



# ANNUAL STATEMENT

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

## Family Heritage Life Insurance Company of America

NAIC Group Code.....0290, 0000 <small>(Current Period) (Prior Period)</small>	NAIC Company Code..... 77968	Employer's ID Number..... 34-1626521
Organized under the Laws of Ohio	State of Domicile or Port of Entry Ohio	Country of Domicile US
Incorporated/Organized..... August 22, 1989	Commenced Business..... November 17, 1989	
Statutory Home Office	6001 East Royalton Road, Suite 200..... Cleveland ..... OH ..... US ..... 44147-3529 <small>(Street and Number) (City or Town, State, Country and Zip Code)</small>	
Main Administrative Office	6001 East Royalton Road, Suite 200..... Cleveland ..... OH ..... US..... 44147-3529 440-922-5200 <small>(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)</small>	
Mail Address	P. O. Box 470608..... Cleveland ..... OH ..... US ..... 44147-3529 <small>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</small>	
Primary Location of Books and Records	6001 East Royalton Road, Suite 200..... Cleveland ..... OH ..... US ..... 44147-3529 440-922-5200 <small>(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)</small>	
Internet Web Site Address	www.FamilyHeritageLife.com	
Statutory Statement Contact	John A. Wise <small>(Name)</small> acctdept@familyheritagelife.com <small>(E-Mail Address)</small>	440-922-5200 <small>(Area Code) (Telephone Number) (Extension)</small> 440-922-5120 <small>(Fax Number)</small>

### OFFICERS

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

### OTHER

Kenneth J. Matson #	Executive Vice President	Jeffrey S. Morris	Senior Vice President
Edward J. Rocheck	Senior Vice President	Alan S. Hintz #	Senior Vice President
Douglas B. Kelly	Vice President	Henry G. Grendell	Vice President
Ronald L. Sarosy	Vice President	W. Michael Pressley #	Vice President
Joel P. Scarborough #	Vice President, Assistant Secretary	David K. Carlson #	Vice President
John A. Wise #	Assistant Vice President	Carol A. McCoy #	Assistant Secretary

### DIRECTORS OR TRUSTEES

Howard L. Lewis	Ben W. Lutek #	Kenneth J. Matson #	Jeffrey S. Morris
R. Brian Mitchell #	Edward J. Rocheck	Frank M. Svoboda #	

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

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

_____ (Signature) Howard L. Lewis _____ 1. (Printed Name) President/Chief Executive Officer _____ (Title)	_____ (Signature) Ronald L. Sarosy _____ 2. (Printed Name) Treasurer/Chief Financial Officer _____ (Title)	_____ (Signature) Edward J. Rocheck _____ 3. (Printed Name) Secretary _____ (Title)
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Subscribed and sworn to before me  
This \_\_\_\_\_ day of February 2013

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

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	534,489,901		534,489,901	460,236,713
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....(3,040,151), Schedule E-Part 1), cash equivalents (\$.....9,265,021, Schedule E-Part 2) and short-term investments (\$.....4,993,728, Schedule DA).....	11,218,598		11,218,598	20,815,779
6. Contract loans (including \$.....0 premium notes).....	1,405		1,405	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....	604,313		604,313	565,477
9. Receivables for securities.....	8,600,000		8,600,000	
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	554,914,217	.0	554,914,217	481,617,969
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	1,580,275		1,580,275	1,211,000
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	3,208,713		3,208,713	1,721,342
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	215,111		215,111	169,224
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	36,296		36,296	74,787
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	292,825
18.2 Net deferred tax asset.....	59,114,000	49,258,000	9,856,000	3,228,000
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	414,009	207,012	206,997	144,344
21. Furniture and equipment, including health care delivery assets (\$.....0).....	31,656	31,656	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....			.0	
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	10,502,200	9,457,521	1,044,679	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	630,016,477	58,954,189	571,062,288	488,459,491
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	630,016,477	58,954,189	571,062,288	488,459,491

### DETAILS OF WRITE-INS

1101.....			.0	
1102.....			.0	
1103.....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Agent Balances.....	8,504,068	8,504,068	.0	
2502. Prepaid Expenses.....	912,956	912,956	.0	
2503. Other Assets Non-Admitted.....	40,497	40,497	.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,044,679	.0	1,044,679	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	10,502,200	9,457,521	1,044,679	.0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....1,427,160 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	1,427,160	1,107,560
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....	473,170,134	411,996,287
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	47,500	26,520
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	12,948,172	11,793,199
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....		
6.2 Dividends not yet apportioned (including \$.....0 Modco).....		
6.3 Coupons and similar benefits (including \$.....0 Modco).....		
7. Amount provisionally held for deferred dividend policies not included in Line 6.....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....		
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....52,249 ceded.....	52,249	21,142
9.4 Interest Maintenance Reserve (IMR, Line 6).....	182,022	132,764
10. Commissions to agents due or accrued - life and annuity contracts \$.....10,800, accident and health \$.....724,400 and deposit-type contract funds \$.....0.....	735,200	360,000
11. Commissions and expense allowances payable on reinsurance assumed.....		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	4,148,261	4,526,594
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	1,373,000	1,302,000
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....	2,039,927	
15.2 Net deferred tax liability.....		
16. Unearned investment income.....		
17. Amounts withheld or retained by company as agent or trustee.....		
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....	530,199	500,652
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....		
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR Line 16, Col. 7).....	1,600,000	333,000
24.02 Reinsurance in unauthorized and certified (\$.....0) companies.....		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers.....		
24.04 Payable to parent, subsidiaries and affiliates.....		
24.05 Drafts outstanding.....		
24.06 Liability for amounts held under uninsured plans.....		
24.07 Funds held under coinsurance.....		
24.08 Derivatives.....		
24.09 Payable for securities.....	10,068,902	505,950
24.10 Payable for securities lending.....		
24.11 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	595,278	545,641
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	508,918,004	433,151,309
27. From Separate Accounts Statement.....		
28. Total liabilities (Line 26 and 27).....	508,918,004	433,151,309
29. Common capital stock.....	2,556,950	2,556,950
30. Preferred capital stock.....		
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....		
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	32,646,050	32,646,050
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	26,941,284	20,105,182
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	59,587,334	52,751,232
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	62,144,284	55,308,182
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	571,062,288	488,459,491

## DETAILS OF WRITE-INS

2501. Unclaimed Property.....	595,278	545,641
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	595,278	545,641
3101. ....		
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	0
3401. ....		
3402. ....		
3403. ....		
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

# Family Heritage Life Insurance Company of America

## SUMMARY OF OPERATIONS

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11).....	176,964,575	160,990,164
2. Considerations for supplementary contracts with life contingencies.....		
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	25,082,691	23,679,225
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....	29,121	13,612
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....		
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1).....	804,704	556,188
7. Reserve adjustments on reinsurance ceded.....		
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....		
8.2 Charges and fees for deposit-type contracts.....		
8.3 Aggregate write-ins for miscellaneous income.....	0	0
9. Totals (Lines 1 to 8.3).....	202,881,091	185,239,189
10. Death benefits.....	194,283	61,733
11. Matured endowments (excluding guaranteed annual pure endowments).....		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....		
13. Disability benefits and benefits under accident and health contracts.....	45,390,696	41,505,940
14. Coupons, guaranteed annual pure endowments and similar benefits.....		
15. Surrender benefits and withdrawals for life contracts.....	21,209	18,050
16. Group conversions.....		
17. Interest and adjustments on contract or deposit-type contract funds.....	1,357	288
18. Payments on supplementary contracts with life contingencies.....		
19. Increase in aggregate reserves for life and accident and health contracts.....	61,493,448	52,915,427
20. Totals (Lines 10 to 19).....	107,100,993	94,501,438
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	43,298,859	39,686,235
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....		
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....	19,192,383	20,101,228
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	4,306,432	3,920,931
25. Increase in loading on deferred and uncollected premiums.....	117,512	9,393
26. Net transfers to or (from) Separate Accounts net of reinsurance.....		
27. Aggregate write-ins for deductions.....	11,156	0
28. Totals (Lines 20 to 27).....	174,027,335	158,219,225
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	28,853,756	27,019,964
30. Dividends to policyholders.....		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	28,853,756	27,019,964
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	12,316,426	11,439,129
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	16,537,330	15,580,835
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....0 (excluding taxes of \$.....0 transferred to the IMR).....		
35. Net income (Line 33 plus Line 34).....	16,537,330	15,580,835
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	55,308,182	48,331,135
37. Net income (Line 35).....	16,537,330	15,580,835
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....	38,836	(62,966)
39. Change in net unrealized foreign exchange capital gain (loss).....		
40. Change in net deferred income tax.....	36,115,000	1,844,906
41. Change in nonadmitted assets.....	(34,781,064)	(3,372,729)
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, Col. 4).....		
44. Change in asset valuation reserve.....	(1,267,000)	(13,000)
45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....		
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....		
47. Other changes in surplus in Separate Accounts Statement.....		
48. Change in surplus notes.....		
49. Cumulative effect of changes in accounting principles.....	5,693,000	
50. Capital changes:		
50.1 Paid in.....		950
50.2 Transferred from surplus (Stock Dividend).....		
50.3 Transferred to surplus.....		
51. Surplus adjustment:		
51.1 Paid in.....		94,999,050
51.2 Transferred to capital (Stock Dividend).....		
51.3 Transferred from capital.....		
51.4 Change in surplus as a result of reinsurance.....		
52. Dividends to stockholders.....	(15,500,000)	(101,999,999)
53. Aggregate write-ins for gains and losses in surplus.....	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53).....	6,836,102	6,977,047
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	62,144,284	55,308,182
<b>DETAILS OF WRITE-INS</b>		
08.301. ....		
08.302. ....		
08.303. ....		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	0	0
2701. Misc Interest Expense.....	11,156	
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	11,156	0
5301. ....		
5302. ....		
5303. ....		
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	0

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	175,313,806	160,851,094
2. Net investment income.....	6,792,440	5,850,266
3. Miscellaneous income.....	797,404	556,188
4. Total (Lines 1 through 3).....	182,903,650	167,257,548
5. Benefit and loss related payments.....	44,361,996	41,269,562
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	66,881,042	63,343,483
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	9,983,674	11,500,000
10. Total (Lines 5 through 9).....	121,226,712	116,113,045
11. Net cash from operations (Line 4 minus Line 10).....	61,676,938	51,144,503
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	158,697,551	49,125,007
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....	(8,600,000)	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	150,097,551	49,125,007
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	214,755,650	73,467,970
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	(9,562,952)	4,494,050
13.7 Total investments acquired (Lines 13.1 to 13.6).....	205,192,698	77,962,020
14. Net increase (decrease) in contract loans and premium notes.....	1,405	
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(55,096,552)	(28,837,013)
<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.....		95,000,000
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	15,500,000	101,999,999
16.6 Other cash provided (applied).....	(677,567)	(1,624,175)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(16,177,567)	(8,624,174)
<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).....	(9,597,181)	13,683,316
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	20,815,779	7,132,463
19.2 End of year (Line 18 plus Line 19.1).....	11,218,598	20,815,779

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

20.0001 .....		
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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance(a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts.....	176,964,575		894,609						3,601,235		172,468,731	
2. Considerations for supplementary contracts with life contingencies.....	0											
3. Net investment income.....	25,082,691		79,832						24,180		24,978,679	
4. Amortization of Interest Maintenance Reserve (IMR).....	29,121										29,121	
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0											
6. Commissions and expense allowances on reinsurance ceded.....	804,704		304						15,738		788,662	
7. Reserve adjustments on reinsurance ceded.....	0											
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	0											
8.2 Charges and fees for deposit-type contracts.....	0											
8.3 Aggregate write-ins for miscellaneous income.....	0	0	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 to 8.3).....	202,881,091	0	974,745	0	0	0	0	0	3,641,153	0	198,265,193	0
10. Death benefits.....	194,283		194,283									
11. Matured endowments (excluding guaranteed annual pure endowments).....	0											
12. Annuity benefits.....	0											
13. Disability benefits and benefits under accident and health contracts.....	45,390,696								352,687		45,038,009	
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0											
15. Surrender benefits and withdrawals for life contracts.....	21,209		21,209									
16. Group conversions.....	0											
17. Interest and adjustments on contract or deposit-type contract funds.....	1,357		1,357									
18. Payments on supplementary contracts with life contingencies.....	0											
19. Increase in aggregate reserves for life and accident and health contracts.....	61,493,448		319,601						133,579		61,040,268	
20. Totals (Lines 10 to 19).....	107,100,993	0	536,450	0	0	0	0	0	486,266	0	106,078,277	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	43,298,859		276,069						1,852,139		41,170,651	
22. Commissions and expense allowances on reinsurance assumed.....	0											
23. General insurance expenses.....	19,192,383		180,687						390,734		18,620,962	
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	4,306,432		15,388						87,510		4,203,534	
25. Increase in loading on deferred and uncollected premiums.....	117,512		117,512									
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0											
27. Aggregate write-ins for deductions.....	11,156	0	0	0	0	0	0	0	0	0	11,156	0
28. Totals (Lines 20 to 27).....	174,027,335	0	1,126,106	0	0	0	0	0	2,816,649	0	170,084,580	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	28,853,756	0	(151,361)	0	0	0	0	0	824,504	0	28,180,613	0
30. Dividends to policyholders.....	0											
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	28,853,756	0	(151,361)	0	0	0	0	0	824,504	0	28,180,613	0
32. Federal income taxes incurred (excluding tax on capital gains).....	12,316,426		(64,613)						351,963		12,029,076	
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).....	16,537,330	0	(86,748)	0	0	0	0	0	472,541	0	16,151,537	0

### DETAILS OF WRITE-INS

08.301. ....	0											
08.302. ....	0											
08.303. ....	0											
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	0	0	0	0	0	0	0	0	0	0	0	0
2701. Misc Interest Expense.....	11,156										11,156	
2702. ....	0											
2703. ....	0											
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	11,156	0	0	0	0	0	0	0	0	0	11,156	0

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

## ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
<b>Involving Life or Disability Contingencies (Reserves)</b>								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year.....	1,107,560		1,107,560					
2. Tabular net premiums or considerations.....	407,209		407,209					
3. Present value of disability claims incurred.....	.0				XXX			
4. Tabular interest.....	51,954		51,954					
5. Tabular less actual reserve released.....	.0							
6. Increase in reserve on account of change in valuation basis.....	.0							
7. Other increases (net).....	.0							
8. Totals (Lines 1 to 7).....	1,566,723	.0	1,566,723	.0	.0	.0	.0	.0
9. Tabular cost.....	20,375		20,375		XXX			
10. Reserves released by death.....	28,664		28,664	XXX	XXX			XXX
11. Reserves released by other terminations (net).....	90,524		90,524					
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	.0							
13. Net transfers to or (from) Separate Accounts.....	.0							
14. Total deductions (Lines 9 to 13).....	139,563	.0	139,563	.0	.0	.0	.0	.0
15. Reserve December 31, current year.....	1,427,160	.0	1,427,160	.0	.0	.0	.0	.0

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....4,249,056	.....4,249,067
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....19,787,553	.....19,988,770
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.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....174	.....174
6. Cash, cash equivalents and short-term investments.....	(e).....28,807	.....28,979
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....25,000	.....25,000
9. Aggregate write-ins for investment income.....	.....1,044,477	.....1,094,477
10. Total gross investment income.....	.....25,135,067	.....25,386,467
11. Investment expenses.....	.....	(g).....303,776
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....303,776
17. Net investment income (Line 10 minus Line 16).....	.....	.....25,082,691

**DETAILS OF WRITE-INS**

0901. Agent Balances.....	.....1,044,475	.....1,094,475
0902. Policy Reinstatement Interest.....	.....2	.....2
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....1,044,477	.....1,094,477
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....18,413,642 accrual of discount less \$.....296,932 amortization of premium and less \$.....200,549 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....78,379	.....	.....78,379	.....	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....38,836	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....78,379	.....0	.....78,379	.....38,836	.....0

**DETAILS OF WRITE-INS**

0901. ....	.....	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0



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

	1 Total	2 Industrial Life	3 Ordinary		5 Credit Life (Group and Individual)	6 Group		9 Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	
<b>FIRST YEAR (other than single)</b>											
1. Uncollected.....	600,519		13,124					46,617		540,778	
2. Deferred and accrued.....	208,955		208,955								
3. Deferred, accrued and uncollected:											
3.1 Direct.....	817,683		222,079					46,845		548,759	
3.2 Reinsurance assumed.....	0										
3.3 Reinsurance ceded.....	8,209							228		7,981	
3.4 Net (Line 1 + Line 2).....	809,474	0	222,079	0	0	0	0	46,617	0	540,778	0
4. Advance.....	0										
5. Line 3.4 - Line 4.....	809,474	0	222,079	0	0	0	0	46,617	0	540,778	0
6. Collected during year:											
6.1 Direct.....	37,475,138		300,933					2,428,546		34,745,659	
6.2 Reinsurance assumed.....	0										
6.3 Reinsurance ceded.....	793,183		6,394					14,488		772,301	
6.4 Net.....	36,681,955	0	294,539	0	0	0	0	2,414,058	0	33,973,358	0
7. Line 5 + Line 6.4.....	37,491,429	0	516,618	0	0	0	0	2,460,675	0	34,514,136	0
8. Prior year (uncollected + deferred and accrued - advance).....	353,396		96,004					16,455		240,937	
9. First year premiums and considerations:											
9.1 Direct.....	37,933,165		427,008					2,458,826		35,047,331	
9.2 Reinsurance assumed.....	0										
9.3 Reinsurance ceded.....	795,132		6,394					14,606		774,132	
9.4 Net (Line 7 - Line 8).....	37,138,033	0	420,614	0	0	0	0	2,444,220	0	34,273,199	0
<b>SINGLE</b>											
10. Single premiums and considerations:											
10.1 Direct.....	0										
10.2 Reinsurance assumed.....	0										
10.3 Reinsurance ceded.....	0										
10.4 Net.....	0	0	0	0	0	0	0	0	0	0	0
<b>RENEWAL</b>											
11. Uncollected.....	2,622,492		13,224					33,259		2,576,009	
12. Deferred and accrued.....	239,547		239,547								
13. Deferred, accrued and uncollected:											
13.1 Direct.....	2,871,149		254,018					33,477		2,583,654	
13.2 Reinsurance assumed.....	0										
13.3 Reinsurance ceded.....	9,110		1,247					218		7,645	
13.4 Net (Line 11 + Line 12).....	2,862,039	0	252,771	0	0	0	0	33,259	0	2,576,009	0
14. Advance.....	0										
15. Line 13.4 - Line 14.....	2,862,039	0	252,771	0	0	0	0	33,259	0	2,576,009	0
16. Collected during year:											
16.1 Direct.....	139,050,792		462,751					1,138,633		137,449,408	
16.2 Reinsurance assumed.....	0										
16.3 Reinsurance ceded.....	418,941		34,883					11,417		372,641	
16.4 Net.....	138,631,851	0	427,868	0	0	0	0	1,127,216	0	137,076,767	0
17. Line 15 + Line 16.4.....	141,493,890	0	680,639	0	0	0	0	1,160,475	0	139,652,776	0
18. Prior year (uncollected + deferred and accrued - advance).....	1,667,348		206,644					3,460		1,457,244	
19. Renewal premiums and considerations:											
19.1 Direct.....	140,252,924		508,847					1,168,575		138,575,502	
19.2 Reinsurance assumed.....	0										
19.3 Reinsurance ceded.....	426,382		34,852					11,560		379,970	
19.4 Net (Line 17 - Line 18).....	139,826,542	0	473,995	0	0	0	0	1,157,015	0	138,195,532	0
<b>TOTAL</b>											
20. Total premiums and annuity considerations:											
20.1 Direct.....	178,186,089	0	935,855	0	0	0	0	3,627,401	0	173,622,833	0
20.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
20.3 Reinsurance ceded.....	1,221,514	0	41,246	0	0	0	0	26,166	0	1,154,102	0
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	176,964,575	0	894,609	0	0	0	0	3,601,235	0	172,468,731	0

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health		11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>										
21. To pay renewal premiums.....	0									
22. All other.....	0									
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>										
23. First year (other than single):										
23.1 Reinsurance ceded.....	709,689							12,952		696,737
23.2 Reinsurance assumed.....	0									
23.3 Net ceded less assumed.....	709,689	0	0	0	0	0	0	12,952	0	696,737
24. Single:										
24.1 Reinsurance ceded.....	0									
24.2 Reinsurance assumed.....	0									
24.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0
25. Renewal:										
25.1 Reinsurance ceded.....	95,015		304					2,786		91,925
25.2 Reinsurance assumed.....	0									
25.3 Net ceded less assumed.....	95,015	0	304	0	0	0	0	2,786	0	91,925
26. Totals:										
26.1 Reinsurance ceded (Page 6, Line 6).....	804,704	0	304	0	0	0	0	15,738	0	788,662
26.2 Reinsurance assumed (Page 6, Line 22).....	0	0	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed.....	804,704	0	304	0	0	0	0	15,738	0	788,662
<b>COMMISSIONS INCURRED (direct business only)</b>										
27. First year (other than single).....	26,851,665		223,644					1,720,519		24,907,502
28. Single.....	0									
29. Renewal.....	16,447,194		52,425					131,620		16,263,149
30. Deposit-type contract funds.....	0									
31. Totals (to agree with Page 6, Line 21).....	43,298,859	0	276,069	0	0	0	0	1,852,139	0	41,170,651

**EXHIBIT 2 - GENERAL EXPENSES**

	Insurance				5 Investment	6 Total
	1 Life	2 Accident and Health		4 All Other Lines of Business		
		2 Cost Containment	3 All Other			
1. Rent.....	2,200		751,971		14,189	768,360
2. Salaries and wages.....	26,000		8,886,750		167,679	9,080,429
3.11 Contributions for benefit plans for employees.....	4,600		1,562,057		29,474	1,596,131
3.12 Contributions for benefit plans for agents.....						0
3.21 Payments to employees under non-funded benefit plans.....						0
3.22 Payments to agents under non-funded benefit plans.....						0
3.31 Other employee welfare.....			259,859			259,859
3.32 Other agent welfare.....						0
4.1 Legal fees and expenses.....			87,111			87,111
4.2 Medical examination fees.....						0
4.3 Inspection report fees.....	30,527					30,527
4.4 Fees of public accountants and consulting actuaries.....	14,058		141,440			155,498
4.5 Expense of investigation and settlement of policy claims.....			104,036			104,036
5.1 Traveling expenses.....	3,427		965,811			969,238
5.2 Advertising.....			(747)			(747)
5.3 Postage, express, telegraph and telephone.....	2,420		423,120			425,540
5.4 Printing and stationery.....			812,634			812,634
5.5 Cost or depreciation of furniture and equipment.....			37,627			37,627
5.6 Rental of equipment.....			165,982			165,982
5.7 Cost or depreciation of EDP equipment and software.....			475,956			475,956
6.1 Books and periodicals.....			79,960		30,293	110,253
6.2 Bureau and association fees.....	6,500		8,042			14,542
6.3 Insurance, except on real estate.....			70,690			70,690
6.4 Miscellaneous losses.....						0
6.5 Collection and bank service charges.....	120		218,672		62,141	280,933
6.6 Sundry general expenses.....	3		80,095			80,098
6.7 Group service and administration fees.....						0
6.8 Reimbursements by uninsured plans.....						0
7.1 Agency expense allowance.....						0
7.2 Agents' balances charged off (less \$.....0 recovered).....			11,665			11,665
7.3 Agency conferences other than local meetings.....			814,989			814,989
9.1 Real estate expenses.....						0
9.2 Investment expenses not included elsewhere.....						0
9.3 Aggregate write-ins for expenses.....	90,832	0	3,053,976	0	0	3,144,808
10. General expenses Incurred.....	180,687	0	19,011,696	0	303,776	(a) 19,496,159
11. General expenses unpaid December 31, prior year.....	9,975		4,506,419		10,200	4,526,594
12. General expenses unpaid December 31, current year.....	11,275		4,122,686		14,300	4,148,261
13. Amounts receivable relating to uninsured plans, prior year.....						0
14. Amounts receivable relating to uninsured plans, current year.....						0
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14).....	179,387	0	19,395,429	0	299,676	19,874,492

**DETAILS OF WRITE-INS**

09.301. Consultant Fees.....			131,672			131,672
09.302. Recruiting Expenses.....			195,041			195,041
09.303. Donations.....			90,123			90,123
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	90,832	0	2,637,140	0	0	2,727,972
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....	90,832	0	3,053,976	0	0	3,144,808

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

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

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes.....					0
2. State insurance department licenses and fees.....	3,288	502,164			505,452
3. State taxes on premiums.....	12,100	3,244,308			3,256,408
4. Other state taxes, including \$.....0 for employee benefits.....					0
5. U.S. Social Security taxes.....		497,779			497,779
6. All other taxes.....		46,793			46,793
7. Taxes, licenses and fees incurred.....	15,388	4,291,044	0	0	4,306,432
8. Taxes, licenses and fees unpaid December 31, prior year.....	2,600	1,299,400			1,302,000
9. Taxes, licenses and fees unpaid December 31, current year.....	3,000	1,370,000			1,373,000
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	14,988	4,220,444	0	0	4,235,432

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

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

**NONE**

**DETAILS OF WRITE-INS**

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

**EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS**

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
<b>Life Insurance:</b>					
0100001. 80 CSO 4.5% NLP IDB 01-06.....	126,396		126,396		
0100002. 01 CSO 4.0% NLP IDB 07-NB.....	285,650		285,650		
0100003. 01 CSO 4.0% CRVM IDB 07-NB.....	574,398		574,398		
0100004. 01 CSO 4.25% CRVM IDB 07-NB.....	412,819		412,819		
0199997. Totals (Gross).....	1,399,263	0	1,399,263	0	0
0199998. Reinsurance ceded.....	9,779		9,779		
0199999. Totals (Net).....	1,389,484	0	1,389,484	0	0
<b>Accidental Death Benefits:</b>					
0400001. 59 ADB 4.5% NLP IDB 01-06.....	5,411		5,411		
0400002. 59 ADB 4.0% NLP IDB.....	16,517		16,517		
0400003. 59 ADB 3.0% ALB NLP IDB.....	15,748		15,748		
0499997. Totals (Gross).....	37,676	0	37,676	0	0
0499999. Totals (Net).....	37,676	0	37,676	0	0
9999999. Totals (Net) - Page 3, Line 1.....	1,427,160	0	1,427,160	0	0

## 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  
       Non-Participating
- 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  
       Non-Participating
3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes [ ]    No [X]  
 If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.



4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state: Yes [ ]    No [X]  
 4.1 Amount of insurance: \$.....  
 4.2 Amount of reserve: \$.....  
 4.3 Basis of reserve:  
  
 4.4 Basis of regular assessments:  
  
 4.5 Basis of special assessments:  
  
 4.6 Assessments collected during year: \$.....
5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
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 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 any account value associated with 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 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due To Change
	2 Changed From	3 Changed To	

NONE

## EXHIBIT 6 - AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	Other Individual Contracts				
					5	6	7	8	9
	Total	Group Accident and Health	Credit Accident and Health (Group and Individual)	Collectively Renewable	Non- Cancelable	Guaranteed Renewable	Non-Renewable for Stated Reasons Only	Other Accident Only	All Other
<b>ACTIVE LIFE RESERVE</b>									
1. Unearned premium reserves.....	8,038,152	214,078			16,944	7,807,130			
2. Additional contract reserves (a).....	463,728,595				5,260	463,723,335			
3. Additional actuarial reserves - Asset/Liability analysis.....	.0								
4. Reserve for future contingent benefits.....	.0								
5. Reserve for rate credits.....	.0								
6. Aggregate write-ins for reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Totals (Gross).....	471,766,747	214,078	.0	.0	22,204	471,530,465	.0	.0	.0
8. Reinsurance ceded.....	72,968	1,039			2,823	69,106			
9. Totals (Net).....	471,693,779	213,039	.0	.0	19,381	471,461,359	.0	.0	.0
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims.....	1,476,355	66,312			16,055	1,393,988			
11. Additional actuarial reserves - Asset/Liability analysis.....	.0								
12. Reserve for future contingent benefits.....	.0								
13. Aggregate write-ins for reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Totals (Gross).....	1,476,355	66,312	.0	.0	16,055	1,393,988	.0	.0	.0
15. Reinsurance ceded.....	.0								
16. Totals (Net).....	1,476,355	66,312	.0	.0	16,055	1,393,988	.0	.0	.0
17. TOTALS (Net).....	473,170,134	279,351	.0	.0	35,436	472,855,347	.0	.0	.0
18. TABULAR FUND INTEREST.....	.0								

### DETAILS OF WRITE-INS

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

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

### EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS

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

**NONE**

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

### PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct.....	1,715,712										1,715,712
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net.....	1,715,712	0	0	0	0	0	0	0	0	0	1,715,712
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	0										
2.12 Reinsurance assumed.....	0										
2.13 Reinsurance ceded.....	0										
2.14 Net.....	0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	0	0	0
2.2 Other:											
2.21 Direct.....	260,000										260,000
2.22 Reinsurance assumed.....	0										
2.23 Reinsurance ceded.....	0										
2.24 Net.....	260,000	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	(b).....260,000
3. Incurred but unreported:											
3.1 Direct.....	11,199,745		95,000						247,667		10,857,078
3.2 Reinsurance assumed.....	0										
3.3 Reinsurance ceded.....	179,785		47,500								132,285
3.4 Net.....	11,019,960	0	(b).....47,500	(b).....0	0	(b).....0	(b).....0	0	(b).....247,667	(b).....0	(b).....10,724,793
4. Totals:											
4.1 Direct.....	13,175,457	0	95,000	0	0	0	0	0	247,667	0	12,832,790
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	179,785	0	47,500	0	0	0	0	0	0	0	132,285
4.4 Net.....	12,995,672	(a).....0	(a).....47,500	0	0	0	(a).....0	0	247,667	0	12,700,505

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

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



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

### PART 2 - Incurred During the Year

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct.....	44,634,653		306,353						312,271		44,016,029
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	264,118		171,541						38		92,539
1.4 Net..... (d)	44,370,535	0	134,812	0	0	0	0	0	312,233	0	43,923,490
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	13,175,457		95,000						247,667		12,832,790
2.2 Reinsurance assumed.....	0										
2.3 Reinsurance ceded.....	179,785		47,500								132,285
2.4 Net.....	12,995,672	0	47,500	0	0	0	0	0	247,667	0	12,700,505
3. Amounts recoverable from reinsurers December 31, current year.....	36,296		36,296								
4. Liability December 31, prior year:											
4.1 Direct.....	11,905,616		50,000						207,213		11,648,403
4.2 Reinsurance assumed.....	0										
4.3 Reinsurance ceded.....	85,897		23,480								62,417
4.4 Net.....	11,819,719	0	26,520	0	0	0	0	0	207,213	0	11,585,986
5. Amounts recoverable from reinsurers December 31, prior year.....	74,787		74,787								
6. Incurred benefits:											
6.1 Direct.....	45,904,494	0	351,353	0	0	0	0	0	352,725	0	45,200,416
6.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	319,515	0	157,070	0	0	0	0	0	38	0	162,407
6.4 Net.....	45,584,979	0	194,283	0	0	0	0	0	352,687	0	45,038,009

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

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

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

(d) Includes \$.....0 premiums waived under total and permanent disability benefits.

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....	49,258,000	14,078,000	(35,180,000)
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....	207,012	262,616	55,604
21. Furniture and equipment, including health care delivery assets.....	31,656	69,246	37,590
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	9,457,521	9,763,263	305,742
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	58,954,189	24,173,125	(34,781,064)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	58,954,189	24,173,125	(34,781,064)

**DETAILS OF WRITE-INS**

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Other Assets Non-Admitted.....	40,497	40,497	.0
2502. Agent Balances.....	8,504,068	9,128,956	624,888
2503. Prepaid Expenses.....	912,956	593,810	(319,146)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	9,457,521	9,763,263	305,742

**NOTES TO FINANCIAL STATEMENTS****Note 1 - Summary of Significant Accounting Policies**

This is a statement of the accounting principles and methods applied in preparing these statutory financial statements.

## A. Accounting Practices

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

	<u>12-31-2012</u>	<u>12-31-2011</u>
<b>Net Income - Ohio Basis</b>	\$16,537,330	\$15,580,835
State Prescribe Practices - None	-0-	-0-
State Permitted Practices - None	<u>-0-</u>	<u>-0-</u>
<b>Net Income - NAIC SAP</b>	<b>\$16,537,330</b>	<b>\$15,580,835</b>
<b>Statutory Surplus - Ohio Basis</b>	\$62,144,284	\$55,308,182
State Prescribe Practices - None	-0-	-0-
State Permitted Practices - None	<u>-0-</u>	<u>-0-</u>
<b>Statutory Surplus - NAIC SAP</b>	<b>\$62,144,284</b>	<b>\$55,308,182</b>

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

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

## C. Accounting Policy

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

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using yield to worst.
3. Liabilities for losses and loss/claim adjustment expenses for accident and health contracts are estimated by the Company's valuation actuary using statistical claim development models and tabular reserves employing mortality/morbidity tables.
4. The Company has a 50% ownership interest in the joint venture which owns the company's home office site. This investment is carried at equity at December 31, 2012. The Company's liability is limited to its amount invested.

**Note 2 - Accounting Changes and Corrections of Errors**

SSAP No. 101 is effective January 1, 2012. SSAP No. 10R, which was effective for 2011, has been permanently replaced by SSAP No. 101. The Company's gross deferred tax assets, adjusted gross deferred tax assets, and admitted deferred assets have been recomputed in accordance with SSAP No. 101 as of January 1, 2012.

	<b>SSAP #10R</b> <b><u>12/31/2011</u></b>	<b>SSAP #101</b> <b><u>01/01/2012</u></b>	<b>Accounting</b> <b><u>Change</u></b>
Total gross deferred tax assets	19,733,667	23,059,000	3,325,333
Statutory valuation allowance adjustment	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted gross deferred tax assets	19,733,667	23,059,000	3,325,333
Total deferred tax liabilities	<u>(268,199)</u>	<u>(60,000)</u>	<u>208,199</u>
Net deferred tax asset (liability)	19,465,468	22,999,000	3,533,532
Deferred tax assets nonadmitted	<u>(16,237,468)</u>	<u>(14,078,000)</u>	<u>2,159,468</u>
Admitted deferred tax asset (liability)	<u><u>3,228,000</u></u>	<u><u>8,921,000</u></u>	<u><u>5,693,000</u></u>

**NOTES TO FINANCIAL STATEMENTS****Note 3 - Business Combinations and Goodwill**

Not applicable

**Note 4 - Discontinued Operations**

Not applicable

**Note 5 - Investments**

- A. Mortgage Loans - Not applicable
- B. Debt Restructuring - Not applicable
- C. Reverse Mortgages - Not applicable
- D. Loan-Backed Securities - Not applicable
- E. Repurchase Agreements and/or Securities Lending Transactions - Not applicable
- F. Real Estate - Not applicable
- G. Low Income Housing Tax Credits - Not applicable

**Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

- A. The Company has no investment in joint ventures, partnerships, or limited liability companies that exceeds 10% of its admitted assets. Its current investment in a joint venture is less than 1.0% of admitted assets at December 31, 2012.
- B. There was no impairment to the Company's only investment in a joint venture.

**Note 7 - Investment Income**

No investment income due or accrued was nonadmitted as December 31, 2012.

**Note 8 - Derivative Instruments**

Not applicable

**Note 9 - Income Taxes**

As explained in footnote 2, SSAP No. 101 is effective January 1, 2012. SSAP No. 10R, which was effective for 2011, has been permanently replaced by SSAP No. 101.

## A. Deferred Tax Assets/(Liabilities)

## 1. Components of Net Deferred Tax Asset/(Liability)

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	33,780,000	25,419,000	59,199,000	19,733,667	-	19,733,667	14,046,333	25,419,000	39,465,333
b. Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
c. Adjusted gross deferred tax assets (1a-1b)	33,780,000	25,419,000	59,199,000	19,733,667	-	19,733,667	14,046,333	25,419,000	39,465,333
d. Deferred tax assets nonadmitted	24,080,000	25,178,000	49,258,000	16,237,468	-	16,237,468	7,842,532	25,178,000	33,020,532
e. Subtotal net admitted deferred tax asset (1c-1d)	9,700,000	241,000	9,941,000	3,496,199	-	3,496,199	6,203,801	241,000	6,444,801
f. Deferred tax liabilities	85,000	-	85,000	268,199	-	268,199	(183,199)	-	(183,199)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	9,615,000	241,000	9,856,000	3,228,000	-	3,228,000	6,387,000	241,000	6,628,000

Less: Change in net admitted deferred tax assets as a result of the adoption of SSAP No. 101 5,693,000  
Change in net admitted deferred tax assets (excluding the impact of the adoption of SSAP No. 101) 935,000

Less: Change in non-admitted deferred tax assets as a result of the adoption of SSAP No. 101 2,159,468  
Change in non-admitted deferred tax assets (excluding the impact of the adoption of SSAP No. 101) 35,180,000

**NOTES TO FINANCIAL STATEMENTS**

The company has not established a statutory valuation allowance in determining its adjusted gross deferred tax assets as management believes that it is more likely than not that all of its gross deferred tax assets will be realized.

The amount of admitted adjusted gross deferred tax assets under each component of SSAP No. 101 are presented below. December 31, 2011 information has been determined under SSAP No. 10R principles but presented in the format which is required by SSAP No 101.

## 2. Admission Calculation Components

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	2,040,000	-	2,040,000	3,228,000	-	3,228,000	(1,188,000)	-	(1,188,000)
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:	7,575,000	241,000	7,816,000	-	-	-	7,575,000	241,000	7,816,000
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	7,575,000	650,000	8,225,000	-	-	-	7,575,000	650,000	8,225,000
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	7,816,000	XXX	XXX	4,947,986	XXX	XXX	2,868,014
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	85,000	-	85,000	268,199	-	268,199	(183,199)	-	(183,199)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total 2(a)+2(b)+2(c)	9,700,000	241,000	9,941,000	3,496,199	-	3,496,199	6,203,801	241,000	6,444,801

## 3. Other Admissibility Criteria

		2012	2011
a.	Ratio percentage used to determine recovery period and threshold limitation amount	1355 %	N/A
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	53,888,284	N/A

## 4. Impact of Tax Planning Strategies

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Adjusted gross DTAs (% of total adjusted gross DTAs)	0 %	100 %	43 %	0 %	0 %	0 %	0 %	100 %	43 %
b. Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	0 %	100 %	2 %	0 %	0 %	0 %	0 %	100 %	2 %

c. Does the Company's tax planning strategies include the use of reinsurance? - NO

**NOTES TO FINANCIAL STATEMENTS**

B. There are no temporary differences for which deferred tax liabilities are not recognized.

The change in deferred income taxes reported in surplus before consideration of nonadmitted asset is comprised of the following components

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
Net deferred tax asset (liability)	33,695,000	25,419,000	59,114,000	19,465,468	-	19,465,468	14,229,532	25,419,000	39,648,532
- Tax - effect of unrealized gains and losses	-	-	-	-	-	-	-	-	-
- Tax - effect of other surplus gains and losses	-	-	-	-	-	-	-	-	-
- Prior period adjustment, unrealized gain and losses	-	-	-	-	-	-	-	-	-
Net tax effect without unrealized gains and losses and prior period adjustments	33,695,000	25,419,000	59,114,000	19,465,468	-	19,465,468	14,229,532	25,419,000	39,648,532

Less: Change in deferred tax assets as a result of the adoption of SSAP No. 101 3,533,532  
Change in net deferred tax assets (excluding the impact of the adoption of SSAP No. 101) 36,115,000

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2012	2 2011	3 (Col 1-2) Change
a. Federal	12,072,087	11,445,613	626,474
b. Foreign	-	-	-
c. Subtotal	12,072,087	11,445,613	626,474
d. Federal income tax on net capital gains	-	59,794	(59,794)
e. Utilization of capital loss carry-forwards	-	-	-
f. Other	244,339	(6,484)	250,823
g. Federal and Foreign income taxes incurred	12,316,426	11,498,923	817,503

2. Deferred Tax Assets

	1 2012	2 2011	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	-	-	-
2. Unearned premium reserve	-	-	-
3. Policyholder reserves	9,104,000	8,636,064	467,936
4. Investments	-	-	-
5. Deferred acquisition costs	11,350,000	8,697,812	2,652,188
6. Policyholder dividends accrual	-	-	-
7. Fixed assets	98,000	-	98,000
8. Compensation and benefits accrual	-	-	-
9. Pension accrual	-	1,596,540	(1,596,540)
10. Receivables - nonadmitted	-	-	-
11. Net operating loss carry-forward	-	-	-
12. Tax credit carry-forward	-	-	-
13. Agent Balances	2,976,000	-	2,976,000
14. Intangible Assets	9,623,000	-	9,623,000
15. Other (including items <5% of total ordinary tax assets)	629,000	803,251	(174,251)
99. Subtotal	33,780,000	19,733,667	14,046,333
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	24,080,000	16,237,468	7,842,532
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	9,700,000	3,496,199	6,203,801
e. Capital:			
1. Investments	25,017,000	-	25,017,000
2. Net capital loss carry-forward	10,000	-	10,000
3. Real estate	-	-	-
4. Other (including items <5% of total capital tax assets)	392,000	-	392,000
99. Subtotal	25,419,000	-	25,419,000
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	25,178,000	-	25,178,000
h. Admitted capital deferred tax assets (2e99-2f-2g)	241,000	-	241,000
i. Admitted deferred tax assets (2d+2h)	9,941,000	3,496,199	6,444,801

**NOTES TO FINANCIAL STATEMENTS**

## 3. Deferred Tax Liabilities

	1	2	3
	2012	2011	(Col 1-2) Change
a. Ordinary:			
1. Investments	-	-	-
2. Fixed assets	-	-	-
3. Deferred and uncollected premium	80,000	60,365	19,635
4. Policyholder reserves	-	-	-
5. Prepaid Expenses	-	207,834	(207,834)
6. Other (including items <5% of total ordinary tax assets)	5,000	-	5,000
99. Subtotal	85,000	268,199	(183,199)
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)	85,000	268,199	(183,199)

## 4.

Net Deferred Tax Assets (2i - 3c)	9,856,000	3,228,000	6,628,000
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Less: Change in net admitted deferred tax assets as a result of the adoption of SSAP No. 101 5,693,000  
Change in net admitted deferred tax assets (excluding the impact of the adoption of SSAP No. 101) 935,000

Less: Change in non-admitted deferred tax assets as a result of the adoption of SSAP No. 101 2,159,468  
Change in non-admitted deferred tax assets (excluding the impact of the adoption of SSAP No. 101) 35,180,000

## D. Among the more significant book to tax adjustments were the following

	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>Change</u>
(1) Current income taxes incurred	12,316,426	11,498,923	817,503
(2) Change in deferred income tax (without tax on unrealized gains and losses or foreign exchange gains and losses)	(39,648,532)	(1,844,906)	(37,803,626)
(3) Total income tax reported	<u>(27,332,106)</u>	<u>(9,654,017)</u>	<u>(36,986,123)</u>
(4) Net gain from operations before federal income tax and realized gains	28,853,756	27,019,964	1,833,792
(5) Realized capital gains (losses) before federal income tax, after transfer to IMR	<u>0</u>	<u>59,794</u>	<u>(59,794)</u>
(6) Income before taxes	28,853,756	27,079,758	1,773,998
Expected income tax expense (benefit) at 35% statutory rate	35% <u>10,098,815</u>	35% <u>9,477,915</u>	35% <u>620,899</u>
Increase (decrease) in actual tax reported resulting from:			
a. Nondeductible expenses for meals, penalties and lobbying	716,657	90,000	625,657
b. Tax-exempt income	(3,257)	(21,000)	17,743
c. Tax adjustment for IMR	8,000	34,102	(26,102)
d. Deferred tax benefit on nonadmitted assets	(3,393,666)	0	(3,393,666)
e. Deferred tax assets Transferred/Created as a result of sale	(34,518,000)	0	(34,518,000)
f. Other	(239,654)	73,000	(312,654)
(7) Total income tax reported	<u>27,332,106</u>	<u>9,654,017</u>	<u>(36,986,123)</u>

**NOTES TO FINANCIAL STATEMENTS****E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits**

- (1) As of 12/31/2012, the Company has no tax credit or operating loss carryforwards.
- (2) The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:
- |              |          |
|--------------|----------|
| \$ 2,039,928 | for 2012 |
| \$ 0         | for 2011 |
| \$ 0         | for 2010 |
- (3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Code - None

**F. Consolidated Federal Income Tax Return - Not Applicable****Note 10 - Information Concerning Parent, Subsidiaries and Affiliates****Subsidiaries and Affiliates**

- A. Common stock ownership of the Company and affiliates is shown in the chart on Schedule Y. All companies are 100% owned except where indicated otherwise.
- On 08/01/2012 Torchmark Corporation ("TMK") signed a definitive agreement to acquire the Company from its ultimate parent, Southwestern Great American ("SGA"). The Company was owned by SGA through majority owned subsidiaries, Southwestern American Financial Corporation ("SAFC") and Family Resources Inc ("FRI"). The transaction closed on 11/01/2012 for \$233,747,000.
- B. During 2012, \$15,500,000 in dividends were paid to the Company's parent, TMK as detailed in note 13 below. The Company did not pay dividends to SAFC or FRI during 2012.
- C. The Company and SAFC operated under a cost-sharing agreement approved by the State of Ohio. Costs incurred by the Company under this agreement were \$10,543,241 and \$13,253,309 for the periods ending 10/31/2012 and 12/31/2011, respectively. The Company owed SAFC \$446,220 and \$868,327 at 10/31/2012 and 12/31/2011, respectively. The \$446,220 balance was paid to SAFC on 12/27/2012. The Company did not have a intercompany payable or receivable with TMK to report at year end 2012.
- D. Nothing to report.
- E. There are no guarantees or undertakings for the benefit of affiliated party, other than that disclosed in these Notes.
- F. There are no material management or service contacts and cost-sharing arrangements involving the Company and any related party other than disclosed in these Notes.
- G. All outstanding shares of the Company are held by Torchmark Corporation.
- H., I., J, K. and L. - Not applicable

**Note 11 - Debt**

A & B - None.

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

- A., B. and C. Defined Benefit Plan - Not applicable
- D. Consolidated/Holding Company Plans
- Under SGA ownership, the Company's employees participated in their profit-sharing plan. The plan could have been cancelled at any time. Funds are self-directed by all employees.
- E. Compensated absences/vacation pay is recorded in accordance with SSAP No. 11.
- F. Impact of Medicare Modernization Act on Postretirement Benefits - Not applicable



**NOTES TO FINANCIAL STATEMENTS****Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

1. The Company's capital is common stock; 2000 shares are authorized: 1,000 shares are Class A stock at \$12,000 per share and another 1,000 shares are Class B Stock at \$1.00 per share. 213 Class A shares (\$12,000 per share par value) and 950 Class B shares (\$1.00 per share par value) are issued and outstanding at 12/31/2012. There are no other classes of capital stock.
2. The Company has no preferred stock.
- 3., 4. and 5. Dividends on company stock are paid as declared by its Board of Directors and are subject to regulations of the State of Ohio.

	<u>DECLARED</u>	<u>PAID</u>
\$13,500,000 ordinary dividend	11/20/2012	12/04/2012
\$2,000,000 ordinary dividend	11/20/2012	12/31/2012

6. 7. and 8. Not applicable

9. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and (losses) is as follows:

2004 - 2012 Unrealized Gain on Joint Venture - \$241,813

10. 11, 12 and 13. - Not applicable

**Note 14 - Contingencies**

A. Contingent Commitments - None

B. Assessments

The Company estimates that insolvencies will result in future guaranty fund assessments against the Company of \$50,000. This amount has been recorded as a liability on December 31, 2012.

C. Gain Contingencies - None

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits - Not applicable

E. All Other Contingencies

Various liabilities arise in the normal course of the Company's business and have been recorded. We believe that any ultimate contingent losses will not have a material adverse effect on the Company's future results of operations and financial position

**Note 15 - Leases**

A. Lessee Leasing Arrangements

The Company leases office space, furniture and equipment under various noncancelable operating leases that expire through 2016. Rental expense for 2012 and 2011 was approximately \$846,000 and \$745,000, respectively.

At December 31, 2012, the minimum aggregate rental commitments are as follows for the five succeeding years:

<u>Year Ended December 31</u>	<u>Operating Leases</u>
2013	\$952,000
2014	851,000
2015	891,000
2016	234,000
2017	-0-
Beyond 2017	-0-

The Company has no sublease or sale-leaseback transactions.

B. Lessor Leases - Not applicable

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

None.

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

Not applicable

**NOTES TO FINANCIAL STATEMENTS****Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not applicable

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

Not applicable

**Note 20 - Fair Value Measurements**

A, B &amp; D - The company does not value any assets or liabilities at fair value.

C.

<i>Type of Financial Instrument</i>	<i>Aggregate Fair Value</i>	<i>Admitted Assets</i>	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Not Practicable (Carrying Value)</i>
<i>Bonds</i>	602,544,741	534,489,901		602,544,741		

**Note 21 - Other Items**

A. Extraordinary Items - Not applicable

B. Troubled Debt Restructuring - Not applicable

C. Other Disclosures

Assets with book values of \$9,009,801 and \$8,893,659 and maturity values of \$10,025,000 and \$10,025,000 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

D. Uncollectible premiums receivable - Not applicable

E. Business Interruption Insurance Recoveries - Not applicable

F. State Transferable and Non-Transferable Tax Credits - Not applicable

G. Subprime Mortgage Related Risk Exposure - Not applicable

H. Retained Assets - Not applicable

**Note 22 - Events Subsequent**

None

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## NOTES TO FINANCIAL STATEMENTS

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### **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, by the company or by an 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)

##### Section 3 - Ceded Reinsurance Report - Part B

- A. What is the estimated amount of the aggregate reduction in surplus, for agreements, not reflected in Section 2 above, of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.  
\$0
- B. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the company as of the effective date of the agreement?  
Yes ( ) No (X)

B. Uncollectible Reinsurance - None

C. Commutation of the reinsurance reflected in income and expenses - None

### **Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Not applicable.

### **Note 25 - Change in Incurred Losses and Loss Adjustment Expenses**

Reserves on accident and health contracts for incurred losses and loss adjustment expenses attributable to insured events or prior years developed as anticipated during 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**

Not applicable.

### **Note 28 - Health Care Receivables**

Not applicable.

**NOTES TO FINANCIAL STATEMENTS****Note 29 - Participating Policies**

Not applicable.

**Note 30 - Premium Deficiency Reserves**

As of December 31, 2012 the Company had liabilities of \$0 related to premium deficiency reserves. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

**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 does not currently issue substandard policies, and does not have any substandard policies in force.
3. There are no policies where the gross premiums are less than the net premiums.
4. Tabular Interest and Tabular Cost shown on Page 7 have been determined by formula as described in the instructions for Page 7.
5. None
6. None

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

Not applicable.

**Note 33 - Premiums and Annuity Considerations Deferred and Uncollected**

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

Type	Gross	Net of Loading
1) Industrial	-0-	-0-
2) Ordinary New Business	\$222,079	\$36,207
3) Ordinary Renewal	\$252,771	\$190,955
4) Credit Life	-0-	-0-
5) Group Life	-0-	-0-
6) Group Annuity	-0-	-0-
7) Total	\$474,850	\$227,162

**Note 34 - Separate Accounts**

Not applicable

**Note 35 - Loss/Claim Adjustment Expenses**

	2012
Liability for Future Claim Expenses, Prior Year	665,977
Liability for Future Claim Expenses, Current Year	698,984
Claim Payments - Current Year	44,328,300
Claim Expense Percentage	5.5%
Claim Expenses Paid	2,438,057
Claim Expense Incurred (Paid + Change in Liability)	2,471,064
Claim Payments Current Year for Prior Year Incurrals	11,688,997
Claim Expense Percentage	5.5%
Claim Expenses Paid in Current Year for Prior Year Incurrals	642,895

The balance in the liability for unpaid accident and health claim adjustment expenses as of December 31, 2012 and December 31, 2011 was \$698,984 and \$665,977 respectively.

The Company incurred \$2,471,064 and paid \$2,309,869 of claim adjustment expenses in the current year, of which \$642,895 of the paid amount was attributable to insured or covered events of prior years.

The Company does not anticipate any salvage or subrogated amounts and therefore no such amounts are reflected in the liability for unpaid claims or losses.

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ X ] No [ ] N/A [ ]
- 1.3 State regulating? Ohio
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/16/2008
- 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 [ ] No [ ] N/A [ X ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ ] No [ X ]
- 4.12 renewals? Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

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

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

1 Nationality	2 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 affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young LLP, 1300 Huntington Building, 925 Euclid Avenue, Cleveland OH 44115

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Jeffrey S. Morris, Officer, Family Heritage Life Insurance Company of America, 6001 East Royalton Road Ste. 200, Broadview Heights OH 44147

## GENERAL INTERROGATORIES

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ X ] No [ ]

12.11 Name of real estate holding company

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value \$.....0

12.2 If yes, provide explanation.

As described in the notes to this statement, the company entered into a Joint Venture (50% owned) which owns the corporate home office.

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ 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, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

### PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [ X ] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [ X ] No [ ]

18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [ X ] No [ ]

### PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$.....0

20.12 To stockholders not officers \$.....0

20.13 Trustees, supreme or grand (Fraternal only) \$.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers \$.....0

20.22 To stockholders not officers \$.....0

20.23 Trustees, supreme or grand (Fraternal only) \$.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [ X ]

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

21.21 Rented from others .....

21.22 Borrowed from others .....

21.23 Leased from others .....

21.24 Other .....

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [ X ]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment .....

22.22 Amount paid as expenses .....

22.23 Other amounts paid .....

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

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

### 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.

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

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

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

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

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

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

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

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

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

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

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 [X] No [ ]

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

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

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

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

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

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

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

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

25.28 On deposit with state or other regulatory body \$.....9,009,801

25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
----------------------------	------------------	-------------

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
---------------------------	--------------------------

PNC Bank, National Association PO Box 5756, Cleveland OH 44101

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

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

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

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

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

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

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

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
--------------	--------------------------	-------------------------------

29.2999. TOTAL 0

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

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

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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	539,483,629	607,538,469	68,054,840
30.2 Preferred stocks.....			0
30.3 Totals.....	539,483,629	607,538,469	68,054,840

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

The company primarily used IDC, Reuters and Hub Data (which are third party vendors) along with the SVO

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D. Pricing vendors or other pricing sources are chosen based on reputation, knowledge, coverage, and analytical capabilities in using observable market data to derive valuations.
- 
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]
- 32.2 If no, list exceptions:
- 

**PART 1 - COMMON INTERROGATORIES - OTHER**

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....14,542
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
MIB	6,500

- 34.1 Amount of payments for legal expenses, if any? \$.....87,111
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Calfee, Halter, and Griswold LLP	54,471

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 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 Current Year	2 Prior Year
2.1 Premium Numerator.....	.....0	.....0
2.2 Premium Denominator.....	....176,964,575	....160,990,164
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	....20,986,324	....20,045,691
2.5 Reserve Denominator.....	....487,592,966	....424,923,566
2.6 Reserve Ratio (2.4/2.5).....	.....4.3	.....4.7

- 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 [ ]
- 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes [ ] No [ ]
- 3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)?" .....

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

- 4.2 Net reimbursement of such expenses between reporting entities:
- 4.21 Paid \$.....10,543,241
- 4.22 Received \$.....0

- 5.1 Does the reporting entity write any guaranteed interest contracts? Yes [ ] No [X]
- 5.2 If yes, what amount pertaining to these items is included in:
- 5.21 Page 3, Line 1 .....
- 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: \$.....98,646,050

7. Total dividends paid stockholders since organization of the reporting entity:
- 7.11 Cash \$.....150,199,999
- 7.12 Stock \$.....0

## GENERAL INTERROGATORIES

### PART 2 - LIFE INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**FIVE-YEAR HISTORICAL DATA**

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

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

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Life Insurance in Force (Exhibit of Life Insurance)</b>					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....	73,328	48,530	43,501	36,143	30,170
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....					
3. Credit life (Line 21, Col. 6).....					
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....					
5. Industrial (Line 21, Col. 2).....					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....					
7. Total (Line 21, Col. 10).....	73,328	48,530	43,501	36,143	30,170
<b>New Business Issued (Exhibit of Life Insurance)</b>					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	38,787	17,865	19,008	20,726	34,385
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....					
10. Credit life (Line 2, Col. 6).....					
11. Group (Line 2, Col. 9).....					
12. Industrial (Line 2, Col. 2).....					
13. Total (Line 2, Col. 10).....	38,787	17,865	19,008	20,726	34,385
<b>Premium Income - Lines of Business (Exhibit 1-Part 1)</b>					
14. Industrial life (Line 20.4, Col. 2).....					
15.1 Ordinary life insurance (Line 20.4, Col. 3).....	894,609	576,503	547,936	560,310	508,864
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....					
16. Credit life (group and individual) (Line 20.4, Col. 5).....					
17.1 Group life insurance (Line 20.4, Col. 6).....					
17.2 Group annuities (Line 20.4, Col. 7).....					
18.1 A&H - group (Line 20.4, Col. 8).....	3,601,235	1,575,095	188,758		
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....					
18.3 A&H - other (Line 20.4, Col. 10).....	172,468,731	158,838,566	145,130,933	131,389,847	119,475,016
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....					
20. Total.....	176,964,575	160,990,164	145,867,627	131,950,157	119,983,880
<b>Balance Sheet (Pages 2 and 3)</b>					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3).....	571,062,288	488,459,491	431,934,801	365,394,066	309,398,565
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	508,918,004	433,151,309	383,603,666	323,700,330	275,373,595
23. Aggregate life reserves (Page 3, Line 1).....	1,427,160	1,107,560	866,680	637,992	386,520
24. Aggregate A&H reserves (Page 3, Line 2).....	473,170,134	411,996,287	359,321,740	307,095,449	258,753,307
25. Deposit-type contract funds (Page 3, Line 3).....					
26. Asset valuation reserve (Page 3, Line 24.01).....	1,600,000	333,000	320,000	230,000	215,000
27. Capital (Page 3, Lines 29 & 30).....	2,556,950	2,556,950	2,556,000	2,556,000	2,556,000
28. Surplus (Page 3, Line 37).....	59,587,334	52,751,232	45,775,135	39,137,736	31,468,970
<b>Cash Flow (Page 5)</b>					
29. Net Cash from operations (Line 11).....	61,676,938	51,144,503	54,020,318	47,909,092	37,193,423
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital.....	63,744,284	55,641,182	48,651,135	41,923,736	34,239,970
31. Authorized control level risk-based capital.....	3,976,688	3,351,418	3,169,832	2,877,107	2,607,712
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line No. /Page 2, Line 12, Col. 3) x 100.0</b>					
32. Bonds (Line 1).....	96.3	95.6	98.2	96.6	99.6
33. Stocks (Lines 2.1 and 2.2).....					
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....					
35. Real estate (Line 4.1, 4.2 and 4.3).....					
36. Cash, cash equivalents and short-term investments (Line 5).....	2.0	4.3	1.7	3.3	0.2
37. Contract loans (Line 6).....	0.0				
38. Derivatives (Line 7).....				XXX	XXX
39. Other invested assets (Line 8).....	0.1	0.1	0.1	0.2	0.2
40. Receivables for securities (Line 9).....	1.5				
41. Securities lending reinvested collateral assets (Line 10).....				XXX	XXX
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 2012	2 2011	3 2010	4 2009	5 2008
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
44. Affiliated bonds (Sch. D Summary, Line 12 Col. 1).....					
45. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....					
46. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....					
47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....					
48. Affiliated mortgage loans on real estate .....					
49. All other affiliated.....					
50. Total of above Lines 44 to 49.....	0	0	0	0	0
51. Total investment in parent included in Lines 44 to 49 above.....					
<b>Total Nonadmitted and Admitted Assets</b>					
52. Total nonadmitted assets (Page 2, Line 28, Col. 2).....	58,954,189	26,332,592	22,959,863	8,667,136	8,856,752
53. Total admitted assets (Page 2, Line 28, Col. 3).....	571,062,288	488,459,491	431,934,801	365,394,066	309,398,565
<b>Investment Data</b>					
54. Net investment income (Exhibit of Net Investment Income).....	25,082,691	23,679,225	20,833,507	20,204,776	18,262,023
55. Realized capital gains (losses) (Page 4, Line 34, Column 1).....					1,720
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	38,836	(62,966)	83,052	72,826	70,426
57. Total of above Lines 54, 55 and 56.....	25,121,527	23,616,259	20,916,559	20,277,602	18,334,169
<b>Benefits and Reserve Increase (Page 6)</b>					
58. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15 Col. 1 less Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11).....	215,492	79,783	28,603	27,958	13,309
59. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	45,390,696	41,505,940	32,199,575	26,427,856	22,710,231
60. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	319,601	240,880	228,688	251,472	160,872
61. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	61,173,847	52,674,547	52,226,291	48,342,142	42,355,661
62. Dividends to policyholders (Line 30, Col 1).....					
<b>Operating Percentages</b>					
63. Insurance expense percent (Page 6, Col. 1, Lines 21, 22, & 23 less Line 6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00.....	34.9	36.8	37.6	39.2	41.4
64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00.....	21.4	27.5	28.8	43.8	66.7
65. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....	60.6	58.5	57.9	56.7	54.2
66. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....					
67. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....	37.2	39.4	40.2	41.7	43.9
<b>A&amp;H Claim Reserve Adequacy</b>					
68. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....	133,987	17,821			
69. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....	223,964	15,656			
70. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	12,944,114	11,292,002	9,334,033	9,095,097	7,582,425
71. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	12,991,666	12,767,098	10,576,394	9,151,692	8,138,237
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
72. Industrial life (Col. 2).....					
73. Ordinary - life (Col. 3).....	(86,748)	3,442	18,177	11,838	(65,375)
74. Ordinary - individual annuities (Col. 4).....					
75. Ordinary - supplementary contracts (Col. 5).....					
76. Credit life (Col. 6).....					
77. Group life (Col. 7).....					
78. Group annuities (Col. 8).....					
79. A&H - group (Col. 9).....	472,541	104,464	107		
80. A&H - credit (Col. 10).....					
81. A&H - other (Col. 11).....	16,151,537	15,472,929	14,023,229	13,322,486	12,779,675
82. Aggregate of all other lines of business (Col. 12).....					
83. Total (Col. 1).....	16,537,330	15,580,835	14,041,513	13,334,324	12,714,300

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

Yes [ ] No [ ]

If no, please explain:

## EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	Number of		9 Amount of Insurance (a)	
							7 Policies	8 Certificates		
1. In force end of prior year.....			907	48,530						48,530
2. Issued during year.....			665	38,787						38,787
3. Reinsurance assumed.....										0
4. Revived during year.....			1	50						50
5. Increased during year (net).....										0
6. Subtotals, Lines 2 to 5.....	0	0	666	38,837	0	0	0	0	0	38,837
7. Additions by dividends during year.....	XXX		XXX		XXX		XXX	XXX		0
8. Aggregate write-ins for increases.....	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 and 6 to 8).....	0	0	1,573	87,367	0	0	0	0	0	87,367
<b>Deductions during year:</b>										
10. Death.....			8	306			XXX			306
11. Maturity.....							XXX			0
12. Disability.....							XXX			0
13. Expiry.....			1	60						60
14. Surrender.....			47	2,400						2,400
15. Lapse.....			180	10,625						10,625
16. Conversion.....							XXX	XXX	XXX	0
17. Decreased (net).....			6	648						648
18. Reinsurance.....										0
19. Aggregate write-ins for decreases.....	0	0	0	0	0	0	0	0	0	0
20. Totals (Lines 10 to 19).....	0	0	242	14,039	0	0	0	0	0	14,039
21. In force end of year (Line 9 minus Line 20).....	0	0	1,331	73,328	0	0	0	0	0	73,328
22. Reinsurance ceded end of year.....	XXX		XXX	29,630	XXX		XXX	XXX		29,630
23. Line 21 minus Line 22.....	XXX	0	XXX	43,698	XXX	(b)	0	XXX	XXX	43,698

### DETAILS OF WRITE-INS

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

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

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

**EXHIBIT OF LIFE INSURANCE (continued)**

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends.....	.XXX		.XXX	
25. Other paid-up insurance.....			.76	.582
26. Debit ordinary insurance.....	.XXX	.XXX		

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies-decreasing.....				
28. Term policies-other.....				
29. Other term insurance-decreasing.....	.XXX		.XXX	
30. Other term insurance.....	.XXX		.XXX	
31. Totals (Lines 27 to 30).....	.0	.0	.0	.0
Reconciliation to Lines 2 and 21:				
32. Term additions.....	.XXX		.XXX	
33. Totals, extended term insurance.....	.XXX	.XXX		
34. Totals, whole life and endowment.....	.665	38,787	1,331	73,328
35. Totals (Lines 31 to 34).....	.665	38,787	1,331	73,328

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial.....				
37. Ordinary.....	38,787		73,328	
38. Credit Life (Group and Individual).....				
39. Group.....				
40. Totals (Lines 36 to 39).....	38,787	.0	73,328	.0

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other companies.....			.XXX	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis.....		.XXX		.XXX
43. Federal Employees' Group Life Insurance included in Line 21.....				
44. Servicemen's Group Life Insurance included in Line 21.....				
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).....	34,429
--	--------

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.....	<b>NONE</b>
47.1.....	
47.2.....	

POLICIES WITH DISABILITY PROVISIONS

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

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

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

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

**SUPPLEMENTARY CONTRACTS**

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year.....	<b>NONE</b>			
2. Issued during year.....				
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....				
Deductions during year:				
6. Decreased (net).....				
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	.0	.0	.0	.0
9. In force end of year.....	.0	.0	.0	.0
10. Amount on deposit.....	(a)			(a)
11. Income now payable.....				
12. Amount of income payable.....	(a)	(a)	(a)	(a)

**ANNUITIES**

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	<b>NONE</b>			
2. Issued during year.....				
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....				
Deductions during year:				
6. Decreased (net).....				
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	.0	.0	.0	.0
9. In force end of year.....	.0	.0	.0	.0
Income now payable:				
10. Amount of income payable.....	(a)	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance.....	XXX	(a)	XXX	(a)
Deferred not fully paid:				
12. Account balance.....	XXX	(a)	XXX	(a)

**ACCIDENT AND HEALTH INSURANCE**

	Group		Credit		Other	
	1 Certificates	2 Premiums in force	3 Policies	4 Premiums in force	5 Policies	6 Premiums in force
1. In force end of prior year.....	2,562	2,485,754			220,295	166,554,089
2. Issued during year.....	3,281	3,071,251			50,485	43,620,281
3. Reinsurance assumed.....						
4. Increased during year (net).....		XXX		XXX		XXX
5. Total (Lines 1 to 4).....	5,843	XXX	.0	XXX	270,780	XXX
Deductions during year:						
6. Conversions.....		XXX	XXX	XXX	XXX	XXX
7. Decreased (net).....	1,230	XXX		XXX	34,833	XXX
8. Reinsurance ceded.....		XXX		XXX		XXX
9. Totals (Lines 6 to 8).....	1,230	XXX	.0	XXX	34,833	XXX
10. In force end of year.....	4,613	(a) 4,434,974	.0	(a)	235,947	(a) 182,338,117

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

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

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

# Family Heritage Life Insurance Company of America

## SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

			Direct Business Only					
			Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Mem- bership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	7 Deposit-Type Contracts
			2 Life Insurance Premiums	3 Annuity Considerations				
States, Etc.	Active Status	1	2	3	4	5	6	7
1. Alabama.....	AL	L	10,634		2,798,254		2,808,888	
2. Alaska.....	AK	L			43,200		43,200	
3. Arizona.....	AZ	L	10,016		3,805,752		3,815,768	
4. Arkansas.....	AR	L	47,976		6,477,641		6,525,617	
5. California.....	CA	L	27,325		2,855,822		2,883,147	
6. Colorado.....	CO	L	11,999		4,494,014		4,506,013	
7. Connecticut.....	CT	L			11,956		11,956	
8. Delaware.....	DE	L	524		189,881		190,405	
9. District of Columbia.....	DC	L			20,312		20,312	
10. Florida.....	FL	L	13,642		2,582,339		2,595,981	
11. Georgia.....	GA	L	18,908		7,281,942		7,300,850	
12. Hawaii.....	HI	L			14,344		14,344	
13. Idaho.....	ID	L	1,210		689,742		690,952	
14. Illinois.....	IL	L	19,458		10,134,912		10,154,370	
15. Indiana.....	IN	L	2,558		8,365,920		8,368,478	
16. Iowa.....	IA	L	1,265		1,919,846		1,921,111	
17. Kansas.....	KS	L	8,557		4,942,777		4,951,334	
18. Kentucky.....	KY	L	23,728		5,130,052		5,153,780	
19. Louisiana.....	LA	L	2,620		3,974,874		3,977,494	
20. Maine.....	ME	L			316,725		316,725	
21. Maryland.....	MD	L	2,059		1,221,372		1,223,431	
22. Massachusetts.....	MA	L	1,166		21,740		22,906	
23. Michigan.....	MI	L	1,939		967,943		969,882	
24. Minnesota.....	MN	L	1,053		3,782,078		3,783,131	
25. Mississippi.....	MS	L	1,317		806,818		808,135	
26. Missouri.....	MO	L	14,822		3,603,474		3,618,296	
27. Montana.....	MT	L	7,754		1,877,618		1,885,372	
28. Nebraska.....	NE	L	13,473		6,026,833		6,040,306	
29. Nevada.....	NV	L	3,054		971,664		974,718	
30. New Hampshire.....	NH	L	4,968		379,546		384,514	
31. New Jersey.....	NJ	L			16,873		16,873	
32. New Mexico.....	NM	L	7,668		1,838,678		1,846,346	
33. New York.....	NY	N					0	
34. North Carolina.....	NC	L	55,536		6,095,885		6,151,421	
35. North Dakota.....	ND	L	3,368		1,115,037		1,118,405	
36. Ohio.....	OH	L	44,216		16,454,364		16,498,580	
37. Oklahoma.....	OK	L	1,131		2,500,103		2,501,234	
38. Oregon.....	OR	L	2,389		535,764		538,153	
39. Pennsylvania.....	PA	L	10,037		2,061,688		2,071,725	
40. Rhode Island.....	RI	L			8,552		8,552	
41. South Carolina.....	SC	L	7,478		1,575,299		1,582,777	
42. South Dakota.....	SD	L	10,481		3,397,187		3,407,668	
43. Tennessee.....	TN	L	13,521		3,974,608		3,988,129	
44. Texas.....	TX	L	279,360		36,022,685		36,302,045	
45. Utah.....	UT	L			2,899,328		2,899,328	
46. Vermont.....	VT	L	8,627		54,117		62,744	
47. Virginia.....	VA	L	18,173		3,713,842		3,732,015	
48. Washington.....	WA	L	30,840		2,315,545		2,346,385	
49. West Virginia.....	WV	L	13,436		1,853,371		1,866,807	
50. Wisconsin.....	WI	L	4,309		1,187,387		1,191,696	
51. Wyoming.....	WY	L	1,089		2,421,537		2,422,626	
52. American Samoa.....	AS	N					0	
53. Guam.....	GU	N					0	
54. Puerto Rico.....	PR	L			11,005		11,005	
55. US Virgin Islands.....	VI	N					0	
56. Northern Mariana Islands.....	MP	N					0	
57. Canada.....	CAN	N					0	
58. Aggregate Other Alien.....	OT	XXX	0	0	0	0	0	0
59. Subtotal.....	(a) .51		763,684	0	175,762,246	0	176,525,930	0
90. Reporting entity contributions for employee benefit plans.....	XXX						0	
91. Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX						0	
92. Dividends or refunds applied to shorten endowment or premium paying period.....	XXX						0	
93. Premium or annuity considerations waived under disability or other contract provisions.....	XXX						0	
94. Aggregate other amounts not allocable by State.....	XXX		0	0	0	0	0	0
95. Totals (Direct Business).....	XXX		763,684	0	175,762,246	0	176,525,930	0
96. Plus reinsurance assumed.....	XXX						0	
97. Totals (All Business).....	XXX		763,684	0	175,762,246	0	176,525,930	0
98. Less reinsurance ceded.....	XXX		41,277		1,170,847		1,212,124	
99. Totals (All Business) less reinsurance ceded.....	XXX		722,407	0	(b) 174,591,399	0	175,313,806	0

**DETAILS OF WRITE-INS**

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

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

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

Allocation based on the residence of the policyholder

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

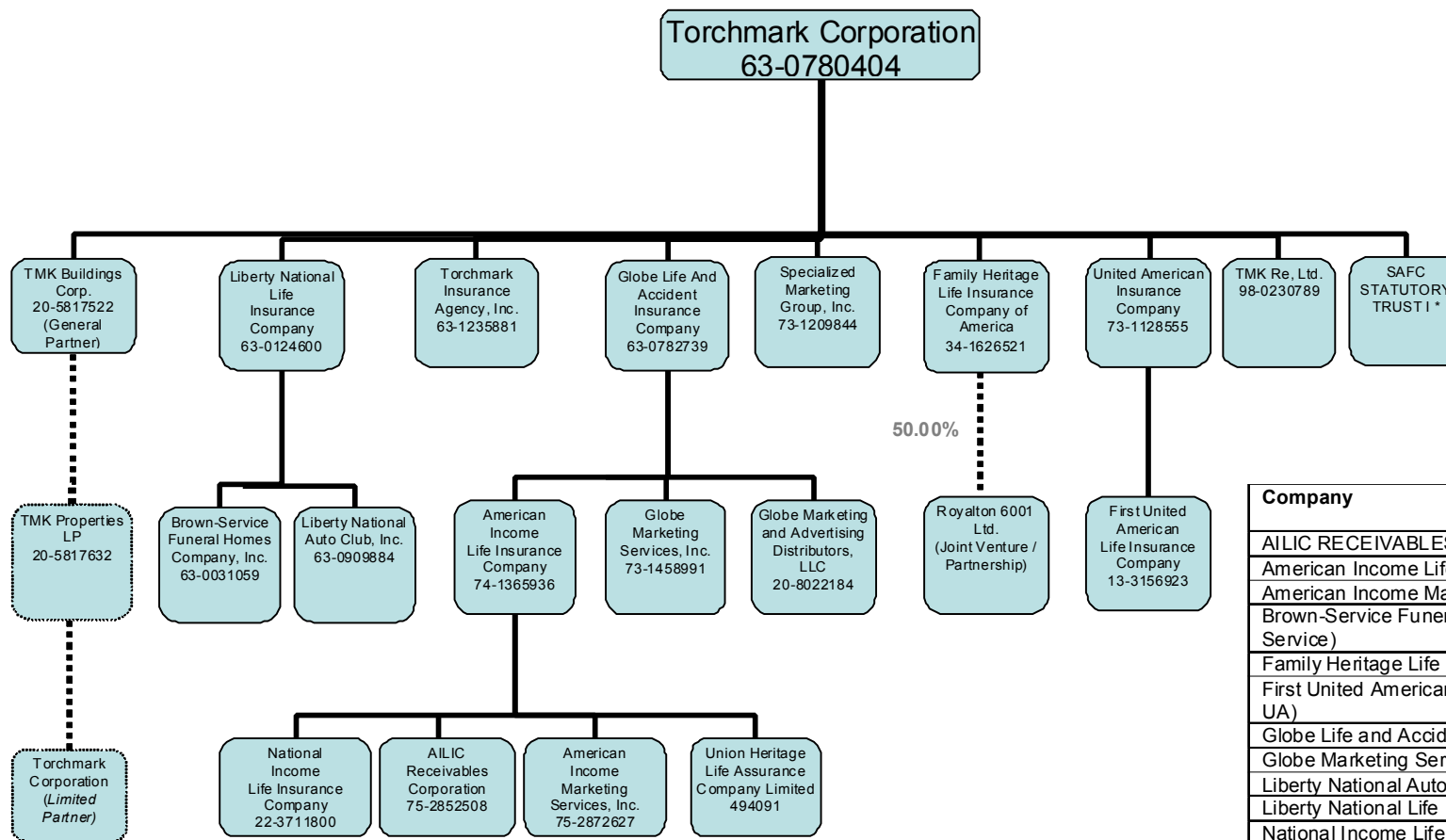
(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9, and 10, or with Schedule H, Part 1, Column 1, Line 1. Indicate which:

Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10



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

## PART 1 – ORGANIZATIONAL CHART



Company	State of Domicile
AILIC RECEIVABLES Corporation (ARC)	Indiana
American Income Life Insurance Company (AIL)	Indiana
American Income Marketing Services, Inc. (AIMS)	Texas
Brown-Service Funeral Homes Company, Inc. (Brown Service)	Alabama
Family Heritage Life Insurance Company of America	Ohio
First United American Life Insurance Company (First UA)	New York
Globe Life and Accident Insurance Company (Globe)	Nebraska
Globe Marketing Services, Inc. (Globe Marketing)	Oklahoma
Liberty National Auto Club, Inc. (Auto Club)	Alabama
Liberty National Life Insurance Company (LNL)	Nebraska
National Income Life Insurance Company (NILCO)	New York
Specialized Marketing Group, Inc.	Arkansas
TMK Buildings Corporation (TBC)	Texas
TMK Re, Ltd. (TMK Re)	Bermuda
Torchmark Corporation (TMK)	Delaware
Torchmark Insurance Agency, Inc. (TIA)	Alabama
Union Heritage Life Assurance Company Limited	Ireland
United American Life Insurance Company (UA)	Nebraska

\* Special purpose business trust whose obligations were assumed by Torchmark in the acquisition of Family Heritage, common securities of which are owned by Torchmark and preferred securities publicly held.

\*\*Limited liability company, in which Family Heritage has a 50% interest, which leases home office property to Family Heritage; remaining 50% interest held by an unaffiliated entity.

**2012 ALPHABETICAL INDEX  
LIFE ANNUAL STATEMENT BLANK**

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