



# ANNUAL STATEMENT

For the Year Ended December 31, 2014

of the Condition and Affairs of the

## Loyal American Life Insurance Company

NAIC Group Code.....0901, 0901

(Current Period) (Prior Period)

Organized under the Laws of Ohio

Incorporated/Organized..... May 18, 1955

Statutory Home Office

NAIC Company Code..... 65722

Employer's ID Number..... 63-0343428

1300 East Ninth Street..... Cleveland ..... OH ..... US ..... 44114  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office

11200 Lakeline Blvd., Suite 100..... Austin ..... TX ..... US..... 78717  
(Street and Number) (City or Town, State, Country and Zip Code)

(512) 451-2224  
(Area Code) (Telephone Number)

Mail Address

11200 Lakeline Blvd., Suite 100..... Austin ..... TX ..... US..... 78717  
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records

11200 Lakeline Blvd., Suite 100..... Austin ..... TX ..... US..... 78717  
(Street and Number) (City or Town, State, Country and Zip Code)

(512) 451-2224  
(Area Code) (Telephone Number)

Internet Web Site Address

www.CiganSupplementalBenefits.com

Statutory Statement Contact

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(Name)  
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(512) 807-4801  
(Area Code) (Telephone Number) (Extension)  
(512) 467-1399  
(Fax Number)

## OFFICERS

Name	Title	Name	Title
1. Brian Case Evanko #	President	2. Byron Keith Buescher	Treasurer
3. Brenda Weigilia Hardison	Secretary	4. James Monroe Garvin III	Appointed Actuary

Jessica Kierulf Tutwiler #	Chief Financial Officer	David Lawrence Chambers	Vice President
Mark Fleming #	Assistant Treasurer	Maureen Hardiman Ryan	Assistant Treasurer
Scott Ronald Lambert	Assistant Treasurer	Eric Paul Palmer	Vice President
Joanne Ruth Hart #	Assistant Treasurer	Man-Kit Simon Tang #	Chief Actuary
Patricia Julie Walsh #	Assistant Vice President		

## OTHER

## DIRECTORS OR TRUSTEES

Brian Case Evanko	Jessica Kierulf Tutwiler #	James Yablecki #	Eric Paul Palmer
Frank Sataline Jr.			

State of..... Texas  
County of.... Williamson

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)  
Brian Case Evanko  
1. (Printed Name)  
President  
(Title)

(Signature)  
Byron Keith Buescher  
2. (Printed Name)  
Treasurer  
(Title)

(Signature)  
Brenda Weigilia Hardison  
3. (Printed Name)  
Secretary  
(Title)

Subscribed and sworn to before me  
This \_\_\_\_\_ day of February 2015

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

Yes [ X ] No [ ]

\_\_\_\_\_

**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).....	189,039,193		189,039,193	217,517,110
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	31,011,488		31,011,488	8,426,687
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$....(3,031,269), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....9,750,694, Schedule DA).....	6,719,425		6,719,425	(2,620,556)
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	0
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	226,770,106	0	226,770,106	223,323,241
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	2,138,132		2,138,132	2,674,518
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	(4,238,713)	98,237	(4,336,950)	(5,677,714)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	5,004,320		5,004,320	4,614,854
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....	912,450		912,450	1,034,288
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	68,244,453	51,059,301	17,185,152	17,465,182
19. Guaranty funds receivable or on deposit.....	174,140		174,140	180,214
20. Electronic data processing equipment and software.....			0	8,387
21. Furniture and equipment, including health care delivery assets (\$.....0).....	958,191	958,191	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	1,501,884		1,501,884	414,142
24. Health care (\$.....0) and other amounts receivable.....	1,462,719	1,462,719	0	
25. Aggregate write-ins for other than invested assets.....	302,149	302,149	0	1,488
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	303,229,831	53,880,597	249,349,234	244,038,600
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	303,229,831	53,880,597	249,349,234	244,038,600

**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. Other Receivables and Prepaid Expenses.....	302,149	302,149	0	1,488
2502. ....			0	
2503. ....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	302,149	302,149	0	1,488

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....16 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	16	
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....	120,565,404	118,764,588
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....	8,861	9,157
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	606,177	39,615
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	26,167,703	27,559,193
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....		
6.2 Dividends not yet apportioned (including \$.....0 Modco).....		
6.3 Coupons and similar benefits (including \$.....0 Modco).....		
7. Amount provisionally held for deferred dividend policies not included in Line 6.....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$....4,065,783 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....	4,065,783	2,812,068
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.....	860,000	
9.3 Other amounts payable on reinsurance, including \$....2,161,049 assumed and \$.....0 ceded.....	2,161,049	1,776,192
9.4 Interest Maintenance Reserve (IMR, Line 6).....	5,815,544	6,248,716
10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....	399,998	910,660
11. Commissions and expense allowances payable on reinsurance assumed.....	994	1,144
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	4,042,673	4,710,129
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	771,653	700,178
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....	894,902	1,757,067
15.2 Net deferred tax liability.....		
16. Unearned investment income.....		
17. Amounts withheld or retained by company as agent or trustee.....	5,181	17,566
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....	1,107,879	861,168
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....		
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR Line 16, Col. 7).....	1,203,381	1,150,909
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.....	4,896,011	3,074,642
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.....		
24.10 Payable for securities lending.....		
24.11 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	2,231,934	2,123,978
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	175,805,143	172,516,970
27. From Separate Accounts Statement.....		
28. Total liabilities (Line 26 and 27).....	175,805,143	172,516,970
29. Common capital stock.....	5,640,000	5,640,000
30. Preferred capital stock.....	0	0
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....		
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	74,994,712	74,994,712
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	(7,090,621)	(9,113,082)
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).....	67,904,091	65,881,630
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	73,544,091	71,521,630
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	249,349,234	244,038,600

**DETAILS OF WRITE-INS**

2501. Escheat.....	1,885,869	1,749,428
2502. Deferred Lease Liability.....	325,000	325,000
2503. Other Liabilities.....	21,065	49,550
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).....	2,231,934	2,123,978
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

# Loyal American Life Insurance Company

## SUMMARY OF OPERATIONS

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	.243,679,278	.259,984,934
2. Considerations for supplementary contracts with life contingencies		
3. Net investment income (Exhibit of Net Investment Income, Line 17)	.6,807,567	.6,854,804
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5)	1,719,518	1,536,050
5. Separate Accounts net gain from operations excluding unrealized gains or losses		
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	.5,383,166	.5,696,204
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	.307,184	.451,404
9. Totals (Lines 1 to 8.3)	.257,896,713	.274,523,396
10. Death benefits	.142	
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)		
13. Disability benefits and benefits under accident and health contracts	.156,643,423	.170,274,964
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts		
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds	.(9)	.(195)
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts	.1,800,832	.2,403,146
20. Totals (Lines 10 to 19)	.158,444,388	.172,677,915
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	.21,634,953	.22,861,401
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	.16,024,894	.18,043,613
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	.28,084,985	.32,862,943
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	.6,261,069	.7,263,516
25. Increase in loading on deferred and uncollected premiums	.(46,879)	.(40,245)
26. Net transfers to or (from) Separate Accounts net of reinsurance		
27. Aggregate write-ins for deductions	.72,228	.1,728
28. Totals (Lines 20 to 27)	.230,475,638	.253,670,871
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	.27,421,075	.20,852,525
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	.27,421,075	.20,852,525
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	.7,219,895	.6,625,581
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)	.20,201,180	.14,226,944
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....0 (excluding taxes of \$....692,648 transferred to the IMR)		.104,783
35. Net income (Line 33 plus Line 34)	.20,201,180	.14,331,727
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	.71,521,630	.78,246,853
37. Net income (Line 35)	.20,201,180	.14,331,727
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	.(18,415,199)	.(11,010,118)
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax	.(5,999,892)	.3,288,977
41. Change in nonadmitted assets	.6,398,802	.2,006,593
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	.(52,472)	.(176,798)
45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1)		
46. Surplus (contributed to) withdrawn from Separate Accounts during period		
47. Other changes in surplus in Separate Accounts Statement		
48. Change in surplus notes		
49. Cumulative effect of changes in accounting principles		
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		.(15,000,000)
51.2 Transferred to capital (Stock Dividend)		
51.3 Transferred from capital		
51.4 Change in surplus as a result of reinsurance	.(109,958)	.(165,604)
52. Dividends to stockholders		
53. Aggregate write-ins for gains and losses in surplus	.0	.0
54. Net change in capital and surplus for the year (Lines 37 through 53)	.2,022,461	.(6,725,223)
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	.73,544,091	.71,521,630

### DETAILS OF WRITE-INS

08.301. Interest on Agent's Balances	.156,445	.280,507
08.302. Express Script Rebates	.71,931	.89,701
08.303. Other Miscellaneous Income	.78,808	.81,002
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	.0	.194
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	.307,184	.451,404
2701. Penalties	.72,228	.1,728
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	.0	.0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	.72,228	.1,728
5301.		
5302.		
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page	.0	.0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above)	.0	.0

# Loyal American Life Insurance Company

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	243,082,210	316,625,905
2. Net investment income.....	9,633,154	8,980,165
3. Miscellaneous income.....	5,580,392	5,982,004
4. Total (Lines 1 through 3).....	258,295,756	331,588,074
5. Benefit and loss related payments.....	156,139,528	203,271,117
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	.....	.....
7. Commissions, expenses paid and aggregate write-ins for deductions.....	71,967,563	82,034,968
8. Dividends paid to policyholders.....	.....	.....
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	8,774,707	(1,728,085)
10. Total (Lines 5 through 9).....	236,881,798	283,578,000
11. Net cash from operations (Line 4 minus Line 10).....	21,413,958	48,010,074
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:	.....	.....
12.1 Bonds.....	35,346,106	8,814,569
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.....	.....	.....
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	35,346,106	8,814,569
13. Cost of investments acquired (long-term only):	.....	.....
13.1 Bonds.....	7,178,397	48,918,889
13.2 Stocks.....	41,000,000	14,000,000
13.3 Mortgage loans.....	.....	.....
13.4 Real estate.....	.....	.....
13.5 Other invested assets.....	.....	.....
13.6 Miscellaneous applications.....	.....	.....
13.7 Total investments acquired (Lines 13.1 to 13.6).....	48,178,397	62,918,889
14. Net increase (decrease) in contract loans and premium notes.....	.....	.....
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(12,832,291)	(54,104,320)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):	.....	.....
16.1 Surplus notes, capital notes.....	.....	.....
16.2 Capital and paid in surplus, less treasury stock.....	.....	(15,000,000)
16.3 Borrowed funds.....	.....	.....
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	(296)	(782)
16.5 Dividends to stockholders.....	.....	.....
16.6 Other cash provided (applied).....	758,610	1,218,315
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	758,314	(13,782,467)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	9,339,981	(19,876,713)
19. Cash, cash equivalents and short-term investments:	.....	.....
19.1 Beginning of year.....	(2,620,556)	17,256,157
19.2 End of year (Line 18 plus Line 19.1).....	6,719,425	(2,620,556)

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

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

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance(a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts.....	243,679,278		3,415						4,592,070		239,083,793	
2. Considerations for supplementary contracts with life contingencies.....	0											
3. Net investment income.....	6,807,567		.4						221,462		6,586,101	
4. Amortization of Interest Maintenance Reserve (IMR).....	1,719,518		.1						55,937		1,663,580	
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0											
6. Commissions and expense allowances on reinsurance ceded.....	5,383,166		185,719	23,074					1,870,257		3,304,116	
7. Reserve adjustments on reinsurance ceded.....	0											
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	0											
8.2 Charges and fees for deposit-type contracts.....	0											
8.3 Aggregate write-ins for miscellaneous income.....	307,184	0	.0	.0	0	.0	.0	.0	0	307,184	0	
9. Totals (Lines 1 to 8.3).....	257,896,713	0	189,139	23,074	0	.0	.0	.0	6,739,726	0	250,944,774	0
10. Death benefits.....	142		142									
11. Matured endowments (excluding guaranteed annual pure endowments).....	0											
12. Annuity benefits.....	0											
13. Disability benefits and benefits under accident and health contracts.....	156,643,423								3,194,763		153,448,660	
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0											
15. Surrender benefits and withdrawals for life contracts.....	0											
16. Group conversions.....	0											
17. Interest and adjustments on contract or deposit-type contract funds.....	(9)								1		(10)	
18. Payments on supplementary contracts with life contingencies.....	0											
19. Increase in aggregate reserves for life and accident and health contracts.....	1,800,832		16						371,803		1,429,013	
20. Totals (Lines 10 to 19).....	158,444,388	0	158	.0	0	.0	.0	.0	3,566,567	0	154,877,663	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	21,634,953		188,439	23,074					1,864,851		19,558,589	
22. Commissions and expense allowances on reinsurance assumed.....	16,024,894		1,484						482,416		15,540,994	
23. General insurance expenses.....	28,084,985		132,020						451,092		26,146,174	1,355,699
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	6,261,069		(12,915)						187,890		6,076,424	9,670
25. Increase in loading on deferred and uncollected premiums.....	(46,879)								(4,489)		(42,390)	
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0											
27. Aggregate write-ins for deductions.....	72,228	0	357	.0	0	.0	.0	.0	1,219	0	70,652	0
28. Totals (Lines 20 to 27).....	230,475,638	0	309,543	23,074	0	.0	.0	.0	6,549,546	0	222,228,106	1,365,369
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	27,421,075	0	(120,404)	.0	0	.0	.0	.0	190,180	0	28,716,668	(1,365,369)
30. Dividends to policyholders.....	0											
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	27,421,075	0	(120,404)	.0	0	.0	.0	.0	190,180	0	28,716,668	(1,365,369)
32. Federal income taxes incurred (excluding tax on capital gains).....	7,219,895		(31,702)						49,981		7,561,114	(359,498)
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).....	20,201,180	0	(88,702)	.0	0	.0	.0	.0	140,199	0	21,155,554	(1,005,871)

**DETAILS OF WRITE-INS**

08.301. Interest on Agent's Balances.....	156,445										156,445	
08.302. Express Script Rebates.....	71,931										71,931	
08.303. Other Miscellaneous Income.....	78,808										78,808	
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).....	307,184	0	0	0	0	0	0	0	0	0	307,184	0
2701. Penalties.....	72,228		357						1,219		70,652	
2702. ....	0											
2703. ....	0											
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
2799. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	72,228	0	357	.0	0	.0	.0	.0	1,219	0	70,652	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.....	0										
2. Tabular net premiums or considerations.....	868		868								
3. Present value of disability claims incurred.....	0				XXX						
4. Tabular interest.....	0										
5. Tabular less actual reserve released.....	0										
6. Increase in reserve on account of change in valuation basis.....	0										
7. Other increases (net).....	0										
8. Totals (Lines 1 to 7).....	868	.0	868	0	0	0	.0	0			
9. Tabular cost.....	852		852		XXX						
10. Reserves released by death.....	0		XXX	XXX				XXX			
11. Reserves released by other terminations (net).....	0										
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	0										
13. Net transfers to or (from) Separate Accounts.....	0										
14. Total deductions (Lines 9 to 13).....	852	.0	852	0	0	0	.0	0			
15. Reserve December 31, current year.....	.16	.0	.16	0	0	0	.0	0			

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....102,703	.....105,502
1.1 Bonds exempt from U.S. tax.....	(a).....93,401	.....93,401
1.2 Other bonds (unaffiliated).....	(a).....7,391,518	.....6,852,333
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....8,564	.....8,564
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....7,596,186	.....7,059,800
11. Investment expenses.....	.....	(g).....252,235
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....252,235
17. Net investment income (Line 10 minus Line 16).....	.....	.....6,807,565

**DETAILS OF WRITE-INS**

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

(a) Includes \$....122,325 accrual of discount less \$....2,411,526 amortization of premium and less \$....44,602 paid for accrued interest on purchases.  
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.  
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.  
 (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.  
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.  
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.  
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....1,978,993	.....	.....1,978,993	.....	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....(18,415,199)	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....1,978,993	.....0	.....1,978,993	.....(18,415,199)	.....0

**DETAILS OF WRITE-INS**

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

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

	1 Total	2 Industrial Life	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>FIRST YEAR (other than single)</b>												
1. Uncollected.....	295,990								1,970		294,020	
2. Deferred and accrued.....	0											
3. Deferred, accrued and uncollected:												
3.1 Direct.....	321,047								93,898		227,149	
3.2 Reinsurance assumed.....	121,925								1,970		119,955	
3.3 Reinsurance ceded.....	146,982								93,898		53,084	
3.4 Net (Line 1 + Line 2).....	295,990	0	0	0	0		0	0	1,970	0	294,020	
4. Advance.....	1,467,411										1,467,411	
5. Line 3.4 - Line 4.....	(1,171,421)	0	0	0	0		0	0	1,970	0	(1,173,391)	
6. Collected during year:												
6.1 Direct.....	13,329,103								1,653,487		11,673,034	
6.2 Reinsurance assumed.....	9,369,534								439,376		8,930,158	
6.3 Reinsurance ceded.....	3,539,280								1,653,487		1,886,625	
6.4 Net.....	19,159,357	0	3,414	0	0		0	0	439,376	0	18,716,567	
7. Line 5 + Line 6.4.....	17,987,936	0	3,414	0	0		0	0	441,346	0	17,543,176	
8. Prior year (uncollected + deferred and accrued - advance).....	110,414								16,285		94,129	
9. First year premiums and considerations:												
9.1 Direct.....	12,074,237								1,621,245		10,450,410	
9.2 Reinsurance assumed.....	9,314,711								425,061		8,889,650	
9.3 Reinsurance ceded.....	3,511,426								1,621,245		1,891,013	
9.4 Net (Line 7 - Line 8).....	17,877,522	0	3,414	0	0		0	0	425,061	0	17,449,047	
<b>SINGLE</b>												
10. Single premiums and considerations:												
10.1 Direct.....	0											
10.2 Reinsurance assumed.....	0											
10.3 Reinsurance ceded.....	0											
10.4 Net.....	0	0	0	0	0		0	0	0	0	0	
<b>RENEWAL</b>												
11. Uncollected.....	(3,963,950)								8,198		(3,972,148)	
12. Deferred and accrued.....	0											
13. Deferred, accrued and uncollected:												
13.1 Direct.....	1,965,982								314,210		.714,841	
13.2 Reinsurance assumed.....	(4,261,454)								7,678		(4,278,333)	
13.3 Reinsurance ceded.....	1,668,478								313,690		.408,656	
13.4 Net (Line 11 + Line 12).....	(3,963,950)	0	0	0	0		0	0	8,198	0	(3,972,148)	
14. Advance.....	2,598,373								55,854		2,542,519	
15. Line 13.4 - Line 14.....	(6,562,323)	0	0	0	0		0	0	(47,656)	0	(6,514,667)	
16. Collected during year:												
16.1 Direct.....	111,882,729								3,290,452		101,764,873	
16.2 Reinsurance assumed.....	132,364,440								4,075,092		128,268,080	
16.3 Reinsurance ceded.....	19,930,526								3,197,949		9,883,905	
16.4 Net.....	224,316,643	0	0	0	0		0	0	4,167,595	0	220,149,048	
17. Line 15 + Line 16.4.....	217,754,320	0	0	0	0		0	0	4,119,939	0	213,634,381	
18. Prior year (uncollected + deferred and accrued - advance).....	(8,047,435)								(47,070)		(8,000,365)	
19. Renewal premiums and considerations:												
19.1 Direct.....	112,057,210								3,391,366		101,912,617	
19.2 Reinsurance assumed.....	133,849,227								4,073,559		129,754,649	
19.3 Reinsurance ceded.....	20,104,682								3,297,916		.10,032,520	
19.4 Net (Line 17 - Line 18).....	225,801,755	0	0	0	0		0	0	4,167,009	0	221,634,746	
<b>TOTAL</b>												
20. Total premiums and annuity considerations:												
20.1 Direct.....	124,131,447	0		6,194,281			0	0	5,012,611	0	112,363,027	
20.2 Reinsurance assumed.....	143,163,938	0		21,019			0	0	4,498,620	0	138,644,299	
20.3 Reinsurance ceded.....	23,616,108	0		6,211,886			0	0	4,919,161	0	.11,923,533	
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	243,679,277	0		3,414			0	0	4,592,070	0	239,083,793	

**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.....	0										
22. All other.....	0										
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded.....	2,938,668							1,286,746		1,651,922	
23.2 Reinsurance assumed.....	6,624,306							197,790		6,426,516	
23.3 Net ceded less assumed.....	(3,685,638)	0	0	0	0	0	0	1,088,956	0	(4,774,594)	0
24. Single:											
24.1 Reinsurance ceded.....	0										
24.2 Reinsurance assumed.....	0										
24.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded.....	2,444,498		185,719	23,074				583,511		1,652,194	
25.2 Reinsurance assumed.....	9,400,588		1,484					284,626		9,114,478	
25.3 Net ceded less assumed.....	(6,956,090)	0	184,235	23,074	0	0	0	298,885	0	(7,462,284)	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	5,383,166	0	185,719	23,074	0	0	0	1,870,257	0	3,304,116	0
26.2 Reinsurance assumed (Page 6, Line 22).....	16,024,894	0	1,484	0	0	0	0	482,416	0	15,540,994	0
26.3 Net ceded less assumed.....	(10,641,728)	0	184,235	23,074	0	0	0	1,387,841	0	(12,236,878)	0
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single).....	6,447,940		4,204					1,286,249		5,157,487	
28. Single.....	0										
29. Renewal.....	15,187,014		184,235	23,074				578,602		14,401,103	
30. Deposit-type contract funds.....	0										
31. Totals (to agree with Page 6, Line 21).....	21,634,954	0	188,439	23,074	0	0	0	1,864,851	0	19,558,590	0

# Loyal American Life Insurance Company

## EXHIBIT 2 - GENERAL EXPENSES

	Insurance			5	6		
	1 Life	Accident and Health					
		2 Cost Containment	3 All Other				
1. Rent.....			849,239		849,239		
2. Salaries and wages.....			12,077,328	374,315	12,451,643		
3.11 Contributions for benefit plans for employees.....			1,868,804		1,868,804		
3.12 Contributions for benefit plans for agents.....					0		
3.21 Payments to employees under non-funded benefit plans.....					0		
3.22 Payments to agents under non-funded benefit plans.....					0		
3.31 Other employee welfare.....			133,652	289	133,941		
3.32 Other agent welfare.....					0		
4.1 Legal fees and expenses.....			178		178		
4.2 Medical examination fees.....	1,246		46,296		47,542		
4.3 Inspection report fees.....					0		
4.4 Fees of public accountants and consulting actuaries.....			419,951		419,951		
4.5 Expense of investigation and settlement of policy claims.....			1,237,550		1,237,550		
5.1 Traveling expenses.....			202,834	17,623	220,457		
5.2 Advertising.....	13		556,533		556,546		
5.3 Postage, express, telegraph and telephone.....			1,811,773		1,811,773		
5.4 Printing and stationery.....	2,549		369,637	1,543	373,729		
5.5 Cost or depreciation of furniture and equipment.....			227,584	8,834	236,418		
5.6 Rental of equipment.....			708,813	18,456	727,269		
5.7 Cost or depreciation of EDP equipment and software.....			516,810		516,810		
6.1 Books and periodicals.....			41,884		41,884		
6.2 Bureau and association fees.....			43,279		43,279		
6.3 Insurance, except on real estate.....					0		
6.4 Miscellaneous losses.....			26,744		26,744		
6.5 Collection and bank service charges.....			908,827		908,827		
6.6 Sundry general expenses.....			1,210,411	27,732	1,238,143		
6.7 Group service and administration fees.....			2,370		2,370		
6.8 Reimbursements by uninsured plans.....					0		
7.1 Agency expense allowance.....					0		
7.2 Agents' balances charged off (less \$....12,107 recovered).....					0		
7.3 Agency conferences other than local meetings.....			60,810		60,810		
9.1 Real estate expenses.....					0		
9.2 Investment expenses not included elsewhere.....				252,235	252,235		
9.3 Aggregate write-ins for expenses.....	128,212	0	3,275,959	906,907	4,311,078		
10. General expenses Incurred.....	132,020	0	26,597,266	1,355,699	252,235		
11. General expenses unpaid December 31, prior year.....			4,710,129		4,710,129		
12. General expenses unpaid December 31, current year.....			4,042,673		4,042,673		
13. Amounts receivable relating to uninsured plans, prior year.....					0		
14. Amounts receivable relating to uninsured plans, current year.....					0		
15. General expenses paid during year (Lines 10+11-12-13+14).....	132,020	0	27,264,722	1,355,699	252,235		
DETAILS OF WRITE-INS							
09.301. Consulting fees.....	128,212		2,135,764	532,421	2,796,397		
09.302. TPA service fees.....			615,019		615,019		
09.303. Outside sales expense.....			597,613		597,613		
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	0	0	(72,437)	374,486	0		
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....	128,212	0	3,275,959	906,907	4,311,078		

(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	5
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes.....					0
2. State insurance department licenses and fees.....		7,708	782,644		790,352
3. State taxes on premiums.....		(20,623)	4,520,477		4,499,854
4. Other state taxes, including \$.....0 for employee benefits.....			116,261		116,261
5. U.S. Social Security taxes.....			747,765	9,670	757,435
6. All other taxes.....			97,167		97,167
7. Taxes, licenses and fees incurred.....		(12,915)	6,264,314	9,670	6,261,069
8. Taxes, licenses and fees unpaid December 31, prior year.....			700,178		700,178
9. Taxes, licenses and fees unpaid December 31, current year.....			771,653		771,653
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....		(12,915)	6,192,839	9,670	6,189,594

## EXHIBIT 4 - DIVIDENDS OR REFUNDS

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

DETAILS OF WRITE-INS

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

**Loyal American Life Insurance Company**  
**EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS**

1	2	3	4	5 Credit (Group and Individual)	6
Valuation Standard	Total	Industrial	Ordinary		Group
<b>Life Insurance:</b>					
0100001. AM(5) 3.00% ANB.....	22,516		22,516		
0100002. 41 CET 3.00% .....	30,720		30,720		
0100003. 41 CSO 2.50% .....	15,847		15,847		
0100004. 41 CSO 2.50% CRVM.....	801		801		
0100005. 41 CSO 2.75% CRVM.....	53,035		53,035		
0100006. 41 CSO 3.00% .....	3,464,796		3,464,796		
0100007. 41 CSO 3.00% CRVM.....	643,661		643,661		
0100008. 58 CET 2.50% .....	118,265		118,265		
0100009. 58 CET 3.00% .....	984,009		984,009		
0100010. 58 CET 3.50% .....	1,588,098		1,588,098		
0100011. 58 CET 3.50% ALB.....	33,758		33,758		
0100012. 58 CET 3.50% ANB.....	414,135		414,135		
0100013. 58 CET 4.00% .....	2,612		2,612		
0100014. 58 CET 4.00% ALB .....	20,089		20,089		
0100015. 58 CET 4.50% .....	98,167		98,167		
0100016. 58 CSO 2.00% .....	34,387		34,387		
0100017. 58 CSO 2.50% .....	143,862		143,862		
0100018. 58 CSO 2.50% CRVM .....	31,116		31,116		
0100019. 58 CSO 2.75% CRVM.....	0				
0100020. 58 CSO 3.00% .....	4,319,121		4,319,121		
0100021. 58 CSO 3.00% CRVM.....	34,189,431		34,189,431		
0100022. 58 CSO 3.00% CRVM ANB.....	72,885		72,885		
0100023. 58 CSO 3.50% .....	616,559		616,559		
0100024. 58 CSO 3.50% ALB .....	58,920		58,920		
0100025. 58 CSO 3.50% ANB .....	8		8		
0100026. 58 CSO 3.50% CRVM.....	10,286,936		10,286,936		
0100027. 58 CSO 3.50% CRVM ALB.....	2,576		2,576		
0100028. 58 CSO 3.50% CRVM ANB.....	34,017		34,017		
0100029. 58 CSO 4.00% .....	94,268		94,268		
0100030. 58 CSO 4.00% ALB .....	627		627		
0100031. 58 CSO 4.00% CRVM.....	7,220,247		7,220,247		
0100032. 58 CSO 4.00% CRVM ALB.....	931		931		
0100033. 58 CSO 4.50% .....	428,834		428,834		
0100034. 58 CSO 4.50% CRVM.....	21,616,187		21,616,187		
0100035. 58 CSO 4.50% CRVM ALB.....	46,803		46,803		
0100036. 58 CSO 4.50%/20/3.50% CRVM.....	3,661,096		3,661,096		
0100037. 58 CSO 5.50% CRVM ALB.....	14,348		14,348		
0100038. 80 CET 3.50% .....	6,884		6,884		
0100039. 80 CET 4.50% .....	113,151		113,151		
0100040. 80 CET 5.00%.....	20,440		20,440		
0100041. 80 CET 5.50%.....	95,520		95,520		
0100042. 80 CET 6.00%.....	5,457		5,457		
0100043. 80 CSO 3.50% .....	1,092		1,092		
0100044. 80 CSO 3.50% CRVM.....	225,172		225,172		
0100045. 80 CSO 4.00%.....	356		356		
0100046. 80 CSO 4.00% CRVM.....	244,465		244,465		
0100047. 80 CSO 4.00% CRVM ALB.....	247,802		247,802		
0100048. 80 CSO 4.50% .....	276,036		276,036		
0100049. 80 CSO 4.50% CRVM.....	12,690,469		12,690,469		
0100050. 80 CSO 4.50% CRVM ALB.....	85,634		85,634		
0100051. 80 CSO 5.00% .....	55,730		55,730		
0100052. 80 CSO 5.00% CRVM.....	4,156,210		4,156,210		
0100053. 80 CSO 5.25% CRVM.....	11,540,745		11,540,745		
0100054. 80 CSO 5.50% .....	114,920		114,920		
0100055. 80 CSO 5.50% CRVM.....	7,924,754		7,924,754		
0100056. 80 CSO 6.00% ALB.....	56,977		56,977		
0100057. 80 CSO 6.00% CRVM.....	2,268,187		2,268,187		
0100058. 01 CSO 3.50% CRVM ALB.....	16		16		
0100059. 01 CSO 4.00% CRVM ANB.....	1,396,251		1,396,251		
0100060. Unearned Premium.....	6,825				6,825
0100061. a-2000 6.00% NLP.....	201,117		201,117		
0199997. Totals (Gross).....	132,097,878	0	132,091,053	0	6,825
0199998. Reinsurance ceded.....	132,097,862		132,091,037		6,825
0199999. Totals (Net).....	16	0	16	0	0

**Annuities (excluding supplementary contracts with life contingencies):**

0200001. 71 IAM 6.00% 1971-1973 (Imm).....	992	XXX	992	XXX	
0200002. 71 IAM 11.25% 1983-1984 (Imm).....	2,123	XXX	2,123	XXX	
0200003. 71 IAM 11.00% 1985 (Imm).....	42,125	XXX	42,125	XXX	
0200004. 83 IAM 9.25% 1986 (Imm).....	1,719	XXX	1,719	XXX	
0200005. 83 IAM 8.00% 1987 (Imm).....	13,210	XXX	13,210	XXX	
0200006. 83 IAM 8.75% 1988-1989 (Imm).....	43,239	XXX	43,239	XXX	
0200007. 83 IAM 8.25% 1990-1991 (Imm).....	324,153	XXX	324,153	XXX	

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

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
0200008. 83 IAM 7.00% 1993 (Imm)	199,189	XXX	199,189	XXX	
0200009. 83 IAM 6.50% 1994 (Imm)	9,744	XXX	9,744	XXX	
0200010. 83 IAM 7.25% 1995 (Imm)	4,126	XXX	4,126	XXX	
0200011. 83 IAM 6.75% 1996-1997 (Imm)	21,590	XXX	21,590	XXX	
0200012. 83 IAM 6.25% 1998 (Imm)	21,007	XXX	21,007	XXX	
0200013. Annuity 2000 6.25% 1999 (Imm)	71,923	XXX	71,923	XXX	
0200014. Annuity 2000 6.75% 2001 (Imm)	45,330	XXX	45,330	XXX	
0200015. Annuity 2000 6.50% 2002 (Imm)	16,579	XXX	16,579	XXX	
0200016. Annuity 2000 6.00% 2003 (Imm)	30,397	XXX	30,397	XXX	
0200017. Annuity 2000 5.50% 2004 (Imm)	22,265	XXX	22,265	XXX	
0200018. Annuity 2000 5.25% 2006 (Imm)	42,405	XXX	42,405	XXX	
0200019. Annuity 2000 5.50% 2007-2008 (Imm)	221,954	XXX	221,954	XXX	
0200020. Annuity 2000 6.00% 2009 (Imm)	89,362	XXX	89,362	XXX	
0200021. Annuity 2000 5.25% 2010 (Imm)	49,036	XXX	49,036	XXX	
0200022. Annuity 2000 5.00% 2011 (Imm)	104,459	XXX	104,459	XXX	
0200023. Annuity 2000 4.25% 2012 (Imm)	1,178,218	XXX	1,178,218	XXX	
0200024. Annuity 2000 4.00% 2013 (Imm)	204,327	XXX	204,327	XXX	
0200025. 71 IAM 6.00% 1970-1985 (Def)	1,034,664	XXX	1,034,664	XXX	
0200026. Annuity 2000 5.25% 1999 (Def)	262,034	XXX	262,034	XXX	
0200027. Annuity 2000 5.75% 2000 (Def)	165,505	XXX	165,505	XXX	
0200028. Annuity 2000 5.50% 2001-2002 (Def)	21,155,366	XXX	21,155,366	XXX	
0200029. Annuity 2000 5.00% 2003 (Def)	20,851,307	XXX	20,851,307	XXX	
0200030. Annuity 2000 4.75% 2004 (Def)	4,884,873	XXX	4,884,873	XXX	
0200031. Annuity 2000 4.50% 2005-2006 (Def)	3,172,489	XXX	3,172,489	XXX	
0200032. Annuity 2000 4.75% 2007-2008 (Def)	106,306,258	XXX	106,306,258	XXX	
0200033. Annuity 2000 5.00% 2009 (Def)	11,575,487	XXX	11,575,487	XXX	
0200034. Annuity 2000 4.50% 2010 (Def)	4,458,935	XXX	4,458,935	XXX	
0200035. Annuity 2000 4.25% 2011 (Def)	34,502	XXX	34,502	XXX	
0200036. Annuity 2000 3.75% 2013 (Def)	97,823	XXX	97,823	XXX	
0299997. Totals (Gross)	176,758,715	XXX	176,758,715	XXX	0
0299998. Reinsurance ceded	176,758,715	XXX	176,758,715	XXX	
0299999. Totals (Net)	0	XXX	0	XXX	0

**Supplementary Contracts with Life Contingencies:**

0300001. 71 IAM 6.00% 1971-1973	.348	XXX	.348		
0300002. 71 IAM 11.25% 1983-1984	7,418	XXX	7,418		
0300003. 71 IAM 11.00% 1985	2,945	XXX	2,945		
0300004. 83 IAM 9.25% 1986	10,380	XXX	10,380		
0300005. 83 IAM 8.00% 1987	1,972	XXX	1,972		
0300006. 83 IAM 8.75% 1988-1989	16,447	XXX	16,447		
0300007. 83 IAM 8.25% 1990-1991	7,024	XXX	7,024		
0300008. 83 IAM 7.75% 1992	1,660	XXX	1,660		
0300009. 83 IAM 7.00% 1993	17,853	XXX	17,853		
0300010. 83 IAM 6.50% 1994	25,770	XXX	25,770		
0300011. 83 IAM 7.25% 1995	7,178	XXX	7,178		
0300012. 83 IAM 6.75% 1996-1997	11,092	XXX	11,092		
0300013. 83 IAM 6.25% 1998	2,777	XXX	2,777		
0300014. Annuity 2000 7.00% 2000	12,057	XXX	12,057		
0300015. Annuity 2000 5.25% 2006	184,769	XXX	184,769		
0399997. Totals (Gross)	309,690	0	309,690	0	0
0399998. Reinsurance ceded	309,690		309,690		
0399999. Totals (Net)	0	0	0	0	0

**Accidental Death Benefits:**

0400001. 59 ADB 3%	113,183		113,183		
0400002. 59 ADB 58 CSO 3.0% NET LEVEL	204		204		
0400003. 1959 ADB with 1980 CSO 4%	3		3		
0499997. Totals (Gross)	113,390	0	113,390	0	0
0499998. Reinsurance ceded	113,390		113,390		
0499999. Totals (Net)	0	0	0	0	0

**Disability - Active Lives:**

0500001. 52 DIS / 58 CSO 3% NL	.43,462		43,462		
0500002. Unearned Premium - Payor	2,100		2,100		
0500003. 52 DIS 58 CSO 3.0%	.371		.371		
0500004. 1952 Dis Study, Per 2 Ben 5 with 1980 CSO 4%	0				
0599997. Totals (Gross)	45,933	0	45,933	0	0
0599998. Reinsurance ceded	45,933		45,933		
0599999. Totals (Net)	0	0	0	0	0

**Disability - Disabled Lives:**

0600001. 52 DIS / 58 CSO 3% BEN 4	127,339		127,339		
0600002. 52 DIS / 58 CSO 3% BEN 5	414,005		414,005		
0600003. 70 GROUP DIS 3.5%	.92,984		.92,984		
0600004. 52 DIS 58 CSO 3.5%	1,166		1,166		
0699997. Totals (Gross)	635,494	0	542,510	0	.92,984
0699998. Reinsurance ceded	635,494		542,510		.92,984
0699999. Totals (Net)	0	0	0	0	0

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

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
0699999. Totals (Net).....	.....0	.....0	.....0	.....0	.....0
<b>Miscellaneous Reserves:</b>					
0700001. Deficiency Reserves.....	.....13,694		.....13,694		
0700002. Non-Deduction Reserves.....	.....464,561		.....459,740		.....4,821
0700003. IPC Reserves.....	.....2,257,054		.....2,256,593		.....461
0700004. Guaranteed Insurability Riders.....	.....50,932		.....50,932		
0700005. Substandard Extra.....	.....9,184		.....9,184		
0799997. Totals (Gross).....	.....2,795,425	.....0	.....2,790,143	.....0	.....5,282
0799998. Reinsurance ceded.....	.....2,795,425		.....2,790,143		.....5,282
0799999. Totals (Net).....	.....0	.....0	.....0	.....0	.....0
9999999. Totals (Net) - Page 3, Line 1.....	.....16	.....0	.....16	.....0	.....0

**Loyal American Life Insurance Company**  
**EXHIBIT 5 - INTERROGATORIES**

1.1 Has the reporting entity ever issued both participating and non-participating contracts?  
 1.2 If not, state which kind is issued

Yes [  ] No [  ]2.1 Does the reporting entity at present issue both participating and non-participating contracts?Yes [  ] No [  ]2.2 If not, state which kind is issued

NON-PARTICIPATING

3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?Yes [  ] No [  ]

If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.

4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state:Yes [  ] No [  ]

4.1 Amount of insurance: \$.....

4.2 Amount of reserve: \$.....

4.3 Basis of reserve:

4.4 Basis of regular assessments:

4.5 Basis of special assessments:

4.6 Assessments collected during year: \$.....

5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis?Yes [  ] No [  ]

6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$.....

6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$.....

Attach statement of methods employed in their valuation.

7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year?Yes [  ] No [  ]

7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$.....

7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:

7.3 State the amount of reserves established for this business: \$.....

7.4 Identify where the reserves are reported in the blank.

8. Does the reporting entity have any Contingent Deferred Annuity contracts or agreements in effect as of December of the current year?Yes [  ] No [  ]

8.1 If yes, state the total dollar amount of account value covered by these contracts or agreements: \$.....

8.2 State the amount of reserves established for this business: \$.....

8.3 Identify where the reserves are reported in the blank.

9. Does the reporting entity have any Guaranteed Lifetime Income Benefit contracts, agreements or riders in effect as of December 31 of the current year?Yes [  ] No [  ]

9.1 If yes, state the total dollar amount of any account value associated with these contracts, agreements or riders: \$.....

9.2 State the amount of reserves established for this business: \$.....

9.3 Identify where the reserves are reported in the blank.

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

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

**NONE**

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

	1 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.....	14,896,412	167,198		37,873	140,501	14,442,796	.99,484		8,560
2. Additional contract reserves (a).....	98,027,631	5,043,147		287,055	3,007,025	89,636,310	.189		.53,905
3. Additional actuarial reserves - Asset/Liability analysis.....	0								
4. Reserve for future contingent benefits.....	0								
5. Reserve for rate credits.....	0								
6. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
7. Totals (Gross).....	112,924,043	5,210,345	0	324,928	3,147,526	104,079,106	.99,673	0	.62,465
8. Reinsurance ceded.....	10,200,404	431,169				9,769,235			
9. Totals (Net).....	102,723,639	4,779,176	0	324,928	3,147,526	94,309,871	.99,673	0	.62,465
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims.....	17,862,908	.23,533		1,116,639	9,365,531	6,990,037			.367,168
11. Additional actuarial reserves - Asset/Liability analysis.....	0								
12. Reserve for future contingent benefits.....	0								
13. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
14. Totals (Gross).....	17,862,908	.23,533	0	1,116,639	9,365,531	6,990,037	0	0	.367,168
15. Reinsurance ceded.....	21,142					21,142			
16. Totals (Net).....	17,841,766	.23,533	0	1,116,639	9,365,531	.6,968,895	0	0	.367,168
17. TOTALS (Net).....	120,565,405	4,802,709	0	1,441,567	12,513,057	101,278,766	.99,673	0	.429,633
18. TABULAR FUND INTEREST.....	5,137,907	206,783	-	35,903	.539,494	4,334,405	.5,052	-	.16,270

**DETAILS OF WRITE-INS**

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

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

**EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS**

	1 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.....	12,077,704		3,452,504	46,660	5,635,470	2,943,070
2. Deposits received during the year.....	229,558				160,465	69,093
3. Investment earnings credited to the account.....	444,431		152,004	2,598	173,413	116,416
4. Other net change in reserves.....	1,109,276		915,351	17,899	179,162	(3,136)
5. Fees and other charges assessed.....	85,035		85,529	(494)		
6. Surrender charges.....	0					
7. Net surrender or withdrawal payments.....	2,393,779		1,227,349	8,652	377,615	780,163
8. Other net transfers to or (from) Separate Accounts.....	0					
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	11,382,155	0	3,206,981	58,999	5,770,895	2,345,280
10. Reinsurance balance at the beginning of the year.....	(12,068,547)		(3,452,504)	(46,660)	(5,635,470)	(2,933,913)
11. Net change in reinsurance assumed.....	(115)					(115)
12. Net change in reinsurance ceded.....	(695,368)		(245,523)	12,339	135,425	(597,609)
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....	(11,373,294)	0	(3,206,981)	(58,999)	(5,770,895)	(2,336,419)
14. Net balance at the end of the current year after reinsurance (Lines 9 + 13).....	8,861	0	0	0	0	8,861

**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										
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net.....	0	0	0	0	0	0	0	0	0	0	0
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	0										
2.12 Reinsurance assumed.....	0										
2.13 Reinsurance ceded.....	0										
2.14 Net.....	0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	0	0	0
2.2 Other:											
2.21 Direct.....	6,755,864		4,029,121	2,189,435			31,900		237		505,171
2.22 Reinsurance assumed.....	1,310,241								70,092		1,240,149
2.23 Reinsurance ceded.....	5,644,408		3,423,073	2,189,435			31,900				
2.24 Net.....	2,421,697	0	(b).....606,048	(b).....0	0	(b).....0	(b).....0	0	(b).....70,329	(b).....0	(b).....1,745,320
3. Incurred but unreported:											
3.1 Direct.....	11,724,842		643,517				12,638		376,145		10,692,542
3.2 Reinsurance assumed.....	16,272,447								764,210		15,508,237
3.3 Reinsurance ceded.....	3,645,856		643,388				12,638		373,746		2,616,084
3.4 Net.....	24,351,433	0	(b).....129	(b).....0	0	(b).....0	(b).....0	0	(b).....766,609	(b).....0	(b).....23,584,695
4. Totals:											
4.1 Direct.....	18,480,706	0	4,672,638	2,189,435	0	0	44,538	0	376,382	0	11,197,713
4.2 Reinsurance assumed.....	17,582,688	0	0	0	0	0	0	0	834,302	0	16,748,386
4.3 Reinsurance ceded.....	9,290,264	0	4,066,461	2,189,435	0	0	44,538	0	373,746	0	2,616,084
4.4 Net.....	26,773,130	(a).....0	(a).....606,177	0	0	0	(a).....0	0	836,938	0	25,330,015

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

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for

Ordinary Life Insurance \$.....0, Individual Annuities \$.....0, Credit Life (Group and Individual) \$.....0, and Group Life \$.....0,

are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$.....0, Credit (Group and Individual) Accident and Health \$.....0 and Other Accident and Health \$.....0

are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

**EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS****PART 2 - Incurred During the Year**

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct.....	93,431,371		10,562,175	7,364,031					1,447,245		74,057,920
1.2 Reinsurance assumed.....	89,844,677		8,848						3,218,390		86,617,439
1.3 Reinsurance ceded.....	25,418,090		10,571,023	7,364,031					1,428,184		6,054,852
1.4 Net.....(d)	157,857,958	0	0	0	0	0	0	0	3,237,451	0	154,620,507
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	18,480,706	0	4,672,638	2,189,435	0	0	44,538	0	376,382	0	11,197,713
2.2 Reinsurance assumed.....	17,582,688	0	0	0	0	0	0	0	834,302	0	16,748,386
2.3 Reinsurance ceded.....	9,290,264	0	4,066,461	2,189,435	0	0	44,538	0	373,746	0	2,616,084
2.4 Net.....	26,773,130	0	606,177	0	0	0	0	0	836,938	0	25,330,015
3. Amounts recoverable from reinsurers Dec. 31, current year.....	5,003,570		606,035						40,389		4,357,146
4. Liability December 31, prior year:											
4.1 Direct.....	17,419,826		3,719,880	1,942,033			27,689		312,993		11,417,231
4.2 Reinsurance assumed.....	18,678,229								865,845		17,812,384
4.3 Reinsurance ceded.....	8,499,247		3,680,265	1,942,033			27,689		302,357		2,546,903
4.4 Net.....	27,598,808	0	39,615	0	0	0	0	0	876,481	0	26,682,712
5. Amounts recoverable from reinsurers Dec. 31, prior year.....	4,614,853		39,615						37,243		4,537,995
6. Incurred benefits:											
6.1 Direct.....	94,492,251	0	11,514,933	7,611,433	0	0	16,849	0	1,510,634	0	73,838,402
6.2 Reinsurance assumed.....	88,749,136	0	8,848	0	0	0	0	0	3,186,847	0	85,553,441
6.3 Reinsurance ceded.....	26,597,824	0	11,523,639	7,611,433	0	0	16,849	0	1,502,719	0	5,943,184
6.4 Net.....	156,643,563	0	142	0	0	0	0	0	3,194,762	0	153,448,659

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

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

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

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

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.98,237	.41,557	(56,680)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	51,059,301	56,779,164	5,719,863
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....	958,191	1,174,255	216,064
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....	1,462,719	1,805,596	342,877
25. Aggregate write-ins for other than invested assets.....	302,149	478,827	176,678
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	53,880,597	60,279,399	6,398,802
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	53,880,597	60,279,399	6,398,802

**DETAILS OF WRITE-INS**

1101. ....			0
1102. ....			0
1103. ....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Other Receivables and Prepaid Expenses.....	302,149	478,827	176,678
2502. ....			0
2503. ....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	302,149	478,827	176,678

**NOTES TO FINANCIAL STATEMENTS****1. Summary of Significant Accounting Policies****a. Accounting Practices and Procedures**

The financial statements of Loyal American Life Insurance Company ("LALIC" or "the Company") are presented on the basis of accounting practices prescribed or permitted 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 operations of an insurance company for determining its solvency under the 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.

**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.

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

		<b>State of Domicile</b>	<b>2014</b>	<b>2013</b>
<b>Net Income</b>				
1)	Loyal American Life Insurance Company state basis (Page 4, Line 35, Columns 1 & 2)	OH	\$ 20,201,180	\$ 14,331,727
2)	State Prescribed Practices that increase/decrease NAIC SAP		-	-
3)	State Permitted Practices that increase/decrease NAIC SAP		-	-
4)	<b>NAIC SAP (1 – 2 – 3 = 4)</b>	OH	<b>\$ 20,201,180</b>	<b>\$ 14,331,727</b>
<b>Surplus</b>				
5)	Loyal American Life Insurance Company state basis (Page 3, line 38, Columns 1 & 2)	OH	\$ 73,544,091	\$ 71,521,630
6)	State Prescribed Practices that increase/decrease NAIC SAP		-	-
7)	State Permitted Practices that increase/decrease NAIC SAP		-	-
8)	<b>NAIC SAP (5 – 6 – 7 = 8)</b>	OH	<b>\$ 73,544,091</b>	<b>\$ 71,521,630</b>

**c. Accounting Policy**

Life premiums are recognized as income over the premium-paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. The Company pays dividends to participating policyholders.

The Company uses the following accounting policies:

(1) - (2) Bonds and Short-term Investments. Investments in bonds and short-term investments are carried at amortized cost, except those in or near default, that are carried at the lesser of cost or fair value. Amortization of bond premium or discount is calculated using the scientific (constant yield) interest method. Bonds containing call provisions are amortized to call date which produces the lowest asset value (yield to worst). Investments with original maturities of one year or less from the time of purchase are classified as short-term. Bonds are considered impaired and their cost basis is written down to fair value through an asset valuation reserve for credit-related losses or an interest maintenance reserve for interest-related losses, when management expects a decline in value to persist (i.e., the decline is other-than-temporary).

(3) Common stocks are carried at fair value except for common stock of affiliates which are valued using methods described below.

(4) – (5) Not applicable

(6) Loan-Backed Securities. Loan-backed bonds and structured securities are valued at amortized cost using the constant level yield method. Significant changes in estimated cash flows from the original purchase assumptions are accounted for generally using the retrospective adjustment method. Significant changes in estimated cash flows from the original purchase assumptions for loan-backed and structured securities that have potential for loss of a significant portion of the original investment are accounted for using the prospective method. These securities are presented on the balance sheet as bonds.

Prepayment assumptions for loan-backed and other structured securities were obtained from external financial data sources. These assumptions are consistent with the current interest rate and economic environment.

In accordance with SSAP No. 43R, when the Company determines it does not expect to recover the amortized cost basis of loan-backed or structured securities with declines in fair value (even if it does not intend to sell and has the intent and ability to hold), the non-interest portion of the impairment loss is recognized in realized investment losses. The non-interest portion is the difference between the amortized cost basis of the loan-backed or structured security and the net present value of its expected future cash flows. Expected future cash flows are based on assumptions about the collateral attributes, including prepayment speeds, default rates and changes in value.

(7) Investments in subsidiaries, controlled and affiliated entities are reported using the statutory equity method based on the entity's audited equity prepared using NAIC SAP in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities*. These entities are presented on the balance sheet as common stock.

(8) - (9) Not applicable

**NOTES TO FINANCIAL STATEMENTS**

(10) The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.

(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

(12) – (13) Not applicable

2. Accounting Changes and Corrections of Errors – Not applicable

3. Business Combinations and Goodwill – Not applicable.

4. Discontinued Operations – Not applicable.

5. Investments

a. – c. Not applicable

d. Loan-Backed Securities

(1) Prepayment assumptions for loan-backed securities and other structured securities were obtained from external financial data sources. These assumptions are consistent with the current interest rate and economic environment.

(2) As of December 31, 2014 there are no loan-backed and structured securities that have been adjusted to recognize an other-than-temporary impairment.

(3) During the twelve months ended December 31, 2014 there were no loan-backed and structured securities with a recognized other-than-temporary impairment.

(4) As of December 31, 2014 loan-backed and structured securities with a decline in fair value from amortized cost were as follows, including the length of time of such decline:

(a) The aggregate amount of unrealized losses:	1. Less than 12 Months \$ -
	2. 12 Months or Longer \$ 6,127

(b) The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months \$ -
	2. 12 Months or Longer \$ 1,823,898

(5) Management reviews loan-backed and structured securities with a decline in fair value from cost for impairment based on criteria that include:

- Length of time and severity of decline.
- Financial and specific near term prospects of the issuer.
- Changes in the regulatory, economic or general market environment of the issuer's industry or geographic region.
- The Company's intent to sell or the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost.

e. - g. Not applicable

h. Restricted Assets

(1) Restricted Assets (Including Pledged)

**NOTES TO FINANCIAL STATEMENTS**

Restricted Asset Category	Gross Restricted					Total Gross Restricted From Prior Year	Increase/(Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Percentage	
	Current Year						8	9	10	
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Assets	Total Protected Cell Account Assets	Protected Cell Account Assets	Total (1 plus 3)					
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%
b. Collateral held under security lending agreements	-	-	-	-	-	-	-	-	0%	0%
c. Subject to repurchase agreements	-	-	-	-	-	-	-	-	0%	0%
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	-	0%	0%
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	-	0%	0%
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-	-	0%	0%
g. Placed under option contracts	-	-	-	-	-	-	-	-	0%	0%
h. Letter stock or securities restricted as to sale excluding FLYB capital stock	-	-	-	-	-	-	-	-	0%	0%
i. FHLB Capital Stock	-	-	-	-	-	-	-	-	0%	0%
j. On deposit with states	4,408,456	-	-	-	4,408,456	4,425,786	(17,330)	4,408,456	2%	2%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-	-	0%	0%
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-	-	0%	0%
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-	-	0%	0%
n. Other restricted assets	125,401,385	-	-	-	125,401,385	125,639,757	(238,372)	125,401,385	51%	51%
o. Total Restricted Assets	<u>\$129,809,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$129,809,841</u>	<u>\$130,065,543</u>	<u>\$(255,702)</u>	<u>\$129,809,841</u>	<u>53%</u>	<u>53%</u>

(a) Subset of Column 1  
 (b) Subset of Column 3

(2) Not applicable

(3) Detail of Other Restricted Assets (Contracts that Share similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Description of Assets	Gross Restricted					Total From Prior Year	Increase/(Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Percentage	
	Current Year						8	9	10	
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Assets	Protected Cell Account Assets	Cell Account Assets	Supporting G/A Activity	Total (1 plus 3)				
Reinsurance with Great American Life Insurance Company	\$125,401,385	\$ -	\$ -	\$ -	\$125,401,385	\$125,639,757	\$(238,372)	\$125,401,385	51%	51%

(a) Subset of Column 1  
 (b) Subset of Column 3

6. Joint Ventures, Partnerships and Limited Liability Companies – Not applicable

7. Investment Income

a. Due and accrued is excluded from investment income on the following basis:

(1) Bonds – When investment income due and accrued exceeds 90 days past due.

b. No income was excluded for the years ended December 31, 2014 and 2013.

8. Derivative Instruments – Not applicable

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

The Company's deferred tax assets (DTA) and liabilities (DTL) are determined by identifying its temporary differences. These temporary differences are measured using a balance sheet approach by comparing statutory and tax basis balance sheets for the Company.

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

(1)

	December 31, 2014			December 31, 2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross DTA	68,595,103	252	68,595,355	74,612,387	-	74,612,387	(6,017,284)	252	(6,017,032)
(b) Valuation allowance	-	-	-	-	-	-	-	-	0
(c) Adjusted gross DTA (1a - 1b)	68,595,103	252	68,595,355	74,612,387	-	74,612,387	(6,017,284)	252	(6,017,032)
(d) Nonadmitted DTA	(51,059,050)	(252)	(51,059,302)	(56,779,165)	-	(56,779,165)	5,720,115	(252)	5,719,863
(e) Subtotal Net Admitted DTA (1c - 1d)	17,536,053	-	17,536,053	17,833,222	-	17,833,222	(297,169)	-	(297,169)
(f) DTL	(350,902)	-	(350,902)	(368,041)	-	(368,041)	17,139	-	17,139
(g) Net admitted DTA (1e - 1f)	17,185,151	-	17,185,151	17,465,181	-	17,465,181	(280,030)	-	(280,030)

(2)

	December 31, 2014			December 31, 2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
<b>SSAP 101, paragraphs 11a, 11b, and 11c</b>									
(a) Admitted pursuant to ¶11.a. (loss carrybacks)	17,185,151	-	17,185,151	9,693,239	-	9,693,239	7,491,912	-	7,491,912
(b) Admitted pursuant to ¶11.b. (realization)	-	-	-	7,771,942	-	7,771,942	(7,771,942)	-	(7,771,942)
1. Realization per ¶11.b.i.	-	-	-	7,771,942	-	7,771,942	(7,771,942)	-	(7,771,942)
2. Limitation per ¶11.b.ii.	-	8,455,151	8,455,151	-	8,254,868	8,254,868	-	200,283	200,283
(c) Admitted pursuant to ¶11.c.	350,902	-	350,902	368,041	-	368,041	(17,139)	-	(17,139)
(d) Total admitted adjusted gross deferred tax asset (2e)	17,536,053	-	17,536,053	17,833,222	-	17,833,222	(297,169)	-	(297,169)

(3)

	2014 Percentage	2013 Percentage
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	484%	569%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	57,562,320	55,207,357

(4) Impact of tax planning strategies (TPS) on adjusted gross DTAs and net admitted DTAs:

	December 31, 2014			December 31, 2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
<b>Impact of Tax Planning Strategies</b>									
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b) Net admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(c) Do TPS include a reinsurance strategy?			No			No			

**b. Unrecognized DTLs**

All deferred tax liabilities have been properly recognized.

**c. Current tax and change in deferred tax**

## (1) Current income tax:

	2014	2013	Change
(a) Current federal income tax expense/(benefit)	7,220,594	6,214,589	1,006,005
(b) Foreign income tax expense/(benefit)	-	-	-
(c) Subtotal	7,220,594	6,214,589	1,006,005
(d) Tax expense/(benefit) on realized capital gains/(losses)	(22,694)	68,721	(91,415)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other, including prior year underaccrual/(overaccrual)	(3,292,577)	427,372	(3,719,949)
Federal and foreign income taxes incurred	3,905,323	6,710,682	(2,805,359)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

## (2) Deferred tax assets:

	December 31, 2014	December 31, 2013	Change
Other insurance & contract holder liability	2,599,970	2,725,563	(125,593)
Goodwill & Intangibles	52,321,114	56,451,728	(4,130,614)
Deferred acquisition costs	10,520,393	7,381,427	3,138,966
Nondeductible Liabilities	813,183	523,879	289,304
Nonadmitted assets	987,454	1,225,082	(237,628)
Investment, net	1,125,256	6,304,708	(5,179,452)
Other	227,985	-	227,985
Gross DTA	68,595,355	74,612,387	(6,017,032)
Valuation allowance	0	0	0
Adjusted gross DTA	68,595,355	74,612,387	(6,017,032)
Nonadmitted DTA	(51,059,302)	(56,779,165)	5,719,863
Admitted DTA	17,536,053	17,833,222	(297,169)

## (3) Deferred tax liabilities:

	December 31, 2014	December 31, 2013	Change
Other insurance & contract holder liability	339,106	306,918	32,188
Investment, net	-	12,014	(12,014)
Other	11,796	49,109	(37,313)
Gross DTL	350,902	368,041	(17,139)

(4)

Net Deferred Tax Assets/Liabilities		17,185,151	17,465,181	(280,030)
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**NOTES TO FINANCIAL STATEMENTS**

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the change in nonadmitted assets is reported separately from the change in net deferred income taxes in the surplus section of the annual statement):

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>Change</u>
Total deferred tax assets	68,595,355	74,612,387	(6,017,032)
Total deferred tax liabilities	(350,902)	(368,041)	17,139
Net Deferred tax asset/liabilities	68,244,453	74,244,346	(5,999,893)
Statutory valuation allowance adjustment	0	0	0
Net deferred tax assets/liabilities after SVA	68,244,453	74,244,346	(5,999,893)
Tax effect of unrealized gains (losses)			-
Statutory valuation allowance adjustment allocated to unrealized			-
Other intraperiod allocation of deferred tax movement			-
Change in net deferred income tax			(5,999,893)

## d. Reconciliation of federal income tax rate to actual effective rate

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

	<u>December 31, 2014</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate (BFIT@35%)	9,839,803	35.00%
Change in nonadmitted assets	237,628	0.84%
Nondeductible Penalties & Fines	25,280	0.09%
IMR	(151,610)	-0.54%
M&E	2,490	0.01%
Ceding Commission	(38,485)	-0.14%
Other, net	(9,890)	-0.04%
<b>Total</b>	<b>9,905,216</b>	<b>35.22%</b>
 Federal and foreign income taxes incurred	3,905,323	13.89%
Change in deferred income taxes	5,999,893	21.33%
 Total statutory income taxes	<b>9,905,216</b>	<b>35.22%</b>

## e. Operating loss and tax credit carryforwards

(1) At December 31, 2014, the Company has no net operating loss carry forward and no capital loss carry forward.

(2) Income taxes, ordinary and capital, available for recoupment in the event of future losses include:

<u>Year</u>	<u>Amount</u>
2014	7,220,594
2013	6,997,950
2012	4,006,756

(3) Deposits under IRS Code Section 6603 - not applicable

## f. Federal or foreign income tax loss contingencies

(1) In the third quarter of 2014, the Internal Revenue Service began an examination of the 2011 and 2012 tax years, which is expected to continue through 2015. As of December 31, 2014, the examination has not resulted in any adjustments that would materially impact the Company's financial condition.

## g. Consolidated federal income tax return

(1) The Company elects to file a consolidated federal income tax return with its subsidiary American Retirement Life Insurance Company ("ARLIC").

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

## a - c. Related party transactions for 2014 and 2013 include:

The Company made \$20,000,000, \$10,000,000, \$5,000,000, and \$6,000,000 cash capital contributions to American Retirement Life Insurance Company, its wholly owned subsidiary on March 25, 2014, June 24, 2014, September 26, 2014 and December 16, 2014, respectively.

Several of Cigna Corporation's ("Cigna") subsidiaries are subject to the Health Insurance Providers Fee, "the Fee", which is imposed on each covered entity engaged in the business of providing health insurance for any United States health risk. Such entities, along with Cigna, are collectively treated as a single "covered entity" as that term is defined in Section 9010(c) and Treas. Reg. § 57.2(b). By entering into this Agreement, each Party has consented to select Cigna as its "designated entity" for the payment of this Fee. The Agreement allows Cigna to pay each year to the Treasury the Fee owed collectively by all covered entities in the group, and to perform all necessary and appropriate actions that may be required to fulfill Cigna's responsibilities as the designated entity. This Agreement further allows Cigna to delegate to a wholly owned subsidiary the authority to perform these actions on Cigna's behalf. For financial management and reporting purposes, Cigna and the Parties will allocate the Fee for each Fee Year among the Parties in proportion to estimates of each Party's Premiums for that Fee Year. This Agreement was submitted for Department approval/non-disapproval, and is effective for the Company on August 14, 2014.

On June 17, 2013 and December 18, 2013, the Company made cash contributions to ARLIC in the amounts of \$9,000,000 and \$5,000,000, respectively.

**NOTES TO FINANCIAL STATEMENTS**

- d. At December 31, 2014, the Company reported \$1,501,860 as amounts due from affiliated companies and \$4,896,011 due to affiliated companies. The terms of the agreements require that these amounts be settled within 90 days.
- e. Not applicable
- f. Management or service contracts and all cost sharing arrangements involving the Company:
  - (1) The Company and certain related parties have entered into service contracts and cost-sharing arrangements, including an expense sharing agreement in which the parties share expenses for certain shared services. These arrangements include providing or being provided with management services, computers, data processing and other services, as well as equipment, supplies and office space. The Company also allocates a portion of its operating expenses to affiliated companies for which it performs certain administrative services. The Company paid \$35,899,889 in 2014 under these arrangements and received \$20,853,718 in 2014.
  - (2) The Company's investment portfolio is managed by Cigna Investments, Inc. ("CII"). The company paid CII \$228,579 and \$236,170 in 2014 and 2013, related to those services.
  - (3) The Company and its wholly owned domestic subsidiary, ARLIC, have entered into a Consolidated Federal Income Tax Agreement (the Agreement). The Agreement sets forth the method of allocation of federal income taxes for LALIC and ARLIC. The Agreement provides for immediate reimbursement to companies with net operating losses to the extent that their losses are utilized to reduce consolidated taxable income; while those companies with current taxable income as calculated under federal separate return provisions, are liable for payments determined as if they had each filed a separate return. However, current credit is given for any foreign tax credit, operating loss, or investment tax credit carryovers actually utilized in the current consolidated return.
  - (4) On February 19, 2013, the Company entered into a line of credit agreement with Cigna Holdings, Inc. ("CHI") under which LALIC can borrow up to \$30,000,000 from CHI. The agreement provides for two rate/maturity options; a) a variable rate payable on demand or b) a fixed rate with a stated maturity not to exceed 270 days. There were no amounts outstanding at December 31, 2014, and borrowings during the year were not material.
  - (5) On February 19, 2013, the Company also entered into a line of credit agreement with Cigna under which Cigna can borrow up to \$30,000,000 from LALIC. Borrowing terms under this agreement are identical to the terms under the LALIC/CHI agreement discussed above. Cigna did not borrow under this agreement in 2014.
- g. All of the Company's outstanding common stock is directly owned by Cigna Health and Life Insurance Company, a Connecticut domiciled insurance company, whose ultimate parent is Cigna Corporation, a Delaware domiciled insurance holding company.
- h. – i. Not applicable

## 11. Debt – Not applicable

## 12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans.

- a. – c. Not applicable
- d. Consolidated/Holding Company Plans:

- (1) Employees' Retirement Plan:

- (a) Effective January 1, 2013, the Company participates in the Cigna 401(k) Plan (the Savings Plan) that is sponsored by Cigna. Employees are eligible to participate in the Savings Plan immediately upon hire; however, a one-year service requirement must be met to receive company contributions. Expense allocated to the Company was \$406,668 in 2014.
- (b) Salaried officers and other key employees of the Company are eligible to be awarded shares of Cigna Common Stock in the form of stock options, restricted stock grants, dividend equivalent rights and grants of Cigna Common Stock in lieu of cash payable under various plans. The People Resources Committee of the Board of Directors of Cigna (the Committee) determines awards under these plans, including grants of restricted stock and stock options and strategic performance shares to certain employees of Cigna and its indirect subsidiaries. In 2014, the Committee awarded restricted stock and strategic performance shares to eligible officers and employees under various plans. Cost allocated to the Company for the awards was \$218,090.

- (2) Deferred Compensation Plans:

The Company offers the Cigna Deferred Compensation Plan to officers and key employees pursuant to which they may defer receipt of all or part of their compensation. The amount of compensation deferred is not funded but represents a general liability of Cigna and participating affiliates including the Company. Currently, deferred cash compensation is credited with interest at the rate paid on contributions to the Fixed Income Fund of the Savings Plan. Certain officers and key employees also have the option of selecting to have deferred cash compensation credited with interest at the rate paid under the Savings Plan's other investment funds. Deferred compensation which would have otherwise been payable in Cigna Common Stock is hypothetically invested in the same number of Common Stock equivalent units as the number of shares which would have been paid if such compensation had not been deferred. An amount equal to cash dividends that would have been paid on such hypothetically invested Common Stock is deemed to have been paid and hypothetically invested in the same way as deferred cash compensation. At a future date or dates selected by each participant, the aggregate of amounts deferred and hypothetical investment results is distributed either in a lump sum or in installments, in which case unpaid installments continue to be credited with interest. Compensation deferred by officers and key employees that was otherwise payable in Common Stock is distributed in Common Stock.

Effective January 25, 1995, the Committee approved a special program to postpone payments to senior executive officers as needed to avoid payments to these officers which would not qualify for a tax deduction because of the provisions of Internal Revenue Code section 162(m), which limits the deductibility of compensation paid to each officer to \$1 million, unless certain exceptions apply.

**NOTES TO FINANCIAL STATEMENTS**

The Company has not incurred any obligation under the plan as of December 31, 2014.

(3) Post Retirement Benefits – Not applicable

e. Post-Employment Benefits and Compensated Absences:

The Company accrues obligations for post employment benefits and compensated absences in accordance with SSAP No. 11.

f. The Medicare Modernization Act

(1) In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act") became law. Under the Act, starting in 2006, retirees will have the ability to obtain prescription drug benefits through a new Medicare Part D program and companies that continue to provide postretirement prescription drug benefits to their retirees may be eligible to receive a new federal subsidy.

(2) The Medicare Modernization Act had no impact on the Company's postretirement benefits.

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

a. The Company has 2,500 shares authorized and 1,800 shares issued and outstanding. All shares are class A shares.

b. – d. Not applicable

e. The maximum amount of dividends that can be paid to stockholders by life insurance companies domiciled in the State of Ohio without prior approval of the Insurance Commissioner is the greater of 10% of surplus as regards to policyholders or net income as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of dividends payable in 2015 without prior approval is \$0 based on negative earned surplus.

f. – i. Not applicable

j. The portion of unassigned funds (surplus) represented or (reduced) by unrealized gains was (\$29,864,734) at December 31, 2014.

k. – m. Not applicable

14. Contingencies

a. Contingent Commitments – Not applicable

b. Assessments

From time to time, insurance companies may be assessed by various state insurance guaranty funds to help pay for the cost of other insurance company insolvencies. These assessments are generally recoverable in most states over a 3 to 10 year period through reduction in future premium tax liabilities. The Company periodically adjusts its accrual for future assessments utilizing information provided by the National Organization of Life and Health Insurance Guaranty Associations. At December 31, 2014, the Company held a liability for future assessments of \$105,561. The Company also holds an asset for premium tax offsets related to guaranty fund assessments paid or accrued.

Assets recognized from paid and accrued tax offsets for the year ended December 31, 2013, are as follows:

Balance, beginning of year	\$ 180,214
Premium tax offsets accrued	36,777
Premium tax offsets applied	(43,155)
Allowance for unrealizability	304
	<u>\$ 174,140</u>

c. – e. Not applicable

15. Leases

Effective January 17, 2008, the Company entered into a fifteen year non-cancellable operating lease for home office facilities which are shared among several affiliated companies. The lease may be renewed for two additional five year terms at market rates then in effect. Minimum annual rentals under the lease are as follows:

Years 2015 - 2017	\$1,073,409
Years 2018 - 2019	1,138,409
Thereafter	<u>3,415,228</u>
	<u>\$8,912,273</u>

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk -- Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities -- Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans -- Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators --Not applicable

20. Fair Value Measurements

**NOTES TO FINANCIAL STATEMENTS**

The Company's financial assets measured at fair value include bonds valued at the lower of cost or fair value when reported at fair value at the balance sheet date. As of December 31, 2014 and December 31, 2013, the Company had no bonds carried at fair value in the financial statements.

Financial instruments (bonds) that are subject to fair value disclosure requirements are carried in the financial statements at amortized cost. The fair values used for financial instruments are estimates, which in many cases may differ significantly from the amounts, which could be realized upon immediate liquidation.

The Company's financial assets have been classified based upon a hierarchy defined by SAP. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a financial asset or liability carried at fair value would be classified in Level 3 if unobservable inputs were significant to the instrument's fair value, even though the measurement may be derived using inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The Company estimates fair values of bonds using prices from third parties or internal pricing methods. Fair value estimates received from third-party pricing services are based on reported trade activity and quoted market prices when available and other market information that a market participant may use to estimate fair value. The internal pricing methods are performed by the Company's investment professionals, and generally involve using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality, as well as other qualitative factors. In instances where there is little to no market activity for the same or similar instruments, the fair value is estimated using methods, models and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price. These valuation techniques involve some level of estimation and judgment that becomes significant with increasingly complex instruments or pricing models.

**Fair Value Measurements at Reporting Date**

As of December 31, 2014 and December 31, 2013, the Company had no bonds reported at fair value in the financial statements.

**Disclosures about Fair Values of Financial Instruments Not Carried at Fair Value**

The following tables provide the fair value, carrying value and classification in the fair value hierarchy of the Company's bonds not recorded at fair value as of December 31, 2014 and December 31, 2013.

December 31, 2014

	Aggregate Fair Value	Admitted Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Practicable (Carrying Value)
<i>Financial assets</i>						
Bonds	\$ 193,627,015	\$ 189,039,193	\$ 5,141,039	\$ 188,485,977	\$ -	\$ -

December 31, 2013

	Aggregate Fair Value	Admitted Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Practicable (Carrying Value)
<i>Financial assets</i>						
Bonds	\$ 218,360,571	\$ 217,517,110	\$ 4,642,363	\$ 213,230,694	\$ 487,513	\$ -

**Disclosures about Financial Instruments Not Practicable to Estimate Fair Value – None.****21. Other Items**

- a. – b. Not applicable
- c. Other disclosures

Assets in the amount of \$129,809,841 and \$130,065,543 at December 31, 2014 and 2013, respectively, were on deposit with government authorities or trustees as required by law or in accordance with the terms of various reinsurance agreements.

- d. – h. Not applicable

**22. Events Subsequent**

Management has evaluated the financial statements for subsequent events through February 23, 2015, the date financial statements were available to be issued.

**23. Reinsurance**

- a. Ceded Reinsurance Report
  - (1) Section 1 - General Interrogatories

**NOTES TO FINANCIAL STATEMENTS**

(a) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?  
 Yes ( ) No ( X )

If yes, give full details.

(b) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) 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 )

If yes, give full details.

**(2) Section 2 - Ceded Reinsurance Report - Part A**

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

(i) If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$\_\_\_\_\_

(ii) What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$\_\_\_\_\_

(b) Does the reporting entity 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 )

If yes, give full details.

**(3) Section 3 - Ceded Reinsurance Report - Part B**

(a) 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. \$\_\_\_\_\_

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

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ 0

b. Uncollectible Reinsurance – No reinsurance recoverables were written off.

c. Commutation of Ceded Reinsurance Reflected in Income and Expenses – Not Applicable

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination -- Not applicable

25. Change in Incurred Losses and Loss Adjustment Expenses:

Reserves as of December 31, 2013 were \$48,547,754 which includes adjustments for reserves acquired through a new reinsurance arrangement entered into during 2012. As of December 31, 2014 \$28,939,190 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$18,484,689 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Medicare Supplement, cancer treatment and disability income lines of insurance. Therefore, there has been a \$1,123,875 favorable prior year development since December 31, 2013 to December 31, 2014. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements -- Not applicable

27. Structured Settlements -- Not applicable

28. Health Care Receivables -- Not applicable

29. Participating Policies

- Participating policies represent approximately 5.8% of the total life insurance inforce at December 31, 2014. All life business in force is ceded under a 100% coinsurance agreement.
- Policyholder dividends are recognized on the policy's anniversary.

**NOTES TO FINANCIAL STATEMENTS**

c.	Dividends to policyholders in 2014 were \$260,414, all of which was ceded to another company.																																																																							
d.	No additional income was allocated to participating policyholders.																																																																							
30.	Premium Deficiency Reserves -- Not applicable																																																																							
31.	Reserves for Life Contracts and Annuity Contracts																																																																							
a.	The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.																																																																							
b.	Extra premiums are charged for substandard lives. Reserves are based on a combination of mean reserves for substandard lives and the gross premiums charged for such.																																																																							
c.	As of December 31, 2014, the Company had \$1,550,264 of insurance in force, all of which is 100% ceded, 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 \$13,694 at year-end and are reported in Exhibit 5, Miscellaneous Reserves section.																																																																							
d.	Tabular interest, tabular interest less actual reserves released, and tabular cost have been determined by formula as described in the instructions.																																																																							
e.	For the determination of tabular interest on funds not involving life for each valuation rate of interest, the tabular interest is calculated as one hundredth of the product of such valuation rate of interest times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.																																																																							
f.	The change in reserves in Exhibit 7, Line 4, Column 3 of \$915,351 is due to internal rollovers. The change in column 4 of \$17,899 is due to considerations and other adjustments. The changes in column 5 of \$179,162 and column 6 of (\$3,316) is due to data differences/inconsistencies.																																																																							
32.	Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics																																																																							
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## **NOTES TO FINANCIAL STATEMENTS**

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33. Premium and Annuity Considerations Deferred and Uncollected – Not applicable

34. Separate Accounts -- Not applicable

35. Loss/Claim Adjustment Expenses

At December 31, 2014 and 2013, reserves for LAE included in General Expense Due and Accrued totaled \$1,878,970 and \$1,951,408.

The Company incurred \$4,460,860 and paid \$4,533,298 of loss adjustment expenses in the current year of which \$1,235,549 of the paid amount was attributable to insured events of prior years.

The Company increased the provision for LAE related to insured events of the prior year by \$64,735 mainly due to higher expected claim settlement expenses in the Company's disability book of business.

# Loyal American Life Insurance Company

## 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 [ ]  
 If yes, complete Schedule Y, Parts 1, 1A and 2.

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. 12/31/2013  
 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. 12/31/2011  
 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). 12/21/2012  
 3.4 By what department or departments?  
Ohio Department of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]  
 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.11 sales of new business? Yes [ ] No [X]  
 4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.21 sales of new business? Yes [ ] No [X]  
 4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]  
 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

1 Nationality	2 Type of Entity	

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

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]  
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PriceWatershouseCoopers LLP; Two Commerce Square; 2001 Market Square; Philadelphia, PA 19103-7041

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:

# Loyal American Life Insurance Company

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES - GENERAL

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?  Yes [ ]  No [ X ]  N/A [ ]

10.6 If the answer to 10.5 is no or n/a, please explain.  
The Audit Committee of Connecticut General Corporation will serve as the Company's Audit Committee for the purposes of compliance with Ohio insurance law.

---

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?  
James Monroe Garvin, III, FSA, MAAA, Appointed Actuary, 11200 Lakeline Blvd., Suite 100, Austin, TX 78717

---

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

12.11 Name of real estate holding company

---

12.12 Number of parcels involved .....  
12.13 Total book/adjusted carrying value .....

---

12.2 If yes, provide explanation.

---

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

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

---

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

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

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

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	.....
21.22 Borrowed from others	.....
21.23 Leased from others	.....
21.24 Other	.....

**PART 1 - COMMON INTERROGATORIES - FINANCIAL**

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

22.22 Amount paid as expenses

22.23 Other amounts paid

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

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

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?  Yes [ X ]  No [ ]

24.02 If no, give full and complete information relating thereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Placed under option agreements

25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock

25.27 FHLB Capital Stock

25.28 On deposit with states

25.29 On deposit with other regulatory bodies

25.30 Pledged as collateral - excluding collateral pledged to an FHLB

25.31 Pledged as collateral to FHLB - including assets backing funding agreements

25.32 Other

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

If no, attach a description with this statement.

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	4 Chase MetroTech Center, Brooklyn, NY 11245
The Bank of New York Mellon	101 Barclay Street, Mail Stop 101-0850, New York, NY 10286

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 [ X ]  No [ ]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
JP Morgan Chase	JP Morgan Chase	12/31/2013	Address Change
Bank of New York Mellon	The Bank of New York Mellon		Added "The" for clarification.

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
105811	Cigna Investments, Inc.	900 Cottage Grove Road, Hartford, CT

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [ ] No [ X ]

29.2 If yes, complete the following schedule:

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

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

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	198,789,888	203,377,710	4,587,822
30.2 Preferred stocks.....			0
30.3 Totals.....	198,789,888	203,377,710	4,587,822

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

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price. These valuation techniques involve some level of estimation and judgment by the Company which become significant with increasingly complex instrument or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [ ] No [ X ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [ ] No [ ]

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

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?

\$.....19,000

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

1	2
Name	Amount Paid
AM Best	19,000

34.1 Amount of payments for legal expenses, if any?

\$.....178

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

1	2
Name	Amount Paid
HAJJAR SUTHERLAND	178

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

\$.....0

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

1	2
Name	Amount Paid
	0

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

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [X] No [ ]  
 1.2 If yes, indicate premium earned on U.S. business only \$.....89,849,275  
 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. \$.....62,868,694  
 1.6 Individual policies:  
 Most current three years:  
 1.61 Total premium earned \$.....19,261,086  
 1.62 Total incurred claims \$.....13,316,350  
 1.63 Number of covered lives .....10,486  
 All years prior to most current three years:  
 1.64 Total premium earned \$.....70,588,189  
 1.65 Total incurred claims \$.....49,552,344  
 1.66 Number of covered lives .....26,244

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 Current Year	2 Prior Year
2.1 Premium Numerator.....	....180,623,428	....199,327,831
2.2 Premium Denominator.....	....243,679,278	....259,984,934
2.3 Premium Ratio (2.1/2.2).....	.....74.1	.....76.7
2.4 Reserve Numerator.....	....41,063,365	....43,741,134
2.5 Reserve Denominator.....	....147,339,300	....146,363,396
2.6 Reserve Ratio (2.4/2.5).....	.....27.9	.....29.9

3.1 Does this reporting entity have Separate Accounts? Yes [ ] No [X]  
 3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes [ ] No [ ] N/A [X]  
 3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? .....  
 3.4 State the authority under which Separate Accounts are maintained:  
 \_\_\_\_\_

3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes [ ] No [ ]  
 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes [ ] No [ ]  
 3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)"? .....  
 4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes [X] No [ ]  
 4.2 Net reimbursement of such expenses between reporting entities:  
 4.21 Paid \$.....35,899,889  
 4.22 Received \$.....20,853,718  
 5.1 Does the reporting entity write any guaranteed interest contracts? Yes [ ] No [X]  
 5.2 If yes, what amount pertaining to these items is included in:  
 5.21 Page 3, Line 1 .....  
 5.22 Page 4, Line 1 .....  
 6. For stock reporting entities only:  
 6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$.....74,995,713  
 7. Total dividends paid stockholders since organization of the reporting entity:  
 7.11 Cash \$.....171,293,877  
 7.12 Stock \$.....0

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

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as:

Yes [ ] No [X]

Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement?

Yes [ ] No [ ]

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

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

8.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and

8.34 for Col. (1) are:

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

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

9.1 Does the company have variable annuities with guaranteed benefits?

Yes [ ] No [X]

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

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

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

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

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

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

11.1 Do you act as a custodian for health savings account?

Yes [ ] No [X]

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

.....

11.3 Do you act as an administrator for health savings accounts?

Yes [ ] No [X]

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

.....

12.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers?

Yes [ ] No [ ] N/A [X]

12.2 If the answer to 12.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

13. Provide the following for Individual Ordinary Life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):

13.1 Direct Premium Written..... \$.....6,194,281

13.2 Total incurred claims ..... \$.....11,514,933

13.3 Number of covered lives ..... 32,150

*Ordinary Life Insurance Includes:
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

# Loyal American Life Insurance Company

## FIVE-YEAR HISTORICAL DATA

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

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

	1 2014	2 2013	3 2012	4 2011	5 2010
<b>Life Insurance in Force (Exhibit of Life Insurance)</b>					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....	393,424	425,060	465,988	501,348	547,363
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....	116,717	129,209	139,813	151,782	165,538
3. Credit life (Line 21, Col. 6).....					
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....	6,909	9,583	12,090	14,912	17,210
5. Industrial (Line 21, Col. 2).....					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....					
7. Total (Line 21, Col. 10).....	517,050	563,852	617,891	668,042	730,111
<b>New Business Issued (Exhibit of Life Insurance)</b>					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	.95		.159	.34	.124
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....			.2	.3	.8
10. Credit life (Line 2, Col. 6).....					
11. Group (Line 2, Col. 9).....				.80	
12. Industrial (Line 2, Col. 2).....					
13. Total (Line 2, Col. 10).....	.95	.0	.161	.117	.132
<b>Premium Income - Lines of Business (Exhibit 1-Part 1)</b>					
14. Industrial life (Line 20.4, Col. 2).....					
15.1 Ordinary life insurance (Line 20.4, Col. 3).....	3,414		(153,931,185)	1,759,552	1,928,755
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....			(210,644,757)	412,253	1,449,050
16. Credit life (group and individual) (Line 20.4, Col. 5).....					
17.1 Group life insurance (Line 20.4, Col. 6).....			.27,608	107,436	121,536
17.2 Group annuities (Line 20.4, Col. 7).....					
18.1 A&H - group (Line 20.4, Col. 8).....	4,592,070	6,014,177	7,030,402	127,178	142,579
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....					
18.3 A&H - other (Line 20.4, Col. 10).....	239,083,793	253,970,759	277,364,789	100,883,623	83,802,994
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....					
20. Total.....	243,679,277	259,984,936	(80,153,143)	103,290,042	87,444,914
<b>Balance Sheet (Pages 2 and 3)</b>					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....	249,349,234	244,038,600	282,287,095	438,927,645	452,928,452
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	175,805,143	172,516,970	204,040,242	398,120,312	415,044,506
23. Aggregate life reserves (Page 3, Line 1).....	.16			.222,238,520	.240,142,087
24. Aggregate A&H reserves (Page 3, Line 2).....	120,565,404	118,764,588	116,361,443	19,119,979	19,806,384
25. Deposit-type contract funds (Page 3, Line 3).....	8,861	9,157	9,939	13,418,246	13,470,506
26. Asset valuation reserve (Page 3, Line 24.01).....	1,203,381	1,150,909	974,111	1,178,762	1,270,361
27. Capital (Page 3, Lines 29 & 30).....	5,640,000	5,640,000	5,640,000	5,640,000	5,640,000
28. Surplus (Page 3, Line 37).....	67,904,091	65,881,630	72,606,853	35,167,333	32,243,946
<b>Cash Flow (Page 5)</b>					
29. Net Cash from operations (Line 11).....	21,413,958	48,010,074	(232,416,139)	(14,749,981)	(15,162,326)
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital.....	74,846,833	72,683,830	79,220,964	42,024,407	39,174,307
31. Authorized control level risk-based capital.....	11,882,686	9,704,827	7,245,626	4,473,042	4,520,185
<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).....	.83.4	97.4	88.8	91.7	90.4
33. Stocks (Lines 2.1 and 2.2).....	13.7	3.8	2.7	4.0	4.0
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....					
35. Real estate (Line 4.1, 4.2 and 4.3).....					
36. Cash, cash equivalents and short-term investments (Line 5).....	3.0	(1.2)	8.5	0.0	1.3
37. Contract loans (Line 6).....					
38. Derivatives (Line 7).....					
39. Other invested assets (Line 8).....					
40. Receivables for securities (Line 9).....				.00	
41. Securities lending reinvested collateral assets (Line 10).....					
42. Aggregate write-ins for invested assets (Line 11).....					
43. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0

**Loyal American Life Insurance Company**  
**FIVE-YEAR HISTORICAL DATA**

(continued)

	1 2014	2 2013	3 2012	4 2011	5 2010
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
44. Affiliated bonds (Sch. D Summary, Line 12 Col. 1).....					
45. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....					
46. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....	31,011,488	8,426,687	5,436,805	13,766,185	13,481,767
47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....					
48. Affiliated mortgage loans on real estate .....					
49. All other affiliated.....					
50. Total of above Lines 44 to 49.....	31,011,488	8,426,687	5,436,805	13,766,185	13,481,767
51. Total investment in parent included in Lines 44 to 49 above.....					
<b>Total Nonadmitted and Admitted Assets</b>					
52. Total nonadmitted assets (Page 2, Line 28, Col. 2).....	53,880,597	60,279,399	62,285,992	6,334,097	6,856,682
53. Total admitted assets (Page 2, Line 28, Col. 3).....	249,349,234	244,038,600	282,287,095	438,927,645	452,928,452
<b>Investment Data</b>					
54. Net investment income (Exhibit of Net Investment Income).....	6,807,565	6,854,803	19,089,909	24,262,766	24,444,027
55. Realized capital gains (losses) (Page 4, Line 34, Column 1).....		104,783	12,432,689	(692,460)	(62,935)
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	(18,415,199)	(11,010,118)	(4,584,014)	77,560	1,033,862
57. Total of above Lines 54, 55 and 56.....	(11,607,634)	(4,050,532)	26,938,584	23,647,866	25,414,954
<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).....	142		13,572,933	30,142,632	30,983,575
59. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	156,643,423	170,274,964	121,618,600	71,816,293	57,407,634
60. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	16		(141,396,744)	(94,247)	(434,474)
61. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	1,800,816	2,403,146	94,789,421	(686,404)	(207,477)
62. Dividends to policyholders (Line 30, Col 1).....			11,988	36,575	(12,192)
<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.....	24.8	26.2	(49.1)	27.1	26.4
64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00.....	5.6	6.7	5.3	6.7	6.3
65. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....	.65.2	.66.6	.75.0	.70.3	.67.7
66. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....					
67. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....	.26.6	.27.1	.15.3	.29.0	.33.8
<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).....	900,269	1,346,505	330,312	6,421	8,974
69. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....	922,242	2,225,307	76,209	48,189	49,260
70. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	46,523,610	78,243,157	32,038,108	7,866,028	6,472,667
71. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	47,625,511	77,837,312	32,476,849	9,505,634	7,864,747
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
72. Industrial life (Col. 2).....					
73. Ordinary - life (Col. 3).....	(88,702)		5,359,262	272,813	7,217,445
74. Ordinary - individual annuities (Col. 4).....			4,379,714	3,242,096	4,312,153
75. Ordinary - supplementary contracts (Col. 5).....			(7,943)	(7,336)	(149,766)
76. Credit life (Col. 6).....					
77. Group life (Col. 7).....			6,414	(62,938)	(22,473)
78. Group annuities (Col. 8).....			2,033	(36,018)	(44,322)
79. A&H - group (Col. 9).....	140,199	853,809	(569,048)	56,361	138,208
80. A&H - credit (Col. 10).....					
81. A&H - other (Col. 11).....	21,155,554	16,413,512	(42,933,766)	55,247	(766,252)
82. Aggregate of all other lines of business (Col. 12).....	(1,005,871)	(3,040,377)	(868,577)		
83. Total (Col. 1).....	20,201,180	14,226,944	(34,631,911)	3,520,225	10,684,993

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)	7 Number of Policies	8 Certificates		
1. In force end of prior year.....			35,139	.554,269			29	.2,210	.9,583	.563,852
2. Issued during year.....			10	.95						.95
3. Reinsurance assumed.....			6	.370						.0
4. Revived during year.....										.370
5. Increased during year (net).....										(70)
6. Subtotals, Lines 2 to 5.....	0	0	16	.465	0	0	0	0	(70)	.395
7. Additions by dividends during year.....	XXX	XXX			XXX		XXX	XXX		.0
8. Aggregate write-ins for increases.....	0	0	0	0	0	0	0	0		.0
9. Totals (Lines 1 and 6 to 8).....	0	0	35,155	.554,734	0	0	29	.2,210	.9,513	.564,247
<b>Deductions during year:</b>										
10. Death.....			1,749	.9,612			XXX	.12	.29	.9,641
11. Maturity.....			12	.72			XXX			.72
12. Disability.....							XXX			.0
13. Expiry.....			.312	.4,162						.6,041
14. Surrender.....			744	.13,293						.13,293
15. Lapse.....			188	.16,398						.17,094
16. Conversion.....				.59			XXX	XXX	XXX	.59
17. Decreased (net).....				.997						.997
18. Reinsurance.....										.0
19. Aggregate write-ins for decreases.....	0	0	0	0	0	0	0	0		.0
20. Totals (Lines 10 to 19).....	0	0	3,005	.44,593	0	0	4	.118	.2,604	.47,197
21. In force end of year (Line 9 minus Line 20).....	0	0	32,150	.510,141	0	0	25	.2,092	.6,909	.517,050
22. Reinsurance ceded end of year.....	XXX	XXX		.510,046	XXX		XXX	XXX		.6,909
23. Line 21 minus Line 22.....	XXX	0	XXX	.95	XXX	(b)	XXX	XXX		.95

**DETAILS OF WRITE-INS**

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

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

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

**EXHIBIT OF LIFE INSURANCE (continued)**

## ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends.....	....XXX.....		....XXX.....	
25. Other paid-up insurance.....			.....9,283	.....49,368
26. Debit ordinary insurance.....	....XXX.....	....XXX.....		

## ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies-decreasing.....			.....155	.....850
28. Term policies-other.....			.....445	.....76,689
29. Other term insurance-decreasing.....	....XXX.....		....XXX.....	.....209
30. Other term insurance.....	....XXX.....		....XXX.....	.....21,260
31. Totals (Lines 27 to 30).....	.....0	.....0	.....600	.....99,008
Reconciliation to Lines 2 and 21:			....XXX.....	
32. Term additions.....	....XXX.....		....XXX.....	
33. Totals, extended term insurance.....	....XXX.....	....XXX.....	.....2,362	.....17,710
34. Totals, whole life and endowment.....	.....10	.....95	.....29,188	.....393,424
35. Totals (Lines 31 to 34).....	.....10	.....95	.....32,150	.....510,142

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

	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial.....				
37. Ordinary.....	.....95		.....480,387	.....29,753
38. Credit Life (Group and Individual).....				
39. Group.....			.....6,909	
40. Totals (Lines 36 to 39).....	.....95	.....0	.....487,296	.....29,753

## 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.....		....XXX.....	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis.....		....XXX.....	.....2,092	....XXX.....
43. Federal Employees' Group Life Insurance included in Line 21.....				
44. Servicemen's Group Life Insurance included in Line 21.....				
45. Group Permanent Insurance included in Line 21.....				

## ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a).....	.....62,160
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## BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.
47.1 _____
47.2 <u>actual for spouse, \$1,000 per unit for children</u>

## 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.....			.....2,197	.....24,849				
49. Disability Income.....			....XXX.....	....XXX.....				
50. Extended Benefits.....								
51. Other.....								
52. Total.....	.....0	(b).....0	.....2,197	(b).....24,849	.....0	(b).....0	.....0	(b).....0

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

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

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

**SUPPLEMENTARY CONTRACTS**

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year.....				
2. Issued during year.....				
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....	.0	.0	0	.0
Deductions during year:				
6. Decreased (net).....				
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	.0	.0	0	.0
9. In force end of year.....	0	.0	0	0
10. Amount on deposit.....		(a).....		(a).....
11. Income now payable.....		(a).....		(a).....
12. Amount of income payable.....	(a).....	(a).....	(a).....	(a).....

**ANNUITIES**

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

**ACCIDENT AND HEALTH INSURANCE**

	Group		Credit		Other	
	1 Certificates	2 Premiums in force	3 Policies	4 Premiums in force	5 Policies	6 Premiums in force
1. In force end of prior year.....	4,574	6,281,592			219,800	274,726,286
2. Issued during year.....	5,642	961,707			18,373	14,176,411
3. Reinsurance assumed.....	91	42,559			18,466	9,021,996
4. Increased during year (net).....		XXX.....		XXX.....		XXX.....
5. Total (Lines 1 to 4).....	10,307	XXX.....	0	XXX.....	256,639	XXX.....
Deductions during year:						
6. Conversions.....		XXX.....	XXX.....	XXX.....	XXX.....	XXX.....
7. Decreased (net).....	128	XXX.....		XXX.....	32,307	XXX.....
8. Reinsurance ceded.....	5,642	XXX.....		XXX.....	3,498	XXX.....
9. Totals (Lines 6 to 8).....	5,770	XXX.....	0	XXX.....	35,805	XXX.....
10. In force end of year.....	4,537	(a)..... 4,425,401	0	(a).....	220,834	(a)..... 261,388,113

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

	1 Deposit Funds		2 Dividend Accumulations	
	Contracts	Contracts	Contracts	Contracts
1. In force end of prior year.....			.76	
2. Issued during year.....			2	
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....			.78	.0
Deductions during year:				
6. Decreased (net).....			10	
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....			10	0
9. In force end of year.....			.68	.0
10. Amount of account balance.....		(a)..... 8,861	(a).....	

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

## SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	Active Status	Life Insurance Premiums	Direct Business Only				
			Life Contracts		Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Deposit-Type Contracts
			2	3			
1. Alabama.....	.AL	594,904	4,999	3,321,993			3,921,896
2. Alaska.....	.AK	1,143	8	51,519			52,670
3. Arizona.....	.AZ	35,143	49	503,755			538,947
4. Arkansas.....	.AR	189,339	522	851,658			1,041,519
5. California.....	.CA	113,694	849	1,175,646			1,290,189
6. Colorado.....	.CO	17,756	403	1,435,904			1,454,063
7. Connecticut.....	.CT	11,822	38	392,575			404,435
8. Delaware.....	.DE	30,124	53	36,122			66,299
9. District of Columbia.....	.DC	7,730	8	42,810			50,548
10. Florida.....	.FL	679,771	41,712	1,054,917			1,776,400
11. Georgia.....	.GA	286,737	225	1,128,180			1,415,142
12. Hawaii.....	.HI	13,554	8	134,331			147,893
13. Idaho.....	.ID	3,331	15	934,986			938,332
14. Illinois.....	.IL	115,000	37,276	8,354,669			8,506,945
15. Indiana.....	.IN	254,651	985	6,325,366			6,581,002
16. Iowa.....	.IA	12,203	54	3,595,720			3,607,977
17. Kansas.....	.KS	46,451	51	4,882,526			4,929,028
18. Kentucky.....	.KY	42,698	113	2,061,254			2,104,065
19. Louisiana.....	.LA	202,762	335	3,287,046			3,490,143
20. Maine.....	.ME	72,385	487	296,710			369,582
21. Maryland.....	.MD	69,766	375,410	279,373			724,549
22. Massachusetts.....	.MA	83,349	391	39,887			123,627
23. Michigan.....	.MI	52,202	2,355	5,119,644			5,174,201
24. Minnesota.....	.MN	30,191	731	425,177			456,099
25. Mississippi.....	.MS	264,603	4,424	5,278,921			5,547,948
26. Missouri.....	.MO	115,430	311	2,690,656			2,806,397
27. Montana.....	.MT	3,372	15	1,410,642			1,414,029
28. Nebraska.....	.NE	25,634		2,634,878			2,660,512
29. Nevada.....	.NV	12,327		108,542			120,869
30. New Hampshire.....	.NH	12,130	64	146,802			158,996
31. New Jersey.....	.NJ	157,972	4,977	3,172,915			3,335,864
32. New Mexico.....	.NM	11,145	125	538,989			550,259
33. New York.....	.NY	22,039	257	26,620			48,916
34. North Carolina.....	.NC	499,062	1,865	5,621,540			6,122,467
35. North Dakota.....	.ND	1,143		132,405			133,548
36. Ohio.....	.OH	174,536	861	3,797,804			3,973,201
37. Oklahoma.....	.OK	82,998	107	2,636,647			2,719,752
38. Oregon.....	.OR	16,474	53	3,481,427			3,497,954
39. Pennsylvania.....	.PA	63,965	11,895	891,085			966,945
40. Rhode Island.....	.RI	21,485	101	59,489			81,075
41. South Carolina.....	.SC	251,686	20,399	5,747,356			6,019,441
42. South Dakota.....	.SD	14,594		1,325,037			1,339,631
43. Tennessee.....	.TN	383,371	1,400	2,859,457			3,244,228
44. Texas.....	.TX	335,313	17,873	27,105,066			27,458,252
45. Utah.....	.UT	15,434	(10,485)	598,154			603,103
46. Vermont.....	.VT	121,340	596	45,918			167,854
47. Virginia.....	.VA	135,847	615	503,597			640,059
48. Washington.....	.WA	10,613	8	164,257			174,878
49. West Virginia.....	.WV	142,547	842	780,273			923,662
50. Wisconsin.....	.WI	11,953	36,220	613,794			661,967
51. Wyoming.....	.WY	4,496	13	268,225			272,734
52. American Samoa.....	.AS	N					0
53. Guam.....	.GU	N	3,634				3,634
54. Puerto Rico.....	.PR	N	9,290				9,290
55. US Virgin Islands.....	.VI	L	12,166	1,901	1,275		15,342
56. Northern Mariana Islands.....	.MP	N					0
57. Canada.....	CAN	N	168				168
58. Aggregate Other Alien.....	.OT	XXX	251,243	15	265	0	251,523
59. Subtotal.....		(a)....51	6,154,716	561,529	118,373,804	0	125,090,049
60. Reporting entity contributions for employee benefit plans.....		XXX					69,093
61. Dividends or refunds applied to purchase paid-up additions and annuities.....		XXX					0
62. Dividends or refunds applied to shorten endowment or premium paying period.....		XXX					0
63. Premium or annuity considerations waived under disability or other contract provisions.....		XXX	113,742		8,043		121,785
64. Aggregate other amounts not allocable by State.....		XXX	0	0	0	0	0
65. Totals (Direct Business).....		XXX	6,268,458	561,529	118,381,847	0	125,211,834
66. Plus reinsurance assumed.....		XXX	21,268		141,712,705		141,733,973
67. Totals (All Business).....		XXX	6,289,726	561,529	260,094,552	0	266,945,807
68. Less reinsurance ceded.....		XXX	6,266,312	561,529	16,621,966		23,469,807
69. Totals (All Business) less reinsurance ceded.....		XXX	3,414	0	(b)....243,472,586	0	243,476,000
							69,093

## DETAILS OF WRITE-INS

58001. zzz-Other Alien.....	XXX	251,243	15	265		251,523	
58002. ....	XXX					0	
58003. ....	XXX					0	
58998. Summ. of remaining write-ins for line 58 from overflow page.....	XXX	0	0	0	0	0	0
58999. Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....	XXX	251,243	15	265	0	251,523	0
9401. ....	XXX					0	
9402. ....	XXX					0	
9403. ....	XXX					0	
9498. Summ. of remaining write-ins for line 94 from overflow page.....	XXX	0	0	0	0	0	0
9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX	0	0	0	0	0	0

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

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

Premiums are allocated to the state in which the related policy or certificate holder currently resides.

(a) Insert the number of "L" responses except for Canada and Other Alien.  
 (b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9, and 10, or with Schedule H, Part 1, Column 1, Line 1. Indicate which:

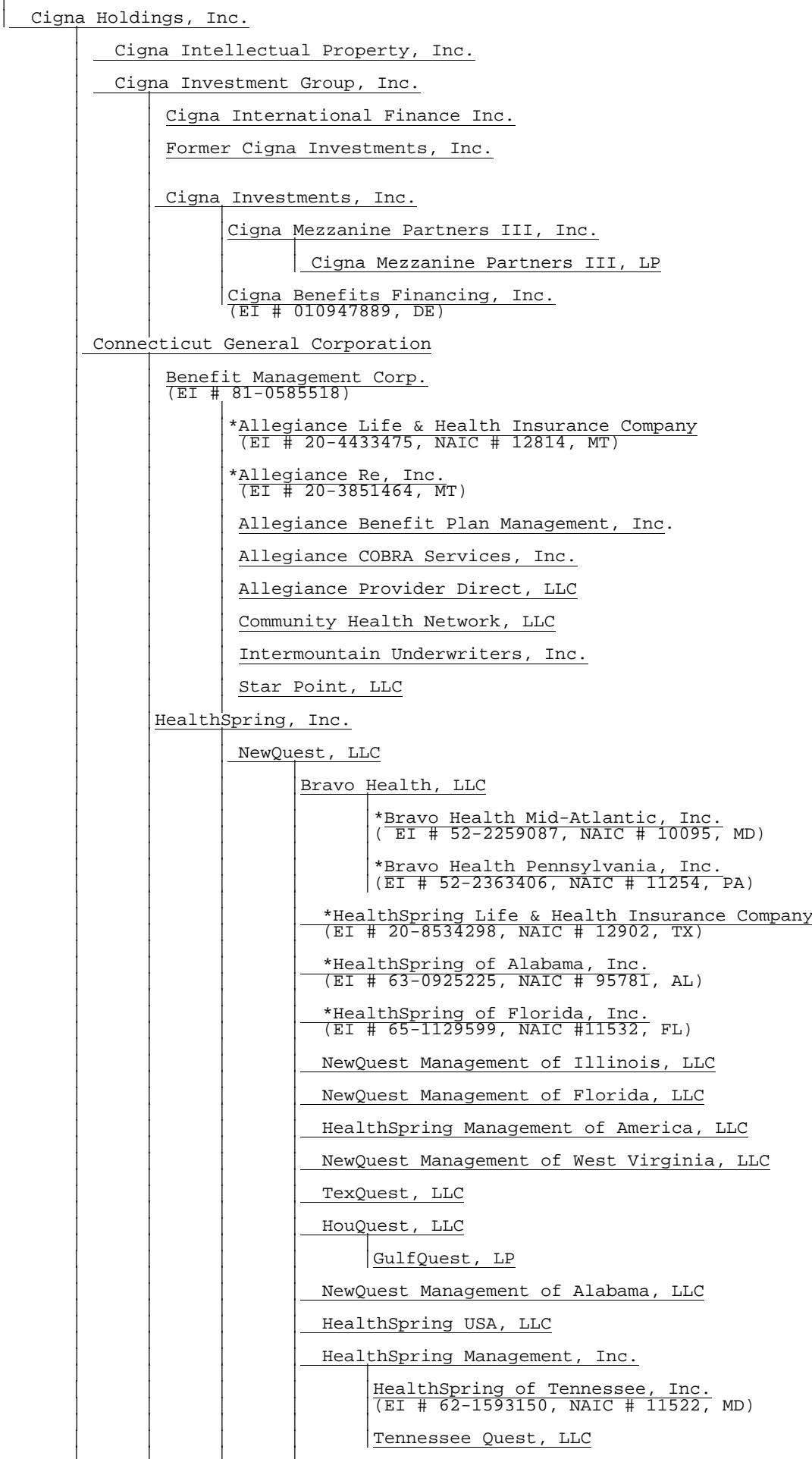
Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10

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

## PART 1 – ORGANIZATIONAL CHART

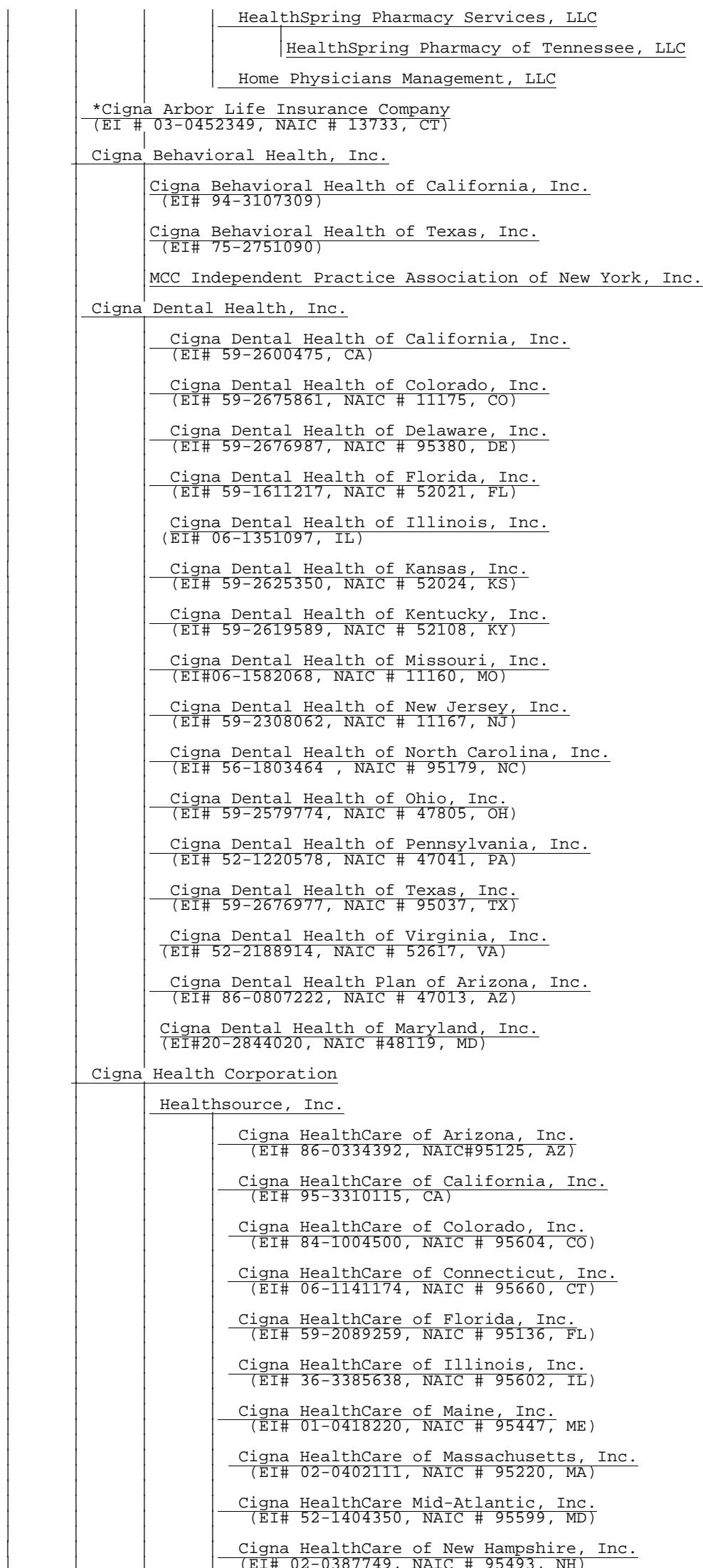
The following is a listing identifying and indicating the interrelationships among all affiliated insurers (identified by an asterisk, and if such insurer is incorporated in the United States of America, by a Federal Employer Identification Number, NAIC Company Code and Jurisdiction of Incorporation) and all other affiliates, as of December 31, 2014:

**Cigna CORPORATION**  
(A Delaware corporation and ultimate parent company)



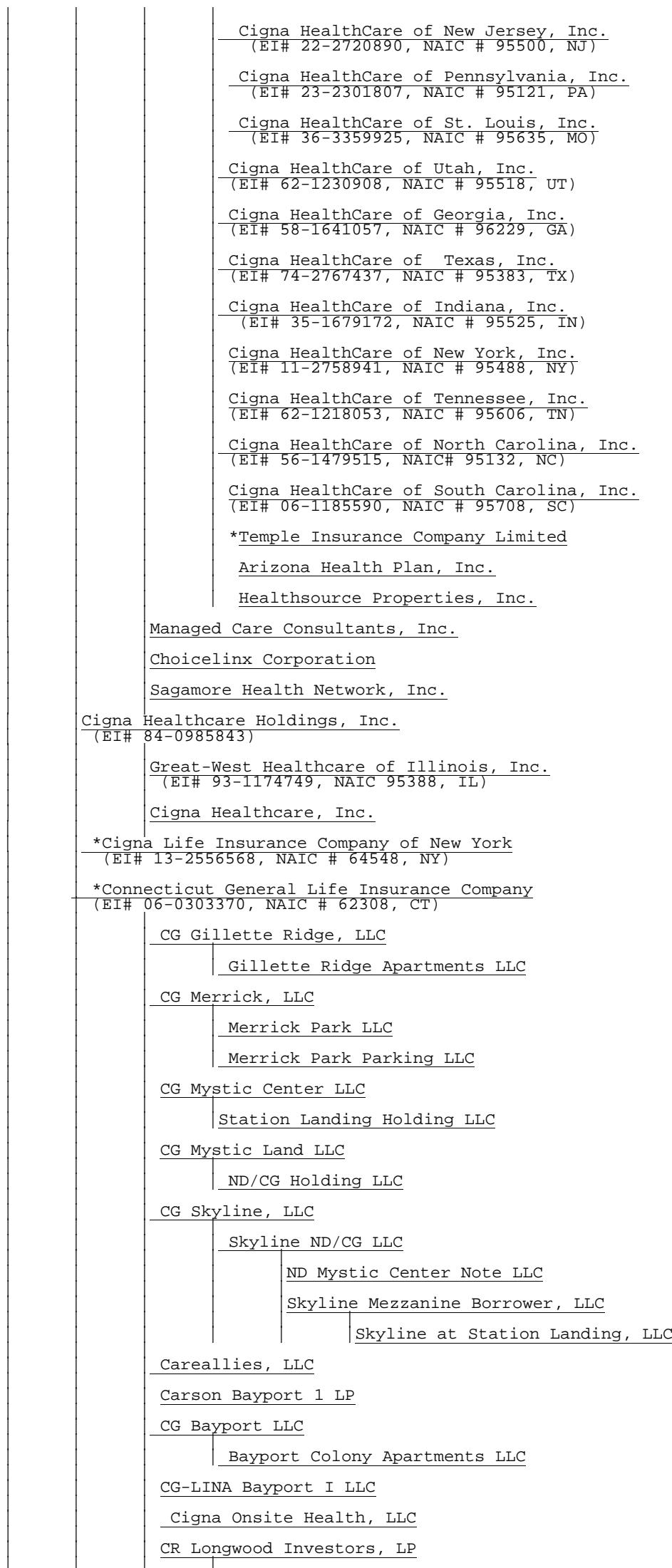
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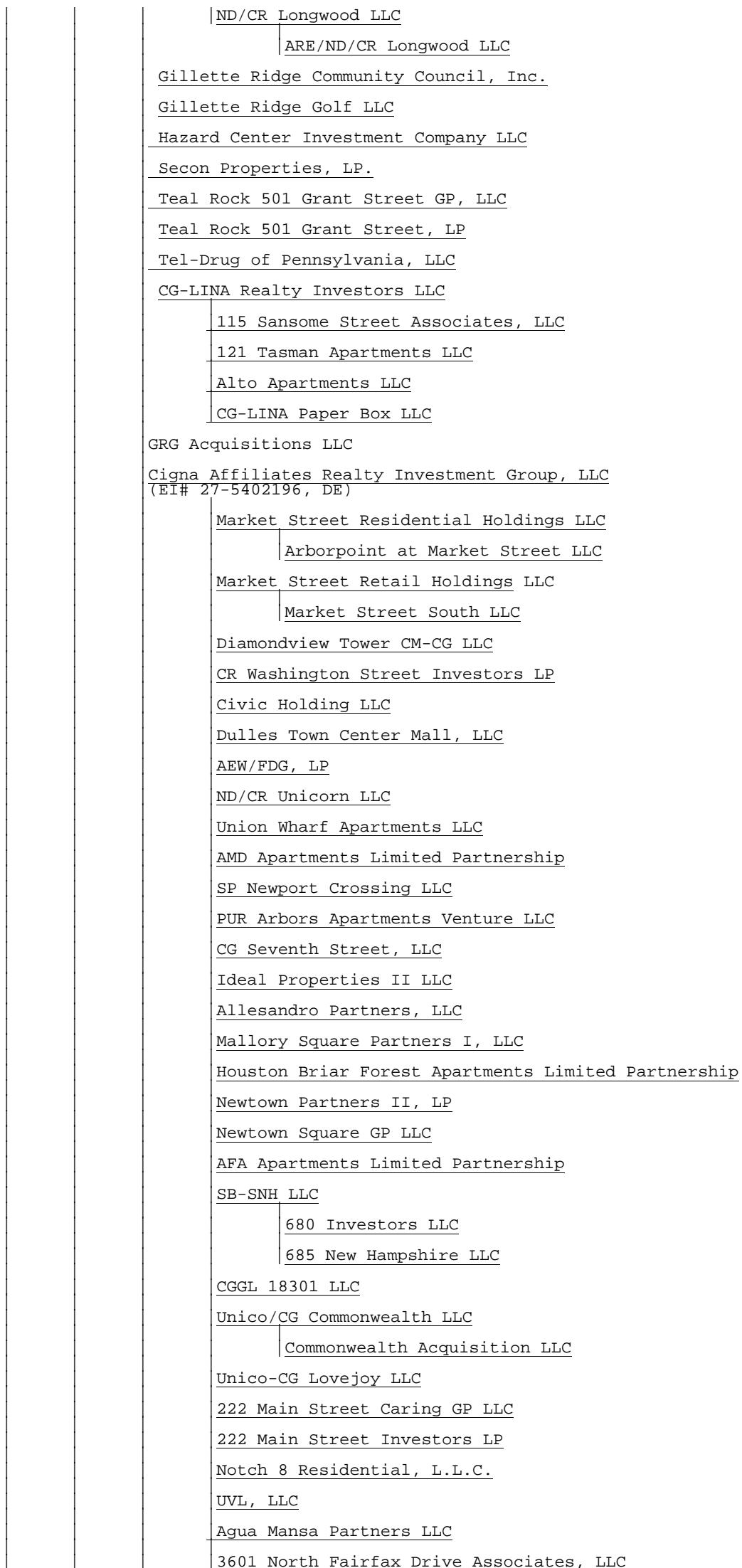
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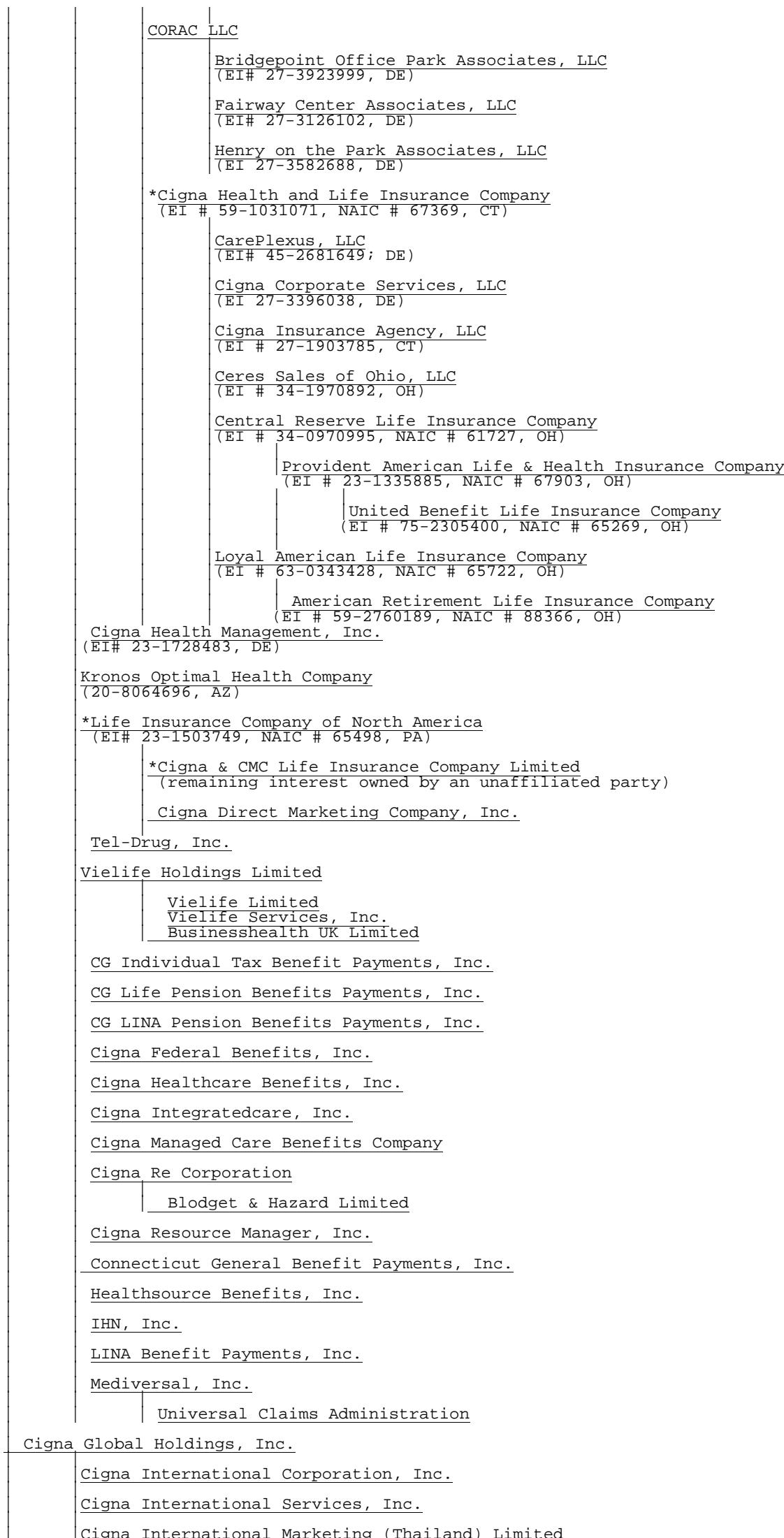
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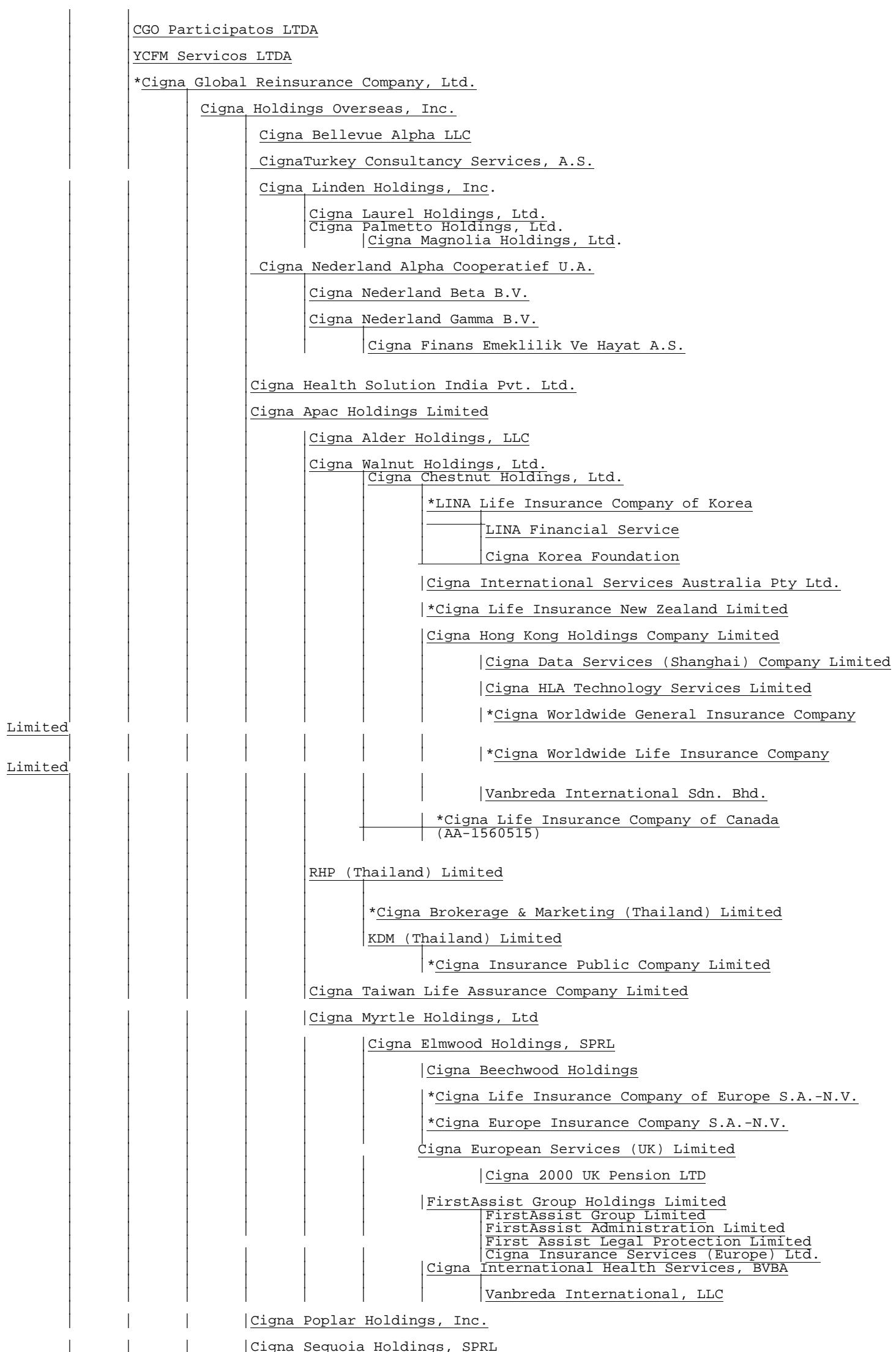
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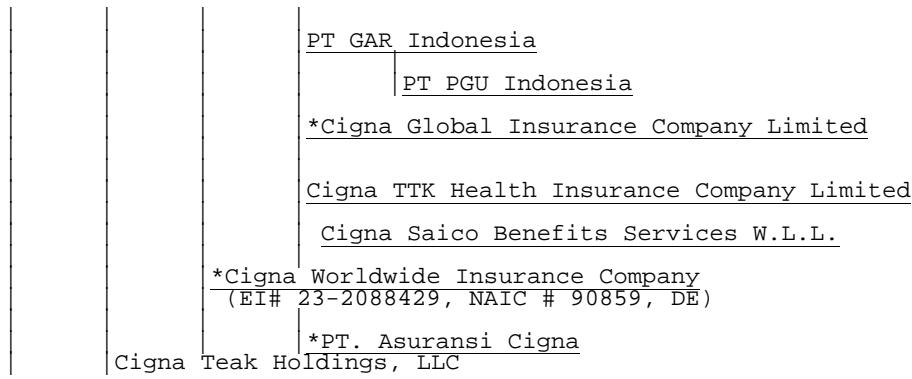
# SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 – ORGANIZATIONAL CHART



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

**PART 1 – ORGANIZATIONAL CHART**



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