



# ANNUAL STATEMENT

For the Year Ended December 31, 2016

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 OH

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

Statutory Home Office

NAIC Company Code..... 65722

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

State of Domicile or Port of Entry OH

Country of Domicile US

Commenced Business..... July 4, 1955

Main Administrative Office

1300 East Ninth Street..... Cleveland ..... OH ..... US ..... 44114

(Street and Number) (City or Town, State, Country and Zip Code)

Mail Address

11200 Lakeline Blvd., Suite 100..... Austin ..... TX ..... US ..... 78717

(512) 451-2224

(Street and Number) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records

11200 Lakeline Blvd., Suite 100..... Austin ..... TX ..... US ..... 78717

(512) 451-2224

(Street and Number) (City or Town, State, Country and Zip Code)

Internet Web Site Address

11200 Lakeline Blvd., Suite 100..... Austin ..... TX ..... US ..... 78717

(Area Code) (Telephone Number)

Statutory Statement Contact

www.CignaSupplementalBenefits.com

(512) 531-1465

Renee Wilkins Feldman

(Area Code) (Telephone Number) (Extension)

(Name)

(512) 467-1399

CSBFinRpt@cigna.com

(Fax Number)

(E-Mail Address)

## OFFICERS

### Name

1. Brian Case Evanko  
3. Anna Krishtul #

### Title

President  
Secretary

### Name

2. Byron Keith Buescher  
4. Susan Eadaoine Buck #

### Title

Treasurer and Chief Accounting Officer  
Appointed Actuary

Jessica Kierulf Tutwiler

Executive Vice President and Chief  
Financial Officer

David Lawrence Chambers

Vice President-Sales and Marketing

Mark Fleming

Vice President and Assistant Treasurer

Joanne Ruth Hart

Vice President and Assistant Treasurer

Stephen Burnett Jones #

Vice President

Scott Ronald Lambert

Vice President and Assistant Treasurer

Eric Paul Palmer

Vice President

Maureen Hardiman Ryan

Vice President and Assistant Treasurer

Man-Kit Simon Tang

Vice President and Chief Actuary

## OTHER

## DIRECTORS OR TRUSTEES

Brian Case Evanko  
Frank Sataline, Jr.

Jessica Kierulf Tutwiler

James Yablecki

Eric Paul Palmer

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 and Chief Accounting Officer  
(Title)

(Signature)  
Anna Krishtul  
3. (Printed Name)  
Secretary  
(Title)

Subscribed and sworn to before me  
This \_\_\_\_\_ day of February 2017

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).....	191,287,859		191,287,859	180,072,104
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	40,653,682		40,653,682	47,303,783
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 (\$....(5,470,969), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....15,400,351, Schedule DA).....	9,929,382		9,929,382	12,894,824
6. Contract loans (including \$.....0 premium notes).....			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	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	241,870,923	0	241,870,923	240,270,711
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	2,134,487		2,134,487	2,020,753
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	(2,916,770)	41,394	(2,958,164)	(4,159,687)
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) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	3,031,367	19,808	3,011,559	3,712,127
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....	1,473,036	39,603	1,433,433	1,394,204
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	370,777		370,777	
18.2 Net deferred tax asset.....	68,726,068	44,005,701	24,720,367	20,558,618
19. Guaranty funds receivable or on deposit.....	696,038		696,038	279,786
20. Electronic data processing equipment and software.....	23,623		23,623	32,399
21. Furniture and equipment, including health care delivery assets (\$.....0).....	541,093	541,093	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	1,553,379		1,553,379	2,595,231
24. Health care (\$.....0) and other amounts receivable.....	7,369,843	7,369,843	0	
25. Aggregate write-ins for other-than-invested assets.....	463,123	463,123	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	325,336,987	52,480,565	272,856,422	266,704,142
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	325,336,987	52,480,565	272,856,422	266,704,142

**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 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Other Receivables and Prepaid Expenses.....	463,123	463,123	0	
2502.....			0	
2503.....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	463,123	463,123	0	0

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$....58,882 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	58,882	11,258
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....	128,090,033	123,429,371
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....	1,726	1,823
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	126,843	46,698
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	30,859,554	28,772,626
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 \$....3,131,455 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....	3,132,701	4,252,070
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.....	1,059,515	257,680
9.3 Other amounts payable on reinsurance, including \$....1,262,814 assumed and \$.....0 ceded.....	1,262,814	1,829,639
9.4 Interest Maintenance Reserve (IMR, Line 6).....	2,895,736	4,139,913
10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....	523,145	397,324
11. Commissions and expense allowances payable on reinsurance assumed.....	531	658
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	5,425,431	5,109,208
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	1,453,188	1,261,310
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....		1,020,605
15.2 Net deferred tax liability.....		
16. Unearned investment income.....		
17. Amounts withheld or retained by company as agent or trustee.....	1,587	2,973
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....	536,999	577,164
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).....	1,384,403	1,228,898
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.....	8,052,460	6,916,186
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.....	1,717,080	1,821,194
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	186,582,628	181,076,598
27. From Separate Accounts Statement.....		
28. Total liabilities (Line 26 and 27).....	186,582,628	181,076,598
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).....	100,994,712	85,994,712
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	(20,360,918)	(6,007,168)
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).....	80,633,794	79,987,544
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	86,273,794	85,627,544
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	272,856,422	266,704,142

**DETAILS OF WRITE-INS**

2501. Escheat.....	1,380,348	1,488,064
2502. Deferred Lease Liability.....	325,000	325,000
2503. Other Liabilities.....	11,732	8,130
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	1,717,080	1,821,194
3101. ....		
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 through 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 through 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)	281,738,475	278,545,801
2. Considerations for supplementary contracts with life contingencies.....	.....	.....
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	6,823,629	6,618,886
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....	1,535,166	1,684,127
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).....	5,100,912	5,310,232
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.....	456,682	303,024
9. Totals (Lines 1 to 8.3).....	295,654,864	292,462,070
10. Death benefits.....	204,989	13,917
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.....	187,692,251	186,188,506
14. Coupons, guaranteed annual pure endowments and similar benefits.....	.....	.....
15. Surrender benefits and withdrawals for life contracts.....	33	.....
16. Group conversions.....	.....	.....
17. Interest and adjustments on contract or deposit-type contract funds.....	(24)	(76)
18. Payments on supplementary contracts with life contingencies.....	.....	.....
19. Increase in aggregate reserves for life and accident and health contracts.....	3,697,750	2,875,208
20. Totals (Lines 10 to 19).....	191,594,999	189,077,555
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	32,237,185	28,822,235
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....	7,800,482	11,111,972
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....	35,060,571	33,579,651
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	6,659,290	6,795,814
25. Increase in loading on deferred and uncollected premiums.....	185,379	18,913
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	.....	.....
27. Aggregate write-ins for deductions.....	(15,694)	(4,393)
28. Totals (Lines 20 to 27).....	273,522,212	269,401,747
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	22,132,652	23,060,323
30. Dividends to policyholders.....	.....	.....
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	22,132,652	23,060,323
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	6,553,946	6,591,242
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).....	15,578,706	16,469,081
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....0 (excluding taxes of \$....156,686 transferred to the IMR).....	.....	.....
35. Net income (Line 33 plus Line 34).....	15,578,706	16,469,081
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	85,627,544	73,544,091
37. Net income (Line 35).....	15,578,706	16,469,081
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....	(28,150,101)	(18,707,705)
39. Change in net unrealized foreign exchange capital gain (loss) .....	.....	.....
40. Change in net deferred income tax.....	1,366,315	(884,700)
41. Change in nonadmitted assets.....	(2,914,562)	4,314,592
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 .....	(155,505)	(25,517)
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	11,000,000
51.2 Transferred to capital (Stock Dividend).....	.....	.....
51.3 Transferred from capital.....	(78,603)	(82,298)
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).....	646,250	12,083,453
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	86,273,794	85,627,544

### DETAILS OF WRITE-INS

08.301. Interest on Agent's Balances.....	374,745	162,467
08.302. Express Script Rebates.....	22,368	70,186
08.303. Other Miscellaneous Income.....	59,569	70,371
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above).....	456,682	303,024
2701. Penalties.....	(15,694)	(4,393)
2702. .....	.....	.....
2703. .....	.....	.....
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above).....	(15,694)	(4,393)
5301. .....	.....	.....
5302. .....	.....	.....
5303. .....	.....	.....
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0
5399. Totals (Lines 5301 through 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.....	278,977,191	276,810,091
2. Net investment income.....	7,999,261	8,452,216
3. Miscellaneous income.....	5,478,991	5,530,958
4. Total (Lines 1 through 3).....	292,455,443	290,793,265
5. Benefit and loss related payments.....	184,396,859	182,966,949
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	.....	.....
7. Commissions, expenses paid and aggregate write-ins for deductions.....	78,372,582	77,304,418
8. Dividends paid to policyholders.....	.....	.....
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	8,102,014	6,470,114
10. Total (Lines 5 through 9).....	270,871,455	266,741,481
11. Net cash from operations (Line 4 minus Line 10).....	21,583,988	24,051,784
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:	.....	.....
12.1 Bonds.....	26,510,581	26,397,098
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).....	26,510,581	26,397,098
13. Cost of investments acquired (long-term only):	.....	.....
13.1 Bonds.....	38,568,025	19,132,888
13.2 Stocks.....	21,500,000	35,000,000
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).....	60,068,025	54,132,888
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).....	(33,557,444)	(27,735,790)
<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	11,000,000
16.3 Borrowed funds.....	.....	.....
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	(97)	(7,038)
16.5 Dividends to stockholders.....	.....	.....
16.6 Other cash provided (applied).....	(5,991,889)	(1,133,557)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	9,008,014	9,859,405
<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 Lines 15 and 17).....	(2,965,442)	6,175,399
19. Cash, cash equivalents and short-term investments:	.....	.....
19.1 Beginning of year.....	12,894,824	6,719,425
19.2 End of year (Line 18 plus Line 19.1).....	9,929,382	12,894,824

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

20.0001 Bond exchanges allowed under rule 144A of the 1933 Securities Act and other security restructures.....	3,062,595	.....
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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.....	281,738,475		848,965						3,085,020		277,804,490	
2. Considerations for supplementary contracts with life contingencies.....	0											
3. Net investment income.....	6,823,629		2,239						223,232		6,598,158	
4. Amortization of Interest Maintenance Reserve (IMR).....	1,535,166		504						50,222		1,484,440	
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0											
6. Commissions and expense allowances on reinsurance ceded.....	5,100,912		163,222	2,103					2,361,446		2,574,141	
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.....	456,682	0	0	0	0	0	0	0	87	0	456,595	0
9. Totals (Lines 1 to 8.3).....	295,654,864	0	1,014,930	2,103	0	0	0	0	5,720,007	0	288,917,824	0
10. Death benefits.....	204,989		204,989									
11. Matured endowments (excluding guaranteed annual pure endowments).....	0											
12. Annuity benefits.....	0											
13. Disability benefits and benefits under accident and health contracts.....	187,692,251								1,369,975		186,322,276	
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0											
15. Surrender benefits and withdrawals for life contracts.....	33		33									
16. Group conversions.....	0											
17. Interest and adjustments on contract or deposit-type contract funds.....	(24)										(24)	
18. Payments on supplementary contracts with life contingencies.....	0											
19. Increase in aggregate reserves for life and accident and health contracts.....	3,697,750		47,624						618,943		3,031,183	
20. Totals (Lines 10 to 19).....	191,594,999	0	252,646	0	0	0	0	0	1,988,918	0	189,353,435	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	32,237,185		1,015,582	2,103					2,362,879		28,856,621	
22. Commissions and expense allowances on reinsurance assumed.....	7,800,482		1,538						231,904		7,567,040	
23. General insurance expenses.....	35,060,570		332,621						269,045		34,458,904	
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	6,659,290		31,328						181,304		6,446,658	
25. Increase in loading on deferred and uncollected premiums.....	185,379		16,811						2,984		165,584	
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0											
27. Aggregate write-ins for deductions.....	(15,694)	0	(150)	0	0	0	0	0	(121)	0	(15,423)	0
28. Totals (Lines 20 to 27).....	273,522,211	0	1,650,376	2,103	0	0	0	0	5,036,913	0	266,832,819	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	22,132,653	0	(635,446)	0	0	0	0	0	683,094	0	22,085,005	0
30. Dividends to policyholders.....	0											
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	22,132,653	0	(635,446)	0	0	0	0	0	683,094	0	22,085,005	0
32. Federal income taxes incurred (excluding tax on capital gains).....	6,553,946		(188,169)						202,253		6,539,862	
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).....	15,578,707	0	(447,277)	0	0	0	0	0	480,841	0	15,545,143	0

**DETAILS OF WRITE-INS**

08.301. Interest on Agent's Balances.....	374,745											374,745
08.302. Express Script Rebates.....	22,368											22,281
08.303. Other Miscellaneous Income.....	59,569											59,569
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 through 08.303 plus 08.398) (Line 8.3 above).....	456,682	0	0	0	0	0	0	0	87	0	456,595	0
2701. Penalties.....	(15,694)			(150)						(121)		(15,423)
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 through 2703 plus 2798) (Line 27 above).....	(15,694)	0	(150)	0	0	0	0	0	(121)	0	(15,423)	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.....	11,258			11,258							
2. Tabular net premiums or considerations.....	253,132			253,132							
3. Present value of disability claims incurred.....	.0					XXX.....					
4. Tabular interest.....	4,600			4,600							
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).....	268,990	.0	268,990	.0	.0	0	0	0			
9. Tabular cost.....	196,922		196,922			XXX.....					
10. Reserves released by death.....	386		386	XXX.....	XXX.....			XXX.....			
11. Reserves released by other terminations (net).....	12,800		12,800								
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).....	210,108	.0	210,108	.0	.0	0	0	0			
15. Reserve December 31, current year.....	58,882	.0	58,882	.0	.0	0	0	0			

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....81,700	.....81,808
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....6,766,508	.....6,880,134
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).....75,202	.....75,202
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	0	0
10. Total gross investment income.....	6,923,410	7,037,144
11. Investment expenses.....	.....	(g).....213,516
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).....	.....	213,516
17. Net investment income (Line 10 minus Line 16).....	.....	6,823,628

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

(a) Includes \$....238,011 accrual of discount less \$....1,527,377 amortization of premium and less \$....155,575 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).....	.....447,675	.....	447,675	.....	.....
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	.....(28,150,101)	.....
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).....	.....447,675	.....0	.....447,675	.....(28,150,101)	.....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 through 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)	
<b>FIRST YEAR (other than single)</b>										
1. Uncollected.....	556,379		35,915							520,464
2. Deferred and accrued.....	0									
3. Deferred, accrued and uncollected:										
3.1 Direct.....	713,746		35,915					132,801		545,030
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	157,366							132,801		24,565
3.4 Net (Line 1 + Line 2).....	556,379	0	35,915	0	0	0	0	0	0	520,464
4. Advance.....	240,982		1,246							239,736
5. Line 3.4 - Line 4.....	315,397	0	34,669	0	0	0	0	0	0	280,728
6. Collected during year:										
6.1 Direct.....	35,655,922		719,409					2,016,373		32,920,140
6.2 Reinsurance assumed.....	24,499							10,876		13,623
6.3 Reinsurance ceded.....	2,808,525		182					2,016,373		791,970
6.4 Net.....	32,871,896	0	719,227	0	0	0	0	10,876	0	32,141,793
7. Line 5 + Line 6.4.....	33,187,293	0	753,896	0	0	0	0	10,876	0	32,422,521
8. Prior year (uncollected + deferred and accrued - advance).....	(1,717,510)		6,215							(1,723,725)
9. First year premiums and considerations:										
9.1 Direct.....	37,692,601		747,863					2,049,510		34,895,228
9.2 Reinsurance assumed.....	20,386							10,876		9,510
9.3 Reinsurance ceded.....	2,808,184		182					2,049,510		758,492
9.4 Net (Line 7 - Line 8).....	34,904,803	0	747,681	0	0	0	0	10,876	0	34,146,246
<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.....	(2,779,601)							11,474		(2,791,075)
12. Deferred and accrued.....	0									
13. Deferred, accrued and uncollected:										
13.1 Direct.....	1,803,272		726,473					292,033		784,766
13.2 Reinsurance assumed.....	(3,235,320)		8,394					10,901		(3,254,615)
13.3 Reinsurance ceded.....	1,347,552		734,867					291,459		321,226
13.4 Net (Line 11 + Line 12).....	(2,779,601)	0	0	0	0	0	0	11,474	0	(2,791,075)
14. Advance.....	2,891,719							32,135		2,859,584
15. Line 13.4 - Line 14.....	(5,671,320)	0	0	0	0	0	0	(20,661)	0	(5,650,659)
16. Collected during year:										
16.1 Direct.....	155,331,957		5,330,097	203,569				4,440,531		145,357,760
16.2 Reinsurance assumed.....	111,009,340		23,480					2,969,729		108,016,131
16.3 Reinsurance ceded.....	19,970,362		5,252,294	203,569				4,367,947		10,146,552
16.4 Net.....	246,370,935	0	101,283	0	0	0	0	3,042,313	0	243,227,339
17. Line 15 + Line 16.4.....	240,699,615	0	101,283	0	0	0	0	3,021,652	0	237,576,680
18. Prior year (uncollected + deferred and accrued - advance).....	(6,134,056)							(52,492)		(6,081,564)
19. Renewal premiums and considerations:										
19.1 Direct.....	154,488,041		5,243,724	203,569				4,452,199		144,588,549
19.2 Reinsurance assumed.....	112,337,575		23,059					3,000,578		109,313,938
19.3 Reinsurance ceded.....	19,991,944		5,165,500	203,569				4,378,632		10,244,243
19.4 Net (Line 17 - Line 18).....	246,833,671	0	101,283	0	0	0	0	3,074,144	0	243,658,244
<b>TOTAL</b>										
20. Total premiums and annuity considerations:										
20.1 Direct.....	192,180,642	0	5,991,587	203,569	0	0	0	6,501,709	0	179,483,777
20.2 Reinsurance assumed.....	112,357,961	0	23,059	0	0	0	0	3,011,454	0	109,323,448
20.3 Reinsurance ceded.....	22,800,128	0	5,165,682	203,569	0	0	0	6,428,142	0	11,002,735
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	281,738,474	0	848,964	0	0	0	0	3,085,020	0	277,804,490

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health		11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>										
21. To pay renewal premiums.....	0									
22. All other.....	0									
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>										
23. First year (other than single):										
23.1 Reinsurance ceded.....	2,520,453							1,587,538		932,915
23.2 Reinsurance assumed.....	11,230							149		11,081
23.3 Net ceded less assumed.....	2,509,223	0	0	0	0	0	0	1,587,389	0	921,834
24. Single:										
24.1 Reinsurance ceded.....	0									
24.2 Reinsurance assumed.....	0									
24.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0
25. Renewal:										
25.1 Reinsurance ceded.....	2,580,460		163,222	2,103				773,908		1,641,227
25.2 Reinsurance assumed.....	7,789,252		1,538					231,754		7,555,960
25.3 Net ceded less assumed.....	(5,208,792)	0	161,684	2,103	0	0	0	542,154	0	(5,914,733)
26. Totals:										
26.1 Reinsurance ceded (Page 6, Line 6).....	5,100,913	0	163,222	2,103	0	0	0	2,361,446	0	2,574,142
26.2 Reinsurance assumed (Page 6, Line 22).....	7,800,482	0	1,538	0	0	0	0	231,903	0	7,567,041
26.3 Net ceded less assumed.....	(2,699,569)	0	161,684	2,103	0	0	0	2,129,543	0	(4,992,899)
<b>COMMISSIONS INCURRED (direct business only)</b>										
27. First year (other than single).....	15,397,970		844,481					1,588,870		12,964,619
28. Single.....	0									
29. Renewal.....	16,839,215		171,101	2,103				774,009		15,892,002
30. Deposit-type contract funds.....	0									
31. Totals (to agree with Page 6, Line 21).....	32,237,185	0	1,015,582	2,103	0	0	0	2,362,879	0	28,856,621

# Loyal American Life Insurance Company

## EXHIBIT 2 - GENERAL EXPENSES

	1 Life	Insurance			5 Investment	6 Total		
		Accident and Health		4 All Other Lines of Business				
		2 Cost Containment	3 All Other					
1. Rent.....	6,933		787,436			794,369		
2. Salaries and wages.....	185,806		18,395,728			18,581,534		
3.11 Contributions for benefit plans for employees.....	22,490		2,148,839			2,171,329		
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.....	2,093		152,293			154,386		
3.32 Other agent welfare.....						0		
4.1 Legal fees and expenses.....	(2)		(28)			(30)		
4.2 Medical examination fees.....			199,261			199,261		
4.3 Inspection report fees.....						0		
4.4 Fees of public accountants and consulting actuaries.....	820		251,026			251,846		
4.5 Expense of investigation and settlement of policy claims.....		559,114	1,296,995			1,856,109		
5.1 Traveling expenses.....	7,564		383,698			391,262		
5.2 Advertising.....	9,997		542,496			552,493		
5.3 Postage, express, telegraph and telephone.....	13,480		1,866,121			1,879,601		
5.4 Printing and stationery.....	202		397,593			397,795		
5.5 Cost or depreciation of furniture and equipment.....	1,958		255,309			257,267		
5.6 Rental of equipment.....	843		299,101			299,944		
5.7 Cost or depreciation of EDP equipment and software.....	1,679		534,051			535,730		
6.1 Books and periodicals.....	136		15,446			15,582		
6.2 Bureau and association fees.....	417		90,331			90,748		
6.3 Insurance, except on real estate.....						0		
6.4 Miscellaneous losses.....	123		25,473			25,596		
6.5 Collection and bank service charges.....	4,462		919,787			924,249		
6.6 Sundry general expenses.....	32,300	72,747	2,363,288			2,468,335		
6.7 Group service and administration fees.....	10		2,005			2,015		
6.8 Reimbursements by uninsured plans.....						0		
7.1 Agency expense allowance.....						0		
7.2 Agents' balances charged off (less \$..... 0 recovered).....						0		
7.3 Agency conferences other than local meetings.....	31,102		529,044			560,146		
9.1 Real estate expenses.....						0		
9.2 Investment expenses not included elsewhere.....					213,516	213,516		
9.3 Aggregate write-ins for expenses.....	10,208	0	2,640,796	0	0	2,651,004		
10. General expenses Incurred.....	332,621	631,861	34,096,089	0	213,516	(a) 35,274,087		
11. General expenses unpaid December 31, prior year.....	380	48,139	5,060,689			5,109,208		
12. General expenses unpaid December 31, current year.....	52,864	46,469	5,326,101			5,425,434		
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).....	280,137	633,531	33,830,677	0	213,516	34,957,861		

## DETAILS OF WRITE-INS

09.301. Consulting fees.....	511		465,958			466,469
09.302. TPA service fees.....	5,639		766,610			772,249
09.303. Outside sales expense.....			991,765			991,765
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	4,058	0	416,463	0	0	420,521
09.399. Totals (Lines 09.301 through 09.303 plus 09.398)(Line 9.3 above).....	10,208	0	2,640,796	0	0	2,651,004

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

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

	1 Life	Insurance			4 Investment	5 Total
		2 Accident and Health	3 All Other Lines of Business			
1. Real estate taxes.....						0
2. State insurance department licenses and fees.....	6,511	622,396				628,907
3. State taxes on premiums.....	15,572	5,102,411				5,117,983
4. Other state taxes, including \$..... 0 for employee benefits.....		36,556				36,556
5. U.S. Social Security taxes.....	9,145	841,580				850,725
6. All other taxes.....	100	25,019				25,119
7. Taxes, licenses and fees incurred.....	31,328	6,627,962	0	0		6,659,290
8. Taxes, licenses and fees unpaid December 31, prior year.....	6,919	1,254,391				1,261,310
9. Taxes, licenses and fees unpaid December 31, current year.....	6,837	1,446,351				1,453,188
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	31,410	6,436,002	0	0		6,467,412

## 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 through 0803 plus 0898) (Line 8 above).....		0

## EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
<b>Life Insurance:</b>					
0100001. AM(5) 3.00% ANB.....	.11,436		.11,436		
0100002. 41 CET 3.00% .....	.24,020		.24,020		
0100003. 41 CSO 2.50% .....	.16,312		.16,312		
0100004. 41 CSO 2.50% CRVM.....	.863		.863		
0100005. 41 CSO 2.75% CRVM.....	.54,510		.54,510		
0100006. 41 CSO 3.00% .....	.3,292,778		.3,292,778		
0100007. 41 CSO 3.00% CRVM.....	.539,976		.539,976		
0100008. 58 CET 2.50% .....	.111,807		.111,807		
0100009. 58 CET 3.00% .....	.876,813		.876,813		
0100010. 58 CET 3.50% .....	.1,556,009		.1,556,009		
0100011. 58 CET 3.50% ALB.....	.40,876		.40,876		
0100012. 58 CET 3.50% ANB.....	.399,718		.399,718		
0100013. 58 CET 4.00% .....	.5,535		.5,535		
0100014. 58 CET 4.00% ALB .....	.19,833		.19,833		
0100015. 58 CET 4.50% .....	.90,697		.90,697		
0100016. 58 CSO 2.00% .....	.36,128		.36,128		
0100017. 58 CSO 2.50% .....	.142,865		.142,865		
0100018. 58 CSO 2.50% CRVM .....	.32,217		.32,217		
0100019. 58 CSO 2.75% CRVM.....	.0				
0100020. 58 CSO 3.00% .....	.4,026,753		.4,026,753		
0100021. 58 CSO 3.00% CRVM.....	.30,288,124		.30,288,124		
0100022. 58 CSO 3.00% CRVM ANB.....	.73,228		.73,228		
0100023. 58 CSO 3.50% .....	.580,620		.580,620		
0100024. 58 CSO 3.50% ALB .....	.63,553		.63,553		
0100025. 58 CSO 3.50% ANB .....	.8		.8		
0100026. 58 CSO 3.50% CRVM.....	.9,378,975		.9,378,975		
0100027. 58 CSO 3.50% CRVM ALB.....	.2,716		.2,716		
0100028. 58 CSO 3.50% CRVM ANB.....	.30,753		.30,753		
0100029. 58 CSO 4.00% .....	.84,521		.84,521		
0100030. 58 CSO 4.00% ALB .....	.750		.750		
0100031. 58 CSO 4.00% CRVM.....	.6,147,297		.6,147,297		
0100032. 58 CSO 4.00% CRVM ALB.....	.953		.953		
0100033. 58 CSO 4.50% .....	.432,689		.432,689		
0100034. 58 CSO 4.50% CRVM.....	.21,130,007		.21,130,007		
0100035. 58 CSO 4.50% CRVM ALB.....	.9,743		.9,743		
0100036. 58 CSO 4.50%/20/3.50% CRVM.....	.3,083,660		.3,083,660		
0100037. 58 CSO 5.50% CRVM ALB.....	.15,064		.15,064		
0100038. 80 CET 3.50% .....	.4,478		.4,478		
0100039. 80 CET 4.50% .....	.119,211		.119,211		
0100040. 80 CET 5.00%.....	.21,286		.21,286		
0100041. 80 CET 5.50%.....	.92,114		.92,114		
0100042. 80 CET 6.00%.....	.5,450		.5,450		
0100043. 80 CSO 3.50% .....	.1,119		.1,119		
0100044. 80 CSO 3.50% CRVM.....	.193,511		.193,511		
0100045. 80 CSO 4.00%.....	.311		.311		
0100046. 80 CSO 4.00% CRVM.....	.218,214		.218,214		
0100047. 80 CSO 4.00% CRVM ALB.....	.264,549		.264,549		
0100048. 80 CSO 4.50% .....	.214,941		.214,941		
0100049. 80 CSO 4.50% CRVM.....	.12,108,735		.12,108,735		
0100050. 80 CSO 4.50% CRVM ALB.....	.94,735		.94,735		
0100051. 80 CSO 5.00% .....	.43,060		.43,060		
0100052. 80 CSO 5.00% CRVM.....	.4,005,952		.4,005,952		
0100053. 80 CSO 5.25% CRVM.....	.11,885,523		.11,885,523		
0100054. 80 CSO 5.50% .....	.99,096		.99,096		
0100055. 80 CSO 5.50% CRVM.....	.7,507,438		.7,507,438		
0100056. 80 CSO 6.00% ALB.....	.46,936		.46,936		
0100057. 80 CSO 6.00% CRVM.....	.2,102,854		.2,102,854		
0100058. 01 CSO 3.50% CRVM ALB.....	.58,882		.58,882		
0100059. 01 CSO 4.00% CRVM ANB.....	.1,516,560		.1,516,560		
0100060. Unearned Premium.....	.8,006				.8,006
0100061. a-2000 6.00% NLP.....	.249,524		.249,524		
0199997. Totals (Gross).....	.123,464,292	0	.123,456,286	0	.8,006
0199998. Reinsurance ceded.....	.123,405,410		.123,397,404		.8,006
0199999. Totals (Net).....	.58,882	0	.58,882	0	0

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

0200001. 71 IAM 6.00% 1971-1973 (Imm).....	.0	XXX	-	XXX	
0200002. 71 IAM 11.25% 1983-1984 (Imm).....	.1,837	XXX	.1,837	XXX	
0200003. 71 IAM 11.00% 1985 (Imm).....	.46,671	XXX	.46,671	XXX	
0200004. 83 IAM 9.25% 1986 (Imm).....	.1,614	XXX	.1,614	XXX	
0200005. 83 IAM 8.00% 1987 (Imm).....	.11,965	XXX	.11,965	XXX	
0200006. 83 IAM 8.75% 1988-1989 (Imm).....	.38,729	XXX	.38,729	XXX	
0200007. 83 IAM 8.25% 1990-1991 (Imm).....	.299,413	XXX	.299,413	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)	184,250	XXX	184,250	XXX	
0200009. 83 IAM 6.50% 1994 (Imm)	8,650	XXX	8,650	XXX	
0200010. 83 IAM 7.25% 1995 (Imm)	3,830	XXX	3,830	XXX	
0200011. 83 IAM 6.75% 1996-1997 (Imm)	19,875	XXX	19,875	XXX	
0200012. 83 IAM 6.25% 1998 (Imm)	19,550	XXX	19,550	XXX	
0200013. Annuity 2000 6.25% 1999 (Imm)	66,367	XXX	66,367	XXX	
0200014. Annuity 2000 6.75% 2001 (Imm)	42,795	XXX	42,795	XXX	
0200015. Annuity 2000 6.50% 2002 (Imm)	15,589	XXX	15,589	XXX	
0200016. Annuity 2000 6.00% 2003 (Imm)	28,248	XXX	28,248	XXX	
0200017. Annuity 2000 5.50% 2004 (Imm)	20,807	XXX	20,807	XXX	
0200018. Annuity 2000 5.25% 2006 (Imm)	40,016	XXX	40,016	XXX	
0200019. Annuity 2000 5.50% 2007-2008 (Imm)	191,340	XXX	191,340	XXX	
0200020. Annuity 2000 6.00% 2009 (Imm)	82,761	XXX	82,761	XXX	
0200021. Annuity 2000 5.25% 2010 (Imm)	45,648	XXX	45,648	XXX	
0200022. Annuity 2000 5.00% 2011 (Imm)	99,966	XXX	99,966	XXX	
0200023. Annuity 2000 4.25% 2012 (Imm)	925,054	XXX	925,054	XXX	
0200024. Annuity 2000 4.00% 2013 (Imm)	35,856	XXX	35,856	XXX	
0200025. Annuity 2000 4.50% 2014 (Imm)	79,766	XXX	79,766	XXX	
0200026. Annuity 2000 4.00% 2015 (Imm)	481,858	XXX	481,858	XXX	
0200027. Annuity 2000 4.00% 2016 (Imm)	309,584	XXX	309,584	XXX	
0200028. 71 IAM 6.00% 1970-1985 (Def)	965,115	XXX	965,115	XXX	
0200029. Annuity 2000 5.25% 1999 (Def)	217,866	XXX	217,866	XXX	
0200030. Annuity 2000 5.75% 2000 (Def)	67,007	XXX	67,007	XXX	
0200031. Annuity 2000 5.50% 2001-2002 (Def)	17,255,483	XXX	17,255,483	XXX	
0200032. Annuity 2000 5.00% 2003 (Def)	16,118,254	XXX	16,118,254	XXX	
0200033. Annuity 2000 4.75% 2004 (Def)	3,491,467	XXX	3,491,467	XXX	
0200034. Annuity 2000 4.50% 2005-2006 (Def)	2,056,610	XXX	2,056,610	XXX	
0200035. Annuity 2000 4.75% 2007-2008 (Def)	94,080,940	XXX	94,080,940	XXX	
0200036. Annuity 2000 5.00% 2009 (Def)	8,408,686	XXX	8,408,686	XXX	
0200037. Annuity 2000 4.50% 2010 (Def)	3,322,954	XXX	3,322,954	XXX	
0200038. Annuity 2000 4.25% 2011 (Def)	34,561	XXX	34,561	XXX	
0200039. Annuity 2000 3.75% 2013 (Def)	95,027	XXX	95,027	XXX	
0299997. Totals (Gross)	149,216,009	XXX	149,216,009	XXX	0
0299998. Reinsurance ceded	149,216,009	XXX	149,216,009	XXX	
0299999. Totals (Net)	0	XXX	0	XXX	0

**Supplementary Contracts with Life Contingencies:**

0300001. 71 IAM 6.00% 1971-1973	307	XXX	307		
0300002. 71 IAM 11.25% 1983-1984	5,146	XXX	5,146		
0300003. 83 IAM 9.25% 1986	9,531	XXX	9,531		
0300004. 83 IAM 8.00% 1987	0	XXX			
0300005. 83 IAM 8.75% 1988-1989	13,021	XXX	13,021		
0300006. 83 IAM 8.25% 1990-1991	1,683	XXX	1,683		
0300007. 83 IAM 7.75% 1992	1,498	XXX	1,498		
0300008. 83 IAM 7.00% 1993	16,134	XXX	16,134		
0300009. 83 IAM 6.50% 1994	23,387	XXX	23,387		
0300010. 83 IAM 7.25% 1995	6,483	XXX	6,483		
0300011. 83 IAM 6.75% 1996-1997	10,097	XXX	10,097		
0300012. 83 IAM 6.25% 1998	2,559	XXX	2,559		
0300013. Annuity 2000 7.00% 2000	11,179	XXX	11,179		
0300014. Annuity 2000 5.25% 2006	169,974	XXX	169,974		
0399997. Totals (Gross)	270,999	0	270,999	0	0
0399998. Reinsurance ceded	270,999		270,999		
0399999. Totals (Net)	0	0	0	0	0

**Accidental Death Benefits:**

0400001. 59 ADB 3%	92,469		92,469		
0400002. 59 ADB 58 CSO 3.0% NET LEVEL	192		192		
0400003. 1959 ADB with 1980 CSO 4%	3		3		
0499997. Totals (Gross)	92,664	0	92,664	0	0
0499998. Reinsurance ceded	92,664		92,664		
0499999. Totals (Net)	0	0	0	0	0

**Disability - Active Lives:**

0500001. 52 DIS / 58 CSO 3% NL	28,648		28,648		
0500002. Unearned Premium - Payor	2,100		2,100		
0500003. 52 DIS 58 CSO 3.0%	374		374		
0599997. Totals (Gross)	31,122	0	31,122	0	0
0599998. Reinsurance ceded	31,122		31,122		
0599999. Totals (Net)	0	0	0	0	0

**Disability - Disabled Lives:**

0600001. 52 DIS / 58 CSO 3% BEN 4	124,228		124,228		
0600002. 52 DIS / 58 CSO 3% BEN 5	549,522		549,522		
0600003. 52 DIS 58 CSO 3.5%	1,100		1,100		
0699997. Totals (Gross)	674,850	0	674,850	0	0
0699998. Reinsurance ceded	674,850		674,850		

**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 .....	12,497		12,497		
0700002. Non-Deduction Reserves .....	431,559		427,733		3,826
0700003. IPC Reserves .....	2,116,302		2,115,942		360
0700004. Guaranteed Insurability Riders .....	49,301		49,301		-
0700005. Substandard Extra .....	7,120		7,120		
0799997. Totals (Gross).....	2,616,779	0	2,612,593	0	4,186
0799998. Reinsurance ceded.....	2,616,779		2,612,593		4,186
0799999. Totals (Net).....	.....0	0	.....0	0	.....0
9999999. Totals (Net) - Page 3, Line 1.....	58,882	0	58,882	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.....	13,231,165	118,932		27,973	103,544	12,897,020	77,209		6,487
2. Additional contract reserves (a).....	113,668,120	6,776,341		225,311	2,019,031	104,602,596	8,988		35,853
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).....	126,899,285	6,895,273	0	253,284	2,122,575	117,499,616	86,197	0	42,340
8. Reinsurance ceded.....	12,893,548	937,498				11,956,050			
9. Totals (Net).....	114,005,737	5,957,775	0	253,284	2,122,575	105,543,566	86,197	0	42,340
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims.....	14,470,221	92,268		49,613	7,318,678	6,723,259	9,244		277,159
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).....	14,470,221	92,268	0	49,613	7,318,678	6,723,259	9,244	0	277,159
15. Reinsurance ceded.....	385,927			192		385,735			
16. Totals (Net).....	14,084,294	92,268	0	49,421	7,318,678	6,337,524	9,244	0	277,159
17. TOTALS (Net).....	128,090,031	6,050,043	0	302,705	9,441,253	111,881,090	95,441	0	319,499
18. TABULAR FUND INTEREST.....	5,485,170	252,662		14,485	486,079	4,712,079	4,243		15,622

**DETAILS OF WRITE-INS**

0601.....	0								
0602.....	0								
0603.....	0								
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0	0	0	0
1301.....	0								
1302.....	0								
1303.....	0								
1398. Summary of remaining write-ins for Line 13 from overflow page.....	0	0	0	0	0	0	0	0	0
1399. Totals (Lines 1301 through 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.....	10,686,074		2,752,227	50,750	5,741,355	2,141,742
2. Deposits received during the year.....	205,561				150,591	54,970
3. Investment earnings credited to the account.....	305,467		115,523	2,553	89,568	97,823
4. Other net change in reserves.....	561,870		585,116	10,905	(15,280)	(18,871)
5. Fees and other charges assessed.....	55,588		55,223	365		
6. Surrender charges.....	0					
7. Net surrender or withdrawal payments.....	1,381,724		1,048,793	13,900	165,997	153,034
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).....	10,321,660	0	2,348,850	49,943	5,800,237	2,122,630
10. Reinsurance balance at the beginning of the year.....	(10,684,250)		(2,752,227)	(50,750)	(5,741,354)	(2,139,919)
11. Net change in reinsurance assumed.....	0					
12. Net change in reinsurance ceded.....	(364,316)		(403,377)	(807)	58,883	(19,015)
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....	(10,319,934)	0	(2,348,850)	(49,943)	(5,800,237)	(2,120,904)
14. Net balance at the end of the current year after reinsurance (Lines 9 + 13).....	1,726	0	0	0	0	1,726

**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	0	0	0	0	0	0	0	0	0
2.2 Other:											
2.21 Direct.....	5,260,161		2,479,612	1,954,574			17,100		15,568		793,307
2.22 Reinsurance assumed.....	892,404								34,086		858,318
2.23 Reinsurance ceded.....	4,431,153		2,379,756	1,954,574			17,100		14,708		65,015
2.24 Net.....	1,721,412	0	(b) 99,856	(b) 0	0	(b) 0	(b) 0	0	(b) 34,946	(b) 0	(b) 1,586,610
3. Incurred but unreported:											
3.1 Direct.....	19,181,305		1,699,880				25,574		764,804		16,691,047
3.2 Reinsurance assumed.....	14,888,727								537,223		14,351,504
3.3 Reinsurance ceded.....	4,805,043		1,672,893				25,574		754,990		2,351,586
3.4 Net.....	29,264,989	0	(b) 26,987	(b) 0	0	(b) 0	(b) 0	0	(b) 547,037	(b) 0	(b) 28,690,965
4. Totals:											
4.1 Direct.....	24,441,466	0	4,179,492	1,954,574	0	0	42,674	0	780,372	0	17,484,354
4.2 Reinsurance assumed.....	15,781,131	0	0	0	0	0	0	0	571,309	0	15,209,822
4.3 Reinsurance ceded.....	9,236,196	0	4,052,649	1,954,574	0	0	42,674	0	769,698	0	2,416,601
4.4 Net.....	30,986,401	(a) 0	(a) 126,843	0	0	0	(a) 0	0	581,983	0	30,277,575

(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 Supplementary Contracts	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct.....	135,001,503		8,517,467	5,019,006					1,735,482		119,729,548
1.2 Reinsurance assumed.....	71,785,534		11,539						1,303,813		70,470,182
1.3 Reinsurance ceded.....	20,945,626		8,406,421	5,019,006					1,724,143		5,796,056
1.4 Net.....(d)	185,841,411	0	122,585	0	0	0	0	0	1,315,152	0	184,403,674
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	24,441,466	0	4,179,492	1,954,574	0	0	42,674	0	780,372	0	17,484,354
2.2 Reinsurance assumed.....	15,781,131	0	0	0	0	0	0	0	571,309	0	15,209,822
2.3 Reinsurance ceded.....	9,236,196	0	4,052,649	1,954,574	0	0	42,674	0	769,698	0	2,416,601
2.4 Net.....	30,986,401	0	126,843	0	0	0	0	0	581,983	0	30,277,575
3. Amounts recoverable from reinsurers Dec. 31, current year.....	3,031,669		30,000						29,786		2,971,883
4. Liability December 31, prior year:											
4.1 Direct.....	23,634,962		4,373,516	2,181,284			.49,036		619,531		16,411,595
4.2 Reinsurance assumed.....	15,699,602								519,939		15,179,663
4.3 Reinsurance ceded.....	9,725,656		4,326,438	2,181,284			.49,036		609,400		2,559,498
4.4 Net.....	29,608,908	0	47,078	0	0	0	0	0	530,070	0	29,031,760
5. Amounts recoverable from reinsurers Dec. 31, prior year.....	3,710,008		32,639						32,695		3,644,674
6. Incurred benefits:											
6.1 Direct.....	135,808,007	0	8,323,443	4,792,296	0	0	(6,362)	0	1,896,323	0	120,802,307
6.2 Reinsurance assumed.....	71,867,063	0	11,539	0	0	0	0	0	1,355,183	0	70,500,341
6.3 Reinsurance ceded.....	19,777,827	0	8,129,993	4,792,296	0	0	(6,362)	0	1,881,532	0	4,980,368
6.4 Net.....	187,897,243	0	204,989	0	0	0	0	0	1,369,974	0	186,322,280

(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.

**Loyal American Life Insurance Company**  
**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.....	.41,394	.54,634	13,240
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	.19,808		(19,808)
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....	.39,603		(39,603)
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.....	.44,005,701	.46,801,135	.2,795,434
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.....	.541,093	.749,642	.208,549
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.....	.7,369,843	.1,861,364	(5,508,479)
25. Aggregate write-ins for other-than-invested assets.....	.463,123	.99,228	(363,895)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	.52,480,565	.49,566,003	(2,914,562)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	.52,480,565	.49,566,003	(2,914,562)

**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 through 1103 plus 1198) (Line 11 above).....	.0	.0	0
2501. Other Receivables and Prepaid Expenses.....	.463,123	.99,228	(363,895)
2502.....			0
2503.....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	.463,123	.99,228	(363,895)

**NOTES TO FINANCIAL STATEMENTS****1. Summary of Significant Accounting Policies**

On July 23, 2015, Cigna entered into a definitive agreement to engage in a series of transactions to merge Cigna with Anthem, subject to certain terms, conditions and customary operating covenants, with Anthem continuing as the surviving company. At special shareholders' meetings in December 2015, Cigna shareholders approved the merger with Anthem and Anthem shareholders voted to approve the issuance of shares of Anthem common stock according to the merger agreement.

Consummation of the merger is subject to certain customary conditions, including the receipt of certain necessary governmental and regulatory approvals, and the absence of a legal restraint prohibiting the consummation of the merger. On July 21, 2016, the U.S. Department of Justice ("DOJ") and certain state attorneys general filed a civil antitrust lawsuit in the U.S. District Court for the District of Columbia (the "District Court") seeking to block the merger and, on January 4, 2017, the parties concluded the District Court trial. On February 8, 2017, the District Court issued an order enjoining the proposed merger. Anthem appealed this ruling to the U.S. Court of Appeals for the District of Columbia Circuit (the "Appeals Court"). Additionally, Cigna appealed the District Court ruling following the Chancery Court ruling described below.

On February 14, 2017, Cigna delivered a notice to Anthem terminating the merger agreement and filed suit in the Delaware Court of Chancery (the "Chancery Court") seeking, among other things, declaratory judgment that Cigna's termination of the merger agreement is lawful and that Anthem does not have the right to extend the merger agreement termination date. Later that day, Anthem filed a lawsuit in the Chancery Court against Cigna seeking, among other things, a temporary restraining order to enjoin Cigna from terminating the merger agreement, specific performance and damages, and, on February 15, 2017, the Chancery Court issued an order temporarily enjoining Cigna from terminating the merger agreement. This order will be subject to further review at a preliminary injunction hearing.

**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.

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:

	SSAP #	F/S Page	F/S Line #	2016	2015
<b>NET INCOME</b>					
(1) Loyal American Life Insurance Company state basis (Page 4, Line 35, Columns 1 &2)	XXX	XXX	XXX	\$ 15,578,706	\$ 16,469,081
(2) State Prescribed Practices that increase/(decrease) NAIC SAP					
(3) State Permitted Practices that increase/(decrease) NAIC SAP					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$ 15,578,706	\$ 16,469,081
<b>SURPLUS</b>					
(5) Loyal American Life Insurance Company state basis (Page 3, line 38, Columns 1 & 2)	XXX	XXX	XXX	\$ 86,273,794	\$ 85,627,544
(6) State Prescribed Practices that increase/(decrease) NAIC SAP					
(7) State Permitted Practices that increase/(decrease) NAIC SAP					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ 86,273,794	\$ 85,627,544

**b. Use of Estimates in the Preparation of the Financial Statements**

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

**c. Accounting Policy**

Life premiums are recognized as income over the premium-paying period of the related policies. 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

**NOTES TO FINANCIAL STATEMENTS**

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

(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

d. Going Concern

In accordance with SSAP No. 1, "Accounting Policies, Risks and Uncertainties, and Other Disclosures," management has made an evaluation of the Company's ability to continue as a going concern, including such factors as its current financial position, recent earnings and cash flow trends and projections, liquidity and capital requirements, readily available sources of liquidity and such other factors deemed by management to be appropriate under the circumstances. As a result of management's evaluation, no conditions, events or trends have been identified that causes substantial doubt as to the ability of the Company to continue as a going concern and, accordingly, the accompanying financial statements have been prepared on the going concern basis.

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) The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the Company had the intent to sell or does not have the intent and ability to retain the investment for a period of time sufficient to recover the amortized cost basis as of December 31, 2016.

(3) The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the present value of cash flow expected to be collected is less than the amortized cost basis as of December 31, 2016.

(4) As of December 31, 2016 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	\$	50,509

(b) The aggregate related fair value of securities with unrealized losses:

1.	Less than 12 Months	\$	-
2.	12 Months or Longer	\$	1,501,004

(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

**NOTES TO FINANCIAL STATEMENTS**

## h. Restricted Assets

## (1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						Current Year			Percentage	
	Current Year						Current Year				
	1	2	3	4	5	6	7	8	9	10	11
	Total General Account (G/A)	G/A Supporting Separate Account (S/A) Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
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 FLY capital stock	-	-	-	-	-	-	-	-	-	0%	0%
i. FHLB Capital Stock	-	-	-	-	-	-	-	-	-	0%	0%
j. On deposit with states	4,386,129	-	-	-	4,386,129	4,397,602	(11,473)	-	4,386,129	1%	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	127,150,883	-	-	-	127,150,883	126,084,507	1,066,376	-	127,150,883	39%	47%
o. Total Restricted Assets	\$131,537,012	\$ -	\$ -	\$ -	\$131,537,012	\$130,482,109	\$ 1,054,903	\$ -	\$131,537,012	40%	48%

(a) Subset of Column 1

(b) Subset of Column 3

(c) Column 5 divided by Asset Page, Column 1, Line 28

(d) Column 9 divided by Asset Page, Column 3, Line 28

## (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 (Admitted & Nonadmitted) Restricted						8			Percentage	
	Current Year						6	7	8	9	10
	1	2	3	4	5						
	Total General Account (G/A)	G/A Supporting Separate Account (S/A) Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
Reinsurance with Great American Life Insurance Company	\$127,150,883	\$ -	\$ -	\$ -	\$127,150,883	\$126,084,507	\$ 1,066,376	\$127,150,883	39%	47%	

(a) Subset of Column 1

(b) Subset of Column 3

(c) Total Line for Columns 1 through 7 should equal 5H(1)n Columns 1 through 7 respectively and Total Line for Comumns 8 through 10 should equal 5H(1)n Columns 9 through 11 respectively.

## 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:

**NOTES TO FINANCIAL STATEMENTS**

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

b. No income was excluded for the years ended December 31, 2016 and 2015.

## 8. Derivative Instruments – Not applicable

## 9. Income Taxes

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

(1)

	December 31, 2016			December 31, 2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross DTA	69,117,873	4	69,117,877	67,643,916	11,309	67,655,225	1,473,957	(11,305)	1,462,652
(b) Valuation allowance	-	-	-	-	-	-	-	-	-
(c) Adjusted gross DTA (1a - 1b)	69,117,873	4	69,117,877	67,643,916	11,309	67,655,225	1,473,957	(11,305)	1,462,652
(d) Nonadmitted DTA	(44,005,697)	(4)	(44,005,701)	(46,789,826)	(11,309)	(46,801,135)	2,784,129	11,305	2,795,434
(e) Subtotal Net Admitted DTA (1c - 1d)	25,112,176	-	25,112,176	20,854,090	-	20,854,090	4,258,086	-	4,258,086
(f) DTL	(391,809)	-	(391,809)	(295,472)	-	(295,472)	(96,337)	0	(96,337)
(g) Net admitted DTA (1e - 1f)	24,720,367	-	24,720,367	20,558,618	-	20,558,618	4,161,749	0	4,161,749

(2)

	December 31, 2016			December 31, 2015			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)	19,345,462	-	19,345,462	19,616,358	-	19,616,358	(270,896)	-	(270,896)
(b) Admitted pursuant to ¶11.b. (realization)	5,374,905	-	5,374,905	942,260	-	942,260	4,432,645	-	4,432,645
1. Realization per ¶11.b.i.	5,374,905	-	5,374,905	942,260	-	942,260	4,432,645	-	4,432,645
2. Limitation per ¶11.b.ii.	-	-	9,229,471	-	-	10,096,082	-	-	(866,611)
(c) Admitted pursuant to ¶11.c.	391,809	-	391,809	295,472	-	295,472	96,337	-	96,337
(d) Total admitted adjusted gross deferred tax asset (2a+ 25,112,176	-	-	25,112,176	20,854,090	-	20,854,090	4,258,086	-	4,258,086

(3)

	2016	Percentage	2015	Percentage
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount		368%		437%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	61,529,804		66,513,796	

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

	December 31, 2016			December 31, 2015			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:

	2016	2015	Change
(a) Current federal income tax expense/(benefit)	6,665,564	6,600,448	65,116
(b) Foreign income tax expense/(benefit)	-	-	-
(c) Subtotal	6,665,564	6,600,448	65,116
(d) Tax expense/(benefit) on realized capital gains/(losses)	81,521	(4,845)	86,366
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other, including prior year underaccrual/(overaccrual)	(36,453)	214	(36,667)
Federal and foreign income taxes incurred	6,710,632	6,595,817	114,815

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, 2016	December 31, 2015	Change
Other insurance & contract holder liability	2,480,252	2,497,912	(17,660)
Goodwill & intangibles	44,059,886	48,190,500	(4,130,614)
Deferred acquisition costs	18,218,141	14,401,095	3,817,046
Nondeductible liabilities	920,563	769,960	150,603
Nonadmitted assets	2,966,202	967,704	1,998,498
Investment, net	292,263	652,243	(359,980)
Other	180,570	175,811	4,759
Gross DTA	69,117,877	67,655,225	1,462,652
Valuation allowance	-	-	-
Adjusted gross DTA	69,117,877	67,655,225	1,462,652
Nonadmitted DTA	(44,005,701)	(46,801,135)	2,795,434
Admitted DTA	25,112,176	20,854,090	4,258,086

**NOTES TO FINANCIAL STATEMENTS**

## (3) Deferred tax liabilities:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>Change</u>
Other insurance & contract holder liability	380,886	281,868	99,018
Other	10,923	13,604	(2,681)
<b>Gross DTL</b>	<b>391,809</b>	<b>295,472</b>	<b>96,337</b>

## (4)

Net Deferred Tax Assets/Liabilities

24,720,367

20,558,618

4,161,749

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, 2016</u>	<u>December 31, 2015</u>	<u>Change</u>
Total deferred tax assets	69,117,877	67,655,225	1,462,652
Total deferred tax liabilities	(391,809)	(295,472)	(96,337)
Net Deferred tax asset/liabilities	68,726,068	67,359,753	1,366,315
Statutory valuation allowance adjustment	-	-	-
Net deferred tax assets/liabilities after SVA	68,726,068	67,359,753	1,366,315
Change in net deferred income tax			<b>1,366,315</b>

## 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, 2016</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate (BFIT@35%)	7,801,268	35.00%
Change in nonadmitted assets	(1,998,498)	-8.97%
Nondeductible Penalties & Fines	(5,493)	-0.02%
IMR	(435,462)	-1.95%
M&E	10,018	0.04%
Other, net	(5)	0.00%
Ceding Commission	(27,511)	-0.12%
<b>Total</b>	<b>5,344,317</b>	<b>23.98%</b>
 Federal and foreign income taxes incurred	6,710,632	30.11%
Change in deferred income taxes	(1,366,315)	-6.13%
 Total statutory income taxes	<b>5,344,317</b>	<b>23.98%</b>

## e. Operating loss and tax credit carryforwards

(1) At December 31, 2016, 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>
2016	6,747,085
2015	6,563,999
2014	7,206,056

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

## f. Federal or foreign income tax loss contingencies

(1) The Internal Revenue Service completed its examination of Cigna's 2011 and 2012 consolidated federal income tax return. The review, which was completed in the fourth quarter of 2016, had no material impact on 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 2016 and 2015 include:

The Company made \$500,000, \$10,000,000, 5,000,000 and \$6,000,000 cash capital contributions to American Retirement Life Insurance Company ("ARLIC"), its wholly owned subsidiary on May 11, 2016, June 27, 2016, September 30, 2016 and December 16, 2016, respectively.

The Company received \$3,000,000, \$7,000,000 and \$5,000,000 cash capital contributions from its parent Cigna Health and Life Insurance Company ("CHLIC") on May 11, 2016, June 30, 2016 and November 15, 2016, respectively,

The Company made \$15,000,000, \$10,000,000 and \$10,000,000 cash capital contributions to American Retirement Life Insurance Company ("ARLIC"), its wholly owned subsidiary on March 30, 2015, June 24, 2015 and September 30, 2015, respectively.

The Company received a \$11,000,000 cash capital contribution from its parent Cigna Health and Life Insurance Company ("CHLIC") on September 30, 2015,

**NOTES TO FINANCIAL STATEMENTS**

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.

- d. At December 31, 2016, the Company reported \$1,553,379 as amounts due from affiliated companies and \$8,052,460 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 \$56,735,458 in 2016 under these arrangements and received \$33,768,588 in 2016.
  - (2) The Company's investment portfolio is managed by Cigna Investments, Inc. ("CII"). The company paid CII \$184,006 and \$222,842 in 2016 and 2015, 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. LALIC did not borrow under this agreement in 2016.
  - (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 2016.
  - (6) LALIC entered into an agreement with Cigna Health Management ("CHM"), effective June 5, 2015 whereby CHM will provide consultative services with respect to demand management in conjunction with the administration of health benefit plans and health insurance policies; specifically CHM provides a 24-hour health information telephone line in which nurses answer questions, explain medical options and suggest resources. The Company paid CHM \$72,748 and \$12,406 in 2016 and 2015, related to these services.
  - (7) LALIC entered into an agreement with Cigna Health and Life Insurance Company ("CHLIC"), effective November 1, 2015, whereby CHLIC will provide LALIC access to and support for the CignaPlus Savings dental discount program to be offered to LALIC customers. The Company paid CHLIC \$3,776 in 2016 and incurred no expense in 2015 for these services.
- 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. – l. Not applicable
- 11. Debt – Not applicable
- 12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans.
  - a. – f. Not applicable
  - g. 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 \$695,617 in 2016.
      - (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 2016, 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 \$189,268.

**NOTES TO FINANCIAL STATEMENTS****(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.

The Company has not incurred any obligation under the plan as of December 31, 2016.

**(3) Post Retirement Benefits – Not applicable****h. Post-Employment Benefits and Compensated Absences:**

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

**i. 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. Not applicable

c. 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 2017 without prior approval is \$0 based on negative earned surplus.

d. Not applicable

e. The amount available to dividend in 2017 without prior approval of the Ohio Department of Insurance is \$0 based on earned surplus.

f. – i. Not applicable

j. The portion of unassigned funds (surplus) represented or (reduced) by unrealized gains was (\$76,722,197) at December 31, 2016.

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, 2015, the Company held a liability for future assessments of \$478,991. 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, 2015, are as follows:

Balance, beginning of year	\$ 279,786
Premium tax offsets accrued	792,907
Premium tax offsets applied	(366,231)
Allowance for unrealizability	(10,424)
	<hr/>
	\$ 696,038

Cigna and its subsidiaries (including the Company) are aware that Penn Treaty Network America Insurance Company, together with its subsidiary American Network Insurance Company (collectively "Penn Treaty") is in rehabilitation. In 2012, the state court denied the regulator's amended petitions for liquidation and set forth specific requirements and a deadline for the regulator to develop a plan of rehabilitation without liquidating Penn Treaty. The regulator has appealed the court's decision. More recently, the state court has been holding settlement conferences to attempt to resolve outstanding issues with the rehabilitation plan. In July 2016, the regulator,

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**NOTES TO FINANCIAL STATEMENTS**

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who is the rehabilitator, filed another amended petition for liquidation with the court. Based on the developments in this matter, it is reasonably likely that a guaranty fund assessment related to Penn Treaty will be finalized in 2017. Due to the uncertainties surrounding this matter, the Company's share of this guaranty fund assessment related to Penn Treaty is uncertain, but based on current information it is estimated to approximate \$883,000 after-tax and before consideration of possible future premium tax offsets.

- c. – e. Not applicable
- f. Other Legal Matters.

In the normal course of its business operations, the Company is involved in litigation and other regulatory matters from time to time with claimants, beneficiaries, and other parties. When the Company, in the normal course of its regular review of such matters has determined that a material loss is reasonably possible, the matter is disclosed. In accordance with Statutory Accounting Principles, when litigation or other regulatory matters result in loss contingencies that are both probable and estimable, the Company accrues the estimated loss by a charge to operations. The amount accrued represents management's best estimate of the probable loss at the time. If only a range of estimated losses can be determined, the Company accrues an amount within the range that, in management's judgment, reflects the most likely outcome. If none of the estimates within the range is a better estimate than any other amount, the Company accrues the mid-point of the range.

Management does not believe that litigation or other matters currently pending against the Company would have a material adverse effect on the Company's results of operations, financial condition or liquidity based on its current knowledge of those matters. Due to numerous uncertainties in those matters, it is not possible to estimate an aggregate range of loss, if any, at this time. An adverse outcome in any one or more of these matters could be material to the Company's results of operations or financial condition.

**Antitrust Litigation.** On July 21, 2016, the U.S. Department of Justice ("DOJ") and certain state attorneys general filed a civil antitrust lawsuit in the U.S. District Court for the District of Columbia (the "District Court") seeking to block the merger (see Note1) and, on January 4, 2017, the parties concluded the District Court trial. On February 8, 2017, the District Court issued an order enjoining the proposed merger. Anthem filed a notice of appeal of the District Court's order with the U.S. Court of Appeals for the District of Columbia Circuit (the "Appeals Court") and requested an expedited appeal. On February 17, 2017, the Appeals Court granted Anthem's motion for an expedited appeal and set oral arguments for March 24, 2017. That same day, Cigna filed its notice of appeal of the District Court's order with the Appeals Court.

**Litigation with Anthem.** On February 14, 2017, Cigna delivered a notice to Anthem terminating the merger agreement, and notifying Anthem that it must pay Cigna the \$1.85 billion reverse termination fee pursuant to the terms of the merger agreement. Also on February 14, 2017, Cigna filed suit against Anthem in the Delaware Court of Chancery (the "Chancery Court"). The complaint sought declaratory judgments that Cigna's termination of the merger agreement was valid and that Anthem was not permitted to extend the termination date. The complaint also sought payment of the reverse termination fee and additional damages in an amount exceeding \$13 billion, which includes the lost premium value to Cigna's shareholders caused by Anthem's willful breaches of the merger agreement.

Also on February 14, 2017, Anthem filed a lawsuit in the Chancery Court against Cigna seeking (i) a temporary restraining order to enjoin Cigna from terminating and taking any action contrary to the terms of the merger agreement, (ii) specific performance compelling Cigna to comply with the merger agreement and (iii) damages. On February 15, 2017, the Chancery Court granted Anthem's motion for a temporary restraining order and issued an order temporarily enjoining Cigna from terminating the Merger Agreement. This is not a decision on the merits of the case, but rather an order to ensure irrevocable actions do not take place before the Chancery Court's substantive review of the issues. Cigna will continue to abide by terms of the merger agreement until the expiration or lifting of the Chancery Court's order and any further review of the case by the Chancery Court. This order will be subject to review by the Chancery Court at a preliminary injunction hearing.

Cigna believes in the merits of their claims and dispute Anthem's claims, and intends to vigorously defend themselves and pursue their claims. The outcomes of lawsuits are inherently unpredictable, and Cigna may be unsuccessful in the ongoing litigation or any future claims or litigation.

**Shareholder Litigation.** Following announcement of Cigna's merger agreement with Anthem as discussed in Note 1, putative class action complaints (collectively the "complaints" or "Cigna Merger Litigation") were filed by purported Cigna shareholders on behalf of a purported class of Cigna shareholders. Additional lawsuits arising out of or relating to the merger agreement or the merger may be filed in the future.

Cigna, members of the Cigna board of directors, Anthem and Anthem Merger Sub Corp ("Merger Sub") have been named as defendants. The plaintiffs generally assert that the members of the Cigna board of directors breached their fiduciary duties to the Cigna shareholders during merger negotiations and by entering into the merger agreement and approving the merger, and that Cigna, Anthem and Merger Sub aided and abetted such breaches of fiduciary duties. The allegations include, among other things, that (1) the merger consideration undervalues Cigna, (2) the sales process leading up to the merger was flawed due to purported conflicts of interest of members of the Cigna board of directors and (3) certain provisions of the merger agreement inappropriately favor Anthem and inhibit competing bids. Plaintiffs seek, among other things, injunctive relief enjoining the merger, rescission of the merger agreement to the extent already implemented, and costs and damages.

Effective November 24, 2015, solely to avoid the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, Cigna, Cigna's directors, Anthem and Merger Sub entered into a Memorandum of Understanding ("MOU") to settle the Cigna Merger Litigation. Subject to approval by the Connecticut Superior Court, Judicial District of Hartford and further definitive documentation in a settlement agreement that will be subject to customary conditions, the MOU resolved the Cigna Merger Litigation and provided that Cigna would make certain additional disclosures related to the merger. If the Court approves the settlement, the Cigna Merger Litigation will be dismissed with prejudice and all claims that were or could have been brought in any actions challenging any aspect of the merger, the merger agreement and any related disclosures will be released. In connection with the settlement, subject to the ultimate determination of the Court, plaintiffs' counsel may receive an award of reasonable fees. There can be no assurance that the parties will ultimately enter into a settlement agreement, or that the Court will approve the settlement even if the parties were to enter into such agreement. The MOU may terminate, if, among other reasons, the Court does not approve the settlement or the merger is not consummated for any reason.

**NOTES TO FINANCIAL STATEMENTS****15. Leases**

LALIC leases its home office facilities under a fifteen year non-cancellable operating lease, which ends on January 31, 2023. The lease may be renewed for two additional five year terms at market rates then in effect. The Company also leases other equipment under leases with remaining terms in excess of one year. These leases are also renewable at market rates. Future minimum annual rentals under the leases are as follows:

2017	\$ 1,099,798
2018	1,143,956
2019 - 2021	1,138,409
	<hr/> <u>\$ 3,382,164</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****a. Fair Value Measurements**

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.

Fair value is defined as the price at which an asset could be exchanged in an orderly transaction between market participants at the balance sheet date. 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).

**Level 1** Inputs for instruments classified in Level 1 include unadjusted quoted prices for identical assets in active markets accessible at the measurement date. Active markets provide pricing data for trades occurring at least weekly and include exchanges and dealer markets.

**Level 2** Inputs for instruments classified in Level 2 include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are market observable or can be corroborated by market data for the term of the instrument. Such other inputs include market interest rates and volatilities, spreads and yield curves. An instrument is classified in Level 2 if the Company determines that unobservable inputs are insignificant. Level 2 assets primarily include corporate bonds valued using recent trades of similar securities or pricing models that discount future cash flows at estimated market interest rates.

**Level 3** Certain inputs for instruments classified in Level 3 are unobservable (supported by little or no market activity) and significant to their resulting fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

**1. Fair Value Measurements at Reporting Date – None****2. Fair Value Measurements in Level 3 of the Fair Value Hierarchy – None****3. Level 3 Transfers – None****4. Valuation Techniques and Inputs**

The Company estimates fair values 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. Such other inputs include market interest rates and volatilities, spreads, and yield curves. 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 or 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.

**b. Other Fair Value Disclosures**

The Company provides additional fair value information in Notes 1 and 5.

**c. Aggregate Fair Value of All Financial Instruments**

The following tables provide the fair value, carrying value and classification in the fair value hierarchy of the Company's financial instruments as of December 31, 2016 and December 31, 2015.

**NOTES TO FINANCIAL STATEMENTS**

Financial Assets	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)
<b>December 31, 2016</b>						
Bonds	\$ 193,290,084	\$ 191,287,859	\$ 4,096,913	\$ 189,193,171	\$ -	\$ -
Cash, Cash Equivalents, and Short-Term Investments	\$ 9,929,382	\$ 9,929,382	\$ (5,470,969)	\$ 15,400,351	\$ -	\$ -
Total	\$ 203,219,466	\$ 201,217,241	\$ (1,374,056)	\$ 204,593,522	\$ -	\$ -
<b>December 31, 2015</b>						
Bonds	\$ 180,603,348	\$ 180,072,104	\$ 4,113,056	\$ 176,490,292	\$ -	\$ -
Cash, Cash Equivalents, and Short-Term Investments	\$ 12,894,824	\$ 12,894,824	\$ (832,825)	\$ 13,727,649	\$ -	\$ -
Total	\$ 193,498,172	\$ 192,966,928	\$ 3,280,231	\$ 190,217,941	\$ -	\$ -

The following valuation methodologies and significant assumptions are used by the Company to determine fair value for each instrument.

**Bonds**

The methods and significant assumptions used to estimate the fair value of bonds are described in A4 above.

**Short-Term Investments, Cash Equivalents, and Cash**

Short-term investments, cash equivalents, and cash are carried at cost which approximates fair value. Short-term investments and cash equivalents are classified in Level 2 and cash is classified in Level 1.

**d. 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 \$131,537,012 and \$130,482,109 at December 31, 2016 and 2015, 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 24, 2017, the date financial statements were available to be issued.

**23. Reinsurance**

a. Ceded Reinsurance Report

(1) Section 1 - General Interrogatories

(a) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by 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

**NOTES TO FINANCIAL STATEMENTS**

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, 2015 were \$43,971,516. As of December 31, 2016 \$30,176,444 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$15,065,887 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 \$1,270,815 unfavorable prior year development since December 31, 2015 to December 31, 2016. 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

- a. Participating policies represent approximately 5.7% of the total life insurance inforce at December 31, 2016. Most of the Company's life business in force is ceded under a 100% coinsurance agreement.
- b. Policyholder dividends are recognized on the policy's anniversary.
- c. Dividends to policyholders in 2016 were \$246,234, 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, 2015, the Company had \$1,323,891 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 \$12,497 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 \$585,115 is due to internal rollovers. The changes in column 4 of \$10,905, column 5 of (\$15,278) and column 6 of (\$18,868) is due to data differences/inconsistencies.

**NOTES TO FINANCIAL STATEMENTS**

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

Withdrawal Characteristics of Annuity Actuarial Reserves and Deposit-Type contract Funds and Other Liabilities Without Life or Disability Contingencies

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
a. Subject to discretionary withdrawal:					
(1) With fair value adjustment	\$ 60,790,276	\$ -	\$ -	\$ -	40.0%
(2) At book value less current surrender charge of 5% or more	3,564,011	-	-	-	2.4%
(3) At fair value	-	-	-	-	-
(4) Total with adjustment or at fair value (total of 1 through 3)	64,354,287	-	-	-	42.4%
(5) At book value without adjustment (minimal or no charge or adjustment)	81,761,413	-	-	-	53.8%
b. Not subject to discretionary withdrawal	5,771,827	-	-	-	3.8%
c. Total (gross: direct + assumed)	151,887,527	-	-	-	100.00%
d. Reinsurance Ceded	(151,885,801)	-	-	-	
e. Total Net (net)* c. - d.	<u>\$ 1,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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

f.		Amount
	Life & Accident & Health Annual Statement:	
1.	Exhibit 5, Annuities Section, Total (net)	\$ -
2.	Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	-
3.	Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	1,726
4.	Subtotal	<u>1,726</u>
	Separate Accounts Annual Statement:	
5.	Exhibit 3, Line 0299999, Column2	-
6.	Exhibit 3, Line 0399999, Column2	-
7.	Policyholder divided and coupon accumulations	-
8.	Policyholder premiums	-
9.	Guaranteed interest contracts	-
10.	Other contract deposit funds	-
11.	Subtotal	-
12.	Combined Total	<u>\$ 1,726</u>

## 33. Premium and Annuity Considerations Deferred and Uncollected

	Type	Gross	Net of Loading
a. 1.	Industrial	\$ -	\$ -
2.	Ordinary new business	35,915	15,127
3.	Ordinary renewal	-	-
4.	Credit Life	-	-
5.	Group Life	-	-
6.	Group Annuity	-	-
7.	Totals	<u>\$ 6,891</u>	<u>\$ 2,894</u>

## 34. Separate Accounts -- Not applicable

## 35. Loss/Claim Adjustment Expenses

At December 31, 2016 and 2015, reserves for LAE totaled \$1,697,222 and \$1,800,117.

The Company incurred \$4,642,926 and paid \$4,745,821 of loss adjustment expenses in the current year of which \$1,184,211 of the paid amount was attributable to insured events of prior years.

The Company did not materially increase or decrease the provision for LAE related to insured events of the prior year.

**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. 12/31/2013

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). 04/20/2015

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 entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2 NAIC Company Code	3 State of Domicile
Name of Entity		

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control %

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

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated with 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 the response to 8.3 is yes, please provide below 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 other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?  Yes [ ]  No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

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

10.6 If the response 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.

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

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?  
Susan Buck, ASA, MAAA, CERA, 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 \$ \_\_\_\_\_ 0

12.2 If yes, provide explanation

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]  
13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]  
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]  
14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]  
14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]  
15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

**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 subordinator committee thereof? Yes [X] No [ ]  
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]  
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]  
20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$ \_\_\_\_\_ 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 reporting in the statement? Yes [ ] No [X]  
21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others \$ \_\_\_\_\_  
21.22 Borrowed from others \$ \_\_\_\_\_  
21.23 Leased from others \$ \_\_\_\_\_  
21.24 Other \$ \_\_\_\_\_

22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [X] No [ ]  
22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment \$ \_\_\_\_\_  
22.22 Amount paid as expenses \$ 34,797  
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: \$ \_\_\_\_\_ 0

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

24.01	Were all of 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 <i>Risk-Based Capital Instructions</i> ?	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:	\$ _____ 0		
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:	\$ _____ 0		
24.103	Total payable for securities lending reported on the liability page:	\$ _____ 0		
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 current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)	Yes [X]   No [ ]		
25.2	If yes, state the amount thereof at December 31 of the current year:			
25.21	Subject to repurchase agreements	\$ _____ 0		
25.22	Subject to reverse repurchase agreements	\$ _____ 0		
25.23	Subject to dollar repurchase agreements	\$ _____ 0		
25.24	Subject to reverse dollar repurchase agreements	\$ _____ 0		
25.25	Placed under option agreements	\$ _____ 0		
25.26	Letter stock or securities restricted as sale – excluding FHLB Capital Stock	\$ _____ 0		
25.27	FHLB Capital Stock	\$ _____ 0		
25.28	On deposit with states	\$ 4,386,129		
25.29	On deposit with other regulatory bodies	\$ 127,150,883		
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	\$ _____ 0		
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	\$ _____ 0		
25.32	Other	\$ _____ 0		
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? If no, attach a description with this statement.	Yes [ ]   No [ ]   N/A [X]		
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 <i>Financial Condition Examiners Handbook</i> ?	Yes [X]   No [ ]		
28.01	For all agreements that comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , complete the following:			
	1 Name of Custodian(s)	2 Custodian's Address		
	JP Morgan Chase Bank, NA	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 <i>Financial Condition Examiners Handbook</i> , provide the name, location and a complete explanation:			
	1 Name(s)	2 Location(s)	3 Complete Explanation(s)	
28.03	Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?	Yes [ ]   No [X]		
28.04	If yes, give full and complete information relating thereto:			
	1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
28.05	Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ("...that have access to the investment accounts", "... handle securities").			
	1 Name of Firm or Individual	2 Affiliation		
	Cigna Investments, Inc.	A		

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

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?

Yes [ ] No [ ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes [ ] No [ ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
105811	Cigna Investments, Inc.		SEC	DS

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

Yes [ ] No [ X ]

29.2 If yes, complete the following schedule:

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

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
30.1 Bonds	206,688,210	208,690,436	2,002,226
30.2 Preferred Stocks	0	0	0
30.3 Totals	206,688,210	208,690,436	2,002,226

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 Investment Analysis Office* been followed?

Yes [ X ] No [ ]

32.2 If no, list exceptions:

**OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 79,300

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

1 Name	2 Amount Paid
AM Best	\$ 79,300

34.1 Amount of payments for legal expenses, if any? \$ 0

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

1 Name	2 Amount Paid
	\$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

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

1 Name	2 Amount Paid
	\$

**GENERAL INTERROGATORIES****PART 2 – LIFE INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [X] No [ ]	
1.2	If yes, indicate premium earned on U.S. business only.	\$ 143,619,948	
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$ 0	
1.3	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.	\$ 107,731,780	
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$ 76,604,829	
1.62	Total incurred claims	\$ 57,013,334	
1.63	Number of covered lives	\$ 38,769	
	All years prior to most current three years:		
1.64	Total premium earned	\$ 67,015,119	
1.65	Total incurred claims	\$ 50,718,446	
1.66	Number of covered lives	\$ 22,938	
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	\$ 213,198,774	\$ 215,215,812
2.2	Premium Denominator	\$ 281,738,475	\$ 278,545,801
2.3	Premium Ratio (2.1/2.2)	75.673	77.264
2.4	Reserve Numerator	\$ 44,090,723	\$ 42,639,439
2.5	Reserve Denominator	\$ 159,135,312	\$ 152,259,953
2.6	Reserve Ratio (2.4/2.5)	27.706	28.004
3.1	Does the 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?	\$ 0	
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)"?	\$ 0	
4.1	Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)"?	Yes [X] No [ ]	
4.2	Net reimbursement of such expenses between reporting entities:		
4.21	Paid	\$ 56,735,458	
4.22	Received	\$ 33,768,588	
5.1	Does the reporting entity write any guaranteed interest contracts?	Yes [ ] No [X]	
5.2	If yes, what amount pertaining to these items is included in:		
5.21	Page 3, Line 1	\$ 0	
5.22	Page 4, Line 1	\$ 0	
6.	For stock reporting entities only:		
6.1	Total amount paid in by stockholders as surplus funds since organization of the reporting entity:	\$ 100,994,712	
7.	Total dividends paid stockholders since organization of the reporting entity:		
7.11	Cash	\$ 171,293,877	

**GENERAL INTERROGATORIES****PART 2 – LIFE INTERROGATORIES**

7.12 Stock	\$ 0																											
8.1 Does the reporting entity 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 <i>Workers' Compensation Carve-Out Supplement</i> 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:																												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 10%;">1</th> <th style="text-align: center; width: 20%;">2</th> <th style="text-align: center; width: 10%;">3</th> </tr> <tr> <th style="text-align: center;">Reinsurance Assumed</th> <th style="text-align: center;">Reinsurance Ceded</th> <th style="text-align: center;">Net Retained</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> </tbody> </table>	1	2	3	Reinsurance Assumed	Reinsurance Ceded	Net Retained	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0						
1	2	3																										
Reinsurance Assumed	Reinsurance Ceded	Net Retained																										
\$ 0	\$ 0	\$ 0																										
\$ 0	\$ 0	\$ 0																										
\$ 0	\$ 0	\$ 0																										
\$ 0	\$ 0	\$ 0																										
\$ 0	\$ 0	\$ 0																										
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 Column (1) are:																												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 10%;">1</th> <th style="text-align: center; width: 20%;">2</th> </tr> <tr> <th style="text-align: center;">Attachment Point</th> <th style="text-align: center;">Earned Premium</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> </tbody> </table>	1	2	Attachment Point	Earned Premium	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0													
1	2																											
Attachment Point	Earned Premium																											
\$ 0	\$ 0																											
\$ 0	\$ 0																											
\$ 0	\$ 0																											
\$ 0	\$ 0																											
\$ 0	\$ 0																											
8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools?	\$ 0																											
9.1 Does the reporting entity 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.																												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 10%;">1</th> <th style="text-align: center; width: 10%;">2</th> <th style="text-align: center; width: 10%;">3</th> <th style="text-align: center; width: 10%;">4</th> <th style="text-align: center; width: 10%;">5</th> <th style="text-align: center; width: 10%;">6</th> <th style="text-align: center; width: 10%;">7</th> <th style="text-align: center; width: 10%;">8</th> <th style="text-align: center; width: 10%;">9</th> </tr> <tr> <th style="text-align: center;">Guaranteed Death Benefit</th> <th style="text-align: center;">Guaranteed Living Benefit</th> <th style="text-align: center;">Waiting Period Remaining</th> <th style="text-align: center;">Account Value Related to Col. 3</th> <th style="text-align: center;">Total Related Account Values</th> <th style="text-align: center;">Gross Amount of Reserve</th> <th style="text-align: center;">Location of Reserve</th> <th style="text-align: center;">Portion Reinsured</th> <th style="text-align: center;">Reinsurance Reserve Credit</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	6	7	8	9	Guaranteed Death Benefit	Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Col. 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit									
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Guaranteed Death Benefit	Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Col. 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit																				
10. For reporting entities having sold annuities to another insurer where the insurer purchasing the annuities has obtained a release of liability from the claimant (payee) as the result of the purchase of an annuity from the reporting entity only:																												
10.1 Amount of loss reserves established by these annuities during the current year:	\$ 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.																												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 50%;">1</th> <th style="text-align: center; width: 50%;">2</th> </tr> <tr> <th style="text-align: center;">P&amp;C Insurance Company and Location</th> <th style="text-align: center;">Statement Value on Purchase Date of Annuities (i.e., Present Value)</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: right;">\$</td> </tr> </tbody> </table>	1	2	P&C Insurance Company and Location	Statement Value on Purchase Date of Annuities (i.e., Present Value)		\$																					
1	2																											
P&C Insurance Company and Location	Statement Value on Purchase Date of Annuities (i.e., Present Value)																											
	\$																											
11.1 Do you act as a custodian for health savings accounts?	Yes [ ] No [X]																											
11.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$ 0																											
11.3 Do you act as an administrator for health savings accounts?	Yes [ ] No [X]																											
11.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$ 0																											
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:																												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: center; width: 10%;">1</th> <th rowspan="2" style="text-align: center; width: 10%;">2</th> <th rowspan="2" style="text-align: center; width: 10%;">3</th> <th rowspan="2" style="text-align: center; width: 10%;">4</th> <th colspan="3" style="text-align: center; width: 40%;">Assets Supporting Reserve Credit</th> </tr> <tr> <th style="text-align: center;">5</th> <th style="text-align: center;">6</th> <th style="text-align: center;">7</th> </tr> <tr> <th style="text-align: center;">Company Name</th> <th style="text-align: center;">NAIC Company Code</th> <th style="text-align: center;">Domiciliary Jurisdiction</th> <th style="text-align: center;">Reserve Credit</th> <th style="text-align: center;">Letters of Credit</th> <th style="text-align: center;">Trust Agreements</th> <th style="text-align: center;">Other</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	Assets Supporting Reserve Credit			5	6	7	Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other										
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		5	6	7																								
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	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 premiums written	\$ 5,991,587																											
13.2 Total incurred claims	\$ 8,353,443																											
13.3 Number of covered lives	29,382																											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">*Ordinary Life Insurance Includes</th> </tr> </thead> <tbody> <tr> <td>Term (whether full underwriting, limited underwriting, jet issue, "short form app")</td> </tr> <tr> <td>Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")</td> </tr> <tr> <td>Variable Life (with or without secondary guarantee)</td> </tr> <tr> <td>Universal Life (with or without secondary guarantee)</td> </tr> <tr> <td>Variable Universal Life (with or without secondary guarantee)</td> </tr> </tbody> </table>	*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)																					
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# 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 2016	2 2015	3 2014	4 2013	5 2012
<b>Life Insurance in Force (Exhibit of Life Insurance)</b>					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....	359,241	376,238	393,424	425,060	465,988
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....	105,535	111,213	116,717	129,209	139,813
3. Credit life (Line 21, Col. 6).....	.....	.....	.....	.....	.....
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....	3,974	5,088	6,909	9,583	12,090
5. Industrial (Line 21, Col. 2).....	.....	.....	.....	.....	.....
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....	.....	.....	.....	.....	.....
7. Total (Line 21, Col. 10).....	468,750	492,539	517,050	563,852	617,891
<b>New Business Issued (Exhibit of Life Insurance)</b>					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	17,131	12,219	95	.....	159
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....	.....	.....	.....	.....	.2
10. Credit life (Line 2, Col. 6).....	.....	.....	.....	.....	.....
11. Group (Line 2, Col. 9).....	.....	.....	.....	.....	.....
12. Industrial (Line 2, Col. 2).....	.....	.....	.....	.....	.....
13. Total (Line 2, Col. 10).....	17,131	12,219	95	0	161
<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).....	848,964	192,054	3,414	.....	(153,931,185)
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....	.....	.....	.....	.....	(210,644,757)
16. Credit life (group and individual) (Line 20.4, Col. 5).....	.....	.....	.....	.....	.....
17.1 Group life insurance (Line 20.4, Col. 6).....	.....	.....	.....	.....	27,608
17.2 Group annuities (Line 20.4, Col. 7).....	.....	.....	.....	.....	.....
18.1 A&H - group (Line 20.4, Col. 8).....	3,085,020	3,725,249	4,592,070	6,014,177	7,030,402
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....	.....	.....	.....	.....	.....
18.3 A&H - other (Line 20.4, Col. 10).....	277,804,490	274,628,498	239,083,793	253,970,759	277,364,789
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....	.....	.....	.....	.....	.....
20. Total.....	281,738,474	278,545,801	243,679,277	259,984,936	(80,153,143)
<b>Balance Sheet (Pages 2 and 3)</b>					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....	272,856,422	266,704,142	249,349,234	244,038,600	282,287,095
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	186,582,628	181,076,598	175,805,143	172,516,970	204,040,242
23. Aggregate life reserves (Page 3, Line 1).....	58,882	11,258	16	.....	.....
24. Aggregate A&H reserves (Page 3, Line 2).....	128,090,033	123,429,371	120,565,404	118,764,588	116,361,443
25. Deposit-type contract funds (Page 3, Line 3).....	1,726	1,823	8,861	9,157	9,939
26. Asset valuation reserve (Page 3, Line 24.01).....	1,384,403	1,228,898	1,203,381	1,150,909	974,111
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).....	80,633,794	79,987,544	67,904,091	65,881,630	72,606,853
<b>Cash Flow (Page 5)</b>					
29. Net Cash from operations (Line 11).....	21,583,988	24,051,784	21,413,958	48,010,074	(232,416,139)
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital.....	87,658,197	87,072,414	74,846,833	72,683,830	79,220,964
31. Authorized control level risk-based capital.....	17,080,635	15,217,630	11,882,686	9,704,827	7,245,626
<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).....	79.1	74.9	83.4	97.4	88.8
33. Stocks (Lines 2.1 and 2.2).....	16.8	19.7	13.7	3.8	2.7
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).....	4.1	5.4	3.0	(1.2)	.8.5
37. Contract loans (Line 6).....	.....	.....	.....	.....	.....
38. Derivatives (Line 7).....	.....	.....	.....	.....	.....
39. Other invested assets (Line 8).....	.....	.....	.....	.....	.....
40. Receivables for securities (Line 9).....	.....	.....	.....	.....	.....
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 2016	2 2015	3 2014	4 2013	5 2012
<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).....	40,653,682	47,303,783	31,011,488	8,426,687	5,436,805
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.....	40,653,682	47,303,783	31,011,488	8,426,687	5,436,805
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).....	52,480,565	49,566,003	53,880,597	60,279,399	62,285,992
53. Total admitted assets (Page 2, Line 28, Col. 3).....	272,856,422	266,704,142	249,349,234	244,038,600	282,287,095
<b>Investment Data</b>					
54. Net investment income (Exhibit of Net Investment Income).....	6,823,628	6,618,886	6,807,565	6,854,803	19,089,909
55. Realized capital gains (losses) (Page 4, Line 34, Column 1).....				104,783	12,432,689
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	(28,150,101)	(18,707,705)	(18,415,199)	(11,010,118)	(4,584,014)
57. Total of above Lines 54, 55 and 56.....	(21,326,473)	(12,088,819)	(11,607,634)	(4,050,532)	26,938,584
<b>Benefits and Reserve Increase (Page 6)</b>					
58. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15 Col. 1 minus Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11).....	205,022	13,917	142		13,572,933
59. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	187,692,251	186,188,506	156,643,423	170,274,964	121,618,600
60. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	47,624	11,242	16		(141,396,744)
61. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	3,650,126	2,863,966	1,800,816	2,403,146	94,789,421
62. Dividends to policyholders (Line 30, Col 1).....					11,988
<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	24.5	24.8	26.2	(49.1)
64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00.....	4.9	12.0	5.6	6.7	5.3
65. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....	.69.1	.68.3	.65.2	.66.6	.75.0
66. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....	.02	.02			
67. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....	.26.6	.26.5	.26.6	.27.1	.15.3
<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).....	406,438	532,833	900,269	1,346,505	330,312
69. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....	637,455	860,470	922,242	2,225,307	76,209
70. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	44,835,893	41,897,965	46,523,610	78,243,157	32,038,108
71. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	43,334,061	43,148,248	47,625,511	77,837,312	32,476,849
<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).....	(447,277)	(123,392)	(88,702)		5,359,262
74. Ordinary - individual annuities (Col. 4).....					4,379,714
75. Ordinary - supplementary contracts (Col. 5).....					(7,943)
76. Credit life (Col. 6).....					
77. Group life (Col. 7).....					6,414
78. Group annuities (Col. 8).....					2,033
79. A&H - group (Col. 9).....	480,841	599,653	140,199	853,809	(569,048)
80. A&H - credit (Col. 10).....					
81. A&H - other (Col. 11).....	15,545,143	16,045,095	21,155,554	16,413,512	(42,933,766)
82. Aggregate of all other lines of business (Col. 12).....		(52,275)	(1,005,871)	(3,040,377)	(868,577)
83. Total (Col. 1).....	15,578,707	16,469,081	20,201,180	14,226,944	(34,631,911)

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.....			30,305	487,451			18	2,012	5,088
2. Issued during year.....			1,728	17,131					17,131
3. Reinsurance assumed.....									0
4. Revived during year.....			2	883					883
5. Increased during year (net).....									0
6. Subtotals, Lines 2 to 5.....	0	0	1,730	18,014	0	0	0	0	18,014
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	32,035	505,465	0	0	18	2,012	5,088
<b>Deductions during year:</b>									
10. Death.....			1,214	7,346			XXX		7,346
11. Maturity.....			18	.58			XXX		.58
12. Disability.....							XXX		0
13. Expiry.....			318	3,890					3,890
14. Surrender.....			579	10,226					10,226
15. Lapse.....			524	12,896			.7	.59	1,114
16. Conversion.....				.3			XXX	XXX	XXX
17. Decreased (net).....				6,270					6,270
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	2,653	40,689	0	0	.7	.59	1,114
21. In force end of year (Line 9 minus Line 20).....	0	0	29,382	464,776	0	0	11	1,953	3,974
22. Reinsurance ceded end of year.....	XXX		XXX	447,027	XXX		XXX	XXX	3,974
23. Line 21 minus Line 22.....	XXX	0	XXX	17,749	XXX	(b) 0	XXX	XXX	0

**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
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above).....	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
1999. Totals (Lines 1901 through 1903 plus 1998) (Line 19 above).....	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.

**Loyal American Life Insurance Company**  
**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.....			8,223	43,711
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.....			126	628
28. Term policies-other.....			307	70,571
29. Other term insurance-decreasing.....	XXX.....		XXX.....	153
30. Other term insurance.....	XXX.....		XXX.....	18,199
31. Totals (Lines 27 to 30).....	0	0	433	89,551
Reconciliation to Lines 2 and 21:				
32. Term additions.....	XXX.....		XXX.....	
33. Totals, extended term insurance.....	XXX.....	XXX.....	2,121	15,985
34. Totals, whole life and endowment.....	1,728	17,131	26,828	359,241
35. Totals (Lines 31 to 34).....	1,728	17,131	29,382	464,777

## 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.....		17,131		437,975
38. Credit Life (Group and Individual).....				
39. Group.....				3,974
40. Totals (Lines 36 to 39).....	17,131	0	441,949	26,805

## 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.....	1,953	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).....	69,633
--	--------

## 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 actual for spouse, \$1,000 per unit for children

## 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.....			1,529	17,884				
49. Disability Income.....								
50. Extended Benefits.....			XXX.....	XXX.....				
51. Other.....								
52. Total.....	0	(b) 0	1,529	(b) 17,884	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.....				
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.....	5,359	3,613,701			236,191	294,932,807
2. Issued during year.....	6,776	1,173,829			49,025	42,018,638
3. Reinsurance assumed.....	22	9,644				
4. Increased during year (net).....		XXX.....		XXX.....		XXX.....
5. Total (Lines 1 to 4).....	12,157	XXX.....	0	XXX.....	285,216	XXX.....
Deductions during year:						
6. Conversions.....		XXX.....	XXX.....	XXX.....	XXX.....	XXX.....
7. Decreased (net).....	488	XXX.....			33,319	XXX.....
8. Reinsurance ceded.....	6,776	XXX.....		XXX.....	927	XXX.....
9. Totals (Lines 6 to 8).....	7,264	XXX.....	0	XXX.....	34,246	XXX.....
10. In force end of year.....	4,893	(a).....3,055,161	0	(a).....	250,970	(a).....304,325,589

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

	1 Deposit Funds		2 Dividend Accumulations	
	Contracts	Contracts	Contracts	Contracts
1. In force end of prior year.....		19		
2. Issued during year.....				
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....		19		0
Deductions during year:				
6. Decreased (net).....		.8		
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....		.8		0
9. In force end of year.....			11	0
10. Amount of account balance.....	(a).....	1,726	(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	1	Direct Business Only					
		Life Contracts		4	5	6	7	
		2	3	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 through 5	Deposit-Type Contracts	
1. Alabama.....	.AL	552,989	4,195	3,773,018		4,330,202	1,042	
2. Alaska.....	.AK	1,097	12	226,317		227,426		
3. Arizona.....	.AZ	29,800	61	689,154		719,015	2,372	
4. Arkansas.....	.AR	180,396	486	3,888,062		4,068,944	138	
5. California.....	.CA	96,060	889	16,464,232		16,561,181	6,637	
6. Colorado.....	.CO	19,039	73	1,769,528		1,788,640	249	
7. Connecticut.....	.CT	12,506	38	2,094,760		2,107,304		
8. Delaware.....	.DE	22,507	38	48,953		71,498		
9. District of Columbia.....	.DC	8,581	8	134,999		143,588	.85	
10. Florida.....	.FL	576,456	(19,666)	2,238,541		2,795,331	2,060	
11. Georgia.....	.GA	304,724	191	2,388,582		2,693,497	2,686	
12. Hawaii.....	.HI	9,479	8	290,839		300,326	1,186	
13. Idaho.....	.ID	3,713	15	1,794,756		1,798,484		
14. Illinois.....	.IL	161,673	419	11,251,263		11,413,355		
15. Indiana.....	.IN	240,129	776	10,362,746		10,603,651	504	
16. Iowa.....	.IA	12,329	40	3,097,749		3,110,118	.257	
17. Kansas.....	.KS	40,549	23	7,333,932		7,374,504	.558	
18. Kentucky.....	.KY	74,250	119	4,525,666		4,600,035	.154	
19. Louisiana.....	.LA	204,384	305	4,849,311		5,054,000	.258	
20. Maine.....	.ME	67,513	517	483,851		551,881		
21. Maryland.....	.MD	73,486	594	285,882		359,962	2,511	
22. Massachusetts.....	.MA	72,054	351	51,412		123,817	.420	
23. Michigan.....	.MI	45,790	1,635	6,078,054		6,125,479	.79	
24. Minnesota.....	.MN	22,415	32,272	1,131,903		1,186,590	.13	
25. Mississippi.....	.MS	246,674	3,974	6,903,935		7,154,583	.202	
26. Missouri.....	.MO	147,717	379	3,697,878		3,845,974		
27. Montana.....	.MT	867	15	1,346,877		1,347,759		
28. Nebraska.....	.NE	23,444	-	2,984,959		3,008,403		
29. Nevada.....	.NV	17,632	-	213,538		231,170	4,734	
30. New Hampshire.....	.NH	12,383	10,165	71,337		93,885		
31. New Jersey.....	.NJ	109,644	4,516	8,846,891		8,961,051	.11	
32. New Mexico.....	.NM	35,514	.119	1,373,531		1,409,164	.339	
33. New York.....	.NY	19,877	133,973	56,508		.210,358	.335	
34. North Carolina.....	.NC	374,702	1,840	5,738,267		6,114,809	17,470	
35. North Dakota.....	.ND	973	-	144,450		145,423		
36. Ohio.....	.OH	168,101	.858	5,223,264		5,392,223	.10	
37. Oklahoma.....	.OK	87,345	.122	2,646,170		2,733,637		
38. Oregon.....	.OR	15,289	.75	3,963,261		3,978,625	.4	
39. Pennsylvania.....	.PA	97,192	6,502	3,493,373		3,597,067	.278	
40. Rhode Island.....	.RI	20,996	(5)	25,590		46,581		
41. South Carolina.....	.SC	297,786	1,748	6,898,643		7,198,177	1,694	
42. South Dakota.....	.SD	12,436	-	1,015,199		1,027,635		
43. Tennessee.....	.TN	358,008	6,372	9,824,860		10,189,240	.456	
44. Texas.....	.TX	416,593	6,290	29,449,130		29,872,013	.4,570	
45. Utah.....	.UT	18,085	15	809,874		827,974	1,005	
46. Vermont.....	.VT	110,738	.520	502,386		613,644		
47. Virginia.....	.VA	175,727	.567	1,102,469		1,278,763	.711	
48. Washington.....	.WA	17,600	8	996,526		1,014,134	.119	
49. West Virginia.....	.WV	124,231	923	1,065,165		1,190,319	.153	
50. Wisconsin.....	.WI	14,243	30	707,536		.721,809	.9	
51. Wyoming.....	.WY	1,640	15	368,024		.369,679	1,034	
52. American Samoa.....	.AS	N	-	-		0		
53. Guam.....	.GU	N	1,043	-		1,043	.240	
54. Puerto Rico.....	.PR	N	11,033	-		11,171	.387	
55. US Virgin Islands.....	.VI	L	8,386	1,141	665	10,192		
56. Northern Mariana Islands.....	.MP	N	-	-	602	.602		
57. Canada.....	.CAN	N	168	-	-	168		
58. Aggregate Other Alien.....	.OT	XXX	165,224	8	0	165,232	0	
59. Subtotal.....		(a) 51	5,943,210	203,569	184,724,556	0	190,871,335	54,970
90. Reporting entity contributions for employee benefit plans.....		XXX					0	
91. Dividends or refunds applied to purchase paid-up additions and annuities.....		XXX					0	
92. Dividends or refunds applied to shorten endowment or premium paying period.....		XXX					0	
93. Premium or annuity considerations waived under disability or other contract provisions.....		XXX	106,296		10,248		.116,544	
94. Aggregate other amounts not allocable by State.....		XXX	0	0	0	0	0	0
95. Totals (Direct Business).....		XXX	6,049,506	203,569	184,734,804	0	190,987,879	54,970
96. Plus reinsurance assumed.....		XXX	23,480		111,010,359		111,033,839	
97. Totals (All Business).....		XXX	6,072,986	203,569	295,745,163	0	302,021,718	54,970
98. Less reinsurance ceded.....		XXX	5,252,476	203,569	17,322,842		22,778,887	
99. Totals (All Business) less reinsurance ceded.....		XXX	820,510	0	(b) 278,422,321	0	279,242,831	54,970

## DETAILS OF WRITE-INS

58001. OT.....	XXX	165,224	8			165,232	
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 through 58003 plus 58998) (Line 58 above).....	XXX	165,224	8	0	0	165,232	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 through 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 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**

#### **PART 1 -- ORGANIZATION 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, 2016:

#### **Cigna CORPORATION**

(A Delaware corporation and ultimate parent company)

Cigna Holdings, Inc.

Cigna Intellectual Property, Inc.

Cigna Investment Group, Inc.

Cigna International Finance Inc.

Former Cigna Investments, Inc.

Cigna Investments, Inc.

Cigna Benefits Financing, Inc.  
(EI # 010947889, DE)

Connecticut General Corporation

Benefit Management Corp.  
(EI # 81-0585518)

\*Allegiance Life & Health Insurance Company  
(EI # 20-4433475, NAIC # 12814, MT)

\*Allegiance Re, Inc.  
(EI # 20-3851464, MT)

Allegiance Benefit Plan Management, Inc.

Allegiance COBRA Services, Inc.

Allegiance Provider Direct, LLC

Community Health Network, LLC

Intermountain Underwriters, Inc.

Star Point, LLC

HealthSpring, Inc.

NewQuest, LLC

NewQuest Management Northeast, LLC

\*Bravo Health Mid-Atlantic, Inc.  
(EI # 52-2259087, NAIC # 10095, MD)

\*Bravo Health Pennsylvania, Inc.  
(EI # 52-2363406, NAIC # 11254, PA)

\*HealthSpring Life & Health Insurance Company  
(EI # 20-8534298, NAIC # 12902, TX)

\*HealthSpring of Alabama, Inc.  
(EI # 63-0925225, NAIC # 95781, AL)

\*HealthSpring of Florida, Inc.  
(EI # 65-1129599, NAIC # 11532, FL)

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

### **PART 1 – ORGANIZATIONAL CHART**

		<u>NewQuest Management of Illinois, LLC</u> <u>NewQuest Management of Florida, LLC</u> <u>HealthSpring Management of America, LLC</u> <u>NewQuest Management of West Virginia, LLC</u> <u>TexQuest, LLC</u> <u>HouQuest, LLC</u> <u>GulfQuest, LP</u> <u>NewQuest Management of Alabama, LLC</u> <u>HealthSpring USA, LLC</u> <u>HealthSpring Management, Inc.</u> <u>HealthSpring of Tennessee, Inc.</u> (EI # 62-1593150, NAIC # 11522, MD) <u>Tennessee Quest, LLC</u> <u>HealthSpring Pharmacy Services, LLC</u> <u>HealthSpring Pharmacy of Tennessee, LLC</u> <u>Home Physicians Management, LLC</u> <u>Alegis Care Services, LLC</u>
51.1		<u>*Cigna Arbor Life Insurance Company</u> (EI # 03-0452349, NAIC # 13733, CT) <u>Cigna Behavioral Health, Inc.</u> <u>Cigna Behavioral Health of California, Inc.</u> (EI# 94-3107309) <u>Cigna Behavioral Health of Texas, Inc.</u> (EI# 75-2751090) <u>MCC Independent Practice Association of New York, Inc.</u> <u>Cigna Dental Health, Inc.</u> <u>Cigna Dental Health of California, Inc.</u> (EI# 59-2600475, CA)
		<u>Cigna Dental Health of Colorado, Inc.</u> (EI# 59-2675861, NAIC # 11175, CO) <u>Cigna Dental Health of Delaware, Inc.</u> (EI# 59-2676987, NAIC # 95380, DE) <u>Cigna Dental Health of Florida, Inc.</u> (EI# 59-1611217, NAIC # 52021, FL) <u>Cigna Dental Health of Illinois, Inc.</u> (EI# 06-1351097, IL) <u>Cigna Dental Health of Kansas, Inc.</u> (EI# 59-2625350, NAIC # 52024, KS) <u>Cigna Dental Health of Kentucky, Inc.</u>

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

### **PART 1 – ORGANIZATIONAL CHART**

	(EI# 59-2619589, NAIC # 52108, KY) <u>Cigna Dental Health of Missouri, Inc.</u> (EI#06-1582068, NAIC # 11160, MO)
	<u>Cigna Dental Health of New Jersey, Inc.</u> (EI# 59-2308062, NAIC # 11167, NJ)
	<u>Cigna Dental Health of North Carolina, Inc.</u> (EI# 56-1803464, NAIC # 95179, NC)
	<u>Cigna Dental Health of Ohio, Inc.</u> (EI# 59-2579774, NAIC # 47805, OH)
	<u>Cigna Dental Health of Pennsylvania, Inc.</u> (EI# 52-1220578, NAIC # 47041, PA)
	<u>Cigna Dental Health of Texas, Inc.</u> (EI# 59-2676977, NAIC # 95037, TX)
	<u>Cigna Dental Health of Virginia, Inc.</u> (EI# 52-2188914, NAIC # 52617, VA)
	<u>Cigna Dental Health Plan of Arizona, Inc.</u> (EI# 86-0807222, NAIC # 47013, AZ)
	<u>Cigna Dental Health of Maryland, Inc.</u> (EI#20-2844020, NAIC #48119, MD)
<b>51.2</b>	<u>Cigna Health Corporation</u>
	<u>Healthsource, Inc.</u>
	<u>Cigna HealthCare of Arizona, Inc.</u> (EI# 86-0334392, NAIC#95125, AZ)
	<u>Cigna HealthCare of California, Inc.</u> (EI# 95-3310115, CA)
	<u>Cigna HealthCare of Colorado, Inc.</u> (EI# 84-1004500, NAIC # 95604, CO)
	<u>Cigna HealthCare of Connecticut, Inc.</u> (EI# 06-1141174, NAIC # 95660, CT)
	<u>Cigna HealthCare of Florida, Inc.</u> (EI# 59-2089259, NAIC # 95136, FL)
	<u>Cigna HealthCare of Illinois, Inc.</u> (EI# 36-3385638, NAIC # 95602, IL)
	<u>Cigna HealthCare of Maine, Inc.</u> (EI# 01-0418220, NAIC # 95447, ME)
	<u>Cigna HealthCare of Massachusetts, Inc.</u> (EI# 02-0402111, NAIC # 95220, MA)
	<u>Cigna HealthCare Mid-Atlantic, Inc.</u> (EI# 52-1404350, NAIC # 95599, MD)
	<u>Cigna HealthCare of New Hampshire, Inc.</u> (EI# 02-0387749, NAIC # 95493, NH)
	<u>Cigna HealthCare of New Jersey, Inc.</u> (EI# 22-2720890, NAIC # 95500, NJ)
	<u>Cigna HealthCare of Pennsylvania, Inc.</u> (EI# 23-2301807, NAIC # 95121, PA)

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

### **PART 1 – ORGANIZATIONAL CHART**

		<u>Cigna HealthCare of St. Louis, Inc.</u> (EI# 36-3359925, NAIC # 95635, MO)
		<u>Cigna HealthCare of Utah, Inc.</u> (EI# 62-1230908, NAIC # 95518, UT)
		<u>Cigna HealthCare of Georgia, Inc.</u> (EI# 58-1641057, NAIC # 96229, GA)
		<u>Cigna HealthCare of Texas, Inc.</u> (EI# 74-2767437, NAIC # 95383, TX)
		<u>Cigna HealthCare of Indiana, Inc.</u> (EI# 35-1679172, NAIC # 95525, IN)
		<u>Cigna HealthCare of Tennessee, Inc.</u> (EI# 62-1218053, NAIC # 95606, TN)
		<u>Cigna HealthCare of North Carolina, Inc.</u> (EI# 56-1479515, NAIC# 95132, NC)
		<u>Cigna HealthCare of South Carolina, Inc.</u> (EI# 06-1185590, NAIC # 95708, SC)
		<u>*Temple Insurance Company Limited</u>
		<u>Arizona Health Plan, Inc.</u>
		<u>Healthsource Properties, Inc.</u>
		<u>Managed Care Consultants, Inc.</u>
		<u>Cigna Benefit Technology Solutions, Inc.</u>
		<u>Sagamore Health Network, Inc.</u>
		<u>Cigna Healthcare Holdings, Inc.</u> (EI# 84-0985843)
		<u>Great-West Healthcare of Illinois, Inc.</u> (EI# 93-1174749, NAIC 95388, IL)
		<u>Cigna Healthcare, Inc.</u>
		<u>*Cigna Life Insurance Company of New York</u> (EI# 13-2556568, NAIC # 64548, NY)
		<u>*Connecticut General Life Insurance Company</u> (EI# 06-0303370, NAIC # 62308, CT)
		<u>CG Mystic Center LLC</u>
		<u>Station Landing LLC</u>
		<u>CG Mystic Land LLC</u>
		<u>CG Skyline, LLC</u>
		<u>Skyline ND/CG LLC</u>
		<u>Skyline Mezzanine Borrower, LLC</u>
		<u>Skyline at Station Landing, LLC</u>
		<u>Careallies, LLC</u>
		<u>CG Bayport LLC</u>
		<u>Bayport Colony Apartments LLC</u>

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

### **PART 1 – ORGANIZATIONAL CHART**

Cigna Onsite Health, LLC  
Gillette Ridge Community Council, Inc.  
Gillette Ridge Golf LLC  
Hazard Center Investment Company LLC  
  
Tel-Drug of Pennsylvania, LLC  
  
GRG Acquisitions LLC  
Cigna Affiliates Realty Investment Group, LLC  
(EI# 27-5402196, DE)  
    |  
    CR Longwood Investors, LP  
    |  
    ND/CR Longwood LLC  
    |  
    ARE/ND/CR Longwood LLC  
Secon Properties, LP  
Transwestern Federal Holdings, L.L.C.  
    |  
    Transwestern Federal, L.L.C.  
Market Street Residential Holdings LLC  
    |  
    Arborpoint at Market Street LLC  
Diamondview Tower CM-CG LLC  
CR Washington Street Investors LP  
Dulles Town Center Mall, LLC  
  
ND/CR Unicorn LLC  
Union Wharf Apartments LLC  
AMD Apartments Limited Partnership  
SP Newport Crossing LLC  
PUR Arbors Apartments Venture LLC  
CG Seventh Street, LLC  
Ideal Properties II LLC  
Alessandro Partners, LLC  
Mallory Square Partners I, LLC  
Houston Briar Forest Apartments Limited Partnership  
Newtown Partners II, LP  
Newtown Square GP LLC  
AFA Apartments Limited Partnership  
SB-SNH LLC  
    |  
    680 Investors LLC

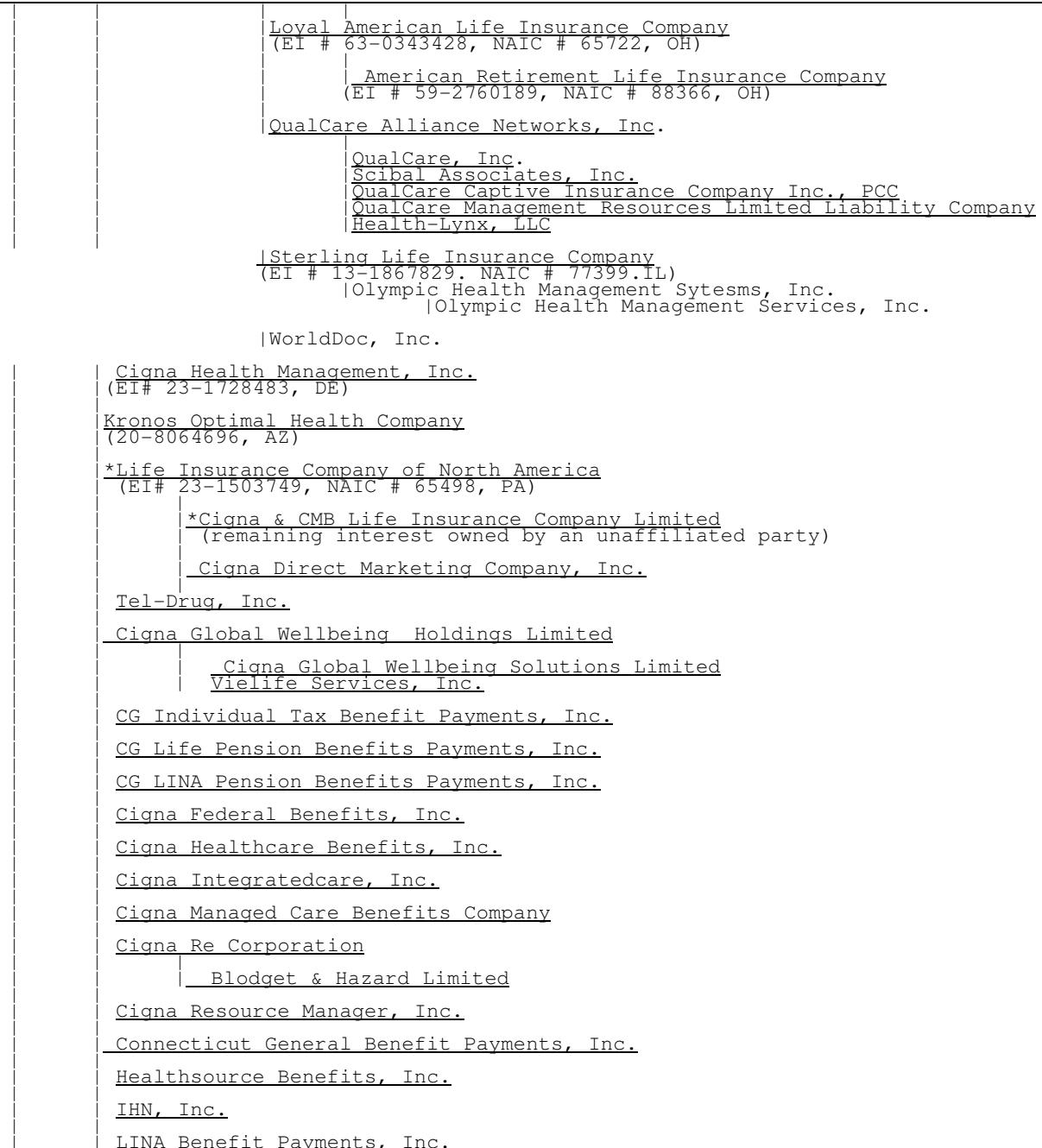
## **SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

### **PART 1 – ORGANIZATIONAL CHART**

		<u>685 New Hampshire LLC</u> <u>CGGL 18301 LLC</u>  <u>222 Main Street Caring GP LLC</u> <u>222 Main Street Investors LP</u> <u>Notch 8 Residential, L.L.C.</u> <u>UVL, LLC</u> <u>3601 North Fairfax Drive Associates, LLC</u>
		CI Perris 151, LLC Lakehills CM - CG LLC Affiliated Hotel Subsidiary LLC CGGL 6280 LLC Berewick Apartments LLC CIG-LEI Ygnacio Associates LLC CGGL Orange Collection LLC  CGGL Chapman LLC  CGGL City Parkway LLC Heights at Bear Creek Venture LLC
	<u>CORAC LLC</u>	<u>Bridgepoint Office Park Associates, LLC</u> (EI# 27-3923999, DE) <u>Fairway Center Associates, LLC</u> (EI# 27-3126102, DE) <u>Henry on the Park Associates, LLC</u> (EI 27-3582688, DE)
		<u>*Cigna Health and Life Insurance Company</u> (EI # 59-1031071, NAIC # 67369, CT)    <u>CarePlexus, LLC</u> (EI# 45-2681649; DE) <u>Cigna Corporate Services, LLC</u> (EI 27-3396038, DE) <u>Cigna Insurance Agency, LLC</u> (EI # 27-1903785, CT) <u>Ceres Sales of Ohio, LLC</u> (EI # 34-1970892, OH) <u>Central Reserve Life Insurance Company</u> (EI # 34-0970995, NAIC # 61727, OH)   <u>Provident American Life &amp; Health Insurance Company</u> (EI # 23-1335885, NAIC # 67903, OH)   <u>United Benefit Life Insurance Company</u> (EI # 75-2305400, NAIC # 65269, OH)

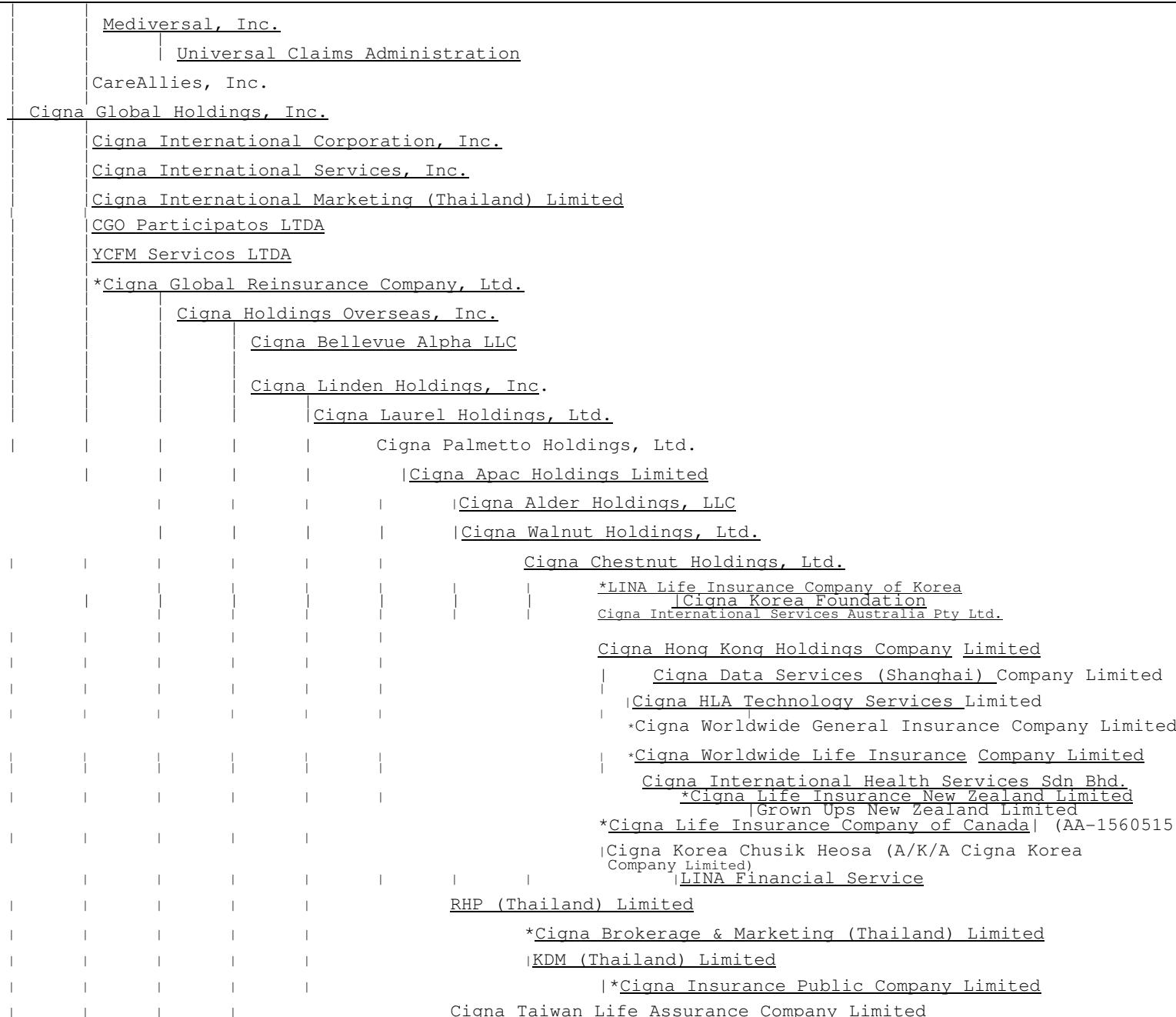
## **SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

### **PART 1 – ORGANIZATIONAL CHART**



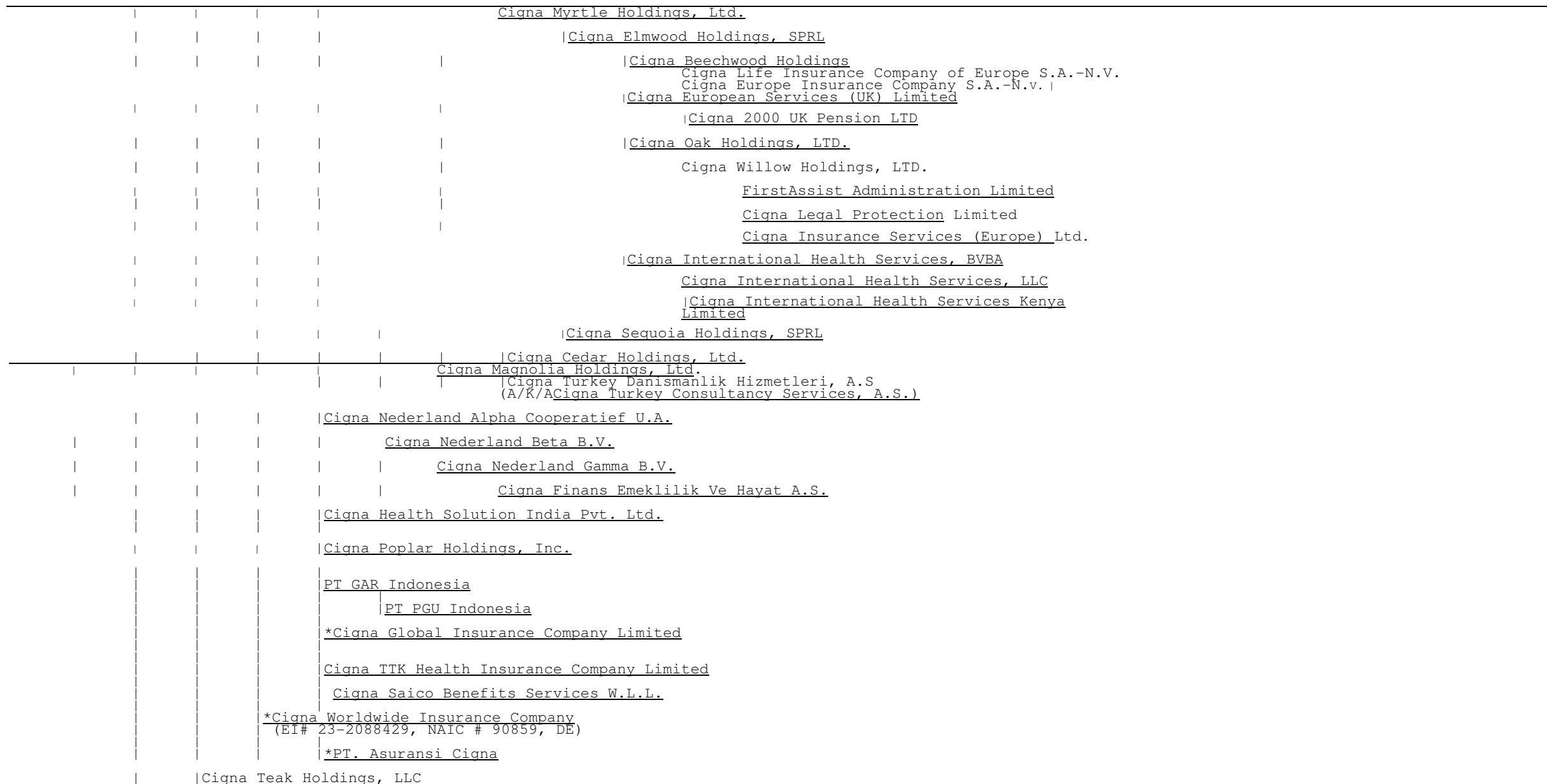
## **SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

### **PART 1 – ORGANIZATIONAL CHART**



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

### **PART 1 – ORGANIZATIONAL CHART**



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