



**ASSETS**

|   | Current Year |                            |  | Prior Year                  |
|---|--------------|----------------------------|--|-----------------------------|
|   | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Col 1 - Col 2) | 4<br>Net Admitted<br>Assets |
| 1. Bonds (Schedule D) .....   | 6,192,548    |                            | 6,192,548                                      | 4,676,645                   |
| 2. Stocks (Schedule D):   |              |                            |  |                             |
| 2.1 Preferred stocks .....  | 500          |                            | 500  | 500                         |
| 2.2 Common stocks .....   | 4,582,041    | 3,073                      | 4,578,968                                      | 4,187,223                   |
| 3. Mortgage loans on real estate (Schedule B):  |              |                            |  |                             |
| 3.1 First liens .....   |              |                            |  |                             |
| 3.2 Other than first liens .....  |              |                            |  |                             |
| 4. Real estate (Schedule A):  |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$ 125,000 encumbrances) .....   | 2,353,755    |                            | 2,353,755                                      | 1,717,750                   |
| 4.2 Properties held for the production of income (less \$ encumbrances) .....   |              |                            |  |                             |
| 4.3 Properties held for sale (less \$ encumbrances) .....   |              |                            |  |                             |
| 5. Cash (\$ 1,297,307, Schedule E - Part 1), cash equivalents (\$ , Schedule E - Part 2) and short-term investments (\$ 6,094,803, Schedule DA) ..... | 7,392,109    |                            | 7,392,109                                      | 9,359,023                   |
| 6. Contract loans (including \$ premium notes) .....  |              |                            |  |                             |
| 7. Derivatives (Schedule DB) .....  |              |                            |  |                             |
| 8. Other invested assets (Schedule BA) .....  |              |                            |  |                             |
| 9. Receivables for securities .....   |              |                            |  |                             |
| 10. Securities lending reinvested collateral assets (Schedule DL) .....   |              |                            |  |                             |
| 11. Aggregate write-ins for invested assets .....   |              |                            |  |                             |
| 12. Subtotals, cash and invested assets (Line 1 through Line 11) .....  | 20,520,954   | 3,073                      | 20,517,881                                     | 19,941,141                  |
| 13. Title plants less \$ charged off (for Title insurers only) .....  |              |                            |  |                             |
| 14. Investment income due and accrued .....   | 27,609       |                            | 27,609   | 28,951                      |
| 15. Premiums and considerations:  |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....  | 10,671       |                            | 10,671   | 41,756                      |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums) .....       |              |                            |  |                             |
| 15.3 Accrued retrospective premiums .....   |              |                            |  |                             |
| 16. Reinsurance:  |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers .....  | 29,037       | 27,602                     | 1,435  | 76,343                      |
| 16.2 Funds held by or deposited with reinsured companies .....  |              |                            |  |                             |
| 16.3 Other amounts receivable under reinsurance contracts .....   |              |                            |  |                             |
| 17. Amounts receivable relating to uninsured plans .....  | 957,603      |                            | 957,603  | 1,079,364                   |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....  | (16,000)     |                            | (16,000)                                       | 271,000                     |
| 18.2 Net deferred tax asset .....   | 619,000      | 84,000                     | 535,000  | 361,000                     |
| 19. Guaranty funds receivable or on deposit .....   |              |                            |  |                             |
| 20. Electronic data processing equipment and software .....   | 242,953      | 204,094                    | 38,859   | 12,986                      |
| 21. Furniture and equipment, including health care delivery assets (\$ ) .....  | 58,520       | 58,520                     |  | 45,814                      |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....  |              |                            |  |                             |
| 23. Receivables from parent, subsidiaries and affiliates .....  | 1,768,687    |                            | 1,768,687                                      | 1,262,683                   |
| 24. Health care (\$ ) and other amounts receivable .....  | 163,184      | 9,871                      | 153,313  | 30,738                      |
| 25. Aggregate write-ins for other than invested assets .....  | 864,871      | 275,064                    | 589,807  | 539,372                     |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....                              | 25,247,089   | 662,224                    | 24,584,865                                     | 23,691,148                  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....   |              |                            |  |                             |
| 28. Total (Line 26 and Line 27) .....   | 25,247,089   | 662,224                    | 24,584,865                                     | 23,691,148                  |
| <b>DETAILS OF WRITE-INS</b>   |              |                            |  |                             |
| 1101. ....  |              |                            |  |                             |
| 1102. ....  |              |                            |  |                             |
| 1103. ....  |              |                            |  |                             |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....   |              |                            |  |                             |
| 1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above) .....   |              |                            |  |                             |
| 2501. Cash Surrender Value of Officers Life Insurance .....   | 589,807      |                            | 589,807  | 539,372                     |
| 2502. Prepaid Expenses and Deposits .....   | 241,415      | 241,415                    |  |                             |
| 2503. Company Owned Automobiles .....   | 33,649       | 33,649                     |  |                             |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   |              |                            |  |                             |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....   | 864,871      | 275,064                    | 589,807  | 539,372                     |

**LIABILITIES, SURPLUS AND OTHER FUNDS**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| 1. Aggregate reserve for life contracts \$ (Exhibit 5, Line 9999999) less \$ included in Line 6.3 (including \$ Modco Reserve)   |                   |                 |
| 2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)  |                   |                 |
| 3. Liability for deposit-type contracts (Exhibit 7, Line 14, Column 1) (including \$ Modco Reserve)  |                   |                 |
| 4. Contract claims:  |                   |                 |
| 4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10 and 11)  | 90,000            | 75,000          |
| 4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10 and 11)   | 3,210,000         | 3,284,804       |
| 5. Policyholders' dividends \$ and coupons \$ due and unpaid (Exhibit 4, Line 10)  |                   |                 |
| 6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:  |                   |                 |
| 6.1 Dividends apportioned for payment (including \$ Modco)   |                   |                 |
| 6.2 Dividends not yet apportioned (including \$ Modco)   |                   |                 |
| 6.3 Coupons and similar benefits (including \$ Modco)  |                   |                 |
| 7. Amount provisionally held for deferred dividend policies not included in Line 6   |                   |                 |
| 8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ 909,867 accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Line 4 and Line 14) | 926,068           | 611,133         |
| 9. Contract liabilities not included elsewhere:  |                   |                 |
| 9.1 Surrender values on cancelled contracts  |                   |                 |
| 9.2 Provision for experience rating refunds, including the liability of \$ accident and health experience rating refunds of which \$ is for medical loss ratio rebate per the Public Health Service Act                            |                   |                 |
| 9.3 Other amounts payable on reinsurance, including \$ assumed and \$ ceded  |                   |                 |
| 9.4 Interest Maintenance Reserve (IMR, Line 6)   | (1,485)           | 953             |
| 10. Commissions to agents due or accrued-life and annuity contracts \$ accident and health \$ 102,242 and deposit-type contract funds \$   | 102,242           | 94,991          |
| 11. Commissions and expense allowances payable on reinsurance assumed  |                   |                 |
| 12. General expenses due or accrued (Exhibit 2, Line 12, Column 6)   | 3,038,815         | 2,778,062       |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)  |                   |                 |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Column 5)  | 57,313            | 96,686          |
| 15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)   |                   |                 |
| 15.2 Net deferred tax liability  |                   |                 |
| 16. Unearned investment income   |                   |                 |
| 17. Amounts withheld or retained by company as agent or trustee  | 5,000             | 3,662           |
| 18. Amounts held for agents' account, including \$ agents' credit balances   |                   |                 |
| 19. Remittances and items not allocated  |                   |                 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates   |                   |                 |
| 21. Liability for benefits for employees and agents if not included above  |                   |                 |
| 22. Borrowed money \$ and interest thereon \$  |                   |                 |
| 23. Dividends to stockholders declared and unpaid  |                   |                 |
| 24. Miscellaneous liabilities:   |                   |                 |
| 24.01 Asset valuation reserve (AVR, Line 16, Column 7)   | 846,640           | 754,523         |
| 24.02 Reinsurance in unauthorized and certified (\$ ) companies  |                   |                 |
| 24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ ) reinsurers   |                   |                 |
| 24.04 Payable to parent, subsidiaries and affiliates   | (301,827)         | 63,079          |
| 24.05 Drafts outstanding   |                   |                 |
| 24.06 Liability for amounts held under uninsured plans   | 1,867,820         | 1,814,036       |
| 24.07 Funds held under coinsurance   |                   |                 |
| 24.08 Derivatives  |                   |                 |
| 24.09 Payable for securities   |                   |                 |
| 24.10 Payable for securities lending   |                   |                 |
| 24.11 Capital notes \$ and interest thereon \$   |                   |                 |
| 25. Aggregate write-ins for liabilities  | 165,000           | 140,000         |
| 26. Total liabilities excluding Separate Accounts business (Line 1 to Line 25)   | 10,005,586        | 9,716,929       |
| 27. From Separate Accounts statement   |                   |                 |
| 28. Total liabilities (Line 26 and Line 27)  | 10,005,586        | 9,716,929       |
| 29. Common capital stock   |                   |                 |
| 30. Preferred capital stock  |                   |                 |
| 31. Aggregate write-ins for other than special surplus funds   |                   |                 |
| 32. Surplus notes  |                   |                 |
| 33. Gross paid in and contributed surplus (Page 3, Line 33, Column 2 plus Page 4, Line 51.1, Column 1)   |                   |                 |
| 34. Aggregate write-ins for special surplus funds  |                   |                 |
| 35. Unassigned funds (surplus)   | 14,579,280        | 13,974,216      |
| 36. Less treasury stock, at cost:  |                   |                 |
| 36.1 shares common (value included in Line 29 \$ )   |                   |                 |
| 36.2 shares preferred (value included in Line 30 \$ )  |                   |                 |
| 37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ in Separate Accounts Statement)  | 14,579,280        | 13,974,216      |
| 38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)  | 14,579,280        | 13,974,216      |
| 39. Totals of Lines 28 and 38 (Page 2, Line 28, Column 3)  | 24,584,866        | 23,691,145      |
| <b>DETAILS OF WRITE-INS</b>  |                   |                 |
| 2501. Claims Adjustment Liability  | 75,000            | 60,000          |
| 2502. Liability for Negative Equity in Subsidiary  |                   |                 |
| 2503. Liability for Amounts Held for Employee Claims Reserve   | 90,000            | 80,000          |
| 2598. Summary of remaining write-ins for Line 25 from overflow page  |                   |                 |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)  | 165,000           | 140,000         |
| 3101.  |                   |                 |
| 3102.  |                   |                 |
| 3103.  |                   |                 |
| 3198. Summary of remaining write-ins for Line 31 from overflow page  |                   |                 |
| 3199. Totals (Line 3101 through Line 3103 plus Line 3198) (Line 31 above)  |                   |                 |
| 3401.  |                   |                 |
| 3402.  |                   |                 |
| 3403.  |                   |                 |
| 3498. Summary of remaining write-ins for Line 34 from overflow page  |                   |                 |
| 3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)  |                   |                 |

**SUMMARY OF OPERATIONS**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Column 1, less Column 11)                            | 19,688,331        | 19,600,184      |
| 2. Considerations for supplementary contracts with life contingencies   |                   |                 |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17)  | 198,420           | 168,651         |
| 4. Amortization of Interest Maintenance Reserve (IMR, Line 5)   | 1,535             | 157             |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses  |                   |                 |
| 6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Column 1)   | 160,629           | 14,000          |
| 7. Reserve adjustments on reinsurance ceded   |                   |                 |
| 8. Miscellaneous Income:  |                   |                 |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts   |                   |                 |
| 8.2 Charges and fees for deposit-type contracts   |                   |                 |
| 8.3 Aggregate write-ins for miscellaneous income  | 2,619,542         | 2,723,532       |
| 9. Totals (Line 1 to Line 8.3)  | 22,668,457        | 22,506,524      |
| 10. Death benefits  | 66,070            | 69,112          |
| 11. Matured endowments (excluding guaranteed annual pure endowments)  |                   |                 |
| 12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Column 4 plus Column 8)  |                   |                 |
| 13. Disability benefits and benefits under accident and health contracts  | 15,983,749        | 16,293,300      |
| 14. Coupons, guaranteed annual pure endowments and similar benefits   |                   |                 |
| 15. Surrender benefits and withdrawals for life contracts   |                   |                 |
| 16. Group conversions   |                   |                 |
| 17. Interest and adjustments on contract or deposit-type contract funds   |                   |                 |
| 18. Payments on supplementary contracts with life contingencies   |                   |                 |
| 19. Increase in aggregate reserves for life and accident and health contracts   |                   |                 |
| 20. Totals (Line 10 to Line 19)   | 16,049,819        | 16,362,412      |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)                     | 1,495,283         | 1,550,476       |
| 22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1)  |                   |                 |
| 23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)  | 4,397,543         | 3,968,911       |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Column 1 plus Column 2 plus Column 3)                                      | 465,347           | 523,536         |
| 25. Increase in loading on deferred and uncollected premiums  |                   |                 |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance   |                   |                 |
| 27. Aggregate write-ins for deductions  |                   |                 |
| 28. Totals (Line 20 to Line 27)   | 22,407,992        | 22,405,335      |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)  | 260,465           | 101,189         |
| 30. Dividends to policyholders  |                   |                 |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)   | 260,465           | 101,189         |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains)  | 139,179           | 190,198         |
| 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)          | 121,286           | (89,009)        |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR) | 3,871             | (9,280)         |
| 35. Net Income (Line 33 plus Line 34)   | 125,157           | (98,289)        |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                   |                 |
| 36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)  | 13,974,216        | 13,828,147      |
| 37. Net income (Line 35)  | 125,157           | (98,289)        |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$  | 269,709           | 327,404         |
| 39. Change in net unrealized foreign exchange capital gain (loss)   |                   |                 |
| 40. Change in net deferred income tax   | 117,000           |                 |
| 41. Change in nonadmitted assets  | 185,314           | (72,799)        |
| 42. Change in liability for reinsurance in unauthorized and certified companies   |                   |                 |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Column 4)  |                   |                 |
| 44. Change in asset valuation reserve   | (92,116)          | (10,247)        |
| 45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 1)  |                   |                 |
| 46. Surplus (contributed to) withdrawn from Separate Accounts during period   |                   |                 |
| 47. Other changes in surplus in Separate Accounts statement   |                   |                 |
| 48. Change in surplus notes   |                   |                 |
| 49. Cumulative effects of changes in accounting principles  |                   |                 |
| 50. Capital changes:  |                   |                 |
| 50.1 Paid in  |                   |                 |
| 50.2 Transferred from surplus (Stock Dividend)  |                   |                 |
| 50.3 Transferred to surplus   |                   |                 |
| 51. Surplus adjustment:   |                   |                 |
| 51.1 Paid in  |                   |                 |
| 51.2 Transferred to capital (Stock Dividend)  |                   |                 |
| 51.3 Transferred from capital   |                   |                 |
| 51.4 Change in surplus as a result of reinsurance   |                   |                 |
| 52. Dividends to stockholders   |                   |                 |
| 53. Aggregate write-ins for gains and losses in surplus   |                   |                 |
| 54. Net change in capital and surplus for the year (Line 37 through Line 53)  | 605,064           | 146,069         |
| 55. Capital and surplus, December 31, current year (Line 36 plus Line 54) (Page 3, Line 38)   | 14,579,280        | 13,974,216      |
| <b>DETAILS OF WRITE-INS</b>   |                   |                 |
| 08.301. Miscellaneous   | 2,529,245         | 2,623,080       |
| 08.302. Fee Income  | 90,297            | 100,452         |
| 08.303. Management Fee Income   |                   |                 |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page  |                   |                 |
| 08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)  | 2,619,542         | 2,723,532       |
| 2701. Penalties   |                   |                 |
| 2702.   |                   |                 |
| 2703.   |                   |                 |
| 2798. Summary of remaining write-ins for Line 27 from overflow page   |                   |                 |
| 2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)   |                   |                 |
| 5301.   |                   |                 |
| 5302.   |                   |                 |
| 5303.   |                   |                 |
| 5398. Summary of remaining write-ins for Line 53 from overflow page   |                   |                 |
| 5399. Totals (Line 5301 through Line 5303 plus Line 5398) (Line 53 above)   |                   |                 |

**CASH FLOW**

|  | 1            | 2          |
|--|--------------|------------|
|  | Current Year | Prior Year |
| <b>Cash from Operations</b>  |              |            |
| 1. Premiums collected net of reinsurance   | 20,034,351   | 19,417,616 |
| 2. Net investment income   | 323,026      | 286,748    |
| 3. Miscellaneous income  | 2,780,171    | 2,737,532  |
| 4. Total (Line 1 through Line 3)   | 23,137,548   | 22,441,896 |
| 5. Benefit and loss related payments   | 16,062,317   | 15,936,527 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts                             |              |            |
| 7. Commissions, expenses paid and aggregate write-ins for deductions   | 5,953,997    | 5,473,910  |
| 8. Dividends paid to policyholders   |              |            |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)                       | (341,821)    | 237,198    |
| 10. Total (Line 5 through Line 9)  | 21,674,493   | 21,647,635 |
| 11. Net cash from operations (Line 4 minus Line 10)  | 1,463,055    | 794,261    |
| <b>Cash from Investments</b>   |              |            |
| 12. Proceeds from investments sold, matured or repaid:   |              |            |
| 12.1 Bonds   | 4,164,021    | 2,991,432  |
| 12.2 Stocks  | 531,244      | 520,037    |
| 12.3 Mortgage loans  |              |            |
| 12.4 Real estate   |              |            |
| 12.5 Other invested assets   |              |            |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments                                    |              | 1,513      |
| 12.7 Miscellaneous proceeds  |              | 7,403      |
| 12.8 Total investment proceeds (Line 12.1 through Line 12.7)   | 4,695,265    | 3,520,385  |
| 13. Cost of investments acquired (long-term only):   |              |            |
| 13.1 Bonds   | 5,702,737    | 2,465,597  |
| 13.2 Stocks  | 596,202      | 197,867    |
| 13.3 Mortgage loans  |              |            |
| 13.4 Real estate   | 740,359      | (211,325)  |
| 13.5 Other invested assets   |              |            |
| 13.6 Miscellaneous applications  | 50,028       | 34,832     |
| 13.7 Total investments acquired (Line 13.1 through Line 13.6)  | 7,089,326    | 2,486,971  |
| 14. Net increase (decrease) in contract loans and premium notes  |              |            |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)  | (2,394,061)  | 1,033,414  |
| <b>Cash from Financing and Miscellaneous Sources</b>   |              |            |
| 16. Cash provided (applied):   |              |            |
| 16.1 Surplus notes, capital notes  |              |            |
| 16.2 Capital and paid in surplus, less treasury stock  |              |            |
| 16.3 Borrowed funds  |              |            |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities  |              |            |
| 16.5 Dividends to stockholders   |              |            |
| 16.6 Other cash provided (applied)   | (1,035,905)  | (145,021)  |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | (1,035,905)  | (145,021)  |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>   |              |            |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)            | (1,966,911)  | 1,682,654  |
| 19. Cash, cash equivalents and short-term investments:   |              |            |
| 19.1 Beginning of year   | 9,359,022    | 7,676,368  |
| 19.2 End of year (Line 18 plus Line 19.1)  | 7,392,111    | 9,359,022  |
| Note: Supplemental disclosures of cash flow information for non-cash transactions:                                 |              |            |
| 20.001   |              |            |
| 20.002   |              |            |
| 20.003   |              |            |
| 20.004   |              |            |
| 20.005   |              |            |
| 20.006   |              |            |
| 20.007   |              |            |
| 20.008   |              |            |
| 20.009   |              |            |
| 20.010   |              |            |

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Medical Benefits Mutual Life Insurance Company

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

|  | 1<br>Total | 2<br>Industrial<br>Life | Ordinary               |                              |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group                         |                | Accident and Health |   |             | 12<br>Aggregate of<br>All Other<br>Lines<br>of Business |
|--|------------|-------------------------|------------------------|------------------------------|---------------------------------|---|-------------------------------|----------------|---------------------|---|-------------|---|
|  |            |                         | 3<br>Life<br>Insurance | 4<br>Individual<br>Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life<br>Insurance<br>(a) | 8<br>Annuities | 9<br>Group          | 10<br>Credit<br>(Group and<br>Individual) | 11<br>Other |   |
| 1. Premiums and annuity considerations for life and accident and health contracts  | 19,688,331 |                         |                        |                              |                                 |   | 378,182                       |                | 19,310,149          |   |             |   |
| 2. Considerations for supplementary contracts with life contingencies  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 3. Net investment income   | 198,420    |                         |                        |                              |                                 |   | 3,718                         |                | 194,702             |   |             |   |
| 4. Amortization of Interest Maintenance Reserve (IMR)  | 1,535      |                         |                        |                              |                                 |   |                               |                | 1,535               |   |             |   |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 6. Commissions and expense allowances on reinsurance ceded   | 160,629    |                         |                        |                              |                                 |   | 19,741                        |                | 140,888             |   |             |   |
| 7. Reserve adjustments on reinsurance ceded  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 8. Miscellaneous Income:   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts                                    |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 8.2 Charges and fees for deposit-type contracts  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 8.3 Aggregate write-ins for miscellaneous income   | 2,619,541  |                         |                        |                              |                                 |   | 49,088                        |                | 2,570,453           |   |             |   |
| 9. Totals (Line 1 to Line 8.3)   | 22,668,456 |                         |                        |                              |                                 |   | 450,729                       |                | 22,217,727          |   |             |   |
| 10. Death benefits   | 66,070     |                         |                        |                              |                                 |   | 66,070                        |                |                     |   |             |   |
| 11. Matured endowments (excluding guaranteed annual pure endowments)   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 12. Annuity benefits   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 13. Disability benefits and benefits under accident and health contracts   | 15,983,749 |                         |                        |                              |                                 |   |                               |                | 15,983,749          |   |             |   |
| 14. Coupons, guaranteed annual pure endowments and similar benefits  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 15. Surrender benefits and withdrawals for life contracts  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 16. Group conversions  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 17. Interest and adjustments on contract or deposit-type contract funds  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 18. Payments on supplementary contracts with life contingencies  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 19. Increase in aggregate reserves for life and accident and health contracts  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 20. Totals (Line 10 to Line 19)  | 16,049,819 |                         |                        |                              |                                 |   | 66,070                        |                | 15,983,749          |   |             |   |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)   | 1,495,283  |                         |                        |                              |                                 |   | 36,724                        |                | 1,458,559           |   |             |   |
| 22. Commissions and expense allowances on reinsurance assumed  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 23. General insurance expenses   | 4,397,543  |                         |                        |                              |                                 |   | 65,854                        |                | 4,331,689           |   |             |   |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes   | 465,347    |                         |                        |                              |                                 |   | 8,720                         |                | 456,627             |   |             |   |
| 25. Increase in loading on deferred and uncollected premiums   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 27. Aggregate write-ins for deductions   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 28. Totals (Line 20 to Line 27)  | 22,407,992 |                         |                        |                              |                                 |   | 177,368                       |                | 22,230,624          |   |             |   |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)   | 260,464    |                         |                        |                              |                                 |   | 273,361                       |                | (12,897)            |   |             |   |
| 30. Dividends to policyholders   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)  | 260,464    |                         |                        |                              |                                 |   | 273,361                       |                | (12,897)            |   |             |   |
| 32. Federal income taxes incurred (excluding tax on capital gains)   | 139,179    |                         |                        |                              |                                 |   | 2,608                         |                | 136,571             |   |             |   |
| 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) | 121,285    |                         |                        |                              |                                 |   | 270,753                       |                | (149,468)           |   |             |   |
| <b>DETAILS OF WRITE-INS</b>  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 08.301. Miscellaneous  | 2,529,245  |                         |                        |                              |                                 |   | 47,396                        |                | 2,481,849           |   |             |   |
| 08.302. Fee Income   | 90,296     |                         |                        |                              |                                 |   | 1,692                         |                | 88,604              |   |             |   |
| 08.303.  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page   |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)   | 2,619,541  |                         |                        |                              |                                 |   | 49,088                        |                | 2,570,453           |   |             |   |
| 2701.  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 2702.  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 2703.  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 2798. Summary of remaining write-ins for Line 27 from overflow page  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |
| 2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)  |            |                         |                        |                              |                                 |   |                               |                |                     |   |             |   |

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

**Page 7**

Analysis of Increase In Reserves During The Year

**NONE**

**EXHIBIT OF NET INVESTMENT INCOME**

|   | 1                        | 2                     |
|---|--------------------------|-----------------------|
|   | Collected<br>During Year | Earned<br>During Year |
| 1. U.S. Government bonds  | (a) 9,125                | 4,139                 |
| 1.1 Bonds exempt from U.S. tax  | (a) 86,820               | 58,667                |
| 1.2 Other bonds (unaffiliated)  | (a) 110,581              | 42,076                |
| 1.3 Bonds of affiliates   | (a)                      |                       |
| 2.1 Preferred stocks (unaffiliated)                                       | (b)                      |                       |
| 2.11 Preferred stocks of affiliates                                       | (b)                      |                       |
| 2.2 Common stocks (unaffiliated)  |                          |                       |
| 2.21 Common stocks of affiliates  | 83,802                   | 83,802                |
| 3. Mortgage loans   | (c)                      |                       |
| 4. Real estate  | (d)                      | 130,080               |
| 5. Contract loans   | (d)                      |                       |
| 6. Cash, cash equivalents and short-term investments                      | (e)                      | 112,056               |
| 7. Derivative instruments   | (f)                      |                       |
| 8. Other invested assets  | (f)                      |                       |
| 9. Aggregate write-ins for investment income                              | (21,558)                 | (21,558)              |
| 10. Total gross investment income   | 268,770                  | 409,262               |
| 11. Investment expenses   |                          | (g) 77,733            |
| 12. Investment taxes, licenses and fees, excluding federal income taxes   |                          | (g) 28,330            |
| 13. Interest expense  |                          | (h) 424               |
| 14. Depreciation on real estate and other invested assets                 |                          | (i) 104,353           |
| 15. Aggregate write-ins for deductions from investment income             |                          |                       |
| 16. Total deductions (Line 11 through Line 15)                            |                          | 210,840               |
| 17. Net investment income (Line 10 minus Line 16)                         |                          | 198,422               |
| <b>DETAILS OF WRITE-INS</b>   |                          |                       |
| 0901. Bond Amortization   | (21,558)                 | (21,558)              |
| 0902.   |                          |                       |
| 0903.   |                          |                       |
| 0998. Summary of remaining write-ins for Line 9 from overflow page        |                          |                       |
| 0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)  | (21,558)                 | (21,558)              |
| 1501.   |                          |                       |
| 1502.   |                          |                       |
| 1503.   |                          |                       |
| 1598. Summary of remaining write-ins for Line 15 from overflow page       |                          |                       |
| 1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above) |                          |                       |

(a) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
 (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.  
 (c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
 (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.  
 (e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.

(f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.  
 (g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.  
 (i) Includes \$ ..... 104,353 depreciation on real estate and \$ ..... depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

|  | 1   | 2                             | 3   | 4   | 5   |
|--|---|-------------------------------|---|---|---|
|  | Realized Gain<br>(Loss) on Sales<br>or Maturity | Other Realized<br>Adjustments | Total Realized<br>Capital Gain<br>(Loss)<br>(Col. 1 + Col. 2) | Change in<br>Unrealized<br>Capital Gain<br>(Loss) | Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain<br>(Loss) |
| 1. U.S. Government bonds   | (903)   |                               | (903)   |   |   |
| 1.1 Bonds exempt from U.S. tax   |   |                               |   |   |   |
| 1.2 Other bonds (unaffiliated)   |   |                               |   |   |   |
| 1.3 Bonds of affiliates  |   |                               |   |   |   |
| 2.1 Preferred stocks (unaffiliated)                                      |   |                               |   |   |   |
| 2.11 Preferred stocks of affiliates                                      |   |                               |   |   |   |
| 2.2 Common stocks (unaffiliated)   | 3,871   |                               | 3,871   | 269,709   |   |
| 2.21 Common stocks of affiliates   |   |                               |   |   |   |
| 3. Mortgage loans  |   |                               |   |   |   |
| 4. Real estate   |   |                               |   |   |   |
| 5. Contract loans  |   |                               |   |   |   |
| 6. Cash, cash equivalents and short-term investments                     |   |                               |   |   |   |
| 7. Derivative instruments  |   |                               |   |   |   |
| 8. Other invested assets   |   |                               |   |   |   |
| 9. Aggregate write-ins for capital gains (losses)                        |   |                               |   |   |   |
| 10. Total capital gains (losses)   | 2,968   |                               | 2,968   | 269,709   |   |
| <b>DETAILS OF WRITE-INS</b>  |   |                               |   |   |   |
| 0901.  |   |                               |   |   |   |
| 0902.  |   |                               |   |   |   |
| 0903.  |   |                               |   |   |   |
| 0998. Summary of remaining write-ins for Line 9 from overflow page       |   |                               |   |   |   |
| 0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) |   |                               |   |   |   |

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

|  | 1          | 2               | Ordinary       |                      | 5                                  | Group          |           | Accident and Health |                               |       | 11                                       |
|--|------------|-----------------|----------------|----------------------|------------------------------------|----------------|-----------|---------------------|-------------------------------|-------|--|
|  |            |                 | 3              | 4                    |                                    | 6              | 7         | 8                   | 9                             | 10    |  |
|  | Total      | Industrial Life | Life Insurance | Individual Annuities | Credit Life (Group and Individual) | Life Insurance | Annuities | Group               | Credit (Group and Individual) | Other | Aggregate of All Other Lines of Business |
| <b>FIRST YEAR (other than single)</b>                                |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 1. Uncollected   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 2. Deferred and accrued  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 3. Deferred, accrued and uncollected:                                |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 3.1 Direct   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 3.2 Reinsurance assumed  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 3.3 Reinsurance ceded  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 3.4 Net (Line 1 plus Line 2)   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 4. Advance   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 5. Line 3.4 minus Line 4   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 6. Collected during year:  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 6.1 Direct   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 6.2 Reinsurance assumed  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 6.3 Reinsurance ceded  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 6.4 Net  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 7. Line 5 plus Line 6.4  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 8. Prior year (uncollected plus deferred and accrued minus advance)  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 9. First year premiums and considerations:                           |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 9.1 Direct   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 9.2 Reinsurance assumed  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 9.3 Reinsurance ceded  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 9.4 Net (Line 7 minus Line 8)  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| <b>SINGLE</b>  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 10. Single premiums and considerations:                              |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 10.1 Direct  |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 10.2 Reinsurance assumed   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 10.3 Reinsurance ceded   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 10.4 Net   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| <b>RENEWAL</b>   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 11. Uncollected  | 10,671     |                 |                |                      |                                    | 429            |           | 10,242              |                               |       |  |
| 12. Deferred and accrued   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 13. Deferred, accrued and uncollected:                               |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 13.1 Direct  | 10,671     |                 |                |                      |                                    | 429            |           | 10,242              |                               |       |  |
| 13.2 Reinsurance assumed   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 13.3 Reinsurance ceded   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 13.4 Net (Line 11 plus Line 12)                                      | 10,671     |                 |                |                      |                                    | 429            |           | 10,242              |                               |       |  |
| 14. Advance  | 926,068    |                 |                |                      |                                    | 16,201         |           | 909,867             |                               |       |  |
| 15. Line 13.4 minus Line 14  | (915,397)  |                 |                |                      |                                    | (15,772)       |           | (899,625)           |                               |       |  |
| 16. Collected during year:   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 16.1 Direct  | 22,642,667 |                 |                |                      |                                    | 421,005        |           | 22,221,662          |                               |       |  |
| 16.2 Reinsurance assumed   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 16.3 Reinsurance ceded   | 2,608,317  |                 |                |                      |                                    | 39,639         |           | 2,568,678           |                               |       |  |
| 16.4 Net   | 20,034,350 |                 |                |                      |                                    | 381,366        |           | 19,652,984          |                               |       |  |
| 17. Line 15 plus Line 16.4   | 19,118,953 |                 |                |                      |                                    | 365,594        |           | 18,753,359          |                               |       |  |
| 18. Prior year (uncollected plus deferred and accrued minus advance) | (569,377)  |                 |                |                      |                                    | (12,588)       |           | (556,789)           |                               |       |  |
| 19. Renewal premiums and considerations:                             |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 19.1 Direct  | 22,296,648 |                 |                |                      |                                    | 417,821        |           | 21,878,827          |                               |       |  |
| 19.2 Reinsurance assumed   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 19.3 Reinsurance ceded   | 2,608,317  |                 |                |                      |                                    | 39,639         |           | 2,568,678           |                               |       |  |
| 19.4 Net (Line 17 minus Line 18)                                     | 19,688,330 |                 |                |                      |                                    | 378,182        |           | 19,310,148          |                               |       |  |
| <b>TOTAL</b>   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 20. Total premiums and annuity considerations:                       |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 20.1 Direct  | 22,296,648 |                 |                |                      |                                    | 417,821        |           | 21,878,827          |                               |       |  |
| 20.2 Reinsurance assumed   |            |                 |                |                      |                                    |                |           |                     |                               |       |  |
| 20.3 Reinsurance ceded   | 2,608,317  |                 |                |                      |                                    | 39,639         |           | 2,568,678           |                               |       |  |
| 20.4 Net (Lines 9.4 plus 10.4 plus 19.4)                             | 19,688,330 |                 |                |                      |                                    | 378,182        |           | 19,310,148          |                               |       |  |

**EXHIBIT 1 - PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (Direct Business Only)**

|  | 1<br>Total | 2<br>Industrial Life | Ordinary            |                           | 5<br>Credit Life (Group and Individual) | Group               |                | Accident and Health |                                    |             | 11<br>Aggregate of All Other Lines of Business |
|--|------------|----------------------|---------------------|---------------------------|---|---------------------|----------------|---------------------|------------------------------------|-------------|--|
|  |            |                      | 3<br>Life Insurance | 4<br>Individual Annuities |   | 6<br>Life Insurance | 7<br>Annuities | 8<br>Group          | 9<br>Credit (Group and Individual) | 10<br>Other |  |
| <b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>      |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 21. To pay renewal premiums .....                              |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 22. All other .....  |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| <b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b> |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 23. First year (other than single):                            |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 23.1 Reinsurance ceded .....                                   |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 23.2 Reinsurance assumed .....                                 |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 23.3 Net ceded less assumed .....                              |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 24. Single:  |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 24.1 Reinsurance ceded .....                                   |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 24.2 Reinsurance assumed .....                                 |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 24.3 Net ceded less assumed .....                              |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 25. Renewal:   |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 25.1 Reinsurance ceded .....                                   | 160,629    |                      |                     |                           |   | 19,741              |                | 140,888             |                                    |             |  |
| 25.2 Reinsurance assumed .....                                 |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 25.3 Net ceded less assumed .....                              | 160,629    |                      |                     |                           |   | 19,741              |                | 140,888             |                                    |             |  |
| 26. Totals:  |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 26.1 Reinsurance ceded (Page 6, Line 6) .....                  | 160,629    |                      |                     |                           |   | 19,741              |                | 140,888             |                                    |             |  |
| 26.2 Reinsurance assumed (Page 6, Line 22) .....               |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 26.3 Net ceded less assumed .....                              | 160,629    |                      |                     |                           |   | 19,741              |                | 140,888             |                                    |             |  |
| <b>COMMISSIONS INCURRED (direct business only)</b>             |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 27. First year (other than single) .....                       |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 28. Single .....   |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 29. Renewal .....  | 1,495,283  |                      |                     |                           |   | 36,724              |                | 1,458,559           |                                    |             |  |
| 30. Deposit-type contract funds .....                          |            |                      |                     |                           |   |                     |                |                     |                                    |             |  |
| 31. Totals (to agree with Page 6, Line 21) .....               | 1,495,283  |                      |                     |                           |   | 36,724              |                | 1,458,559           |                                    |             |  |

**EXHIBIT 2 - GENERAL EXPENSES**

|  | Insurance |                       |                |                                  | 5<br>Investment | 6<br>Total |
|--|-----------|-----------------------|----------------|----------------------------------|-----------------|------------|
|  | 1<br>Life | Accident and Health   |                | 4<br>All Other Lines of Business |                 |            |
|  |           | 2<br>Cost Containment | 3<br>All Other |                                  |                 |            |
| 1. Rent  | 2,461     |                       | 128,863        |                                  |                 | 131,324    |
| 2. Salaries and wages  | 38,108    |                       | 1,995,489      |                                  |                 | 2,033,597  |
| 3.11 Contributions for benefit plans for employees                                 | 2,809     |                       | 147,069        |                                  |                 | 149,878    |
| 3.12 Contributions for benefit plans for agents                                    |           |                       |                |                                  |                 |            |
| 3.21 Payments to employees under non-funded benefit plans                          | 6,340     |                       | 331,989        |                                  |                 | 338,329    |
| 3.22 Payments to agents under non-funded benefit plans                             |           |                       |                |                                  |                 |            |
| 3.31 Other employee welfare  |           |                       |                |                                  |                 |            |
| 3.32 Other agent welfare   |           |                       |                |                                  |                 |            |
| 4.1 Legal fees and expenses  | 1,541     |                       | 80,673         |                                  |                 | 82,214     |
| 4.2 Medical examination fees   |           |                       |                |                                  |                 |            |
| 4.3 Inspection report fees   |           |                       |                |                                  |                 |            |
| 4.4 Fees of public accountants and consulting actuaries                            | 3,072     |                       | 160,856        |                                  |                 | 163,928    |
| 4.5 Expense of investigation and settlement of policy claims                       |           |                       |                |                                  |                 |            |
| 5.1 Traveling expenses   | 279       |                       | 14,595         |                                  |                 | 14,874     |
| 5.2 Advertising  | 451       |                       | 23,620         |                                  |                 | 24,071     |
| 5.3 Postage, express, telegraph and telephone                                      | 2,333     |                       | 122,191        |                                  |                 | 124,524    |
| 5.4 Printing and stationery  | 479       |                       | 25,072         |                                  |                 | 25,551     |
| 5.5 Cost or depreciation of furniture and equipment                                | 587       |                       | 30,730         |                                  |                 | 31,317     |
| 5.6 Rental of equipment  | 242       |                       | 12,659         |                                  |                 | 12,901     |
| 5.7 Cost or depreciation of EDP equipment and software                             | 1,434     |                       | 75,072         |                                  |                 | 76,506     |
| 6.1 Books and periodicals  | 37        |                       | 1,933          |                                  |                 | 1,970      |
| 6.2 Bureau and association fees  | 81        |                       | 4,261          |                                  |                 | 4,342      |
| 6.3 Insurance, except on real estate   | 765       |                       | 40,071         |                                  |                 | 40,836     |
| 6.4 Miscellaneous losses   |           |                       |                |                                  |                 |            |
| 6.5 Collection and bank service charges  | 213       |                       | 11,170         |                                  |                 | 11,383     |
| 6.6 Sundry general expenses  | 3,274     |                       | 171,415        |                                  |                 | 174,689    |
| 6.7 Group service and administration fees  |           | 883,307               |                |                                  |                 | 883,307    |
| 6.8 Reimbursements by uninsured plans  |           |                       |                |                                  |                 |            |
| 7.1 Agency expense allowance   |           |                       |                |                                  |                 |            |
| 7.2 Agents' balances charged off (less \$ recovered)                               |           |                       |                |                                  |                 |            |
| 7.3 Agency conferences other than local meetings                                   |           |                       |                |                                  |                 |            |
| 9.1 Real estate expenses   |           |                       |                | 23,238                           |                 | 23,238     |
| 9.2 Investment expenses not included elsewhere                                     |           |                       |                | 54,496                           |                 | 54,496     |
| 9.3 Aggregate write-ins for expenses   | 1,349     |                       | 70,654         |                                  |                 | 72,003     |
| 10. General expenses incurred  | 65,855    | 883,307               | 3,448,382      | 77,733                           | (a)             | 4,475,277  |
| 11. General expenses unpaid December 31, prior year                                | 58,278    |                       | 2,719,784      |                                  |                 | 2,778,062  |
| 12. General expenses unpaid December 31, current year                              | 56,945    |                       | 2,981,870      |                                  |                 | 3,038,815  |
| 13. Amounts receivable relating to uninsured plans, prior year                     |           |                       |                |                                  |                 |            |
| 14. Amounts receivable relating to uninsured plans, current year                   |           |                       |                |                                  |                 |            |
| 15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)               | 67,188    | 883,307               | 3,186,296      | 77,733                           |                 | 4,214,524  |
| <b>DETAILS OF WRITE-INS</b>  |           |                       |                |                                  |                 |            |
| 09.301. Other Professional Services Equipment and Repairs                          | 4,346     |                       | 227,598        |                                  |                 | 231,944    |
| 09.302. Misc Depreciation  | (2,997)   |                       | (156,944)      |                                  |                 | (159,941)  |
| 09.303.  |           |                       |                |                                  |                 |            |
| 09.398. Summary of remaining write-ins for Line 9.3 from overflow page             |           |                       |                |                                  |                 |            |
| 09.399. Totals (Line 09.301 through Line 09.303 plus Line 09.398) (Line 9.3 above) | 1,349     |                       | 70,654         |                                  |                 | 72,003     |

(a) Includes management fees of \$ ..... to affiliates and \$ ..... to non-affiliates.

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

|   | Insurance |                          |                                  | 4<br>Investment | 5<br>Total |
|---|-----------|--------------------------|----------------------------------|-----------------|------------|
|   | 1<br>Life | 2<br>Accident and Health | 3<br>All Other Lines of Business |                 |            |
| 1. Real estate taxes  |           |                          |                                  | 28,330          | 28,330     |
| 2. State insurance department licenses and fees                                 | 1,654     | 86,602                   |                                  |                 | 88,256     |
| 3. State taxes on premiums  | 4,390     | 229,889                  |                                  |                 | 234,279    |
| 4. Other state taxes, including \$ ..... for employee benefits                  |           |                          |                                  |                 |            |
| 5. U. S. Social Security taxes  | 2,620     | 137,192                  |                                  |                 | 139,812    |
| 6. All other taxes  | 56        | 2,944                    |                                  |                 | 3,000      |
| 7. Taxes, licenses and fees incurred  | 8,720     | 456,627                  |                                  | 28,330          | 493,677    |
| 8. Taxes, licenses and fees unpaid December 31, prior year                      | 2,028     | 94,658                   |                                  |                 | 96,686     |
| 9. Taxes, licenses and fees unpaid December 31, current year                    | 1,074     | 56,239                   |                                  |                 | 57,313     |
| 10. Taxes, licenses and fees paid during year (Line 7 plus Line 8 minus Line 9) | 9,674     | 495,046                  |                                  | 28,330          | 533,050    |

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

|  | 1    | 2                   |
|--|------|---------------------|
|  | Life | Accident and Health |
| 1. Applied to pay renewal premiums                                       |      |                     |
| 2. Applied to shorten the endowment or premium-paying period             |      |                     |
| 3. Applied to provide paid-up additions                                  |      |                     |
| 4. Applied to provide paid-up annuities                                  |      |                     |
| 5. Total Line 1 through Line 4   |      |                     |
| 6. Paid-in cash  |      |                     |
| 7. Left on deposit   |      |                     |
| 8. Aggregate write-ins for dividend or refund options                    |      |                     |
| 9. Total Line 5 through Line 8   |      |                     |
| 10. Amount due and unpaid  |      |                     |
| 11. Provision for dividends or refunds payable in the following calend   |      |                     |
| 12. Terminal dividends   |      |                     |
| 13. Provision for deferred dividend contracts                            |      |                     |
| 14. Amount provisionally held for deferred dividend policies not inclu   |      |                     |
| 15. Total Line 10 through Line 14  |      |                     |
| 16. Total from prior year  |      |                     |
| 17. Total dividends or refunds (Line 9 plus Line 15 minus Line 16)       |      |                     |
| <b>NONE</b>  |      |                     |
| <b>DETAILS OF WRITE-INS</b>  |      |                     |
| 0801.  |      |                     |
| 0802.  |      |                     |
| 0803.  |      |                     |
| 0898. Summary of remaining write-ins for Line 8 from overflow page       |      |                     |
| 0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above) |      |                     |

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Exhibit 5, Aggregate Reserve for Life Contracts

**NONE**

**EXHIBIT 5 - INTERROGATORIES**

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

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

| 1<br>Description of Valuation Class | Valuation Basis   |                 | 4<br>Increase in Actuarial Reserve Due to Change |
|-------------------------------------|-------------------|-----------------|--|
|                                     | 2<br>Changed From | 3<br>Changed To |  |

NONE

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Exh. 6, Aggregate Reserve for Accident and Health Contracts

**NONE**

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Exhibit 7, Deposit Type Contracts

**NONE**

**EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS**

**PART 1 - Liability End of Current Year**

|                             | 1         | 2               | Ordinary       |                      |                         | 6                                  | Group          |           | Accident and Health |                               |       |
|-----------------------------|-----------|-----------------|----------------|----------------------|-------------------------|------------------------------------|----------------|-----------|---------------------|-------------------------------|-------|
|                             |           |                 | 3              | 4                    | 5                       |                                    | 7              | 8         | 9                   | 10                            | 11    |
|                             | Total     | Industrial Life | Life Insurance | Individual Annuities | Supplementary Contracts | Credit Life (Group and Individual) | Life Insurance | Annuities | Group               | Credit (Group and Individual) | Other |
| 1. Due and unpaid:          |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 1.1 Direct                  |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 1.2 Reinsurance assumed     |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 1.3 Reinsurance ceded       |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 1.4 Net                     |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2. In course of settlement: |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2.1 Resisted                |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2.11 Direct                 |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2.12 Reinsurance assumed    |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2.13 Reinsurance ceded      |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2.14 Net                    |           |                 | (b)            | (b)                  |                         | (b)                                | (b)            |           |                     |                               |       |
| 2.2 Other                   |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2.21 Direct                 |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2.22 Reinsurance assumed    |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2.23 Reinsurance ceded      |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 2.24 Net                    |           |                 | (b)            | (b)                  |                         | (b)                                | (b)            |           | (b)                 | (b)                           | (b)   |
| 3. Incurred but unreported: |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 3.1 Direct                  | 3,300,000 |                 |                |                      |                         |                                    | 90,000         |           | 3,210,000           |                               |       |
| 3.2 Reinsurance assumed     |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 3.3 Reinsurance ceded       |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 3.4 Net                     | 3,300,000 |                 | (b)            | (b)                  |                         | (b)                                | (b) 90,000     |           | (b) 3,210,000       | (b)                           | (b)   |
| 4. TOTALS                   |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 4.1 Direct                  | 3,300,000 |                 |                |                      |                         |                                    | 90,000         |           | 3,210,000           |                               |       |
| 4.2 Reinsurance assumed     |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 4.3 Reinsurance ceded       |           |                 |                |                      |                         |                                    |                |           |                     |                               |       |
| 4.4 Net                     | 3,300,000 | (a)             | (a)            |                      |                         |                                    | (a) 90,000     |           | 3,210,000           |                               |       |

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ ..... in Column 2, \$ ..... in Column 3 and \$ ..... 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 \$ ....., Individual Annuities \$ ....., Credit Life (Group and Individual) \$ ....., and Group Life \$ ..... are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$ ....., Credit (Group and Individual) Accident and Health \$ ..... and Other Accident and Health \$ ..... 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<br>Total | 2<br>Industrial Life<br>(a) | Ordinary                   |                           |                              | 6<br>Credit Life<br>(Group and Individual) | Group                      |                | Accident and Health |  |             |
|--|------------|-----------------------------|----------------------------|---------------------------|------------------------------|--|----------------------------|----------------|---------------------|--|-------------|
|  |            |                             | 3<br>Life Insurance<br>(b) | 4<br>Individual Annuities | 5<br>Supplementary Contracts |  | 7<br>Life Insurance<br>(c) | 8<br>Annuities | 9<br>Group          | 10<br>Credit<br>(Group and Individual) | 11<br>Other |
| 1. Settlements during the year:                                  |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 1.1 Direct   | 17,232,095 |                             |                            |                           |                              |  | 53,570                     |                | 17,178,525          |  |             |
| 1.2 Reinsurance assumed  |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 1.3 Reinsurance ceded  | 1,169,778  |                             |                            |                           |                              |  | 2,500                      |                | 1,167,278           |  |             |
| 1.4 Net (d)  | 16,062,317 |                             |                            |                           |                              |  | 51,070                     |                | 16,011,247          |  |             |
| 2. Liability December 31, current year from Part 1:              |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 2.1 Direct   | 3,300,000  |                             |                            |                           |                              |  | 90,000                     |                | 3,210,000           |  |             |
| 2.2 Reinsurance assumed  |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 2.3 Reinsurance ceded  |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 2.4 Net  | 3,300,000  |                             |                            |                           |                              |  | 90,000                     |                | 3,210,000           |  |             |
| 3. Amounts recoverable from reinsurers December 31, current year | 29,037     |                             |                            |                           |                              |  |                            |                | 29,037              |  |             |
| 4. Liability December 31, prior year:                            |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 4.1 Direct   | 3,359,804  |                             |                            |                           |                              |  | 75,000                     |                | 3,284,804           |  |             |
| 4.2 Reinsurance assumed  |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 4.3 Reinsurance ceded  |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 4.4 Net  | 3,359,804  |                             |                            |                           |                              |  | 75,000                     |                | 3,284,804           |  |             |
| 5. Amounts recoverable from reinsurers December 31, prior year   | 76,343     |                             |                            |                           |                              |  |                            |                | 76,343              |  |             |
| 6. Incurred Benefits:  |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 6.1 Direct   | 17,172,291 |                             |                            |                           |                              |  | 68,570                     |                | 17,103,721          |  |             |
| 6.2 Reinsurance assumed  |            |                             |                            |                           |                              |  |                            |                |                     |  |             |
| 6.3 Reinsurance ceded  | 1,122,471  |                             |                            |                           |                              |  | 2,500                      |                | 1,119,971           |  |             |
| 6.4 Net  | 16,049,819 |                             |                            |                           |                              |  | 66,070                     |                | 15,983,749          |  |             |

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

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

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

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

**EXHIBIT OF NONADMITTED ASSETS**

|   | 1  | 2                                      | 3  |
|---|--|--|--|
|   | Current Year Total<br>Nonadmitted Assets | Prior Year Total<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
| 1. Bonds (Schedule D)   |  |  |  |
| 2. Stocks (Schedule D):   |  |  |  |
| 2.1 Preferred stocks  |  |  |  |
| 2.2 Common stocks   | 3,073                                    | 3,253                                  | 180  |
| 3. Mortgage loans on real estate (Schedule B):  |  |  |  |
| 3.1 First liens   |  |  |  |
| 3.2 Other than first liens  |  |  |  |
| 4. Real estate (Schedule A):  |  |  |  |
| 4.1 Properties occupied by the company  |  |  |  |
| 4.2 Properties held for the production of income  |  |  |  |
| 4.3 Properties held for sale  |  |  |  |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)            |  |  |  |
| 6. Contract loans   |  |  |  |
| 7. Derivatives (Schedule DB)  |  |  |  |
| 8. Other invested assets (Schedule BA)  |  |  |  |
| 9. Receivables for securities   |  |  |  |
| 10. Securities lending reinvested collateral assets (Schedule DL)   |  |  |  |
| 11. Aggregate write-ins for invested assets   |  |  |  |
| 12. Subtotals, cash and invested assets (Line 1 to Line 11)   | 3,073                                    | 3,253                                  | 180  |
| 13. Title plants (for Title insurers only)  |  |  |  |
| 14. Investment income due and accrued   |  |  |  |
| 15. Premiums and considerations:  |  |  |  |
| 15.1 Uncollected premiums and agents' balances in the course of collection  |  |  |  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due                         |  |  |  |
| 15.3 Accrued retrospective premiums   |  |  |  |
| 16. Reinsurance:  |  |  |  |
| 16.1 Amounts recoverable from reinsurers  | 27,602                                   |  | (27,602)   |
| 16.2 Funds held by or deposited with reinsured companies  |  |  |  |
| 16.3 Other amounts receivable under reinsurance contracts   |  |  |  |
| Amounts receivable relating to uninsured plans  |  |  |  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon  |  | 14,000                                 | 14,000   |
| 18.2 Net deferred tax asset   | 84,000                                   | 321,000                                | 237,000  |
| 19. Guaranty funds receivable or on deposit   |  |  |  |
| 20. Electronic data processing equipment and software   | 204,094                                  | 47,321                                 | (156,773)  |
| 21. Furniture and equipment, including health care delivery assets  | 58,520                                   | 242,120                                | 183,600  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates  |  |  |  |
| 23. Receivable from parent, subsidiaries and affiliates   |  |  |  |
| 24. Health care and other amounts receivable  | 9,871                                    |  | (9,871)  |
| 25. Aggregate write-ins for other than invested assets  | 275,065                                  | 219,844                                | (55,221)   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts<br>(Line 12 to Line 25) | 662,224                                  | 847,538                                | 185,314  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts   |  |  |  |
| 28. Total (Line 26 and Line 27)   | 662,224                                  | 847,538                                | 185,314  |
| <b>DETAILS OF WRITE-INS</b>   |  |  |  |
| 1101.   |  |  |  |
| 1102.   |  |  |  |
| 1103.   |  |  |  |
| 1198. Summary of remaining write-ins for Line 11 from overflow page   |  |  |  |
| 1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)   |  |  |  |
| 2501. Prepaid Expenses  | 241,415                                  | 219,844                                | (21,571)   |
| 2502. Company Owned Automobiles   | 33,649                                   |  | (33,649)   |
| 2503.   |  |  |  |
| 2598. Summary of remaining write-ins for Line 25 from overflow page   |  |  |  |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)   | 275,065                                  | 219,844                                | (55,221)   |

**NOTES TO FINANCIAL STATEMENTS****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Medical Benefits Mutual Life Insurance Co. is owned by its policyholders and provides health, life, dental, vision, and other insurance products for its policyholders and customers throughout Ohio, Indiana, Kentucky, Michigan, Pennsylvania, West Virginia, and several other states.

Medical Benefits Mutual Life Insurance Co., the parent organization, provides health, life, and other insurance products to its policyholders. Medical Benefits Administrators, Inc. (MBA), a wholly owned subsidiary of the Company, is a third party administrator for health and health related employee benefit plans. VisionPlus of America, Inc. (VPA), a wholly owned subsidiary of the Company, is a third party administrator for vision benefit claims. MedBen Marketing Services, Inc. (MMS), a wholly owned subsidiary of the Company, is an insurance agency that markets various life, medical, and other insurance products.

A summary of the major accounting policies followed by the Company in the preparation of the Statutory financial statement is set forth below:

**A. Accounting Practices**

The financial statements of Medical Benefits Mutual Life Insurance Co. are presented on the basis Statutory Accounting Principles method as prescribed by the National Association of Insurance Commissioners (NAIC).

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Ohio Insurance Law. The NAIC Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of Ohio. The State has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. However, the Company has elected not to adopt any of these permitted practices.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Ohio is shown below:

|                                       | State of Domicile | 2012          | 2011          |
|---------------------------------------|-------------------|---------------|---------------|
| <b>Net Income - Ohio Basis</b>        | OH                | \$ 125,157    | \$ (98,289)   |
| State Prescribed Practices - None     | OH                |               |               |
| State Permitted Practices - None      | OH                |               |               |
| <b>Net Income - NAIC SAP</b>          | OH                | \$ 125,157    | \$ (98,289)   |
| <b>Statutory Surplus - Ohio Basis</b> | OH                | \$ 14,579,280 | \$ 13,974,216 |
| State Prescribed Practices - None     | OH                |               |               |
| State Permitted Practices - None      | OH                |               |               |
| <b>Statutory Surplus - NAIC SAP</b>   | OH                | \$ 14,579,280 | \$ 13,974,216 |

**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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions could change in the near future as more information becomes known and could have a material impact on the amounts reported.

**C. Accounting Policy**

Life premiums are recognized as income over the premium paying period of the related policies. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts

**NOTES TO FINANCIAL STATEMENTS**

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

or 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. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company. There were no policyholder dividends for 2012 or 2011.

Real estate investments are classified in the balance sheet as properties occupied by the company, properties held for the production of income, and properties held for sale. Properties occupied by the company are carried at depreciated cost less encumbrances. The Company currently does not hold any properties for the production of income or for sale. Fair values of the properties occupied by the company will be measured only if circumstances indicate that the financial condition of the Company is in question.

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 value. Common stock of three wholly owned non-insurance subsidiaries are valued under Statutory Accounting Principles, with adjustments for statutory valuation rules as prescribed by these principles.
4. Preferred stocks are stated at cost.
5. The Company does not have any mortgage loans on real estate to report in 2012 or 2011.
6. Mortgage-backed securities are stated at amortized cost.
7. The Company reports its three wholly owned subsidiaries, MBA, VPA, and MMS at statutory surplus. One of these companies, VPA, a non-insurance company, is reported at audited GAAP (Generally Accepted Accounting Principles) equity and is adjusted, where applicable, in accordance with statutory invested asset valuation rules. The two other companies, MMS and MBA, are reported at GAAP equity, with no adjustments for statutory investment valuation rules.
8. The Company has no interest in joint ventures.
9. The Company does not have any derivatives in 2012 or 2011.
10. The Company does not calculate for premium deficiency reserves.
11. Liabilities for losses and loss claim adjustment expenses for life, accident, and health contracts are estimated by the Company's valuation actuary using statistical claim development models to develop best estimates for liabilities for medical expense businesses and using tabular reserves employing mortality/morbidity tables and discount rates specified by regulatory authorities for life and disability income business.
12. The Company has not modified its capitalization policy from the prior period.
13. Pharmaceutical Rebates Receivable – Not applicable.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Effective January 1, 2012, the Company adopted *SSAP No. 101, Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10*. As a result of the adoption of SSAP101, the company recognized an incremental deferred tax asset of \$117,000, which is recorded in “Net Deferred Tax Asset.” Total assets and surplus increased by the same amount. There was no effect on income or liabilities.

### NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL

Not applicable

### NOTE 4 – DISCONTINUED OPERATIONS

Not applicable

### NOTE 5 – INVESTMENTS

#### A. Mortgage Loans

The Company does not have any mortgage loans.

#### B. Debt Restructuring

The Company has no invested assets that are restructured debt.

#### C. Reverse Mortgages

The Company has no investment in reverse mortgages.

#### D. Loan Backed Securities

1. Prepayment assumptions for single class and multi-class mortgages-backed/asset-backed securities were obtained from broker dealer statement values.

2. Recognized OTTI, intent to sell or inability to hold.

None

3. Recognized OTTI securities, present value of cash flows less than amortized cost.

None

4. Impaired securities for which an OTTI has not been recognized.

None

5. Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Based on the Company’s evaluation and the intent and ability to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2012 and 2011.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 – INVESTMENTS (continued)

#### E. Repurchase Agreements and/or Securities Lending Transactions

1. Repurchase agreements are included in cash and short-term investments. The year-end balances are \$3,828,370 and \$3,682,938 as of December 31, 2012 and 2011, respectively.
2. The Company's repurchase agreements are fully collateralized by their underlying securities.
3. There was no collateral received at year end.
4. The Company has no securities lending agreements at year end; therefore, it has not reported any assets on Page 2, Line 10 – Securities Lending Reinvested Collateral Assets.
5. The underlying securities of the repurchase agreements are \$3,828,370 and \$3,682,938 at December 31, 2012 and 2011, respectively. The Company does not have any Securities Lending Agreements.

#### F. Real Estate

1. There were no impairment losses recorded on real estate investments during the years presented.
2. No real estate was held for sale or sold in the years 2012 and 2011.
3. There were no changes during the year in the Company's plans to sell investment real estate.
4. The Company does not engage in retail land sales operations.
5. The Company holds no real estate investments with participating loan features.

### NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

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

### NOTE 7 - INVESTMENT INCOME

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

Investment income is recognized on an as earned basis. Amounts earned but not yet received are recorded as a receivable on the balance sheet. Investment income earned and uncollected that is more than 90 days old is classified as non-admitted. As of December 31, 2012 and 2011, investment income earned and not yet collected was \$27,609 and \$28,951, respectively. There were no amounts older than 90 days for both years.

#### B. The total amount excluded was \$0.

### NOTE 8 – DERIVATIVE INSTRUMENTS

Not applicable

## NOTES TO FINANCIAL STATEMENTS

## NOTE 9 – INCOME TAXES

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

1.

|  | 12/31/2012    |              |                         | 12/31/2011    |              |                         | Change                     |                           |                         |
|--|---------------|--------------|-------------------------|---------------|--------------|-------------------------|----------------------------|---------------------------|-------------------------|
|  | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Gross Deferred Tax Assets   | 1,233,000     | -            | 1,233,000               | 1,029,000     | -            | 1,029,000               | 204,000                    | -                         | 204,000                 |
| b. Statutory Valuation Allowance Adjustment                          | -             | -            | -                       | -             | -            | -                       | -                          | -                         | -                       |
| c. Adjusted Gross Deferred Tax Assets (1a-1b)                        | 1,233,000     | -            | 1,233,000               | 1,029,000     | -            | 1,029,000               | 204,000                    | -                         | 204,000                 |
| d. Deferred Tax Assets Nonadmitted                                   | 103,000       | -            | 103,000                 | 333,000       | -            | 333,000                 | (230,000)                  | -                         | (230,000)               |
| e. Subtotal net Admitted Deferred Tax Assets (1c-1d)                 | 1,130,000     | -            | 1,130,000               | 696,000       | -            | 696,000                 | 434,000                    | -                         | 434,000                 |
| f. Deferred Tax Liabilities  | 595,000       | -            | 595,000                 | 232,000       | -            | 232,000                 | 363,000                    | -                         | 363,000                 |
| g. Net Admitted Deferred Tax Assets/(Net Deferred Liability) (1e-1f) | 535,000       | -            | 535,000                 | 464,000       | -            | 464,000                 | 71,000                     | -                         | 71,000                  |

2.

|   | 12/31/2012    |              |                         | 12/31/2011    |              |                         | Change                     |                           |                         |
|---|---------------|--------------|-------------------------|---------------|--------------|-------------------------|----------------------------|---------------------------|-------------------------|
|   | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks   | -             | -            | -                       | -             | -            | -                       | -                          | -                         | -                       |
| 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) | -             | -            | -                       | -             | -            | -                       | -                          | -                         | -                       |
| 1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date  | -             | -            | -                       | -             | -            | -                       | -                          | -                         | -                       |
| 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold  | XXX           | XXX          | -                       | XXX           | XXX          | -                       | XXX                        | XXX                       | -                       |
| 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   | 1,130,000     | -            | 1,130,000               | 696,000       | -            | 696,000                 | 434,000                    | -                         | 434,000                 |
| d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2a+2b+2c)   | 1,130,000     | -            | 1,130,000               | 696,000       | -            | 696,000                 | 434,000                    | -                         | 434,000                 |

3.

|  | 2012 | 2011 |
|--|------|------|
| a. Ratio Percentage used to determine Recovery Period and Threshold Limitation Amount                                | 0%   | 0%   |
| b. Amount of Adjusted Capital and Surplus used to determine Recovery period and Threshold Limitation in 2(b) 2 above | -    | -    |

4.

|   | 12/31/2012            |                      |                                 | 12/31/2011            |                      |                                 | Change                     |                           |                         |
|---|-----------------------|----------------------|---------------------------------|-----------------------|----------------------|---------------------------------|----------------------------|---------------------------|-------------------------|
|   | 1<br>Ordinary percent | 2<br>Capital Percent | 3<br>(Col 1+2)<br>Total Percent | 4<br>Ordinary percent | 5<br>Capital Percent | 6<br>(Col 4+5)<br>Total Percent | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| <b>Impact of Tax Planning Strategies</b>  |                       |                      |                                 |                       |                      |                                 |                            |                           |                         |
| a. Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)                           | 0%                    | 0%                   | 0%                              | 0%                    | 0%                   | 0%                              | 0%                         | 0%                        | 0%                      |
| b. Net Admitted Adjusted Gross DTAs (% of Total net Admitted Adjusted Gross DTAs) | 0%                    | 0%                   | 0%                              | 0%                    | 0%                   | 0%                              | 0%                         | 0%                        | 0%                      |
| c. Does the Company's tax planning strategies include the use of reinsurance?     |                       |                      | Yes                             |                       | No                   | X                               |                            |                           |                         |

B. Regarding deferred tax liabilities that are not recognized - NONE

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9 – INCOME TAXES (continued)

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

#### 1. Current Income Tax:

|   | 1          | 2          | 3                   |
|---|------------|------------|---------------------|
|   | 12/31/2012 | 12/31/2011 | (Col 1-2)<br>Change |
| a. Federal                                    | 194,029    | 128,198    | 65,831              |
| b. Foreign                                    | -          | -          | -                   |
| c. Subtotal                                   | 194,029    | 128,198    | 65,831              |
| d. Federal income tax on net capital gains    | -          | -          | -                   |
| e. Utilization of capital loss carry-forwards | -          | -          | -                   |
| f. Other                                      | -          | -          | -                   |
| g. Federal and foreign income taxes incurred  | 194,029    | 128,198    | 65,831              |

#### 2. Deferred Tax Assets:

|  | 1          | 2          | 3                   |
|--|------------|------------|---------------------|
|  | 12/31/2012 | 12/31/2011 | (Col 1-2)<br>Change |
| a. Ordinary:   |            |            |                     |
| 1. Discounting of unpaid losses                              | 15,000     | 19,000     | (4,000)             |
| 2. Unearned premium reserve                                  | 189,000    | 164,000    | 25,000              |
| 3. Policyholder reserves                                     | 25,000     | 20,000     | 5,000               |
| 4. Investments   | 57,000     | 1,000      | 56,000              |
| 5. Deferred acquisition costs                                | 6,000      | 8,000      | (2,000)             |
| 6. Policyholder dividends accrual                            | -          | -          | -                   |
| 7. Fixed assets  | 12,000     | 24,000     | (12,000)            |
| 8. Compensation and benefits accrual                         | 756,000    | 640,000    | 116,000             |
| 9. Pension accrual   | -          | -          | -                   |
| 10. Receivables - non admitted                               | 13,000     | -          | 13,000              |
| 11. Net operating loss carry-forward                         | -          | -          | -                   |
| 12. Tax credit carry-forward                                 | -          | -          | -                   |
| 13. Other (including items <5% of total ordinary tax assets) | 160,000    | 153,000    | 7,000               |
| 14. Other assets - nonadmitted                               | -          | -          | -                   |
| 99. Subtotal   | 1,233,000  | 1,029,000  | 204,000             |
| b. Statutory valuation allowance adjustment                  | -          | -          | -                   |
| c. Nonadmitted   | 103,000    | 333,000    | (230,000)           |
| d. Admitted ordinary deferred tax assets (2a99-2b-2c)        | 1,130,000  | 696,000    | 434,000             |
| e. Capital:  |            |            |                     |
| 1. Investments   | -          | -          | -                   |
| 2. Net capital loss carry-forward                            | -          | -          | -                   |
| 3. Real estate   | -          | -          | -                   |
| 4. Other (including items <5% of total capital tax assets)   | -          | -          | -                   |
| 99. Subtotal   | -          | -          | -                   |
| f. Statutory valuation allowance adjustment                  | -          | -          | -                   |
| g. Non admitted  | -          | -          | -                   |
| h. Admitted capital deferred tax assets (2e99-2f-2g)         | -          | -          | -                   |
| i. Admitted deferred tax assets (2d+2h)                      | 1,130,000  | 696,000    | 434,000             |

**NOTES TO FINANCIAL STATEMENTS**

## NOTE 9 – INCOME TAXES (continued)

## 3. Deferred Tax Liabilities:

|   | 1          | 2          | 3                   |
|---|------------|------------|---------------------|
|   | 12/31/2012 | 12/31/2011 | (Col 1-2)<br>Change |
| a. Ordinary:  |            |            |                     |
| 1. Investments  | 450,000    | 106,000    | 344,000             |
| 2. Fixed assets   | 144,000    | 45,000     | 99,000              |
| 3. Deferred and uncollected premium                         | -          | -          | -                   |
| 4. Policyholder reserves                                    | -          | -          | -                   |
| 5. Other (including items <5% of total ordinary tax assets) | 1,000      | 14,000     | (13,000)            |
| 99. Subtotal  | 595,000    | 165,000    | 430,000             |
| b. Capital  |            |            |                     |
| 1. Investments  | -          | -          | -                   |
| 2. Real estate  | -          | -          | -                   |
| 3. Other (including items <5% of total capital tax assets)  | -          | -          | -                   |
| 99. Subtotal  | -          | -          | -                   |
| c. Deferred tax liabilities (3a99+3b99)                     | 595,000    | 165,000    | 430,000             |

4. Net Deferred Tax Assets/Liabilities (2i-3c) \$535,000 \$531,000 \$4,000

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

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

|                                       | 12/31/2012 |                              |
|---------------------------------------|------------|------------------------------|
|                                       | Amounts    | Effective<br>Tax Rate<br>(%) |
| Provisions computed at statutory rate | 88,558     | 34.0                         |
| Tax exempt interest deduction         | (12,810)   | (4.9)                        |
| Dividends received deduction          | (15,032)   | (5.8)                        |
| Disallowed travel and entertainment   | 4,942      | 1.9                          |
| Change in nonadmitted assets          | 21,867     | 8.3                          |
| Other statutory adjustments           | 121,000    | 46.4                         |
| Other tax differences                 | (16,877)   | (7.1)                        |
| Realized capital gains (losses) tax   | 2,531      | 0.9                          |
| Change in net deferred income taxes   | (55,000)   | (21.1)                       |
| Total statutory income taxes          | 139,179    | 52.6                         |

## E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

1. Net operating loss carryovers that are available for offsetting future net taxable income, amount to:

| Year | Amount  |
|------|---------|
| 2012 | -       |
| 2011 | 402,000 |
| 2010 | 781,111 |

2. The Company does not have any tax credit carryforwards available for use.
3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

**NOTES TO FINANCIAL STATEMENTS**

## NOTE 9 – INCOME TAXES (continued)

## F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:  
Medical Benefits Administrators, Inc.  
VisionPlus of America, Inc.  
MedBen Marketing Services, Inc.
2. A written tax sharing consolidation agreement is approved by management. Allocation is based upon separate return calculations and the consolidated tax return calculation.

## G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

## NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. B. and C. The Company is the parent corporation of three wholly owned non-insurance subsidiaries which shares the same management. MBA and VPA are third party administrators (TPA's) that administer claims in the medical and vision fields. MMS is an insurance agency that markets various life, medical, and other insurance products. No dividend income was reported in 2012 or 2011.
- D. At December 31, 2012, the Company reported \$1,768,687 as accounts and notes receivable from affiliates. Other liabilities either a receivable from or (due to) affiliates amounted to \$301,827.
- E. Not applicable.
- F. There are no material management or service contracts and cost-sharing arrangements involving the Company and any related party.
- G. The Company is privately held and has no issued or outstanding shares. MBA, VPA, and MMS issued and outstanding shares are owned by the company. The valuation of these affiliates was determined under GAAP, with adjustments for statutory valuation rules, as prescribed by Statutory Accounting Principles.
- H. Not applicable.
- I. The Company's investment in its three subsidiaries is less than 10% of its admitted assets.
- J. The Company did not recognize any impairment write-down for its investments in subsidiary companies during this statement period.
- K. The Company has no investments in foreign insurance subsidiaries.
- L. The Company has no investments in downstream noninsurance holding companies.

## NOTE 11 – DEBT

- A. The Company has no debentures outstanding.

The Company has a line-of-credit with a maximum amount of \$1,000,000 and an interest rate equal to prime (currently 4%). This line-of-credit is collateralized by a first mortgage on real estate owned by the Company. There was an outstanding balance of \$125,000 and \$225,000 at December 31, 2012 and 2011, respectively.

**NOTES TO FINANCIAL STATEMENTS**

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## NOTE 11 – DEBT (continued)

The Company, through one of its subsidiaries (VPA), also has a line of credit with a maximum amount of \$200,000 with an interest rate equal to prime (currently 4.0%). This line is unsecured, but is guaranteed by the parent. There was no outstanding balance at December 31, 2012 and 2011.

The Company has a \$1,000,000 unsecured revolving credit line with a bank that was unused at December 31, 2012 and 2011. The agreement provides for interest at a rate equal to prime (currently 4.0%).

The Company does not have any reverse repurchase agreements.

- B. The Company does not have any FHLB agreements.

## NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT PLANS

- A. Defined Benefit Plan - NONE

- B. Defined Contribution Plans

The Company currently has two deferred compensation plans, known as equity participation plans. One plan is for specified key employees, and the other plan is for the Board of Directors. The Company has estimated the combined present value of these liabilities to be \$2,146,308 and \$1,673,399 as of December 31, 2012 and December 31, 2011, respectively.

The Equity Participation Plan for key employees is a discretionary plan that rewards key employees with long-term service to the Company. The plan shares the appreciation of equity of the Company with key employees. The employee's share of the compensation vests over a ten year period, and is payable upon normal retirement, which is usually age 65. In the event that an employee terminates employment, either voluntarily or non-voluntarily, before age 65, the employee shall not be entitled to any payments at the time of termination, and forfeits his/her right to any future benefits under the plan.

The Company has a profit-sharing plan with a 401(k) feature. The plan covers all employees meeting minimum eligibility requirements. Profit-sharing contributions are determined by the Board of Directors and were 4.5% and 3% of eligible compensation for the years ending December 31, 2012 and 2011. The Company may match up to 50% of the first 6% salary deferral elected by each employee. The Company's discretionary and matching contributions charged to operations for the years ended December 31, 2012 and 2011 were \$149,878 and \$213,133, respectively.

- C. The Company does not participate in a multi employee plan.

- D. Consolidated/Holding Company Plans

The Company has no legal obligation for benefits under these plans. Employees of subsidiary companies participate in the plans sponsored by the Company.

- E. The Company has an arrangement whereby it provides deferred compensation and post-retirement health coverage to retired board members. Benefits are payable over a period not to exceed five years. The Company estimates the present value of the liability to be \$74,842 and \$102,952 at December 31, 2012 and 2011, respectively.

- F. The Medicare Modernization Act has no impact on the Company's Postretirement Benefits.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13 – CAPITAL AND SURPLUS, SHAREHOLDERS’ DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

1. The Company does not have any common stock issued or outstanding.
2. The Company does not have any preferred stock issued or outstanding.
3. The amount of dividends to be paid to policyholders is determined annually by the Company’s Board of Directors. The aggregate amount of policyholders’ dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company.
4. No dividends were paid in 2012.
5. Within the limitations of dividends as stated above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
6. Total unassigned surplus is \$14,579,280. This amount is held for the benefit of participating policyholders.
7. There were no advances to surplus in 2012 or 2011.
8. There was no stock held by the company, including stock of affiliated companies, held for special purposes.
9. There was no change in the balance of special surplus funds from the prior year.
10. The portion of unassigned funds surplus represented or (reduced) by each item below is as follows:
 

|                             |           |
|-----------------------------|-----------|
| Unrealized gains and losses | \$279,156 |
|-----------------------------|-----------|
11. The Company has not issued any surplus notes or debentures or similar obligations.
12. and 13. There has been no restatement of surplus due to quasi-reorganizations.

### NOTE 14 – CONTINGENCIES

#### A. Contingent Commitments

Not applicable

#### B. Assessments

1. The Company has estimated that it will be assessed by various state assessment funds for their share of insurance company insolvencies in states in which the Company conducts business.
2. The reserve is \$50,000 for both years ending December 31, 2012 and December 31, 2011. These amounts have been recorded as a liability for their respective years.

#### C. Gain Contingencies

Not applicable

- D. The Company is partially self-insured with regards to employee health insurance. The Company is liable for a maximum of \$50,000 per covered employee per year. The Company’s aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees and their family status. For the years ended December 31, 2012 and 2011, the Company paid \$1,209,143 and \$1,198,708, respectively under this arrangement.

**NOTES TO FINANCIAL STATEMENTS**

## NOTE 14 – CONTINGENCIES (continued)

- E. The Company has no Product Warranty Liabilities.
- F. The Company is involved in various lawsuits and subject to certain contingencies in the normal course of business. Management believes that the outcome of these matters will not have a material impact on the Company's financial position.

## NOTE 15 – LEASES

## A. Lessee Leasing Arrangements

The Company leases computer equipment and vehicles under operating lease agreements expiring by 2015. Future minimum lease rentals are as follows at December 31:

|      | <u>Amount</u>    |   |
|------|------------------|---|
| 2013 | 78,396           |   |
| 2014 | 78,396           |   |
| 2015 | <u>48,324</u>    | - |
|      | <u>\$205,116</u> |   |

The Company has no sublease or sale-leaseback transactions.

There are no lease agreements that have been terminated early or for which the Company is no longer using the leased property.

Rental expense was \$88,578 and \$93,377 for the years ended December 31, 2012 and 2011, respectively.

## B. Lessor Leases – NONE

## NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Not applicable

## NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

Not applicable

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

## A. ASO Plans

Not applicable

## B. ASC Plans

Not applicable

## C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – Not applicable

No amounts related to these plans have been written-off as of December 31, 2012.

## NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS OR THIRD PARTY ADMINISTRATORS

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

## NOTE 20 – FAIR VALUE MEASUREMENTS

A.

## 1. Fair Value Measurements at Reporting Date

| 1  | 2         | 3         | 4         | 5         |
|--|-----------|-----------|-----------|-----------|
| Description for each class of asset or liability | (Level 1) | (Level 2) | (Level 3) | Total     |
| a. Assets at fair value                          |           |           |           |           |
| Bonds  |           |           |           |           |
| Industrial and Misc                              | -         | -         | -         | -         |
| Total Bonds                                      | -         | -         | -         | -         |
| Common stock                                     |           |           |           |           |
| Industrial and Misc                              | 2,451,450 | -         | -         | 2,451,450 |
| Mutual Funds                                     | 593,102   | -         | -         | 593,102   |
| Total Common Stocks                              |           |           |           | -         |
| Total assets at fair value                       | 3,044,552 | -         | -         | 3,044,552 |
| b. Liabilities at fair value                     |           |           |           |           |
| None   | -         | -         | -         | -         |
| Total liabilities at fair value                  | -         | -         | -         | -         |

The Company has categorized its assets and liabilities into the three-level fair value hierarchy based upon the priority of the inputs to the respective valuation technique. The following summarizes the type of assets and liabilities included within the three-level fair value hierarchy presented in the table above.

Level 1 – This category currently only includes common stock and mutual funds that can be readily sold. As of December 31, 2012, no bonds were moved into the classification of short-term so they were not classified in this hierarchy. The Company does not have any Call or Put Options placed on their securities.

Level 2 – The Company has no Level 2 assets or liabilities.

Level 3 – The Company has no Level 3 assets or liabilities.

The asset or liability's fair value measurement level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

## 2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy – NONE

| 1     | 2                     | 3                      | 4                        | 5   | 6  | 7         | 8         | 9     | 10          | 11                    |
|-------|-----------------------|------------------------|--------------------------|---|--|-----------|-----------|-------|-------------|-----------------------|
|       | Balance at 01/01/2011 | Transfers into Level 3 | Transfers out of Level 3 | Total gains and (losses) included in Net Income | Total gains and (losses) included in surplus | Purchases | Issuances | Sales | Settlements | Balance at 12/31/2012 |
| RMBS  |                       |                        |                          |   |  |           |           |       |             |                       |
| CMBS  |                       |                        |                          |   |  |           |           |       |             |                       |
| ..... |                       |                        |                          |   |  |           |           |       |             |                       |
| ..... |                       |                        |                          |   |  |           |           |       |             |                       |
| ..... |                       |                        |                          |   |  |           |           |       |             |                       |
| Total |                       |                        |                          |   |  |           |           |       |             |                       |

## 3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into our out of Level 3. During the current year, no transfers into or out of Level 3 were required.

**NOTES TO FINANCIAL STATEMENTS**

## NOTE 20 – FAIR VALUE MEASUREMENTS (continued)

## 4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 2 or the Level 3 category.

## 5. Derivative Fair Values – NONE

## B. Other Fair Value Disclosures

Not applicable

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

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

| 1                                   | 2          | 3              | 4          | 5       | 6       | 7                                 |
|-------------------------------------|------------|----------------|------------|---------|---------|-----------------------------------|
| Type of Financial Instrument        | Fair Value | Admitted Value | Level 1    | Level 2 | Level 3 | Not Practical<br>(Carrying Value) |
| Financial instruments - assets      |            |                |            |         |         |                                   |
| Bonds                               | 6,253,076  | 6,253,076      | 6,253,076  | -       | -       | -                                 |
| Preferred stocks                    | 500        | 500            | 500        | -       | -       | -                                 |
| Common stocks                       | 2,451,450  | 2,451,450      | 2,451,450  | -       | -       | -                                 |
| Mutual funds                        | 593,102    | 593,102        | 593,102    | -       | -       | -                                 |
| Short-term investments              | 6,094,803  | 6,094,803      | 6,094,803  | -       | -       | -                                 |
| Total assets                        | 15,392,931 | 15,392,931     | 15,392,931 | -       | -       | -                                 |
| Financial instruments - liabilities |            |                |            |         |         |                                   |
| None                                | -          | -              | -          | -       | -       | -                                 |
| Total liabilities                   | -          | -              | -          | -       | -       | -                                 |

## D. Reasons Not Practical to Estimate Fair Value – NONE

## NOTE 21 – OTHER ITEMS

## A. Extraordinary Items – Not applicable.

## B. Troubled Debt Restructuring – Not applicable.

## C. Other Disclosures

Assets in the amount of \$2,313,255 and \$2,325,947 on December 31, 2012 and 2011 respectively were on deposit with government authorities or trustees as required by law.

## D. Balance that is Reasonably Possible to be Uncollectible

At December 31, 2012 and 2011 the Company had admitted assets of \$957,603 and \$1,079,364, respectively, in accounts receivable for uninsured plans. The Company does not have any amounts due from agents. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition. No amounts have been written off in 2012 or 2011.

## E. The Company had no business interruption insurance recoveries.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 21 – OTHER ITEMS (continued)

- F. The Company has no investments in State Transferable Tax Credits.
- G. The Company has no exposure to subprime mortgage risk.
- H. The Company has no Retained Asset accounts.

### NOTE 22 – EVENTS SUBSEQUENT

Management has evaluated subsequent events through March 1, 2013, the date on which the statutory financial statements were ready to be filed. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

### NOTE 23 – REINSURANCE

#### A. Ceded Reinsurance Report

##### Section 1 – General Interrogatories

- A. Are any of the reinsurers, Listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, but the company or by any representative, officer, trustee, or director of the company? Yes ( ) No (X)
- B. Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) which 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

- 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)
- B. 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 which, 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)

#### B. Uncollectible Reinsurance

The Company has not written off any uncollectible reinsurance during the year.

#### C. Commutation of Reinsurance Reflected in Income and Expenses

The Company has not commuted any ceded reinsurance during the year.

### NOTE 24 – RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

- A. The Company does not have any retrospective premium adjustments.
- B. Not applicable.
- C. The amount of premium written by the Company subject to the medical loss ratio rebate was \$19,667,523.

**NOTES TO FINANCIAL STATEMENTS****NOTE 24 – RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION (continued)**

D. The Company has no paid or payable medical loss ratio rebates.

**NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

Reserves on accident and health contracts for incurred losses and loss adjustment expenses attributable to insured events of prior years developed as anticipated during 2012. See Schedule H – Part 3 and the Five Year Historical Data. Original estimates are increased or decreased as additional information becomes known regarding individual claims. However, no significant trends or unanticipated events were noted in 2012. None of the Company’s accident and health contracts are subject to retrospective rating or experience refunds.

**NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS**

Not applicable

**NOTE 27 – STRUCTURED SETTLEMENTS**

The Company has not purchased any structured settlements to fulfill obligations of claimants.

**NOTE 28 – HEALTH CARE RECEIVABLES**

A. Pharmaceutical Rebate Receivables – NONE

B. Risk Sharing Receivables - NONE

**NOTE 29 – PARTICIPATING POLICIES**

Not applicable

**NOTE 30 – PREMIUM DEFICIENCY RESERVES**

- |   |               |
|---|---------------|
| 1. Liability carried for premium deficiency reserves              | \$0           |
| 2. Date of the most recent evaluation of this liability           | January, 2013 |
| 3. Was anticipated investment income utilized in the calculation? | No            |

**NOTE 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. Surrender values are not promised in excess of the legally computed reserves.
2. The Company had no substandard policies, therefore no methods for valuation were employed.
3. As of December 31, 2012, the Company had \$0 of 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. No reserves to cover the above insurance were necessary.
4. The Company does not compute The Tabular Interest, the Tabular Less Actual Reserve Released, and the Tabular Cost.
5. The Company does not compute Tabular Interest on funds not involving life contingencies.
6. The Company does not have any products that would qualify as “deposit type” contracts, therefore there are no reserve changes for life or annuity contracts under a Deposit Type Contract.

**NOTES TO FINANCIAL STATEMENTS****NOTE 32 – ANALYSIS OF ANNUITY ACTUARIAL RESERVES AND DEPOSIT TYPE LIABILITIES BY WITHDRAWAL CHARACTERISTICS**

Not applicable

**NOTE 33 – PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED**

Premiums uncollected and earned at December 31, 2012 are shown on Page 2 of this financial statement. There is no premium loading affecting the value of this asset.

**NOTE 34 – SEPARATE ACCOUNTS**

Not applicable

**NOTE 35 – LOSS/CLAIM ADJUSTMENT EXPENSES**

|                           | Year Ended December 31 |           |
|---------------------------|------------------------|-----------|
|                           | 2012                   | 2011      |
| Balance as of January 1   | \$ 60,000              | \$ 60,000 |
| Amount incurred:          |                        |           |
| Current year              | 15,000                 | -         |
| Prior years               | -                      | -         |
|                           | 15,000                 | -         |
| Less amount paid:         |                        |           |
| Current year              | -                      | -         |
| Prior years               | -                      | -         |
|                           | -                      | -         |
| Balance as of December 31 | \$ 75,000              | \$ 60,000 |

**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 ( ) No (X)
- 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 ( ) No ( ) N/A (X)
- 1.3 State Regulating? .....
- 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. 05/31/2009
- 3.2 State the as of date of 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. 05/31/2009
- 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). 11/17/2009
- 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 ( ) No ( ) N/A (X)
- 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)

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

GENERAL

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)

5.2 If yes, provide the name of entity, the NAIC company code, and state of domicile for any entity that has ceased to exist as a result of the merger or consolidation.

|                     |                        |                        |
|---------------------|------------------------|------------------------|
| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes ( ) No (X)

6.2 If yes, give full information:  
.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ( ) No (X)

7.2 If yes, 7.21 State the percentage of foreign control; .....%

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

|                  |                     |
|------------------|---------------------|
| 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ( ) No (X)

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

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ( ) No (X)

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any 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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

GENERAL

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Wilson, Shannon, & Snow, Inc. 10 W Locust St, Newark, OH 43055
- 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 Model 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 domiciliary state insurance laws? Yes (X) No ( ) N/A ( )
- 10.6 If the response 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?  
United Health Actuarial Services Inc / Ben Brandon, FSA, MAAA / 11 South St, Old Bridge NJ 08857
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)
- 12.11 Name of real estate holding company  
.....
- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value \$ .....
- 12.2 If yes, provide explanation  
.....
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 (X)
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ( )
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is No, please explain:  
.....
- 14.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)
- 14.21 If the response to 14.2 is Yes, provide information related to amendment(s).  
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)
- 14.31 If the response to 14.3 is Yes, provide the nature of any waiver(s).  
.....
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes ( ) No (X)
- 15.2 If the response to 15.1 is yes, indicated the American Bankers Association (ABA) Routing Number and the name of issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

BOARD OF DIRECTORS

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

FINANCIAL

- |      |  |     |     |     |           |
|------|--|-----|-----|-----|-----------|
| 19.  | Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?                              | Yes | ( ) | No  | (X)       |
| 20.1 | Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):   |     |     |     |           |
|      | 20.11 To directors or other officers   | \$  |     |     |           |
|      | 20.12 To stockholders not officers   | \$  |     |     |           |
|      | 20.13 Trustees, supreme or grand (Fraternal only)  | \$  |     |     |           |
| 20.2 | Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  |     |     |     |           |
|      | 20.21 To directors or other officers   | \$  |     |     |           |
|      | 20.22 To stockholders not officers   | \$  |     |     |           |
|      | 20.23 Trustees, supreme or grand (Fraternal only)  | \$  |     |     |           |
| 21.1 | Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? |     |     | Yes | ( )       |
|      |  |     |     | No  | (X)       |
| 21.2 | If yes, state the amount thereof at December 31 of the current year:   |     |     |     |           |
|      | 21.21 Rented from others   | \$  |     |     |           |
|      | 21.22 Borrowed from others   | \$  |     |     |           |
|      | 21.23 Leased from others   | \$  |     |     |           |
|      | 21.24 Other  | \$  |     |     |           |
| 22.1 | Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?                   |     |     | Yes | ( )       |
|      |  |     |     | No  | (X)       |
| 22.2 | If answer is yes:  |     |     |     |           |
|      | 22.21 Amount paid as losses or risk adjustment   | \$  |     |     |           |
|      | 22.22 Amount paid as expenses  | \$  |     |     |           |
|      | 22.23 Other amounts paid   | \$  |     |     |           |
| 23.1 | Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?  |     |     | Yes | (X)       |
|      |  |     |     | No  | ( )       |
| 23.2 | If yes, indicate any amounts receivable from parent included in the Page 2 amount:   |     |     | \$  | 1,768,687 |

**GENERAL INTERROGATORIES**  
**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 (X) No ( )
- 24.02 If no, give full and complete information relating thereto:  
.....  
.....
- 24.03 For the 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 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. \$ .....
- 24.06 If answer to 24.04 is NO, report amount of collateral for other programs. \$ .....
- 24.07 Does your security 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 reinvented collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....
- 24.103 Total payable for securities lending reported on the liability page \$ .....
- 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 ( ) No (X)
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- |  |  |          |
|--|--|----------|
|  | 25.21 Subject to repurchase agreements                 | \$ ..... |
|  | 25.22 Subject to reverse repurchase agreements         | \$ ..... |
|  | 25.23 Subject to dollar repurchase agreements          | \$ ..... |
|  | 25.24 Subject to reverse dollar repurchase agreements  | \$ ..... |
|  | 25.25 Pledged as collateral                            | \$ ..... |
|  | 25.26 Placed under option agreements                   | \$ ..... |
|  | 25.27 Letter stock or securities restricted as to sale | \$ ..... |
|  | 25.28 On deposit with state or other regulatory body   | \$ ..... |
|  | 25.29 Other  | \$ ..... |

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

INVESTMENT

25.3 For category (25.27) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>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. \$ .....
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<br>Name of Custodian(s) | 2<br>Custodian's Address |
|---------------------------|--------------------------|
|---------------------------|--------------------------|

Park National Bank ..... 50 North Third Street, Newark, Ohio 43055 .....

Merrill Lynch ..... 4661 Sawmill Road, Columbus, Ohio 43220 .....

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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|--------------|------------------|------------------------------|

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

INVESTMENT

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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
|--------------------|--------------------|---------------------|-------------|

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

| 1<br>Central Registration Depository Number(s) | 2<br>Name | 3<br>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 ( )

29.2 If yes, complete the following schedule:

| 1<br>CUSIP Number | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|-------------------|--------------------------|-----------------------------------|
|-------------------|--------------------------|-----------------------------------|

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

| 1<br>Name of Mutual Fund<br>(from question 29.2) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of Mutual Fund's<br>Book/Adjusted Carrying Value<br>Attributable to the Holding | 4<br>Date of Valuation |
|--|--|---|------------------------|
|--|--|---|------------------------|

**GENERAL INTERROGATORIES**  
**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<br>Statement (Admitted)<br>Value | 2<br>Fair Value    | 3<br>Excess of Statement<br>over Fair Value (-),<br>or Fair Value<br>over Statement (+) |
|-----------------------------|------------------------------------|--------------------|---|
| 30.1 Bonds .....            | \$ ..... 6,192,548                 | \$ ..... 6,253,076 | \$ ..... 60,528   |
| 30.2 Preferred stocks ..... | \$ ..... 500                       | \$ ..... 500       | \$ .....  |
| 30.3 Totals .....           | \$ ..... 6,193,048                 | \$ ..... 6,253,576 | \$ ..... 60,528   |

30.4 Describe the sources or methods utilized in determining the fair values:  
Fair Value for Bonds was obtained from Schedule D, Part 1, Column 9, Fair Value and matches Broker Statements  
Fair Value for our one Preferred Stock never changes. It is strictly \$500 value in MedBen Marketing Services, Inc.

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:  
.....  
.....

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**

OTHER

33.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ ..... 11,700

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<br>Name     | 2<br>Amount Paid |
|---------------|------------------|
| AM Best ..... | \$ ..... 11,700  |
| .....         | \$ .....         |
| .....         | \$ .....         |
| .....         | \$ .....         |

34.1 Amount of payments for legal expenses, if any? \$ ..... 82,214

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<br>Name                     | 2<br>Amount Paid |
|-------------------------------|------------------|
| Morrow & Erhard Co, LPA ..... | \$ ..... 56,652  |
| .....                         | \$ .....         |
| .....                         | \$ .....         |
| .....                         | \$ .....         |

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

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<br>Name | 2<br>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. \$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ .....
- 1.31 Reason for excluding:  
 .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ .....
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ .....
- 1.62 Total incurred claims \$ .....
- 1.63 Number of covered lives .....
- All years prior to most current three years:
- 1.64 Total premium earned \$ .....
- 1.65 Total incurred claims \$ .....
- 1.66 Number of covered lives .....
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ .....
- 1.72 Total incurred claims \$ .....
- 1.73 Number of covered lives .....
- All years prior to most current three years:
- 1.74 Total premium earned \$ .....
- 1.75 Total incurred claims \$ .....
- 1.76 Number of covered lives .....
2. Health Test
- |  | 1<br>Current Year   | 2<br>Prior Year     |
|--|---------------------|---------------------|
| 2.1 Premium Numerator                            | \$ ..... 19,310,149 | \$ ..... 19,168,154 |
| 2.2 Premium Denominator                          | \$ ..... 19,688,331 | \$ ..... 19,600,184 |
| 2.3 Premium Ratio (Line 2.1 divided by Line 2.2) | ..... 0.981         | ..... 0.978         |
| 2.4 Reserve Numerator                            | \$ ..... 3,210,000  | \$ ..... 3,284,804  |
| 2.5 Reserve Denominator                          | \$ ..... 3,300,000  | \$ ..... 3,359,804  |
| 2.6 Reserve Ratio (Line 2.4 divided by Line 2.5) | ..... 0.973         | ..... 0.978         |
- 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? \$ .....
- 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 (X)
- 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes ( ) No (X)
- 3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts, due or accrued (net)?" \$ .....
- 4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes ( ) No (X)
- 4.2 Net reimbursement of such expenses between reporting entities:
- 4.21 Paid \$ .....
- 4.22 Received \$ .....
- 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 \$ .....
- 5.22 Page 4, Line 1 \$ .....
6. For stock reporting entities only:
- 6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$ .....
7. Total dividends paid stockholders since organization of the reporting entity:
- 7.11 Cash \$ .....
- 7.12 Stock \$ .....

**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 (X)

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

|  | 1<br>Reinsurance<br>Assumed | 2<br>Reinsurance<br>Ceded | 3<br>Net<br>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 Line 8.31 and Line 8.34 for Column (1) are:

|      | 1<br>Attachment Point | 2<br>Earned Premium | 3<br>Claim Liability<br>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 Line 8.31, Column 1 was assumed from pools? \$ .....

9.1 Does the company have variable annuities with guaranteed benefits? Yes ( ) No (X)

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

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

10. For reporting entities having sold annuities to another insurer where 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? \$ .....

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

| 1                                  | 2  |
|------------------------------------|--|
| P&C Insurance Company and Location | Statement Value<br>on Purchase Date<br>of Annuities<br>(i.e., Present Value) |
| .....                              | .....  |
| .....                              | .....  |
| .....                              | .....  |

11.1 Do you act as a custodian for health savings accounts? Yes ( ) No (X)

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

11.3 Do you act as an administrator for health savings accounts? Yes ( ) No (X)

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

**GENERAL INTERROGATORIES (Continued)**

**Part 2 - LIFE INTERROGATORIES**

**Line 9.2**

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

**NONE**

**Line 10.2**

| 1<br>P&C Insurance Company<br>and Location | 2<br>Statement Value<br>on Purchase Date of Annuities<br>(i.e., Present Value) |
|--|--|
|--|--|

**NONE**

## 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<br>2012  | 2<br>2011  | 3<br>2010  | 4<br>2009  | 5<br>2008  |
|---|------------|------------|------------|------------|------------|
| <b>Life Insurance in Force</b><br>(Exhibit of Life Insurance)   |            |            |            |            |            |
| 1. Ordinary-whole life and endowment (Line 34, Column 4)  |            |            |            |            |            |
| 2. Ordinary-term (Line 21, Column 4, less Line 34, Column 4)  |            |            |            |            |            |
| 3. Credit life (Line 21, Column 6)  |            |            |            |            |            |
| 4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Line 43 and Line 44, Column 4)   | 69,280     | 81,547     | 83,811     | 85,449     | 117,829    |
| 5. Industrial (Line 21, Column 2)   |            |            |            |            |            |
| 6. FEGLI/SGLI (Line 43 and Line 44, Column 4)   |            |            |            |            |            |
| 7. Total (Line 21, Column 10)   | 69,280     | 81,547     | 83,811     | 85,449     | 117,829    |
| <b>New Business Issued</b><br>(Exhibit of Life Insurance)   |            |            |            |            |            |
| 8. Ordinary-whole life and endowment (Line 34, Column 2)  |            |            |            |            |            |
| 9. Ordinary-term (Line 2, Column 4, less Line 34, Column 2)   |            |            |            |            |            |
| 10. Credit life (Line 2, Column 6)  |            |            |            |            |            |
| 11. Group (Line 2, Column 9)  | 10,626     | 5,054      | 16,840     | 20,258     | 54,990     |
| 12. Industrial (Line 2, Column 2)   |            |            |            |            |            |
| 13. Total (Line 2, Column 10)   | 10,626     | 5,054      | 16,840     | 20,258     | 54,990     |
| <b>Premium Income-Lines of Business</b><br>(Exhibit 1 - Part 1)   |            |            |            |            |            |
| 14. Industrial life (Line 20.4, Column 2)   |            |            |            |            |            |
| 15.1 Ordinary life insurance (Line 20.4, Column 3)  |            |            |            |            |            |
| 15.2 Ordinary individual annuities (Line 20.4, Column 4)  |            |            |            |            |            |
| 16. Credit life, (group and individual) (Line 20.4, Column 5)   |            |            |            |            |            |
| 17.1 Group life insurance (Line 20.4, Column 6)   | 378,182    | 432,030    | 471,678    | 564,258    | 640,711    |
| 17.2 Group annuities (Line 20.4, Column 7)  |            |            |            |            |            |
| 18.1 A & H-group (Line 20.4, Column 8)  | 19,310,148 | 19,168,155 | 20,213,070 | 13,410,172 | 5,847,253  |
| 18.2 A & H-credit (group and individual) (Line 20.4, Column 9)  |            |            |            |            |            |
| 18.3 A & H-other (Line 20.4, Column 10)   |            |            |            |            |            |
| 19. Aggregate of all other lines of business (Line 20.4, Column 11)   |            |            |            |            |            |
| 20. Total   | 19,688,330 | 19,600,185 | 20,684,748 | 13,974,430 | 6,487,964  |
| <b>Balance Sheet</b><br>(Pages 2 and 3)   |            |            |            |            |            |
| 21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Column 3)  | 24,584,865 | 23,691,147 | 22,898,228 | 23,248,793 | 19,985,801 |
| 22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)  | 10,005,586 | 9,716,929  | 9,070,081  | 9,251,770  | 6,606,233  |
| 23. Aggregate life reserves (Page 3, Line 1)  |            |            |            |            |            |
| 24. Aggregate A & H reserves (Page 3, Line 2)   |            |            |            |            |            |
| 25. Deposit-type contract funds (Page 3, Line 3)  |            |            |            |            |            |
| 26. Asset valuation reserve (Page 3, Line 24.01)  | 846,640    | 754,523    | 744,277    | 581,352    | 529,732    |
| 27. Capital (Page 3, Line 29 and Line 30)   |            |            |            |            |            |
| 28. Surplus (Page 3, Line 37)   | 14,579,280 | 13,974,216 | 13,828,147 | 13,997,023 | 13,379,568 |
| <b>Cash Flow (Page 5)</b>   |            |            |            |            |            |
| 29. Net cash from operations (Line 11)  | 1,463,055  | 794,261    | 347,990    | 1,572,596  | (246,171)  |
| <b>Risk-Based Capital Analysis</b>  |            |            |            |            |            |
| 30. Total adjusted capital  | 15,425,920 | 14,728,739 | 14,572,424 |            |            |
| 31. Authorized control level risk-based capital   | 1,374,358  | 1,369,064  | 1,343,797  |            |            |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b><br>(Page 2, Column 3) (Line No. / Page 2, Line 12, Column 3) x 100.0 |            |            |            |            |            |
| 32. Bonds (Line 1)  | 30.2       | 23.5       | 27.5       | 31.5       | 26.8       |
| 33. Stocks (Line 2.1 and Line 2.2)  | 22.3       | 21.0       | 21.5       | 15.7       | 15.6       |
| 34. Mortgage loans on real estate (Line 3.1 and Line 3.2)   |            |            |            |            |            |
| 35. Real estate (Line 4.1, Line 4.2 and Line 4.3)   | 11.5       | 8.6        | 10.7       | 10.5       | 12.5       |
| 36. Cash, cash equivalents and short-term investments (Line 5)  | 36.0       | 46.9       | 40.3       | 42.3       | 45.1       |
| 37. Contract loans (Line 6)   |            |            |            |            |            |
| 38. Derivatives (Page 2, Line 7)  |            |            |            | X X X      | X X X      |
| 39. Other invested assets (Line 8)  |            |            |            |            |            |
| 40. Receivables for securities (Line 9)   |            |            |            |            |            |
| 41. Securities lending reinvested collateral assets (Line 10)   |            |            |            | X X X      | X X X      |
| 42. Aggregate write-ins for invested assets (Line 11)   |            |            |            |            |            |
| 43. Cash, cash equivalents and invested assets (Line 12)  | 100.0      | 100.0      | 100.0      | 100.0      | 100.0      |

## FIVE-YEAR HISTORICAL DATA

(Continued)

|  | 1<br>2012  | 2<br>2011  | 3<br>2010  | 4<br>2009  | 5<br>2008 |
|--|------------|------------|------------|------------|-----------|
| <u>Investments in Parent, Subsidiaries and Affiliates</u>  |            |            |            |            |           |
| 44. Affiliated bonds (Schedule D Summary, Line 12, Column 1)   |            |            |            |            |           |
| 45. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)  | 500        | 500        | 500        | 500        | 500       |
| 46. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)   | 1,537,489  | 1,459,258  | 1,374,129  | 492,163    | 904,691   |
| 47. Affiliated short-term investments (subtotal included in Schedule<br>DA Verification, Column 5, Line 10)  |            |            |            |            |           |
| 48. Affiliated mortgage loans on real estate   |            |            | 557,411    |            |           |
| 49. All other affiliated   |            |            |            |            |           |
| 50. Total of above Line 44 to Line 49  | 1,537,989  | 1,459,758  | 1,932,040  | 492,663    | 905,191   |
| 51. Total investment in parent included in Line 44 to Line 49 above  |            |            |            |            |           |
| <u>Total Nonadmitted and Admitted Assets</u>   |            |            |            |            |           |
| 52. Total nonadmitted assets (Page 2, Line 28, Column 2)   | 662,224    | 847,538    | 774,739    | 665,785    | 684,274   |
| 53. Total admitted assets (Page 2, Line 28, Column 3)  | 24,584,865 | 23,691,147 | 22,898,228 | 23,248,793 | 1,985,801 |
| <u>Investment Data</u>   |            |            |            |            |           |
| 54. Net investment income (Exhibit of Net Investment Income)   | 198,422    | 168,651    | 130,975    | 76,683     | 194,669   |
| 55. Realized capital gains (losses) (Page 4, Line 34, Column 1)  | 3,871      | (9,280)    |            |            |           |
| 56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1)  | 269,709    | 327,404    |            |            |           |
| 57. Total of above Line 54, Line 55 and Line 56  | 472,002    | 486,775    | 130,975    | 76,683     | 194,669   |
| <u>Benefits and Reserve Increase</u><br>(Page 6)   |            |            |            |            |           |
| 58. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15, Column 1<br>minus Lines 10, 11, 12, 13, 14 and 15, Columns 9, 10 and 11)                              | 66,070     | 69,112     | 248,952    | 186,966    | 124,348   |
| 59. Total contract benefits - A & H (Line 13 and Line 14, Columns 9, 10 and 11)  | 15,983,749 | 16,293,300 | 18,276,428 | 11,335,999 | 4,454,661 |
| 60. Increase in life reserves - other than group and annuities (Line 19, Columns 2 and 3)  |            |            |            |            |           |
| 61. Increase in A & H Reserves (Line 19, Columns 9, 10 and 11)   |            |            |            |            |           |
| 62. Dividends to policyholders (Line 30, Column 1)   |            |            |            |            |           |
| <u>Operating Percentages</u>   |            |            |            |            |           |
| 63. Insurance expense percent (Page 6, Column 1, Line 21, Line 22 and Line 23 less Line 6) /<br>(Page 6, Column 1, Line 1 plus Exhibit 7, Column 2, Line 2) x 100.00       | 29.1       | 28.1       | 28.3       | 51.8       | 88.1      |
| 64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Column 4, Line 14 and Line 15) /<br>1/2 (Exhibit of Life Insurance, Column 4, Line 1 and Line 21)] x 100.00 |            |            |            |            |           |
| 65. A & H loss percent (Schedule H, Part 1, Line 5 and Line 6, Column 2)   | 88.8       | 88.4       | 94.0       | 90.7       | 96.7      |
| 66. A & H cost containment percent (Schedule H, Part 1, Line 4, Column 2)  | 4.6        | 4.2        | 4.2        | 6.0        | 14.6      |
| 67. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Column 2)  | 27.5       | 26.4       | 26.7       | 52.2       | 102.9     |
| <u>A &amp; H Claim Reserve Adequacy</u>  |            |            |            |            |           |
| 68. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1, Column 2)   | 3,287,474  | 3,123,107  | 2,723,564  | 1,241,294  | 595,347   |
| 69. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2)   | 3,284,804  | 3,120,433  | 2,721,024  | 356,856    | 660,021   |
| 70. Incurred losses on prior years' claims - health other than group<br>(Schedule H, Part 3, Line 3.1, Column 1 less Column 2)   |            |            |            |            |           |
| 71. Prior years' claim liability and reserve - health other than group<br>(Schedule H, Part 3, Line 3.2, Column 1 less Column 2)   |            |            |            |            |           |
| <u>Net Gains From Operations After Federal Income</u>  |            |            |            |            |           |
| <u>Taxes by Lines of Business</u><br>(Page 6, Line 33)   |            |            |            |            |           |
| 72. Industrial life (Column 2)   |            |            |            |            |           |
| 73. Ordinary-life (Column 3)   |            |            |            |            |           |
| 74. Ordinary-individual annuities (Column 4)   |            |            |            |            |           |
| 75. Ordinary-supplementary contracts (Column 5)  |            |            |            |            |           |
| 76. Credit life (Column 6)   |            |            |            |            |           |
| 77. Group life (Column 7)  | 270,753    | 309,740    | 209,171    | 375,922    | 384,764   |
| 78. Group annuities (Column 8)   |            |            |            | (96)       |           |
| 79. A & H-group (Column 9)   | (149,468)  | (398,750)  | (895,762)  | 423,446    | 46,194    |
| 80. A & H-credit (Column 10)   |            |            |            |            |           |
| 81. A & H-other (Column 11)  |            |            |            |            |           |
| 82. Aggregate of all other lines of business (Column 12)   |            |            |            |            |           |
| 83. Total (Column 1)   | 121,285    | (89,010)   | (686,591)  | 799,272    | 430,958   |

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?  
If no, please explain:

Yes ( ) No ( )

**EXHIBIT OF LIFE INSURANCE**

|   | Industrial                 |                                       | Ordinary                   |                                       | Credit Life (Group and Individual)                                 |                                       | Group         |                   |                                       | 10  |
|---|----------------------------|---------------------------------------|----------------------------|---------------------------------------|--|---------------------------------------|---------------|-------------------|---------------------------------------|---|
|   | 1<br>Number of<br>Policies | 2<br>Amount<br>of<br>Insurance<br>(a) | 3<br>Number of<br>Policies | 4<br>Amount<br>of<br>Insurance<br>(a) | 5<br>Number<br>of Individual<br>Policies and Group<br>Certificates | 6<br>Amount<br>of<br>Insurance<br>(a) | Number of     |                   | 9<br>Amount<br>of<br>Insurance<br>(a) | Total<br>Amount<br>of<br>Insurance<br>(a) |
|   |                            |                                       |                            |                                       |  |                                       | 7<br>Policies | 8<br>Certificates |                                       |   |
| 1. In force end of prior year   |                            |                                       |                            |                                       |  |                                       | 170           | 4,391             | 81,547                                | 81,547                                    |
| 2. Issued during year   |                            |                                       |                            |                                       |  |                                       | 37            | 1,041             | 10,626                                | 10,626                                    |
| 3. Reinsurance assumed  |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 4. Revived during year  |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 5. Increased during year (net)  |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 6. Subtotals, Line 2 to Line 5  |                            |                                       |                            |                                       |  |                                       | 37            | 1,041             | 10,626                                | 10,626                                    |
| 7. Additions by dividends during year                                     | X X X                      |                                       | X X X                      |                                       | X X X  |                                       | X X X         | X X X             |                                       |   |
| 8. Aggregate write-ins for increases                                      |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 9. Totals (Line 1 and Line 6 to Line 8)                                   |                            |                                       |                            |                                       |  |                                       | 207           | 5,432             | 92,173                                | 92,173                                    |
| Deductions during year:   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 10. Death   |                            |                                       |                            |                                       |  |                                       | X X X         |                   |                                       |   |
| 11. Maturity  |                            |                                       |                            |                                       |  |                                       | X X X         |                   |                                       |   |
| 12. Disability  |                            |                                       |                            |                                       |  |                                       | X X X         |                   |                                       |   |
| 13. Expiry  |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 14. Surrender   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 15. Lapse   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 16. Conversion  |                            |                                       |                            |                                       |  |                                       | X X X         | X X X             | X X X                                 |   |
| 17. Decreased (net)   |                            |                                       |                            |                                       |  |                                       | 39            | 1,491             | 22,893                                | 22,893                                    |
| 18. Reinsurance   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 19. Aggregate write-ins for decreases                                     |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 20. Totals (Line 10 to Line 19)   |                            |                                       |                            |                                       |  |                                       | 39            | 1,491             | 22,893                                | 22,893                                    |
| 21. In force end of year (Line 9 minus Line 20)                           |                            |                                       |                            |                                       |  |                                       | 168           | 3,941             | 69,280                                | 69,280                                    |
| 22. Reinsurance ceded end of year   | X X X                      |                                       | X X X                      |                                       | X X X  |                                       | X X X         | X X X             | 6,962                                 | 6,962                                     |
| 23. Line 21 minus Line 22   | X X X                      |                                       | X X X                      |                                       | X X X  | (b)                                   | X X X         | X X X             | 62,318                                | 62,318                                    |
| <b>DETAILS OF WRITE-INS</b>   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 0801.   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 0802.   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 0803.   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 0898. Summary of remaining write-ins for Line 8 from overflow page        |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)  |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 1901.   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 1902.   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 1903.   |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 1998. Summary of remaining write-ins for Line 19 from overflow page       |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |
| 1999. Totals (Line 1901 through Line 1903 plus Line 1998) (Line 19 above) |                            |                                       |                            |                                       |  |                                       |               |                   |                                       |   |

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).  
 (b) Group \$ ; Individual \$

**EXHIBIT OF LIFE INSURANCE (Continued)**

**ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR**

|                                    | Industrial              |                              | Ordinary                |                              |
|------------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
|                                    | 1<br>Number of Policies | 2<br>Amount of Insurance (a) | 3<br>Number of Policies | 4<br>Amount of Insurance (a) |
| 24. Additions by dividends .....   | } <b>NONE</b>           |                              | X X X                   |                              |
| 25. Other paid-up insurance .....  | X X X                   | X X X                        |                         |                              |
| 26. Debit ordinary insurance ..... |                         |                              |                         |                              |

**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<br>Number of Policies                 | 2<br>Amount of Insurance (a) | 3<br>Number of Policies                    | 4<br>Amount of Insurance (a) |       |  |
| 27. Term policies-decreasing .....               | <b>NONE</b>                             |                              |  |                              |       |  |
| 28. Term policies-other .....                    |   |                              |  |                              |       |  |
| 29. Other term insurance-decreasing .....        |   |                              |  |                              | X X X |  |
| 30. Other term insurance .....                   |   |                              |  |                              | X X X |  |
| 31. Totals (Line 27 to Line 30) .....            |   |                              |  |                              |       |  |
| Reconciliation to Line 2 and Line 21:            |   |                              |  |                              |       |  |
| 32. Term additions .....                         |   |                              |  |                              | X X X |  |
| 33. Totals, extended term insurance .....        |   |                              |  |                              |       |  |
| 34. Totals, whole life and endowment .....       |   |                              |  |                              |       |  |
| 35. Totals (Line 31 to Line 34) .....            |   |                              |  |                              |       |  |

**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<br>Non-Participating                  | 2<br>Participating | 3<br>Non-Participating                     | 4<br>Participating |
| 36. Industrial .....                         |   |                    |  |                    |
| 37. Ordinary .....                           |   |                    |  |                    |
| 38. Credit Life (Group and Individual) ..... |   |                    |  |                    |
| 39. Group .....                              |   | 10,626             |  | 69,280             |
| 40. Totals (Line 36 to Line 39) .....        |   | 10,626             |  | 69,280             |

**ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE**

|   | Credit Life |   | Group                       |                              |       |       |
|---|-------------|---|-----------------------------|------------------------------|-------|-------|
|   | 1           | 2 | 3<br>Number of Certificates | 4<br>Amount of Insurance (a) |       |       |
| 41. Amount of insurance included in Line 2 ceded to other companies .....                       | <b>NONE</b> |   |                             |                              |       |       |
| 42. Number in force end of year if the number under share was counted on a pro-rata basis ..... |             |   |                             |                              |       |       |
| 43. Federal Employees' Group Life Insurance included in Line 21 .....                           |             |   |                             |                              | X X X |       |
| 44. Servicemen's Group Life Insurance included in Line 21 .....                                 |             |   |                             |                              |       | X X X |
| 45. Group Permanent Insurance included in Line 21 .....   |             |   |                             |                              |       |       |

**ADDITIONAL ACCIDENTAL DEATH BENEFITS**

|   |             |
|---|-------------|
| 46. Amount of additional accidental death benefits in force end of year under ordinary policies (a) ..... | <b>NONE</b> |
|---|-------------|

**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) .....   |             |
| (47.2) .....   | <b>NONE</b> |

**POLICIES WITH DISABILITY PROVISIONS**

| Disability Provision        | Industrial              | Ordinary                     | Credit                       | Group                       |                              |
|-----------------------------|-------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|
|                             | 1<br>Number of Policies | 2<br>Amount of Insurance (a) | 3<br>Amount of Insurance (a) | 7<br>Number of Certificates | 8<br>Amount of Insurance (a) |
| 48. Waiver of Premium ..... | <b>NONE</b>             |                              |                              |                             |                              |
| 49. Disability Income ..... |                         |                              |                              |                             |                              |
| 50. Extended Benefits ..... |                         |                              |                              |                             |                              |
| 51. Other .....             |                         |                              |                              |                             |                              |
| 52. Total .....             |                         |                              |                              |                             |                              |

(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.

**Page 27**

Exh. Number of Policies, Supplementary Contracts  
**NONE**

Exh. Number of Policies, Annuities  
**NONE**

Exh. Number of Policies, A/H Insurance  
**NONE**

Exh. Number of Policies, Deposit Funds and Dividend Accumulations  
**NONE**

**SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**

Allocated by States and Territories

| States, Etc.   | 1             |       | Direct Business Only         |                             |  |                           |                                |                             |
|--|---------------|-------|------------------------------|-----------------------------|--|---------------------------|--------------------------------|-----------------------------|
|  | Active Status | 3     | Life Contracts               |                             | 4<br>Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees | 5<br>Other Considerations | 6<br>Total Columns 2 through 5 | 7<br>Deposit-Type Contracts |
|  |               |       | 2<br>Life Insurance Premiums | 3<br>Annuity Considerations |  |                           |                                |                             |
| 1. Alabama   | AL            | N     |                              |                             |  |                           |                                |                             |
| 2. Alaska  | AK            | N     |                              |                             |  |                           |                                |                             |
| 3. Arizona   | AZ            | N     |                              |                             |  |                           |                                |                             |
| 4. Arkansas  | AR            | N     |                              |                             |  |                           |                                |                             |
| 5. California  | CA            | N     |                              |                             |  |                           |                                |                             |
| 6. Colorado  | CO            | N     |                              |                             |  |                           |                                |                             |
| 7. Connecticut   | CT            | N     |                              |                             |  |                           |                                |                             |
| 8. Delaware  | DE            | N     |                              |                             |  |                           |                                |                             |
| 9. District of Columbia  | DC            | N     |                              |                             |  |                           |                                |                             |
| 10. Florida  | FL            | N     |                              |                             |  |                           |                                |                             |
| 11. Georgia  | GA            | N     |                              |                             |  |                           |                                |                             |
| 12. Hawaii   | HI            | N     |                              |                             |  |                           |                                |                             |
| 13. Idaho  | ID            | N     |                              |                             |  |                           |                                |                             |
| 14. Illinois   | IL            | N     |                              |                             |  |                           |                                |                             |
| 15. Indiana  | IN            | L     | 240,134                      |                             | 12,785,801   |                           | 13,025,935                     |                             |
| 16. Iowa   | IA            | N     |                              |                             |  |                           |                                |                             |
| 17. Kansas   | KS            | N     |                              |                             |  |                           |                                |                             |
| 18. Kentucky   | KY            | N     |                              |                             |  |                           |                                |                             |
| 19. Louisiana  | LA            | N     |                              |                             |  |                           |                                |                             |
| 20. Maine  | ME            | N     |                              |                             |  |                           |                                |                             |
| 21. Maryland   | MD            | N     |                              |                             |  |                           |                                |                             |
| 22. Massachusetts  | MA            | N     |                              |                             |  |                           |                                |                             |
| 23. Michigan   | MI            | N     |                              |                             |  |                           |                                |                             |
| 24. Minnesota  | MN            | N     |                              |                             |  |                           |                                |                             |
| 25. Mississippi  | MS            | N     |                              |                             |  |                           |                                |                             |
| 26. Missouri   | MO            | N     |                              |                             |  |                           |                                |                             |
| 27. Montana  | MT            | N     |                              |                             |  |                           |                                |                             |
| 28. Nebraska   | NE            | N     |                              |                             |  |                           |                                |                             |
| 29. Nevada   | NV            | N     |                              |                             |  |                           |                                |                             |
| 30. New Hampshire  | NH            | N     |                              |                             |  |                           |                                |                             |
| 31. New Jersey   | NJ            | N     |                              |                             |  |                           |                                |                             |
| 32. New Mexico   | NM            | N     |                              |                             |  |                           |                                |                             |
| 33. New York   | NY            | N     |                              |                             |  |                           |                                |                             |
| 34. North Carolina   | NC            | N     |                              |                             |  |                           |                                |                             |
| 35. North Dakota   | ND            | N     |                              |                             |  |                           |                                |                             |
| 36. Ohio   | OH            | L     | 154,811                      |                             | 7,403,685  |                           | 7,558,496                      |                             |
| 37. Oklahoma   | OK            | N     |                              |                             |  |                           |                                |                             |
| 38. Oregon   | OR            | N     |                              |                             |  |                           |                                |                             |
| 39. Pennsylvania   | PA            | N     |                              |                             |  |                           |                                |                             |
| 40. Rhode Island   | RI            | N     |                              |                             |  |                           |                                |                             |
| 41. South Carolina   | SC            | N     |                              |                             |  |                           |                                |                             |
| 42. South Dakota   | SD            | N     |                              |                             |  |                           |                                |                             |
| 43. Tennessee  | TN            | N     |                              |                             |  |                           |                                |                             |
| 44. Texas  | TX            | N     |                              |                             |  |                           |                                |                             |
| 45. Utah   | UT            | N     |                              |                             |  |                           |                                |                             |
| 46. Vermont  | VT            | N     |                              |                             |  |                           |                                |                             |
| 47. Virginia   | VA            | N     |                              |                             |  |                           |                                |                             |
| 48. Washington   | WA            | N     |                              |                             |  |                           |                                |                             |
| 49. West Virginia  | WV            | L     | 22,875                       |                             | 1,689,341  |                           | 1,712,216                      |                             |
| 50. Wisconsin  | WI            | N     |                              |                             |  |                           |                                |                             |
| 51. Wyoming  | WY            | N     |                              |                             |  |                           |                                |                             |
| 52. American Samoa   | AS            | N     |                              |                             |  |                           |                                |                             |
| 53. Guam   | GU            | N     |                              |                             |  |                           |                                |                             |
| 54. Puerto Rico  | PR            | N     |                              |                             |  |                           |                                |                             |
| 55. U.S. Virgin Islands  | VI            | N     |                              |                             |  |                           |                                |                             |
| 56. Northern Mariana Islands   | MP            | N     |                              |                             |  |                           |                                |                             |
| 57. Canada   | CAN           | N     |                              |                             |  |                           |                                |                             |
| 58. Aggregate Other Alien  | OT            | X X X |                              |                             |  |                           |                                |                             |
| 59. Subtotal   | (a)           | 3     | 417,820                      |                             | 21,878,827   |                           | 22,296,647                     |                             |
| 90. Reporting entity contributions for employee benefit plans                              |               | X X X |                              |                             |  |                           |                                |                             |
| 91. Dividends or refunds applied to purchase paid-up additions and annuities               |               | X X X |                              |                             |  |                           |                                |                             |
| 92. Dividends of refunds applied to shorten endowment or premium paying period             |               | X X X |                              |                             |  |                           |                                |                             |
| 93. Premium or annuity considerations waived under disability or other contract provisions |               | X X X |                              |                             |  |                           |                                |                             |
| 94. Aggregate other amounts not allocable by State   |               | X X X |                              |                             |  |                           |                                |                             |
| 95. Totals (Direct Business)   |               | X X X | 417,820                      |                             | 21,878,827   |                           | 22,296,647                     |                             |
| 96. Plus Reinsurance Assumed   |               | X X X |                              |                             |  |                           |                                |                             |
| 97. Totals (All Business)  |               | X X X | 417,820                      |                             | 21,878,827   |                           | 22,296,647                     |                             |
| 98. Less Reinsurance Ceded   |               | X X X | 39,639                       |                             | 2,568,678  |                           | 2,608,317                      |                             |
| 99. Totals (All Business) less Reinsurance Ceded   |               | X X X | 378,181                      |                             | (b) 19,310,149   |                           | 19,688,330                     |                             |
| <b>DETAILS OF WRITE-INS</b>  |               |       |                              |                             |  |                           |                                |                             |
| 58001.   |               | X X X |                              |                             |  |                           |                                |                             |
| 58002.   |               | X X X |                              |                             |  |                           |                                |                             |
| 58003.   |               | X X X |                              |                             |  |                           |                                |                             |
| 58998. Summary of remaining write-ins for Line 58 from overflow page                       |               | X X X |                              |                             |  |                           |                                |                             |
| 58999. Total (Line 58001 through Line 58003 plus Line 58998) (Line 58 above)               |               | X X X |                              |                             |  |                           |                                |                             |
| 9401.  |               | X X X |                              |                             |  |                           |                                |                             |
| 9402.  |               | X X X |                              |                             |  |                           |                                |                             |
| 9403.  |               | X X X |                              |                             |  |                           |                                |                             |
| 9498. Summary of remaining write-ins for Line 94 from overflow page                        |               | X X X |                              |                             |  |                           |                                |                             |
| 9499. Total (Line 9401 through Line 9403 plus Line 9498) (Line 94 above)                   |               | X X X |                              |                             |  |                           |                                |                             |

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

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

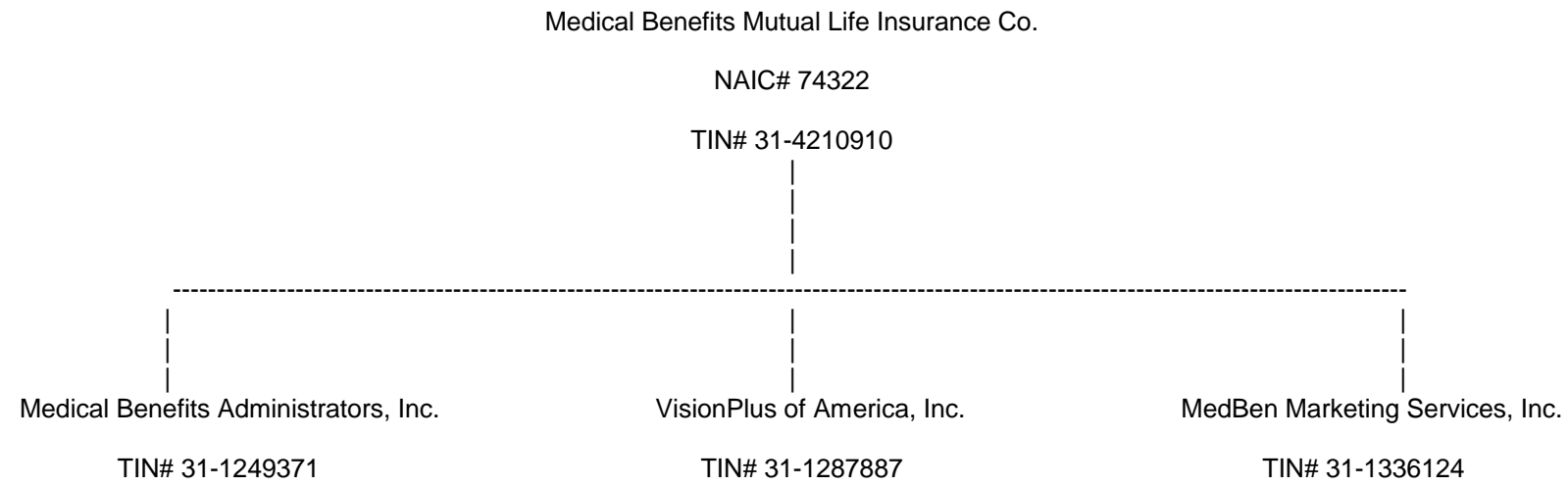
Premiums are assigned to each state based on the location of the main office for each employment group

(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;

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Medical Benefits Mutual Life Insurance Company  
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

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| Schedule B - Verification Between Years .....  | SI02 |   |      |
| Schedule BA - Part 1 .....   | E07  |   |      |
| Schedule BA - Part 2 .....   | E08  |   |      |
| Schedule BA - Part 3 .....   | E09  |   |      |
| Schedule BA - Verification Between Years .....   | SI03 |   |      |
| Schedule D - Part 1 .....  | E10  |   |      |
| Schedule D - Part 1A - Section 1 .....   | SI05 |   |      |
| Schedule D - Part 1A - Section 2 .....   | SI08 |   |      |
| Schedule D - Part 2 - Section 1 .....  | E11  |   |      |
| Schedule D - Part 2 - Section 2 .....  | E12  |   |      |
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