Schedule H, Part 1, Column 1, Line 1. Indicate which: