



QUARTERLY STATEMENT

As of June 30, 2013

of the Condition and Affairs of the

Family Heritage Life Insurance Company of America

NAIC Group Code.....0290, 00290 (Current Period) (Prior Period) NAIC Company Code..... 77968 Employer's ID Number..... 34-1626521

Organized under the Laws of Ohio State of Domicile or Port of Entry Ohio Country of Domicile US

Incorporated/Organized..... August 22, 1989 Commenced Business..... November 17, 1989

Statutory Home Office 6001 East Royalton Road, Suite 200..... Cleveland OH US 44147-3529 (Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 6001 East Royalton Road, Suite 200..... Cleveland OH US 44147-3529 440-922-5200 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P. O. Box 470608..... Cleveland OH US 44147-3529 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 6001 East Royalton Road, Suite 200..... Cleveland OH US 44147-3529 440-922-5200 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.FamilyHeritageLife.com

Statutory Statement Contact John A. Wise 440-922-5200 (Name) (Area Code) (Telephone Number) (Extension)

acctdept@familyheritagelife.com 440-922-5120 (E-Mail Address) (Fax Number)

OFFICERS

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

OTHER

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

DIRECTORS OR TRUSTEES

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

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

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

(Signature)	(Signature)	(Signature)
Howard L. Lewis	Ronald L. Sarosy	Edward J. Rocheck
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President/Chief Executive Officer	Treasurer/Chief Financial Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me This _____ day of August, 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 Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds.....	583,169,744		583,169,744	534,489,901
2. Stocks:				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate:				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....(1,943,703)), cash equivalents (\$.....4,385,487) and short-term investments (\$.....507,976).....	2,949,760		2,949,760	11,218,598
6. Contract loans (including \$.....0 premium notes).....	1,940		1,940	1,405
7. Derivatives.....			.0	
8. Other invested assets.....	594,643		594,643	604,313
9. Receivables for securities.....			.0	8,600,000
10. Securities lending reinvested collateral assets.....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	586,716,087	.0	586,716,087	554,914,217
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	2,701,700		2,701,700	1,580,275
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	3,185,136		3,185,136	3,208,713
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	274,839		274,839	215,111
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	10,711		10,711	36,296
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	1,002,547		1,002,547	
18.2 Net deferred tax asset.....	59,324,000	44,037,000	15,287,000	9,856,000
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	375,524	221,294	154,230	206,997
21. Furniture and equipment, including health care delivery assets (\$.....0).....	27,690	27,690	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....			.0	
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	8,824,339	8,744,339	80,000	1,044,679
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	662,442,573	53,030,323	609,412,250	571,062,288
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. Total (Lines 26 and 27).....	662,442,573	53,030,323	609,412,250	571,062,288

DETAILS OF WRITE-INS

1101.			.0	
1102.			.0	
1103.			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Agent Balances.....	7,859,511	7,859,511	.0	
2502. Prepaid Expenses.....	844,331	844,331	.0	
2503. Other Assets Non-Admitted.....	40,497	40,497	.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	80,000	.0	80,000	1,044,679
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	8,824,339	8,744,339	80,000	1,044,679

Family Heritage Life Insurance Company of America

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$.....1,604,859 less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	1,604,859	1,427,160
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....	507,416,321	473,170,134
3. Liability for deposit-type contracts (including \$.....0 Modco Reserve).....		
4. Contract claims:		
4.1 Life.....	52,600	47,500
4.2 Accident and health.....	13,187,708	12,948,172
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid.....		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....		
6.2 Dividends not yet apportioned (including \$.....0 Modco).....		
6.3 Coupons and similar benefits (including \$.....0 Modco).....		
7. Amount provisionally held for deferred dividend policies not included in Line 6.....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....0 accident and health premiums.....		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....		
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$....58,781 ceded.....	58,781	52,249
9.4 Interest Maintenance Reserve.....	2,272,209	182,022
10. Commissions to agents due or accrued - life and annuity contracts \$....10,500, accident and health \$....750,400 and deposit-type contract funds \$.....0.....	760,900	735,200
11. Commissions and expense allowances payable on reinsurance assumed.....		
12. General expenses due or accrued.....	4,179,883	4,148,261
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes.....	1,041,200	1,373,000
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....		2,039,927
15.2 Net deferred tax liability.....		
16. Unearned investment income.....		
17. Amounts withheld or retained by company as agent or trustee.....		
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....	532,534	530,199
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....		
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve.....	1,736,640	1,600,000
24.02 Reinsurance in unauthorized and certified (\$.....0) companies.....		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers.....		
24.04 Payable to parent, subsidiaries and affiliates.....		
24.05 Drafts outstanding.....		
24.06 Liability for amounts held under uninsured plans.....		
24.07 Funds held under coinsurance.....		
24.08 Derivatives.....		
24.09 Payable for securities.....		10,068,902
24.10 Payable for securities lending.....		
24.11 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	605,411	595,278
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	533,449,046	508,918,004
27. From Separate Accounts statement.....		
28. Total liabilities (Lines 26 and 27).....	533,449,046	508,918,004
29. Common capital stock.....	2,556,950	2,556,950
30. Preferred capital stock.....		
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....		
33. Gross paid in and contributed surplus.....	32,646,050	32,646,050
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	40,760,204	26,941,284
36. Less treasury stock, at cost:		
36.1 ....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 ....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	73,406,254	59,587,334
38. Totals of Lines 29, 30 and 37.....	75,963,204	62,144,284
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	609,412,250	571,062,288

DETAILS OF WRITE-INS

2501. Unclaimed Property.....	605,411	595,278
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	605,411	595,278
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	0
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

SUMMARY OF OPERATIONS

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts.....	94,638,055	87,204,484	176,964,575
2. Considerations for supplementary contracts with life contingencies.....			
3. Net investment income.....	13,128,102	12,738,810	25,082,691
4. Amortization of Interest Maintenance Reserve (IMR).....	103,217	12,523	29,121
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....			
6. Commissions and expense allowances on reinsurance ceded.....	364,705	433,121	804,704
7. Reserve adjustments on reinsurance ceded.....			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....			
8.2 Charges and fees for deposit-type contracts.....			
8.3 Aggregate write-ins for miscellaneous income.....	89,673	0	0
9. Totals (Lines 1 to 8.3).....	108,323,752	100,388,938	202,881,091
10. Death benefits.....	42,206	12,433	194,283
11. Matured endowments (excluding guaranteed annual pure endowments).....			
12. Annuity benefits.....			
13. Disability benefits and benefits under accident and health contracts.....	24,403,570	21,909,185	45,390,696
14. Coupons, guaranteed annual pure endowments and similar benefits.....			
15. Surrender benefits and withdrawals for life contracts.....	30,705	38,897	21,209
16. Group conversions.....			
17. Interest and adjustments on contract or deposit-type contract funds.....	267	(168)	1,357
18. Payments on supplementary contracts with life contingencies.....			
19. Increase in aggregate reserves for life and accident and health contracts.....	34,423,885	30,471,827	61,493,448
20. Totals (Lines 10 to 19).....	58,900,633	52,432,174	107,100,993
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	22,377,392	21,555,748	43,298,859
22. Commissions and expense allowances on reinsurance assumed.....			
23. General insurance expenses.....	9,358,704	10,736,232	19,192,383
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	2,301,701	2,096,783	4,306,432
25. Increase in loading on deferred and uncollected premiums.....	25,187	53,526	117,512
26. Net transfers to or (from) Separate Accounts net of reinsurance.....			
27. Aggregate write-ins for deductions.....	0	0	11,156
28. Totals (Lines 20 to 27).....	92,963,617	86,874,463	174,027,335
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	15,360,135	13,514,475	28,853,756
30. Dividends to policyholders.....			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	15,360,135	13,514,475	28,853,756
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	6,543,723	5,680,000	12,316,426
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).....	8,816,412	7,834,475	16,537,330
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....168,803 (excluding taxes of \$.....183,755 transferred to the IMR).....	14,952		
35. Net income (Line 33 plus Line 34).....	8,831,364	7,834,475	16,537,330
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year.....	62,144,284	55,308,182	55,308,182
37. Net income (Line 35).....	8,831,364	7,834,475	16,537,330
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....	(9,670)	4,836	38,836
39. Change in net unrealized foreign exchange capital gain (loss).....			
40. Change in net deferred income tax.....	210,000	1,000,000	36,115,000
41. Change in nonadmitted assets.....	5,923,866	(1,131,858)	(34,781,064)
42. Change in liability for reinsurance in unauthorized and certified companies.....			
43. Change in reserve on account of change in valuation basis, (increase) or decrease.....			
44. Change in asset valuation reserve.....	(136,640)	(1,047,000)	(1,267,000)
45. Change in treasury stock.....			
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....			
47. Other changes in surplus in Separate Accounts Statement.....			
48. Change in surplus notes.....			
49. Cumulative effect of changes in accounting principles.....			5,693,000
50. Capital changes:			
50.1 Paid in.....			
50.2 Transferred from surplus (Stock Dividend).....			
50.3 Transferred to surplus.....			
51. Surplus adjustment:			
51.1 Paid in.....			
51.2 Transferred to capital (Stock Dividend).....			
51.3 Transferred from capital.....			
51.4 Change in surplus as a result of reinsurance.....			
52. Dividends to stockholders.....	(1,000,000)		(15,500,000)
53. Aggregate write-ins for gains and losses in surplus.....	0	0	0
54. Net change in capital and surplus (Lines 37 through 53).....	13,818,920	6,660,453	6,836,102
55. Capital and surplus as of statement date (Lines 36 + 54).....	75,963,204	61,968,635	62,144,284
DETAILS OF WRITE-INS			
08.301. Misc Income.....	89,673		
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	89,673	0	0
2701. Misc Interest Expense.....			11,156
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0	11,156
5301.			
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	0	0

CASH FLOW

	1	2	3
	Current Year	Prior Year	Prior Year Ended
	to Date	To Date	December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance.....	94,696,668	87,149,971	175,313,806
2. Net investment income.....	3,610,832	3,323,436	6,792,440
3. Miscellaneous income.....	395,177	428,222	797,404
4. Total (Lines 1 through 3).....	98,702,677	90,901,629	182,903,650
5. Benefit and loss related payments.....	24,203,410	22,024,118	44,361,996
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	34,306,382	34,090,919	66,881,042
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses).....	9,755,000	5,900,000	9,983,674
10. Total (Lines 5 through 9).....	68,264,792	62,015,037	121,226,712
11. Net cash from operations (Line 4 minus Line 10).....	30,437,885	28,886,592	61,676,938
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	89,090,110	105,219,531	158,697,551
12.2 Stocks.....			
12.3 Mortgage loans.....			
12.4 Real estate.....			
12.5 Other invested assets.....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....	8,600,000		(8,600,000)
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	97,690,110	105,219,531	150,097,551
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	127,048,761	127,044,777	214,755,650
13.2 Stocks.....			
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....	10,068,902	505,950	(9,562,952)
13.7 Total investments acquired (Lines 13.1 to 13.6).....	137,117,663	127,550,727	205,192,698
14. Net increase (decrease) in contract loans and premium notes.....	535	968	1,405
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(39,428,088)	(22,332,164)	(55,096,552)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			
16.2 Capital and paid in surplus, less treasury stock.....			
16.3 Borrowed funds.....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....			
16.5 Dividends to stockholders.....	1,000,000		15,500,000
16.6 Other cash provided (applied).....	1,721,365	(1,135,775)	(677,567)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	721,365	(1,135,775)	(16,177,567)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(8,268,838)	5,418,653	(9,597,181)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	11,218,598	20,815,779	20,815,779
19.2 End of period (Line 18 plus Line 19.1).....	2,949,760	26,234,432	11,218,598

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

20.0001			
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EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Industrial life.....			
2. Ordinary life insurance.....	584,890	410,190	935,855
3. Ordinary individual annuities.....			
4. Credit life (group and individual).....			
5. Group life insurance.....			
6. Group annuities.....			
7. A&H - group.....	2,352,093	1,629,955	3,627,401
8. A&H - credit (group and individual).....			
9. A&H - other.....	92,391,485	85,746,639	173,622,833
10. Aggregate of all other lines of business.....	0	0	0
11. Subtotal.....	95,328,468	87,786,784	178,186,089
12. Deposit-type contracts.....			
13. Total.....	95,328,468	87,786,784	178,186,089

DETAILS OF WRITE-INS

1001.			
1002.			
1003.			
1098. Summary of remaining write-ins for Line 10 from overflow page.....	0	0	0
1099. Total (Lines 1001 thru 1003 plus 1098) (Line 10 above).....	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

A. Accounting Practices

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

	<u>06-30-2013</u>	<u>12-31-2012</u>
Net Income - Ohio Basis	\$8,831,364	\$16,537,330
State Prescribe Practices - None	-0-	-0-
State Permitted Practices - None	<u>-0-</u>	<u>-0-</u>
Net Income - NAIC SAP	\$8,831,364	\$16,537,330
Statutory Surplus - Ohio Basis	\$75,963,204	\$62,144,284
State Prescribe Practices - None	-0-	-0-
State Permitted Practices - None	<u>-0-</u>	<u>-0-</u>
Statutory Surplus - NAIC SAP	\$75,963,204	\$62,144,284

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

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

C. Accounting Policy

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

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using yield to worst.
3. Liabilities for losses and loss/claim adjustment expenses for accident and health contracts are estimated by the Company's valuation actuary using statistical claim development models and tabular reserves employing mortality/morbidity tables.
4. The Company has a 50% ownership interest in the joint venture which owns the company's home office site. This investment is carried at equity at June 30, 2013. The Company's liability is limited to its amount invested.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

Not applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

A. Deferred Tax Assets/(Liabilities)

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

	06/30/2013			12/31/2012			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	35,580,000	23,846,000	59,426,000	33,780,000	25,419,000	59,199,000	1,800,000	(1,573,000)	227,000
b. Statutory valuation allowance adjustment	0	0	0	0	0	0	0	0	0
c. Adjusted gross deferred tax assets (1a-1b)	35,580,000	23,846,000	59,426,000	33,780,000	25,419,000	59,199,000	1,800,000	(1,573,000)	227,000
d. Deferred tax assets nonadmitted	25,311,000	18,726,000	44,037,000	24,080,000	25,178,000	49,258,000	1,231,000	(6,452,000)	(5,221,000)
e. Subtotal net admitted deferred tax asset (1c-1d)	10,269,000	5,120,000	15,389,000	9,700,000	241,000	9,941,000	569,000	4,879,000	5,448,000
f. Deferred tax liabilities	102,000	-	102,000	85,000	-	85,000	17,000	-	17,000
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	10,167,000	5,120,000	15,287,000	9,615,000	241,000	9,856,000	552,000	4,879,000	5,431,000

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

2. Admission Calculation Components

	06/30/2013			12/31/2012			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	10,167,000	5,120,000	15,287,000	2,040,000	-	2,040,000	8,127,000	5,120,000	13,247,000
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	-	-	-	7,575,000	241,000	7,816,000	(7,575,000)	(241,000)	(7,816,000)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date		-	-	7,575,000	650,000	8,225,000	(7,575,000)	(650,000)	(8,225,000)
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	9,078,000	XXX	XXX	7,816,000	XXX	XXX	1,262,000
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	102,000	-	102,000	85,000	-	85,000	17,000	-	17,000
d. Deferred tax assets admitted as the result of application of SSAP 101.									
Total 2(a)+2(b)+2(c)	10,269,000	5,120,000	15,389,000	9,700,000	241,000	9,941,000	569,000	4,879,000	5,448,000

3. Other Admissibility Criteria

		2013	2012
a.	Ratio percentage used to determine recovery period and threshold limitation amount	1556%	1355%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	61,872,844	53,888,284

NOTES TO FINANCIAL STATEMENTS

4. Impact of Tax Planning Strategies

	06/30/2013			12/31/2012			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Adjusted gross DTAs (% of total adjusted gross DTAs)	0%	0%	0%	0%	100%	43%	0%	(100%)	(43%)
b. Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	0%	0%	0%	0%	100%	2%	0%	(100%)	(2%)

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

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

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

	06/30/2013			12/31/2012			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
Net deferred tax asset (liability)	35,478,000	23,846,000	59,324,000	33,695,000	25,419,000	59,114,000	1,783,000	(1,573,000)	210,000
- Tax - effect of unrealized gains and losses									
- Tax - effect of other surplus gains and losses									
- Prior period adjustment, unrealized gain and losses									
Net tax effect without unrealized gains and losses and prior period adjustments	35,478,000	23,846,000	59,324,000	33,695,000	25,419,000	59,114,000	1,783,000	(1,573,000)	210,000

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 06/30/2013	2 12/31/2012	3 (Col 1-2) Change
a. Federal	6,543,723	12,072,087	(5,528,364)
b. Foreign	-	-	-
c. Subtotal	6,543,723	12,072,087	(5,528,364)
d. Federal income tax on net capital gains	168,803	-	168,803
e. Utilization of capital loss carry-forwards	-	-	-
f. Other	-	244,339	(244,339)
g. Federal and Foreign income taxes incurred	6,712,526	12,316,426	(5,603,900)

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets

	1	2	3
	06/30/2013	12/31/2012	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	-	-	-
2. Unearned premium reserve	-	-	-
3. Policyholder reserves	9,779,000	9,104,000	675,000
4. Investments	-	-	-
5. Deferred acquisition costs	12,995,000	11,350,000	1,645,000
6. Policyholder dividends accrual	-	-	-
7. Fixed assets	10,000	98,000	(88,000)
8. Compensation and benefits accrual	-	-	-
9. Pension accrual	-	-	-
10. Receivables - nonadmitted	-	-	-
11. Net operating loss carry-forward	-	-	-
12. Tax credit carry-forward	-	-	-
13. Agent Balances	2,751,000	2,976,000	(225,000)
14. Intangible Assets	9,299,000	9,623,000	(324,000)
15. Other (including items <5% of total ordinary tax assets)	746,000	629,000	117,000
99. Subtotal	35,580,000	33,780,000	1,800,000
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	25,311,000	24,080,000	1,231,000
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	10,269,000	9,700,000	569,000
e. Capital:			
1. Investments	23,445,000	25,017,000	(1,572,000)
2. Net capital loss carry-forward	-	10,000	(10,000)
3. Real estate	-	-	-
4. Other (including items <5% of total capital tax assets)	401,000	392,000	-
99. Subtotal	23,846,000	25,419,000	(1,573,000)
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	18,726,000	25,178,000	(6,452,000)
h. Admitted capital deferred tax assets (2e99-2f-2g)	5,120,000	241,000	4,879,000
i. Admitted deferred tax assets (2d+2h)	15,389,000	9,941,000	5,448,000

3. Deferred Tax Liabilities

	1	2	3
	06/30/2013	12/31/2012	(Col 1-2) Change
a. Ordinary:			
1. Investments	-	-	-
2.Fixed assets	-	-	-
3. Deferred and uncollected premium	102,000	80,000	22,000
4. Policyholder reserves	-	-	-
5. Prepaid Expenses	-	-	-
6. Other (including items <5% of total ordinary tax assets)	-	5,000	(5,000)
99. Subtotal	102,000	85,000	17,000
b. Capital:			
1. Investments	-	-	-
2. Real estate	-	-	-
3. Other (including items <5% of total capital tax assets)	-	-	-
99. Subtotal	-	-	-
c. Deferred tax liabilities (3a99+3b99)	102,000	85,000	17,000

4.

Net Deferred Tax Assets (2i – 3c)	15,287,000	9,856,000	5,431,000
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NOTES TO FINANCIAL STATEMENTS

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

	<u>06/30/2013</u>	<u>12/31/2012</u>	<u>Change</u>
(1) Current income taxes incurred	6,712,526	12,316,426	(5,603,900)
(2) Change in deferred income tax (without tax on unrealized gains and losses or foreign exchange gains and losses	(210,000)	(39,648,532)	39,438,532
(3) Total income tax reported	<u>6,502,526</u>	<u>(27,332,106)</u>	<u>33,834,632</u>
(4) Net gain from operations before federal income tax and realized gains	15,360,135	28,853,756	(13,493,621)
(5) Realized capital gains (losses) before federal income tax, after transfer to IMR	<u>184,081</u>	<u>0</u>	<u>184,081</u>
(6) Income before taxes	15,544,216	28,853,756	(13,309,540)
	35%	35%	35%
Expected income tax expense (benefit) at 35% statutory rate	<u>5,440,476</u>	<u>10,098,815</u>	<u>(4,658,339)</u>
Increase (decrease) in actual tax reported resulting from:			
a. Nondeductible expenses for meals, penalties and lobbying	88,000	715,657	(627,657)
b. Tax-exempt income	(2,000)	(3,257)	1,257
c. Tax adjustment for IMR	732,000	8,000	724,000
d. Deferred tax benefit on nonadmitted assets	246,000	(3,393,666)	3,639,666
e. Deferred tax assets Transferred/Created as a result of sale	0	(34,518,000)	34,518,000
f. Other	(1,950)	(239,655)	237,705
(7) Total income tax reported	<u>6,502,526</u>	<u>(27,332,106)</u>	<u>33,834,632</u>

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

- (1) As of 06/30/2013, the Company has no tax credit or operating loss carryforwards.
- (2) The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:
- | | |
|---------------|----------|
| \$ 13,425,052 | for 2013 |
| \$ 2,039,928 | for 2012 |
| \$ 0 | for 2011 |
- (3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Code - None

F. Consolidated Federal Income Tax Return - Not Applicable

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No significant change.

Note 11 - Debt

No significant change.

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

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 13 - Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

	<u>Declared</u>	<u>Paid</u>
\$1,000,000 ordinary dividend	03/22/2013	04/08/2013

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

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

No significant change.

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

Not applicable.

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

No significant change.

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

No significant change.

Note 20 - Fair Value

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

C.

<i>Type of Financial Instrument</i>	<i>Aggregate Fair Value</i>	<i>Admitted Assets</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Not Practicable (Carrying Value)</i>
Bonds	592,952,520	583,169,744	-	592,952,520	-	-

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

No significant change.

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

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

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

No significant change.

Note 29 - Participating Policies

No significant change.

Note 30 - Premium Deficiency Reserves

No significant change.

Note 31 - Reserves for Life Contracts and Annuity Contracts

No significant change.

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

No significant change.

Note 33 - Premiums and Annuity Considerations Deferred and Uncollected

No significant change.

Note 34 - Separate Accounts

No significant change.

Note 35 - Loss/Claim Adjustment Expenses

No significant change.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [☐] No [☒]
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes [☐] No [☐]
- 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 [☒]
- 2.2

If yes, date of change:

.....
- 3.1

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [☐] No [☒]
- 3.2

If the response to 3.1 is yes, provide a brief description of those changes.

- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [☐] No [☒]
- 4.2

If yes, provide name of 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	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?
If yes, attach an explanation.

Yes [☐] No [☒] N/A [☐]
-

- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2011.....
- 6.2

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.

12/31/2011.....
- 6.3

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).

6/3/2013.....
- 6.4

By what department or departments?
Ohio Department of Insurance

- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [☐] No [☐] N/A [☒]
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [☐] No [☐] N/A [☒]

- 7.1

Has this 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 [☒]
- 7.2

If yes, give full information:

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [☐] No [☒]
- 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 [☒]
- 8.4

If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

- 9.1

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?
(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.

Yes [☒] No [☐]
- 9.11

If the response to 9.1 is No, please explain:

- 9.2

Has the code of ethics for senior managers been amended?

Yes [☒] No [☐]
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).
Due to FHL's acquisition by Torchmark in 11/2012, FHL's code of ethics for senior managers has been changed to meet Torchmark's procedures and guidelines.

- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [☐] No [☒]
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

PART 1 - FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [☐] No [☒]
- 10.2

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

.....

PART 1 - INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes []No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$.....0

13. Amount of real estate and mortgages held in short-term investments:

\$.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes []No [X]

14.2 If yes, please complete the following:

	1	2
	Prior Year-End	Current Quarter
	Book/Adjusted Carrying Value	Book/Adjusted Carrying Value
14.21 Bonds.....	\$0	\$0
14.22 Preferred Stock.....	\$0	\$0
14.23 Common Stock.....	\$0	\$0
14.24 Short-Term Investments.....	\$0	\$0
14.25 Mortgage Loans on Real Estate.....	\$0	\$0
14.26 All Other.....	\$0	\$0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above.....	\$0	\$0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes []No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes []No []

If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as current statement date:

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

\$.....0

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$.....0

16.3 Total payable for securities lending reporting on the liability page:

\$.....0

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

Yes [X]No []

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

1	2
Name of Custodian(s)	Custodian Address
PNC Bank, National Association	PO Box 5756, Cleveland OH 44101

17.2 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	2	3
Name(s)	Location(s)	Complete Explanation(s)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes []No [X]

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

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

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

1	2	3
Central Registration Depository	Name(s)	Address

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [X]No []

18.2 If no, list exceptions:

Family Heritage Life Insurance Company of America
GENERAL INTERROGATORIES (continued)
PART 2 - LIFE & HEALTH

1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:

1.1 Long-term mortgages in good standing

1.11 Farm mortgages..... \$.....

1.12 Residential mortgages..... \$.....

1.13 Commercial mortgages..... \$.....

1.14 Total mortgages in good standing..... \$.....0

1.2 Long-term mortgages in good standing with restructured terms

1.21 Total mortgages in good standing with restructured terms..... \$.....

1.3 Long-term mortgage loans upon which interest is overdue more than three months

1.31 Farm mortgages..... \$.....

1.32 Residential mortgages..... \$.....

1.33 Commercial mortgages..... \$.....

1.34 Total mortgages with interest overdue more than three months..... \$.....0

1.4 Long-term mortgage loans in process of foreclosure

1.41 Farm mortgages..... \$.....

1.42 Residential mortgages..... \$.....

1.43 Commercial mortgages..... \$.....

1.44 Total mortgages in process of foreclosure..... \$.....0

1.5 Total mortgage loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2)

\$.....0

1.6 Long-term mortgages foreclosed, properties transferred to real estate in current quarter

1.61 Farm mortgages..... \$.....

1.62 Residential mortgages..... \$.....

1.63 Commercial mortgages..... \$.....

1.64 Total mortgages foreclosed and transferred to real estate..... \$.....0

2. Operating Percentages:

2.1 A&H loss percent.....

2.2 A&H cost containment percent.....

2.3 A&H expense percent excluding cost containment expenses.....

.....62.1

.....

.....35.7

3.1 Do you act as a custodian for health savings accounts?.....

Yes [] No [X]

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

\$.....

3.3 Do you act as an administrator for health savings accounts?.....

Yes [] No [X]

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

\$.....

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (YES or NO)
------------------------------	------------------------------	------------------------	------------------------	-------------------------------	--------------------------------------	---

NONE

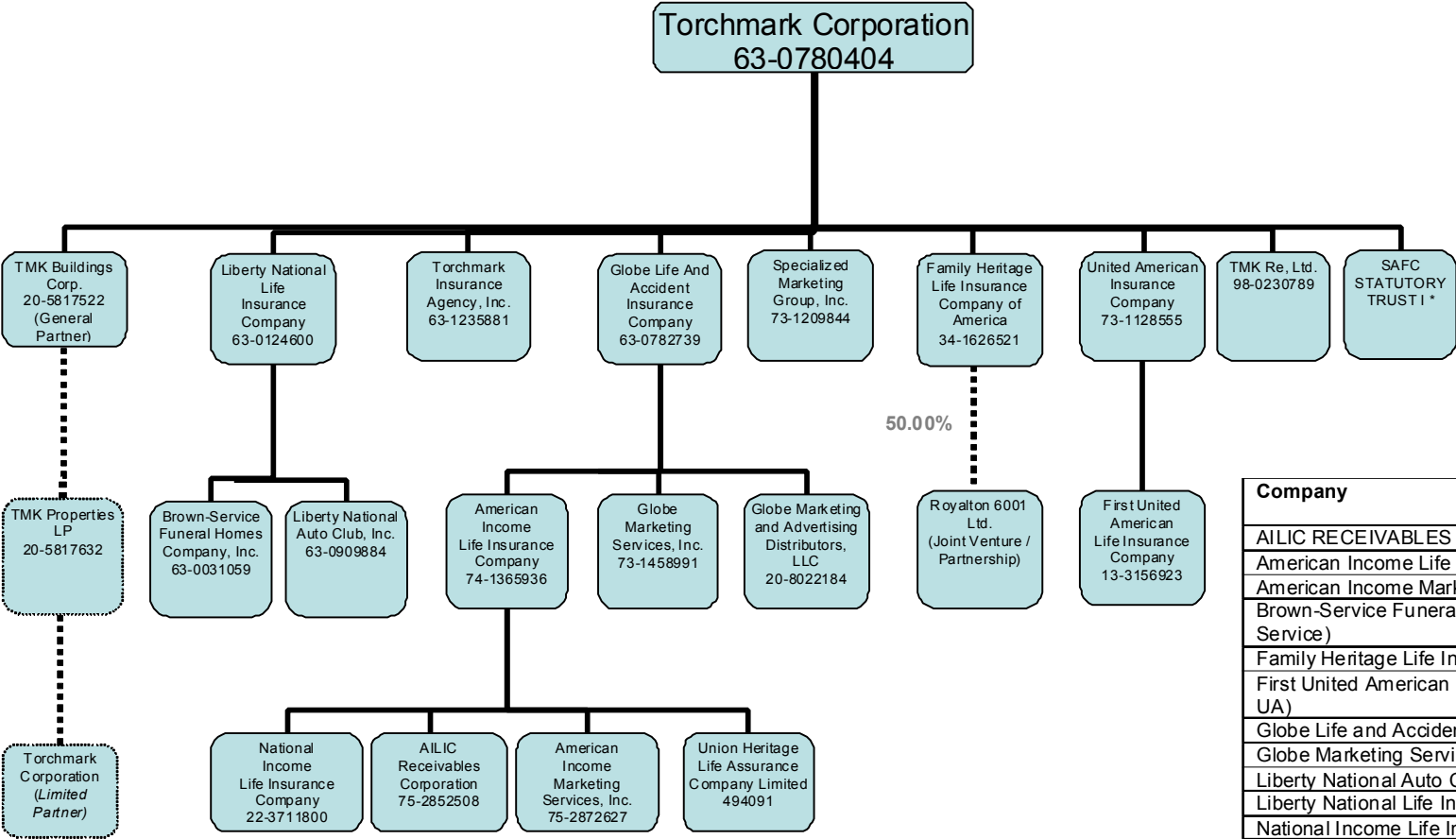
Family Heritage Life Insurance Company of America
SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS
Current Year to Date - Allocated by States and Territories

States, Etc.		1	Direct Business Only					
			Life Contracts		4	5	6	7
			2	3				
		Active Status	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 through 5	Deposit-Type Contracts
1.	Alabama.....	AL.....L	5,608		1,441,935		1,447,543	
2.	Alaska.....	AK.....L			21,070		21,070	
3.	Arizona.....	AZ.....L	5,637		2,044,817		2,050,454	
4.	Arkansas.....	AR.....L	25,723		3,416,074		3,441,797	
5.	California.....	CA.....L	11,076		1,482,560		1,493,636	
6.	Colorado.....	CO.....L	6,716		2,496,806		2,503,522	
7.	Connecticut.....	CT.....L			5,081		5,081	
8.	Delaware.....	DE.....L	262		94,789		95,051	
9.	District of Columbia.....	DC.....L			9,960		9,960	
10.	Florida.....	FL.....L	8,641		1,404,943		1,413,584	
11.	Georgia.....	GA.....L	11,236		3,889,621		3,900,857	
12.	Hawaii.....	HI.....L			6,147		6,147	
13.	Idaho.....	ID.....L	660		372,630		373,290	
14.	Illinois.....	IL.....L	10,967		5,301,944		5,312,911	
15.	Indiana.....	IN.....L	1,347		4,332,582		4,333,929	
16.	Iowa.....	IA.....L	566		1,114,781		1,115,347	
17.	Kansas.....	KS.....L	4,665		2,684,861		2,689,526	
18.	Kentucky.....	KY.....L	11,079		2,602,177		2,613,256	
19.	Louisiana.....	LA.....L	1,287		2,108,144		2,109,431	
20.	Maine.....	ME.....L			168,274		168,274	
21.	Maryland.....	MD.....L	1,877		603,013		604,890	
22.	Massachusetts.....	MA.....L	583		14,234		14,817	
23.	Michigan.....	MI.....L	1,026		488,515		489,541	
24.	Minnesota.....	MN.....L	2,018		2,275,596		2,277,614	
25.	Mississippi.....	MS.....L	884		400,840		401,724	
26.	Missouri.....	MO.....L	10,258		2,043,334		2,053,592	
27.	Montana.....	MT.....L	6,117		976,722		982,839	
28.	Nebraska.....	NE.....L	6,952		3,244,300		3,251,252	
29.	Nevada.....	NV.....L	1,778		523,079		524,857	
30.	New Hampshire.....	NH.....L	4,606		252,960		257,566	
31.	New Jersey.....	NJ.....L	322		12,001		12,323	
32.	New Mexico.....	NM.....L	5,542		1,010,770		1,016,312	
33.	New York.....	NY.....N					0	
34.	North Carolina.....	NC.....L	32,326		3,253,991		3,286,317	
35.	North Dakota.....	ND.....L	1,750		643,141		644,891	
36.	Ohio.....	OH.....L	18,707		8,710,804		8,729,511	
37.	Oklahoma.....	OK.....L	566		1,392,696		1,393,262	
38.	Oregon.....	OR.....L	976		324,838		325,814	
39.	Pennsylvania.....	PA.....L	6,053		1,141,548		1,147,601	
40.	Rhode Island.....	RI.....L			4,422		4,422	
41.	South Carolina.....	SC.....L	4,666		991,712		996,378	
42.	South Dakota.....	SD.....L	6,150		1,914,922		1,921,072	
43.	Tennessee.....	TN.....L	6,027		2,024,384		2,030,411	
44.	Texas.....	TX.....L	222,803		19,596,602		19,819,405	
45.	Utah.....	UT.....L			1,553,216		1,553,216	
46.	Vermont.....	VT.....L	4,441		28,627		33,068	
47.	Virginia.....	VA.....L	10,209		2,037,434		2,047,643	
48.	Washington.....	WA.....L	23,412		1,305,192		1,328,604	
49.	West Virginia.....	WV.....L	7,646		1,076,390		1,084,036	
50.	Wisconsin.....	WI.....L	1,690		643,333		645,023	
51.	Wyoming.....	WY.....L	1,496		1,277,981		1,279,477	
52.	American Samoa.....	AS.....N			5,250		5,250	
53.	Guam.....	GU.....N					0	
54.	Puerto Rico.....	PR.....L					0	
55.	US Virgin Islands.....	VI.....N					0	
56.	Northern Mariana Islands.....	MP.....N					0	
57.	Canada.....	CAN.....N					0	
58.	Aggregate Other Alien.....	OT.....XXX	0	0	0	0	0	0
59.	Subtotal.....	(a).....51	496,351	0	94,771,043	0	95,267,394	0
90.	Reporting entity contributions for employee benefit plans.....	XXX					0	
91.	Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX					0	
92.	Dividends or refunds applied to shorten endowment or premium paying period.....	XXX					0	
93.	Premium or annuity considerations waived under disability or other contract provisions.....	XXX					0	
94.	Aggregate other amounts not allocable by State.....	XXX	0	0	0	0	0	0
95.	Totals (Direct Business).....	XXX	496,351	0	94,771,043	0	95,267,394	0
96.	Plus Reinsurance Assumed.....	XXX					0	
97.	Totals (All Business).....	XXX	496,351	0	94,771,043	0	95,267,394	0
98.	Less Reinsurance Ceded.....	XXX	15,939		668,469		684,408	
99.	Totals (All Business) less Reinsurance Ceded.....	XXX	480,412	0	94,102,574	0	94,582,986	0

DETAILS OF WRITE-INS								
58001.	.....	XXX					0	
58002.	.....	XXX					0	
58003.	.....	XXX					0	
58998.	Summary of remaining write-ins for line 58 from overflow page.....	XXX	0	0	0	0	0	0
58999.	Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....	XXX	0	0	0	0	0	0
9401.	.....	XXX					0	
9402.	.....	XXX					0	
9403.	.....	XXX					0	
9498.	Summary 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.
(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



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

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

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

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
Members														
	Torchmark Corporation.....		63-0780404		0000320335	NYSE.....	Torchmark Corporation.....	DE.....	UDP.....					
			20-5817522				TMK Buildings Corp.....	TX.....	NIA.....	Torchmark Corporation.....	Ownership.....	...100.000	Torchmark Corporation.....	
			20-5817632				TMK Properties LLP.....	TX.....	NIA.....	Torchmark Corporation.....	Ownership.....	...99.000	Torchmark Corporation.....	
			98-0230789				TMK RE Ltd.....		NIA.....	Torchmark Corporation.....	Ownership.....	...100.000	Torchmark Corporation.....	
			63-1235881				Torchmark Insurance Agency, Inc.....		NIA.....	Torchmark Corporation.....	Ownership.....	...100.000	Torchmark Corporation.....	
			73-1209844				Specialized Marketing Group, Inc.....	AR.....	NIA.....	Torchmark Corporation.....	Ownership.....	...100.000	Torchmark Corporation.....	
0290.....	Torchmark Corporation.....	77968.....	34-1626521				Family Heritage Life Insurance Company of America	OH.....		Torchmark Corporation.....	Ownership.....	...100.000	Torchmark Corporation.....	
							Royalton 6001Ltd. (Joint Venture).....	OH.....	DS.....	Family Heritage Life Insurance Company of America	Ownership.....	...50.000	Torchmark Corporation.....	
0290.....	Torchmark Corporation.....	65331.....	63-0124600				Liberty National Life Insurance Company.....	NE.....	IA.....	Torchmark Corporation.....	Ownership.....	...100.000	Torchmark Corporation.....	
			63-0031059				Brown-Service Funeral Homes Company Inc.....	AL.....	NIA.....	Liberty National Life Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	
			63-0909884				Liberty National Auto Club, Inc.....	AL.....	NIA.....	Liberty National Life Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	
0290.....	Torchmark Corporation.....	91472.....	63-0782739	1610611.....			Globe Life and Accident Insurance Company.....	NE.....	IA.....	Torchmark Corporation.....	Ownership.....	...100.000	Torchmark Corporation.....	
			73-1458991				Globe Marketing Services, Inc.....		NIA.....	Globe Life and Accident Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	
			20-8022184				Globe Marketing and Advertising Distributors, LLC.....		NIA.....	Globe Life and Accident Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	
0290.....	Torchmark Corporation.....	60577.....	74-1365936	1102198.....			American Income Life Insurance Company.....	IN.....	IA.....	Globe Life and Accident Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	
0290.....	Torchmark Corporation.....	10093.....	22-3711800				National Income Life Insurance Company.....	NY.....	IA.....	American Income Life Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	
			75-2852508				AILIC Receivables Corporation.....		NIA.....	American Income Life Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	
			75-2872627				American Income Marketing Services, Inc.....		NIA.....	American Income Life Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	
							Union Heritage Life Assurance Limited.....		IA.....	American Income Life Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	
0290.....	Torchmark Corporation.....	92916.....	73-1128555				United American Insurance Company.....	NE.....	IA.....	Torchmark Corporation.....	Ownership.....	...100.000	Torchmark Corporation.....	
0290.....	Torchmark Corporation.....	74101.....	13-3156923				First United American Life Insurance Company.....	NY.....	DS.....	United American Insurance Company.....	Ownership.....	...100.000	Torchmark Corporation.....	

Q13

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
3. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
4. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
5. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC?	NO
6. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC?	NO
7. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC?	NO

Explanations:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

Bar Code:


* 7 7 9 6 8 2 0 1 3 4 9 0 0 0 0 0 2 *


* 7 7 9 6 8 2 0 1 3 3 6 5 0 0 0 0 2 *


* 7 7 9 6 8 2 0 1 3 4 4 5 0 0 0 0 2 *


* 7 7 9 6 8 2 0 1 3 4 4 6 0 0 0 0 2 *


* 7 7 9 6 8 2 0 1 3 4 4 7 0 0 0 0 2 *


* 7 7 9 6 8 2 0 1 3 4 4 8 0 0 0 0 2 *


* 7 7 9 6 8 2 0 1 3 4 4 9 0 0 0 0 2 *

Family Heritage Life Insurance Company of America
Overflow Page for Write-Ins

Additional Write-ins for Assets:

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2504. Receivable.....	80,000	.....	.....80,000	1,044,679
2597. Summary of remaining write-ins for Line 25.....	80,000	0	80,000	1,044,679

Family Heritage Life Insurance Company of America
SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other than temporary impairment recognized.....		
8. Deduct current year's depreciation.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	0	0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	604,313	565,477
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....	40,330	63,836
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....	50,000	25,000
8. Deduct amortization of premium and depreciation.....		
9. Total foreign exchange change in book/adjusted carrying value.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	594,643	604,313
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	594,643	604,313

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	534,489,901	460,236,713
2. Cost of bonds and stocks acquired.....	127,048,761	214,755,650
3. Accrual of discount.....	8,538,060	18,413,642
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	2,377,158	78,379
6. Deduct consideration for bonds and stocks disposed of.....	89,090,110	158,697,551
7. Deduct amortization of premium.....	194,026	296,932
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	583,169,744	534,489,901
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	583,169,744	534,489,901

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

QSI02

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	498,064,372	21,954,100	18,802,985	3,894,839	498,064,372	505,110,326		526,455,890
2. Class 2 (a).....	37,535,131	41,040,415		(8,152)	37,535,131	78,567,394		13,027,739
3. Class 3 (a).....								
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	535,599,503	62,994,515	18,802,985	3,886,687	535,599,503	583,677,720	0	539,483,629
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	535,599,503	62,994,515	18,802,985	3,886,687	535,599,503	583,677,720	0	539,483,629

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999.....	507,976	XXX.....	507,976	2,944	.....

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	4,993,728	25,245
2. Cost of short-term investments acquired.....	.....	.....4,968,483
3. Accrual of discount.....	.....	.....
4. Unrealized valuation increase (decrease).....	.....	.....
5. Total gain (loss) on disposals.....	.....	.....
6. Deduct consideration received on disposals.....	4,485,752	.....
7. Deduct amortization of premium.....	.....	.....
8. Total foreign exchange change in book/adjusted carrying value.....	.....	.....
9. Deduct current year's other than temporary impairment recognized.....	.....	.....
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	507,976	4,993,728
11. Deduct total nonadmitted amounts.....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11).....	507,976	4,993,728

Sch. DB-Pt A-Verification
NONE

Sch. DB-Pt B-Verification
NONE

Sch. DB-Pt C-Sn 1
NONE

Sch. DB-Pt C-Sn 2
NONE

Sch. DB-Verification
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	9,265,021	21,986,008
2. Cost of cash equivalents acquired.....		
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	4,879,534	12,720,987
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/ adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	4,385,487	9,265,021
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	4,385,487	9,265,021

Sch. A-Pt 2
NONE

Sch. A-Pt 3
NONE

Sch. B-Pt 2
NONE

Sch. B-Pt 3
NONE

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Desig- nation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									

NONE

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location		5	6	7	8	Changes in Book/Adjusted Carrying Value						15	16	17	18	19	20
		3	4					9	10	11	12	13	14						
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B./A.C.V. (9+10-11+12)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
Joint Venture or Partnership Interests That Have Underlying Characteristics of Real Estate - Unaffiliated																			
	Roylton 6001 LTD.....	Broadview Heights.....	OH...	.....	04/14/2003	.....	.....604,313	15,000	0	0	0	15,000	0	0	25,000	0	0	0	25,000
1799999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Real Estate - Unaffiliated.....							604,313	15,000	0	0	0	15,000	0	0	25,000	0	0	0	25,000
3999999. Subtotal - Unaffiliated.....							604,313	15,000	0	0	0	15,000	0	0	25,000	0	0	0	25,000
4199999. Totals.....							604,313	15,000	0	0	0	15,000	0	0	25,000	0	0	0	25,000

QE03

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1	2			3	4	5		6	7	8	9	10
CUSIP Identification	Description			Foreign	Date Acquired	Name of Vendor		Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous												
001192	AK	9	AGL CAPITAL CORP.....		..05/13/2013	JP MORGAN.....			2,988,540	3,000,000		2FE.....
06051G	EU	9	BANK OF AMERICA CORP.....		...05/15/2013	BANK OF AMERICA MERRILL LYNCH.....			2,013,120	2,000,000	23,650	2FE.....
084664	BU	4	BERKSHIRE HATHAWAY FINANCE CORP.....		...04/09/2013	FTN FINANCIAL.....			2,070,520	2,000,000	35,933	1FE.....
149123	CB	5	CATERPILLAR INC.....		...05/13/2013	WELLS FARGO SECURITIES.....			2,860,170	3,000,000	28,839	1FE.....
207597	EF	8	CONNECTICUT LIGHT AND POWER COMPANY.....		...05/15/2013	BANK OF AMERICA MERRILL LYNCH.....			2,987,190	3,000,000	26,042	1FE.....
25243Y	AU	3	DIAGEO CAPITAL PLC.....		...06/07/2013	SOUTHWEST SECURITIES.....			1,912,880	2,000,000	6,271	1FE.....
26884T	AH	5	ERAC USA FINANCE LLC.....		...05/15/2013	BANK OF AMERICA MERRILL LYNCH.....			2,016,080	2,000,000	6,417	2FE.....
277432	AL	4	EASTMAN CHEMICAL COMPANY.....		...05/29/2013	MESIROW FINANCIAL INC.....			1,029,540	1,000,000	12,267	2FE.....
29379V	AZ	6	ENTERPRISE PRODUCTS OPERATING LLC.....		...05/15/2013	RBC CAPITAL MARKETS.....			2,042,060	2,000,000	11,539	2FE.....
416515	BB	9	HARTFORD FINANCIAL SERVICES GROUP INC.....		...04/15/2013	JP MORGAN.....			2,976,000	3,000,000		2FE.....
45138L	BC	6	IDAHO POWER COMPANY.....		...04/03/2013	WELLS FARGO SECURITIES.....			1,994,820	2,000,000		1FE.....
46625H	JH	4	JPMORGAN CHASE & CO.....		...04/22/2013	UBS FINANCIAL SERVICES.....			3,064,350	3,000,000	24,000	1FE.....
478366	AX	5	JOHNSON CONTROLS INC.....		...05/15/2013	BARCLAYS CAPITAL.....			3,295,530	3,000,000	27,979	2FE.....
485134	BN	9	KANSAS CITY POWER AND LIGHT COMPANY.....		...05/15/2013	BANK OF AMERICA MERRILL LYNCH.....			3,032,190	3,000,000	17,325	2FE.....
559080	AF	3	MAGELLAN MIDSTREAM PARTNERS LP.....		...04/18/2013	FTN FINANCIAL.....			1,987,480	2,000,000	38,267	2FE.....
637417	AF	3	NATIONAL RETAIL PROPERTIES INC.....		...04/09/2013	CITIGROUP GLOBAL.....			2,977,770	3,000,000		2FE.....
637432	MS	1	NATIONAL RURAL UTILITIES COOP FIN CORP.....		...06/11/2013	BANK OF AMERICA MERRILL LYNCH.....			3,006,210	3,000,000	14,416	1FE.....
65473Q	BC	6	NISOURCE FINANCE CORP.....		...04/09/2013	BARCLAYS CAPITAL.....			1,991,500	2,000,000		2FE.....
720198	AA	8	PIEDMONT OPERATING PARTNERSHIP LP.....		...05/06/2013	JP MORGAN.....			2,988,030	3,000,000		2FE.....
74432Q	AH	8	PRUDENTIAL FINANCIAL INC.....		...04/22/2013	JEFFERIES & CO.....			2,425,815	2,125,000	42,075	2FE.....
760759	AP	5	REPUBLIC SERVICES INC.....		...05/15/2013	BANK OF AMERICA MERRILL LYNCH.....			3,126,600	3,000,000	49,996	2FE.....
900212	AA	9	EATON CORP.....		...04/23/2013	SUSQUEHANNA.....			3,101,850	3,000,000	52,000	2FE.....
907818	DM	7	UNION PACIFIC CORP.....		...05/15/2013	DEUTSCHE BANK.....			3,065,670	3,000,000	30,729	2FE.....
94974B	FJ	4	WELLS FARGO & COMPANY.....		...04/15/2013	SOUTHWEST SECURITIES.....			2,044,840	2,000,000	12,458	1FE.....
008916	AK	4	AGRIUM INC.....	A.....	...04/17/2013	BANK OF AMERICA MERRILL LYNCH.....			1,995,760	2,000,000	3,675	2FE.....
3899999.	Total - Bonds - Industrial & Miscellaneous.....								62,994,515	62,125,000	463,878	XXX.....
8399997.	Total - Bonds - Part 3.....								62,994,515	62,125,000	463,878	XXX.....
8399999.	Total - Bonds.....								62,994,515	62,125,000	463,878	XXX.....
9999999.	Total - Bonds, Preferred and Common Stocks.....								62,994,515	XXX.....	463,878	XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2			3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
												11	12	13	14	15								
CUSIP Identification	Description			F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Design- ation or Market Indicator (a)	
Bonds - U.S. Government																								
912833	KA	7	US TREASURY STRIPS.....	.....	05/15/2013	MATURITY.....	.....	.....5,000,000	5,000,000	1,039,274	4,860,313	.....	.....139,687	.....	.....139,687	.....	.....5,000,000	.....	.....	.....	.....0	.....	05/15/2013	1.....
0599999.	Total - Bonds - U.S. Government.....							5,000,000	5,000,000	1,039,274	4,860,313	0	139,687	0	139,687	0	5,000,000	0	0	0	0	0	XXX...	..XXX...
Bonds - U.S. Special Revenue and Special Assessment																								
3136FT	6U	8	FEDERAL NATIONAL MTG ASSOC.....	.....	04/09/2013	CALLED BY ISSUER at 100.000	.....	.....2,000,000	2,000,000	2,000,000	2,000,000	.....	.....	.....	.....0	.....	.....2,000,000	.....	.....	.....	.....0	40,000	04/09/2032	1FE.....
3136G0	BC	4	FEDERAL NATIONAL MTG ASSOC.....	.....	04/23/2013	CALLED BY ISSUER at 100.000	.....	.....3,000,000	3,000,000	3,000,000	3,000,000	.....	.....	.....	.....0	.....	.....3,000,000	.....	.....	.....	.....0	60,000	04/23/2032	1FE.....
658207	PA	7	NORTH CAROLINA HOUSING FIN AGY (TAXABLE).....	.....	06/01/2013	CALLED BY ISSUER at 100.000	.....	.....5,000	5,000	5,005	5,005	.....	.....(5)	.....	.....(5)	.....	.....5,000	.....	.....	.....	.....0	187	01/01/2029	1FE.....
3199999.	Total - Bonds - U.S. Special Revenue & Assessment.....							5,005,000	5,005,000	5,005,005	5,005,005	0	(5)	0	(5)	0	5,005,000	0	0	0	0	100,187	XXX...	..XXX...
8399997.	Total - Bonds - Part 4.....							10,005,000	10,005,000	6,044,279	9,865,318	0	139,682	0	139,682	0	10,005,000	0	0	0	0	100,187	XXX...	..XXX...
8399999.	Total - Bonds.....							10,005,000	10,005,000	6,044,279	9,865,318	0	139,682	0	139,682	0	10,005,000	0	0	0	0	100,187	XXX...	..XXX...
9999999.	Total - Bonds, Preferred and Common Stocks.....							10,005,000	XXX.....	6,044,279	9,865,318	0	139,682	0	139,682	0	10,005,000	0	0	0	0	100,187	XXX...	..XXX...

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1B-Broker List
NONE

Sch. DB-Pt D-Sn 1
NONE

Sch. DB-Pt D-Sn 2
NONE

Sch. DL-Pt. 1
NONE

Sch. DL-Pt. 2
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
PNC - Checking..... Cleveland, OH.....					1,632,691	1,909,014	187,414	XXX..
SunTrust - Checking..... Nashville, TN.....					1,986	1,986	1,986	XXX..
American Founders Bank - Checking..... Frankfort, KY.....					73,754	51,994	73,480	XXX..
Wells Fargo Bank, N.A. - DDA & Cont. Disb..... Cleveland, OH.....					(2,511,449)	(2,462,235)	(2,209,983)	XXX..
0199999. Total Open Depositories.....	...XXX.....	...XXX.....	0	0	(803,018)	(499,241)	(1,947,103)	XXX..
0399999. Total Cash on Deposit.....	...XXX.....	...XXX.....	0	0	(803,018)	(499,241)	(1,947,103)	XXX..
0499999. Cash in Company's Office.....	...XXX.....	...XXX.....	...XXX.....	...XXX.....	3,400	3,400	3,400	XXX..
0599999. Total Cash.....	...XXX.....	...XXX.....	0	0	(799,618)	(495,841)	(1,943,703)	XXX..

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
Sweep Accounts							
Wells Fargo - Stagecoach Sweep Preferred.....		06/24/2013	0.100	06/25/2013	4,385,487	200	4,330
8499999. Total - Sweep Accounts.....					4,385,487	200	4,330
8699999. Total - Cash Equivalents.....					4,385,487	200	4,330