



# ANNUAL STATEMENT

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

## WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO

NAIC Group Code.....0468, 0468 (Current Period) (Prior Period)	NAIC Company Code..... 91413	Employer's ID Number..... 43-1162657
Organized under the Laws of OHIO	State of Domicile or Port of Entry OHIO	Country of Domicile US
Incorporated/Organized..... May 14, 1979	Commenced Business..... June 17, 1980	
Statutory Home Office	366 E. Broad St. C/O Andrew J. Federico..... Columbus ..... OH ..... US ..... 43215 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	570 Carillon Parkway..... St Petersburg ..... FL ..... US..... 33716-1202 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	727-299-1800 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 5068..... Clearwater ..... FL ..... US ..... 33758-5068 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	570 Carillon Parkway..... St Petersburg ..... FL ..... US ..... 33716-1202 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	727-299-1800 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.aegonins.com	
Statutory Statement Contact	Brenda Kay Kraemer <i>(Name)</i> brenda.kraemer@transamerica.com <i>(E-Mail Address)</i>	319-355-8549 <i>(Area Code) (Telephone Number) (Extension)</i> 319-355-2210 <i>(Fax Number)</i>

### OFFICERS

Name	Title	Name	Title
1. Brenda Kay Clancy	President & Chairman of the Board	2. William Harold Geiger	Secretary, Group Vice President, Compliance & Corporate Counsel
3. Eric John Martin	Senior Vice President & Corporate Controller	4.	

### OTHER

### DIRECTORS OR TRUSTEES

Arthur Carl Schneider	Brenda Kay Clancy	C. Michiel van Katwijk #	Charles Theodore Boswell
John Roger Hunter			

State of..... Iowa  
County of..... Linn

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) Brenda Kay Clancy	_____ (Signature) William Harold Geiger	_____ (Signature) Eric John Martin
1. (Printed Name) President & Chairman of the Board	2. (Printed Name) Secretary, Group Vice President, Compliance & Corporate Counsel	3. (Printed Name) Senior Vice President & Corporate Controller
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me  
This 22nd 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).....	1,116,229,187	0	1,116,229,187	888,551,379
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	31,960,865	0	31,960,865	30,478,959
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	50,713,673	0	50,713,673	49,646,002
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	35,208,984	0	35,208,984	36,015,472
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....1,745,197, Schedule E-Part 1), cash equivalents (\$.....135,226,038, Schedule E-Part 2) and short-term investments (\$.....47,262,963, Schedule DA).....	184,234,197	0	184,234,197	170,353,786
6. Contract loans (including \$.....0 premium notes).....	411,101,024	0	411,101,024	406,036,886
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA).....	3,293,308	0	3,293,308	3,473,154
9. Receivables for securities.....	0	0	0	5,215,625
10. Securities lending reinvested collateral assets (Schedule DL).....	84,898,591	0	84,898,591	89,624,489
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,917,639,829	0	1,917,639,829	1,679,395,752
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	14,223,804	0	14,223,804	11,823,347
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	36,227	26,838	9,389	8,733
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	2,725,920	0	2,725,920	3,052,392
15.3 Accrued retrospective premiums.....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	3,365,233	6,879	3,358,354	1,851,415
16.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0	1,338,972
18.2 Net deferred tax asset.....	200,122,675	97,051,412	103,071,263	124,543,065
19. Guaranty funds receivable or on deposit.....	801,491	0	801,491	794,659
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0	2,066,803
24. Health care (\$.....0) and other amounts receivable.....	30,713,811	30,713,811	0	0
25. Aggregate write-ins for other than invested assets.....	82,080,049	324,024	81,756,025	80,184,716
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,251,709,039	128,122,964	2,123,586,075	1,905,059,854
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	6,477,240,691	0	6,477,240,691	6,518,083,509
28. TOTALS (Lines 26 and 27).....	8,728,949,730	128,122,964	8,600,826,766	8,423,143,363

**DETAILS OF WRITE-INS**

1101.....	0	0	0	0
1102.....	0	0	0	0
1103.....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Company owned life insurance.....	75,294,964	0	75,294,964	73,446,355
2502. Accounts receivable.....	5,322,452	104,331	5,218,121	5,237,512
2503. Estimated premium tax offset on the provision for future GFA.....	809,492	0	809,492	809,492
2598. Summary of remaining write-ins for Line 25 from overflow page.....	653,141	219,693	433,448	691,357
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	82,080,049	324,024	81,756,025	80,184,716

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....1,782,019,681 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....431,812,154 Modco Reserve).....	1,782,019,681	1,746,801,158
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....	963,441	517,916
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....	14,647,233	13,018,245
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	26,338,921	29,313,984
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	0	0
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....	0	0
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....	0	0
6.2 Dividends not yet apportioned (including \$.....0 Modco).....	0	0
6.3 Coupons and similar benefits (including \$.....0 Modco).....	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6.....	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....	40,964	39,385
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....	0	0
9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....	0	0
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....3,174,083 ceded.....	3,174,083	442,765
9.4 Interest Maintenance Reserve (IMR, Line 6).....	28,678,024	26,504,388
10. Commissions to agents due or accrued - life and annuity contracts \$.....76,786, accident and health \$.....0 and deposit-type contract funds \$.....0.....	76,786	106,379
11. Commissions and expense allowances payable on reinsurance assumed.....	0	0
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	5,015,329	6,315,580
13. Transfers to Separate Accounts due or accrued (net) (including \$.....(285,883,189) accrued for expense allowances recognized in reserves, net of reinsured allowances).....	(285,883,189)	(378,459,989)
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	5,455,260	4,815,891
15.1 Current federal and foreign income taxes, including \$.....1,155,353 on realized capital gains (losses).....	8,738,107	0
15.2 Net deferred tax liability.....	0	0
16. Unearned investment income.....	9,509,105	9,858,006
17. Amounts withheld or retained by company as agent or trustee.....	615,506	867,914
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....	96,855	116,433
19. Remittances and items not allocated.....	9,669,605	4,759,943
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0
21. Liability for benefits for employees and agents if not included above.....	0	0
22. Borrowed money \$.....26,292,969 and interest thereon \$.....62,500.....	26,355,469	5,245,572
23. Dividends to stockholders declared and unpaid.....	0	0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR Line 16, Col. 7).....	12,038,965	8,838,178
24.02 Reinsurance in unauthorized and certified (\$.....0) companies.....	264,898	264,898
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers.....	54,464,423	33,628,436
24.04 Payable to parent, subsidiaries and affiliates.....	15,331,679	26,731,492
24.05 Drafts outstanding.....	0	0
24.06 Liability for amounts held under uninsured plans.....	0	0
24.07 Funds held under coinsurance.....	0	0
24.08 Derivatives.....	1,841,165	510,768
24.09 Payable for securities.....	0	0
24.10 Payable for securities lending.....	84,898,591	89,624,489
24.11 Capital notes \$.....0 and interest thereon \$.....0.....	0	0
25. Aggregate write-ins for liabilities.....	0	0
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	1,804,350,901	1,629,861,831
27. From Separate Accounts Statement.....	6,477,240,691	6,518,083,509
28. Total liabilities (Line 26 and 27).....	8,281,591,592	8,147,945,340
29. Common capital stock.....	2,500,000	2,500,000
30. Preferred capital stock.....	0	0
31. Aggregate write-ins for other than special surplus funds.....	0	67,503,273
32. Surplus notes.....	0	0
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	149,627,109	149,627,109
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	167,108,065	55,567,641
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....	0	0
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....	0	0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	316,735,174	272,698,023
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	319,235,174	275,198,023
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	8,600,826,766	8,423,143,363

## DETAILS OF WRITE-INS

2501. ....	0	0
2502. ....	0	0
2503. ....	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0
3101. Increase in admitted deferred tax assets pursuant to SSAP No. 10R.....	0	67,503,273
3102. ....	0	0
3103. ....	0	0
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	67,503,273
3401. ....	0	0
3402. ....	0	0
3403. ....	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

# WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO

## 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).....	486,919,136	479,669,678
2. Considerations for supplementary contracts with life contingencies.....	(2,210,995)	929,177
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	81,728,965	80,031,434
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....	1,516,879	1,325,917
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0	0
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1).....	(3,414,666)	(41,716,042)
7. Reserve adjustments on reinsurance ceded.....	(24,697,078)	(31,044,498)
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....	300,860,490	312,161,423
8.2 Charges and fees for deposit-type contracts.....	0	0
8.3 Aggregate write-ins for miscellaneous income.....	19,035,109	20,019,069
9. Totals (Lines 1 to 8.3).....	859,737,840	821,376,158
10. Death benefits.....	70,668,289	64,792,471
11. Matured endowments (excluding guaranteed annual pure endowments).....	22,545	20,646
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....	21,113,855	25,823,646
13. Disability benefits and benefits under accident and health contracts.....	871,144	1,214,897
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0	0
15. Surrender benefits and withdrawals for life contracts.....	423,202,502	614,466,490
16. Group conversions.....	0	0
17. Interest and adjustments on contract or deposit-type contract funds.....	649,406	797,706
18. Payments on supplementary contracts with life contingencies.....	2,238,541	1,333,270
19. Increase in aggregate reserves for life and accident and health contracts.....	35,664,048	85,582,954
20. Totals (Lines 10 to 19).....	554,430,330	794,032,080
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	160,308,691	138,136,489
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....	0	0
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....	74,016,655	84,131,616
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	17,897,862	14,478,324
25. Increase in loading on deferred and uncollected premiums.....	(54,095)	11,427
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	(107,485,224)	(258,667,339)
27. Aggregate write-ins for deductions.....	12,038,761	39,366,107
28. Totals (Lines 20 to 27).....	711,152,980	811,488,704
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	148,584,860	9,887,454
30. Dividends to policyholders.....	21,801	23,797
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	148,563,059	9,863,657
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	13,976,714	9,379,020
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).....	134,586,345	484,637
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....(833,714) (excluding taxes of \$.....1,987,200 transferred to the IMR).....	(4,590,812)	(12,431,038)
35. Net income (Line 33 plus Line 34).....	129,995,533	(11,946,401)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	275,198,023	511,264,493
37. Net income (Line 35).....	129,995,533	(11,946,401)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....(120,572).....	117,589	(3,720,586)
39. Change in net unrealized foreign exchange capital gain (loss).....	0	0
40. Change in net deferred income tax.....	(12,436,991)	18,336,654
41. Change in nonadmitted assets.....	(9,918,907)	(27,615,648)
42. Change in liability for reinsurance in unauthorized and certified companies.....	0	(104,262)
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4).....	0	0
44. Change in asset valuation reserve.....	(3,200,787)	378,352
45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....	0	0
47. Other changes in surplus in Separate Accounts Statement.....	0	0
48. Change in surplus notes.....	0	0
49. Cumulative effect of changes in accounting principles.....	0	0
50. Capital changes:		
50.1 Paid in.....	0	0
50.2 Transferred from surplus (Stock Dividend).....	0	0
50.3 Transferred to surplus.....	0	0
51. Surplus adjustment:		
51.1 Paid in.....	0	0
51.2 Transferred to capital (Stock Dividend).....	0	0
51.3 Transferred from capital.....	0	0
51.4 Change in surplus as a result of reinsurance.....	(33,519,286)	41,629,207
52. Dividends to stockholders.....	(27,000,000)	(250,000,000)
53. Aggregate write-ins for gains and losses in surplus.....	0	(3,023,786)
54. Net change in capital and surplus for the year (Lines 37 through 53).....	44,037,151	(236,066,470)
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	319,235,174	275,198,023
<b>DETAILS OF WRITE-INS</b>		
08.301. Miscellaneous income.....	17,160,566	17,739,643
08.302. Income earned on company owned life insurance.....	1,874,543	2,279,426
08.303. ....	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	19,035,109	20,019,069
2701. Consideration on reinsurance recaptured.....	0	29,300,000
2702. Investment interest expense on funds withheld.....	12,037,884	10,065,593
2703. Fines and penalties.....	989	514
2798. Summary of remaining write-ins for Line 27 from overflow page.....	(112)	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	12,038,761	39,366,107
5301. Change in admitted deferred tax assets pursuant to SSAP No. 10R.....	0	(3,023,786)
5302. ....	0	0
5303. ....	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	(3,023,786)

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	485,063,466	480,755,850
2. Net investment income.....	84,038,064	85,360,724
3. Miscellaneous income.....	258,493,969	271,567,345
4. Total (Lines 1 through 3).....	827,595,499	837,683,919
5. Benefit and loss related payments.....	520,764,955	698,716,947
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	(200,377,711)	(371,179,851)
7. Commissions, expenses paid and aggregate write-ins for deductions.....	264,730,620	250,590,880
8. Dividends paid to policyholders.....	21,801	23,797
9. Federal and foreign income taxes paid (recovered) net of \$.....1,155,353 tax on capital gains (losses).....	5,133,701	88,126,257
10. Total (Lines 5 through 9).....	590,273,366	666,278,030
11. Net cash from operations (Line 4 minus Line 10).....	237,322,133	171,405,889
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	337,039,537	263,103,440
12.2 Stocks.....	1,900	120,000
12.3 Mortgage loans.....	9,354,759	6,267,234
12.4 Real estate.....	0	0
12.5 Other invested assets.....	1,317	283
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	125	5,313
12.7 Miscellaneous proceeds.....	10,004,009	104,301,705
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	356,401,647	373,797,975
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	562,043,808	212,793,651
13.2 Stocks.....	1,142,683	597,295
13.3 Mortgage loans.....	10,800,000	43,693,671
13.4 Real estate.....	153,874	(66,413)
13.5 Other invested assets.....	501,487	845,509
13.6 Miscellaneous applications.....	4,549,930	18,574,722
13.7 Total investments acquired (Lines 13.1 to 13.6).....	579,191,782	276,438,435
14. Net increase (decrease) in contract loans and premium notes.....	5,064,138	14,526,194
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(227,854,273)	82,833,346
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	21,064,064	5,228,905
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	1,423,751	(2,510,053)
16.5 Dividends to stockholders.....	27,000,000	250,000,000
16.6 Other cash provided (applied).....	8,924,736	(78,742,802)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	4,412,551	(326,023,950)
<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).....	13,880,411	(71,784,715)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	170,353,788	242,138,502
19.2 End of year (Line 18 plus Line 19.1).....	184,234,199	170,353,788
<b>Note: Supplemental disclosures of cash flow information for non-cash transactions:</b>		
20.0001 .....	0	0

## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance(a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts.....	486,919,136	0	460,467,475	10,738,713	0	0	11,246,387	2,808,346	1,658,215	0	0	0
2. Considerations for supplementary contracts with life contingencies.....	(2,210,995)	0	0	0	(2,210,995)	0	0	0	0	0	0	0
3. Net investment income.....	81,728,965	0	56,353,391	22,451,483	906,573	0	1,262,520	721,494	33,504	0	0	0
4. Amortization of Interest Maintenance Reserve (IMR).....	1,516,879	0	1,046,937	425,320	6,621	0	23,716	13,648	637	0	0	0
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0	0	0	0	0	0	0	0	0	0	0	0
6. Commissions and expense allowances on reinsurance ceded.....	(3,414,666)	0	(21,277,993)	14,975,270	0	0	8,694	0	2,879,364	0	0	0
7. Reserve adjustments on reinsurance ceded.....	(24,697,078)	0	(7,088,150)	(20,730,667)	3,121,739	0	0	0	0	0	0	0
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	300,860,490	0	261,915,662	38,293,635	201,498	0	70,742	378,953	0	0	0	0
8.2 Charges and fees for deposit-type contracts.....	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Aggregate write-ins for miscellaneous income.....	19,035,109	0	13,381,940	5,482,538	3,688	0	74,025	92,918	0	0	0	0
9. Totals (Lines 1 to 8.3).....	859,737,840	0	764,799,262	71,636,292	2,029,124	0	12,686,084	4,015,359	4,571,720	0	0	0
10. Death benefits.....	70,668,289	0	69,645,542	0	0	0	1,022,747	0	0	0	0	0
11. Matured endowments (excluding guaranteed annual pure endowments).....	22,545	0	22,545	0	0	0	0	0	0	0	0	0
12. Annuity benefits.....	21,113,855	0	0	21,042,100	0	0	0	71,756	0	0	0	0
13. Disability benefits and benefits under accident and health contracts.....	871,144	0	0	0	0	0	0	0	871,144	0	0	0
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0	0	0	0	0	0	0	0	0	0	0	0
15. Surrender benefits and withdrawals for life contracts.....	423,202,502	0	142,883,025	256,724,824	(1,654,451)	0	302,239	24,946,865	0	0	0	0
16. Group conversions.....	0	0	0	0	0	0	0	0	0	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds.....	649,406	0	469,377	29,880	145,051	0	32	5,066	0	0	0	0
18. Payments on supplementary contracts with life contingencies.....	2,238,541	0	0	0	2,238,541	0	0	0	0	0	0	0
19. Increase in aggregate reserves for life and accident and health contracts.....	35,664,048	0	86,875,521	(47,987,935)	383,717	0	7,032,966	(11,085,747)	445,526	0	0	0
20. Totals (Lines 10 to 19).....	554,430,331	0	299,896,010	229,808,869	1,112,858	0	8,357,984	13,937,940	1,316,670	0	0	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	160,308,691	0	136,940,385	17,552,084	0	0	3,389,793	156,744	2,269,679	0	6	0
22. Commissions and expense allowances on reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0
23. General insurance expenses.....	74,016,655	0	60,946,458	12,594,729	32,790	0	59,051	41,106	342,521	0	0	0
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	17,897,862	0	17,268,995	34,204	5,740	0	246,180	1,552	341,191	0	0	0
25. Increase in loading on deferred and uncollected premiums.....	(54,095)	0	(54,095)	0	0	0	0	0	0	0	0	0
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	(107,485,224)	0	134,358,456	(239,891,589)	5,628,114	0	2,772,720	(10,352,925)	0	0	0	0
27. Aggregate write-ins for deductions.....	12,038,761	0	3,014,852	8,922,825	101,059	0	15	10	0	0	0	0
28. Totals (Lines 20 to 27).....	711,152,981	0	652,371,061	29,021,121	6,880,561	0	14,825,743	3,784,427	4,270,062	0	6	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	148,584,859	0	112,428,201	42,615,170	(4,851,437)	0	(2,139,659)	230,932	301,658	0	(6)	0
30. Dividends to policyholders.....	21,801	0	21,801	0	0	0	0	0	0	0	0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	148,563,058	0	112,406,400	42,615,170	(4,851,437)	0	(2,139,659)	230,932	301,658	0	(6)	0
32. Federal income taxes incurred (excluding tax on capital gains).....	13,976,714	0	10,575,120	4,009,207	(456,420)	0	(201,298)	21,726	28,380	0	(1)	0
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	134,586,344	0	101,831,280	38,605,963	(4,395,017)	0	(1,938,361)	209,206	273,278	0	(5)	0

### DETAILS OF WRITE-INS

08.301. Miscellaneous income.....	17,160,566	0	11,507,397	5,482,538	3,688	0	74,025	92,918	0	0	0	0
08.302. Income earned on company owned life insurance.....	1,874,543	0	1,874,543	0	0	0	0	0	0	0	0	0
08.303. ....	0	0	0	0	0	0	0	0	0	0	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	19,035,109	0	13,381,940	5,482,538	3,688	0	74,025	92,918	0	0	0	0
2701. ....	0	0	0	0	0	0	0	0	0	0	0	0
2702. Investment interest expense on funds withheld.....	12,037,884	0	3,014,281	8,922,548	101,055	0	0	0	0	0	0	0
2703. Fines and penalties.....	989	0	683	277	4	0	15	10	0	0	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page.....	(112)	0	(112)	0	0	0	0	0	0	0	0	0
2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	12,038,761	0	3,014,852	8,922,825	101,059	0	15	10	0	0	0	0

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

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR**

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
<b>Involving Life or Disability Contingencies (Reserves)</b>								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year.....	1,746,801,164	.0	1,174,854,504	518,927,294	7,512,936	.0	24,081,274	21,425,156
2. Tabular net premiums or considerations.....	420,984,251	.0	407,763,973	608,094	1,026,380	.0	11,101,073	484,731
3. Present value of disability claims incurred.....	773,017	.0	773,017	0	XXX	.0	0	0
4. Tabular interest.....	66,982,985	.0	49,134,639	14,672,302	421,910	.0	2,093,261	660,873
5. Tabular less actual reserve released.....	252,349	.0	135,170	(33,858)	15,586	.0	0	135,451
6. Increase in reserve on account of change in valuation basis.....	0	.0	0	0	0	.0	0	0
7. Other increases (net).....	(24,210,282)	.0	(6,764,556)	(17,319,379)	(131,973)	.0	5,617	9
8. Totals (Lines 1 to 7).....	2,211,583,484	.0	1,625,896,747	516,854,453	8,844,839	.0	37,281,225	22,706,220
9. Tabular cost.....	63,239,955	.0	58,785,498	0	XXX	.0	4,454,277	180
10. Reserves released by death.....	7,976,204	.0	7,350,410	XXX	XXX	.0	625,794	XXX
11. Reserves released by other terminations (net).....	107,888,650	.0	61,924,401	44,714,281	0	.0	1,061,929	188,039
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	15,205,684	.0	584,067	440,153	948,187	.0	0	13,233,277
13. Net transfers to or (from) Separate Accounts.....	235,253,305	.0	235,522,349	760,661	0	.0	24,980	(1,054,686)
14. Total deductions (Lines 9 to 13).....	429,563,798	.0	364,166,725	45,915,095	948,187	.0	6,166,980	12,366,811
15. Reserve December 31, current year.....	1,782,019,686	.0	1,261,730,022	470,939,358	7,896,652	.0	31,114,245	10,339,409

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....2,500,649	.....2,353,084
1.1 Bonds exempt from U.S. tax.....	(a).....0	.....0
1.2 Other bonds (unaffiliated).....	(a).....42,796,648	.....44,938,739
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....0	.....0
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0
2.21 Common stocks of affiliates.....	.....13,925,000	.....13,925,000
3. Mortgage loans.....	(c).....2,058,948	.....2,090,971
4. Real estate.....	(d).....4,409,495	.....4,409,495
5. Contract loans.....	.....21,238,694	.....21,841,082
6. Cash, cash equivalents and short-term investments.....	(e).....313,645	.....313,632
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....(684,072)	.....(684,072)
9. Aggregate write-ins for investment income.....	.....1,092,194	.....1,130,514
10. Total gross investment income.....	.....87,651,201	.....90,318,445
11. Investment expenses.....		(g).....5,634,236
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....823,616
13. Interest expense.....		(h).....1,125,435
14. Depreciation on real estate and other invested assets.....		(i).....960,363
15. Aggregate write-ins for deductions from investment income.....		.....45,833
16. Total deductions (Lines 11 through 15).....		.....8,589,483
17. Net investment income (Line 10 minus Line 16).....		.....81,728,962

## DETAILS OF WRITE-INS

0901. Borrowing Fee.....	.....839,167	.....888,386
0902. Security Lending Fee.....	.....242,425	.....231,526
0903. Misc. Investment Income.....	.....10,602	.....10,602
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).....	.....1,092,194	.....1,130,514
1501. Accrued Interest Expense- Collateral.....		.....45,833
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....45,833

- (a) Includes \$.....2,291,141 accrual of discount less \$.....5,102,568 amortization of premium and less \$.....2,554,864 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 \$.....12,277 accrual of discount less \$.....642,047 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....4,406,847 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....209,587 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 \$.....960,363 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.....	.....176	.....0	.....176	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....0	.....0	.....0	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....5,137,133	.....(417,458)	.....4,719,675	.....765,124	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....650	.....0	.....650	.....(1,036)	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....341,509	.....0
3. Mortgage loans.....	.....252,200	.....0	.....252,200	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....125	.....0	.....125	.....0	.....0
7. Derivative instruments.....	.....(4,549,930)	.....0	.....(4,549,930)	.....(1,330,397)	.....0
8. Other invested assets.....	.....(221,754)	.....0	.....(221,754)	.....221,817	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....52,047	.....52,047	.....0	.....0
10. Total capital gains (losses).....	.....618,600	.....(365,411)	.....253,189	.....(2,983)	.....0

## DETAILS OF WRITE-INS

0901. All Other Gains.....	.....0	.....52,047	.....52,047	.....0	.....0
0902. ....	.....0	.....0	.....0	.....0	.....0
0903. ....	.....0	.....0	.....0	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....52,047	.....52,047	.....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		8 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.....	657	0	657	0	0	0	0	0	0	0	0
2. Deferred and accrued.....	128	0	128	0	0	0	0	0	0	0	0
3. Deferred, accrued and uncollected:											
3.1 Direct.....	157,533	0	155,685	0	0	1,849	0	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	156,749	0	154,901	0	0	1,849	0	0	0	0	0
3.4 Net (Line 1 + Line 2).....	784	0	784	0	0	0	0	0	0	0	0
4. Advance.....	352	0	352	0	0	0	0	0	0	0	0
5. Line 3.4 - Line 4.....	432	0	432	0	0	0	0	0	0	0	0
6. Collected during year:											
6.1 Direct.....	131,776,127	0	127,305,968	(1,020,066)	0	5,490,225	0	0	0	0	0
6.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	9,880,921	0	9,880,769	0	0	152	0	0	0	0	0
6.4 Net.....	121,895,206	0	117,425,200	(1,020,066)	0	5,490,072	0	0	0	0	0
7. Line 5 + Line 6.4.....	121,895,638	0	117,425,631	(1,020,066)	0	5,490,072	0	0	0	0	0
8. Prior year (uncollected + deferred and accrued - advance).....	(4,542)	0	(4,542)	0	0	0	0	0	0	0	0
9. First year premiums and considerations:											
9.1 Direct.....	131,770,604	0	127,300,257	(1,020,066)	0	5,490,412	0	0	0	0	0
9.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded.....	9,870,424	0	9,870,084	0	0	340	0	0	0	0	0
9.4 Net (Line 7 - Line 8).....	121,900,180	0	117,430,173	(1,020,066)	0	5,490,072	0	0	0	0	0
<b>SINGLE</b>											
10. Single premiums and considerations:											
10.1 Direct.....	6,600	0	0	0	0	0	6,600	0	0	0	0
10.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
10.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
10.4 Net.....	6,600	0	0	0	0	0	6,600	0	0	0	0
<b>RENEWAL</b>											
11. Uncollected.....	(32,728)	0	(32,728)	0	0	0	0	0	0	0	0
12. Deferred and accrued.....	1,691,195	0	1,691,195	0	0	0	0	0	0	0	0
13. Deferred, accrued and uncollected:											
13.1 Direct.....	3,537,917	0	3,533,693	0	0	4,224	0	0	0	0	0
13.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
13.3 Reinsurance ceded.....	1,879,449	0	1,875,225	0	0	4,224	0	0	0	0	0
13.4 Net (Line 11 + Line 12).....	1,658,467	0	1,658,467	0	0	0	0	0	0	0	0
14. Advance.....	40,611	0	40,611	0	0	0	0	0	0	0	0
15. Line 13.4 - Line 14.....	1,617,856	0	1,617,856	0	0	0	0	0	0	0	0
16. Collected during year:											
16.1 Direct.....	555,022,772	0	508,871,539	22,799,184	0	6,436,750	2,801,746	14,113,554	0	0	0
16.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
16.3 Reinsurance ceded.....	189,650,120	0	165,473,942	11,040,405	0	680,435	0	12,455,339	0	0	0
16.4 Net.....	365,372,652	0	343,397,597	11,758,779	0	5,756,315	2,801,746	1,658,215	0	0	0
17. Line 15 + Line 16.4.....	366,990,508	0	345,015,453	11,758,779	0	5,756,315	2,801,746	1,658,215	0	0	0
18. Prior year (uncollected + deferred and accrued - advance).....	1,978,152	0	1,978,152	0	0	0	0	0	0	0	0
19. Renewal premiums and considerations:											
19.1 Direct.....	554,596,730	0	508,448,771	22,799,184	0	6,433,476	2,801,746	14,113,554	0	0	0
19.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
19.3 Reinsurance ceded.....	189,584,376	0	165,411,471	11,040,405	0	677,161	0	12,455,339	0	0	0
19.4 Net (Line 17 - Line 18).....	365,012,356	0	343,037,302	11,758,779	0	5,756,315	2,801,746	1,658,215	0	0	0
<b>TOTAL</b>											
20. Total premiums and annuity considerations:											
20.1 Direct.....	686,373,934	0	635,749,028	21,779,118	0	11,923,888	2,808,346	14,113,554	0	0	0
20.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
20.3 Reinsurance ceded.....	199,454,801	0	175,281,555	11,040,405	0	677,502	0	12,455,339	0	0	0
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	486,919,136	0	460,467,475	10,738,713	0	11,246,387	2,808,346	1,658,215	0	0	0

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums.....	4,514	0	4,514	0	0	0	0	0	0	0	0
22. All other.....	729	0	729	0	0	0	0	0	0	0	0
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded.....	9,834,599	0	9,836,920	(2,321)	0	0	0	0	0	0	0
23.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
23.3 Net ceded less assumed.....	9,834,599	0	9,836,920	(2,321)	0	0	0	0	0	0	0
24. Single:											
24.1 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
24.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
24.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded.....	(13,249,265)	0	(31,114,913)	14,977,591	0	8,694	0	2,879,364	0	0	0
25.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
25.3 Net ceded less assumed.....	(13,249,265)	0	(31,114,913)	14,977,591	0	8,694	0	2,879,364	0	0	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	(3,414,666)	0	(21,277,993)	14,975,270	0	8,694	0	2,879,364	0	0	0
26.2 Reinsurance assumed (Page 6, Line 22).....	0	0	0	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed.....	(3,414,666)	0	(21,277,993)	14,975,270	0	8,694	0	2,879,364	0	0	0
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single).....	122,801,312	0	119,520,209	23,157	0	3,257,945	1	0	0	0	0
28. Single.....	1,933,359	0	1,932,708	0	0	651	0	0	0	0	0
29. Renewal.....	35,574,021	0	15,487,468	17,528,927	0	131,197	156,743	2,269,679	0	6	0
30. Deposit-type contract funds.....	0	0	0	0	0	0	0	0	0	0	0
31. Totals (to agree with Page 6, Line 21).....	160,308,691	0	136,940,385	17,552,084	0	3,389,793	156,744	2,269,679	0	6	0

**WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO**  
**EXHIBIT 2 - GENERAL EXPENSES**

	Insurance				5 Investment	6 Total
	1 Life	Accident and Health		4 All Other Lines of Business		
		2 Cost Containment	3 All Other			
1. Rent.....	2,512,303	0	10,117	0	45,180	2,567,600
2. Salaries and wages.....	38,118,665	0	211,489	0	935,589	39,265,743
3.11 Contributions for benefit plans for employees.....	7,244,457	0	34,716	0	181,502	7,460,675
3.12 Contributions for benefit plans for agents.....	2,509	0	6,698	0	0	9,207
3.21 Payments to employees under non-funded benefit plans.....	0	0	7,236	0	0	7,236
3.22 Payments to agents under non-funded benefit plans.....	0	0	0	0	0	0
3.31 Other employee welfare.....	1,047,146	0	0	0	13,815	1,060,961
3.32 Other agent welfare.....	0	0	0	0	0	0
4.1 Legal fees and expenses.....	1,052,868	0	11,294	0	3,382	1,067,544
4.2 Medical examination fees.....	3,235,813	0	0	0	0	3,235,813
4.3 Inspection report fees.....	535,938	0	0	0	0	535,938
4.4 Fees of public accountants and consulting actuaries.....	109,740	0	0	0	17,408	127,148
4.5 Expense of investigation and settlement of policy claims.....	693,958	0	0	0	0	693,958
5.1 Traveling expenses.....	928,007	0	22,077	0	27,458	977,542
5.2 Advertising.....	62,543	0	1,824	0	0	64,367
5.3 Postage, express, telegraph and telephone.....	3,204,286	0	808	0	7,078	3,212,172
5.4 Printing and stationery.....	2,063,617	0	2,317	0	7,619	2,073,553
5.5 Cost or depreciation of furniture and equipment.....	222,814	0	0	0	77,596	300,410
5.6 Rental of equipment.....	29,967	0	0	0	196	30,163
5.7 Cost or depreciation of EDP equipment and software.....	7,860,466	0	9,200	0	0	7,869,666
6.1 Books and periodicals.....	39,250	0	75	0	1,669	40,994
6.2 Bureau and association fees.....	228,569	0	509	0	1,941	231,019
6.3 Insurance, except on real estate.....	1,367,447	0	0	0	9,961	1,377,408
6.4 Miscellaneous losses.....	2,491	0	0	0	0	2,491
6.5 Collection and bank service charges.....	314,330	0	1,921	0	3,863	320,114
6.6 Sundry general expenses.....	236,344	0	52	0	(3,372)	233,024
6.7 Group service and administration fees.....	0	0	0	0	0	0
6.8 Reimbursements by uninsured plans.....	0	0	0	0	0	0
7.1 Agency expense allowance.....	0	0	0	0	0	0
7.2 Agents' balances charged off (less \$.....0 recovered).....	328,666	0	0	0	0	328,666
7.3 Agency conferences other than local meetings.....	9,055	0	767	0	0	9,822
9.1 Real estate expenses.....	0	0	0	0	3,115,852	3,115,852
9.2 Investment expenses not included elsewhere.....	0	0	0	0	712,267	712,267
9.3 Aggregate write-ins for expenses.....	2,222,883	0	21,421	0	475,232	2,719,536
10. General expenses Incurred.....	73,674,132	0	342,521	0	5,634,236	(a) 79,650,889
11. General expenses unpaid December 31, prior year.....	6,303,562	0	0	0	12,018	6,315,580
12. General expenses unpaid December 31, current year.....	5,001,387	0	0	0	13,941	5,015,328
13. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0	0
14. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0	0	0
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14).....	74,976,307	0	342,521	0	5,632,313	80,951,141

**DETAILS OF WRITE-INS**

09.301. Agents' meetings, contests and awards.....	900,947	0	16,692	0	0	917,639
09.302. Investments services fees.....	5,882	0	3,180	0	475,232	484,294
09.303. Other professional fees.....	1,316,054	0	1,549	0	0	1,317,603
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	0	0	0	0	0	0
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....	2,222,883	0	21,421	0	475,232	2,719,536

(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	0	0	672,231	672,231
2. State insurance department licenses and fees.....	1,637,773	37,270	0	102,882	1,777,925
3. State taxes on premiums.....	13,585,499	223,083	0	0	13,808,582
4. Other state taxes, including \$.....0 for employee benefits.....	229,086	0	0	0	229,086
5. U.S. Social Security taxes.....	1,652,820	0	0	48,191	1,701,011
6. All other taxes.....	451,494	80,838	0	312	532,644
7. Taxes, licenses and fees incurred.....	17,556,672	341,191	0	823,616	18,721,479
8. Taxes, licenses and fees unpaid December 31, prior year.....	4,788,756	27,135	0	0	4,815,891
9. Taxes, licenses and fees unpaid December 31, current year.....	5,422,306	32,955	0	0	5,455,261
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	16,923,122	335,371	0	823,616	18,082,109

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums.....	4,514	0
2. Applied to shorten the endowment or premium-paying period.....	0	0
3. Applied to provide paid-up additions.....	729	0
4. Applied to provide paid-up annuities.....	0	0
5. Total Lines 1 through 4.....	5,243	0
6. Paid-in cash.....	1,860	0
7. Left on deposit.....	14,698	0
8. Aggregate write-ins for dividend or refund options.....	0	0
9. Total Lines 5 through 8.....	21,801	0
10. Amount due and unpaid.....	0	0
11. Provision for dividends or refunds payable in the following calendar year.....	0	0
12. Terminal dividends.....	0	0
13. Provision for deferred dividend contracts.....	0	0
14. Amount provisionally held for deferred dividend contracts not included in Line 13.....	0	0
15. Total Lines 10 through 14.....	0	0
16. Total from prior year.....	0	0
17. Total dividends or refunds (Lines 9 + 15 - 16).....	21,801	0

**DETAILS OF WRITE-INS**

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

## EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
<b>Life Insurance:</b>					
0100001. 01 CSO ALB 2.00% CRVM CNF (08-10, NB).....	249,279,631	0	235,767,142	0	13,512,489
0100002. 01 CSO ALB 4.00% CRVM CRF (06-10, NB).....	139,809,903	0	138,732,228	0	1,077,675
0100003. 01 CSO ALB 4.00% CRVM IDB (06-NB).....	24,778,215	0	24,588,162	0	190,054
0100004. 01 CSO ALB 4.00% NLP IDB (06-11).....	25,628	0	25,628	0	0
0100005. 01 CSO ALB 4.50% CRVM IDB (09,10).....	10,883,952	0	10,883,952	0	0
0100006. 01 CSO ANB 2.00% CRVM CNF (09-11).....	229,919	0	229,919	0	0
0100007. 01 CSO ANB 3.00% CRVM CNF (08-NB).....	3,436,385	0	3,401,963	0	34,423
0100008. 01 CSO ANB 4.00% CRVM CRF (11-NB).....	742,650	0	735,873	0	6,777
0100009. 130% 41 CSO ANB 3.00% NLP CRF (49-64).....	49,737	0	49,737	0	0
0100010. 41 CSO ANB 2.50% CRVM CRF (51-61).....	28,293	0	28,293	0	0
0100011. 41 CSO ANB 2.50% MOD CRF (59-61).....	58,722	0	58,722	0	0
0100012. 41 CSO ANB 3.00% CRVM CRF (48-65).....	3,626,481	0	3,626,481	0	0
0100013. 41 CSO ANB 3.00% NLP CRF (48-64).....	7,393	0	7,393	0	0
0100014. 41 CSO ANB 3.50% CRVM CRF (57-63).....	16,929	0	16,929	0	0
0100015. 58 CET ALB 3.50% CRVM CNF (78-86).....	1,982,595	0	1,982,595	0	0
0100016. 58 CET ANB 3.00% NLP CRF (64-85).....	111,328	0	111,328	0	0
0100017. 58 CET ANB 3.50% NLP CRF (77-88).....	228	0	228	0	0
0100018. 58 CSO ALB 3.50% CRVM CNF (78-87).....	2,162,874	0	2,162,874	0	0
0100019. 58 CSO ALB 3.50% CRVM CRF (78-86).....	93,248	0	93,248	0	0
0100020. 58 CSO ANB 2.50% CRVM CRF (62).....	11,207	0	11,207	0	0
0100021. 58 CSO ANB 3.00% CRVM CRF (57-84).....	4,874,324	0	4,874,324	0	0
0100022. 58 CSO ANB 3.00% MOD CRF (60-84).....	607,317	0	607,317	0	0
0100023. 58 CSO ANB 3.00% NLP CRF (58-00).....	149,322	0	149,322	0	0
0100024. 58 CSO ANB 3.50% CRVM CRF (72-96).....	365,486	0	365,486	0	0
0100025. 58 CSO ANB 3.50% NLP CRF (71-00).....	7,977	0	7,977	0	0
0100026. 58 CSO ANB 4.00% CRVM CNF (79-04).....	84,358	0	84,358	0	0
0100027. 58 CSO ANB 4.00% CRVM CRF (80-00).....	232,497	0	232,497	0	0
0100028. 58 CSO ANB 4.50% CRVM CRF (84-89).....	26,849,951	0	26,849,951	0	0
0100029. 80 CSO ALB 2.00% CRVM CNF (03-09, NB).....	281,464,034	0	281,464,034	0	0
0100030. 80 CSO ALB 4.00% CRVM CRF (06-08).....	23,969,479	0	23,969,479	0	0
0100031. 80 CSO ALB 4.00% CRVM IDB (00-09, NB).....	6,307,941	0	6,307,941	0	0
0100032. 80 CSO ALB 4.00% NLP IDB (06-NB).....	3,189	0	3,189	0	0
0100033. 80 CSO ALB 4.50% CRVM CRF (03-05).....	35,575,178	0	35,575,178	0	0
0100034. 80 CSO ALB 4.50% CRVM IDB (03-05).....	21,854,955	0	21,854,955	0	0
0100035. 80 CSO ALB 4.50% NLP IDB (04,05).....	953	0	953	0	0
0100036. 80 CSO ANB 3.00% CRVM CNF (99-09).....	198,806,074	0	198,806,074	0	0
0100037. 80 CSO ANB 4.00% CRVM (92-00).....	6,705,234	0	0	0	6,705,234
0100038. 80 CSO ANB 4.00% CRVM CNF (86-09).....	366,329,893	0	366,210,530	0	119,363
0100039. 80 CSO ANB 4.00% CRVM IDB (94-08).....	32,932,831	0	32,927,510	0	5,322
0100040. 80 CSO ANB 4.00% MOD (92,93).....	6,852,861	0	0	0	6,852,861
0100041. 80 CSO ANB 4.00% NLP CRF (86-90).....	26,738,218	0	26,738,218	0	0
0100042. 80 CSO ANB 4.50% CRVM CNF (99-06).....	868,418	0	868,418	0	0
0100043. 80 CSO ANB 5.50% MOD (91).....	1,927,013	0	0	0	1,927,013
0100044. ACCT BALANCE (91).....	58,549	0	0	0	58,549
0100045. Guaranteed Insurability Rider (04-NB).....	17,386	0	17,189	0	197
0199997. Totals (Gross).....	1,480,918,756	0	1,450,428,800	0	30,489,956
0199998. Reinsurance ceded.....	245,473,851	0	244,313,882	0	1,159,969
0199999. Totals (Net).....	1,235,444,905	0	1,206,114,918	0	29,329,987
<b>Annuities (excluding supplementary contracts with life contingencies):</b>					
0200001. 4.00% CARVM DEF (82-88).....	4,289,820	XXX	4,289,820	XXX	0
0200002. 4.25% MVRM DEF (10).....	4,393,832	XXX	4,384,787	XXX	9,045
0200003. 4.50% CARVM DEF (05-08,10).....	2,616,735	XXX	2,616,735	XXX	0
0200004. 4.50% MVRM DEF (05-08,10).....	13,959,134	XXX	13,959,134	XXX	0
0200005. 4.75% CARVM DEF (03,04,07,08).....	2,829,324	XXX	2,829,324	XXX	0
0200006. 4.75% MVRM DEF (04,07,08).....	8,973,890	XXX	8,904,000	XXX	69,890
0200007. 5.00% CARVM DEF (03,09,11).....	329,651	XXX	329,651	XXX	0
0200008. 5.25% CARVM DEF (05,06).....	457,042	XXX	457,042	XXX	0
0200009. 5.50% CARVM DEF (94,96,97,04,06-08).....	1,134,933	XXX	969,671	XXX	165,263
0200010. 5.75% CARVM DEF (93,04).....	96,933	XXX	0	XXX	96,933
0200011. 6.00% CARVM DEF (95,03,09).....	42,595,887	XXX	42,515,327	XXX	80,560
0200012. 6.25% CARVM DEF (92,98-00,03).....	19,026,624	XXX	18,941,882	XXX	84,742
0200013. 6.50% CARVM DEF (94,02).....	58,557,005	XXX	58,557,005	XXX	0
0200014. 6.75% CARVM DEF (91,94,96,97,01).....	20,542,563	XXX	19,149,782	XXX	1,392,780
0200015. 7.00% CARVM DEF (93,97,00).....	21,063,714	XXX	20,969,124	XXX	94,591
0200016. 7.25% CARVM DEF (93,95).....	3,896,908	XXX	3,024,507	XXX	872,401
0200017. 7.50% CARVM DEF (95).....	725,042	XXX	0	XXX	725,042
0200018. 7.75% CARVM DEF (92).....	3,847,362	XXX	3,847,362	XXX	0
0200019. 8.00% CARVM DEF (87,92).....	933,339	XXX	170,664	XXX	762,675
0200020. 8.25% CARVM DEF (90,91).....	8,572,348	XXX	8,572,348	XXX	0
0200021. 8.75% CARVM DEF (88,89,91).....	6,505,269	XXX	6,505,202	XXX	67
0200022. 9.25% CARVM DEF (86).....	224,457	XXX	224,457	XXX	0
0200023. 11.00% CARVM DEF (85).....	187,460	XXX	187,460	XXX	0

## EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
0200024. 11.25% CARVM DEF (81-84).....	1,696,246	XXX	1,696,246	XXX	0
0200025. 83 GAM 6.25% IMM ANB (03, NB).....	104,187	XXX	0	XXX	104,187
0200026. 83a 7.00% IMM (93).....	181,634	XXX	181,634	XXX	0
0200027. 83a 7.75% IMM (92).....	105,240	XXX	105,240	XXX	0
0200028. 83a 8.25% IMM (90,91).....	872,732	XXX	872,732	XXX	0
0200029. 83a 8.75% IMM (85-89).....	1,158,593	XXX	1,158,593	XXX	0
0200030. 94 GAR 5.50% IMM (07,08).....	192,758	XXX	0	XXX	192,758
0200031. 94 GAR 6.00% IMM (03).....	72,409	XXX	0	XXX	72,409
0200032. 94 GAR 6.75% IMM (01).....	121,139	XXX	0	XXX	121,139
0200033. ACCT VALUE DEF (64-00).....	2,962,025	XXX	2,962,025	XXX	0
0200034. AG43 Stochastic.....	271,719,197	XXX	271,719,197	XXX	0
0200035. GA CSV.....	330,209,955	XXX	330,209,955	XXX	0
0200036. Gtr of AV or CARVM (98-05).....	5,494,927	XXX	0	XXX	5,494,927
0299997. Totals (Gross).....	840,650,315	XXX	830,310,905	XXX	10,339,410
0299998. Reinsurance ceded.....	359,371,548	XXX	359,371,548	XXX	0
0299999. Totals (Net).....	481,278,767	XXX	470,939,357	XXX	10,339,410
<b>Supplementary Contracts with Life Contingencies:</b>					
0300001. 83a 5.75% IMM (96).....	13,410	0	13,410	0	0
0300002. 83a 6.00% IMM (97).....	26,608	0	26,608	0	0
0300003. 83a 6.50% IMM (94).....	43,482	0	43,482	0	0
0300004. 83a 6.75% IMM (96,97).....	219,544	0	219,544	0	0
0300005. 83a 7.00% IMM (93).....	35,042	0	35,042	0	0
0300006. 83a 7.25% IMM (95).....	43,068	0	43,068	0	0
0300007. 83a 7.75% IMM (92).....	29,050	0	29,050	0	0
0300008. 83a 8.00% IMM (87).....	28,946	0	28,946	0	0
0300009. 83a 8.25% IMM (90,91).....	77,070	0	77,070	0	0
0300010. 83a 8.75% IMM (71-89).....	102,790	0	102,790	0	0
0300011. a-2000 4.25% IMM (NB).....	865,312	0	865,312	0	0
0300012. a-2000 5.00% IMM (11).....	712,521	0	712,521	0	0
0300013. a-2000 5.25% IMM (05,06,10).....	1,878,450	0	1,878,450	0	0
0300014. a-2000 5.50% IMM (98,04,07,08).....	2,498,403	0	2,498,403	0	0
0300015. a-2000 6.00% IMM (99,03,09).....	624,025	0	624,025	0	0
0300016. a-2000 6.50% IMM (02).....	232,133	0	232,133	0	0
0300017. a-2000 6.75% IMM (01).....	61,197	0	61,197	0	0
0300018. a-2000 7.00% IMM (00).....	405,599	0	405,599	0	0
0399997. Totals (Gross).....	7,896,652	0	7,896,652	0	0
0399999. Totals (Net).....	7,896,652	0	7,896,652	0	0
<b>Accidental Death Benefits:</b>					
0400001. 59 ADB W/58 CSO 3.00% (59-00).....	8,399	0	8,399	0	0
0400002. 59 ADB W/58 CSO 3.00% IDB (04-NB).....	9,679	0	9,595	0	84
0400003. 59 ADB W/80 CSO 4.00% (94-07).....	3,468	0	3,465	0	3
0499997. Totals (Gross).....	21,546	0	21,459	0	87
0499999. Totals (Net).....	21,546	0	21,459	0	87
<b>Disability - Active Lives:</b>					
0500001. 52 DIS PRD 2 W/58 CSO 3.00% CRF (03-09).....	202,935	0	201,952	0	982
0500002. 52 DIS PRD 2 W/58 CSO 3.00% IDB (03-NB).....	78,696	0	78,101	0	596
0500003. 52 INTERCO DISA W/58 CSO 3.00% (60-93).....	63,857	0	63,857	0	0
0500004. 52 INTERCO DISA W/80 CSO 4.00% (94-07).....	788,800	0	788,800	0	0
0500005. 85 CIDA W/80 CSO 4.50% CRF (04-09).....	1,898,867	0	1,898,867	0	0
0599997. Totals (Gross).....	3,033,155	0	3,031,577	0	1,578
0599998. Reinsurance ceded.....	204,481	0	203,499	0	982
0599999. Totals (Net).....	2,828,674	0	2,828,078	0	596
<b>Disability - Disabled Lives:</b>					
0600001. 52 DIS PRD 2 W/58 CSO 3.00% (08).....	36,684	0	36,684	0	0
0600002. 52 INTERCO DISA 3.00% (58-09).....	4,915,929	0	4,915,929	0	0
0699997. Totals (Gross).....	4,952,613	0	4,952,613	0	0
0699998. Reinsurance ceded.....	12,631	0	12,631	0	0
0699999. Totals (Net).....	4,939,982	0	4,939,982	0	0
<b>Miscellaneous Reserves:</b>					
0700001. Asset Adequacy Analysis - Additional Reserve.....	0	0	0	0	0
0700002. For excess of valuation net premiums over gross premiums.....	22,152,197	0	21,984,201	0	167,996
0700003. For non-deduction of deferred fractional premiums.....	1,395,320	0	1,389,777	0	5,543
0700004. Immediate Payment of Claims.....	3,981,934	0	3,960,354	0	21,581
0700005. Market Value of EIUL Option.....	28,556,122	0	27,612,208	0	943,913
0700006. Persistency Bonus.....	786,637	0	0	0	786,637
0700007. Substandard Extra.....	360,989	0	356,136	0	4,852
0700008. VL-GMDB.....	12,383,136	0	12,371,416	0	11,721
0799997. Totals (Gross).....	69,616,335	0	67,674,092	0	1,942,243
0799998. Reinsurance ceded.....	20,007,180	0	19,848,505	0	158,675
0799999. Totals (Net).....	49,609,155	0	47,825,587	0	1,783,568
9999999. Totals (Net) - Page 3, Line 1.....	1,782,019,681	0	1,740,566,033	0	41,453,648

### EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes  No
- 1.2 If not, state which kind is issued
  
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes  No
- 2.2 If not, state which kind is issued
  
- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes  No   
 If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.
  
- 4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state: Yes  No 
  - 4.1 Amount of insurance: \$.....0
  - 4.2 Amount of reserve: \$.....0
  - 4.3 Basis of reserve:
  
  - 4.4 Basis of regular assessments:
  
  - 4.5 Basis of special assessments:
  
  - 4.6 Assessments collected during year: \$.....0
- 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
  
- 6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? Yes  No 
  - 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$.....0
  
  - 6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$.....0  
 Attach statement of methods employed in their valuation.
  
- 7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes  No 
  - 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$.....0
  - 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:
  
  - 7.3 State the amount of reserves established for this business: \$.....0
  - 7.4 Identify where the reserves are reported in the blank.
  
- 8. Does the reporting entity have any Contingent Deferred Annuity contracts or agreements in effect as of December of the current year? Yes  No 
  - 8.1 If yes, state the total dollar amount of account value covered by these contracts or agreements. \$.....0
  - 8.2 State the amount of reserves established for this business. \$.....0
  - 8.3 Identify where the reserves are reported in the blank.
  
- 9. Does the reporting entity have any Guaranteed Lifetime Income Benefit contracts, agreements or riders in effect as of December 31 of the current year? Yes  No 
  - 9.1 If yes, state the total dollar amount of any account value associated with these contracts, agreements or riders. \$.....1,355,870,986
  - 9.2 State the amount of reserves established for this business. \$.....40,029,264
  - 9.3 Identify where the reserves are reported in the blank.  
 Exhibit 5

### 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 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non- Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
<b>ACTIVE LIFE RESERVE</b>									
1. Unearned premium reserves.....	0	0	0	0	0	0	0	0	0
2. Additional contract reserves (a).....	0	0	0	0	0	0	0	0	0
3. Additional actuarial reserves - Asset/Liability analysis.....	0	0	0	0	0	0	0	0	0
4. Reserve for future contingent benefits.....	0	0	0	0	0	0	0	0	0
5. Reserve for rate credits.....	0	0	0	0	0	0	0	0	0
6. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
7. Totals (Gross).....	0	0	0	0	0	0	0	0	0
8. Reinsurance ceded.....	0	0	0	0	0	0	0	0	0
9. Totals (Net).....	0	0	0	0	0	0	0	0	0
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims.....	7,155,300	7,155,300	0	0	0	0	0	0	0
11. Additional actuarial reserves - Asset/Liability analysis.....	0	0	0	0	0	0	0	0	0
12. Reserve for future contingent benefits.....	0	0	0	0	0	0	0	0	0
13. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
14. Totals (Gross).....	7,155,300	7,155,300	0	0	0	0	0	0	0
15. Reinsurance ceded.....	6,191,858	6,191,858	0	0	0	0	0	0	0
16. Totals (Net).....	963,442	963,442	0	0	0	0	0	0	0
17. TOTALS (Net).....	963,442	963,442	0	0	0	0	0	0	0
18. TABULAR FUND INTEREST.....	0	0	0	0	0	0	0	0	0

**DETAILS OF WRITE-INS**

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

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

**EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS**

	1 Total	2 Guaranteed Interest Contracts	3 Annuities Certain	4 Supplemental Contracts	5 Dividend Accumulations or Refunds	6 Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance.....	13,018,247	0	74,529	6,787,222	1,315,158	4,841,338
2. Deposits received during the year.....	5,539,152	0	0	5,180,279	14,698	344,175
3. Investment earnings credited to the account.....	498,065	0	3,970	411,524	44,047	38,524
4. Other net change in reserves.....	(238,840)	0	11,045	(249,885)	0	0
5. Fees and other charges assessed.....	53,990	0	0	53,990	0	0
6. Surrender charges.....	0	0	0	0	0	0
7. Net surrender or withdrawal payments.....	4,115,401	0	19,724	2,184,977	84,317	1,826,383
8. Other net transfers to or (from) Separate Accounts.....	0	0	0	0	0	0
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	14,647,233	0	69,821	9,890,173	1,289,586	3,397,654
10. Reinsurance balance at the beginning of the year.....	0	0	0	0	0	0
11. Net change in reinsurance assumed.....	0	0	0	0	0	0
12. Net change in reinsurance ceded.....	0	0	0	0	0	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).....	14,647,233	0	69,821	9,890,173	1,289,586	3,397,654

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

### PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct.....	0	0	0	0	0	0	0	0	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	0	0	0	0	0	0	0	0	0	0	0
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	318,000	0	318,000	0	0	0	0	0	0	0	0
2.12 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
2.13 Reinsurance ceded.....	317,000	0	317,000	0	0	0	0	0	0	0	0
2.14 Net.....	1,000	0	(b).....1,000	(b).....0	0	(b).....0	(b).....0	0	0	0	0
2.2 Other:											
2.21 Direct.....	30,457,605	0	27,967,759	2,189,846	0	0	300,000	0	0	0	0
2.22 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
2.23 Reinsurance ceded.....	11,009,317	0	9,655,450	1,262,950	0	0	90,918	0	0	0	0
2.24 Net.....	19,448,288	0	(b).....18,312,309	(b).....926,896	0	(b).....0	(b).....209,082	0	(b).....0	(b).....0	(b).....0
3. Incurred but unreported:											
3.1 Direct.....	14,096,685	0	13,303,770	491,369	0	0	301,547	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	7,207,052	0	6,784,605	225,140	0	0	197,308	0	0	0	0
3.4 Net.....	6,889,633	0	(b).....6,519,165	(b).....266,229	0	(b).....0	(b).....104,239	0	(b).....0	(b).....0	(b).....0
4. Totals:											
4.1 Direct.....	44,872,290	0	41,589,529	2,681,215	0	0	601,547	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	18,533,369	0	16,757,055	1,488,090	0	0	288,225	0	0	0	0
4.4 Net.....	26,338,921	(a).....0	(a).....24,832,474	1,193,125	0	0	(a).....313,322	0	0	0	0

(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 \$.....4,939,982, 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 \$.....963,442, 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.....	237,476,351	0	175,005,901	48,712,626	2,238,541	0	3,024,562	71,756	8,422,966	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	138,073,095	0	101,272,146	27,247,073	0	0	2,002,054	0	7,551,822	0	0
1.4 Net..... (d)	99,403,257	0	73,733,755	21,465,553	2,238,541	0	1,022,508	71,756	871,144	0	0
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	44,872,290	0	41,589,529	2,681,215	0	0	601,547	0	0	0	0
2.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded.....	18,533,369	0	16,757,055	1,488,090	0	0	288,225	0	0	0	0
2.4 Net.....	26,338,921	0	24,832,474	1,193,125	0	0	313,322	0	0	0	0
3. Amounts recoverable from reinsurers December 31, current year.....	3,358,354	0	3,358,354	0	0	0	0	0	0	0	0
4. Liability December 31, prior year:											
4.1 Direct.....	52,457,947	0	48,331,820	3,532,994	0	0	593,133	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	23,143,964	0	20,947,499	1,916,414	0	0	280,051	0	0	0	0
4.4 Net.....	29,313,983	0	27,384,321	1,616,580	0	0	313,082	0	0	0	0
5. Amounts recoverable from reinsurers December 31, prior year.....	1,851,415	0	1,851,415	0	0	0	0	0	0	0	0
6. Incurred benefits:											
6.1 Direct.....	229,890,694	0	168,263,610	47,860,847	2,238,541	0	3,032,975	71,756	8,422,966	0	0
6.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	134,969,439	0	98,588,641	26,818,749	0	0	2,010,228	0	7,551,822	0	0
6.4 Net.....	94,921,255	0	69,674,969	21,042,098	2,238,541	0	1,022,747	71,756	871,144	0	0

(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 \$.....22,545 in Line 1.1, \$.....22,545 in Line 1.4, \$.....22,545 in Line 6.1 and \$.....22,545 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 \$.....226,520 premiums waived under total and permanent disability benefits.

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0
9. Receivables for securities.....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued.....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	26,838	673	(26,165)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	6,879	0	(6,879)
16.2 Funds held by or deposited with reinsured companies.....	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
18.2 Net deferred tax asset.....	97,051,412	87,896,029	(9,155,383)
19. Guaranty funds receivable or on deposit.....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0
24. Health care and other amounts receivable.....	30,713,811	30,061,088	(652,723)
25. Aggregate write-ins for other than invested assets.....	324,024	246,269	(77,755)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	128,122,964	118,204,059	(9,918,905)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. TOTALS (Lines 26 and 27).....	128,122,964	118,204,059	(9,918,905)

## DETAILS OF WRITE-INS

1101. ....	0	0	0
1102. ....	0	0	0
1103. ....	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Accounts receivable.....	104,331	86,775	(17,556)
2502. Investment receivable.....	219,693	151,644	(68,049)
2503. Other assets nonadmitted.....	0	7,850	7,850
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).....	324,024	246,269	(77,755)

**NOTES TO FINANCIAL STATEMENTS**

## 1. Summary of Significant Accounting Policies

## A. Accounting Practices

The financial statements of the Company are presented on the basis of accounting practices prescribed by the Ohio Department of Insurance. The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operation of an insurance company for determining its solvency under Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

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

	<u>State of Domicile</u>	<u>2012</u>	<u>2011</u>
Net Income (Loss), State of Ohio Basis	OH	\$ 129,995,533	\$ (11,946,401)
State Prescribed Practices	OH	0	0
State Permitted Practices	OH	0	0
Net Income (Loss), NAIC SAP	OH	<u>\$ 129,995,533</u>	<u>\$ (11,946,401)</u>
Statutory Surplus, State of Ohio Basis	OH	\$ 319,235,174	\$ 275,198,023
State Prescribed Practices	OH	0	0
State Permitted Practices	OH	0	0
Statutory Surplus, NAIC SAP	OH	<u>\$ 319,235,174</u>	<u>\$ 275,198,023</u>

## 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 periods of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or 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 accounted for in the same manner as similar long-term investments. Investments in money market funds are reported in accordance with the guidance in the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO).
- (2) Investments in bonds not backed by other loans are stated at amortized cost using the scientific interest method, except those with a NAIC designation 6, which are stated at the lower of amortized cost or fair value.
- (3) Investments in common stocks are stated at fair value, except those investments in stocks of uncombined subsidiaries and affiliates, which are valued using applicable methods outlined in the Purposes and Procedures Manual of the NAIC SVO.
- (4) The Company had no investments in preferred stock during 2012 or 2011.
- (5) The statement value of mortgage loans is equal to the unpaid aggregate loan balance adjusted for purchase discounts or premiums, less a valuation allowance for impaired loans and/or any non-admitted amounts recognized for statutory purposes, if applicable.
- (6) Investments in loan-backed securities are stated at amortized cost, except those with an initial NAIC designation of 6, which are stated at the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities unless the security has been impaired.
- (7) Investments in subsidiaries, controlled and affiliated (SCA) companies are stated in accordance with the Purposes and Procedures Manual of the NAIC SVO as well as Statement of Statutory Accounting Principles (SSAP) No. 97 - *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*. At December 31, 2012, the Company held the following percentages of outstanding shares of common stock in non-insurance SCA companies:

<u>Percent</u>	<u>Company</u>
77.00%	Transamerica Asset Management, Inc.
44.13%	Transamerica Fund Services, Inc.
100.00%	World Financial Group Insurance Agency, Inc.
100.00%	Intersecurities Insurance Agency, Inc.

Transamerica Asset Management, Inc. is carried at audited GAAP equity. The remaining non-insurance SCA companies are carried at a value of zero, as they are unaudited.

- (8) The accounting policies of the insurer with respect to investments in joint ventures, partnerships and limited liability companies follow the guidance as outlined in SSAP No. 48 - *Joint Ventures, Partnerships and Limited Liability Companies*, and SSAP No. 97 of the NAIC Accounting Practices and Procedures Manual.
- (9) All derivatives are stated as outlined in Note 8.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54 - *Individual and Group Accident and Health Contracts*.
- (11) Liabilities for losses and loss/claim adjustment expenses for accident and health contracts are estimated by the Company's divisional actuaries using statistical claim development models to develop best estimates for medical expense business and using tabular reserves employing mortality/morbidity tables and discount rates meeting minimum regulatory requirements for other business.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) Method used to estimate pharmaceutical rebate receivables - Not Applicable

## 2. Accounting Changes and Corrections of Errors

## A. Material Changes in Accounting Principles and/or Correction of Errors

Effective December 31, 2012, the Company adopted non-substantive revisions to SSAP No. 86, *Accounting for Derivative Instruments and Hedging Activities*, (SSAP No. 86) to require disclosure of embedded credit derivatives within a financial instrument that expose the holder to the possibility of making future payments, and adopted guidance from Accounting Standards Update (ASU) 2010-11, *Derivatives and Hedging (Topic 815) - Scope Exception Related to Embedded Credit Derivatives*, to clarify that seller credit derivative disclosures do not apply to embedded derivative features related to the transfer of credit risk that is only in the form of subordination of one financial instrument to another. The adoption of these revisions had no impact to the Company's results of operation or financial position.

---

## NOTES TO FINANCIAL STATEMENTS

---

Effective December 31, 2012, the Company adopted non-substantive revisions to SSAP No. 27, *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk, Financial Instruments with Concentrations of Credit Risk and Disclosures about Fair Value of Financial Instruments*, which clarifies that embedded derivatives, which are not separately recognized as derivatives under statutory accounting, are included in the disclosures of financial instruments with off-balance-sheet risk. The adoption of this revision had no impact to the Company's results of operation or financial position.

Effective December 31, 2012, the Company adopted non-substantive revisions to SSAP No. 86 to move one aspect of the criteria for a hedged forecasted transaction and incorporate it as criteria for a fair value hedge. The adoption of this revision had no impact to the Company's results of operation or financial position.

Effective December 31, 2012, the Company adopted non-substantive revisions to SSAP No. 27, *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk, Financial Instruments with Concentrations of Credit Risk and Disclosures about Fair Value of Financial Instruments*, which clarifies that embedded derivatives, which are not separately recognized as derivatives under statutory accounting, are included in the disclosures of financial instruments with off-balance-sheet risk. The adoption of this revision had no impact to the Company's results of operation or financial position.

Effective December 31, 2012, the Company adopted non-substantive revisions to SSAP No. 1, *Disclosure of Accounting Policies, Risks and Uncertainties and Other Disclosures*, to require reference to Note 1, Summary of Significant Accounting Policies, in each applicable financial statement note if the amount reported in the financial statement note has been adjusted by a prescribed or permitted practice. The adoption of this requirement had no impact to the Company's results of operation or financial position.

Effective January 1, 2012, the Company began computing current and deferred income taxes in accordance with SSAP No. 101, *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10*. This statement establishes statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. The effect of this statement was not material to the financial statements.

For interim and annual periods of 2011, the Company adopted SSAP No. 10R – *Income Taxes – Revised, A Temporary Replacement of SSAP No. 10* (SSAP No. 10R). This statement established statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. The SSAP temporarily superseded SSAP No. 10 – *Income Taxes*. SSAP No. 10R allowed an entity to elect to admit additional deferred tax assets (DTAs) utilizing a three year loss carryback provision, plus the lesser of a look-forward of three years on gross DTA's expected to be realized or 15% of statutory capital and surplus if the entity's risk-based capital is above the 250% risk-based capital level where an action level could occur as a result of a trend test utilizing the old SSAP No. 10 provisions to calculate the DTA. Prior to the adoption of SSAP No. 10R, the admitted DTA was calculated by taking into consideration a one year loss carryback and look-forward on gross DTA's that can be expected to be realized and a 10% capital and surplus limit on the admitted amount of the DTA. The Company elected to admit additional deferred tax assets pursuant to SSAP No. 10R and as a result, the cumulative effect of the adoption of this standard was the difference between the calculation of the admitted DTA per SSAP 10R and the old SSAP No. 10 methodology at December 31, 2011. This change in accounting principle increased surplus by a net amount of \$ 67,503,273 at December 31, 2011, which has been recorded in the capital section of the balance sheet as an aggregate write-in for other than special surplus funds.

Effective January 1, 2012, the Company adopted revisions to SSAP No. 100, *Fair Value Measurements*. These revisions require new disclosures of fair value hierarchy and the method used to obtain the fair value measurement, a new footnote that summarizes hierarchy levels by type of financial instrument, and gross presentation of purchases, sales, issues and settlements within the reconciliation for fair value measurements categorized within Level 3 of the hierarchy. The adoption of these revisions had no impact to the Company's results of operation or financial position.

Effective December 31, 2011, the Company adopted non-substantive revisions to SSAP No. 100, *Fair Value Measurements*, to incorporate the provisions of Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*. This revision required, for annual statutory financial statements only, a new disclosure for assets and liabilities for which fair value is not measured and reported in the statement of financial position but is otherwise disclosed. The adoption of these revisions had no impact to the Company's results of operation or financial position.

Effective December 31, 2011, the Company adopted SSAP No. 5R, *Liabilities, Contingencies and Impairments of Assets – Revised*. The revisions required the Company to recognize a liability equal to the fair value of the guarantee at its inception, even if the likelihood of payment under the guarantee was remote. Additional disclosures were also required for guarantees. Guarantees made to/or on behalf of a wholly-owned subsidiary and related party guarantees that are considered "unlimited" (for example, in response to a rating agency's requirement to provide a commitment to support) were exempt from the initial liability recognition, but were subject to the new disclosure requirements. The adoption of this accounting principle had no material impact to the Company's results of operations or financial position and did not require additional disclosures regarding these guarantees.

Effective December 31, 2011, the Company adopted non-substantive changes to SSAP No. 32, *Investments in Preferred Stock (including investments in preferred stock of subsidiary, controlled, or affiliated entities)*. The amendment was made to clarify the definition of preferred stock. Under the revised SSAP No. 32, a preferred stock is defined as any class or series of shares the holders of which have any preference, either as to the payment of dividends or distribution of assets on liquidation, over the holder of common stock [as defined in SSAP No. 30, *Investments in Common Stock (excluding investments in common stock of subsidiary, controlled, or affiliated entities)*] issued by an entity. The revised definition had no impact to the Company.

Effective January 1, 2011, the Company adopted SSAP No. 35R, *Guaranty Fund and Other Assessments – Revised*. This statement modified the conditions required for recognizing a liability for insurance-related assessments and required additional disclosures to be made in the Notes to the Financial Statements. The adoption of this accounting principle had no financial impact to the Company.

Effective January 1, 2011, the Company adopted revisions to certain paragraphs of SSAP No. 43R, *Loan-backed and Structured Securities* to clarify the accounting for gains and losses between AVR and IMR. The revisions clarified that an AVR/IMR bifurcation analysis should be performed when 43R securities are sold (not just as a result of impairment). These changes were applied on a prospective basis and had no financial impact to the Company upon adoption.

Effective January 1, 2011, the Company adopted revisions to SSAP No. 43R, *Loan-backed and Structured Securities* to clarify the definitions of loan-backed and structured securities. The clarified guidance was applied prospectively and had no financial impact to the Company upon adoption.

3. Business Combinations and Goodwill
  - A. Statutory Purchase Method - Not Applicable
  - B. Statutory Merger - Not Applicable
  - C. Assumption Reinsurance - Not Applicable
  - D. Impairment Loss - Not Applicable
4. Discontinued Operations - None

**NOTES TO FINANCIAL STATEMENTS**

## 5. Investments

## A. Mortgage Loans

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

	<u>Max</u>	<u>Min</u>
Commercial	3.75%	3.70%
Agricultural	N/A	N/A
Residential	N/A	N/A

- (2) During 2012, the Company reduced interest rates on outstanding mortgages as follows:

3%	\$0	0 Loan(s)
2%	\$0	0 Loan(s)
1%	\$0	0 Loan(s)

- (3) The maximum percentage of any one admitted loan to the value of the security (exclusive of insured or guaranteed or purchase money mortgages) originated in the year ended December 31, 2012 at the time of origination was 70%.

As of Year End:	<u>Current Year</u>	<u>Prior Year</u>
(4) The Company held net admitted asset value of mortgages with interest more than 180 days past due	\$0	\$0
The amount of interest overdue on these mortgages equals	\$0	\$0
(5) Taxes, assessments and other amounts advanced and not included in the mortgage loan total	\$0	\$0
(6) The net admitted asset value in impaired loans with a related allowance for credit losses	\$0	\$0
The amount of allowance for credit losses	\$0	\$0
(7) Impaired mortgage loans without an allowance for credit losses	\$0	\$0
(8) Average recorded net admitted asset value of impaired loans	\$0	\$0
(9) The amount of interest income that was recognized on impaired loans	\$0	\$0
(10) Amount of interest income that was recognized on a cash basis on impaired loans	\$0	\$0
(11) Allowance for Credit Losses:		
Balance at beginning of period	\$0	\$0
Additions charged to operations	\$0	\$0
Direct write-downs charged against the allowances	\$0	\$0
Recoveries of amounts previously charged off	\$0	\$0
Balance at end of period	\$0	\$0

- (12) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 91 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.

## B. Debt Restructuring

	Current Year	Prior Year
(1) The total recorded investment in restructured loans, as of year end	\$ <u>117,576</u>	\$ <u>-</u>
(2) The realized capital losses related to these loans	\$ <u>33,866</u>	\$ <u>-</u>
(3) Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	\$ <u>-</u>	\$ <u>-</u>
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible delinquent less than 91 days and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis. As part of the reserve process, management assesses whether impaired loans need to be placed on a non-accrual status.		

## C. Reverse Mortgages - None

## D. Loan-Backed Securities

- (1) Prepayment assumptions were obtained from BlackRock or Bloomberg prepayment models. If assumptions were not available from these sources, internal estimates were used.

**NOTES TO FINANCIAL STATEMENTS**

- (2) The following table provides the aggregated totals for loan-backed securities with a recognized other-than-temporary impairment due to intent to sell or lack of intent and ability to hold in which the security is written down to fair value:

	1 Amortized Cost Basis Before Other-than- Temporary Impairment	2 Other-than-Temporary Impairment Recognized in Loss		3 Fair Value 1 – (2a + 2b)
		2a Interest	2b Non-interest	
OTTI recognized 1st Quarter				
a. Intent to sell	\$ -	\$ -	\$ -	\$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-	-
c. Total 1st Quarter	\$ -	\$ -	\$ -	\$ -
OTTI recognized 2nd Quarter				
d. Intent to sell	\$ -	\$ -	\$ -	\$ -
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-	-
f. Total 2nd Quarter	\$ -	\$ -	\$ -	\$ -
OTTI recognized 3rd Quarter				
g. Intent to sell	\$ -	\$ -	\$ -	\$ -
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-	-
i. Total 3rd Quarter	\$ -	\$ -	\$ -	\$ -
OTTI recognized 4th Quarter				
j. Intent to sell	\$ -	\$ -	\$ -	\$ -
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	8,121,507	-	116,760	8,004,747
l. Total 4th Quarter	\$ 8,121,507	\$ -	\$ 116,760	\$ 8,004,747
m. Aggregate Total	XXX	\$ -	\$ 116,760	XXX

**NOTES TO FINANCIAL STATEMENTS**

- (3) The following loan-backed and structured securities were held at December 31, 2012, for which other-than-temporary impairment has been previously recognized:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than-Temporary Impairment	Amortized Cost After Other-Than-Temporary Impairment	Fair Value at Time of OTTI	Date of Financial Statement Where Reported
35729PPC8	\$ 8,534,499	\$ 4,351,814	\$ 4,182,685	\$ 4,351,814	\$ 144,965	3Q 2009
74925FAA1	315,521	301,376	14,145	301,376	279,467	1Q 2010
52522QAM4	1,409,289	1,348,219	61,071	1,348,219	961,072	2Q 2010
65536PAA8	102,698	96,878	5,820	96,878	88,271	2Q 2010
65536PAA8	56,930	52,461	4,469	52,461	49,314	3Q 2010
75970QAH3	2,000,000	1,819,600	180,400	1,819,600	1,080,760	3Q 2010
52522QAM4	1,233,665	1,221,895	11,770	1,221,895	940,895	4Q 2010
74925FAA1	262,340	252,407	9,933	252,407	247,999	4Q 2010
12668WAC1	999,995	976,108	23,886	976,108	529,517	1Q 2011
12668WAC1	961,823	941,722	20,101	941,722	470,608	2Q 2011
65536PAA8	39,819	38,905	914	38,905	21,801	2Q 2011
75970QAH3	1,731,135	1,671,890	59,245	1,671,890	1,055,328	2Q 2011
12668WAC1	927,437	922,900	4,537	922,900	418,087	3Q 2011
65536PAA8	37,986	36,998	989	36,998	18,145	3Q 2011
75970QAH3	1,638,898	1,619,400	19,498	1,619,400	940,594	3Q 2011
12668WAC1	908,615	888,800	19,815	888,800	393,592	4Q 2011
52522QAM4	1,069,680	1,000,742	68,938	1,000,742	794,226	4Q 2011
65536PAA8	36,306	35,918	387	35,918	14,848	4Q 2011
74925FAA1	217,529	210,247	7,281	210,247	201,859	4Q 2011
75970QAH3	1,588,385	1,577,000	11,385	1,577,000	902,768	4Q 2011
65536PAA8	35,536	34,938	598	34,938	16,469	1Q 2012
75970QAH3	1,545,985	1,536,600	9,385	1,536,600	909,538	1Q 2012
35729PPC8	4,247,205	4,217,188	30,017	4,217,188	180,989	2Q 2012
52522QAM4	940,424	927,393	13,031	927,393	789,020	2Q 2012
65536PAA8	34,545	32,168	2,377	32,168	15,613	2Q 2012
74925FAA1	193,860	192,798	1,062	192,798	191,670	2Q 2012
75970QAH3	1,507,878	1,498,532	9,346	1,498,532	884,340	2Q 2012
65536PAA8	31,222	30,282	940	30,282	18,227	3Q 2012
35729PPC8	4,195,134	4,011,873	183,261	4,011,873	236,547	4Q 2012
75970QAH3	1,440,300	1,427,156	13,145	1,427,156	1,104,230	4Q 2012
86363VAA9	8,121,507	8,004,747	116,760	8,004,747	8,004,747	4Q 2012
759950FJ2	950,198	946,527	3,672	946,527	224,451	4Q 2012
Total	xxx	xxx	\$ 5,090,863	\$ xxx	xxx	xxx

- (4) The unrealized losses of loan-backed and structured securities where fair value is less than cost or amortized cost for which an other-than-temporary impairment has not been recognized in earnings as of December 31, 2012 are as follows:

a. Aggregate amount of unrealized losses:			
1.	Less than 12 Months	\$	34,996
2.	12 Months or Longer	\$	11,568,378
b. Aggregate related fair value of securities with unrealized losses:			
1.	Less than 12 Months	\$	4,056,304
2.	12 Months or Longer	\$	34,849,909

E. Repurchase Agreements and/or Securities Lending Transactions

- (1) The Company did not participate in repurchase agreements during 2012 or 2011.

For securities lending agreements, the Company receives collateral equal to 102% of the fair value of the loaned domestic securities as of transaction date. If the fair value of the collateral is at any time less than 102% of the fair value of the loaned securities, the counterparty is mandated to deliver additional collateral, the fair value of which, together with the collateral already held in connection with the lending transaction, is at least equal to 102% of the fair value of the loaned government or domestic securities. In the event the Company loans a foreign security and the denomination of the currency of the collateral is other than the denomination of the currency of the loaned foreign security, the Company receives and maintains collateral equal to 105% of the fair market value of the loaned security. The collateral the Company received from securities lending activities was in the form of cash and on open terms. This cash collateral is reinvested and is not available for general corporate purposes. This program is conforming per the criteria set forth in the RBC calculation instructions.

At December 31, 2012 and December 31, 2011, securities with a fair value of \$81,764,323 and \$86,663,079, respectively, were on loan under security lending agreements as part of the program.

For dollar repurchase agreements, the Company receives cash collateral in an amount at least equal to the fair value of the securities transferred by the Company as of the transaction date. Cash received as collateral will be invested as needed or used for general corporate purposes of the Company. At December 31, 2012 and December 31, 2011, the Company had dollar repurchase agreements outstanding in the amount of \$25,986,328 and \$4,976,769, respectively.

- (2) See Note 21.C. for disclosure of assets pledged as collateral.

---



---

## NOTES TO FINANCIAL STATEMENTS

---



---

## (3) Collateral Received

## a. Aggregate Amount Cash Collateral Received

	(1) Fair Value
1. Repurchase Agreement	
(a) Open	\$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	<u>\$ -</u>
(g) Securities Received	-
(h) Total Collateral Received	<u><u>\$ -</u></u>
2. Securities Lending	
(a) Open	\$ 84,932,180
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	<u>\$ 84,932,180</u>
(g) Securities Received	-
(h) Total Collateral Received	<u><u>\$ 84,932,180</u></u>
3. Dollar Repurchase Agreement	
(a) Open	\$ 25,986,328
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	<u>\$ 25,986,328</u>
(g) Securities Received	-
(h) Total Collateral Received	<u><u>\$ 25,986,328</u></u>

## b. Aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral)

	\$ 84,803,773
--	---------------

c. The Company receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The Company reinvests the cash collateral into higher yielding securities than the securities which the Company has lent to other entities under the arrangement.

(4) All of the reinvested collateral has been "one-line" reported on the Company's balance sheet.

**NOTES TO FINANCIAL STATEMENTS**

## (5) Collateral Reinvestment

## a. Aggregate Amount Cash Collateral Reinvested

	(1) Amortized Cost	(2) Fair Value
<b>1. Repurchase Agreement</b>		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2-3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	<u>\$ -</u>	<u>\$ -</u>
(l) Securities Received	-	-
(m) Total Collateral Reinvested	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>2. Securities Lending</b>		
(a) Open	\$ 6,227,401	\$ 6,227,401
(b) 30 Days or Less	37,000,999	37,001,374
(c) 31 to 60 Days	15,776,598	15,764,618
(d) 61 to 90 Days	14,494,248	14,494,248
(e) 91 to 120 Days	5,926,739	5,927,267
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2-3 Years	5,472,607	5,388,865
(j) Greater Than 3 Years	-	-
(k) Sub-Total	<u>\$ 84,898,592</u>	<u>\$ 84,803,773</u>
(l) Securities Received	-	-
(m) Total Collateral Reinvested	<u><u>\$ 84,898,592</u></u>	<u><u>\$ 84,803,773</u></u>
<b>3. Dollar Repurchase Agreement</b>		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2-3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	<u>\$ -</u>	<u>\$ -</u>
(l) Securities Received	-	-
(m) Total Collateral Reinvested	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

- b. The Company's sources of cash that it uses to return the cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the Company has securities with a par value of \$84,863,438 (fair value of \$84,803,773) that are currently tradable securities that could be sold and used to pay for the \$84,932,180 collateral calls that could come due under a worst-case scenario.

## F. Real Estate – None

## G. Investments in Low-Income Housing Tax Credits

For the year ending December 31, 2012, the Company had ownership interest in five Low Income Housing Tax Credit Investments. The remaining years of unexpired tax credits ranged from three to nine, and none of the properties were subject to regulatory review. The length of time remaining for holding periods ranged from three to fourteen years. There are no contingent equity commitments expected to be paid in the future. There were no impairment losses, write-downs, or reclassifications during the year related to any of these credits.

## 6. Joint Ventures, Partnerships, and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement period.
- C. The Company had contingent commitments of \$0 and \$392,373 as of December 31, 2012 and 2011, respectively, to provide additional funding for various Joint Ventures, Partnerships and Limited Liability Companies, which includes LIHTC commitments disclosed in Note 5G.

## 7. Investment Income

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

Due and accrued interest income was excluded when collection seemed uncertain or payment exceeded 90 days past due, with the exception of mortgage loans in default.

- B. There were no amounts excluded for bonds, mortgage loans or real estate for either 2012 or 2011.

---

**NOTES TO FINANCIAL STATEMENTS**

---

**8. Derivative Instruments**

The accounting for derivatives complies with the guidance as outlined in SSAP No. 86 - *Accounting for Derivative Instruments and Hedging Activities*.

**Overview:**

The Company may use various derivative instruments (options, caps, floors, swaps, foreign currency forwards, and futures) to manage risks related to its ongoing business operations. On the transaction date of the derivative instrument, the Company designates the derivative as either (A) Hedging (fair value, foreign currency fair value, cash flow, foreign currency cash flow, forecasted transactions, or net investment in a foreign operation), (B) Replication, (C) Income Generation, or (D) held for other investment/risk management activities, which do not qualify for hedge accounting under SSAP 86.

Derivative instruments used in hedging relationships are accounted for on a basis that is consistent with the hedged item (amortized cost or fair value). Derivative instruments used in replication relationships are accounted for on a basis that is consistent with the cash instrument and the replicated asset (amortized cost or fair value). Derivative instruments used in income generation relationships are accounted for on a basis that is consistent with the associated covered asset or underlying interest to which the derivative indicates (amortized cost or fair value). Derivative instruments held for other investment/risk management activities receive fair value accounting.

Derivative instruments are subject to market risk, which is the possibility that future changes in market prices may make the instruments less valuable. The Company uses derivatives as hedges; consequently, when the value of the derivative changes, the value of a corresponding hedged asset or liability will move in the opposite direction. Market risk is a consideration when changes in the value of the derivative and the hedged item do not completely offset (correlation or basis risk) which is mitigated by active measuring and monitoring.

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit rating of 'A' or better. The credit exposure of interest rate swaps and currency swaps is represented by the fair value of contracts, aggregated at a counterparty level, with a positive fair value at the reporting date. The Company has entered into collateral agreements with certain counterparties wherein the counterparty is required to post assets on the Company's behalf. The posted amount is equal to the difference between the net positive fair value of the contracts and an agreed upon threshold that is based on the credit rating of the counterparty. Inversely, if the net fair value of all contracts with this counterparty is negative, then the Company is required to post assets instead.

**Types of Derivative Instruments:**

Variance swaps are used in the asset/liability management process to mitigate the gamma risk created when the Company has issued minimum guarantee insurance contracts linked to an index. These variance swaps are similar to volatility options where the underlying index provides for the market value movements. Variance swaps do not accrue interest. Typically, no cash is exchanged at the outset of initiating the variance swap, and a single receipt or payment occurs at the maturity or termination of the contract. The variance swaps that meet hedge accounting rules are carried in a manner consistent with the hedged item, generally at amortized cost, on the financial statements. If terminated prior to maturity, proceeds are exchanged equal to the fair value of the contract. These gains and losses may be included in IMR or AVR if the underlying instrument receives that treatment. Swaps not meeting hedge accounting rules are carried at fair value with fair value adjustments recorded in capital and surplus. See Schedule DB, Part A.

Futures contracts are used to hedge the liability risk associated when the Company issues products providing the customer a return based on various global market indices. Futures are marked to market on a daily basis whereby a cash payment is made or received by the Company. These payments are recognized as realized gains or losses in the financial statements. See Schedule DB, Part B.

**Fair Value Hedges:**

The Company holds no derivatives receiving fair value hedge accounting treatment.

**Cash Flow Hedges:**

The Company holds no derivatives receiving cash flow hedge accounting treatment.

**Derivatives not qualifying for Hedge Accounting under SSAP 86:**

The Company enters into derivative transactions that economically mitigate risk associated with interest rate, exchange rate, credit, and equity movements within the marketplace. Due to the natural economic benefits of the hedge in relation to the hedged item, the Company has chosen not to seek hedge accounting in these instances. Examples of these types of derivative transactions and the associated risks are as follows: (A) futures that hedge the equity risk on universal life liabilities; or (B) swaps and futures that hedge the equity, interest rate, or currency risk on minimum rate guarantee liabilities.

**Replication:**

The Company holds no derivatives that are part of a replication transaction.

**Income Generation:**

The Company holds no derivatives that are part of an income generation transaction.

**Other:**

The Company holds no derivatives that would be classified as an "other" type transaction.

**Disclosures:**

At December 31, 2012 and 2011, the Company has recorded \$(1,841,165) and \$(510,768), respectively, for the component of derivative instruments utilized for hedging purposes that did not qualify for hedge accounting. This has been recorded directly to unassigned surplus as an unrealized gain (loss), respectively.

The Company did not recognize any unrealized gains or losses during 2012 or 2011 that represented the component of derivative instruments gain or loss that was excluded from the assessment of hedge effectiveness.

**NOTES TO FINANCIAL STATEMENTS**

## 9. Income Taxes

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

1.

	12/31/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 204,072,246	\$ 5,477,250	\$ 209,549,496
(b) Statutory Valuation Allowance Adjustment	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	204,072,246	5,477,250	209,549,496
(d) Deferred Tax Assets Nonadmitted	96,825,588	225,824	97,051,412
(e) Subtotal (Net Deferred Tax Assets) (1c-1d)	107,246,658	5,251,426	112,498,084
(f) Deferred Tax Liabilities	8,074,066	1,352,755	9,426,821
(g) Net Admitted Deferred Tax Assets (1e-1f)	\$ 99,172,592	\$ 3,898,671	\$ 103,071,263

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 216,717,194	\$ 6,825,774	\$ 223,542,968
(b) Statutory Valuation Allowance Adjustment	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	216,717,194	6,825,774	223,542,968
(d) Deferred Tax Assets Nonadmitted	87,095,892	800,137	87,896,029
(e) Subtotal (Net Deferred Tax Assets) (1c-1d)	129,621,302	6,025,637	135,646,939
(f) Deferred Tax Liabilities	9,743,620	1,360,252	11,103,872
(g) Net Admitted Deferred Tax Assets (1e-1f)	\$ 119,877,682	\$ 4,665,385	\$ 124,543,067

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (12,644,948)	\$ (1,348,524)	\$ (13,993,472)
(b) Statutory Valuation Allowance Adjustment	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	(12,644,948)	(1,348,524)	(13,993,472)
(d) Deferred Tax Assets Nonadmitted	9,729,696	(574,313)	9,155,383
(e) Subtotal (Net Deferred Tax Assets) (1c-1d)	(22,374,644)	(774,211)	(23,148,855)
(f) Deferred Tax Liabilities	(1,669,554)	(7,497)	(1,677,051)
(g) Net Admitted Deferred Tax Assets (1e-1f)	\$ (20,705,090)	\$ (766,714)	\$ (21,471,804)

2.

	12/30/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 69,108,357	\$ 1,538,319	\$ 70,646,676
(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)	\$ 30,064,235	\$ 2,360,352	\$ 32,424,587
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$ 31,983,586	\$ 2,511,041	\$ 34,494,627
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	\$ 32,424,587
(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	\$ 8,074,066	\$ 1,352,755	\$ 9,426,821
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101, Total (2(a) + 2(b) + 2(c))	\$ 107,246,658	\$ 5,251,426	\$ 112,498,084

---

**NOTES TO FINANCIAL STATEMENTS**


---

	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 102,605,900	\$ 2,283,293	\$ 104,889,193
(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)	\$ 17,271,782	\$ 2,382,092	\$ 19,653,874
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$ 17,271,782	\$ 2,382,092	\$ 19,653,874
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	24,530,736
(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	\$ 9,743,620	\$ 1,360,252	\$ 11,103,872
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101, Total (2(a) + 2(b) + 2(c))	\$ 129,621,302	\$ 6,025,637	\$ 135,646,939

	Change		
	(7)	(8)	(9)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ (33,497,543)	\$ (744,974)	\$ (34,242,517)
(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)	\$ 12,792,453	\$ (21,740)	\$ 12,770,713
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	\$ 14,711,804	\$ 128,949	\$ 14,840,753
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	\$ 7,893,851
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	\$ (1,669,554)	\$ (7,497)	\$ (1,677,051)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101, Total (2(a) + 2(b) + 2(c))	\$ (22,374,644)	\$ (774,211)	\$ (23,148,855)

	12/31/2012		12/31/2011	
3. (a) Ratio Percentage Used To Determine Recovery Period and Threshold Limitation Amount		585%		407%
(b) Amount of Adjusted Capital and Surplus Used To Determine Recovery Period and Threshold Limitation in 2(b)2 above	\$ 216,163,911	\$	150,654,958	

**NOTES TO FINANCIAL STATEMENTS**

4.

12/31/12		
(1)	(2)	(3)
Ordinary Percent	Capital Percent	Total Percent

Impact of Tax Planning Strategies:

(a) Adjusted Gross DTAs  
(% of Total Adjusted Gross DTAs) 0%                      73%                      2%

(b) Net Admitted Adjusted Gross DTAs  
(% of Total Net Admitted Adjusted Gross DTAs) 0%                      51%                      2%

(c) Does the Company's tax-planning strategies include the use of reinsurance?                      Yes \_\_\_\_\_                      No   X  

12/31/2011		
(1)	(2)	(3)
Ordinary Percent	Capital Percent	Total Percent

Impact of Tax Planning Strategies:

(a) Adjusted Gross DTAs  
(% of Total Adjusted Gross DTAs) 0%                      46%                      1%

(b) Net Admitted Adjusted Gross DTAs  
(% of Total Net Admitted Adjusted Gross DTAs) 4%                      51%                      6%

Change		
(1)	(2)	(3)
Ordinary Percent	Capital Percent	Total Percent

Impact of Tax Planning Strategies:

(a) Adjusted Gross DTAs  
(% of Total Adjusted Gross DTAs) 0%                      27%                      1%

(b) Net Admitted Adjusted Gross DTAs  
(% of Total Net Admitted Adjusted Gross DTAs) -4%                      0%                      -4%

\* As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R, Paragraph 10.b.ii.

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

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

(1)	(2)	(3)
12/31/2012	12/31/2011	(Col 1-2) Change

1. Current Income Tax

(a) Federal	\$ 13,976,715	\$ 9,379,018	\$ 4,597,697
(b) Foreign	-	-	-
(c) Subtotal	13,976,715	9,379,018	4,597,697
(d) Federal income tax on net capital gains	1,153,486	(402,044)	1,555,530
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	\$ 15,130,201	\$ 8,976,974	\$ 6,153,227

## NOTES TO FINANCIAL STATEMENTS

### 2. Deferred Tax Assets:

#### (a) Ordinary

(1) Policyholder reserves	\$ 105,157,935	\$ 114,034,788	\$ (8,876,853)
(2) Investments	644,408	178,769	465,639
(3) Deferred acquisition costs	85,238,479	89,237,072	(3,998,593)
(4) Compensation and benefits accrual	470,425	1,059,266	(588,841)
(5) Receivables - nonadmitted	10,865,685	10,607,540	258,145
(6) Corporate Provision	350,000	398,650	(48,650)
(7) Other (including items <5% of total ordinary tax assets)	1,345,314	1,201,109	144,205
(99) Subtotal	<u>\$ 204,072,246</u>	<u>\$ 216,717,194</u>	<u>\$ (12,644,948)</u>

#### (b) Statutory valuation allowance adjustment

\$ - \$ - \$ -

#### (c) Nonadmitted

\$ 96,825,588 \$ 87,095,892 \$ 9,729,696

#### (d) Admitted ordinary deferred tax assets (2a99-2b-2c)

\$ 107,246,658 \$ 129,621,302 \$ (22,374,644)

#### (e) Capital:

(1) Investments	\$ 5,477,250	\$ 6,825,774	\$ (1,348,524)
(2) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	<u>\$ 5,477,250</u>	<u>\$ 6,825,774</u>	<u>\$ (1,348,524)</u>

#### (f) Statutory valuation allowance adjustment

\$ - \$ - \$ -

#### (g) Nonadmitted

\$ 225,824 \$ 800,137 \$ (574,313)

#### (h) Admitted capital deferred tax assets (2e99 - 2f - 2g)

\$ 5,251,426 \$ 6,025,637 \$ (774,211)

#### (i) Admitted deferred tax assets (2d + 2h)

\$ 112,498,084 \$ 135,646,939 \$ (23,148,855)

### 3. Deferred Tax Liabilities

#### (a) Ordinary

(1) Investments	\$ 294,562	\$ 275,073	\$ 19,489
(2) §807(f) adjustment	7,768,660	9,462,129	(1,693,469)
(3) Other (including items <5% of total ordinary tax liabilities)	10,844	6,418	4,426
(99) Subtotal	<u>\$ 8,074,066</u>	<u>\$ 9,743,620</u>	<u>\$ (1,669,554)</u>

#### (b) Capital

(1) Investments	\$ 1,352,755	\$ 1,360,252	\$ (7,497)
(2) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	<u>\$ 1,352,755</u>	<u>\$ 1,360,252</u>	<u>\$ (7,497)</u>

#### (c) Deferred tax liabilities (3a99 + 3b99)

\$ 9,426,821 \$ 11,103,872 \$ (1,677,051)

### 4. Net deferred tax assets/liabilities (2i - 3c)

\$ 103,071,263 \$ 124,543,067 \$ (21,471,804)

D. The Company's current income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before tax as follows:

	12/31/2012	12/31/2011
Current income taxes incurred	\$ 15,130,201	\$ 8,976,974
Change in deferred income taxes (without tax on unrealized gains and losses)	12,436,993	(18,336,655)
Total income tax reported	<u>\$ 27,567,194</u>	<u>\$ (9,359,681)</u>

#### Income before taxes

148,816,247 (2,209,057)

35.00% 35.00%

#### Expected income tax expense (benefit) at 35% statutory rate

\$ 52,085,686 \$ (773,170)

#### Increase (decrease) in actual tax reported resulting from:

a. Dividends received deduction	\$ (9,948,750)	\$ (13,603,485)
b. Tax credits	(847,463)	(1,816,547)
c. Tax adjustment for IMR	(530,908)	(464,071)
d. Surplus adjustment for in-force ceded	(11,731,750)	14,570,222
e. Nondeductible expenses	9,322	52,778
f. Deferred tax benefit on other items in surplus	(258,110)	(5,245,292)
g. Provision to return	(568,993)	(497,655)
h. Life-owned life insurance	(808,467)	(797,823)
i. Dividends from certain foreign corporations	179,440	165,382
j. Prior period adjustment	393	(810,061)
k. Other	(13,206)	(139,959)
Total income tax reported	<u>\$ 27,567,194</u>	<u>\$ (9,359,681)</u>

---



---

## NOTES TO FINANCIAL STATEMENTS

---



---

**E. Loss and credit carry forwards**

- (1) As of December 31, 2012, the Company has no operating loss, capital loss, or tax credit carryforwards available for tax purposes.
- (2) The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

2012	\$	17,671,293
2011	\$	7,771,773
2010	\$	111,866,440

- (3) The Company does not have any deposits admitted under Section 6603 of the Internal Revenue Code.

**F. Consolidated federal income tax return**

- (1) The Company's federal income tax return is consolidated with the following entities: See attached.
- (2) The method of allocation between the companies is subject to a written tax allocation agreement. Under the terms of the tax allocation agreement, allocations are based on separate income tax return calculations. The Company is entitled to recoup federal income taxes paid in the event the losses and credits reduce the greater of the Company's separately computed income tax liability or the consolidated group's income tax liability in the year generated. The Company is also entitled to recoup federal income taxes paid in the event the losses and credits reduce the greater of the Company's separately computed income tax liability or the consolidated group's income tax liability in any carryback or carryforward year when so applied. Intercompany income tax balances are settled within thirty days of payment to or filing with the Internal Revenue Service.

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

It is not anticipated that the total amounts of unrecognized tax benefits will significantly increase within twelve months of the reporting date.

**10. Information Concerning Parent, Subsidiaries, and Affiliates**

A-C. During 2012 and 2011, the Company paid common stock dividends of \$27,000,000 and \$250,000,000, respectively, to its Parent Company, AEGON USA, LLC. The Company received dividends of \$11,550,000, \$2,200,000 and \$175,000 from its subsidiaries, Transamerica Asset Management, Inc., Transamerica Fund Services, Inc, and Intersecurities Insurance Agency, Inc., respectively, during 2012. During 2011, the Company received dividends of \$11,165,000 and \$7,502,100 from Transamerica Asset Management, Inc. and Transamerica Fund Services, Inc., respectively. The Company made a capital contribution of \$597,292 to Transamerica Asset Management, Inc. during 2011.

D. At December 31, 2012 and 2011, the Company reported a net amount of \$15,331,679 and \$24,664,689 due to Parent, Subsidiary, and Affiliated Companies, respectively. Terms of settlement require that these amounts are settled within 90 days.

E. The Company has made no guarantees or commitments with regard to affiliated or related parties.

F. The Company is party to a cost sharing agreement between AEGON companies, providing for services needed. The Company is also party to a Management and Administrative and Advisory agreement with AEGON USA Realty Advisors, LLC whereby the Advisor serves as the administrator and advisor for the Company's mortgage loan operations by administering the day-to-day real estate and mortgage loan operations of the Company. AEGON USA Investment Management, LLC acts as a discretionary investment manager under an Investment Management Agreement with the Company. The Company is party to an Administrative Services Agreement with Transamerica Asset Management, Inc. to provide administrative services to the Transamerica Series Trust.

G. All outstanding shares of the Company are owned by AEGON USA, LLC, a holding company domiciled in the State of Iowa.

H. The Company does not own any shares of stock of its Parent Company.

I. The Company has no investments in Subsidiary, Controlled or Affiliated Companies that exceed 10% of its admitted assets.

J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

K. The Company has no investments in foreign insurance subsidiaries.

L. The Company does not hold any investments in a downstream noninsurance holding company.

**11. Debt**

A. The Company has an outstanding liability for borrowed money in the amount of \$26,355,469 and \$5,245,572 as of December 31, 2012 and 2011, due to participation in dollar repurchase agreements which include accrued interest. The Company enters dollar repurchase agreements in which securities are delivered to the counterparty once adequate collateral has been received as stated in Note 5E.

B. FHLB (Federal Home Loan Bank) Agreements - None

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

A. Defined Benefit Plan – None

B. Defined Contribution Plans

The Company's employees participate in a contributory defined contribution plan sponsored by AEGON, the Company's parent, which is qualified under Section 401(k) of the Internal Revenue Code. Employees of the Company who customarily work at least 1,000 hours during each calendar year and meet the other eligibility requirements are participants of the plan. Participants may elect to contribute up to twenty-five percent of their salary to the plan. The Company will match an amount up to three percent of the participant's salary. Participants may direct all of their contributions and plan balances to be invested in a variety of investment options. The plan is subject to the reporting and disclosure requirements of the Employee Retirement Income Security Act of 1974. Benefits expense of \$279,553 and \$531,960 was allocated to the Company for 2012 and 2011, respectively.

C. Multiemployer Plans

The Company does not participate in multiemployer plans.

D. Consolidated/Holding Company Plans

The Company's employees participate in a qualified benefit pension plan sponsored by AEGON. The Company has no legal obligation for the plan. The Company recognizes pension expense equal to its allocation from AEGON. The pension expense is allocated among the participating companies based on International Accounting Standards 19 (IAS 19), *Accounting for Employee Benefits*, and based upon actuarial participant benefit calculations. The benefits are based on years of service and the employee's eligible annual compensation. The Company's allocation of pension expense for 2012 and 2011 was \$626,538 and \$1,255,100, respectively. The plan is subject to the reporting and disclosure requirements of the Employee Retirement Income Security Act of 1974.

**NOTES TO FINANCIAL STATEMENTS**

AEGON sponsors supplemental retirement plans to provide the Company's senior management with benefits in excess of normal pension benefits. The Company has no legal obligation for the plan. The plans are noncontributory and benefits are based on years of service and the employee's eligible annual compensation. The plans are unfunded and nonqualified under the Internal Revenue Service Code. In addition, AEGON has established incentive deferred compensation plans for certain key employees of the Company. The Company's allocation of expense for these plans for each of the years ended December, 31 2012 and 2011 was negligible. AEGON also sponsors an employee stock option plan/stock appreciation rights for individuals employed and a stock purchase plan for its producers, with the participating affiliated companies establishing their own eligibility criteria, producer contribution limits and company matching formula. These plans have been funded as deemed appropriate by management of AEGON and the Company.

In addition to pension benefits, the Company participates in plans sponsored by AEGON that provide postretirement medical, dental and life insurance benefits to employees meeting certain eligibility requirements. The Company has no legal obligation for the plan. Portions of the medical and dental plans are contributory. The expenses of the postretirement plans is allocated among the participating companies based on International Accounting Standards 19 (IAS 19), *Accounting for Employee Benefits*, and based upon actuarial participant benefit calculations. The Company's allocation of postretirement expenses was \$110,129 and \$210,174 for 2012 and 2011, respectively.

E. Postemployment Benefits and Compensated Absences – None

F. Impact of Medicare Modernization Act on Postretirement Benefits

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

- A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between \$250 and \$5,000), which is not taxable, to sponsors of retiree health care benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and
- The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

The effect of the Medicare Modernization Act on Postretirement Benefits has been included in AEGON's postretirement welfare defined benefit obligation and expense. The actual benefits paid and Medicare Part D subsidies received, as well as projected future gross benefits expected to be paid and Medicare Part D subsidies expected to be received, are calculated for AEGON and are not available at the individual subsidiary or affiliate level.

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

- (1) The Company has 3,000,000 common shares authorized, 2,500,000 shares issued and outstanding. Par value is \$1.
- (2) The Company has no preferred stock authorized.
- (3) The Company is subject to limitations, imposed by the State of Ohio, on the payment of dividends to its parent company. Generally, dividends during any twelve month period may not be paid, without prior regulatory approval, in excess of the greater of (a) 10 percent of statutory surplus as of the preceding December 31, or (b) net income for the preceding year. Subject to the availability of unassigned surplus at the time of such dividend, the maximum payment which may be made in 2013, without the prior approval of insurance regulatory authorities, is \$129,995,533.
- (4) The Company paid a \$27,000,000 ordinary common stock dividend to its parent company, AEGON USA, LLC, on December 21, 2012. On May 16, 2011, the Company paid a \$250,000,000 common stock dividend to its parent company, AEGON USA, LLC. This amount consisted of a \$23,100,000 ordinary cash dividend and a \$226,900,000 extraordinary cash dividend.
- (5) Within the limitation of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) The total amount of advances to surplus not repaid is \$0.
- (8) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes is:
 

(a) For conversion of preferred stock	0 Shares
(b) For employee stock options	0 Shares
(c) For stock purchase warrants	0 Shares
- (9) Changes in balances of special surplus funds from the prior year are due to: Not Applicable
- (10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 

(a) Unrealized gains and losses	\$799,031
(b) Nonadmitted asset values	(\$128,122,964)
(c) Separate account business	\$0
(d) Asset valuation reserves	(\$12,038,965)
(e) Reinsurance in unauthorized companies	(\$264,898)
- (11) The Company issued the following surplus debentures or similar obligations: Not Applicable
- (12) The impact of any restatement due to prior quasi-reorganization is as follows: Not Applicable
- (13) The effective date(s) of all quasi-reorganization in the prior 10 years is/are: Not Applicable

### 14. Contingencies

A. Contingent Commitments – None

B. Assessments

- (1) The Company has accrued for guaranty fund assessments reported in the NOLHGA summary of insolvencies. It is expected that these insolvencies will result in retrospective premium based guaranty fund assessments against the Company of \$1,624,172. This has been recorded as a liability at December 31, 2012 and charged to operations.

---

**NOTES TO FINANCIAL STATEMENTS**


---

## (2) Reconciliation of Assets Recognized from Paid and Accrued Premium Tax Offsets Related to Guaranty Fund Assessments

	<u>Dollar Amount</u>
a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end:	\$ 1,604,151
b. Decreases current year: Premium tax offset applied:	\$ (39,841)
c. Increases current year: Premium tax asset from new assessments:	\$ 46,673
Increase in expected premium tax offset related to future GFA's:	\$ -
d. Assets recognized from paid and accrued premium tax offsets and policy	<u>\$ 1,610,983</u>

C. Gain Contingencies - None

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

E. All Other Contingencies

The Company is a party to legal proceedings involving a variety of issues incidental to its business. Lawsuits may be brought in nearly any federal or state court in the United States or in an arbitral forum. In addition, there continues to be significant federal and state regulatory activity relating to financial services companies. The Company's legal proceedings are subject to many variables, and given its complexity and scope, outcomes cannot be predicted with certainty. Although legal proceedings sometimes include substantial demands for compensatory and punitive damages and injunctive relief, it is management's opinion that damages arising from such demands will not be material to the Company's financial position.

## 15. Leases

## A. Lessee Leases

(1) The Company leases office buildings and equipment under various non-cancelable operating lease agreements. Rental expense for the years 2012 and 2011 was \$0 and \$39,906, respectively.

(2) The minimum aggregate rental commitments are as follows: None

(3) The Company is not involved in any material sales-leaseback transactions.

B. Lessor Leases – Leasing is not a significant part of the Company's business activities in terms of revenue, net income or assets.

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

(1) The Company had no financial instruments with off-balance sheet risk.

(2) Please refer to Note 8 for a description of the nature and terms of the Company's derivative instruments, market and credit risks, and accounting policy.

(3) The Company is exposed to credit related losses on over-the-counter transactions in the event of nonperformance by counterparties to financial instruments. At the current time, the Company does not expect any counterparty to fail to meet their obligations given their high credit rating. As of the reporting date, the credit exposure of all contracts is represented by a net fair value of \$(1,841,165), with a positive fair value of \$0 (see Schedule DB, D for more detail). Because exchange-traded futures and options are affected through a regulated exchange and positions are marked to market on a daily basis, the Company has little exposure to credit-related losses in the event of nonperformance by counterparties to such financial instruments.

(4) The Company has entered into collateral agreements with certain counterparties wherein the counterparty is required to post assets (cash or securities) on the Company's behalf in an amount equal to the difference between the net positive fair value of the contracts and an agreed upon threshold based on the credit rating of the counterparty. If the net fair value of all contracts with this counterparty is negative, then the Company is required to post similar assets (cash or securities).

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

A. Transfers of Receivables Reported as Sales - None

B. Transfer and Servicing of Financial Assets – Not Applicable except for item (2).

(2) Please refer to Note 5E.

C. Wash Sales - None

## 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans - None

## 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - None

**NOTES TO FINANCIAL STATEMENTS**

## 20. Fair Value Measurements

## A. (1) Fair Value Measurements at Reporting Date.

(1) Description	(2) (Level 1)	(3) (Level 2)	(4) (Level 3)	(5) Total
a. Assets at fair value				
Bonds				
Industrial and Misc	\$ -	\$ 1,246,500	\$ 554,572	\$ 1,801,072
Total Bonds	\$ -	\$ 1,246,500	\$ 554,572	\$ 1,801,072
Common Stock				
Industrial and Misc	\$ 116,540	\$ -	\$ -	\$ 116,540
Total Common Stock	\$ 116,540	\$ -	\$ -	\$ 116,540
Short Term				
Government	\$ -	\$ 3,375	\$ -	\$ 3,375
Industrial and Misc	-	134,981,187	-	134,981,187
Mutual Funds	-	47,259,590	-	47,259,590
Sweep Accounts	-	244,876	-	244,876
Total Short Term	\$ -	\$ 182,489,028	\$ -	\$ 182,489,028
Separate account assets	\$ 6,477,240,690	\$ -	\$ -	\$ 6,477,240,690
Total assets at fair value	<u>\$ 6,477,357,230</u>	<u>\$ 183,735,528</u>	<u>\$ 554,572</u>	<u>\$ 6,661,647,330</u>
b. Liabilities at fair value				
Derivative liabilities	\$ -	\$ (1,841,165)	\$ -	\$ (1,841,165)
Total liabilities at fair value	<u>\$ -</u>	<u>\$ (1,841,165)</u>	<u>\$ -</u>	<u>\$ (1,841,165)</u>

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

	Beginning Balance at 01/01/2012	Transfers in (Level 3)	Transfers out (Level 3)	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus
Bonds					
Other	\$ 559,354	\$ -	\$ -	\$ 50,327	\$ (25,052)
Total	\$ 559,354	\$ -	\$ -	\$ 50,327	\$ (25,052)

	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2012
Bonds					
Other	\$ -	\$ -	\$ -	\$ 30,057	\$ 554,572
Total	\$ -	\$ -	\$ -	\$ 30,057	\$ 554,572

(3) The Company's policy is to recognize transfers in and out of Level 3 as of the beginning of the reporting period.

(4) Bonds classified in Level 2 are valued using inputs from third party pricing services or broker quotes. Level 3 measurements for bonds are primarily those valued using broker quotes or internal modeling which utilize inputs that are not market observable.

Short-term investments are classified as Level 2 as they are carried at amortized cost, which approximates fair value.

Derivatives classified as Level 2 would represent over-the-counter (OTC) contracts valued using pricing models based on the net present value of estimated future cash flows, directly observed prices from exchange-traded derivatives, other OTC trades, or external pricing services

## C. Fair Value Hierarchy by Type of Financial Instrument

(1) Type of Financial Instrument	(2) Aggregate Fair Value	(3) Admitted Assets	(4) (Level 1)	(5) (Level 2)	(6) (Level 3)	(7) Not Practicable (Carrying Value)
Bonds	\$ 1,205,473,966	\$ 1,116,229,187	\$ 72,215,096	\$ 1,124,699,549	\$ 8,559,321	\$ -
Common Stock	116,540	116,540	116,540	-	-	-
Mortgage Loans	52,181,512	50,713,673	-	-	52,181,512	-
Cash, Cash Equivalents & Short Term	184,234,225	184,234,197	-	184,234,225	-	-
Separate Account Assets	6,477,240,690	6,477,240,690	6,477,240,690	-	-	-
Derivative Liabilities	(1,841,165)	(1,841,165)	-	(1,841,165)	-	-
	<u>\$ 7,917,405,768</u>	<u>\$ 7,826,693,122</u>	<u>\$ 6,549,572,326</u>	<u>\$ 1,307,092,609</u>	<u>\$ 60,740,833</u>	<u>\$ -</u>

## 21. Other Items

A. Extraordinary Items - None

B. Troubled Debt Restructuring - None

**NOTES TO FINANCIAL STATEMENTS****C. Other Disclosures**

Assets in the amount of \$3,567,355 and \$3,605,349 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

At December 31, 2012 and 2011, the net amount of securities being acquired on a TBA basis was \$0 and \$0, respectively, as reflected in the detail schedules.

The Company pledged assets as collateral for derivative transactions in the amount of \$14,125,421 and \$17,083,602 at December 31, 2012 and 2011, respectively.

Effective April 1, 2011, the Company recaptured the traditional life business that was previously reinsured on a coinsurance funds withheld basis to Transamerica International Re (Ireland) Ltd. (TIRI), an affiliate. The Company paid recapture consideration of \$29,300,000, released the associated funds withheld liability of \$22,729,115, recaptured life and claim reserves of \$86,197,007 and \$9,563,440, respectively, assumed other assets of \$2,344,041 and released into income a previously deferred unamortized gain resulting from the original cession of this business to TIRI in the amount of \$175,002 (\$119,738 net of tax) resulting in a pre-tax loss of \$99,812,289 which has been included in the Summary of Operations.

Subsequently, effective April 1, 2011, the Company ceded the traditional life business on a coinsurance funds withheld basis to Transamerica International Re (Bermuda) Ltd. (TIRe), an affiliate. The Company received an initial ceding commission of \$27,400,000, established a funds withheld liability of \$23,061,615, released life and claim reserves of \$86,197,007 and \$9,563,440, respectively, and transferred other assets of \$2,344,041 resulting in a pre-tax gain of \$97,754,791 (\$63,540,614 on a net of tax basis) which has been credited directly to unassigned surplus.

Effective April 1, 2011, Transamerica International Re (Ireland) Ltd. (TIRI), an affiliate, recaptured the BOLI/COLI catastrophic mortality risk that had previously been retro-ceded to the Company. The Company released life and claim reserves of \$5,507,166 and \$42,394, respectively, with no consideration exchanged, resulting in a pre-tax gain of \$5,549,560 which has been included in the Statement of Operations.

Effective December 31, 2010, the Company entered into a reinsurance agreement with Transamerica Life Insurance Company (TLIC), an affiliate, to cede on a 100% quota share basis a block of variable universal life business on a modified coinsurance basis. Reserves on the block were \$958,015,636, with assets backing the block comprised of \$798,114,607 of separate account assets and \$159,901,029 of general account assets. The Company received consideration of \$193,000,000, resulting in a pretax gain of \$193,000,000. The net of tax gain of \$125,450,000 was credited to surplus in accordance with SSAP 61-*Life, Deposit-Type and Accident and Health Reinsurance*. The Company amortized \$33,519,286 and \$21,791,669 into earnings with a corresponding charge to unassigned surplus during 2012 and 2011, respectively.

**D. Uncollectible Assets - None****E. Business Interruption Insurance Recoveries - None****F. State Transferable and Non-Transferable Tax Credits**

(1) The following table provides the carrying value of Transferable and Non-Transferable State Tax Credits gross of any Related Tax Liabilities and Total Unused Transferable and Non-Transferable State Tax Credits by State and in Total:

(1) Description of State Transferable Tax Credits	(2) State	(3) Carrying Value	(4) Unused Amount*
Low-Income Housing Tax Credits	MA	\$ 425,720	\$ 754,586
Total		\$ 425,720	\$ 754,586

\*The unused amount reflects credits that we deem will be realizable in the period 2012-2015.

(2) The Company estimated the utilization of the remaining State Transferable Tax credits by projecting a future tax liability based on projected premium, tax rates and tax credits, and comparing the projected future tax liability to the availability of remaining State Transferable Tax Credits.

(3) The Company had no impairment losses related to State Transferable Tax Credits.

(4) State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
a. Transferable	\$ 425,720	\$ -
b. Non-Transferable	\$ -	\$ -

**G. Subprime Mortgage Related Risk Exposure**

(1) Subprime mortgages are loans to homebuyers who have weak or impaired credit histories, are loans that are non-conforming or are loans that are second in priority. The Company's businesses in the United States do not sell or buy subprime mortgages directly. The Company's position is related to so-called "asset-backed securities" (ABS). These securities are pools of mortgages that have been securitized and offered to investors as asset-backed securities, where the mortgages are collateral. Most of the underlying mortgages within the pool have credit scores below 660 at origination. Therefore, the ABS have been classified by the Company as a subprime mortgage position. Also included in the Company's total subprime mortgage position are ABS with second lien mortgages as collateral. The second lien mortgages may not necessarily have subprime credit scores; however, the Company has included these ABS in its subprime position as it's the second priority in terms of repayment.

For asset backed securities in an unrealized loss position, the Company would consider them for impairment when there has been an adverse change in estimated cash flows from the cash flows previously projected at purchase, which is in accordance with SSAP No. 43R. The Company has recorded impairments of \$248,825 in 2012 and \$158,468 in 2011.

(2) The Company does not have any "direct" residential mortgages to subprime borrowers outside of the ABS structures.

**NOTES TO FINANCIAL STATEMENTS**

- (3) The following table provides the actual cost, carrying value and fair value by asset class of the Company's subprime mortgage direct exposure through other investments at December 31, 2012:

	1	2	3	4
	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage backed securities	\$ 37,284,893	\$ 32,222,884	\$ 30,725,754	\$ 248,825
b. Commercial mortgage backed securities	-	-	-	-
c. Collateralized debt obligations	697,136	554,572	554,572	-
d. Structured securities	-	-	-	-
e. Equity investments in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	\$ 37,982,029	\$ 32,777,456	\$ 31,280,326	\$ 248,825

- (4) The Company does not have any underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

#### H. Retained Assets

- (1) The Retained Asset Account was a method of payment for claim proceeds of \$15,000 or more in the states where it was offered. Effective April 1, 2011, the Retained Asset Account was terminated. Prior claimants had to opt into the program. The account is a "draft" account providing immediate access to the full claim proceeds by drafting a single check. There is no cost for maintaining the account, but fees are assessed for special services such as stop payment orders, checks returned unpaid and copies of checks or statements. The interest rate earned on the accounts during 2012 was 1.0%. The aggregate retained asset balance is carried on the Company's financial statements as a liability for deposit-type contracts.

- (2)

	In Force			
	As of End of Current Year		As of End of Prior Year	
	(a) Number	(b) Balance	(a) Number	(b) Balance
Up to and including 12 Months	-	\$ -	6	\$ 388,588
13 to 24 Months	5	\$ 319,846	17	\$ 1,353,476
25 to 37 Months	11	\$ 893,231	12	\$ 650,390
37 to 48 Months	8	\$ 403,049	8	\$ 392,802
49 to 60 Months	4	\$ 265,716	12	\$ 469,705
Over 60 Months	44	\$ 1,451,606	35	\$ 1,409,115
Total	72	\$ 3,333,448	90	\$ 4,664,076

- (3)

	Individual		Group	
	(1) Number	(2) Balance/ Amount	(3) Number	(4) Balance/ Amount
Number/Balance of Retained Asset Accounts at the Beginning of the Year	90	\$ 4,664,076	-	\$ -
Number/Amount of Retained Asset Accounts Issued/Added During the Year	-	\$ -	-	\$ -
Investment Earnings Credited to Retained Asset Accounts During the Year	-	\$ 36,189	-	\$ -
Fees and Other Charges Assessed to Retained Asset Accounts During the Year	-	\$ -	-	\$ -
Number/Amount of Retained Asset Accounts Transferred to State Unclaimed Property Funds During the Year	-	\$ -	-	\$ -
Number/Amount of Retained Asset Accounts Closed/Withdrawn During the Year	18	\$ 1,366,817	-	\$ -
Number/Balance of Retained Asset Accounts at the End of the Year	72	\$ 3,333,448	-	\$ -

#### 22. Events Subsequent

As of February 8, 2013 the Company is not aware of any Type I Recognized or Type II Non-recognized events subsequent to December 31, 2012, which would have a material adverse effect upon the financial condition of the Company.

#### 23. Reinsurance

##### A. Ceded Reinsurance Report

###### Section 1 - General Interrogatories

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

###### Section 2 - Ceded Reinsurance Report - Part A

- (1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?  
Yes ( ) No (X)

**NOTES TO FINANCIAL STATEMENTS**

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

## Section 3 - Ceded Reinsurance Report - Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?  
Yes ( ) No (X)

B. Uncollectible Reinsurance - None

C. Commutation of Ceded Reinsurance - None

24. Retrospectively Rated Contracts &amp; Contracts Subject to Redetermination - Not Applicable

25. Change in Incurred Losses and Loss Adjustment Expenses

Reserves on accident and health products for incurred losses and loss adjustment expenses attributable to insured events of prior years have been adjusted during the past year as a result of re-estimation of unpaid losses and loss adjustment expenses. This change is the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. As shown in the Test of Prior Year's Claim Reserves and Liabilities in Schedule H, Part 3, for 2012, the reserve as established for prior years' claims as of the beginning of the year was insufficient to cover the sum of the claims and claim reserves incurred on prior years' claims by \$51,368.

26. Intercompany Pooling Arrangements - None

27. Structured Settlements - None

28. Health Care Receivables - None

29. Participating Policies

For the year ended 2011, premiums for life participating policies were \$729. The Company accounts for its policyholder dividends based on dividend scales and experience of the policies. The Company paid dividends in the amount of \$21,801 to policyholders and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves \$ 0
2. Date of the most recent evaluation of this liability December 31, 2012
3. Was anticipated investment income utilized in the calculation? Yes  No

31. Reserves for Life Contracts and Annuity Contracts

- (1) For fixed premium life insurance benefits, the Company waives deduction of deferred fractional premiums upon death and refunds portions of premiums unearned after the date of death. Additional reserves for this benefit are held in Exhibit 5, Parts A and/or G. The reserves in Exhibit 5 are equal to the greater of the cash surrender value and the legally computed reserve.
- (2) Additional premiums are charged or additional mortality charges are assessed for policies issued on substandard lives according to underwriting classification. Mean reserves for fixed premium life insurance products are determined by computing the regular mean reserve for the plan at the true age and holding, in addition, one-half (1/2) of the extra premium charge for the year. For certain flexible premium universal life insurance products, reserves are calculated utilizing the Commissioner's Reserve Valuation Method for universal life policies and recognize any substandard ratings.
- (3) As of December 31, 2012, the Company had \$3,228,205,110 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio. Reserves to cover the above insurance totaled \$22,152,197 at yearend and are reported in Exhibit 5, Miscellaneous.
- (4) The Tabular Interest (Page 7, Line 4), Tabular less Actual Reserve Released (Page 7, Line 5), and Tabular Cost (Page 7, Line 9), have been determined by formula as described in the instructions for Page 7 or from the basic data and accounting records, as we deemed appropriate.
- (5) On funds not involving life contingencies under Exhibit 7, Line 3, Investment Earnings Credited to the Account, is equal to the interest actually credited or, where the Exhibit 7 reserve is equal to the present value of future benefits, the mean reserve multiplied by the valuation rate of interest.
- (6) The details of "Other Net Change in Reserves" on Exhibit 7, Line 4 are (in dollars):

	1	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Annuities Certain	Supplemental Contracts	Dividend Accumulations or Refunds	Premium and Other Deposit Funds
Initial reserve less actual consideration	(249,120)	-	-	(249,120)	-	-
Data Corrections	10,280	-	11,045	(765)	-	-
Total	(238,840)	-	11,045	(249,885)	-	-

**NOTES TO FINANCIAL STATEMENTS**

The details of "Other Increases (net)" on Page 7, Line 7 are (in dollars):

1 ITEM	2 Total	ORDINARY			7 Credit Life	GROUP	
		4 Life Insurance	5 Individual Annuities	6 Supplementary Contracts		8 Life Insurance	9 Annuities
Change in rider reserve	(3,132)	(3,132)	-	-	-	-	-
Reinsurance recapture	27,157	27,157	-	-	-	-	-
Initial reserve less actual consideration	(131,973)	-	-	(131,973)	-	-	-
Decrease in CARVM adjustment	(1,322,238)	-	(1,322,238)	-	-	-	-
Change in AG43 reserve	(15,997,141)	-	(15,997,141)	-	-	-	-
Miscellaneous	279,554	271,862	-	-	-	7,683	9
Change in Deficiency Reserve	(346,244)	(332,276)	-	-	-	(13,968)	-
Change in GMDB Reserve	(6,744,430)	(6,756,151)	-	-	-	11,721	-
Change in Disabled Life Reserve	14,165	13,984	-	-	-	181	-
Change in Substandard Reserve	14,000	14,000	-	-	-	-	-
<b>Total</b>	<b>(24,210,282)</b>	<b>(6,764,556)</b>	<b>(17,319,379)</b>	<b>(131,973)</b>	<b>-</b>	<b>5,617</b>	<b>9</b>

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

	General Account	Separate Account With Guarantees	Separate Account NonGuaranteed	Total	Percentage of Total
A. Subject to discretionary withdrawal					
(1) With fair value adjustment	\$ 12,653,509	\$ -	\$ -	\$ 12,653,509	0.3%
(2) At book value less current surrender charge of 5% or more	23,270,651	-	-	23,270,651	0.6%
(3) At fair value	10,302,563	-	3,251,952,015	3,262,254,578	78.9%
(4) Total with adjustment or at fair value (Total of 1 through 3)	\$ 46,226,723	\$ -	\$ 3,251,952,015	\$ 3,298,178,738	79.8%
(5) At book value without adjustment (minimal or no charge or adjustment)	356,324,364	-	-	356,324,364	8.6%
B. Not subject to discretionary withdrawal	460,643,112	-	17,529,567	478,172,679	11.6%
C. Total (gross): direct and assumed	\$ 863,194,199	\$ -	\$ 3,269,481,582	\$ 4,132,675,781	100.0%
D. Reinsurance ceded	359,371,548	-	-	359,371,548	
E. Total (net)* (C) - (D)	\$ 503,822,651	\$ -	\$ 3,269,481,582	\$ 3,773,304,233	

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

F. Life & Accident & Health Annual Statement:	
(1) Exhibit 5, Annuities Section, Total (net)	\$ 481,278,767
(2) Exhibit 5, Supp Contracts with Life Contingencies Section, Total (net)	7,896,652
(3) Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	14,647,232
(4) Subtotal	\$ 503,822,651
Separate Accounts Annual Statement	
(5) Exhibit 3, Line 0299999, Column 2	\$ 3,251,952,015
(6) Exhibit 3, Line 0399999, Column 2	17,491,009
(7) Policyholder dividend and coupon accumulations	-
(8) Policyholder premiums	-
(9) Guaranteed interest contracts	-
(10) Other contract deposit funds	38,558
(11) Subtotal	\$ 3,269,481,582
(12) Combined Total	\$ 3,773,304,233

G. Federal Home Loan Bank (FHLB) Agreements - None

## 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
Ordinary New Business	785	658
Ordinary Renewal	1,631,629	2,734,653
<b>Total</b>	<b>\$ 1,632,414</b>	<b>\$ 2,735,311</b>

---

**NOTES TO FINANCIAL STATEMENTS**


---

## 34. Separate Accounts

## A. Separate Account Activity:

- (1) The Company utilizes separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. For the current reporting year, the Company reported assets and liabilities from the following product lines/transactions into a separate account:

- Variable Annuities
- Variable Universal Life
- WRL Asset Accumulator
- Variable Life

- (2) In accordance with the products/transactions recorded within the separate account, some assets are considered legally insulated whereas other are not legally insulated from the general account. (The legal insulation of the separate account assets prevents such assets from being generally available to satisfy claims resulting from the general account.)

As of December 31, 2012 and December 31, 2011 the Company's separate account statement included legally insulated assets of \$6,477,235,935 and \$6,517,738,208, respectively. The assets legally insulated from the general account as of December 31, 2012 are attributed to the following products/transactions:

(1) Product/Transaction	(2) Legally Insulated Assets	(3) Separate Account Assets (Not Legally Insulated)
Variable Annuities	\$ 3,285,825,366	\$ -
Variable Universal Life	502,202,307	-
WRL Asset Accumulator	19,390,262	-
Variable Life	2,669,818,000	-
<b>Total</b>	<b>\$ 6,477,235,935</b>	<b>\$ -</b>

- (3) In accordance with the products/transaction recorded within the separate account, some separate account liabilities are guaranteed by the general account. (In accordance with the guarantees provided, if the investment proceeds are insufficient to cover the rate of return guaranteed for the product, the policyholder proceeds will be remitted by the general account.)

As of December 31, 2012, the general account of the Company had a maximum guarantee for separate account liabilities of \$560,716,670. To compensate the general account for the risk taken, the separate account has paid risk charges as follows for the past five (5) years:

a. 2012	\$ <u>10,487,225</u>
b. 2011	\$ <u>11,445,619</u>
c. 2010	\$ <u>12,166,798</u>
d. 2009	\$ -
e. 2008	\$ -

As of December 31, 2012, the general account of the Company had paid \$12,242,734 toward separate account guarantees. The total separate account guarantees paid by the general account for the years ending December 31, 2011 and 2010 were \$12,974,649 and \$20,835,421, respectively.

- (4) The Company does not engage in securities lending transactions within the separate account.

**NOTES TO FINANCIAL STATEMENTS****B. General Nature and Characteristic of Separate Accounts Business:**

Separate and variable accounts held by the Company represent funds for which the benefit is determined by the performance and/or market value of the investments held in the separate account. The assets of these accounts are carried at fair value.

	Separate Accounts with Guarantees			Nonguaranteed	Total
	(1) Indexed	(2) Nonindexed Guarantee Less than/equal to 4%	(3) Nonindexed Guarantee More than 4%	(4) Nonguaranteed Separate Accounts	(5) Total
(1) Premiums, considerations or deposits for year ended 12/31/2012	-	-	-	305,221,072	305,221,072
(2) Reserves at 12/31/2012 For accounts with assets at:					
a. Fair value	-	-	-	6,184,833,202	6,184,833,202
b. Amortized cost	-	-	-	-	-
c. Total reserves*	-	-	-	6,184,833,202	6,184,833,202
(3) By withdrawal characteristics:					
a. Subject to discretionary withdrawal	-	-	-	-	-
b. With FV adjustment	-	-	-	-	-
c. At book value without FV adjustment and with current surrender charge of 5% or more	-	-	-	-	-
d. At fair value	-	-	-	6,167,303,635	6,167,303,635
e. At book value without FV adjustment and with current surrender charge less than 5%	-	-	-	-	-
f. Subtotal	-	-	-	6,167,303,635	6,167,303,635
g. Not subject to discretionary withdrawal	-	-	-	17,529,567	17,529,567
h. Total	-	-	-	6,184,833,202	6,184,833,202
*Line 2(c) should equal Line 3(h)					
(4) Reserves for Asset Default Risk in Lieu of AVR	-	-	-	-	-
(5) Transfers as reported in the Summary of Operations of the Separate Accounts Statement					
a. Transfers to Separate Accounts	-	-	-	305,223,029	305,223,029
b. Transfers from Separate Accounts	-	-	-	619,556,669	619,556,669
c. Net transfers to or (from) Separate Accounts (a)-(b)	-	-	-	(314,333,640)	(314,333,640)

**C. Reconciliation of Net Transfers to or (from) Separate Accounts**

## (1) Transfers as reported in the Summary of Operations of the Separate Account Statement:

Transfers to Separate Accounts (Page 4, Line 1.4)	\$	305,223,029
Transfers from Separate Accounts (Page 4, Line 10)		619,556,669
Net Transfers to (from) Separate Accounts (a)-(b)	\$	(314,333,640)

## (2) Reconciling Adjustments

a. Transaction Gain/Loss	\$	(537,844)
b. Miscellaneous Income (breakage)		470,479
c. COI Charge Adjustment		91,208
d. Reinsurance CARVM that does not pass through Separate Account		(2,739,112)
e. Ceded reinsurance to TIRe		209,563,685
f. Other fund adjustments		-
Sum of Reconciling Adjustments	\$	206,848,416

## (3) Transfers as Reported in the Summary of Operations of the Life, Accident &amp; Health Annual Statement (1c) + (2) = (Page 4, Line 26)

	\$	(107,485,224)
--	----	---------------

35. Loss/Claim Adjustment Expenses - None

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES - GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ X ] No [ ] N/A [ ]
- 1.3 State regulating? Ohio
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/14/2011
- 3.4 By what department or departments? \_\_\_\_\_

Ohio, Iowa, New York, Vermont, Arkansas

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ X ] No [ ] N/A [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ X ] No [ ] N/A [ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
  - 4.11 sales of new business? Yes [ X ] No [ ]
  - 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 [ X ] No [ ]
  - 4.22 renewals? Yes [ X ] No [ ]
- 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 [ X ] No [ ]
- 7.2 If yes,
  - 7.21 State the percentage of foreign control .....100.000 %
  - 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
<u>Dutch</u>	<u>Corporation</u>

- 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, 801 Grand Avenue, Des Moines, Iowa 50309

- 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?  
Donald Krouse, an officer of the Company

## GENERAL INTERROGATORIES

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

**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	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	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 \$.....0
  - 21.22 Borrowed from others \$.....0
  - 21.23 Leased from others \$.....0
  - 21.24 Other \$.....0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No [ ]  
 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....0
  - 22.22 Amount paid as expenses \$.....7,055
  - 22.23 Other amounts paid \$.....0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

### PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [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).  
See Note 5E For Program Details

- 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
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....84,932,180
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes  No  N/A
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes  No  N/A
- 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
- 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. \$.....84,803,773
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....84,898,591
- 24.103 Total payable for securities lending reported on the liability page. \$.....84,898,591
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes  No
- 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 \$.....25,986,328
- 25.24 Subject to reverse dollar repurchase agreements \$.....0
- 25.25 Pledged as collateral \$.....14,125,421
- 25.26 Placed under option agreements \$.....0
- 25.27 Letter stock or securities restricted as to sale \$.....0
- 25.28 On deposit with state or other regulatory body \$.....3,567,355
- 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
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes  No  N/A   
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
- 27.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes  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
CITIBANK	New York, NY

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

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
114537	AEGON USA Investment Management, LLC	Cedar Rapids, IA

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

29.2 If yes, complete the following schedule:

1 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.....	1,298,473,311	1,387,718,095	89,244,784
30.2 Preferred stocks.....			0
30.3 Totals.....	1,298,473,311	1,387,718,095	89,244,784

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

In calculating the fair value, the following pricing sources are used: Barclays Index, JP Morgan Index, JACI Index, Merrill Lynch Index, Bloomberg Reuters, FT Interactive, JP Morgan Pricing Direct, external money managers, brokers, and internally modeled.

**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 [ X ] No [ ]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ X ] No [ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.
- 
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [ X ] No [ ]
- 32.2 If no, list exceptions:
- 

**PART 1 - COMMON INTERROGATORIES - OTHER**

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....95,363
- 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
American Council of Life Insurers	53,361
Life Insurance Marketing & Research Association	39,615

- 34.1 Amount of payments for legal expenses, if any? \$.....259,921
- 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
Sutherland, Asbill & Brennan	108,977

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....15,008
- 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
American Council of Life Insurers	13,340

## GENERAL INTERROGATORIES

### PART 2 - LIFE INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only \$.....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$.....0
- 1.31 Reason for excluding
- 
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$.....0
- 1.62 Total incurred claims \$.....0
- 1.63 Number of covered lives .....0
- All years prior to most current three years:
- 1.64 Total premium earned \$.....0
- 1.65 Total incurred claims \$.....0
- 1.66 Number of covered lives .....0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$.....0
- 1.72 Total incurred claims \$.....0
- 1.73 Number of covered lives .....0
- All years prior to most current three years:
- 1.74 Total premium earned \$.....0
- 1.75 Total incurred claims \$.....0
- 1.76 Number of covered lives .....0
- 
2. Health test:
- |                                  | 1<br>Current Year | 2<br>Prior Year |
|----------------------------------|-------------------|-----------------|
| 2.1 Premium Numerator.....       | 1,658,216         | 1,428,458       |
| 2.2 Premium Denominator.....     | 486,919,136       | 479,669,678     |
| 2.3 Premium Ratio (2.1/2.2)..... | .03               | .03             |
| 2.4 Reserve Numerator.....       | .0                | .0              |
| 2.5 Reserve Denominator.....     | 1,759,712,888     | 1,733,229,403   |
| 2.6 Reserve Ratio (2.4/2.5)..... | .00               | .00             |
- 
- 3.1 Does this reporting entity have Separate Accounts? Yes [X] No [ ]
- 3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes [X] No [ ] N/A [ ]
- 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? \$.....292,147,635
- 3.4 State the authority under which Separate Accounts are maintained:  
Section 3907.15 of Ohio Revised Statutes XXXIX
- 
- 3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes [X] No [ ]
- 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes [ ] No [X]
- 3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)?" \$.....0
- 
- 4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes [X] No [ ]
- 4.2 Net reimbursement of such expenses between reporting entities:
- 4.21 Paid \$.....61,609,230
- 4.22 Received \$.....17,492,090
- 
- 5.1 Does the reporting entity write any guaranteed interest contracts? Yes [ ] No [X]
- 5.2 If yes, what amount pertaining to these items is included in:
- 5.21 Page 3, Line 1 \$.....0
- 5.22 Page 4, Line 1 \$.....0
- 
6. For stock reporting entities only:
- 6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$.....149,627,109
7. Total dividends paid stockholders since organization of the reporting entity:
- 7.11 Cash \$.....1,008,499,597
- 7.12 Stock \$.....1,300,000

## GENERAL INTERROGATORIES

### PART 2 - LIFE INTERROGATORIES

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

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

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

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

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

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

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

**GENERAL INTERROGATORIES****PART 2 - LIFE INTERROGATORIES**

9.1 Does the company have variable annuities with guaranteed benefits?

Yes [X] No [ ]

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							
5% Growth; Enhanced DB	None	N/A	N/A	869,594	244,926	Exhibit 5	None	
5% Growth	None	N/A	N/A	6,356,483	473,769	Exhibit 5	None	
Annual Step Up; Enhanced DB	GLWB	N/A	N/A	17,186,512	21,952	Exhibit 5	None	
Annual Step Up; Enhanced DB	None	N/A	N/A	23,281,089	1,366,635	Exhibit 5	None	
Annual Step Up	GLWB	N/A	N/A	310,120,828	724,318	Exhibit 5	None	
Annual Step Up	None	N/A	N/A	113,456,551	1,615,660	Exhibit 5	None	
Greater of Annual Step Up and 5% Growth; Enhanced DB	None	N/A	N/A	3,979,973	895,499	Exhibit 5	None	
Greater of Annual Step Up and 5% Growth	None	N/A	N/A	8,910,809	864,529	Exhibit 5	None	
Enhanced DB	GLWB	N/A	N/A	4,063,928	3,046	Exhibit 5	None	
Enhanced DB	None	N/A	N/A	1,329,309	34,614	Exhibit 5	None	
None	GLWB	N/A	N/A	161,893,485	545,081	Exhibit 5	None	
Return of Premium; Enhanced DB	GLWB	N/A	N/A			Exhibit 5	None	
Return of Premium; Enhanced DB	None	N/A	N/A	5,735,450	312,349	Exhibit 5	100% GMDB and EDB on 7.18513% of AV	1,017
Return of Premium	GLWB	N/A	N/A			Exhibit 5	None	
Return of Premium	None	N/A	N/A	351,520,129	6,616,974	Exhibit 5	100% GMDB on 59.464% of AV	128,429
Return of Premium	GMIB (5% Growth, 10 yr wait period)	2 years	361068			Exhibit 5	None	
		3 years	463644					
		4 years	367878					
		5 years	148446					
		Total	1341035	1,341,035	547,021			
Return of Premium	GMIB (6% Growth, 10 yr wait period)	0 years	7231093		1,934,505	Exhibit 5	None	
		2 year	43397					
		3 years	370874					
		Total	7645364	7,645,364				
Greater of ROP and 5% Roll-up	None	N/A	N/A	2,932,413	629,972	Exhibit 5	100% GMDB	10,840
Greater of ROP and 5% Roll-up	GMIB (5% Growth, 10 yr wait period)	3 years	24390		28,025	Exhibit 5	None	
		Total	24390	24,390				
Greater of ROP and 5% Roll-up	GMIB (6% Growth, 10 yr wait period)	0 years	2350617		659,220	Exhibit 5	None	
		1 year						
		Total	2350617	2,350,617				
Greater of ROP and Max Anniversary Value	None	N/A	N/A	483,939,489	23,769,506	Exhibit 5	100% GMDB	15,693,300
Greater of ROP and Max Anniversary Value	GMIB (5% Growth, 10 yr wait period)	0 year	290898		8,710,237	Exhibit 5	100% GMDB, and 100% GMIB	6,986,416
		1 year	1986882					
		2 years	2989969					
		3 years	7658834					
		4 years	8890419					
		5 years	929134					
		7 years	571994					
		Total	23318130	23,318,130				
Greater of ROP and Max Anniversary Value	GMIB (6% Growth, 10 yr wait period)	0 years	89378464		28,733,964	Exhibit 5	100% GMDB, and 100% GMIB	23,587,858
		1 year	934106					
		2 years	222405					
		3 years	1634746					
		4 years	5335349					
		5 years	142693					
		Total	97647762	97,647,762				
Greater of ROP and Max Anniversary Value; Enhanced DB	None	N/A	N/A	135,668	0	Exhibit 5	100% GMDB, and 100% EDB	0

**GENERAL INTERROGATORIES****PART 2 - LIFE INTERROGATORIES**

Greater of ROP and Max Anniversary Value; Enhanced DB	GMIB (5% Growth, 10 yr wait period)	2 years	111292		102,904	Exhibit 5	100% GMDB, 100% GMIB, and 100% EDB	102,904
		4 years	174875					
		Total	286167	286,167				
Greater of ROP and Max Anniversary Value; Enhanced DB	GMIB (6% Growth, 10 yr wait period)	0 years	2185409		580,842	Exhibit 5	100% GMDB, 100% GMIB, and 100% EDB	445,566
		1 year	0					
		Total	2185409	2,185,409				
Greater of ROP, Max Anniversary Value and 5% Roll-up	None	N/A	N/A	73,428,218	15,863,613	Exhibit 5	100% GMDB	98,033
Greater of ROP, Max Anniversary Value and 5% Roll-up	GMIB (5% Growth, 10 yr wait period)	1 years	522355		2,054,616	Exhibit 5	100% GMDB, 100% GMIB	1,389,864
		2 years	49581					
		3 years	784080					
		4 years	1625651					
		5 years	460240					
		Total	3441907	3,441,907				
Greater of ROP, Max Anniversary Value and 5% Roll-up	GMIB (6% Growth, 10 yr wait period)	0 years	24197824		10,923,273	Exhibit 5	100% GMDB, 100% GMIB .	5,892,027
		1 year	779810					
		2 years	171430					
		3 years	385695					
		4 years	782978					
		5 years	85516					
		6 years	-					
		Total	26403252	26,403,252				
Greater of ROP, Max Anniversary Value and 5% Roll-up; Enhanced DB	None	N/A	N/A	274,521	35,138	Exhibit 5	100% GMDB, and 100% EDB	30,421
Greater of ROP, Max Anniversary Value and 5% Roll-up; Enhanced DB	GMIB (5% Growth, 10 yr wait period)	3 years	-			Exhibit 5	100% GMDB, 100% GMIB, and 100% EDB	0
		Total	-	0				
Greater of ROP, Max Anniversary Value and 5% Roll-up; Enhanced DB	GMIB (6% Growth, 10 yr wait period)	0 years	1361454		723,617	Exhibit 5	100% GMDB, 100% GMIB, and 100% EDB	714,392
		1 year	206888					
		Total	1568341	1,568,341				
Greater of ROP, and Max Monthiversary Value	None	N/A	N/A	194,052,031	3,206,393	Exhibit 5	100% GMDB	2,894,014
Greater of ROP, and Max Monthiversary Value	GMIB (5% Growth, 10 yr wait period)	0 year	2976349		23,160,656	Exhibit 5	100% GMDB, and 100% GMIB	18,165,889
		1 year	8545818					
		2 years	3389561					
		3 years	11532237					
		4 years	27968941					
		5 years	3453367					
		8 years	285114					
		9 years	10177					
		Total	58161563	58,161,563				
Greater of ROP, and Max Monthiversary Value	GMIB (6% Growth, 10 yr wait period)	0 years	336608173		131,767,114	Exhibit 5	100% GMDB, and 100% GMIB .	118,044,554
		1 year	2387118					
		2 years	4117726					
		3 years	22879496					
		4 years	9281701					
		5 years	240996					
		6 years	61619					
		7 years	124457					
		8 years	631855					
		Total	376333141	376,333,141				
Greater of ROP, and Max Monthiversary Value; Enhanced DB	None	N/A	N/A	1,216,016	3,123	Exhibit 5	100% GMDB, and 100% EDB	2,495
Greater of ROP, and Max Monthiversary Value; Enhanced DB	GMIB (5% Growth, 10 yr wait period)	0 year	539973		871,949	Exhibit 5	100% GMDB, 100% GMIB, and 100% EDB	871,949
		1 years	58178					

**GENERAL INTERROGATORIES****PART 2 - LIFE INTERROGATORIES**

		4 years	657829					
		Total	1255980	1,255,980				
Greater of ROP, and Max Monthiversary Value; Enhanced DB	GMIB (6% Growth, 10 yr wait period)	0 years	6398216		921,662	Exhibit 5	100% GMDB, 100% GMIB, and 100% EDB	905,589
		4 years	125656					
		Total	6523873	6,523,873				
Greater of ROP, Max Monthiversary Value, and 6% Roll-up	None	N/A	N/A	50,207,734	10,731,030	Exhibit 5	100% GMDB	10,359,603
Greater of ROP, Max Monthiversary Value, and 6% Roll-up	GMIB (5% Growth, 10 yr wait period)	0 year	1241395		6,617,631	Exhibit 5	100% GMDB, and 100% GMIB	6,252,382
		1 year	2489893					
		2 years	744008					
		3 years	4003212					
		4 years	3165270					
		5 years	1212974					
		Total	12856752	12,856,752				
Greater of ROP, Max Monthiversary Value, and 6% Roll-up	GMIB (6% Growth, 10 yr wait period)	0 years	103266852	139,738,256	69,168,404	Exhibit 5	100% GMDB, and 100% GMIB	66,469,748
		1 year	2485141					
		2 years	2732061					
		3 years	2971242					
		4 years	1705116					
		5 years	864340					
		Total	114024752					
Greater of ROP, Max Monthiversary Value, and 6% Roll-up, enhanced DB	None	N/A	N/A	2,258,625	541,395	Exhibit 5	100% GMDB, and 100% of EDB	541,395
Greater of ROP, Max Monthiversary Value, and 6% Roll-up, enhanced DB	GMIB (5% Growth, 10 yr wait period)	2 years	35090		31,432	Exhibit 5	100% GMDB, 100% GMIB. And 100% EDB	27,575
		3 years	50027					
		Total	85117	85,117				
Greater of ROP, Max Monthiversary Value, and 6% Roll-up, enhanced DB	GMIB (6% Growth, 10 yr wait period)	0 years	9805040		3,529,283	Exhibit 5	100% GMDB, 100% GMIB. And 100% EDB	3,495,570
		1 year	279613					
		2 years	13499					
		4 years	504168					
		Total	10602320	10,602,320				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 5 yr wait period	None	0 years	272862046		27,768,342	Exhibit 5	100% GMDB	25,518,390
		1 year	479037					
		2 years	576860					
		3 years	1022939					
		4 years	945775					
		Total	275886657	275,886,657				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 5 yr wait period	GMIB (5% Growth, 10 yr wait period)	0 years / 0 year	61885		3,318,362	Exhibit 5	100% GMDB, and 100% GMIB	3,139,601
		0 years / 1 year	996624					
		0 years / 2 years	796029					
		0 years / 3 years	1751534					
		0 years / 4 years	4129584					
		0 years / 5 years	690289					
		0 years / 6 years	85070					
		0 years / 8 years	182929					
		0 years / 9 years	115843					
		Total	8809787	8,809,787				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 5 yr wait period	GMIB (6% Growth, 10 yr wait period)	0 years / 0 years	63251758		29,255,170	Exhibit 5	100% GMDB, and 100% GMIB	29,007,288

## GENERAL INTERROGATORIES

### PART 2 - LIFE INTERROGATORIES

Max Anniversary		0 years / 1 year	306905					
Value, and 5% Roll-up,		0 years / 2 years	1094485					
5 yr wait period		0 years / 3 years	2662818					
		0 years / 4 years	1780457					
		0 years / 7 years	136893					
		Total	69233316	69,233,316				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 5 yr wait period; Enhanced DB	None	N/A	N/A	75,984	627	Exhibit 5	100% GMDB, and 100% of EDB	627
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 5 yr wait period; Enhanced DB	GMIB (5% Growth, 10 yr wait period)	0 years / 3 years	112545		31,436	Exhibit 5	100% GMDB, 100% GMIB, and 100% EDB	31,436
		Total	112545	112,545				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 5 yr wait period; Enhanced DB	GMIB (6% Growth, 10 yr wait period)	0 years / 0 years	499101		165,644	Exhibit 5	100% GMDB, 100% GMIB, and 100% EDB	136,975
		Total	499101	499,101				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 7 yr wait period	None	0 years	342581490		20,565,753	Exhibit 5	100% GMDB, and 100% GMIB	17,717,190
		1 year	212835					
		2 years	313186					
		3 years	27735					
		4 years	1024851					
		5 years	300955					
		6 years	419670					
		Total	344880721	344,880,721				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 7 yr wait period	GMIB (5% Growth, 10 yr wait period)	0 years / 0 year	83253		2,374,022	Exhibit 5	100% GMDB, and 100% GMIB	2,254,450
		0 years / 1 year	392946					
		0 years / 2 years	703520					
		0 years / 3 years	1660708					
		0 years / 4 years	3576609					
		0 years / 5 years	148890					
		Total	6565925	6,565,925				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 7 yr wait period	GMIB (6% Growth, 10 yr wait period)	0 years / 0 years	31013223		9,421,937	Exhibit 5	100% GMDB, and 100% GMIB	8,248,296
		0 years / 1 year	278843					
		0 years / 2 years	32					
		0 years / 4 years	22092					
		0 years / 5 years	-					
		Total	31314190	31,314,190				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 7 yr wait period, Enhanced DB	None	0 years	238296		0	Exhibit 5	100% GMDB, and 100% EDB	0
		Total	238296	238,296				
Greater of ROP, Max Anniversary Value, and 5% Roll-up, 7 yr wait period, Enhanced DB	GMIB (6% Growth, 10 yr wait period)	0 years / 1 year	15500		2,771	Exhibit 5	None	0
		Total	15500	15,500				

## GENERAL INTERROGATORIES

### PART 2 - LIFE INTERROGATORIES

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. \$.....0

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

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

## WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO 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).....	77,781,706	75,291,110	89,236,297	89,560,581	91,662,223
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....	40,627,634	38,857,498	36,229,696	32,945,176	28,135,299
3. Credit life (Line 21, Col. 6).....	0	0	0	0	0
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....	1,201,799	1,145,572	542,828	277,665	125,181
5. Industrial (Line 21, Col. 2).....	0	0	0	0	0
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....	0	0	0	0	0
7. Total (Line 21, Col. 10).....	119,611,139	115,294,180	126,008,821	122,783,422	119,922,703
<b>New Business Issued (Exhibit of Life Insurance)</b>					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	9,429,235	9,564,600	7,463,159	6,285,059	8,525,869
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....	4,022,247	4,695,506	5,775,227	8,357,329	8,593,834
10. Credit life (Line 2, Col. 6).....	0	0	0	0	0
11. Group (Line 2, Col. 9).....	142,584	634,282	286,182	165,262	27,549
12. Industrial (Line 2, Col. 2).....	0	0	0	0	0
13. Total (Line 2, Col. 10).....	13,594,066	14,894,388	13,524,568	14,807,650	17,147,252
<b>Premium Income - Lines of Business (Exhibit 1-Part 1)</b>					
14. Industrial life (Line 20.4, Col. 2).....	0	0	0	0	0
15.1 Ordinary life insurance (Line 20.4, Col. 3).....	460,467,475	446,794,519	479,550,661	500,609,787	573,644,502
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....	10,738,713	16,513,049	31,143,789	93,137,243	183,354,946
16. Credit life (group and individual) (Line 20.4, Col. 5).....	0	0	0	0	0
17.1 Group life insurance (Line 20.4, Col. 6).....	11,246,387	9,202,424	3,901,414	1,310,409	(72,007)
17.2 Group annuities (Line 20.4, Col. 7).....	2,808,346	5,731,229	9,135,529	58,290,874	30,478,105
18.1 A&H - group (Line 20.4, Col. 8).....	1,658,215	1,428,458	1,221,593	1,274,988	447,290
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....	0	0	0	0	0
18.3 A&H - other (Line 20.4, Col. 10).....	0	0	0	0	0
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....	0	0	0	0	0
20. Total.....	486,919,136	479,669,679	524,952,986	654,623,301	787,852,835
<b>Balance Sheet (Pages 2 and 3)</b>					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....	2,123,586,075	1,905,059,854	2,096,221,107	1,656,180,754	1,852,240,246
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	1,804,350,901	1,629,861,831	1,584,956,614	1,293,034,486	1,572,148,423
23. Aggregate life reserves (Page 3, Line 1).....	1,782,019,681	1,746,801,158	1,661,176,269	1,716,595,337	1,735,400,989
24. Aggregate A&H reserves (Page 3, Line 2).....	963,441	517,916	559,849	811,354	39,172
25. Deposit-type contract funds (Page 3, Line 3).....	14,647,233	13,018,245	15,179,471	15,141,000	14,519,678
26. Asset valuation reserve (Page 3, Line 24.01).....	12,038,965	8,838,178	9,216,530	8,484,464	4,380,319
27. Capital (Page 3, Lines 29 & 30).....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
28. Surplus (Page 3, Line 37).....	316,735,174	272,698,023	508,764,493	360,646,268	277,591,823
<b>Cash Flow (Page 5)</b>					
29. Net Cash from operations (Line 11).....	237,322,133	171,405,889	381,761,179	158,531,226	158,070,099
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital.....	331,274,139	284,036,201	520,481,023	371,630,732	284,472,142
31. Authorized control level risk-based capital.....	39,005,651	39,227,215	45,046,752	45,565,947	44,224,462
<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).....	58.2	52.9	50.7	55.9	43.5
33. Stocks (Lines 2.1 and 2.2).....	1.7	1.8	1.8	2.3	2.2
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....	2.6	3.0	0.7	0.9	0.9
35. Real estate (Line 4.1, 4.2 and 4.3).....	1.8	2.1	2.0	2.7	2.7
36. Cash, cash equivalents and short-term investments (Line 5).....	9.6	10.1	13.0	10.7	19.6
37. Contract loans (Line 6).....	21.4	24.2	21.1	27.1	28.8
38. Derivatives (Line 7).....	0.0	0.0	0.0	XXX	XXX
39. Other invested assets (Line 8).....	0.2	0.2	0.2	0.5	0.6
40. Receivables for securities (Line 9).....	0.0	0.3	0.0	0.0	0.0
41. Securities lending reinvested collateral assets (Line 10).....	4.4	5.3	10.4	XXX	XXX
42. Aggregate write-ins for invested assets (Line 11).....	0.0	0.0	0.0	0.0	1.8
43. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	99.9	100.0	100.0

# WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO

## 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).....	0	0	0	0	0
45. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....	0	0	0	0	0
46. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....	31,844,323	30,478,957	33,238,370	32,187,134	26,092,285
47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....	0	0	0	27,000,000	0
48. Affiliated mortgage loans on real estate.....	0	0	0	0	0
49. All other affiliated.....	0	0	0	0	0
50. Total of above Lines 44 to 49.....	31,844,323	30,478,957	33,238,370	59,187,134	26,092,285
51. Total investment in parent included in Lines 44 to 49 above.....	0	0	0	0	0
<b>Total Nonadmitted and Admitted Assets</b>					
52. Total nonadmitted assets (Page 2, Line 28, Col. 2).....	128,122,964	118,204,059	87,564,624	81,355,254	131,362,001
53. Total admitted assets (Page 2, Line 28, Col. 3).....	8,600,826,766	8,423,143,363	9,497,886,339	8,821,381,432	8,127,643,288
<b>Investment Data</b>					
54. Net investment income (Exhibit of Net Investment Income).....	81,728,962	80,031,434	64,487,132	48,370,826	71,623,383
55. Realized capital gains (losses) (Page 4, Line 34, Column 1).....	(4,590,812)	(12,431,038)	(9,123,462)	(24,264,209)	368,207
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	117,589	(3,720,586)	782,683	160,903	1,738,252
57. Total of above Lines 54, 55 and 56.....	77,255,739	63,879,810	56,146,353	24,267,520	73,729,842
<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).....	515,007,192	705,103,254	818,458,314	808,181,597	1,254,908,110
59. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	871,144	1,214,897	952,355	572,145	288,056
60. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	86,875,521	60,433,803	29,534,319	(7,100,001)	56,682,641
61. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	445,526	(41,933)	(251,505)	772,182	39,172
62. Dividends to policyholders (Line 30, Col 1).....	21,801	23,797	24,721	25,641	26,732
<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.....	48.8	55.0	21.0	27.2	36.1
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.....	8.0	7.6	7.9	9.7	11.1
65. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....	79.4	82.1	57.4	105.4	73.2
66. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....	0.0	0.0	0.0	0.0	0.0
67. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....	4.5	(5.9)	(5.9)	(12.4)	(2.8)
<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).....	569,284	604,510	691,750	36,640	0
69. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....	517,916	559,849	811,354	39,172	0
70. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	0	0	0	0	0
71. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	0	0	0	0	0
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
72. Industrial life (Col. 2).....	0	0	0	0	0
73. Ordinary - life (Col. 3).....	101,831,280	37,618,834	110,561,555	101,086,373	41,001,315
74. Ordinary - individual annuities (Col. 4).....	38,605,963	(29,851,030)	21,836,690	40,018,446	(100,507,769)
75. Ordinary - supplementary contracts (Col. 5).....	(4,395,017)	(8,559,269)	(911,833)	(113,303)	(476)
76. Credit life (Col. 6).....	0	0	0	0	0
77. Group life (Col. 7).....	(1,938,361)	167,570	(89,579)	(752,656)	22,401
78. Group annuities (Col. 8).....	209,206	885,156	520,788	(397,838)	(81,620)
79. A&H - group (Col. 9).....	273,278	223,382	344,921	78,460	69,591
80. A&H - credit (Col. 10).....	0	0	0	0	0
81. A&H - other (Col. 11).....	(5)	(5)	(60)	0	0
82. Aggregate of all other lines of business (Col. 12).....	0	0	0	0	0
83. Total (Col. 1).....	134,586,344	484,637	132,262,482	139,919,481	(59,496,558)

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.....	.0	.0	412,217	114,148,608	.0	.0	2,931	3,451	1,145,572	115,294,180
2. Issued during year.....	.0	.0	51,883	13,451,482	.0	.0	191	370	142,584	13,594,066
3. Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Revived during year.....	.0	.0	457	183,133	.0	.0	16	16	7,419	190,552
5. Increased during year (net).....	.0	.0	5	105,896	.0	.0	.0	.0	.0	105,896
6. Subtotals, Lines 2 to 5.....	.0	.0	52,345	13,740,511	.0	.0	207	386	150,003	13,890,514
7. Additions by dividends during year.....	XXX	.0	XXX	.0	XXX	.0	XXX	XXX	.0	.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	464,562	127,889,118	.0	.0	3,138	3,837	1,295,575	129,184,693
<b>Deductions during year:</b>										
10. Death.....	.0	.0	1,008	161,678	.0	.0	XXX	5	3,152	164,830
11. Maturity.....	.0	.0	8	649	.0	.0	XXX	.0	.0	649
12. Disability.....	.0	.0	.0	.0	.0	.0	XXX	.0	.0	.0
13. Expiry.....	.0	.0	88	23,879	.0	.0	4	.0	.0	23,879
14. Surrender.....	.0	.0	16,214	4,655,928	.0	.0	12	17	16,725	4,672,653
15. Lapse.....	.0	.0	18,616	4,625,658	.0	.0	261	325	76,839	4,702,497
16. Conversion.....	.0	.0	88	23,122	.0	.0	XXX	XXX	XXX	23,122
17. Decreased (net).....	.0	.0	(2)	(11,136)	.0	.0	.0	.0	(2,940)	(14,076)
18. Reinsurance.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19. Aggregate write-ins for decreases.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20. Totals (Lines 10 to 19).....	.0	.0	36,020	9,479,778	.0	.0	277	347	93,776	9,573,554
21. In force end of year (Line 9 minus Line 20).....	.0	.0	428,542	118,409,340	.0	.0	2,861	3,490	1,201,799	119,611,139
22. Reinsurance ceded end of year.....	XXX	.0	XXX	63,595,336	XXX	.0	XXX	XXX	233,620	63,828,956
23. Line 21 minus Line 22.....	XXX	.0	XXX	54,814,005	XXX	(b).....0	XXX	XXX	968,179	55,782,184

### DETAILS OF WRITE-INS

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

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

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

## EXHIBIT OF LIFE INSURANCE (continued)

## ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends.....	.XXX	0	.XXX	0
25. Other paid-up insurance.....	0	0	2,112	11,427
26. Debit ordinary insurance.....	.XXX	.XXX	0	0

## ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies-decreasing.....	0	0	0	0
28. Term policies-other.....	11,424	3,173,067	79,916	26,093,046
29. Other term insurance-decreasing.....	.XXX	0	.XXX	588
30. Other term insurance.....	.XXX	849,181	.XXX	13,705,631
31. Totals (Lines 27 to 30).....	11,424	4,022,248	79,916	39,799,265
Reconciliation to Lines 2 and 21:				
32. Term additions.....	.XXX	0	.XXX	0
33. Totals, extended term insurance.....	.XXX	.XXX	2,244	828,369
34. Totals, whole life and endowment.....	40,459	9,429,235	346,382	77,781,706
35. Totals (Lines 31 to 34).....	51,883	13,451,483	428,542	118,409,340

## CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial.....	0	0	0	0
37. Ordinary.....	13,451,483	0	118,404,047	5,293
38. Credit Life (Group and Individual).....	0	0	0	0
39. Group.....	142,584	0	1,201,798	0
40. Totals (Lines 36 to 39).....	13,594,067	0	119,605,845	5,293

## ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other companies.....	.XXX	0	.XXX	0
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis.....	0	.XXX	2,859	.XXX
43. Federal Employees' Group Life Insurance included in Line 21.....	0	0	0	0
44. Servicemen's Group Life Insurance included in Line 21.....	0	0	0	0
45. Group Permanent Insurance included in Line 21.....	0	0	2,996	1,025,542

## ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a).....	175,607
--	---------

## BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.
47.1 Current amount.
47.2 Wife amount only on family policies & riders. One child for children rider.

## 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.....	0	0	17,121	2,977,606	0	0	115	24,316
49. Disability Income.....	0	0	3,008	178,631	0	0	3	866
50. Extended Benefits.....	0	0	.XXX	.XXX	0	0	0	0
51. Other.....	0	0	0	0	0	0	0	0
52. Total.....	0 (b)	0	20,129 (b)	3,156,237	0 (b)	0	118 (b)	25,182

(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.....	274	165	.0	.0
2. Issued during year.....	.88	.52	.0	.0
3. Reinsurance assumed.....	.0	.0	.0	.0
4. Increased during year (net).....	.0	.0	.0	.0
5. Total (Lines 1 to 4).....	362	217	.0	.0
Deductions during year:				
6. Decreased (net).....	.11	.35	.0	.0
7. Reinsurance ceded.....	.0	.0	.0	.0
8. Totals (Lines 6 and 7).....	.11	.35	.0	.0
9. In force end of year.....	351	182	.0	.0
10. Amount on deposit.....	.0	(a).....0	.0	(a).....0
11. Income now payable.....	351	182	.0	.0
12. Amount of income payable.....	(a).....2,538,520	(a).....1,999,508	(a)......0	(a)......0

**ANNUITIES**

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	.85	94,092	.84	100
2. Issued during year.....	.0	.0	.0	.0
3. Reinsurance assumed.....	.0	.0	.0	.0
4. Increased during year (net).....	.0	.0	.1	.8
5. Total (Lines 1 to 4).....	.85	94,092	.85	108
Deductions during year:				
6. Decreased (net).....	.9	9,373	.31	.11
7. Reinsurance ceded.....	.0	.0	.0	.0
8. Totals (Lines 6 and 7).....	.9	9,373	.31	.11
9. In force end of year.....	.76	84,719	.54	.97
Income now payable:				
10. Amount of income payable.....	(a).....384,694	XXX	XXX	(a).....72,740
Deferred fully paid:				
11. Account balance.....	XXX	(a).....38,329,036	XXX	(a).....83,955
Deferred not fully paid:				
12. Account balance.....	XXX	(a).....3,613,233,061	XXX	(a).....4,275,055

**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.....	.76	15,060,500	.0	.0	.0	.0
2. Issued during year.....	.0	.0	.0	.0	.0	.0
3. Reinsurance assumed.....	.0	.0	.0	.0	.0	.0
4. Increased during year (net).....	.0	XXX	.0	XXX	.0	XXX
5. Total (Lines 1 to 4).....	.76	XXX	.0	XXX	.0	XXX
Deductions during year:						
6. Conversions.....	.0	XXX	XXX	XXX	XXX	XXX
7. Decreased (net).....	.5	XXX	.0	XXX	.0	XXX
8. Reinsurance ceded.....	.0	XXX	.0	XXX	.0	XXX
9. Totals (Lines 6 to 8).....	.5	XXX	.0	XXX	.0	XXX
10. In force end of year.....	.71	(a).....16,234,732	.0	(a)......0	.0	(a)......0

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year.....	2,666	925
2. Issued during year.....	.0	.0
3. Reinsurance assumed.....	.0	.0
4. Increased during year (net).....	.522	.0
5. Total (Lines 1 to 4).....	3,188	925
Deductions during year:		
6. Decreased (net).....	.3	.42
7. Reinsurance ceded.....	.0	.0
8. Totals (Lines 6 and 7).....	.3	.42
9. In force end of year.....	3,185	883
10. Amount of account balance.....	(a).....3,464,330	(a).....1,289,586

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

# WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO

## SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

1	States, Etc.	Active Status	Direct Business Only						
			Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	7 Deposit-Type Contracts	
			2 Life Insurance Premiums	3 Annuity Considerations					
1.	Alabama.....	AL	L	4,067,914	385,866	108,150	18,244	4,580,174	3,806
2.	Alaska.....	AK	L	729,063	8,140	0	0	737,203	20
3.	Arizona.....	AZ	L	8,720,593	162,087	90,506	0	8,973,186	2,455
4.	Arkansas.....	AR	L	762,058	20,263	0	0	782,321	1,961
5.	California.....	CA	L	243,348,891	4,815,222	2,452,057	238,929	250,855,099	3,262
6.	Colorado.....	CO	L	10,785,542	475,229	0	1,125	11,261,896	52
7.	Connecticut.....	CT	L	3,759,413	(18,776)	0	0	3,740,637	16,458
8.	Delaware.....	DE	L	738,217	3,440	0	0	741,657	1,365
9.	District of Columbia.....	DC	L	926,404	3,047	0	0	929,451	473
10.	Florida.....	FL	L	23,376,678	2,804,410	150,608	316,052	26,647,748	55,584
11.	Georgia.....	GA	L	22,953,222	273,855	103,793	297,163	23,628,033	(79,611)
12.	Hawaii.....	HI	L	8,901,827	159,793	0	39,566	9,101,186	0
13.	Idaho.....	ID	L	2,634,154	51,416	145,823	0	2,831,393	74
14.	Illinois.....	IL	L	27,402,828	550,855	2,380,971	63,609	30,398,263	14,944
15.	Indiana.....	IN	L	6,789,265	679,797	1,100,676	0	8,569,738	2,059
16.	Iowa.....	IA	L	2,417,191	362,807	114,916	30	2,894,944	4,169
17.	Kansas.....	KS	L	2,183,450	182,185	1,086,968	8,406	3,461,009	848
18.	Kentucky.....	KY	L	1,825,099	(404,448)	23,539	0	1,444,190	34
19.	Louisiana.....	LA	L	6,882,823	267,094	99,259	74,350	7,323,526	2,635
20.	Maine.....	ME	L	855,874	56,618	0	0	912,492	1,896
21.	Maryland.....	MD	L	20,421,507	1,194,669	0	124,012	21,740,188	21,170
22.	Massachusetts.....	MA	L	14,361,621	(3,869)	0	0	14,357,752	71,600
23.	Michigan.....	MI	L	6,368,788	524,069	353,432	119,137	7,365,426	94
24.	Minnesota.....	MN	L	5,793,682	271,083	163,954	114,796	6,343,515	622
25.	Mississippi.....	MS	L	1,525,717	43,235	82,681	0	1,651,633	1,908
26.	Missouri.....	MO	L	4,232,169	360,195	409,108	20,037	5,021,509	3,656
27.	Montana.....	MT	L	321,068	135,557	0	464	457,089	0
28.	Nebraska.....	NE	L	1,497,507	358,520	813,411	12,952	2,682,390	5,684
29.	Nevada.....	NV	L	9,192,086	42,667	0	0	9,234,753	30
30.	New Hampshire.....	NH	L	957,362	30,636	0	0	987,998	955
31.	New Jersey.....	NJ	L	19,860,986	99,143	0	16,074	19,976,203	16,515
32.	New Mexico.....	NM	L	1,034,225	42,100	16,643	0	1,092,968	10
33.	New York.....	NY	N	9,959,314	344,113	0	0	10,303,427	592
34.	North Carolina.....	NC	L	10,842,152	218,642	0	83,445	11,144,239	43,674
35.	North Dakota.....	ND	L	874,756	111,996	0	0	986,752	0
36.	Ohio.....	OH	L	13,520,797	584,254	480,723	195,660	14,781,434	11,291
37.	Oklahoma.....	OK	L	1,388,459	260,054	461,234	38,708	2,148,455	58
38.	Oregon.....	OR	L	8,903,265	361,708	0	0	9,264,973	1,871
39.	Pennsylvania.....	PA	L	11,864,532	296,375	0	159,638	12,320,545	15,632
40.	Rhode Island.....	RI	L	650,411	14,054	0	0	664,465	995
41.	South Carolina.....	SC	L	4,686,580	649,378	0	0	5,335,958	5,012
42.	South Dakota.....	SD	L	765,971	94,309	170,201	0	1,030,481	5,239
43.	Tennessee.....	TN	L	3,513,091	507,092	0	22,748	4,042,931	12,331
44.	Texas.....	TX	L	54,941,370	2,007,529	2,068,761	299,508	59,317,168	58,881
45.	Utah.....	UT	L	18,987,363	408,923	0	0	19,396,286	445
46.	Vermont.....	VT	L	212,319	14,262	0	0	226,581	0
47.	Virginia.....	VA	L	16,076,169	952,502	0	509,776	17,538,447	30,539
48.	Washington.....	WA	L	10,967,718	63,408	0	0	11,031,126	1,502
49.	West Virginia.....	WV	L	289,571	68,251	96,126	0	453,948	592
50.	Wisconsin.....	WI	L	8,263,019	348,773	1,140,015	27,315	9,779,122	38
51.	Wyoming.....	WY	L	621,243	2,678	0	0	623,921	676
52.	American Samoa.....	AS	N	1,000	0	0	0	1,000	0
53.	Guam.....	GU	L	250,352	3,192	0	0	253,544	0
54.	Puerto Rico.....	PR	L	2,743,330	124,382	0	0	2,867,712	12
55.	US Virgin Islands.....	VI	N	35,468	0	0	0	35,468	0
56.	Northern Mariana Islands.....	MP	N	0	0	0	0	0	0
57.	Canada.....	CAN	N	63,300	5,034	0	0	68,334	0
58.	Aggregate Other Alien.....	OT	XXX	1,823,491	407,901	0	0	2,231,392	68
59.	Subtotal.....	(a) .52		647,872,265	21,785,715	14,113,555	2,801,744	686,573,279	344,176
90.	Reporting entity contributions for employee benefit plans.....	XXX		0	0	0	0	0	0
91.	Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX		0	0	0	0	0	0
92.	Dividends or refunds applied to shorten endowment or premium paying period.....	XXX		0	0	0	0	0	0
93.	Premium or annuity considerations waived under disability or other contract provisions.....	XXX		232,217	0	0	0	232,217	0
94.	Aggregate other amounts not allocable by State.....	XXX		0	0	0	0	0	0
95.	Totals (Direct Business).....	XXX		648,104,482	21,785,715	14,113,555	2,801,744	686,805,496	344,176
96.	Plus reinsurance assumed.....	XXX		0	0	0	0	0	0
97.	Totals (All Business).....	XXX		648,104,482	21,785,715	14,113,555	2,801,744	686,805,496	344,176
98.	Less reinsurance ceded.....	XXX		176,035,297	11,040,405	12,455,339	0	199,531,041	0
99.	Totals (All Business) less reinsurance ceded.....	XXX		472,069,185	10,745,310	1,658,216	2,801,744	487,274,455	344,176

**DETAILS OF WRITE-INS**

58001.	ALB- ALBANIA.....	XXX		594	0	0	0	594	0
58002.	ANT- NETHERLANDS ANTILLES.....	XXX		1,800	0	0	0	1,800	0
58003.	ARE- UNITED ARAB EMIRATES.....	XXX		2,028	0	0	0	2,028	0
58998.	Summ. of remaining write-ins for line 58 from overflow page.....	XXX		1,819,069	407,901	0	0	2,226,970	68
58999.	Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....	XXX		1,823,491	407,901	0	0	2,231,392	68
9401.	.....	XXX		0	0	0	0	0	0
9402.	.....	XXX		0	0	0	0	0	0
9403.	.....	XXX		0	0	0	0	0	0
9498.	Summ. of remaining write-ins for line 94 from overflow page.....	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.**

Mailing address of the insured

(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

WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO  
 SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

NAME	FEDERAL ID NUMBER	NAIC CODE	DOMICILE	FOOTNOTE
VERENIGING AEGON, NLD MEMBERSHIP ASSOCIATION				
AEGON N.V.	Foreign		NLD	1
AEGON NEDERLAND N.V.	Foreign		NLD	
AEGON NEVAK HOLDING B.V.	Foreign		NLD	
BLUE SQUARE RE N.V.	Foreign		NLD	
AEGON DERIVATIVES N.V.	Foreign		NLD	
AEGON INTERNATIONAL B.V.	Foreign		NLD	
THE AEGON TRUST	51-6513848		DE	
TRANSAMERICA CORPORATION	42-1484983		DE	
AEGON U.S. HOLDING CORPORATION	13-3350744		DE	
AEGON MANAGEMENT COMPANY	35-1113520		IN	
RIVER RIDGE INSURANCE COMPANY	20-0877184		VT	
SHORT HILLS MANAGEMENT COMPANY	42-1338496		NJ	
AEGON USA, LLC	42-1310237		IA	
AEGON FUNDING COMPANY LLC	42-1489646		DE	
AUSA HOLDING COMPANY	52-1549874		MD	
AUSA PROPERTIES, INC.	27-1275705		IA	
AEGON USA ASSET MANAGEMENT HOLDING, LLC	52-1549874		IA	
AEGON USA INVESTMENT MANAGEMENT, LLC	42-1310237		IA	
PEARL HOLDINGS, INC. I	20-1063558		DE	
PEARL HOLDINGS, INC. II	20-1063571		DE	
TRANSAMERICA INVESTMENT MANAGEMENT, LLC	06-1564377		DE	
AEGON USA REALTY ADVISORS, LLC	42-1205796		IA	
AXA EQUITABLE AGRIFINANCE, LLC	32-0342677		DE	2
AEGON USA REAL ESTATE SERVICES, INC.	61-1098396		DE	
AEGON USA REALTY ADVISORS OF CALIFORNIA, INC.	20-5023693		IA	
YARRA RAPIDS MANAGEMENT, LLC	42-1205796		DE	
AEGON ASSET MANAGEMENT SERVICES, INC.	39-1884868		DE	
WORLD FINANCIAL GROUP, INC.	42-1518386		DE	
WFG CHINA HOLDINGS, INC.	20-2541057		DE	
BEIJING DAFU INSURANCE AGENCY CO. LTD.	Foreign		CHN	3
WFG PROPERTIES HOLDINGS, LLC	20-2133638		GA	
WFG REINSURANCE LIMITED	Foreign		BMU	4
TRANSAMERICA REALTY SERVICES, LLC	94-3026780		DE	
AEGON-CMF GP, LLC	94-3026780		DE	
REALTY INFORMATION SYSTEMS, INC.	42-1418160		IA	
TRANSAMERICA AFFORDABLE HOUSING, INC.	94-3252196		CA	
AUSACAN LP	Foreign		CAN	5
CREDITOR RESOURCES, INC.	42-1079584		MI	
CRI CANADA INC.	Foreign		CAN	
CRI SOLUTIONS, INC.	52-1363611		MD	
DIVERSIFIED RETIREMENT CORPORATION	13-3689044		DE	
DIVERSIFIED INVESTMENT ADVISORS, INC.	13-3689044		DE	
DIVERSIFIED INVESTORS SECURITIES CORP.	13-3696753		DE	
CLARK, LLC	52-2103926		DE	
CLARK CONSULTING, LLC	50-2103928		DE	
CBC INSURANCE REVENUE SECURITIZATION, LLC	73-1652928		DE	
CLARK/BARDES (BERMUDA) LTD.	Foreign		BMU	
CLARK INVESTMENT STRATEGIES, INC.	38-3768457		DE	
CLARK SECURITIES, INC.	95-4295824		CA	
CRG INSURANCE AGENCY, INC.	95-4123166		CA	
nVISION FINANCIAL, INC	35-2283987		IA	
INVESTORS WARRANTY OF AMERICA, INC.	42-1154276		IA	
FONG LCS ASSOCIATES, LLC	20-8736609		DE	
IWA COMMERCIAL VENTURE, LLC			GA	6
INTERSTATE NORTH OFFICE PARK OWNER, LLC	42-1154276		DE	
LCS ASSOCIATES, LLC	20-8687142		DE	
TRADITION LAND COMPANY, LLC.			IA	
PSL ACQUISITIONS OPERATING, LLC			IA	
THH ACQUISITIONS, LLC	42-1154276		IA	
TRANSAMERICA AGENCY NETWORK, INC.	61-1513662		IA	
ONCOR INSURANCE SERVICES, LLC	26-2311888		IA	
MASSACHUSETTS FIDELITY TRUST COMPANY	42-0947998		IA	
MONEY SERVICES, INC.	42-1079580		DE	
TRANSAMERICA TRAVEL AND CONFERENCE SERVICES, LLC	42-1079580		IA	
AEGON DIRECT MARKETING SERVICES INTERNATIONAL, INC.	52-1291367		MD	
MONUMENTAL GENERAL ADMINISTRATORS, INC.	52-1243288		MD	
TRANSAMERICA RESOURCES, INC.	52-1525601		MD	
TRANSAMERICA CAPITAL, INC.	95-3141953		CA	
TRANSAMERICA FINANCIAL ADVISORS, INC.	59-2476008		DE	7
TRANSAMERICA FUND SERVICES, INC.	59-3403587		FL	8
UNIVERSAL BENEFITS, LLC	42-1334744		IA	
ZAHORIK COMPANY, INC.	95-2775959		CA	
GLOBAL PREFERRED RE LIMITED	98-0164807		BMU	

**WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO**

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

**PART 1 – ORGANIZATIONAL CHART**

AEGON N.V.			NLD
└ AEGON INTERNATIONAL B.V.			NLD
└ THE AEGON TRUST			DE
└└ TRANSAMERICA CORPORATION			DE
└└└ AEGON U.S. HOLDING CORPORATION			DE
└└└└ AEGON USA, LLC			IA
└└└└└ TRANSAMERICA ADVISORS LIFE INSURANCE COMPANY	91-1325756	79022	AR
└└└└└ TRANSAMERICA ADVISORS LIFE INSURANCE COMPANY OF NEW YORK	16-1020455	82848	NY
└└└└└ RCC NORTH AMERICA LLC	13-3256226		DE
└└└└└ SOUTHWEST EQUITY LIFE INSURANCE COMPANY	86-0455577	98426	AZ
└└└└└ STONEBRIDGE CASUALTY INSURANCE COMPANY	31-4423946	10952	OH
└└└└└ TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY	36-6071399	70688	NY
└└└└└ TRANSAMERICA INTERNATIONAL HOLDINGS, INC.	94-2873401		DE
└└└└└└ TIHI CANADA HOLDING, LLC			IA
└└└└└└ TIHI MEXICO, S. DE R.L. DE C.V.			MEX
└└└└└└└ TRANSAMERICA ANNUITY SERVICE CORPORATION	85-0325648		NM
└└└└└└└ TRANSAMERICA LIFE INSURANCE COMPANY	39-0989781	86231	IA
└└└└└└└ TLIC RIVERWOOD REINSURANCE, INC.	45-3193055	14146	IA
└└└└└└└ REAL ESTATE ALTERNATIVES PORTFOLIO 3A, INC	20-1627078		DE
└└└└└└└ FD TLIC, LIMITED LIABILITY COMPANY	01-0969916		NY
└└└└└└└└ FD TLIC LTD			GBR
└└└└└└└└ MALIBU LOAN FUND, LTD			DE
└└└└└└└└ ASIA INVESTMENTS HOLDINGS, LIMITED			HKG
└└└└└└└└└ ASIA BUSINESS CONSULTING COMPANY			CHN
└└└└└└└└└ TRANSAMERICA CONSULTORA Y SERVICIOS LIMITADA			CHL
└└└└└└└└└ TRANSAMERICA LIFE (BERMUDA) LTD.	98-0481010		BMU
└└└└└└└└└ ZERO BETA FUND, LLC	26-1298094		DE
└└└└└└└└└ AEGON FINANCIAL SERVICES GROUP, INC.	41-1479568		MN
└└└└└└└└└└ AEGON ASSIGNMENT CORPORATION	42-1477359		IL
└└└└└└└└└└ AEGON ASSIGNMENT CORPORATION OF KENTUCKY	61-1314968		KY
└└└└└└└└└└ AEGON MANAGED ENHANCED CASH, LLC	30-0445264		DE
└└└└└└└└└└ AMERICAN BOND SERVICES, LLC	39-0989781		IA
└└└└└└└└└└ PRIMUS GUARANTY, LTD.			BMU
└└└└└└└└└└ REAL ESTATE ALTERNATIVES PORTFOLIO 1, LLC	75-2980951		DE
└└└└└└└└└└ REAL ESTATE ALTERNATIVES PORTFOLIO 2, LLC	02-0685017		DE
└└└└└└└└└└ REAL ESTATE ALTERNATIVES PORTFOLIO 3, LLC	20-1378364		DE
└└└└└└└└└└ REAL ESTATE ALTERNATIVES PORTFOLIO 4 HR, LLC	20-3878375		DE
└└└└└└└└└└ REAL ESTATE ALTERNATIVES PORTFOLIO 4 MR, LLC	20-3878417		DE
└└└└└└└└└└ BAY AREA COMMUNITY INVESTMENTS I LP	94-3392750		CA
└└└└└└└└└└ LIFE INVESTORS ALLIANCE LLC	42-1483973		DE
└└└└└└└└└└ LIICA HOLDINGS, LLC	42-0191090		DE
└└└└└└└└└└└ LIICA RE I, INC	20-5984601	12863	VT
└└└└└└└└└└└ LIICA RE II, INC	20-5927773	12864	VT
└└└└└└└└└└└ CUPPLES STATE LIHTC INVESTORS, LLC	20-4498171		DE
└└└└└└└└└└ TRANSAMERICA OAKMONT CORPORATION	94-2993381		CA
└└└└└└└└└└ WORLD FINANCIAL GROUP HOLDING COMPANY OF CANADA INC.			CAN
└└└└└└└└└└└ WFG SECURITIES OF CANADA INC.			CAN
└└└└└└└└└└└ WORLD FINANCIAL GROUP CANADA, INC.			CAN
└└└└└└└└└└└ WORLD FINANCIAL GROUP SUBHOLDING COMPANY OF CANADA INC.			CAN
└└└└└└└└└└└└ WORLD FINANCIAL GROUP INSURANCE AGENCY OF CANADA INC			CAN
└└└└└└└└└└└└└ TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.	98-0199561		BMU
└└└└└└└└└└└└└└ TRANSAMERICA INT'L RE ESCRITORIO DE REPRESENTACAO NO BRASIL LTD			BRA
└└└└└└└└└└└└└ UNITED FINANCIAL SERVICES, INC.	52-1263786		MD
└└└└└└└└└└└└└ WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO	43-1162657	91413	OH
└└└└└└└└└└└└└└ TRANSAMERICA ASSET MANAGEMENT, INC.	59-3403585		FL
└└└└└└└└└└└└└└└ WORLD FINANCIAL GROUP INSURANCE AGENCY, INC.	95-3809372		CA
└└└└└└└└└└└└└└└└ WFG INSURANCE AGENCY OF PUERTO RICO, INC.	66-0621281		PR
└└└└└└└└└└└└└└└└ WORLD FINANCIAL GROUP INSURANCE AGENCY OF HAWAII, INC.	99-0277127		HI
└└└└└└└└└└└└└└└└ WORLD FINANCIAL GROUP INSURANCE AGENCY OF MASSACHUSETTS, INC.	04-3182849		MA
└└└└└└└└└└└└└└└└ WORLD FINANCIAL GROUP INSURANCE AGENCY OF WYOMING, INC	42-1519076		WY
└└└└└└└└└└└└└└ INTERSECURITIES INSURANCE AGENCY, INC	42-1517005		CA
└└└└└└└└└└└└└ COMMONWEALTH GENERAL CORPORATION	51-0108922		DE
└└└└└└└└└└└└└└ TRANSAMERICA PACIFIC INSURANCE COMPANY, LTD	94-3304740		HI
└└└└└└└└└└└└└└ TRANSAMERICA STABLE VALUE SOLUTIONS INC.	27-0648897		DE
└└└└└└└└└└└└└└ AEGON INSTITUTIONAL MARKETS, INC.	61-1085329		DE
└└└└└└└└└└└└└└└ NEW MARKETS COMMUNITY INVESTMENT FUND, LLC	20-3318246		IA
└└└└└└└└└└└└└└ AEGON STRUCTURED SETTLEMENTS, INC.	61-1068209		KY
└└└└└└└└└└└└└└ AFSG SECURITIES CORPORATION	23-2421076		PA
└└└└└└└└└└└└└└ FINANCIAL PLANNING SERVICES, INC.	23-2130174		DC
└└└└└└└└└└└└└└ GARNET ASSURANCE CORPORATION II	14-1893533		IA
└└└└└└└└└└└└└└ AEGON ALLIANCES, INC.	56-1358257		VA
└└└└└└└└└└└└└└└ MONUMENTAL LIFE INSURANCE COMPANY	52-0419790	66281	IA
└└└└└└└└└└└└└└└└ AEGON DIRECT MARKETING SERVICES, INC.	42-1470697		MD
└└└└└└└└└└└└└└└└└ TRANSAMERICA AFFINITY SERVICES, INC.	42-1523438		MD
└└└└└└└└└└└└└└└└└└ TRANSAMERICA INTERNATIONAL DIRECT MARKETING CONSULTANTS, LLC			MD
└└└└└└└└└└└└└└└└└└└ AEGON DIRECT & AFFINITY MARKETING SERVICES (THAILAND), LIMITED			THA
└└└└└└└└└└└└└└└└└└ BAY STATE COMMUNITY INVESTMENTS I, LLC	52-0419790		DE
└└└└└└└└└└└└└└└└└ BAY STATE COMMUNITY INVESTMENTS II, LLC	52-0419790		DE
└└└└└└└└└└└└└└└└└ MCDONALD CORPORATE TAX CREDIT FUND IV LIMITED PARTNERSHIP			DE
└└└└└└└└└└└└└└└└└ TAHP FUND I, LLC	52-0419790		DE
└└└└└└└└└└└└└└└└└ TRANSAMERICA PYRAMID PROPERTIES, LLC	52-0419790		IA
└└└└└└└└└└└└└└└└└ TRANSAMERICA REALTY INVESTMENT PROPERTIES, LLC	52-0419790		DE
└└└└└└└└└└└└└└└└└ STONEBRIDGE BENEFIT SERVICES, INC.	75-2548428		DE
└└└└└└└└└└└└└└└└└ STONEBRIDGE GROUP, INC.	75-2664959		DE
└└└└└└└└└└└└└└└└└ STONEBRIDGE LIFE INSURANCE COMPANY	03-0164230	65021	VT
└└└└└└└└└└└└└└└└└└ MLIC RE I, INC.	01-0930908	13712	VT
└└└└└└└└└└└└└└└└└└ PEOPLES BENEFIT SERVICES, LLC	23-1705984		PA
└└└└└└└└└└└└└└└└└└ PINE FALLS RE, INC.	26-1552330	13096	VT
└└└└└└└└└└└└└└└└└└ STONEBRIDGE REINSURANCE COMPANY	61-1497252	12705	VT

WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO  
 SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

AEGON N.V.			
└ AEGON INTERNATIONAL B.V.	Foreign		NLD
└ THE AEGON TRUST	Foreign		NLD
└└ TRANSAMERICA CORPORATION	51-6513848		DE
└└└ ARC REINSURANCE CORPORATION	42-1484983		DE
└└└ PYRAMID INSURANCE COMPANY, LTD.	99-0300081		HI
└└└ TRANSAMERICA CORPORATION (OR)	98-0087891		HI
└└└ TRANSAMERICA CORPORATION (OR)	98-6021219		OR
└└└ TRANSAMERICA FINANCE CORPORATION	95-1077235		DE
└└└└ TRANSAMERICA LEASING HOLDINGS, INC.	13-3452993		DE
└└└└└ TRANSAMERICA FUNDING LP			GBR
└└└└└ TRANSAMERICA COMMERCIAL FINANCE CORPORATION, I	94-3054228		DE
└└└└└└ TCFC AIR HOLDINGS, INC.	32-0092333		DE
└└└└└└└ TRANSAMERICA AVIATION, LLC			DE
└└└└└└└ TCFC ASSET HOLDINGS, INC.			DE
└└└└└└└ TCF ASSET MANAGEMENT CORPORATION	32-0092334		DE
└└└└└└└ TRANSAMERICA ACCOUNTS HOLDING CORPORATION	84-0642550		DE
└└└└└└└ TRANSAMERICA CONSUMER FINANCE HOLDING COMPANY	36-4162154		DE
└└└└└└└└ TRANSAMERICA HOME LOAN	95-4631538		DE
└└└└└└└└ TRANSAMERICA DISTRIBUTION FINANCE - OVERSEAS, INC.	95-4390993		CA
└└└└└└└└ TRANSAMERICA SMALL BUSINESS CAPITAL, INC.	36-4254366		DE
└└└└└└└└ TRANSAMERICA VENDOR FINANCIAL SERVICES CORPORATION	36-4251204		DE
└└└└└└└└ TRANSAMERICA VENDOR FINANCIAL SERVICES CORPORATION	36-4134790		DE
└ AEGON DMS HOLDING B.V.	Foreign		NLD
└└ AEGON DIRECT & AFFINITY MARKETING SERVICES LIMITED	Foreign		HKG
└└└ AEGON DIRECT MARKETING SERVICES INSURANCE BROKER (HK) LIMITED	Foreign		HKG
└└└ CORNERSTONE INTERNATIONAL HOLDINGS LTD	Foreign		GBR
└└└└ AEGON DIRECT MARKETING SERVICES EUROPE LTD	Foreign		GBR
└└└└ ERFABRUNGSSCHATZ GMBH	Foreign		DEU
└└└└ STONEBRIDGE INTERNATIONAL INSURANCE LTD	Foreign		GBR
└└└└ AEGON DIRECT MARKETING SERVICES KOREA CO., LTD.	Foreign		KOR
└└└└ TRANSAMERICA DIRECT MARKETING ASIA PACIFIC PTY LTD	08-2507515		AUS
└└└└└ TRANSAMERICA INSURANCE MARKETING ASIA PACIFIC PTY LTD	08-2524730		AUS
└└└└└ AEGON DIRECT & AFFINITY MARKETING SERVICES AUSTRALIA PTY LTD	08-2524785		AUS
└└└└└ AEGON DIRECT MARKETING SERVICES MEXICO S.A. DE C.V.	Foreign		MEX
└└└└└ AEGON DIRECT MARKETING SERVICES MEXICO SERVICIOS S.A. DE C.V.	Foreign		MEX
└└└└└ AEGON DIRECT & AFFINITY MARKETING SERVICES CO., LTD	Foreign		JPN
└└└└└ AEGON DIRECT MARKETING SERVICES, INC	Foreign		TWN
└└└└└└ AEGON LIFE INSURANCE AGENCY, INC.	Foreign		TWN
└└└└└└ TRANSAMERICA AFFINITY MARKETING CORRECTORA DE SEGUROS LTDA	Foreign		BRA
└└└└└└└ TRANSAMERICA DIRECT MARKETING CONSULTANTS PRIVATE LIMITED	Foreign		IND
└└└└└└└ TRANSAMERICA HOLDING B.V.	Foreign		NLD
└└└└└└└ AEGON IRELAND HOLDING B.V.	Foreign		NLD
└└└└└└└└ AEGON SERVICES (DUBLIN) LIMITED	Foreign		IRL
└└└└└└└└└ TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.	Foreign		BMU
└ AEGON ASSET MANAGEMENT (CANADA) B.V.	Foreign		NLD
└└ AEGON CAPITAL MANAGEMENT INC.	Foreign		CAN
└└ AEGON FUND MANAGEMENT INC	Foreign		CAN
└ AEGON CANADA HOLDING B.V.	Foreign		NLD
└└ AEGON CANADA ULC	Foreign		CAN
└└└ CONSUMER MEMBERSHIP SERVICES CANADA INC.	Foreign		CAN
└└└ LEGACY GENERAL INSURANCE COMPANY	140478637		CAN
└└└ SELIENT INC.	Foreign		CAN
└└└ TRANSAMERICA LIFE CANADA	Foreign		CAN
└└└└ CANADIAN PREMIER LIFE INSURANCE COMPANY	140478595		CAN

**WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO**  
**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
 PART 1 – ORGANIZATIONAL CHART

## Organizational Chart Footnotes:

Ownership is 100% unless otherwise noted. Inclusion of an entity does not necessarily signify control.

- 1) Vereniging AEGON holds voting power in the Common, Preferred A and Preferred B stock of AEGON N.V. totaling 21.798%.
- 2) Members: AEGON USA Realty Advisors, LLC (50%); non-affiliate of AEGON (50%)
- 3) WFG China Holdings, Inc. owns 10%; the remaining 90% is owned by a non-AEGON associated individual
- 4) 51% owned by World Financial Group, Inc.; remaining 49% is annually offered to independent contractors associated with WFG Reinsurance Limited
- 5) General Partner - AUSA Holding Company (1%); Limited Partner - AEGON USA, LLC. (99%)
- 6) Members are: Investors Warranty of America, Inc. (99.9%); non-affiliate of AEGON (0.1%)
- 7) AUSA Holding Company owns 51.60%; AEGON Asset Management Services, Inc. owns 37.62%; Transamerica International Holdings, Inc. owns 10.78%
- 8) AUSA Holding Company owns 56%; Western Reserve Life Assurance Co. of Ohio owns 44%
- 9) RCC Group: FGH USA, LLC; ALH Properties Eight, LLC; ALH Properties Eleven, LLC; ALH Properties Four, LLC; ALH Properties Nine, LLC; ALH Properties Seven, LLC; ALH Properties Seventeen, LLC; ALH Properties Sixteen, LLC; ALH Properties Ten, LLC; ALH Properties Twelve, LLC; ALH Properties Two, LLC; FGH Realty Credit, LLC; FGP West Street Two, LLC; FGP 90 West Street, LLC; FGP West Mezzanine, LLC; FGP West Street, LLC; Fifth FGP, LLC; First FGP, LLC; Fourth FGP, LLC; Second FGP, LLC; Seventh FGP, LLC; The RCC Group, Inc.
- 10) 100% of the voting common stock owned by AEGON USA, LLC is allocated 75% of total cumulative vote. Participating common stock (100% owned by non-AEGON shareholders) is allocated 25% of the total cumulative vote.
- 11) Ownership: 87.4% AEGON USA, LLC (14,391 shares of Common Stock and 38,609 shares of Preferred Stock); 12.6% Transamerica Life Insurance Company (2,075 shares of Common Stock and 5,566 shares of Preferred Stock)
- 12) 95% owned by Transamerica International Holdings, Inc.; 5% owned by Transamerica Life Insurance Company
- 13) 676,190 shares Common Stock owned by Transamerica International Holdings, Inc.; 86,590 shares of Preferred Stock owned by Transamerica Corporation; 30,564 shares of Preferred Stock owned by AEGON USA, LLC.  
  
Gamet Subsidiaries: Gamet Assurance Corporation, Gamet Assurance Corporation III, Gamet Community Investments III, LLC, Gamet Community Investments XVIII, LLC, Gamet Community Investments XX, LLC, Gamet Community Investments XXIV, LLC, Gamet Community Investments XXV, LLC, Gamet Community Investments XXVI, LLC, Gamet Community Investments XXVII, LLC, Gamet Community Investments XXVIII, LLC, Gamet Community Investments XXIX, LLC, Gamet Community Investments XXX, LLC, Gamet Community Investments XXXI, LLC, Gamet Community Investments XXXII, LLC, Gamet Community Investments XXXIII, LLC, Gamet Community Investments XXXIV, LLC, Gamet Community Investments XXXV, LLC; Gamet Community Investments XXXVI, LLC
- 14) Members: Transamerica Life Insurance Company (52.6%); Monumental Life Insurance Company (37.0%); Transamerica Financial Life Insurance Company (9.4%); Stonebridge Life Insurance Company (1%)
- 15) This is a Fund that Transamerica Life Insurance Company and Monumental Life Insurance Company are investors in.
- 16) Chilean LLC: Partners are Transamerica Life Insurance Company (95%); Transamerica International Holdings, Inc. (5%)
- 17) Members: Transamerica Life Insurance Company (82.35%); Monumental Life Insurance Company (16.16%); Transamerica Financial Life Insurance Company (1.49%). Manager: AEGON USA Investment Management LLC.
- 18) Members: Transamerica Life Insurance Company (86.05%); Monumental Life Insurance Company (13.95%)
- 19) Partners are: Transamerica Life Insurance Company (13.1%) and non-affiliates of AEGON (58.8%). The remaining 28.1% of stock is publicly owned.
- 20) Members: Transamerica Life Insurance Company (90.96%); Monumental Life Insurance Company (6.30%); Transamerica Financial Life Insurance Company (2.74%). Manager: AEGON USA Realty Advisors, LLC
- 21) Members: Transamerica Life Insurance Company (90.25%); Transamerica Financial Life Insurance Company (7.5%); Stonebridge Life Insurance Company (2.25%). Manager: AEGON USA Realty Advisors, LLC
- 22) Members: Transamerica Life Insurance Company (73.4%); Monumental Life Insurance Company (25.6%); Stonebridge Life Insurance Company (1%). Manager: AEGON USA Realty Advisors, LLC
- 23) Members: Transamerica Life Insurance Company (64%); Monumental Life Insurance Company (32%); Transamerica Financial Life Insurance Company (4%). Manager: AEGON USA Realty Advisors, LLC
- 24) Partners: Transamerica Life Insurance Company (70%); Monumental Life Insurance Company (30%)
- 25) 50% owned by World Financial Group Holding Company of Canada, Inc.; 50% owned by World Financial Group Subholding Company of Canada, Inc.
- 26) Quotaholders: Transamerica International Re (Bermuda) Ltd. (95%) and Transamerica International Holdings, Inc. (5%)
- 27) United Financial Services, Inc. is doing business in the state of West Virginia as Monumental Financial Services, Inc.
- 28) Western Reserve Life Assurance Co. of Ohio owns 77%; AUSA Holding Company owns 23%
- 29) 26,000 shares of common stock owned by Commonwealth General Corporation; 1,000 shares of common stock owned by Transamerica International Holdings, Inc.
- 30) Ownership: 50% AEGON Institutional Markets, Inc.; 50% AEGON USA Realty Advisors, LLC
- 31) Ownership: 87.72% Commonwealth General Corporation (8,585.39 shares of Class A Common Stock; 3,232.78 shares of Class B Common Stock); 12.28% AEGON USA, LLC (1,206.25 shares of Class A Common Stock; 454.21 shares of Class B Common Stock)  
  
Gamet Subsidiaries: Gamet Community Investments, LLC, Gamet Community Investments II, LLC, Gamet Community Investments IV, LLC, Gamet Community Investments V, LLC, Gamet Community Investments VI, LLC, Gamet Community Investments VII, LLC, Gamet Community Investments VIII, LLC, Gamet Community Investments IX, LLC, Gamet Community Investments X, LLC, Gamet Community Investments XI, LLC, Gamet Community Investments XII, LLC.
- 32) Monumental Life Insurance Company owns 103,324 shares; Commonwealth General Corporation owns 37,161 shares
- 33) Members: ADMS Representative (51%); AEGON Direct Marketing Services, Inc. (49%)
- 34) Members: Transamerica International Direct Marketing Consultants, LLC (97%); various ADMS representatives (3%)
- 35) Partners: Monumental Life Insurance Company - 99.9%; General Partner: TAH-McD IV, LLC - 0.10%
- 36) 1,250 shares of Redeemable Preference Stock owned by Transamerica International Holdings, Inc.; 120,000 shares of Common Stock owned by Transamerica Corporation

WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO  
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

- 37) 99% owned by Transamerica Leasing Holdings, Inc.; 1% owned by Transamerica Commercial Finance Corporation, I
- 38) AEGON Mexico Holding B.V. owns 49,999 shares; AEGON DMS Holding B.V. owns 1 share
- 39) AEGON DMS Holding B.V. owns 749,000 quota shares; AEGON International B.V. owns 1 quota share
- 40) AEGON DMS Holding B.V. owns 99.95%; ADMS representative owns .05%
- 41) AEGON Canada Holding B.V. owns 174,588,712 shares of Common Stock; 1,500 shares of Series II Preferred Stock; 2 shares of Series III Preferred stock. TIHI Canada Holding, LLC owns 1,441,941.26 shares of Class B-Series I Preferred Stock

**2012 ALPHABETICAL INDEX  
LIFE ANNUAL STATEMENT BLANK**

Analysis of Increase in Reserves During The Year	7	Schedule D – Part 2 – Section 1	E11
Analysis of Operations By Lines of Business	6	Schedule D – Part 2 – Section 2	E12
Asset Valuation Reserve Default Component	30	Schedule D – Part 3	E13
Asset Valuation Reserve Equity	32	Schedule D – Part 4	E14
Asset Valuation Reserve Replications (Synthetic) Assets	35	Schedule D – Part 5	E15
Asset Valuation Reserve	29	Schedule D – Part 6 – Section 1	E16
Assets	2	Schedule D – Part 6 – Section 2	E16
Cash Flow	5	Schedule D – Summary By Country	SI04
Exhibit 1 – Part 1 – Premiums and Annuity Considerations for Life and Accident and Health Contracts	9	Schedule D – Verification Between Years	SI03
Exhibit 1 – Part 2 – Dividends and Coupons Applied, Reinsurance Commissions and Expense	10	Schedule DA – Part 1	E17
Exhibit 2 – General Expenses	11	Schedule DA – Verification Between Years	SI10
Exhibit 3 – Taxes, Licenses and Fees (Excluding Federal Income Taxes)	11	Schedule DB – Part A – Section 1	E18
Exhibit 4 – Dividends or Refunds	11	Schedule DB – Part A – Section 2	E19
Exhibit 5 – Aggregate Reserve for Life Contracts	12	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 5 – Interrogatories	13	Schedule DB – Part B – Section 1	E20
Exhibit 5A – Changes in Bases of Valuation During The Year	13	Schedule DB – Part B – Section 2	E21
Exhibit 6 – Aggregate Reserves for Accident and Health Contracts	14	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Deposit-Type Contracts	15	Schedule DB – Part C – Section 1	SI12
Exhibit 8 – Claims for Life and Accident and Health Contracts – Part 1	16	Schedule DB – Part C – Section 2	SI13
Exhibit 8 – Claims for Life and Accident and Health Contracts – Part 2	17	Schedule DB – Part D	E22
Exhibit of Capital Gains (Losses)	8	Schedule DB – Verification	SI14
Exhibit of Life Insurance	25	Schedule DL – Part 1	E23
Exhibit of Net Investment Income	8	Schedule DL – Part 2	E24
Exhibit of Nonadmitted Assets	18	Schedule E – Part 1 – Cash	E25
Exhibit of Number of Policies, Contracts, Certificates, Income Payable and Account Values	27	Schedule E – Part 2 – Cash Equivalents	E26
Five-Year Historical Data	22	Schedule E – Part 3 – Special Deposits	E27
Form for Calculating the Interest Maintenance Reserve (IMR)	28	Schedule E – Verification Between Years	SI15
General Interrogatories	20	Schedule F	36
Jurat Page	1	Schedule H – Accident and Health Exhibit – Part 1	37
Liabilities, Surplus and Other Funds	3	Schedule H – Part 2, Part 3 and Part 4	38
Life Insurance (State Page)	24	Schedule H – Part 5 – Health Claims	39
Notes To Financial Statements	19	Schedule S – Part 1 – Section 1	40
Overflow Page For Write-ins	56	Schedule S – Part 1 – Section 2	41
Schedule A – Part 1	E01	Schedule S – Part 2	42
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 1	43
Schedule A – Part 3	E03	Schedule S – Part 3 – Section 2	44
Schedule A – Verification Between Years	SI02	Schedule S – Part 4	45
Schedule B – Part 1	E04	Schedule S – Part 5	46
Schedule B – Part 2	E05	Schedule S – Part 6	48
Schedule B – Part 3	E06	Schedule S – Part 7	49
Schedule B – Verification Between Years	SI02	Schedule T – Part 2 Interstate Compact	51
Schedule BA – Part 1	E07	Schedule T – Premiums and Annuity Considerations	50
Schedule BA – Part 2	E08	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	52
Schedule BA – Part 3	E09	Schedule Y – Part 1A – Detail of Insurance Holding Company System	53
Schedule BA – Verification Between Years	SI03	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	54
Schedule D – Part 1	E10	Summary Investment Schedule	SI01
Schedule D – Part 1A – Section 1	SI05	Summary of Operations	4
Schedule D – Part 1A – Section 2	SI08	Supplemental Exhibits and Schedules Interrogatories	55