



ANNUAL STATEMENT

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

Universal Guaranty Life Insurance Company

NAIC Group Code..... , (Current Period) (Prior Period)	NAIC Company Code..... 70130	Employer's ID Number..... 31-0727974
Organized under the Laws of Ohio	State of Domicile or Port of Entry Ohio	Country of Domicile US
Incorporated/Organized..... November 15, 1966	Commenced Business..... December 31, 1966	
Statutory Home Office	65 East State Street, Suite 2100..... Columbus OH US 43215-4260 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	5250 S 6th Street Rd..... Springfield IL US..... 62703-5128 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	877-881-1777 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 5147..... Springfield IL US 62705-5147 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	5250 S 6th Street Rd..... Springfield IL US 62703-5128 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	217-241-6300-363 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.utgins.com	
Statutory Statement Contact	Theodore Clayton Miller <i>(Name)</i> accounting@utgins.com <i>(E-Mail Address)</i>	217-241-6300-363 <i>(Area Code) (Telephone Number) (Extension)</i> 217-241-6590 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. James Patrick Rousey	President	2. Theodore Clayton Miller	Secretary/CFO
3. Jacob Joncarl Andrew	Treasurer	4.	

OTHER

Jacob Joncarl Andrew	Vice President	Michael Keith Borden	Vice President
Jesse Thomas Correll	Chief Executive Officer	Douglas Paul Ditto	Vice President
Douglas August Dockter	Vice President	Kendra Ann Lynn	Vice President
Theodore Clayton Miller	Senior Vice President		

DIRECTORS OR TRUSTEES

John Sanford Albin	Randall Lanier Attkisson	Joseph Anthony Brinck II	Jesse Thomas Correll
Ward Forrest Correll	Thomas Francis Darden II	Howard Lape Dayton Jr	Daryl Jack Heald
Peter Loyd Ochs	William Wesley Perry	James Patrick Rousey	

State of..... Illinois
County of..... Sangamon

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) James Patrick Rousey	_____ (Signature) Theodore Clayton Miller	_____ (Signature) Jacob Joncarl Andrew
1. (Printed Name) President	2. (Printed Name) Secretary/CFO	3. (Printed Name) Treasurer
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This 1st day of February 2013

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	173,332,518	0	173,332,518	106,978,468
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	18,743,889	0	18,743,889	8,802,900
2.2 Common stocks.....	26,232,859	0	26,232,859	16,723,386
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	44,008,507	0	44,008,507	36,740,839
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	1,344,851	0	1,344,851	1,525,958
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	13,905,775	0	13,905,775	12,580,594
5. Cash (\$.....16,878,150, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....5,457,039, Schedule DA).....	22,335,189	0	22,335,189	81,165,090
6. Contract loans (including \$.....0 premium notes).....	12,591,572	0	12,591,572	13,312,229
7. Derivatives (Schedule DB).....	6,745,528	0	6,745,528	3,217,420
8. Other invested assets (Schedule BA).....	32,953,674	566,972	32,386,702	37,398,746
9. Receivables for securities.....	1,903,834	0	1,903,834	114,021
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	354,098,196	566,972	353,531,224	318,559,651
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	2,444,790	0	2,444,790	1,136,741
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	(67,401)	0	(67,401)	(71,198)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	1,032,903	0	1,032,903	947,315
15.3 Accrued retrospective premiums.....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	986,910	0	986,910	50,073
16.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	225,606	0	225,606	262,427
17. Amounts receivable relating to uninsured plans.....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0	290,947
18.2 Net deferred tax asset.....	1,935,444	0	1,935,444	811,716
19. Guaranty funds receivable or on deposit.....	88,487	0	88,487	33,971
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0	0
24. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other than invested assets.....	399,934	0	399,934	542,310
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	361,144,869	566,972	360,577,897	322,563,953
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTALS (Lines 26 and 27).....	361,144,869	566,972	360,577,897	322,563,953

DETAILS OF WRITE-INS

1101.....	0	0	0	0
1102.....	0	0	0	0
1103.....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Due from Unaffiliate.....	399,934	0	399,934	542,310
2502.....	0	0	0	0
2503.....	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	399,934	0	399,934	542,310

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....275,137,327 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	275,137,327	247,991,791
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....	191,297	328,817
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....	11,214,601	11,411,127
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	3,077,125	2,312,189
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	61,716	62,454
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....	0	0
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....	539,688	546,358
6.2 Dividends not yet apportioned (including \$.....0 Modco).....	0	0
6.3 Coupons and similar benefits (including \$.....0 Modco).....	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6.....	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....318 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....	63,266	64,227
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....	0	0
9.2 Provision for experience rating refunds, including the liability of \$.....98,685 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....	98,685	0
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded.....	0	0
9.4 Interest Maintenance Reserve (IMR, Line 6).....	12,130,055	6,953,416
10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....	0	0
11. Commissions and expense allowances payable on reinsurance assumed.....	0	0
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	875,309	1,289,203
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	655,179	765,364
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....	2,042,786	0
15.2 Net deferred tax liability.....	0	0
16. Unearned investment income.....	242,958	223,132
17. Amounts withheld or retained by company as agent or trustee.....	1,447,967	1,391,294
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....	0	329
19. Remittances and items not allocated.....	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0
21. Liability for benefits for employees and agents if not included above.....	0	0
22. Borrowed money \$.....0 and interest thereon \$.....0.....	0	0
23. Dividends to stockholders declared and unpaid.....	0	0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR Line 16, Col. 7).....	12,672,756	7,865,649
24.02 Reinsurance in unauthorized and certified (\$.....0) companies.....	0	0
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers.....	0	0
24.04 Payable to parent, subsidiaries and affiliates.....	178,752	151,370
24.05 Drafts outstanding.....	0	0
24.06 Liability for amounts held under uninsured plans.....	0	0
24.07 Funds held under coinsurance.....	0	2,325,944
24.08 Derivatives.....	6,050,344	4,187,885
24.09 Payable for securities.....	152,637	240,000
24.10 Payable for securities lending.....	0	0
24.11 Capital notes \$.....0 and interest thereon \$.....0.....	0	0
25. Aggregate write-ins for liabilities.....	1,502,360	1,286,182
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	328,334,808	289,396,731
27. From Separate Accounts Statement.....	0	0
28. Total liabilities (Line 26 and 27).....	328,334,808	289,396,731
29. Common capital stock.....	2,000,000	2,000,000
30. Preferred capital stock.....	0	0
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....	0	0
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	18,655,343	18,655,343
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	11,587,746	12,511,879
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....	0	0
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....	0	0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	30,243,089	31,167,222
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	32,243,089	33,167,222
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	360,577,897	322,563,953

DETAILS OF WRITE-INS

2501. Short Stock.....	1,502,360	1,283,590
2502. Due to Unaffiliate.....	0	2,592
2503.	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	1,502,360	1,286,182
3101.	0	0
3102.	0	0
3103.	0	0
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	0
3401.	0	0
3402.	0	0
3403.	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

Universal Guaranty Life Insurance Company

SUMMARY OF OPERATIONS

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11).....	8,963,208	9,199,333
2. Considerations for supplementary contracts with life contingencies.....	59,107	65,169
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	15,896,375	22,347,944
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....	1,024,152	686,696
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0	0
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1).....	33,791,368	1,059,156
7. Reserve adjustments on reinsurance ceded.....	0	0
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....	0	0
8.2 Charges and fees for deposit-type contracts.....	0	0
8.3 Aggregate write-ins for miscellaneous income.....	1,974,945	1,925,533
9. Totals (Lines 1 to 8.3).....	61,709,155	35,283,831
10. Death benefits.....	14,210,227	13,219,852
11. Matured endowments (excluding guaranteed annual pure endowments).....	264,748	292,044
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....	565,883	528,310
13. Disability benefits and benefits under accident and health contracts.....	86,533	56,521
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0	0
15. Surrender benefits and withdrawals for life contracts.....	6,995,214	6,093,108
16. Group conversions.....	0	0
17. Interest and adjustments on contract or deposit-type contract funds.....	418,130	386,490
18. Payments on supplementary contracts with life contingencies.....	188,780	174,055
19. Increase in aggregate reserves for life and accident and health contracts.....	27,106,701	(4,839,060)
20. Totals (Lines 10 to 19).....	49,836,216	15,911,320
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	25,499	33,109
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....	16,272	15,774
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....	9,182,826	8,099,057
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	433,757	442,557
25. Increase in loading on deferred and uncollected premiums.....	39,735	(36,499)
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0	0
27. Aggregate write-ins for deductions.....	0	0
28. Totals (Lines 20 to 27).....	59,534,305	24,465,318
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	2,174,850	10,818,513
30. Dividends to policyholders.....	494,400	448,177
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	1,680,450	10,370,336
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	(307,262)	3,696,191
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).....	1,987,712	6,674,145
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....2,627,680 (excluding taxes of \$.....3,392,908 transferred to the IMR).....	4,880,399	(6,858,358)
35. Net income (Line 33 plus Line 34).....	6,868,111	(184,213)
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	33,167,222	30,442,880
37. Net income (Line 35).....	6,868,111	(184,213)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....	(655,391)	4,345,820
39. Change in net unrealized foreign exchange capital gain (loss).....	0	0
40. Change in net deferred income tax.....	1,123,728	1,006,536
41. Change in nonadmitted assets.....	0	(51,112)
42. Change in liability for reinsurance in unauthorized and certified companies.....	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4).....	0	0
44. Change in asset valuation reserve.....	(4,807,107)	1,041,809
45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....	0	0
47. Other changes in surplus in Separate Accounts Statement.....	0	0
48. Change in surplus notes.....	0	0
49. Cumulative effect of changes in accounting principles.....	0	0
50. Capital changes:		
50.1 Paid in.....	0	0
50.2 Transferred from surplus (Stock Dividend).....	0	0
50.3 Transferred to surplus.....	0	0
51. Surplus adjustment:		
51.1 Paid in.....	0	0
51.2 Transferred to capital (Stock Dividend).....	0	0
51.3 Transferred from capital.....	0	0
51.4 Change in surplus as a result of reinsurance.....	(136,752)	(504,498)
52. Dividends to stockholders.....	(3,316,722)	(2,930,000)
53. Aggregate write-ins for gains and losses in surplus.....	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53).....	(924,133)	2,724,342
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	32,243,089	33,167,222

DETAILS OF WRITE-INS

08.301. Miscellaneous Income.....	590	1,272
08.302. Third Party Administration Income.....	1,974,355	1,924,261
08.303.	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	1,974,945	1,925,533
2701.	0	0
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
5301.	0	0
5302.	0	0
5303.	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	8,891,696	9,402,267
2. Net investment income.....	13,750,111	19,257,211
3. Miscellaneous income.....	35,766,313	2,984,689
4. Total (Lines 1 through 3).....	58,408,120	31,644,167
5. Benefit and loss related payments.....	22,348,440	20,106,642
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	10,083,189	8,497,699
8. Dividends paid to policyholders.....	501,070	514,268
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	3,379,593	5,786,521
10. Total (Lines 5 through 9).....	36,312,292	34,905,130
11. Net cash from operations (Line 4 minus Line 10).....	22,095,828	(3,260,963)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	98,640,115	198,818,027
12.2 Stocks.....	7,530,423	44,185,765
12.3 Mortgage loans.....	14,080,111	18,172,089
12.4 Real estate.....	7,502,949	8,205,566
12.5 Other invested assets.....	21,985,887	5,156,230
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	0	107,413
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	149,739,485	274,645,090
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	156,207,198	133,933,009
13.2 Stocks.....	26,500,588	30,322,719
13.3 Mortgage loans.....	22,244,732	11,123,386
13.4 Real estate.....	5,626,367	1,836,155
13.5 Other invested assets.....	13,576,087	8,405,485
13.6 Miscellaneous applications.....	7,031,727	6,124,071
13.7 Total investments acquired (Lines 13.1 to 13.6).....	231,186,698	191,744,825
14. Net increase (decrease) in contract loans and premium notes.....	(720,657)	(663,790)
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(80,726,556)	83,564,055
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	(2,000,000)
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	(708,095)	(675,386)
16.5 Dividends to stockholders.....	3,316,722	3,530,000
16.6 Other cash provided (applied).....	3,825,645	(9,736,664)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(199,172)	(15,942,050)
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).....	(58,829,901)	64,361,042
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	81,165,090	16,804,048
19.2 End of year (Line 18 plus Line 19.1).....	22,335,189	81,165,090
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001	0	0

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance(a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts.....	8,963,208	412,576	7,985,279	334,760	0	10,415	202,705	0	0	1,038	16,435	0
2. Considerations for supplementary contracts with life contingencies.....	59,107	0	0	0	59,107	0	0	0	0	0	0	0
3. Net investment income.....	15,896,375	1,266,098	13,009,456	1,518,533	83,918	478	982	0	4,715	40	12,155	0
4. Amortization of Interest Maintenance Reserve (IMR).....	1,024,152	81,571	838,156	97,834	5,407	31	63	0	304	3	783	0
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0	0	0	0	0	0	0	0	0	0	0	0
6. Commissions and expense allowances on reinsurance ceded.....	33,791,368	0	33,790,154	0	0	0	0	0	0	0	1,214	0
7. Reserve adjustments on reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Charges and fees for deposit-type contracts.....	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Aggregate write-ins for miscellaneous income.....	1,974,945	0	1,974,945	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 to 8.3).....	61,709,155	1,760,245	57,597,990	1,951,127	148,432	10,924	203,750	0	5,019	1,081	30,587	0
10. Death benefits.....	14,210,227	585,792	13,189,595	0	0	4,314	430,526	0	0	0	0	0
11. Matured endowments (excluding guaranteed annual pure endowments).....	264,748	0	264,748	0	0	0	0	0	0	0	0	0
12. Annuity benefits.....	565,883	0	0	565,883	0	0	0	0	0	0	0	0
13. Disability benefits and benefits under accident and health contracts.....	86,533	0	0	0	0	0	0	0	16,200	4,647	65,686	0
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0	0	0	0	0	0	0	0	0	0	0	0
15. Surrender benefits and withdrawals for life contracts.....	6,995,214	333,648	5,293,173	1,368,393	0	0	0	0	0	0	0	0
16. Group conversions.....	0	0	0	0	0	0	0	0	0	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds.....	418,130	0	417,505	0	625	0	0	0	0	0	0	0
18. Payments on supplementary contracts with life contingencies.....	188,780	0	0	0	188,780	0	0	0	0	0	0	0
19. Increase in aggregate reserves for life and accident and health contracts.....	27,106,701	(1,015,576)	28,750,404	(524,894)	(61,617)	(179)	(2,602)	0	(7,628)	(45)	(31,162)	0
20. Totals (Lines 10 to 19).....	49,836,216	(96,136)	47,915,425	1,409,382	127,788	4,135	427,924	0	8,572	4,602	34,524	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	25,499	0	25,457	0	0	0	0	0	0	0	42	0
22. Commissions and expense allowances on reinsurance assumed.....	16,272	0	14,153	0	0	1,927	0	0	0	192	0	0
23. General insurance expenses.....	9,182,826	306,142	8,371,426	248,959	0	7,746	150,544	0	0	3,543	94,466	0
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	433,757	14,471	395,699	11,768	0	366	7,116	0	0	157	4,180	0
25. Increase in loading on deferred and uncollected premiums.....	39,735	226	39,627	0	0	0	(118)	0	0	0	0	0
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0	0	0	0	0	0	0	0	0	0	0	0
27. Aggregate write-ins for deductions.....	0	0	0	0	0	0	0	0	0	0	0	0
28. Totals (Lines 20 to 27).....	59,534,305	224,703	56,761,787	1,670,109	127,788	14,174	585,466	0	8,572	8,494	133,212	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	2,174,850	1,535,542	836,203	281,018	20,644	(3,250)	(381,716)	0	(3,553)	(7,413)	(102,625)	0
30. Dividends to policyholders.....	494,400	0	494,400	0	0	0	0	0	0	0	0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	1,680,450	1,535,542	341,803	281,018	20,644	(3,250)	(381,716)	0	(3,553)	(7,413)	(102,625)	0
32. Federal income taxes incurred (excluding tax on capital gains).....	(307,262)	(146,260)	(32,557)	(26,767)	(1,966)	(650)	(76,343)	0	(711)	(1,483)	(20,525)	0
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	1,987,712	1,681,802	374,360	307,785	22,610	(2,600)	(305,373)	0	(2,842)	(5,930)	(82,100)	0

DETAILS OF WRITE-INS

08.301. Miscellaneous Income.....	590	0	590	0	0	0	0	0	0	0	0	0
08.302. Third Party Administration Income.....	1,974,355	0	1,974,355	0	0	0	0	0	0	0	0	0
08.303.	0	0	0	0	0	0	0	0	0	0	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	1,974,945	0	1,974,945	0	0	0	0	0	0	0	0	0
2701.	0	0	0	0	0	0	0	0	0	0	0	0
2702.	0	0	0	0	0	0	0	0	0	0	0	0
2703.	0	0	0	0	0	0	0	0	0	0	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0	0	0	0	0	0	0	0	0	0	0

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

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
Involving Life or Disability Contingencies (Reserves)								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year.....	248,060,790	23,675,284	195,189,370	28,047,508	1,120,527	8,834	19,267	.0
2. Tabular net premiums or considerations.....	7,811,156	134,051	7,092,067	334,760	59,107	8,736	182,435	.0
3. Present value of disability claims incurred.....	.0	.0	.0	.0	XXX	.0	.0	.0
4. Tabular interest.....	9,281,792	705,803	7,477,760	1,061,581	31,833	396	4,419	.0
5. Tabular less actual reserve released.....	54,192	.0	137,335	(108,527)	25,384	.0	.0	.0
6. Increase in reserve on account of change in valuation basis.....	.0	.0	.0	.0	.0	.0	.0	.0
7. Other increases (net).....	32,646,576	.0	32,635,737	.0	10,839	.0	.0	.0
8. Totals (Lines 1 to 7).....	297,854,506	24,515,138	242,532,269	29,335,322	1,247,690	17,966	206,121	.0
9. Tabular cost.....	6,672,267	1,090,910	5,382,600	.0	XXX	9,301	189,456	.0
10. Reserves released by death.....	7,052,414	333,397	6,719,017	XXX	XXX	.0	.0	XXX
11. Reserves released by other terminations (net).....	8,237,835	431,121	6,559,879	1,246,825	.0	10	.0	.0
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	754,663	.0	.0	565,883	188,780	.0	.0	.0
13. Net transfers to or (from) Separate Accounts.....	.0	.0	.0	.0	.0	.0	.0	.0
14. Total deductions (Lines 9 to 13).....	22,717,179	1,855,428	18,661,496	1,812,708	188,780	9,311	189,456	.0
15. Reserve December 31, current year.....	275,137,327	22,659,710	223,870,773	27,522,614	1,058,910	8,655	16,665	.0

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....1,642,541	.....1,366,259
1.1 Bonds exempt from U.S. tax.....	(a).....0	.....0
1.2 Other bonds (unaffiliated).....	(a).....4,695,512	.....6,253,775
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....384,703	.....384,703
2.11 Preferred stocks of affiliates.....	(b).....264,943	.....264,943
2.2 Common stocks (unaffiliated).....	.....720,569	.....720,597
2.21 Common stocks of affiliates.....	.....103,146	.....103,146
3. Mortgage loans.....	(c).....5,178,594	.....5,209,050
4. Real estate.....	(d).....505,769	.....505,769
5. Contract loans.....	.....825,449	.....809,885
6. Cash, cash equivalents and short-term investments.....	(e).....7,590	.....7,638
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....2,833,417	.....2,824,691
9. Aggregate write-ins for investment income.....	(75,462)	(75,462)
10. Total gross investment income.....	17,086,772	18,374,994
11. Investment expenses.....		(g).....2,127,548
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....56,499
13. Interest expense.....		(h).....0
14. Depreciation on real estate and other invested assets.....		(i).....294,572
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		2,478,619
17. Net investment income (Line 10 minus Line 16).....		15,896,375

DETAILS OF WRITE-INS

0901. Short Stock.....	(75,462)	(75,462)
0902.	0	0
0903.	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	(75,462)	(75,462)
1501.		0
1502.		0
1503.		0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		0

- (a) Includes \$.....49,687 accrual of discount less \$.....756,898 amortization of premium and less \$.....1,192,729 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....53,100 paid for accrued dividends on purchases.
- (c) Includes \$.....1,900,255 accrual of discount less \$.....194,191 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....294,572 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	8,632,132	0	8,632,132	0	0
1.1 Bonds exempt from U.S. tax.....	0	0	0	0	0
1.2 Other bonds (unaffiliated).....	774,136	(12,680)	761,456	100,587	0
1.3 Bonds of affiliates.....	0	0	0	0	0
2.1 Preferred stocks (unaffiliated).....	(581,571)	0	(581,571)	733,192	0
2.11 Preferred stocks of affiliates.....	0	0	0	0	0
2.2 Common stocks (unaffiliated).....	812,043	0	812,043	(483,367)	0
2.21 Common stocks of affiliates.....	0	0	0	0	0
3. Mortgage loans.....	0	0	0	0	0
4. Real estate.....	1,534,160	0	1,534,160	0	0
5. Contract loans.....	0	0	0	0	0
6. Cash, cash equivalents and short-term investments.....	0	0	0	0	0
7. Derivative instruments.....	3,043,789	0	3,043,789	(747,103)	0
8. Other invested assets.....	2,985,392	(174,725)	2,810,667	(234,861)	0
9. Aggregate write-ins for capital gains (losses).....	89,099	0	89,099	(23,839)	0
10. Total capital gains (losses).....	17,289,180	(187,405)	17,101,775	(655,391)	0

DETAILS OF WRITE-INS

0901. Short Sales.....	89,099	0	89,099	(23,839)	0
0902.	0	0	0	0	0
0903.	0	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	89,099	0	89,099	(23,839)	0

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

	1		2		3 Ordinary		4	5	6 Group		7 Accident and Health		8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance			Annuities	Group	Credit (Group & Individual)	Other					Aggregate of All Other Lines of Business
FIRST YEAR (other than single)																
1. Uncollected.....	31	0	8	0	0	23	0	0	0	0	0	0	0	0	0	0
2. Deferred and accrued.....	1,726	0	955	0	0	771	0	0	0	0	0	0	0	0	0	0
3. Deferred, accrued and uncollected:																
3.1 Direct.....	1,757	0	963	0	0	794	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net (Line 1 + Line 2).....	1,757	0	963	0	0	794	0	0	0	0	0	0	0	0	0	0
4. Advance.....	128	0	128	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Line 3.4 - Line 4.....	1,629	0	835	0	0	794	0	0	0	0	0	0	0	0	0	0
6. Collected during year:																
6.1 Direct.....	6,845	0	6,232	0	0	613	0	0	0	0	0	0	0	0	0	0
6.2 Reinsurance assumed.....	2,086	0	2,086	0	0	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6.4 Net.....	8,931	0	8,318	0	0	613	0	0	0	0	0	0	0	0	0	0
7. Line 5 + Line 6.4.....	10,560	0	9,153	0	0	1,407	0	0	0	0	0	0	0	0	0	0
8. Prior year (uncollected + deferred and accrued - advance).....	2,000	0	1,845	0	0	155	0	0	0	0	0	0	0	0	0	0
9. First year premiums and considerations:																
9.1 Direct.....	6,474	0	5,222	0	0	1,252	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed.....	2,086	0	2,086	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net (Line 7 - Line 8).....	8,560	0	7,308	0	0	1,252	0	0	0	0	0	0	0	0	0	0
SINGLE																
10. Single premiums and considerations:																
10.1 Direct.....	161,940	0	151,430	10,510	0	0	0	0	0	0	0	0	0	0	0	0
10.2 Reinsurance assumed.....	11,453	0	0	0	10,415	0	0	0	0	0	1,038	0	0	0	0	0
10.3 Reinsurance ceded.....	4,390	0	4,390	0	0	0	0	0	0	0	0	0	0	0	0	0
10.4 Net.....	169,003	0	147,040	10,510	10,415	0	0	0	0	0	1,038	0	0	0	0	0
RENEWAL																
11. Uncollected.....	(37,530)	7,341	(48,591)	0	0	3,327	0	0	0	0	0	0	0	393	0	0
12. Deferred and accrued.....	1,412,324	1,696	1,411,399	0	0	(771)	0	0	0	0	0	0	0	0	0	0
13. Deferred, accrued and uncollected:																
13.1 Direct.....	1,523,908	9,037	1,511,922	0	0	2,556	0	0	0	0	0	0	0	393	0	0
13.2 Reinsurance assumed.....	12,185	0	12,185	0	0	0	0	0	0	0	0	0	0	0	0	0
13.3 Reinsurance ceded.....	161,299	0	161,299	0	0	0	0	0	0	0	0	0	0	0	0	0
13.4 Net (Line 11 + Line 12).....	1,374,794	9,037	1,362,808	0	0	2,556	0	0	0	0	0	0	0	393	0	0
14. Advance.....	63,138	8,064	48,066	0	0	6,690	0	0	0	0	0	0	0	318	0	0
15. Line 13.4 - Line 14.....	1,311,656	973	1,314,742	0	0	(4,134)	0	0	0	0	0	0	0	75	0	0
16. Collected during year:																
16.1 Direct.....	12,041,182	411,651	11,075,827	324,250	0	201,814	0	0	0	0	0	0	0	27,640	0	0
16.2 Reinsurance assumed.....	21,014	0	21,014	0	0	0	0	0	0	0	0	0	0	0	0	0
16.3 Reinsurance ceded.....	3,407,541	0	3,396,128	0	0	0	0	0	0	0	0	0	0	11,413	0	0
16.4 Net.....	8,654,655	411,651	7,700,713	324,250	0	201,814	0	0	0	0	0	0	0	16,227	0	0
17. Line 15 + Line 16.4.....	9,966,311	412,624	9,015,455	324,250	0	197,680	0	0	0	0	0	0	0	16,302	0	0
18. Prior year (uncollected + deferred and accrued - advance).....	1,180,666	48	1,184,524	0	0	(3,773)	0	0	0	0	0	0	0	(133)	0	0
19. Renewal premiums and considerations:																
19.1 Direct.....	11,904,881	412,576	10,938,754	324,250	0	201,453	0	0	0	0	0	0	0	27,848	0	0
19.2 Reinsurance assumed.....	21,150	0	21,150	0	0	0	0	0	0	0	0	0	0	0	0	0
19.3 Reinsurance ceded.....	3,140,386	0	3,128,973	0	0	0	0	0	0	0	0	0	0	11,413	0	0
19.4 Net (Line 17 - Line 18).....	8,785,645	412,576	7,830,931	324,250	0	201,453	0	0	0	0	0	0	0	16,435	0	0
TOTAL																
20. Total premiums and annuity considerations:																
20.1 Direct.....	12,073,295	412,576	11,095,406	334,760	0	202,705	0	0	0	0	0	0	0	27,848	0	0
20.2 Reinsurance assumed.....	34,689	0	23,236	0	10,415	0	0	0	0	0	1,038	0	0	0	0	0
20.3 Reinsurance ceded.....	3,144,776	0	3,133,363	0	0	0	0	0	0	0	0	0	0	11,413	0	0
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	8,963,208	412,576	7,985,279	334,760	10,415	202,705	0	0	0	0	1,038	0	0	16,435	0	0

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums.....	96,133	0	96,133	0	0	0	0	0	0	0	0
22. All other.....	110,431	0	110,431	0	0	0	0	0	0	0	0
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
23.2 Reinsurance assumed.....	1,530	0	1,530	0	0	0	0	0	0	0	0
23.3 Net ceded less assumed.....	(1,530)	0	(1,530)	0	0	0	0	0	0	0	0
24. Single:											
24.1 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
24.2 Reinsurance assumed.....	2,119	0	0	0	1,927	0	0	0	192	0	0
24.3 Net ceded less assumed.....	(2,119)	0	0	0	(1,927)	0	0	0	(192)	0	0
25. Renewal:											
25.1 Reinsurance ceded.....	33,791,368	0	33,790,154	0	0	0	0	0	0	1,214	0
25.2 Reinsurance assumed.....	12,623	0	12,623	0	0	0	0	0	0	0	0
25.3 Net ceded less assumed.....	33,778,745	0	33,777,531	0	0	0	0	0	0	1,214	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	33,791,368	0	33,790,154	0	0	0	0	0	0	1,214	0
26.2 Reinsurance assumed (Page 6, Line 22).....	16,272	0	14,153	0	1,927	0	0	0	192	0	0
26.3 Net ceded less assumed.....	33,775,096	0	33,776,001	0	(1,927)	0	0	0	(192)	1,214	0
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single).....	0	0	0	0	0	0	0	0	0	0	0
28. Single.....	0	0	0	0	0	0	0	0	0	0	0
29. Renewal.....	25,499	0	25,457	0	0	0	0	0	0	42	0
30. Deposit-type contract funds.....	0	0	0	0	0	0	0	0	0	0	0
31. Totals (to agree with Page 6, Line 21).....	25,499	0	25,457	0	0	0	0	0	0	42	0

Universal Guaranty Life Insurance Company

EXHIBIT 2 - GENERAL EXPENSES

	Insurance				5 Investment	6 Total
	Accident and Health			4 All Other Lines of Business		
	1 Life	2 Cost Containment	3 All Other			
1. Rent.....	333,702	.0	3,458	.0	8,645	345,805
2. Salaries and wages.....	3,589,748	.0	37,290	.0	101,920	3,728,958
3.11 Contributions for benefit plans for employees.....	429,739	.0	4,453	.0	11,133	445,325
3.12 Contributions for benefit plans for agents.....	.0	.0	.0	.0	.0	.0
3.21 Payments to employees under non-funded benefit plans.....	177,516	.0	1,793	.0	.0	179,309
3.22 Payments to agents under non-funded benefit plans.....	.0	.0	.0	.0	.0	.0
3.31 Other employee welfare.....	4,435	.0	46	.0	115	4,596
3.32 Other agent welfare.....	.0	.0	.0	.0	.0	.0
4.1 Legal fees and expenses.....	226,708	.0	2,290	.0	.0	228,998
4.2 Medical examination fees.....	14,818	.0	.0	.0	.0	14,818
4.3 Inspection report fees.....	.0	.0	.0	.0	.0	.0
4.4 Fees of public accountants and consulting actuaries.....	312,654	.0	3,158	.0	.0	315,812
4.5 Expense of investigation and settlement of policy claims.....	.0	.0	.0	.0	.0	.0
5.1 Traveling expenses.....	327,798	.0	3,311	.0	.0	331,109
5.2 Advertising.....	17,195	.0	174	.0	.0	17,369
5.3 Postage, express, telegraph and telephone.....	284,677	.0	2,950	.0	7,371	294,998
5.4 Printing and stationery.....	129,351	.0	1,307	.0	.0	130,658
5.5 Cost or depreciation of furniture and equipment.....	524,923	.0	5,302	.0	.0	530,225
5.6 Rental of equipment.....	.0	.0	.0	.0	.0	.0
5.7 Cost or depreciation of EDP equipment and software.....	.0	.0	.0	.0	.0	.0
6.1 Books and periodicals.....	60,833	.0	614	.0	.0	61,447
6.2 Bureau and association fees.....	.0	.0	.0	.0	.0	.0
6.3 Insurance, except on real estate.....	143,352	.0	1,448	.0	.0	144,800
6.4 Miscellaneous losses.....	(878)	.0	(9)	.0	.0	(887)
6.5 Collection and bank service charges.....	162,568	.0	1,642	.0	.0	164,210
6.6 Sundry general expenses.....	1,099,736	.0	16,008	.0	.0	1,115,744
6.7 Group service and administration fees.....	.0	.0	.0	.0	.0	.0
6.8 Reimbursements by uninsured plans.....	.0	.0	.0	.0	.0	.0
7.1 Agency expense allowance.....	13,280	.0	.0	.0	.0	13,280
7.2 Agents' balances charged off (less \$.0 recovered).....	.0	.0	.0	.0	.0	.0
7.3 Agency conferences other than local meetings.....	.0	.0	.0	.0	.0	.0
9.1 Real estate expenses.....	.0	.0	.0	.0	326,289	326,289
9.2 Investment expenses not included elsewhere.....	.0	.0	.0	.0	1,640,141	1,640,141
9.3 Aggregate write-ins for expenses.....	1,232,659	.0	12,774	.0	31,934	1,277,367
10. General expenses Incurred.....	9,084,814	.0	98,009	.0	2,127,548	(a) 11,310,371
11. General expenses unpaid December 31, prior year.....	898,665	.0	3,182	.0	387,356	1,289,203
12. General expenses unpaid December 31, current year.....	438,088	.0	4,435	.0	432,786	875,309
13. Amounts receivable relating to uninsured plans, prior year.....	.0	.0	.0	.0	.0	.0
14. Amounts receivable relating to uninsured plans, current year.....	.0	.0	.0	.0	.0	.0
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14).....	9,545,391	.0	96,756	.0	2,082,118	11,724,265

DETAILS OF WRITE-INS

09.301. Data processing.....	1,232,659	.0	12,774	.0	31,934	1,277,367
09.302. ....	.0	.0	.0	.0	.0	.0
09.303. ....	.0	.0	.0	.0	.0	.0
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	.0	.0	.0	.0	.0	.0
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....	1,232,659	.0	12,774	.0	31,934	1,277,367

(a) Includes management fees of \$.....8,843,596 to affiliates and \$.....0 to non-affiliates.

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

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes.....	.0	.0	.0	56,499	56,499
2. State insurance department licenses and fees.....	266,954	2,697	.0	.0	269,651
3. State taxes on premiums.....	102,605	1,036	.0	.0	103,641
4. Other state taxes, including \$.0 for employee benefits.....	9,823	99	.0	.0	9,922
5. U.S. Social Security taxes.....	.0	.0	.0	.0	.0
6. All other taxes.....	50,039	505	.0	.0	50,544
7. Taxes, licenses and fees incurred.....	429,421	4,337	.0	56,499	490,257
8. Taxes, licenses and fees unpaid December 31, prior year.....	396,802	4,008	.0	364,554	765,364
9. Taxes, licenses and fees unpaid December 31, current year.....	484,917	4,898	.0	165,364	655,179
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	341,306	3,447	.0	255,689	600,442

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums.....	96,133	.0
2. Applied to shorten the endowment or premium-paying period.....	.0	.0
3. Applied to provide paid-up additions.....	110,431	.0
4. Applied to provide paid-up annuities.....	.0	.0
5. Total Lines 1 through 4.....	206,564	.0
6. Paid-in cash.....	39,546	.0
7. Left on deposit.....	254,960	.0
8. Aggregate write-ins for dividend or refund options.....	.0	.0
9. Total Lines 5 through 8.....	501,070	.0
10. Amount due and unpaid.....	.0	.0
11. Provision for dividends or refunds payable in the following calendar year.....	539,688	.0
12. Terminal dividends.....	.0	.0
13. Provision for deferred dividend contracts.....	.0	.0
14. Amount provisionally held for deferred dividend contracts not included in Line 13.....	.0	.0
15. Total Lines 10 through 14.....	539,688	.0
16. Total from prior year.....	546,358	.0
17. Total dividends or refunds (Lines 9 + 15 - 16).....	494,400	.0

DETAILS OF WRITE-INS

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

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
Life Insurance:					
0100001. 41 CET 2.5% NLP.....	3,619	0	3,619	0	0
0100002. 41 CET 2.75% NLP.....	5,636	0	5,636	0	0
0100003. 41 CET 3% NLP.....	183,237	0	183,237	0	0
0100004. 41 CET 3.5% NLP.....	1,370	0	1,370	0	0
0100005. 41 CIET 3% NLP.....	99,506	98,274	1,232	0	0
0100006. 41 CIET 3.5% NLP.....	403,420	398,767	4,653	0	0
0100007. 41 CSI 3% CRVM.....	119,590	118,168	1,422	0	0
0100008. 41 CSI 3% NLP.....	852,315	839,758	12,557	0	0
0100009. 41 CSI 3.5% CRVM.....	177	174	3	0	0
0100010. 41 CSI 3.5% NLP.....	101,363	99,838	1,525	0	0
0100011. 41 CSO 2.5% CRVM.....	28,075	0	28,075	0	0
0100012. 41 CSO 2.5% NLP.....	3,293	0	3,293	0	0
0100013. 41 CSO 2.75% CRVM.....	28,811	0	28,811	0	0
0100014. 41 CSO 3% CRVM.....	3,599,471	0	3,599,471	0	0
0100015. 41 CSO 3% NJS.....	73,396	0	73,396	0	0
0100016. 41 CSO 3% NLP.....	5,714,890	0	5,714,890	0	0
0100017. 41 CSO 3.5% CRVM.....	89,798	0	89,798	0	0
0100018. 41 CSO 3.5% NLP.....	32,987	0	32,987	0	0
0100019. 41 CSSI 3% CRVM.....	21,097	20,888	209	0	0
0100020. 41 CSSI 3% NLP.....	11,183	11,072	111	0	0
0100021. 41 CSSI 3.5% CRVM.....	3,359,809	3,321,063	38,746	0	0
0100022. 41 CSSI 3.5% NLP.....	392,134	387,612	4,522	0	0
0100023. 41 CSSIET 3% NLP.....	546	541	5	0	0
0100024. 41 CSSIET 3.5% NLP.....	10,979	10,852	127	0	0
0100025. 58 CET 2% NLP.....	18,962	0	18,962	0	0
0100026. 58 CET 2.5% NLP.....	65,072	0	65,072	0	0
0100027. 58 CET 3% NLP.....	3,023,582	0	3,023,582	0	0
0100028. 58 CET 3.5% NLP.....	505,440	0	505,440	0	0
0100029. 58 CET 4% NLP.....	183,973	0	183,973	0	0
0100030. 58 CET 4.5% NLP.....	317,166	0	317,166	0	0
0100031. 58 CET 5.5% NLP.....	5,295	0	5,295	0	0
0100032. 58 CSO 2% CRVM.....	77,491	0	77,491	0	0
0100033. 58 CSO 2% NLP.....	7,146	0	7,146	0	0
0100034. 58 CSO 2.25% NLP.....	35	0	35	0	0
0100035. 58 CSO 2.5% CRVM.....	597,371	0	597,371	0	0
0100036. 58 CSO 2.5% NLP.....	1,723,628	0	1,723,628	0	0
0100037. 58 CSO 3% CRVM.....	23,080,100	0	23,080,100	0	0
0100038. 58 CSO 3% CRVM JT.....	37,147	0	37,147	0	0
0100039. 58 CSO 3% FPT.....	10,369	0	10,369	0	0
0100040. 58 CSO 3% NJ.....	11,433	0	11,433	0	0
0100041. 58 CSO 3% NLP.....	20,261,736	0	20,236,416	8,655	16,665
0100042. 58 CSO 3% NLP JT.....	26,081	0	26,081	0	0
0100043. 58 CSO 3.5% / 2.5% CRVM.....	64,564	0	64,564	0	0
0100044. 58 CSO 3.5% / 2.5% NJ.....	54,096	0	54,096	0	0
0100045. 58 CSO 3.5% / 3% CRVM.....	615,260	0	615,260	0	0
0100046. 58 CSO 3.5% CRVM.....	8,852,658	0	8,852,658	0	0
0100047. 58 CSO 3.5% NLP.....	4,249,403	0	4,249,403	0	0
0100048. 58 CSO 3.5%(20)/2.5% NJ.....	16,698	0	16,698	0	0
0100049. 58 CSO 3.5%(65)/1.5% NJ.....	82,839	0	82,839	0	0
0100050. 58 CSO 4% CRVM.....	3,512,791	0	3,512,791	0	0
0100051. 58 CSO 4% NLP.....	1,269,701	0	1,269,701	0	0
0100052. 58 CSO 4.5% CRVM.....	9,169,493	0	9,169,493	0	0
0100053. 58 CSO 4.5% NLP.....	798,733	0	798,733	0	0
0100054. 58 CSO 5.5% NLP.....	3,612	0	3,612	0	0
0100055. 58 CSO 6% CRVM.....	79,202	0	79,202	0	0
0100056. 61 CIET 3% NLP.....	135,747	134,407	1,340	0	0
0100057. 61 CIET 3.5% NLP.....	4,426,993	4,376,240	50,753	0	0
0100058. 61 CIET 6% NLP.....	512,597	502,546	10,051	0	0
0100059. 61 CSI 3% CRVM.....	452,767	448,284	4,483	0	0
0100060. 61 CSI 3% NLP.....	11,636	11,526	110	0	0
0100061. 61 CSI 3.5% CRVM.....	8,917,563	8,815,121	102,442	0	0
0100062. 61 CSI 3.5% NLP.....	526,475	519,897	6,578	0	0
0100063. 61 CSI 4.5% CRVM.....	75,917	74,799	1,118	0	0
0100064. 61 CSI 6% CRVM.....	1,467,694	1,438,916	28,778	0	0
0100065. 61 CSI 6% NLP.....	9,451	9,266	185	0	0
0100066. 80 CET 4% NLP.....	13,449	0	13,449	0	0
0100067. 80 CET 4% NLP NS/SK.....	754	0	754	0	0
0100068. 80 CET 4.5% NLP.....	136,903	0	136,903	0	0
0100069. 80 CET 4.5% NLP NS/SK.....	76	0	76	0	0
0100070. 80 CET 5% NLP.....	1,264,417	0	1,264,417	0	0
0100071. 80 CET 5.5% NLP.....	1,288,260	0	1,288,260	0	0
0100072. 80 CET 5.5% NLP NS/SK.....	353	0	353	0	0

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
0100073. 80 CET 6% NLP.....	10,471	0	10,471	0	0
0100074. 80 CET-B UNI 4% NLP.....	8,917	0	8,917	0	0
0100075. 80 CET-B UNI 5% NLP.....	2,610	0	2,610	0	0
0100076. 80 CET-D 4% NLP.....	30,775	0	30,775	0	0
0100077. 80 CSO 3.5% CRVM.....	118,425	0	118,425	0	0
0100078. 80 CSO 4% CRVM.....	97,852,643	0	97,852,643	0	0
0100079. 80 CSO 4% CRVM NS/SK	94,529	0	94,529	0	0
0100080. 80 CSO 4% NLP.....	3,536,112	0	3,536,112	0	0
0100081. 80 CSO 4% NLP NS/SK	36,154	0	36,154	0	0
0100082. 80 CSO 4.5% CRVM.....	2,450,263	0	2,450,263	0	0
0100083. 80 CSO 4.5% CRVM NS/SK	207,154	0	207,154	0	0
0100084. 80 CSO 4.5% NLP.....	3,313,721	0	3,313,721	0	0
0100085. 80 CSO 4.5% NLP NS/SK	19,967	0	19,967	0	0
0100086. 80 CSO 5% CRVM.....	6,059,457	0	6,059,457	0	0
0100087. 80 CSO 5% CRVM NS/SK	39,809	0	39,809	0	0
0100088. 80 CSO 5% NLP.....	13,111,667	0	13,111,667	0	0
0100089. 80 CSO 5% NLP NS/SK	64,691	0	64,691	0	0
0100090. 80 CSO 5.5% / 6% CRVM.....	5,153	0	5,153	0	0
0100091. 80 CSO 5.5% CRVM.....	13,596,308	0	13,596,308	0	0
0100092. 80 CSO 5.5% CRVM NS/SK	27,789	0	27,789	0	0
0100093. 80 CSO 5.5% NLP.....	15,275,321	0	15,275,321	0	0
0100094. 80 CSO 5.5% NLP NS/SK	1,531	0	1,531	0	0
0100095. 80 CSO 6% CRVM.....	858,102	0	858,102	0	0
0100096. 80 CSO-B 4% CRVM.....	74,420	0	74,420	0	0
0100097. 80 CSO-B 4% NLP.....	38,242	0	38,242	0	0
0100098. 80 CSO-B 5% NLP.....	347,825	0	347,825	0	0
0100099. 80 CSO-B 6% NLP.....	11,530	0	11,530	0	0
0100100. 80 CSO-D 4% CRVM.....	1,130,052	0	1,130,052	0	0
0100101. 80 CSO-D 4% NLP.....	73,231	0	73,231	0	0
0100102. 01 CSO 4% CRVM NS/SK.....	20,972	0	20,972	0	0
0100103. 01 CSO 4% NLP.....	42,085	0	42,085	0	0
0100104. 01 CSO 4% NLP NS/SK	2,094	0	2,094	0	0
0100105. AE 3% NLP.....	2,653	0	2,653	0	0
0100106. AE 3.5% CRVM.....	787,972	243,296	544,676	0	0
0100107. AE 3.5% ILL STD.....	277,870	0	277,870	0	0
0100108. AE 3.5% NLP.....	939,682	555,555	384,127	0	0
0100109. AE 4% NLP.....	211,528	208,745	2,783	0	0
0100110. AM 3% ILL STD	62,075	0	62,075	0	0
0100111. NFC 4% ILL STD.....	2,388	0	2,388	0	0
0100112. Unearned Premium.....	12,825	12,825	0	0	0
0199997. Totals (Gross).....	273,857,844	22,658,430	251,174,094	8,655	16,665
0199998. Reinsurance ceded.....	28,615,231	0	28,615,231	0	0
0199999. Totals (Net).....	245,242,613	22,658,430	222,558,863	8,655	16,665

Annuities (excluding supplementary contracts with life contingencies):

0200001. 37 sa (-1.5) 2.5% DEF.....	24,114	XXX	24,114	XXX	0
0200002. 37 SA 2.5% DEF.....	165,338	XXX	165,338	XXX	0
0200003. 37 SA 3% DEF.....	406,368	XXX	406,368	XXX	0
0200004. 37 SA 3.5% DEF.....	1,698,939	XXX	1,698,939	XXX	0
0200005. 71 IAM 4.5%.....	19,954	XXX	19,954	XXX	0
0200006. 71 IAM 7.5%.....	88,526	XXX	88,526	XXX	0
0200007. 83 IAM ANB 9.25%.....	506,596	XXX	506,596	XXX	0
0200008. A1949 3.5% DEF.....	11,690	XXX	11,690	XXX	0
0200009. Deferred 3%.....	3,240,377	XXX	3,240,377	XXX	0
0200010. Deferred 3.25%.....	345,272	XXX	345,272	XXX	0
0200011. Deferred 3.5%.....	310,733	XXX	310,733	XXX	0
0200012. Deferred 4%.....	5,368,815	XXX	5,368,815	XXX	0
0200013. Deferred 4.5%.....	12,912,675	XXX	12,912,675	XXX	0
0200014. Deferred 5%.....	1,687,838	XXX	1,687,838	XXX	0
0200015. Deferred 7%.....	930,366	XXX	930,366	XXX	0
0200016. Single Prem 3%.....	73,049	XXX	73,049	XXX	0
0200017. Single Prem 4%.....	18,410	XXX	18,410	XXX	0
0200018. Single Prem 6%.....	38,817	XXX	38,817	XXX	0
0299997. Totals (Gross).....	27,847,877	XXX	27,847,877	XXX	0
0299998. Reinsurance ceded.....	325,263	XXX	325,263	XXX	0
0299999. Totals (Net).....	27,522,614	XXX	27,522,614	XXX	0

Supplementary Contracts with Life Contingencies:

0300001. 37 Std Annuity 2.5%.....	2,741	0	2,741	0	0
0300002. 37 Std Annuity 3%.....	8,162	0	8,162	0	0
0300003. 71 IAM 6%, 7.5%, 11%, 11.25%.....	67,294	0	67,294	0	0
0300004. 83 IAM 2.5%.....	60,145	0	60,145	0	0
0300005. 83 IAM 2.75%.....	82,713	0	82,713	0	0
0300006. 83 IAM 3%.....	183,990	0	183,990	0	0
0300007. 83 IAM 3.5%.....	76,550	0	76,550	0	0

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
0300008. 83 IAM 4%.....	.....114,609	.....0	.....114,609	.....0	.....0
0300009. 83 IAM 4.5%.....	.....5,562	.....0	.....5,562	.....0	.....0
0300010. 83 IAM 5%.....	.....88,783	.....0	.....88,783	.....0	.....0
0300011. 83 IAM 5.5%.....	.....37,287	.....0	.....37,287	.....0	.....0
0300012. 83 IAM 6%.....	.....75,724	.....0	.....75,724	.....0	.....0
0300013. 83 IAM 8%.....	.....161,601	.....0	.....161,601	.....0	.....0
0300014. 83 IAM 8.75%.....	.....9,463	.....0	.....9,463	.....0	.....0
0300015. 83 IAM 9.25%.....	.....23,536	.....0	.....23,536	.....0	.....0
0300016. A2000 3%.....	.....13,170	.....0	.....13,170	.....0	.....0
0300017. A2000 4%.....	.....14,282	.....0	.....14,282	.....0	.....0
0300018. A2000 4.5%.....	.....33,298	.....0	.....33,298	.....0	.....0
0399997. Totals (Gross).....	.....1,058,910	.....0	.....1,058,910	.....0	.....0
0399999. Totals (Net).....	.....1,058,910	.....0	.....1,058,910	.....0	.....0
Accidental Death Benefits:					
0400001. 41 CSO/52 Dis 3%.....	.....3,582	.....770	.....2,812	.....0	.....0
0400002. 58 INTERCOMPANY 3%.....	.....6,413	.....0	.....6,413	.....0	.....0
0400003. 59 ADB/58 CSO 3%.....	.....119,642	.....0	.....119,642	.....0	.....0
0499997. Totals (Gross).....	.....129,637	.....770	.....128,867	.....0	.....0
0499999. Totals (Net).....	.....129,637	.....770	.....128,867	.....0	.....0
Disability - Active Lives:					
0500001. 52 Interco Disa With 58 CSO 3%.....	.....206,913	.....138	.....206,775	.....0	.....0
0599997. Totals (Gross).....	.....206,913	.....138	.....206,775	.....0	.....0
0599999. Totals (Net).....	.....206,913	.....138	.....206,775	.....0	.....0
Disability - Disabled Lives:					
0600001. 52 Interco Disability 3%.....	.....590,504	.....0	.....590,504	.....0	.....0
0699997. Totals (Gross).....	.....590,504	.....0	.....590,504	.....0	.....0
0699998. Reinsurance ceded.....	.....8,332	.....0	.....8,332	.....0	.....0
0699999. Totals (Net).....	.....582,172	.....0	.....582,172	.....0	.....0
Miscellaneous Reserves:					
0700001. Deficiency Reserves.....	.....187,374	.....0	.....187,374	.....0	.....0
0700002. Non-Deduct Reserves.....	.....207,094	.....372	.....206,722	.....0	.....0
0799997. Totals (Gross).....	.....394,468	.....372	.....394,096	.....0	.....0
0799999. Totals (Net).....	.....394,468	.....372	.....394,096	.....0	.....0
9999999. Totals (Net) - Page 3, Line 1.....	.....275,137,327	.....22,659,710	.....252,452,297	.....8,655	.....16,665

Annual Statement for the year 2012 of the **Universal Guaranty Life Insurance Company**
EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes No
- 1.2 If not, state which kind is issued
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes No
- 2.2 If not, state which kind is issued
 Non-participating
3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes No
 If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.
4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state: Yes No
- 4.1 Amount of insurance: \$.....0
- 4.2 Amount of reserve: \$.....0
- 4.3 Basis of reserve:
- 4.4 Basis of regular assessments:
- 4.5 Basis of special assessments:
- 4.6 Assessments collected during year: \$.....0
5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? Yes No
- 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$.....0
- 6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$.....0
 Attach statement of methods employed in their valuation.
7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes No
- 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$.....0
- 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:
- 7.3 State the amount of reserves established for this business: \$.....0
- 7.4 Identify where the reserves are reported in the blank.
8. Does the reporting entity have any Contingent Deferred Annuity contracts or agreements in effect as of December of the current year? Yes No
- 8.1 If yes, state the total dollar amount of account value covered by these contracts or agreements. \$.....0
- 8.2 State the amount of reserves established for this business. \$.....0
- 8.3 Identify where the reserves are reported in the blank.
9. Does the reporting entity have any Guaranteed Lifetime Income Benefit contracts, agreements or riders in effect as of December 31 of the current year? Yes No
- 9.1 If yes, state the total dollar amount of any account value associated with these contracts, agreements or riders. \$.....0
- 9.2 State the amount of reserves established for this business. \$.....0
- 9.3 Identify where the reserves are reported in the blank.

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

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

NONE

EXHIBIT 6 - AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	Other Individual Contracts				
					5	6	7	8	9
	Total	Group Accident and Health	Credit Accident and Health (Group and Individual)	Collectively Renewable	Non- Cancelable	Guaranteed Renewable	Non-Renewable for Stated Reasons Only	Other Accident Only	All Other
ACTIVE LIFE RESERVE									
1. Unearned premium reserves.....	3,737	.0	716	.0	.0	3,021	.0	.0	.0
2. Additional contract reserves (a).....	67,624	.0	.0	.0	.0	67,624	.0	.0	.0
3. Additional actuarial reserves - Asset/Liability analysis.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Reserve for future contingent benefits.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Reserve for rate credits.....	98,685	.0	.0	.0	.0	98,685	.0	.0	.0
6. Aggregate write-ins for reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Totals (Gross).....	170,046	.0	716	.0	.0	169,330	.0	.0	.0
8. Reinsurance ceded.....	17,162	.0	.0	.0	.0	17,162	.0	.0	.0
9. Totals (Net).....	152,884	.0	716	.0	.0	152,168	.0	.0	.0
CLAIM RESERVE									
10. Present value of amounts not yet due on claims.....	669,224	549,665	.0	.0	.0	119,559	.0	.0	.0
11. Additional actuarial reserves - Asset/Liability analysis.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Reserve for future contingent benefits.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Aggregate write-ins for reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Totals (Gross).....	669,224	549,665	.0	.0	.0	119,559	.0	.0	.0
15. Reinsurance ceded.....	532,126	467,215	.0	.0	.0	64,911	.0	.0	.0
16. Totals (Net).....	137,098	82,450	.0	.0	.0	54,648	.0	.0	.0
17. TOTALS (Net).....	289,982	82,450	716	.0	.0	206,816	.0	.0	.0
18. TABULAR FUND INTEREST.....	5,858	2,588	.0	.0	.0	3,270	.0	.0	.0

DETAILS OF WRITE-INS

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

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

EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS

	1 Total	2 Guaranteed Interest Contracts	3 Annuities Certain	4 Supplemental Contracts	5 Dividend Accumulations or Refunds	6 Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance.....	14,748,242	0	0	533,077	14,176,151	39,014
2. Deposits received during the year.....	254,960	0	0	0	254,960	0
3. Investment earnings credited to the account.....	447,048	0	0	19,056	426,446	1,546
4. Other net change in reserves.....	0	0	0	0	0	0
5. Fees and other charges assessed.....	0	0	0	0	0	0
6. Surrender charges.....	0	0	0	0	0	0
7. Net surrender or withdrawal payments.....	963,055	0	0	170,922	785,044	7,089
8. Other net transfers to or (from) Separate Accounts.....	0	0	0	0	0	0
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	14,487,195	0	0	381,211	14,072,513	33,471
10. Reinsurance balance at the beginning of the year.....	(3,337,116)	0	0	0	(3,337,116)	0
11. Net change in reinsurance assumed.....	0	0	0	0	0	0
12. Net change in reinsurance ceded.....	(64,522)	0	0	0	(64,522)	0
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....	(3,272,594)	0	0	0	(3,272,594)	0
14. Net balance at the end of the current year after reinsurance (Lines 9 + 13).....	11,214,601	0	0	381,211	10,799,919	33,471

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct.....	0	0	0	0	0	0	0	0	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	0	0	0	0	0	0	0	0	0	0	0
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	0	0	0	0	0	0	0	0	0	0	0
2.12 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
2.13 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
2.14 Net.....	0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	0	0	0
2.2 Other:											
2.21 Direct.....	1,653,697	100,096	1,301,642	171,806	0	0	40,300	0	0	0	39,853
2.22 Reinsurance assumed.....	1,570	0	1,440	0	0	130	0	0	0	0	0
2.23 Reinsurance ceded.....	127,992	0	102,123	4,232	0	0	0	0	0	0	21,637
2.24 Net.....	1,527,275	100,096	(b) 1,200,959	(b) 167,574	0	(b) 130	(b) 40,300	0	(b) 0	(b) 0	(b) 18,216
3. Incurred but unreported:											
3.1 Direct.....	1,711,500	160,000	1,450,000	0	0	0	50,000	0	5,500	0	46,000
3.2 Reinsurance assumed.....	5,000	0	5,000	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	104,934	0	96,934	0	0	0	0	0	0	0	8,000
3.4 Net.....	1,611,566	160,000	(b) 1,358,066	(b) 0	0	(b) 0	(b) 50,000	0	(b) 5,500	(b) 0	(b) 38,000
4. Totals:											
4.1 Direct.....	3,365,197	260,096	2,751,642	171,806	0	0	90,300	0	5,500	0	85,853
4.2 Reinsurance assumed.....	6,570	0	6,440	0	0	130	0	0	0	0	0
4.3 Reinsurance ceded.....	232,926	0	199,057	4,232	0	0	0	0	0	0	29,637
4.4 Net.....	3,138,841	(a) 260,096	(a) 2,559,025	167,574	0	130	(a) 90,300	0	5,500	0	56,216

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

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$.....0, Individual Annuities \$.....0, Credit Life (Group and Individual) \$.....0, and Group Life \$.....0, are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$.....0, Credit (Group and Individual) Accident and Health \$.....0 and Other Accident and Health \$.....0 are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct.....	20,067,556	585,314	18,217,433	467,171	188,780	0	421,226	0	108,000	0	79,632
1.2 Reinsurance assumed.....	30,621	0	21,642	0	0	4,332	0	0	0	4,647	0
1.3 Reinsurance ceded.....	4,609,367	0	4,487,948	16,012	0	0	0	0	91,800	0	13,607
1.4 Net..... (d)	15,488,810	585,314	13,751,127	451,159	188,780	4,332	421,226	0	16,200	4,647	66,025
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	3,365,197	260,096	2,751,642	171,806	0	0	90,300	0	5,500	0	85,853
2.2 Reinsurance assumed.....	6,570	0	6,440	0	0	130	0	0	0	0	0
2.3 Reinsurance ceded.....	232,926	0	199,057	4,232	0	0	0	0	0	0	29,637
2.4 Net.....	3,138,841	260,096	2,559,025	167,574	0	130	90,300	0	5,500	0	56,216
3. Amounts recoverable from reinsurers December 31, current year.....	986,910	0	966,315	0	0	0	0	0	15,300	0	5,295
4. Liability December 31, prior year:											
4.1 Direct.....	3,014,005	259,618	2,525,928	54,761	0	0	81,000	0	5,500	0	87,198
4.2 Reinsurance assumed.....	2,861	0	2,713	0	0	148	0	0	0	0	0
4.3 Reinsurance ceded.....	642,223	0	610,068	1,911	0	0	0	0	0	0	30,244
4.4 Net.....	2,374,643	259,618	1,918,573	52,850	0	148	81,000	0	5,500	0	56,954
5. Amounts recoverable from reinsurers December 31, prior year.....	50,073	0	29,079	0	0	0	0	0	15,300	0	5,694
6. Incurred benefits:											
6.1 Direct.....	20,418,748	585,792	18,443,147	584,216	188,780	0	430,526	0	108,000	0	78,287
6.2 Reinsurance assumed.....	34,330	0	25,369	0	0	4,314	0	0	0	4,647	0
6.3 Reinsurance ceded.....	5,136,907	0	5,014,173	18,333	0	0	0	0	91,800	0	12,601
6.4 Net.....	15,316,171	585,792	13,454,343	565,883	188,780	4,314	430,526	0	16,200	4,647	65,686

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

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....295,953 in Line 1.1, \$.....264,748 in Line 1.4, \$.....295,953 in Line 6.1 and \$.....264,748 in line 6.4.

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

(d) Includes \$.....51,229 premiums waived under total and permanent disability benefits.

EXHIBIT OF NONADMITTED ASSETS

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

DETAILS OF WRITE-INS

1101.	0	0	0
1102.	0	0	0
1103.	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501.	0	0	0
2502.	0	0	0
2503.	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies**A. Accounting Practices**

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

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

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

C. Accounting Policy

Life premiums are recognized as income over the premium paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts for policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.
- (5) Mortgage loans on real estate are stated at the aggregate carrying value less any unamortized discount or valuation allowance.
- (6) Loan-backed securities are stated at amortized cost. The prospective adjustment method is used to value all securities.
- (7) The Company has investments in subsidiaries, controlled and affiliated companies. The Company carries these investments in accordance with the guidance provided in SSAP No. 97.
- (8) The Company has ownership interests in joint ventures. The Company carries these interests based on the underlying audited GAAP equity of the investee.
- (9) The Company carries all derivatives at fair value.
- (10) The Company has not anticipated investment income as a factor in the premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

The Company had no accounting changes or corrections of errors during the current reporting period.

3. Business Combinations and Goodwill**A. None****B. Statutory Merger**

- (1) The Company merged with American Capitol Insurance Company on January 1, 2012.
- (2) The transaction was accounted for as a statutory merger.
- (3) The Company did not issue shares of stock for this transaction.
- (4) Pre-merger separate company revenue, net income (loss), and net change in capital and surplus for the year ended 12/31/11 were \$29,160,743, \$582,217, \$2,724,342, respectively for the Company and \$6,123,088, (\$766,430), (\$1,808,640), respectively for American Capitol Insurance Company.
- (5) No adjustments were made directly to the surplus of American Capitol Insurance Company as a result of the merger.

C. None**D. None****4. Discontinued Operations**

The Company had no discontinued operations during the current reporting period.

NOTES TO FINANCIAL STATEMENTS**5. Investments****A. Mortgage Loans**

- (1) The maximum and minimum lending rates for new mortgage loans during 2012 were:

Commercial loans 6.00% and 4.00%.

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

The Company has taken a conservative approach to these loans, only recognizing income when cash is received. At December 31, 2012, the Company held \$26,336,953 in discounted loans representing 36% of the total face amount of the outstanding loan balances. During 2012, the Company realized \$1,803,156 in discount accruals as a result of payments and settlements on these loans. Management anticipates continued favorable results relative to these investments.

Due to the existing loan discounts and management's assessment of the value of the underlying collateral, management has determined no allowance for uncollectibles was necessary during 2012 relating to these loans.

- (2) During 2012, the Company did not reduce interest rates on outstanding mortgage loans.
- (3) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was 80%.

	<u>Current Year</u>	<u>Prior Year</u>
(4) As of year-end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest	\$13,853,387	\$13,083,484
a. Total interest due on mortgages with interest more than 180 days past due	\$0	\$0
(5) Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$0	\$0
(6) Current year impaired loans with a related allowance for credit losses	\$0	\$0
a. Related allowance for credit losses	\$0	\$0
(7) Impaired Mortgage loans without an allowance for credit losses	\$0	\$0
(8) Average recorded investment in impaired loans	\$0	\$0
(9) Interest income recognized during the period the loans were impaired	\$0	\$0
(10) Amount of interest income recognized on a cash basis during the period the loans were impaired	\$0	\$0
(11) Allowance for credit losses:		
a. Balance at beginning of period	\$0	\$0
b. Additions charged to operations	\$0	\$0
c. Direct write-downs charged against the allowances	\$0	\$0
d. Recoveries of amounts previously charged off	\$0	\$0
e. Balance at end of period	\$0	\$0

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

B. Debt Restructuring

	<u>Current Year</u>	<u>Prior Year</u>
(1) The total recorded investment in restructured loans, as of year end	\$8,115,153	\$8,579,540
(2) The realized capital losses related to these loans	\$0	\$0
(3) Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	\$0	\$0
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is being conservatively recognized on a cash basis.		

NOTES TO FINANCIAL STATEMENTS

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

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

(2) N/A

(3) N/A

(4) N/A

(5) The Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the issues, including, but not limited to, intentions to sell or ability to hold the fixed maturity with unrealized losses for a period of time sufficient for them to recover; the length of time and amount of the unrealized loss; and the credit ratings of the issuers of the investments, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2012.

E. Repurchase Agreements and/or Securities Lending Transactions

The Company has no repurchase agreements and/or securities lending transactions.

F. Real Estate

(1) a. During 2012, the Company did not record an OTTI on real estate.

b. None.

c. N/A

(2) a. During 2012, the Company acquired certain real estate properties through mortgage loan foreclosures it has classified as held for sale. All of these properties are being marketed for sale, with an expectation of selling the properties as soon as practical for a reasonable and fair price.

b. During 2012, the Company sold 10 parcels of real estate acquired through mortgage loan foreclosures with a realized gain of \$1,036,026.

(3) None

(4) None

(5) None

G. Low-Income Housing Tax Credits

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

6. Joint Ventures, Partnerships and Limited Liability Companies

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

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

7. Investment Income

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

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. The total amount excluded was \$0.

8. Derivative Instruments

At December 31, 2012, the Company held certain derivative instruments in the form of exchange traded equity options and futures of which a cash premium was paid or received at inception for the right/obligation specified in the contract. As the underlying instruments are exchange traded, the fair value of the instruments are subject to general market risk and company specific market risk. The options are combined with equity securities with the intent to generate a reasonable return while reducing risk. The instruments are carried at fair market value with changes in fair value recorded in surplus as unrealized gains or unrealized losses.

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

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

1.

<u>2012</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(a) Gross Deferred Tax Assets	\$1,134,155	\$1,196,040	\$2,330,195
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets(1a-1b)	<u>\$1,134,155</u>	<u>\$1,196,040</u>	<u>\$ 2,330,195</u>
(d) Deferred Tax Assets Nonadmitted	0	0	0
(e) Subtotal Net Admitted Deferred Tax Assets (1c-1d)	<u>\$1,134,155</u>	<u>\$1,196,040</u>	<u>\$2,330,195</u>
(f) Deferred Tax Liabilities	<u>205,105</u>	<u>189,646</u>	<u>394,751</u>
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liability) (1e-1f)	<u>\$929,050</u>	<u>\$1,006,394</u>	<u>\$1,935,444</u>

<u>2011</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(a) Gross Deferred Tax Assets	\$1,382,048	\$1,212,819	\$2,594,867
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets(1a-1b)	<u>\$1,382,048</u>	<u>\$1,212,819</u>	<u>\$2,594,867</u>
(d) Deferred Tax Assets Nonadmitted	0	0	0
(e) Subtotal Net Admitted Deferred Tax Assets (1c-1d)	<u>\$1,382,048</u>	<u>\$1,212,819</u>	<u>\$2,594,867</u>
(f) Deferred Tax Liabilities	<u>175,658</u>	<u>1,607,492</u>	<u>1,783,150</u>
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liability) (1e-1f)	<u>\$1,206,390</u>	<u>\$(394,673)</u>	<u>\$811,717</u>

<u>Change</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(a) Gross Deferred Tax Assets	\$(247,893)	\$(16,779)	\$(264,672)
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets(1a-1b)	<u>\$(247,893)</u>	<u>\$(16,779)</u>	<u>\$(264,672)</u>
(d) Deferred Tax Assets Nonadmitted	0	0	0
(e) Subtotal Net Admitted Deferred Tax Assets (1c-1d)	<u>\$(247,893)</u>	<u>\$(16,779)</u>	<u>\$(264,672)</u>
(f) Deferred Tax Liabilities	<u>29,447</u>	<u>(1,417,846)</u>	<u>(1,388,399)</u>
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liability) (1e-1f)	<u>\$(277,340)</u>	<u>\$1,401,067</u>	<u>\$1,123,727</u>

2.

<u>2012</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Admission Calculation Components - SSAP 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$1,935,444	\$0	\$1,935,444
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	<u>0</u>	<u>0</u>	<u>0</u>
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$1,935,444	\$0	\$1,935,444
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	\$4,546,147
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	<u>\$205,105</u>	<u>\$189,646</u>	<u>\$394,751</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2a(a)+2(b)+2(c))	<u>\$2,140,549</u>	<u>\$189,646</u>	<u>\$2,330,195</u>

NOTES TO FINANCIAL STATEMENTS

<u>2011</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Admission Calculation Components - SSAP 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$811,717	\$0	\$811,717
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	<u>0</u>	<u>0</u>	<u>0</u>
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$811,717	\$0	\$811,717
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	\$6,108,483
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	<u>\$175,658</u>	<u>\$1,607,492</u>	<u>\$1,783,150</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2a(a)+2(b)+2(c))	<u>\$987,375</u>	<u>\$1,607,492</u>	<u>\$2,594,867</u>

<u>Change</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Admission Calculation Components - SSAP 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$1,123,727	\$0	\$1,123,727
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	<u>0</u>	<u>0</u>	<u>0</u>
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$1,123,727	\$0	\$1,123,727
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	\$(1,562,336)
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	<u>\$29,447</u>	<u>\$(1,417,846)</u>	<u>\$(1,388,399)</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2a(a)+2(b)+2(c))	<u>\$1,153,174</u>	<u>\$(1,417,846)</u>	<u>\$(264,672)</u>

3.		2012	2011
Impact of Tax Planning Strategies			
(a) Ration Percentage Used to Determine Recovery Period and Threshold Limitation Amount	385%	363%	
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 above	\$43,250,245	\$40,723,221	
(c) Does the Company's tax-planning strategies include the use of reinsurance? No			

<u>2012</u>	<u>Ordinary Percent</u>	<u>Capital Percent</u>	<u>Total Percent</u>
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	<u>0%</u>	<u>0%</u>	<u>0%</u>
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	<u>0%</u>	<u>0%</u>	<u>0%</u>

<u>2011</u>	<u>Ordinary Percent</u>	<u>Capital Percent</u>	<u>Total Percent</u>
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	<u>0%</u>	<u>0%</u>	<u>0%</u>
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	<u>0%</u>	<u>0%</u>	<u>0%</u>

<u>Change</u>	<u>Ordinary Percent</u>	<u>Capital Percent</u>	<u>Total Percent</u>
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	<u>0%</u>	<u>0%</u>	<u>0%</u>
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	<u>0%</u>	<u>0%</u>	<u>0%</u>

NOTES TO FINANCIAL STATEMENTS

B. Unrecognized DTLs

Not applicable.

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

1.

	<u>2012</u>	<u>2011</u>	<u>Change</u>
(a) Federal	\$(272,296)	\$3,696,191	\$(3,968,487)
(b) Foreign	0	0	0
(c) Subtotal	<u>\$(272,296)</u>	<u>\$3,696,191</u>	<u>\$(3,968,487)</u>
(d) Federal income tax on net capital gains	5,985,622	1,585,644	4,399,978
(e) Utilization of capital loss carry-forwards	0	0	0
(f) Other	0	0	0
(g) Federal and Foreign income taxes incurred	<u>\$5,713,326</u>	<u>\$5,281,835</u>	<u>\$431,491</u>

2. Deferred Tax Assets:

	<u>2012</u>	<u>2011</u>	<u>Change</u>
(a) Ordinary:			
(1) Tax Reserves	\$506,351	\$492,045	\$14,306
(2) Deferred acquisition costs	363,045	404,049	(41,004)
(3) Policyholder reserves	0	0	0
(4) Investments	0	0	0
(5) Charitable contributions	0	0	0
(6) Policyholder dividends	75,556	76,490	(934)
(7) Fixed assets	0	0	0
(8) Compensation and benefits accrual	0	0	0
(9) Pension accrual	0	0	0
(10) Nonadmitted assets	79,376	79,376	0
(11) Net operating loss carryforwards	0	0	0
(12) Tax credit carry-forward	0	0	0
(13) Other (including items <5% of total ordinary tax assets)	109,827	330,088	(220,261)
Subtotal	<u>\$1,134,155</u>	<u>\$1,382,048</u>	<u>\$(247,893)</u>
(b) Statutory valuation allowance adjustment	0	0	0
(c) Nonadmitted	0	0	0
(d) Admitted ordinary deferred tax assets	<u>\$1,134,155</u>	<u>\$1,382,048</u>	<u>\$(247,893)</u>
(e) Capital:			
(1) Investments	\$1,196,040	\$1,212,819	\$(16,779)
(2) Net capital loss carry-forward	0	0	0
(3) Real estate	0	0	0
(4) Other (including items <5% of total capital tax assets)	0	0	0
Subtotal	<u>\$1,196,040</u>	<u>\$1,212,819</u>	<u>\$(16,779)</u>
(f) Statutory valuation allowance adjustment	0	0	0
(g) Nonadmitted	0	0	0
(h) Admitted capital deferred tax assets	<u>\$1,196,040</u>	<u>\$1,212,819</u>	<u>\$(16,779)</u>
(i) Admitted deferred tax assets (2d+2h)	<u>\$2,330,195</u>	<u>\$2,594,867</u>	<u>\$(264,672)</u>

3. Deferred Tax Liabilities:

	<u>2012</u>	<u>2011</u>	<u>Change</u>
(a) Ordinary:			
(1) Investments	\$0	\$0	\$0
(2) Fixed assets	0	0	0
(3) Deferred and uncollected premium	0	0	0
(4) Policyholder reserves	0	0	0
(5) Other (including items <5% of total ordinary tax assets)	205,105	175,658	29,447
Subtotal	<u>\$205,105</u>	<u>\$175,658</u>	<u>\$29,447</u>
(b) Capital:			
(1) Investments	\$189,646	\$851,216	\$(661,570)
(2) Real estate	0	580,329	(580,329)
(3) Other (including items <5% of total capital tax assets)	0	175,947	(175,947)
Subtotal	<u>\$189,646</u>	<u>\$1,607,492</u>	<u>\$(1,417,846)</u>
(c) Deferred tax liabilities	<u>\$394,751</u>	<u>\$1,783,150</u>	<u>\$(1,388,399)</u>

NOTES TO FINANCIAL STATEMENTS

4. Net Deferred Tax Assets/Liabilities:

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Net Deferred Tax Assets/Liabilities (2i-3c)	<u>\$1,935,444</u>	<u>\$811,717</u>	<u>\$1,123,727</u>

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

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

<u>Description</u>	<u>Amount</u>	<u>Tax Effect at 35%</u>	<u>Effective Tax Rate</u>
Income before taxes	\$ 18,782,228	\$ 6,573,780	35.00%
DRD deduction and tax-exempt interest, net	(368,089)	(128,831)	-0.69%
IMR amortization	(1,024,152)	(358,453)	-1.91%
Impact of SMCLD rate on DTA	(1,685,593)	(1,685,593)	-8.97%
Meals and entertainment	10,203	3,571	0.02%
Other	2,476,194	842,193	4.48%
Taxable income	<u>\$ 18,190,791</u>	<u>\$ 5,246,667</u>	<u>27.93%</u>
Federal income tax expense incurred		(272,296)	-1.45%
Tax on capital gains		5,985,622	31.86%
Change in net deferred income tax benefit		(466,659)	-2.48%
Total statutory income taxes		<u>\$ 5,246,667</u>	<u>27.93%</u>

E. Operating Loss and Tax Credit Carryforwards

(1) At December 31, 2012, the Company has no net operating loss carry forwards.

(2) The following is income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses:

<u>Year</u>	<u>Amount</u>
2012	\$ 5,713,326
2011	\$ 5,281,835

F. Consolidated Federal Income Tax Return

(1) The Company does not file a consolidated federal income tax return.

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

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

During the fourth quarter 2012, UTG entered into a new line of credit agreement to replace the existing line of credit with FTN Financial. On November 20, 2012, the stock of UG was pledged to secure the new line of credit from Illinois National Bank for \$8,000,000. UTG will pay accrued interest at a rate of 3.75% in regular monthly payments which began on December 20, 2012. At December 31, 2012, the outstanding principal balance on this line of credit was \$1,655,035.

B. During 2012, the Company paid three cash dividends to UTG, Inc. of \$384,722, \$1,602,000 and \$1,330,000 on March 30, 2012, July 6, 2012 and December 26, 2012, respectively. During 2011, the Company paid two cash dividends to UTG, Inc. of \$1,600,000 and \$1,330,000 on July 5, 2011 and December 23, 2011, respectively. These dividends were comprised entirely of ordinary dividends. No regulatory approvals were required prior to the payment of these dividends.

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

D. The Company reported \$178,752 and \$151,370 as amounts due to affiliates as of December 31, 2012 and December 31, 2011, respectively. The terms of the settlement require that these amounts be settled within 90 days.

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

F. Effective January 1, 2007, the Company has a cost sharing arrangement with its upstream parent, UTG, Inc. Under this arrangement, the Company pays its proportionate share of expenses of the entire group, based on an allocation formula. The Company continually monitors expenditures looking for saving opportunities. Management places significant emphasis on expense monitoring and cost containment. Maintaining administrative efficiencies directly impacts net income. The Company paid \$8,843,596 and \$7,185,037 in 2012 and 2011, respectively, under this agreement.

The Company, from time to time, acquires mortgage loans through participation agreements with FSNB. FSNB services the Company's mortgage loans including those covered by the participation agreements. The Company pays a .25% servicing fee on these loans and a one-time fee at loan origination of .50% of the original loan amount to cover costs incurred by FSNB relating to the processing and establishment of the loan. The Company paid \$95,604 and \$129,393 in servicing fees and \$81,851 and \$89,651 in origination fees to FSNB during 2012 and 2011, respectively.

NOTES TO FINANCIAL STATEMENTS

- G. All outstanding shares of the Company are owned by UTG, Inc., an insurance holding company incorporated in the State of Delaware.
- H. The Company does not own any shares of the stock of an upstream parent.
- I. The Company does not own any material subsidiaries.
- J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled or affiliated companies during the statement period.
- K. The Company has no investments in a foreign insurance subsidiary.
- L. The Company has no downstream noninsurance holding companies.

11. Debt

- A. The Company did not utilize the line of credit with Federal Home Loan Bank during 2012.
- B. Federal Home Loan Bank Agreements

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

	(1) Current Year	(2) Prior Year
(2) FHLB stock purchased/owned as part of the agreement	\$527,000	\$527,000
(3) Collateral pledged to the FHLB	\$6,891,382	\$7,482,564
(4) Borrowing capacity currently available	\$15,000,000	\$15,000,000
(5) Agreement assets and liabilities	N/A	N/A

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

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

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

- (1) The Company has 400,000 shares authorized, 400,000 shares issued and 400,000 shares outstanding. All shares are Class A shares.
- (2) The Company has no preferred stock outstanding.
- (3) The maximum amount of dividends which can be paid to shareholders without prior approval from the Insurance Commissioner is subject to restrictions related to statutory earnings and statutory earned surplus. Without prior approval, dividends may be paid only out of positive earned surplus at the time of the dividend, and within a calendar year may not exceed the greater of the net gain from operations of the prior year or 10% of the prior year's policyholders' surplus. Dividends are paid only as declared by the Board of Directors.
- (4) On March 30, 2012, the Company paid a cash dividend of \$384,722. On July 6, 2012, the Company paid a cash dividend of \$1,602,000. An additional dividend of \$1,330,000 was paid on December 26, 2012.
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) There are no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) The total amount of advances to surplus not repaid is \$0.
- (8) There is no stock held by the Company, including stock of affiliated companies, for special purposes.
- (9) There were no changes in balances of special surplus funds from the prior year.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses as of December 31, 2012 are \$4,034,612.
- (11) The Company did not issue any surplus debentures or similar obligations.
- (12) The Company did not have any impact of any restatement due to prior quasi-reorganizations.
- (13) The Company did not have any quasi-reorganizations.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies**A. Contingent Commitments**

- (1) The Company committed to invest \$4,000,000 in RLF III, LLC, which makes land-based investments in undervalued assets.

The Company made a commitment to invest \$2,000,000 in Llano Music, LLC, which invests in music royalties.

The Company committed to invest \$1,250,000 in MM-Marcellus III, LP, which purchases land for leasing opportunities to those looking to harvest natural resources.

The Company made a commitment to invest \$1,000,000 in Dew Learning, LLC, which is involved in the marketing and distribution of an electronic education based classroom model.

The Company committed to invest \$1,800,000 in MM-Marcellus HBPI, LP, which purchases land for leasing opportunities to those looking to harvest natural resources.

The Company committed to invest \$5,625,000 in PBEX, LLC, which purchases land for leasing opportunities to those looking to harvest natural resources.

The Company committed to invest \$500,000 in Sovereign's Capital, LP, which invests in companies in emerging markets.

- (2) The Company does not have guarantees.
- (3) The Company does not have guarantee obligations.

B. Assessments

The Company is assessed periodically for contributions by the life and health guaranty associations in almost all states in which the Company has policyholders or licenses to transact business to indemnify policyholders of failed insurance companies. In any states, the Company may reduce or offset these assessments against future premium tax payments. At December 31, 2012, the Company maintained a liability of \$51,443 net of expected future premium tax reductions for such assessments. This liability is based upon management's estimate of future assessments through utilization of information provided by NOLGHA.

C. Gain Contingencies

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

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

The Company has not realized any claims related to extra contractual obligation and bad faith losses stemming from lawsuits.

E. All Other Contingencies

As part of the Texas Imperial Life Insurance Company sale, the Company remains contingently liable for certain costs pending the outcome of an ongoing race-based audit on Texas Imperial Life Insurance Company by the Texas Department of Insurance. Under the agreement, the Company is responsible for 100% of the first \$50,000 of costs, 90% of the next \$50,000, 75% of the third \$50,000 and 50% of the costs above \$150,000. Management had conservatively estimated the Company's exposure and other costs at \$50,000 based on information provided to date from the examination team and has established a contingent liability of \$47,727 in its financial statements. This contingency expires December 30, 2013.

The Company is not aware of any current or threatened litigation in which the Company is named the defendant.

15. Leases

The Company is not involved in any material lease transactions.

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

The Company is not involved in any off-balance sheet risk or financial instruments with concentrations of credit risk.

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

The Company had no transactions of this type during the current reporting period.

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

The Company experienced no gain or loss during the current reporting period from uninsured plans.

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

No direct premium was written or produced during the current reporting period by a managing general agent or third party administrator.

NOTES TO FINANCIAL STATEMENTS**20. Fair Value Measurement**

A. (1) Fair Value Measurements at Reporting Date

	Level 1	Level 2	Level 3	Total
a. Assets at fair value				
Bonds	\$ 0	\$ 1,110,225	\$ 1,371,385	\$ 2,481,610
Common Stock	8,630,056	6,092,613	11,554,789	26,232,858
Preferred Stock	21,633	0	0	18,743,917
Derivative (Assets)	6,745,528	0	0	6,745,528
Other Invested Assets	<u>0</u>	<u>0</u>	<u>32,386,702</u>	<u>32,386,702</u>
Total assets at fair value	\$ 15,397,217	\$ 8,313,063	\$45,312,876	\$ 86,590,615
b. Liabilities at fair value				
Short Stock	\$ 1,502,360	\$ 0	\$ 0	\$ 1,502,360
Derivatives (Liabilities)	<u>6,050,344</u>	<u>0</u>	<u>0</u>	<u>6,050,344</u>
Total liabilities at fair value	\$ 7,552,704	\$ 0	\$ 0	\$ 7,552,704

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

	Beginning Balance at 01/01/2012	Total gains and (losses) included in Surplus	Purchases	Sales	Ending Balance at 12/31/2012
a. Assets					
Bonds	\$ 1,152,556	\$ 218,829	\$ 0	\$ 0	\$ 1,371,385
Common Stock	6,969,712	(489,478)	5,074,555	0	11,554,789
Other Invested Assets	<u>37,398,746</u>	<u>2,575,805</u>	<u>14,398,038</u>	<u>(21,985,887)</u>	<u>32,386,702</u>
Total Assets	\$ 45,521,014	\$ 2,305,156	\$ 19,472,593	\$(21,985,887)	\$ 45,312,876

(3) None

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

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

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

Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

B. None

NOTES TO FINANCIAL STATEMENTS

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair values and carrying values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures). The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

Type of Financial Instrument	Aggregate Fair Value	Carrying Value	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Assets						
Bonds	\$ 189,075,415	\$ 173,332,518	\$ 20,987,277	\$ 166,716,753	\$ 1,371,385	\$ 0
Preferred Stock	18,743,917	18,743,889	21,633	0	18,722,284	0
Common Stock	26,232,859	26,232,859	9,098,863	5,579,207	11,554,789	0
Mortgage Loans	44,140,112	44,008,507	0	0	44,140,112	0
Real Estate	15,250,626	15,250,626	0	0	15,250,626	0
Cash	16,878,150	16,878,150	16,878,150	0	0	0
Short Term	5,457,039	5,457,039	5,457,039	0	0	0
Contract Loans	12,591,572	12,591,572	0	0	12,591,572	0
Derivatives	6,745,528	6,745,528	6,745,528	0	0	0
Other Invested Assets	32,386,702	32,386,702	0	0	32,386,702	0
Receivable for Securities	1,903,834	1,903,834	1,903,834	0	0	0
Total Assets	\$ 369,405,754	\$ 353,531,224	\$ 61,092,324	\$ 172,295,960	\$ 136,017,470	\$ 0
Liabilities						
Derivatives	\$ 6,050,344	\$ 6,050,344	\$ 6,050,344	\$ 0	\$ 0	\$ 0
Short Stock	1,502,360	1,502,360	1,502,360	0	0	0
Total Liabilities	\$ 7,552,704	\$ 7,552,704	\$ 7,552,704	\$ 0	\$ 0	\$ 0

D. None

21. Other Items

A. Extraordinary Items

The Company has no extraordinary items.

B. Troubled Debt Restructuring

The Company has no troubled debt restructuring debtors.

C. Other Disclosures

(1) The Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the issues, including, but not limited to, intentions to sell or ability to hold the fixed maturity and equity securities with unrealized losses for a period of time sufficient for them to recover; the length of time and amount of the unrealized loss; and the credit ratings of the issuers of the investments, the Company held four fixed maturity investments and three fixed maturity investments as other-than-temporarily impaired at December 31, 2012 and December 31, 2011, respectively. Other-than-temporary impairments of \$12,680 and \$0 were taken during the twelve months ended December 31, 2012 and December 31, 2011, respectively. The other-than-temporary impairment during 2012 was due to management's assessment and consideration of the length of time the securities have remained in an unrealized loss position.

During the twelve months ended December 31, 2012 and December 31, 2011, the Company recognized other-than-temporary impairments of \$0 and \$0 on equity securities.

Other-than-temporary impairments of \$0 and \$972,778 were taken on mortgage loans during the twelve months ended December 31, 2012 and December 31, 2011, respectively. The other-than-temporary impairments in 2011 were taken on its mortgage loans as a result of appraisal valuations and management's analysis and determination of value.

Other-than-temporary impairments of \$0 and \$2,465,211 were taken on real estate during the twelve months ended December 31, 2012 and December 31, 2011, respectively. The other-than-temporary impairments in 2011 were the result of appraisal valuations and management's analysis and determination of value.

Other-than-temporary impairments of \$174,725 and \$895,220 were taken on other invested assets during the twelve months ended December 31, 2012 and December 31, 2011, respectively. The other-than-temporary impairments were the result of appraisal valuations and management's analysis and determination of value.

(2) Assets in the amount of \$10,033,554 and \$9,230,570 were on deposit with government authorities or trustees as required by law at December 31, 2012, and December 31, 2011, respectively.

(3) During third quarter 2012, the financial reinsurance agreement with Canada Life Assurance Company was fully repaid. At that time, the reserves were recaptured through elimination of reinsurance recoverable in exchange for assets received equal to the recaptured reserves. The following table reflects the breakdown of the assets received.

NOTES TO FINANCIAL STATEMENTS

Bonds	\$	27,651,746
Common Stock		<u>1,023,394</u>
Total	\$	<u>28,675,140</u>

The non-cash acquisitions of bonds and common stock resulting from recapture of reinsurance have been excluded from the cash flow statement.

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

E. Business Interruption Insurance Recoveries

The Company has no business interruption insurance recoveries.

F. State Transferable and Non-Transferable Tax Credits

The Company has no state transferable or non-transferable tax credits.

G. Subprime Mortgage Related Risk Exposure

The Company does not have any direct exposure to subprime mortgage loans.

H. Retained Assets

The Company does not have any retained assets.

22. Events Subsequent

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

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the company?
Yes () No (X)
- Have any policies issued by the Company been reinsured with a company chartered in a county other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

- Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?
Yes () No (X)
- Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- 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. \$1,126,848.
- Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (X)

B. Uncollectible Reinsurance

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

C. Commutation of Ceded Reinsurance

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

NOTES TO FINANCIAL STATEMENTS**24. Retrospectively Rated Contracts & Contracts Subject to Redetermination**

The Company has no contracts with these provisions in force.

25. Change in Incurred Losses and Loss Adjustment Expenses

The Company experienced no change in incurred losses and loss adjustment expenses.

26. Inter-company Pooling Arrangements

The Company has no inter-company pooling arrangements.

27. Structured Settlements

The Company has no structured settlements.

28. Health Care Receivables

The Company has no health care receivables.

29. Participating Policies

For the reporting year ended 2012, net premiums under life participating policies were \$1,555,048 or approximately 17% of total life premiums earned.

Policyholder dividend scales are established and periodically reviewed by the Board of Directors. The Company paid dividends in the amount of \$494,400 to policyholders and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

1. As of December 31, 2012, the Company had liabilities of \$187,374 related to premium deficiency reserves.
2. Date of the most recent evaluation of this liability is December 31, 2012.
3. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

31. Reserves for Life Contracts and Annuity Contracts

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

- (2) Extra premiums are charged for substandard lives.

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

- (3) As of December 31, 2012, the Company had insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio. Reserves to cover the above insurance totaled the gross amount of \$187,374 at year-end and are reported in Exhibit 5, Life Insurance and Annuities sections.

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

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

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

- (5) For the determination of Tabular Interest on funds not involving life contingencies for each valuation rate of interest, the tabular interest is calculated as one hundredth of the product of such valuation rate of interest times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.

- (6) The details for other changes:

Item	Total	<u>Industrial Life</u>	<u>Ordinary Life Insurance</u>	<u>Individual Annuities</u>	<u>Supplementary Contracts</u>	<u>Credit Life Group and Individual</u>	<u>Group Life Insurance</u>	<u>Annuities</u>
Recapture of Canada Life COFW	\$32,646,575	\$ 0	\$32,635,736	\$ 0	\$ 10,839	\$ 0	\$ 0	\$ 0

NOTES TO FINANCIAL STATEMENTS**32. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics**

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

	(1) Amount	(2) % of Total
A. Subject to discretionary withdrawal:		
(1) With fair value adjustment	\$0	0%
(2) At book value less current surrender charge of 5% or more	0	0%
(3) At fair value	0	0%
(4) Total with adjustment or at market value (Total of 1 through 3)	<u>\$0</u>	<u>0%</u>
(5) At book value without adjustment (minimal or no charge or adjustment)	42,872,269	99%
B. Not subject to discretionary withdrawal	<u>506,596</u>	<u>1%</u>
C. Total (gross)	\$43,378,865	100%
D. Reinsurance ceded	3,597,857	
E. Total (net)*(C) – (D)	<u>\$39,781,008</u>	

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

	Amount
F. Life & Accident & Health Annual Statement:	
1. Exhibit 5, Annuities Section, Total (net)	\$27,522,614
2. Exhibit 5, Supplementary Contract with Life Contingencies Section, Total (net)	1,043,087
3. Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	<u>11,215,307</u>
4. Subtotal	<u>39,781,008</u>

G. Federal Home Loan Bank Agreements

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

	(1) Current Year	(2) Prior Year
(2) FHLB stock purchased/owned as part of the agreement	\$527,000	\$527,000
(3) Collateral pledged to the FHLB	\$6,891,382	\$7,482,564
(4) Borrowing capacity currently available	\$15,000,000	\$15,000,000
(5) Agreement assets and liabilities	N/A	N/A

33. Premiums and Annuity Considerations Deferred and Uncollected

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

Type	(1) Gross	(2) Net of Loading
(1) Industrial	\$ 9,037	\$ 3,334
(2) Ordinary new business	963	152
(3) Ordinary renewal	1,362,808	959,147
(4) Credit life	0	0
(5) Group life	3,350	3,014
(6) Group annuity	0	0
(7) Totals	<u>\$ 1,376,158</u>	<u>\$ 965,647</u>

34. Separate Accounts

The Company maintains no separate accounts.

35. Loss/Claim Adjustment Expenses

The Company has no loss/claim adjustment expenses.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Ohio
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/21/2011
- 3.4 By what department or departments?
Ohio Department of Insurance

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [X] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [X] No []
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile
American Capitol Insurance Company	60291	TX

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information:

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control0.000 %
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [X] No []
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
First Southern Bancorp, Inc.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No []
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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
First Southern National Bank	Stanford, KY		YES		

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Brown Smith Wallace LLC 1050 N. Lindbergh Blvd, St. Louis, MO 63132

- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:

- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Wilfred Joseph Albracht - Consulting Actuary 2262 Meadow Vale Rd., Longmont, CO 80504

GENERAL INTERROGATORIES

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
 12.11 Name of real estate holding company
 Collier Beach, Dearborn County Indiana, HPG Acquisition, LS Clarkston Investco, Northwest Florida of Okaloosa Holding, RLF Chinook Properties, RLF Kennessee Properties, RLF Lexington Properties, Sand Lake, UG Acquisitions, UTG Avalon, Wingate of St. Johns Holding, Cumberland Woodlands, Stanford Wilderness Road
 12.12 Number of parcels involved14
 12.13 Total book/adjusted carrying value \$......34,001,658

12.2 If yes, provide explanation.
 Real estate investment properties carried on Sch BA and Sch D Part 2 Section 2

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

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

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes No
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes No
 24.02 If no, give full and complete information relating thereto.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....0

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....0

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

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

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

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....0

24.103 Total payable for securities lending reported on the liability page. \$.....0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes [X] No []

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

25.21 Subject to repurchase agreements \$.....0

25.22 Subject to reverse repurchase agreements \$.....0

25.23 Subject to dollar repurchase agreements \$.....0

25.24 Subject to reverse dollar repurchase agreements \$.....0

25.25 Pledged as collateral \$.....0

25.26 Placed under option agreements \$.....0

25.27 Letter stock or securities restricted as to sale \$.....0

25.28 On deposit with state or other regulatory body \$.....3,072,325

25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York	101 Barclay Street, New York, NY 10286
TD Ameritrade	PO Box 2209, Omaha, NE 68103
The Federal Home Loan Bank of Cincinnati	PO Box 598, Cincinnati, OH 45201
J.P Morgan Clearing Corp.	3 Chase Metrotech Center, Brooklyn, NY 11245
Frost National Bank	San Antonio, TX
Regions Bank	1901 6th Avenue North, 28th Floor Birmingham, AL 35203
Charles Schwab	211 Main Street, San Francisco, CA 94105
Hilliard Lyons	446 East Main Street, Bowling Green, KY 42101
Goldman Sachs Execution & Clearing, LP	200 West Street, 2nd Floor, New York, NY 10282
Interactive Brokers	2 Pickwick Plaza, Greenwich, CT 06830

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

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

29.2 If yes, complete the following schedule:

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

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

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

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	176,146,236	191,889,134	15,742,898
30.2 Preferred stocks.....	18,743,889	18,743,917	28
30.3 Totals.....	194,890,125	210,633,051	15,742,926

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

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

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

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

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

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

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid

34.1 Amount of payments for legal expenses, if any? \$.....27,956

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Gardere Wynne Sewell LLP	16,215

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

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only \$.....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$.....0
- 1.31 Reason for excluding
-

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$.....0

1.62 Total incurred claims \$.....0

1.63 Number of covered lives0

All years prior to most current three years:

1.64 Total premium earned \$.....0

1.65 Total incurred claims \$.....0

1.66 Number of covered lives0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$.....0

1.72 Total incurred claims \$.....0

1.73 Number of covered lives0

All years prior to most current three years:

1.74 Total premium earned \$.....0

1.75 Total incurred claims \$.....0

1.76 Number of covered lives0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	.....0	.....0
2.2 Premium Denominator.....	.....8,963,208	.....9,199,333
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	.....64,737	.....65,692
2.5 Reserve Denominator.....	.....278,072,996	.....250,242,816
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

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

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

3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? \$.....0

3.4 State the authority under which Separate Accounts are maintained:

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

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

3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)?" \$.....0

4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes [X] No []

4.2 Net reimbursement of such expenses between reporting entities:

4.21 Paid \$.....8,843,596

4.22 Received \$.....0

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

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

5.21 Page 3, Line 1 \$.....0

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

6. For stock reporting entities only:

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

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

7.11 Cash \$.....40,104,722

7.12 Stock \$.....0

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Yes [] No [X]
 Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement? Yes [] No []

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

	1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained
8.31 Earned premium.....
8.32 Paid claims.....
8.33 Claim liability and reserve (beginning of year).....
8.34 Claim liability and reserve (end of year).....
8.35 Incurred claims.....

8.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and 8.34 for Col. (1) are:

	1 Earned Premium	2 Claim Liability and Reserve
8.41 < \$25,000.....
8.42 \$25,000 -- 99,999.....
8.43 \$100,000 -- 249,999.....
8.44 \$250,000 -- 999,999.....
8.45 \$1,000,000 or more.....

8.5 What portion of earned premium reported in 8.31, Col. 1 was assumed from pools? \$.....0

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

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

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

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

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

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

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

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

11.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....0

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

11.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....0

Universal Guaranty Life Insurance Company

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

Show amounts of life insurance in this exhibit in thousands (omit \$000)

	1 2012	2 2011	3 2010	4 2009	5 2008
Life Insurance in Force (Exhibit of Life Insurance)					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....	1,167,733	1,223,847	1,287,843	1,229,207	1,291,134
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....	320,412	348,782	382,527	379,634	416,162
3. Credit life (Line 21, Col. 6).....	681	711	836	1,073	1,685
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....	15,418	18,863	21,710	24,109	28,807
5. Industrial (Line 21, Col. 2).....	66,589	70,423	74,345	2,797	2,949
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....	0	0	0	0	0
7. Total (Line 21, Col. 10).....	1,570,833	1,662,626	1,767,261	1,636,820	1,740,737
New Business Issued (Exhibit of Life Insurance)					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	453	693	504	393	483
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....	0	0	0	0	0
10. Credit life (Line 2, Col. 6).....	378	497	497	495	798
11. Group (Line 2, Col. 9).....	184	326	535	792	1,163
12. Industrial (Line 2, Col. 2).....	0	0	0	0	0
13. Total (Line 2, Col. 10).....	1,015	1,516	1,536	1,680	2,444
Premium Income - Lines of Business (Exhibit 1-Part 1)					
14. Industrial life (Line 20.4, Col. 2).....	412,576	478,108	554,189	10,268	11,262
15.1 Ordinary life insurance (Line 20.4, Col. 3).....	7,985,279	8,117,959	8,475,842	8,203,196	8,666,994
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....	334,760	344,533	375,263	445,254	427,672
16. Credit life (group and individual) (Line 20.4, Col. 5).....	10,415	9,156	10,818	5,898	13,254
17.1 Group life insurance (Line 20.4, Col. 6).....	202,705	231,904	250,661	267,039	295,028
17.2 Group annuities (Line 20.4, Col. 7).....	0	0	0	0	0
18.1 A&H - group (Line 20.4, Col. 8).....	0	0	0	0	0
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....	1,038	222	1,274	811	3,025
18.3 A&H - other (Line 20.4, Col. 10).....	16,435	17,451	19,218	22,315	27,059
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....	0	0	0	0	0
20. Total.....	8,963,208	9,199,333	9,687,265	8,954,781	9,444,294
Balance Sheet (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3).....	360,577,897	322,563,953	333,812,724	265,009,697	256,889,661
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	328,334,808	289,396,731	303,369,844	237,659,827	229,406,500
23. Aggregate life reserves (Page 3, Line 1).....	275,137,327	247,991,791	252,825,372	206,158,841	207,289,944
24. Aggregate A&H reserves (Page 3, Line 2).....	191,297	328,817	334,296	348,351	405,346
25. Deposit-type contract funds (Page 3, Line 3).....	11,214,601	11,411,127	11,604,554	10,454,094	10,510,273
26. Asset valuation reserve (Page 3, Line 24.01).....	12,672,756	7,865,649	8,907,458	6,799,143	6,503,681
27. Capital (Page 3, Lines 29 & 30).....	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
28. Surplus (Page 3, Line 37).....	30,243,089	31,167,222	28,442,880	25,349,870	25,483,161
Cash Flow (Page 5)					
29. Net Cash from operations (Line 11).....	22,095,828	(3,260,963)	(2,144,190)	(1,667,810)	(229,625)
Risk-Based Capital Analysis					
30. Total adjusted capital.....	45,185,689	41,306,051	39,656,563	34,719,954	34,444,294
31. Authorized control level risk-based capital.....	13,239,629	11,230,870	11,004,562	8,899,251	7,449,650
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line No. /Page 2, Line 12, Col. 3) x 100.0					
32. Bonds (Line 1).....	49.0	33.6	51.1	39.5	45.2
33. Stocks (Lines 2.1 and 2.2).....	12.7	8.0	9.7	14.2	18.1
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....	12.4	11.5	18.2	20.5	16.7
35. Real estate (Line 4.1, 4.2 and 4.3).....	4.3	4.4	5.7	3.9	2.9
36. Cash, cash equivalents and short-term investments (Line 5).....	6.3	25.5	5.1	10.6	6.2
37. Contract loans (Line 6).....	3.6	4.2	4.2	4.2	4.4
38. Derivatives (Line 7).....	1.9	1.0	0.2	XXX	XXX
39. Other invested assets (Line 8).....	9.2	11.8	5.8	6.8	6.5
40. Receivables for securities (Line 9).....	0.5	0.0	0.0	0.0	0.0
41. Securities lending reinvested collateral assets (Line 10).....	0.0	0.0	0.0	XXX	XXX
42. Aggregate write-ins for invested assets (Line 11).....	0.0	0.0	0.0	0.4	0.0
43. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0

Universal Guaranty Life Insurance Company

FIVE-YEAR HISTORICAL DATA

(continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Investments in Parent, Subsidiaries and Affiliates					
44. Affiliated bonds (Sch. D Summary, Line 12 Col. 1).....	0	0	0	0	0
45. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
46. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....	9,950,989	5,406,712	7,925,878	17,307,211	14,487,298
47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....	0	0	0	0	0
48. Affiliated mortgage loans on real estate	0	0	0	0	0
49. All other affiliated.....	15,570,906	24,467,427	15,963,677	16,005,078	14,480,231
50. Total of above Lines 44 to 49.....	29,521,895	33,874,139	27,889,555	37,312,289	32,967,529
51. Total investment in parent included in Lines 44 to 49 above.....	5,213,513	5,192,368	5,137,700	5,057,762	4,000,000
Total Nonadmitted and Admitted Assets					
52. Total nonadmitted assets (Page 2, Line 28, Col. 2).....	566,972	566,972	515,860	680,242	2,066,177
53. Total admitted assets (Page 2, Line 28, Col. 3).....	360,577,897	322,563,953	333,812,724	265,009,697	256,889,661
Investment Data					
54. Net investment income (Exhibit of Net Investment Income).....	15,896,375	22,347,944	22,758,159	10,603,286	12,019,628
55. Realized capital gains (losses) (Page 4, Line 34, Column 1).....	4,880,399	(6,768,358)	(2,366,558)	656,974	0
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	(655,391)	(115,549)	1,730,845	(650,350)	0
57. Total of above Lines 54, 55 and 56.....	20,121,383	15,464,037	22,122,446	10,609,910	12,019,628
Benefits and Reserve Increase (Page 6)					
58. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15 Col. 1 less Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11).....	22,036,072	20,133,314	19,896,816	17,992,536	18,410,356
59. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	86,533	56,521	49,037	73,328	106,024
60. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	27,734,828	(4,595,710)	(4,021,441)	(1,360,452)	(605,196)
61. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	(38,835)	(5,479)	(14,055)	(56,995)	(23,905)
62. Dividends to policyholders (Line 30, Col 1).....	494,400	448,177	507,423	582,287	527,182
Operating Percentages					
63. Insurance expense percent (Page 6, Col. 1, Lines 21, 22, & 23 less Line 6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00.....	(274.1)	77.1	70.6	35.8	36.0
64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00.....	3.8	4.3	4.1	4.7	4.3
65. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....	270.0	279.3	167.2	72.5	267.6
66. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....	0.0	0.0	0.0	0.0	0.0
67. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....	570.9	277.2	217.8	148.6	123.3
A&H Claim Reserve Adequacy					
68. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....	104,150	111,778	118,766	125,177	131,066
69. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....	95,578	102,566	108,977	114,866	120,280
70. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	92,835	95,113	96,133	97,383	123,992
71. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	113,815	116,745	119,244	143,567	144,436
Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)					
72. Industrial life (Col. 2).....	1,681,802	680,928	1,482,944	62,121	63,582
73. Ordinary - life (Col. 3).....	374,360	5,506,849	5,878,460	(272,613)	776,462
74. Ordinary - individual annuities (Col. 4).....	307,785	673,033	800,146	24,225	191,558
75. Ordinary - supplementary contracts (Col. 5).....	22,610	12,452	99,336	2,172	2,138
76. Credit life (Col. 6).....	(2,600)	3,697	5,577	14,374	(6,093)
77. Group life (Col. 7).....	(305,373)	(169,788)	(114,792)	(272,320)	(261,992)
78. Group annuities (Col. 8).....	0	0	0	0	0
79. A&H - group (Col. 9).....	(2,842)	(368)	(1,120)	(4,977)	(3,960)
80. A&H - credit (Col. 10).....	(5,930)	422	(535)	3,732	(3,595)
81. A&H - other (Col. 11).....	(82,100)	(33,080)	(22,986)	(10,059)	(50,361)
82. Aggregate of all other lines of business (Col. 12).....	0	0	0	0	0
83. Total (Col. 1).....	1,987,712	6,674,145	8,127,030	(453,345)	707,739

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

Yes [X] No []

If no, please explain:

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	Number of		9 Amount of Insurance (a)	
							7 Policies	8 Certificates		
1. In force end of prior year.....	90,128	70,422	100,074	1,572,630	193	711	31	1,410	18,862	1,662,625
2. Issued during year.....	0	0	68	453	75	378	0	8	184	1,015
3. Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4. Revived during year.....	19	14	61	1,002	0	0	0	2	13	1,029
5. Increased during year (net).....	0	0	0	1,794	0	0	0	0	0	1,794
6. Subtotals, Lines 2 to 5.....	19	14	129	3,249	75	378	0	10	197	3,838
7. Additions by dividends during year.....	XXX	0	XXX	443	XXX	0	XXX	XXX	0	443
8. Aggregate write-ins for increases.....	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 and 6 to 8).....	90,147	70,436	100,203	1,576,322	268	1,089	31	1,420	19,059	1,666,906
Deductions during year:										
10. Death.....	701	613	2,489	18,906	0	0	XXX	65	518	20,037
11. Maturity.....	559	74	118	213	0	0	XXX	0	0	287
12. Disability.....	0	0	0	0	0	0	XXX	0	0	0
13. Expiry.....	2,362	2,279	941	7,026	92	408	0	0	36	9,749
14. Surrender.....	881	873	1,908	33,595	0	0	0	0	0	34,468
15. Lapse.....	10	4	226	24,394	0	0	0	131	2,955	27,353
16. Conversion.....	0	0	0	0	0	0	XXX	XXX	XXX	0
17. Decreased (net).....	0	4	0	4,043	0	0	0	0	132	4,179
18. Reinsurance.....	0	0	0	0	0	0	0	0	0	0
19. Aggregate write-ins for decreases.....	0	0	0	0	0	0	0	0	0	0
20. Totals (Lines 10 to 19).....	4,513	3,847	5,682	88,177	92	408	0	196	3,641	96,073
21. In force end of year (Line 9 minus Line 20).....	85,634	66,589	94,521	1,488,145	176	681	31	1,224	15,418	1,570,833
22. Reinsurance ceded end of year.....	XXX	0	XXX	334,460	XXX	0	XXX	XXX	0	334,460
23. Line 21 minus Line 22.....	XXX	66,589	XXX	1,153,685	XXX	681	XXX	XXX	15,418	1,236,373

DETAILS OF WRITE-INS

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

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

(b) Group \$.....0; Individual \$.....0.

EXHIBIT OF LIFE INSURANCE (continued)

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends.....	XXX	0	XXX	19,973
25. Other paid-up insurance.....	77,657	58,228	55,095	216,084
26. Debit ordinary insurance.....	XXX	XXX	0	0

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies-decreasing.....	0	0	364	1,932
28. Term policies-other.....	0	0	1,074	48,073
29. Other term insurance-decreasing.....	XXX	0	XXX	122,958
30. Other term insurance.....	XXX	0	XXX	91,847
31. Totals (Lines 27 to 30).....	0	0	1,438	264,810
Reconciliation to Lines 2 and 21:				
32. Term additions.....	XXX	0	XXX	60
33. Totals, extended term insurance.....	XXX	XXX	12,309	55,542
34. Totals, whole life and endowment.....	68	453	80,774	1,167,733
35. Totals (Lines 31 to 34).....	68	453	94,521	1,488,145

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial.....	0	0	66,589	0
37. Ordinary.....	453	0	1,333,500	154,644
38. Credit Life (Group and Individual).....	378	0	682	0
39. Group.....	184	0	15,418	0
40. Totals (Lines 36 to 39).....	1,015	0	1,416,189	154,644

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other companies.....	XXX	0	XXX	0
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis.....	0	XXX	0	XXX
43. Federal Employees' Group Life Insurance included in Line 21.....	0	0	0	0
44. Servicemen's Group Life Insurance included in Line 21.....	0	0	0	0
45. Group Permanent Insurance included in Line 21.....	0	0	1,224	15,418

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a).....	485,233
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BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.
47.1 Actual Amount
47.2 For each \$5,000 on husband, wife \$1,000, children \$2,500

POLICIES WITH DISABILITY PROVISIONS

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium.....	39	8	6,343	23,881	0	0	0	0
49. Disability Income.....	0	0	0	0	0	0	0	0
50. Extended Benefits.....	0	0	XXX	XXX	0	0	407	8,902
51. Other.....	0	0	0	0	0	0	0	0
52. Total.....	39 (b)	8 (b)	6,343 (b)	23,881 (b)	0 (b)	0 (b)	407 (b)	8,902 (b)

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

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

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

SUPPLEMENTARY CONTRACTS

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year.....	162	39	.0	.0
2. Issued during year.....	.3	.0	.0	.0
3. Reinsurance assumed.....	.0	.0	.0	.0
4. Increased during year (net).....	.0	.0	.0	.0
5. Total (Lines 1 to 4).....	165	39	.0	.0
Deductions during year:				
6. Decreased (net).....	.19	.4	.0	.0
7. Reinsurance ceded.....	.0	.0	.0	.0
8. Totals (Lines 6 and 7).....	.19	.4	.0	.0
9. In force end of year.....	146	35	.0	.0
10. Amount on deposit.....	.0	(a).....128,552	.0	(a).....0
11. Income now payable.....	146	30	.0	.0
12. Amount of income payable.....	(a).....167,636	(a).....170,922	(a).....0	(a).....0

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	13	3,021	.0	.0
2. Issued during year.....	.0	.0	.0	.0
3. Reinsurance assumed.....	.0	.0	.0	.0
4. Increased during year (net).....	.0	.0	.0	.0
5. Total (Lines 1 to 4).....	13	3,021	.0	.0
Deductions during year:				
6. Decreased (net).....	.0	.157	.0	.0
7. Reinsurance ceded.....	.0	.0	.0	.0
8. Totals (Lines 6 and 7).....	.0	.157	.0	.0
9. In force end of year.....	13	2,864	.0	.0
Income now payable:				
10. Amount of income payable.....	(a).....24,805	XXX	XXX	(a).....0
Deferred fully paid:				
11. Account balance.....	XXX	(a).....13,190,178	XXX	(a).....0
Deferred not fully paid:				
12. Account balance.....	XXX	(a).....14,194,161	XXX	(a).....0

ACCIDENT AND HEALTH INSURANCE

	Group		Credit		Other	
	1 Certificates	2 Premiums in force	3 Policies	4 Premiums in force	5 Policies	6 Premiums in force
1. In force end of prior year.....	.2	.0	.7	.222	.796	17,451
2. Issued during year.....	.0	.0	.3	.0	.0	.0
3. Reinsurance assumed.....	.0	.0	.0	.0	.0	.0
4. Increased during year (net).....	.0	XXX	.0	XXX	.0	XXX
5. Total (Lines 1 to 4).....	.2	XXX	.10	XXX	.796	XXX
Deductions during year:						
6. Conversions.....	.0	XXX	XXX	XXX	XXX	XXX
7. Decreased (net).....	.0	XXX	.3	XXX	.67	XXX
8. Reinsurance ceded.....	.0	XXX	.0	XXX	.0	XXX
9. Totals (Lines 6 to 8).....	.0	XXX	.3	XXX	.67	XXX
10. In force end of year.....	.2	(a).....0	.7	(a).....1,038	.729	(a).....16,473

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year.....	17	5,922
2. Issued during year.....	.0	.0
3. Reinsurance assumed.....	.0	.0
4. Increased during year (net).....	.0	.0
5. Total (Lines 1 to 4).....	17	5,922
Deductions during year:		
6. Decreased (net).....	.3	306
7. Reinsurance ceded.....	.0	.0
8. Totals (Lines 6 and 7).....	.3	306
9. In force end of year.....	14	5,616
10. Amount of account balance.....	(a).....33,471	(a).....10,799,919

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

Universal Guaranty Life Insurance Company

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

			Direct Business Only					
				Life Contracts				
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	64,155	3,611	0	0	67,766	0	
2. Alaska	AK	932	80	0	0	1,012	0	
3. Arizona	AZ	30,865	1,648	99	0	32,612	0	
4. Arkansas	AR	151,253	400	0	0	151,653	0	
5. California	CA	125,838	1,912	84	0	127,834	0	
6. Colorado	CO	74,779	2,696	293	0	77,768	0	
7. Connecticut	CT	2,981	0	0	0	2,981	0	
8. Delaware	DE	3,068	0	0	0	3,068	0	
9. District of Columbia	DC	4,606	0	0	0	4,606	0	
10. Florida	FL	369,125	4,929	129	0	374,183	0	
11. Georgia	GA	167,379	1,176	84	0	168,639	0	
12. Hawaii	HI	1,978	80	0	0	2,058	0	
13. Idaho	ID	3,981	0	0	0	3,981	0	
14. Illinois	IL	1,524,967	79,839	260	0	1,605,066	0	
15. Indiana	IN	293,337	27,353	7,707	0	328,397	0	
16. Iowa	IA	234,995	48,778	0	0	283,773	0	
17. Kansas	KS	504,519	3,097	6,105	0	513,721	0	
18. Kentucky	KY	56,194	1,088	546	0	57,828	0	
19. Louisiana	LA	382,174	1,831	0	0	384,005	0	
20. Maine	ME	16,917	0	0	0	16,917	0	
21. Maryland	MD	13,640	1,470	82	0	15,192	0	
22. Massachusetts	MA	5,543	160	0	0	5,703	0	
23. Michigan	MI	236,182	3,811	239	0	240,232	0	
24. Minnesota	MN	13,366	340	219	0	13,925	0	
25. Mississippi	MS	296,990	1,298	0	0	298,288	0	
26. Missouri	MO	349,065	15,986	482	0	365,533	0	
27. Montana	MT	39,146	1,250	0	0	40,396	0	
28. Nebraska	NE	85,890	1,813	0	0	87,703	0	
29. Nevada	NV	9,240	0	0	0	9,240	0	
30. New Hampshire	NH	810	0	0	0	810	0	
31. New Jersey	NJ	10,749	817	7	0	11,573	0	
32. New Mexico	NM	36,850	1,717	0	0	38,567	0	
33. New York	NY	13,923	520	0	0	14,443	0	
34. North Carolina	NC	181,571	4,801	0	0	186,372	0	
35. North Dakota	ND	2,900	0	147	0	3,047	0	
36. Ohio	OH	3,049,795	16,555	229	0	3,066,579	0	
37. Oklahoma	OK	276,471	5,782	57	0	282,310	0	
38. Oregon	OR	27,011	0	0	0	27,011	0	
39. Pennsylvania	PA	238,510	61,601	8	0	300,119	0	
40. Rhode Island	RI	590	0	0	0	590	0	
41. South Carolina	SC	186,503	524	0	0	187,027	0	
42. South Dakota	SD	3,936	60	66	0	4,062	0	
43. Tennessee	TN	277,029	1,024	203	0	278,256	0	
44. Texas	TX	1,146,823	18,785	72	0	1,165,680	0	
45. Utah	UT	7,640	350	0	0	7,990	0	
46. Vermont	VT	530	3,425	0	0	3,955	0	
47. Virginia	VA	192,442	4,912	0	0	197,354	0	
48. Washington	WA	16,363	326	0	0	16,689	0	
49. West Virginia	WV	720,545	5,433	10,522	0	736,500	0	
50. Wisconsin	WI	30,079	3,303	0	0	33,382	0	
51. Wyoming	WY	142,951	180	0	0	143,131	0	
52. American Samoa	AS	0	0	0	0	0	0	
53. Guam	GU	0	0	0	0	0	0	
54. Puerto Rico	PR	0	0	0	0	0	0	
55. US Virgin Islands	VI	0	0	0	0	0	0	
56. Northern Mariana Islands	MP	0	0	0	0	0	0	
57. Canada	CAN	0	0	0	0	0	0	
58. Aggregate Other Alien	OT	0	0	0	0	0	0	
59. Subtotal	(a) XXX-37	11,627,126	334,761	27,640	0	11,989,527	0	
90. Reporting entity contributions for employee benefit plans	XXX	0	0	0	0	0	0	
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX	152,569	0	0	0	152,569	0	
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX	0	0	0	0	0	0	
93. Premium or annuity considerations waived under disability or other contract provisions	XXX	67,871	0	0	0	67,871	0	
94. Aggregate other amounts not allocable by State	XXX	0	0	0	0	0	0	
95. Totals (Direct Business)	XXX	11,847,566	334,761	27,640	0	12,209,967	0	
96. Plus reinsurance assumed	XXX	33,515	0	1,038	0	34,553	0	
97. Totals (All Business)	XXX	11,881,081	334,761	28,678	0	12,244,520	0	
98. Less reinsurance ceded	XXX	3,400,518	0	11,413	0	3,411,931	0	
99. Totals (All Business) less reinsurance ceded	XXX	8,480,563	334,761	17,265	0	8,832,589	0	

DETAILS OF WRITE-INS

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

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

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

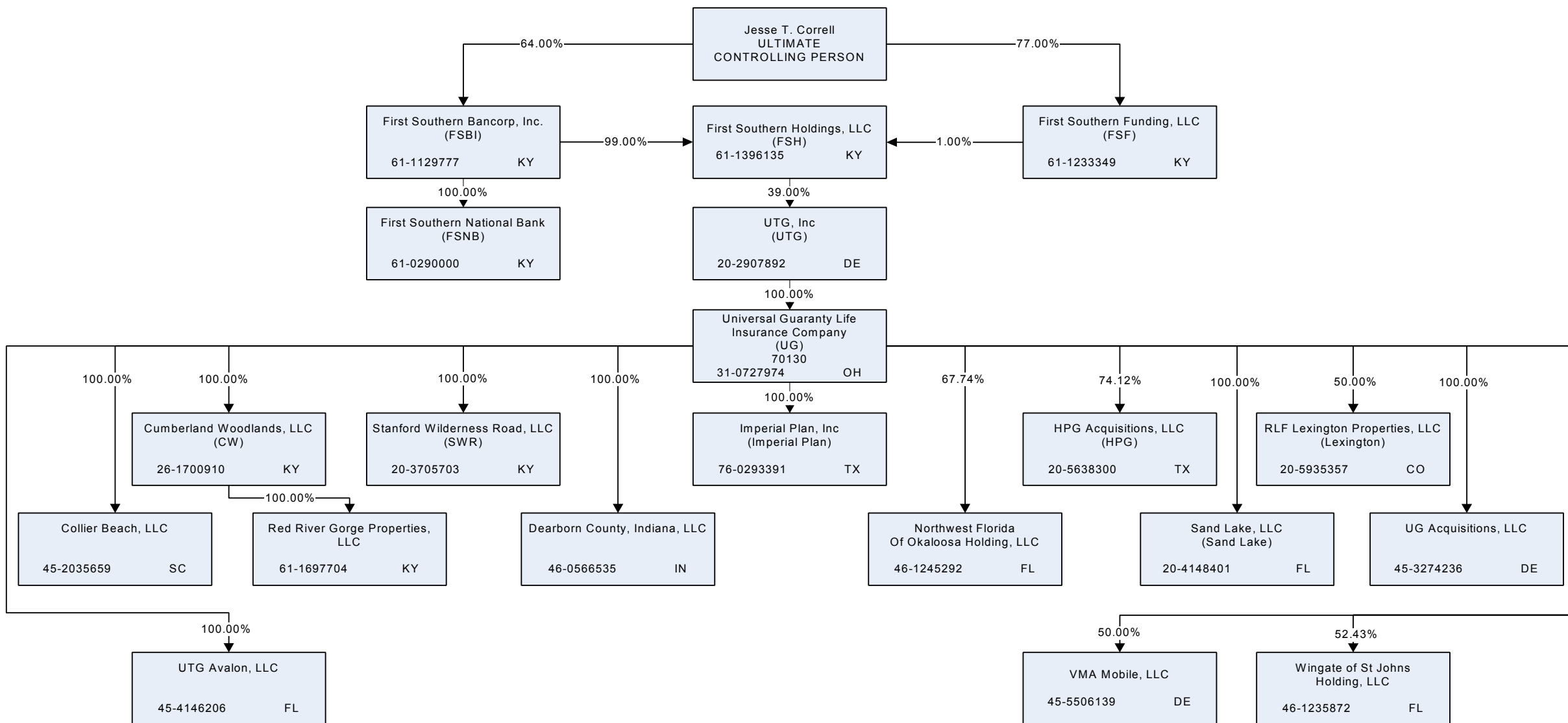
All premiums and annuity considerations are allocated by the policyholder's state of residence.

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

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

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

PART 1 – ORGANIZATIONAL CHART



**2012 ALPHABETICAL INDEX
LIFE ANNUAL STATEMENT BLANK**

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