



# ANNUAL STATEMENT

For the Year Ended December 31, 2016  
of the Condition and Affairs of the

## American Retirement Life Insurance Company

NAIC Group Code.....0901, 0901  
(Current Period) (Prior Period)

NAIC Company Code..... 88366

Employer's ID Number..... 59-2760189

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

Incorporated/Organized..... May 12, 1978

Commenced Business..... November 27, 1978

Statutory Home Office

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

Main Administrative Office

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

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

Mail Address

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

Primary Location of Books and Records

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

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

Internet Web Site Address

CignaSupplementalBenefits.com

Statutory Statement Contact

Renee Wilkins Feldman  
(Name)  
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(E-Mail Address)

(512) 531-1465  
(Area Code) (Telephone Number) (Extension)  
512-467-1399  
(Fax Number)

### 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  
Mark Fleming  
Stephen Burnett Jones #  
Eric Paul Palmer  
Man-Kit Simon Tang

Executive Vice President and Chief  
Financial Officer  
Vice President and Assistant Treasurer  
Vice President  
Vice President  
Vice President and Chief Actuary

David Lawrence Chambers  
Joanne Ruth Hart  
Scott Ronald Lambert  
Maureen Hardiman Ryan

Vice President-Sales and Marketing  
Vice President and Assistant Treasurer  
Vice President and Assistant Treasurer  
Vice President and Assistant Treasurer

### OTHER

Brian Case Evanko  
Frank Sataline Jr.

Jessica Kierulf Tutwiler

James Yablecki

Eric Paul Palmer

### DIRECTORS OR TRUSTEES

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<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) | 4<br>Net<br>Admitted Assets |
| 1. Bonds (Schedule D).....  | 72,237,302   |                            | 72,237,302                                   | 62,282,433                  |
| 2. Stocks (Schedule D):   |              |                            |  |                             |
| 2.1 Preferred stocks.....   |              |                            | 0  |                             |
| 2.2 Common stocks.....  |              |                            | 0  |                             |
| 3. Mortgage loans on real estate (Schedule B):  |              |                            |  |                             |
| 3.1 First liens.....  |              |                            | 0  |                             |
| 3.2 Other than first liens.....   |              |                            | 0  |                             |
| 4. Real estate (Schedule A):  |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$.....0<br>encumbrances).....   |              |                            | 0  |                             |
| 4.2 Properties held for the production of income (less \$.....0<br>encumbrances).....   |              |                            | 0  |                             |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....  |              |                            | 0  |                             |
| 5. Cash (\$....(9,662,862), Schedule E-Part 1), cash equivalents (\$.....0,<br>Schedule E-Part 2) and short-term investments (\$....12,398,519, Schedule DA)..... | 2,735,657    |                            | 2,735,657                                    | 14,285,265                  |
| 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).....  | 74,972,959   | 0                          | 74,972,959                                   | 76,567,698                  |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....   |              |                            | 0  |                             |
| 14. Investment income due and accrued.....  | 607,678      |                            | 607,678                                      | 486,580                     |
| 15. Premiums and considerations:  |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   | 698,669      | 12,695                     | 685,974                                      | 270,132                     |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due (including \$.....0 earned but unbilled premiums).....           |              |                            | 0  |                             |
| 15.3 Accrued retrospective premiums (\$.....0) and contracts subject to<br>redetermination (\$.....0).....  |              |                            | 0  |                             |
| 16. Reinsurance:  |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers.....   | 60,948       |                            | 60,948                                       | 89,755                      |
| 16.2 Funds held by or deposited with reinsured companies.....   |              |                            | 0  |                             |
| 16.3 Other amounts receivable under reinsurance contracts.....  |              |                            | 0  |                             |
| 17. Amounts receivable relating to uninsured plans.....   |              |                            | 0  |                             |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   |              |                            | 0  |                             |
| 18.2 Net deferred tax asset.....  |              |                            | 0  |                             |
| 19. Guaranty funds receivable or on deposit.....  | 129,999      |                            | 129,999                                      | 22,977                      |
| 20. Electronic data processing equipment and software.....  |              |                            | 0  |                             |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....  |              |                            | 0  |                             |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |              |                            | 0  |                             |
| 23. Receivables from parent, subsidiaries and affiliates.....   | 434,019      |                            | 434,019                                      | 214                         |
| 24. Health care (\$.....0) and other amounts receivable.....  | 5,381,045    | 5,381,045                  | 0  |                             |
| 25. Aggregate write-ins for other-than-invested assets.....   | 62,816       | 62,816                     | 0  | 0                           |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 to 25).....  | 82,348,133   | 5,456,556                  | 76,891,577                                   | 77,437,356                  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |              |                            | 0  |                             |
| 28. TOTAL (Lines 26 and 27).....  | 82,348,133   | 5,456,556                  | 76,891,577                                   | 77,437,356                  |

**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. Premium Tax Refund Due.....  | 31,202 | 31,202 | 0 |   |
| 2502. Suspense.....  | 31,614 | 31,614 | 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).....    | 62,816 | 62,816 | 0 | 0 |

**American Retirement Life Insurance Company**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Aggregate reserve for life contracts \$.....152,031 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....   | 152,031           | 63,674          |
| 2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....  | 6,302,771         | 4,732,079       |
| 3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....  |                   |                 |
| 4. Contract claims:   |                   |                 |
| 4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....  | 9,505             | 37,214          |
| 4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....   | 23,554,493        | 18,279,492      |
| 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 \$.....1,827,623 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14)..... | 1,827,623         | 1,882,447       |
| 9. Contract liabilities not included elsewhere:   |                   |                 |
| 9.1 Surrender values on canceled contracts.....   |                   |                 |
| 9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....                      |                   |                 |
| 9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded.....  |                   |                 |
| 9.4 Interest Maintenance Reserve (IMR, Line 6).....   | 21,940            |                 |
| 10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....  | 39,685            | 15,564          |
| 11. Commissions and expense allowances payable on reinsurance assumed.....  |                   |                 |
| 12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....   | 751,817           | 1,633,530       |
| 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).....  | 1,349,963         | 1,125,206       |
| 15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....   | 646,604           | 712,987         |
| 15.2 Net deferred tax liability.....  |                   |                 |
| 16. Unearned investment income.....   |                   |                 |
| 17. Amounts withheld or retained by company as agent or trustee.....  | 125               |                 |
| 18. Amounts held for agents' account, including \$.....0 agents' credit balances.....   |                   |                 |
| 19. Remittances and items not allocated.....  | 484,168           | 356,098         |
| 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).....  | 327,981           | 215,972         |
| 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.....   | 426,531           | 879,755         |
| 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.....  | 342,511           | 199,555         |
| 26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....   | 36,237,748        | 30,133,573      |
| 27. From Separate Accounts Statement.....   |                   |                 |
| 28. Total liabilities (Line 26 and 27).....   | 36,237,748        | 30,133,573      |
| 29. Common capital stock.....   | 2,500,000         | 2,500,000       |
| 30. Preferred capital stock.....  | 0                 | 0               |
| 31. Aggregate write-ins for other-than-special surplus funds.....   | 0                 | 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).....   | 114,231,601       | 92,731,601      |
| 34. Aggregate write-ins for special surplus funds.....  | 0                 | 0               |
| 35. Unassigned funds (surplus).....   | (76,077,772)      | (47,927,818)    |
| 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).....  | 38,153,829        | 44,803,783      |
| 38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....  | 40,653,829        | 47,303,783      |
| 39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....  | 76,891,577        | 77,437,356      |

## DETAILS OF WRITE-INS

|  |         |         |
|--|---------|---------|
| 2501. Escheat Liability.....   | 342,511 | 199,555 |
| 2502. .....  |         |         |
| 2503. .....  |         |         |
| 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).....    | 342,511 | 199,555 |
| 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       |

Annual Statement for the year 2016 of the **American Retirement Life Insurance Company**  
**SUMMARY OF OPERATIONS**

|   | 1<br>Current Year | 2<br>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)  | 255,500,292       | 192,232,815     |
| 2. Considerations for supplementary contracts with life contingencies.....  | 2,543,942         | 2,067,781       |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17).....   | 918               | (920)           |
| 4. Amortization of Interest Maintenance Reserve (IMR) (Line 5).....   | 23,356            | 25,947          |
| 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).....  | .....             | .....           |
| 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.....   | 429,373           | 543,541         |
| 9. Totals (Lines 1 to 8.3).....   | 258,497,881       | 194,869,164     |
| 10. Death benefits.....   | 34,446            | 66,337          |
| 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.....   | 202,571,549       | 148,585,274     |
| 14. Coupons, guaranteed annual pure endowments and similar benefits.....  | .....             | .....           |
| 15. Surrender benefits and withdrawals for life contracts.....  | 2,367             | 4,181           |
| 16. Group conversions.....  | .....             | .....           |
| 17. Interest and adjustments on contract or deposit-type contract funds.....  | .....             | .....           |
| 18. Payments on supplementary contracts with life contingencies.....  | .....             | .....           |
| 19. Increase in aggregate reserves for life and accident and health contracts.....  | 1,659,049         | 997,181         |
| 20. Totals (Lines 10 to 19).....  | 204,267,411       | 149,652,973     |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....  | 43,901,143        | 37,286,767      |
| 22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....   | .....             | .....           |
| 23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4).....   | 35,567,280        | 29,871,128      |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....  | 6,508,969         | 4,988,548       |
| 25. Increase in loading on deferred and uncollected premiums.....   | 175,153           | 30,619          |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance.....  | .....             | .....           |
| 27. Aggregate write-ins for deductions.....   | 2,343             | 8,217           |
| 28. Totals (Lines 20 to 27).....  | 290,422,299       | 221,838,252     |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....   | (31,924,418)      | (26,969,088)    |
| 30. Dividends to policyholders.....   | .....             | .....           |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....  | (31,924,418)      | (26,969,088)    |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains).....   | (5,476,482)       | (4,862,014)     |
| 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).....                           | (26,447,936)      | (22,107,074)    |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....0 (excluding taxes of \$.....18,085 transferred to the IMR)..... | .....             | .....           |
| 35. Net income (Line 33 plus Line 34).....  | (26,447,936)      | (22,107,074)    |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                   |                 |
| 36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....   | 47,303,783        | 31,011,345      |
| 37. Net income (Line 35).....   | (26,447,936)      | (22,107,074)    |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....   | .....             | .....           |
| 39. Change in net unrealized foreign exchange capital gain (loss) .....   | .....             | .....           |
| 40. Change in net deferred income tax.....  | .....             | .....           |
| 41. Change in nonadmitted assets.....   | (1,590,009)       | 3,516,123       |
| 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 .....   | (112,009)         | (116,611)       |
| 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.....   | 21,500,000        | 35,000,000      |
| 51.2 Transferred to capital (Stock Dividend).....   | .....             | .....           |
| 51.3 Transferred from capital.....  | .....             | .....           |
| 51.4 Change in surplus as a result of reinsurance.....  | .....             | .....           |
| 52. Dividends to stockholders.....  | .....             | .....           |
| 53. Aggregate write-ins for gains and losses in surplus.....  | 0                 | 0               |
| 54. Net change in capital and surplus for the year (Lines 37 through 53).....   | (6,649,954)       | 16,292,438      |
| 55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....   | 40,653,829        | 47,303,783      |

**DETAILS OF WRITE-INS**

|  |          |         |
|--|----------|---------|
| 08.301. Interest on Agent Balance.....   | .427,717 | 540,974 |
| 08.302. Other Income.....  | 1,656    | 2,567   |
| 08.303. .....  | .....    | .....   |
| 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)..... | 429,373  | 543,541 |
| 2701. Penalties.....   | 2,343    | 8,217   |
| 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).....          | 2,343    | 8,217   |
| 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       |

**CASH FLOW**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>CASH FROM OPERATIONS</b>  |                   |                 |
| 1. Premiums collected net of reinsurance.....  | 254,847,412       | 192,495,955     |
| 2. Net investment income.....  | 2,396,287         | 2,022,869       |
| 3. Miscellaneous income.....   | 452,729           | 569,488         |
| 4. Total (Lines 1 through 3).....  | 257,696,428       | 195,088,312     |
| 5. Benefit and loss related payments.....  | 197,332,263       | 144,738,869     |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 87,606,621        | 72,060,027      |
| 8. Dividends paid to policyholders.....  |                   |                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....        | (5,392,014)       | (4,623,366)     |
| 10. Total (Lines 5 through 9).....   | 279,546,870       | 212,175,530     |
| 11. Net cash from operations (Line 4 minus Line 10).....   | (21,850,442)      | (17,087,218)    |
| <b>CASH FROM INVESTMENTS</b>   |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:   |                   |                 |
| 12.1 Bonds.....  |                   | 6,398,027       |
| 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).....   | 0                 | 6,398,027       |
| 13. Cost of investments acquired (long-term only):   |                   |                 |
| 13.1 Bonds.....  | 9,876,645         | 12,954,783      |
| 13.2 Stocks.....   |                   |                 |
| 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).....  | 9,876,645         | 12,954,783      |
| 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).....                                  | (9,876,645)       | (6,556,756)     |
| <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.....   | 21,500,000        | 35,000,000      |
| 16.3 Borrowed funds.....   |                   | (194)           |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                               |                   |                 |
| 16.5 Dividends to stockholders.....  |                   |                 |
| 16.6 Other cash provided (applied).....  | (1,322,521)       | 3,776,622       |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | 20,177,479        | 38,776,428      |
| <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).....       | (11,549,608)      | 15,132,454      |
| 19. Cash, cash equivalents and short-term investments:   |                   |                 |
| 19.1 Beginning of year.....  | 14,285,265        | (847,189)       |
| 19.2 End of year (Line 18 plus Line 19.1).....   | 2,735,657         | 14,285,265      |

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..... | 1,048,580 |  |
|--|-----------|--|

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

|   | 1<br>Total   | 2<br>Industrial<br>Life | Ordinary               |                              |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group                     |                | Accident and Health |  |              | 12<br>Aggregate of<br>All Other Lines<br>of Business |
|---|--------------|-------------------------|------------------------|------------------------------|---------------------------------|---|---------------------------|----------------|---------------------|--|--------------|--|
|   |              |                         | 3<br>Life<br>Insurance | 4<br>Individual<br>Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life<br>Insurance(a) | 8<br>Annuities | 9<br>Group          | 10<br>Credit (Group<br>and Individual) | 11<br>Other  |  |
| 1. Premiums and annuity considerations for life and accident and health contracts.....  | 255,500,292  |                         | 261,230                |                              |                                 |   |                           |                |                     |  | 255,239,062  |  |
| 2. Considerations for supplementary contracts with life contingencies.....  | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 3. Net investment income.....   | 2,543,942    |                         | 4,142                  |                              |                                 |   |                           |                |                     |  | 2,539,800    |  |
| 4. Amortization of Interest Maintenance Reserve (IMR).....  | 918          |                         |                        |                              |                                 |   |                           |                |                     |  | 918          |  |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses.....   | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 6. Commissions and expense allowances on reinsurance ceded.....   | 23,356       |                         |                        | 23,356                       |                                 |   |                           |                |                     |  |              |  |
| 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.....   | 429,373      | 0                       | 0                      | 0                            | 0                               | 0   | 0                         | 0              | 0                   | 0                                      | 429,373      | 0  |
| 9. Totals (Lines 1 to 8.3).....   | 258,497,881  | 0                       | 265,372                | 23,356                       | 0                               | 0   | 0                         | 0              | 0                   | 0                                      | 258,209,153  | 0  |
| 10. Death benefits.....   | 34,446       |                         | 34,446                 |                              |                                 |   |                           |                |                     |  |              |  |
| 11. Matured endowments (excluding guaranteed annual pure endowments).....   | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 12. Annuity benefits.....   | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 13. Disability benefits and benefits under accident and health contracts.....   | 202,571,549  |                         |                        |                              |                                 |   |                           |                |                     |  | 202,571,549  |  |
| 14. Coupons, guaranteed annual pure endowments and similar benefits.....  | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 15. Surrender benefits and withdrawals for life contracts.....  | 2,367        |                         | 2,367                  |                              |                                 |   |                           |                |                     |  |              |  |
| 16. Group conversions.....  | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 17. Interest and adjustments on contract or deposit-type contract funds.....  | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 18. Payments on supplementary contracts with life contingencies.....  | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 19. Increase in aggregate reserves for life and accident and health contracts.....  | 1,659,049    |                         | 88,357                 |                              |                                 |   |                           |                |                     |  | 1,570,692    |  |
| 20. Totals (Lines 10 to 19).....  | 204,267,411  | 0                       | 125,170                | 0                            | 0                               | 0   | 0                         | 0              | 0                   | 0                                      | 204,142,241  | 0  |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....   | 43,901,143   |                         | 59,253                 |                              |                                 |   |                           |                |                     |  | 43,841,890   |  |
| 22. Commissions and expense allowances on reinsurance assumed.....  | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 23. General insurance expenses.....   | 35,567,280   |                         | 33,137                 |                              |                                 |   |                           |                |                     |  | 35,534,143   |  |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes.....   | 6,508,969    |                         | 7,199                  |                              |                                 |   |                           |                |                     |  | 6,501,770    |  |
| 25. Increase in loading on deferred and uncollected premiums.....   | 175,153      |                         | (511)                  |                              |                                 |   |                           |                |                     |  | 175,664      |  |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance.....  | 0            |                         |                        |                              |                                 |   |                           |                |                     |  |              |  |
| 27. Aggregate write-ins for deductions.....   | 2,343        | 0                       | 2                      | 0                            | 0                               | 0   | 0                         | 0              | 0                   | 0                                      | 2,341        | 0  |
| 28. Totals (Lines 20 to 27).....  | 290,422,299  | 0                       | 224,250                | 0                            | 0                               | 0   | 0                         | 0              | 0                   | 0                                      | 290,198,049  | 0  |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....   | (31,924,418) | 0                       | 41,122                 | 23,356                       | 0                               | 0   | 0                         | 0              | 0                   | 0                                      | (31,988,896) | 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).....  | (31,924,418) | 0                       | 41,122                 | 23,356                       | 0                               | 0   | 0                         | 0              | 0                   | 0                                      | (31,988,896) | 0  |
| 32. Federal income taxes incurred (excluding tax on capital gains).....   | (5,476,482)  |                         | 6,856                  | 4,007                        |                                 |   |                           |                |                     |  | (5,487,345)  |  |
| 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)..... | (26,447,936) | 0                       | 34,266                 | 19,349                       | 0                               | 0   | 0                         | 0              | 0                   | 0                                      | (26,501,551) | 0  |

**DETAILS OF WRITE-INS**

|   |         |   |   |   |   |   |   |   |   |   |         |   |
|---|---------|---|---|---|---|---|---|---|---|---|---------|---|
| 08.301. Interest on Agent Balance.....  | 427,717 |   |   |   |   |   |   |   |   |   | 427,717 |   |
| 08.302. Other Income.....   | 1,656   |   |   |   |   |   |   |   |   |   | 1,656   |   |
| 08.303.....   | 0       |   |   |   |   |   |   |   |   |   |         |   |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....   | 0       | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0       | 0 |
| 08.399. Total (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)..... | 429,373 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 429,373 | 0 |
| 2701. Penalties.....  | 2,343   |   | 2 |   |   |   |   |   |   |   | 2,341   |   |
| 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).....          | 2,343   | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,341   | 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<br>Total | 2<br>Industrial<br>Life | Ordinary            |                           |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group               |                |  |  |  |
|--|------------|-------------------------|---------------------|---------------------------|---------------------------------|---|---------------------|----------------|--|--|--|
|  |            |                         | 3<br>Life Insurance | 4<br>Individual Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life Insurance | 8<br>Annuities |  |  |  |
| <b>Involving Life or Disability Contingencies (Reserves)</b>                                   |            |                         |                     |                           |                                 |   |                     |                |  |  |  |
| (Net of Reinsurance Ceded)   |            |                         |                     |                           |                                 |   |                     |                |  |  |  |
| 1. Reserve December 31, prior year.....  | 63,675     |                         |                     | 63,675                    |                                 |   |                     |                |  |  |  |
| 2. Tabular net premiums or considerations.....   | 158,674    |                         |                     | 158,674                   |                                 |   |                     |                |  |  |  |
| 3. Present value of disability claims incurred.....  | 0          |                         |                     |                           |                                 | XXX.....                                      |                     |                |  |  |  |
| 4. Tabular interest.....   | 4,914      |                         |                     | 4,914                     |                                 |   |                     |                |  |  |  |
| 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).....  | 227,263    | 0                       | 227,263             | 0                         | 0                               | 0   | 0                   | 0              |  |  |  |
| 9. Tabular cost.....   | 69,306     |                         | 69,306              |                           |                                 | XXX.....                                      |                     |                |  |  |  |
| 10. Reserves released by death.....  | 700        |                         | 700                 | XXX.....                  | XXX.....                        |   |                     | XXX.....       |  |  |  |
| 11. Reserves released by other terminations (net).....   | 5,226      |                         | 5,226               |                           |                                 |   |                     |                |  |  |  |
| 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).....  | 75,232     | 0                       | 75,232              | 0                         | 0                               | 0   | 0                   | 0              |  |  |  |
| 15. Reserve December 31, current year.....   | 152,031    | 0                       | 152,031             | 0                         | 0                               | 0   | 0                   | 0              |  |  |  |

**EXHIBIT OF NET INVESTMENT INCOME**

|  | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|--|-------------------------------|----------------------------|
| 1. U.S. government bonds.....  | (a).....64,558                | .....64,624                |
| 1.1 Bonds exempt from U.S. tax.....  | (a).....                      | .....                      |
| 1.2 Other bonds (unaffiliated).....  | (a).....2,369,846             | .....2,490,878             |
| 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).....63,909                | .....63,909                |
| 7. Derivative instruments.....   | (f).....                      | .....                      |
| 8. Other invested assets.....  | .....                         | .....                      |
| 9. Aggregate write-ins for investment income.....                            | 0                             | 0                          |
| 10. Total gross investment income.....                                       | 2,498,313                     | .....2,619,411             |
| 11. Investment expenses.....   | .....                         | (g).....75,469             |
| 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).....                              | .....                         | .....75,469                |
| 17. Net investment income (Line 10 minus Line 16).....                       | .....                         | .....2,543,942             |

**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 \$....35,088 accrual of discount less \$....8,531 amortization of premium and less \$....47,818 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<br>Realized<br>Gain (Loss)<br>on Sales<br>or Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in<br>Unrealized<br>Capital Gain (Loss) | 5<br>Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. government bonds.....                             | .....   | .....                                 | 0   | .....   | .....   |
| 1.1 Bonds exempt from U.S. tax.....                       | .....   | .....                                 | 0   | .....   | .....   |
| 1.2 Other bonds (unaffiliated).....                       | 51,667  | .....                                 | 51,667  | .....   | .....   |
| 1.3 Bonds of affiliates.....                              | .....   | .....                                 | 0   | .....   | .....   |
| 2.1 Preferred stocks (unaffiliated).....                  | .....   | .....                                 | 0   | .....   | .....   |
| 2.11 Preferred stocks of affiliates.....                  | .....   | .....                                 | 0   | .....   | .....   |
| 2.2 Common stocks (unaffiliated).....                     | .....   | .....                                 | 0   | .....   | .....   |
| 2.21 Common stocks of affiliates.....                     | .....   | .....                                 | 0   | .....   | .....   |
| 3. Mortgage loans.....                                    | .....   | .....                                 | 0   | .....   | .....   |
| 4. Real estate.....                                       | .....   | .....                                 | 0   | .....   | .....   |
| 5. Contract loans.....                                    | .....   | .....                                 | 0   | .....   | .....   |
| 6. Cash, cash equivalents and short-term investments..... | .....   | .....                                 | 0   | .....   | .....   |
| 7. Derivative instruments.....                            | .....   | .....                                 | 0   | .....   | .....   |
| 8. Other invested assets.....                             | .....   | .....                                 | 0   | .....   | .....   |
| 9. Aggregate write-ins for capital gains (losses).....    | 0   | 0                                     | 0   | 0   | 0   |
| 10. Total capital gains (losses).....                     | 51,667  | 0                                     | 51,667  | 0   | 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<br>Total  | 2<br>Industrial<br>Life | Ordinary            |                              | 5<br>Credit Life<br>(Group and<br>Individual) | Group               |                | Accident and Health |                                     |             | 11<br>Aggregate of<br>All Other Lines<br>of Business |
|--|-------------|-------------------------|---------------------|------------------------------|---|---------------------|----------------|---------------------|-------------------------------------|-------------|--|
|  |             |                         | 3<br>Life Insurance | 4<br>Individual<br>Annuities |   | 6<br>Life Insurance | 7<br>Annuities | 8<br>Group          | 9<br>Credit<br>(Group & Individual) | 10<br>Other |  |
| <b>FIRST YEAR (other than single)</b>                              |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 1. Uncollected.....  | 305,375     |                         |                     | 1,570                        |   |                     |                |                     |                                     |             | 303,805  |
| 2. Deferred and accrued.....                                       | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 3. Deferred, accrued and uncollected:                              |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 3.1 Direct.....  | 305,375     |                         |                     | 1,570                        |   |                     |                |                     |                                     |             | 303,805  |
| 3.2 Reinsurance assumed.....                                       | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 3.3 Reinsurance ceded.....   | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 3.4 Net (Line 1 + Line 2).....                                     | 305,375     |                         | 0                   | 1,570                        | 0   | 0                   | 0              | 0                   | 0                                   |             | 303,805  |
| 4. Advance.....  | 599,137     |                         |                     |                              |   |                     |                |                     |                                     |             | 599,137  |
| 5. Line 3.4 - Line 4.....  | (293,762)   |                         | 0                   | 1,570                        | 0   | 0                   | 0              | 0                   | 0                                   |             | (295,332)  |
| 6. Collected during year:  |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 6.1 Direct.....  | 76,461,029  |                         |                     | 30,993                       |   |                     |                |                     |                                     |             | 76,430,036   |
| 6.2 Reinsurance assumed.....                                       | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 6.3 Reinsurance ceded.....   | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 6.4 Net.....   | 76,461,029  |                         | 0                   | 30,993                       | 0   | 0                   | 0              | 0                   | 0                                   |             | 76,430,036   |
| 7. Line 5 + Line 6.4.....  | 76,167,267  |                         | 0                   | 32,563                       | 0   | 0                   | 0              | 0                   | 0                                   |             | 76,134,704   |
| 8. Prior year (uncollected + deferred and accrued - advance).....  | (683,084)   |                         |                     | 2,453                        |   |                     |                |                     |                                     |             | (685,537)  |
| 9. First year premiums and considerations:                         |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 9.1 Direct.....  | 76,850,351  |                         |                     | 30,110                       |   |                     |                |                     |                                     |             | 76,820,241   |
| 9.2 Reinsurance assumed.....                                       | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 9.3 Reinsurance ceded.....   | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 9.4 Net (Line 7 - Line 8).....                                     | 76,850,351  |                         | 0                   | 30,110                       | 0   | 0                   | 0              | 0                   | 0                                   |             | 76,820,241   |
| <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  |
| <b>RENEWAL</b>   |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 11. Uncollected.....   | 688,257     |                         |                     |                              | (358)   |                     |                |                     |                                     |             | 688,615  |
| 12. Deferred and accrued.....                                      | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 13. Deferred, accrued and uncollected:                             |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 13.1 Direct.....   | 688,615     |                         |                     |                              |   |                     |                |                     |                                     |             | 688,615  |
| 13.2 Reinsurance assumed.....                                      | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 13.3 Reinsurance ceded.....  | 358         |                         |                     |                              | 358   |                     |                |                     |                                     |             |  |
| 13.4 Net (Line 11 + Line 12).....                                  | 688,257     |                         | 0                   | 0                            | (358)   | 0                   | 0              | 0                   | 0                                   |             | 688,615  |
| 14. Advance.....   | 1,228,487   |                         |                     |                              |   |                     |                |                     |                                     |             | 1,228,487  |
| 15. Line 13.4 - Line 14.....                                       | (540,230)   |                         | 0                   | 0                            | (358)   | 0                   | 0              | 0                   | 0                                   |             | (539,872)  |
| 16. Collected during year:   |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 16.1 Direct.....   | 178,401,391 |                         |                     | 231,120                      | 2,635   |                     |                |                     |                                     |             | 178,167,636  |
| 16.2 Reinsurance assumed.....                                      | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 16.3 Reinsurance ceded.....  | 14,864      |                         |                     |                              | 3,640   |                     |                |                     |                                     |             | 11,224   |
| 16.4 Net.....  | 178,386,527 |                         | 0                   | 231,120                      | (1,005)                                       | 0                   | 0              | 0                   | 0                                   |             | 178,156,412  |
| 17. Line 15 + Line 16.4.....                                       | 177,846,297 |                         | 0                   | 231,120                      | (1,363)                                       | 0                   | 0              | 0                   | 0                                   |             | 177,616,540  |
| 18. Prior year (uncollected + deferred and accrued - advance)..... | (803,645)   |                         |                     |                              | (1,363)                                       |                     |                |                     |                                     |             | (802,282)  |
| 19. Renewal premiums and considerations:                           |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 19.1 Direct.....   | 178,663,801 |                         |                     | 231,120                      | 2,635   |                     |                |                     |                                     |             | 178,430,046  |
| 19.2 Reinsurance assumed.....                                      | 0           |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 19.3 Reinsurance ceded.....  | 13,859      |                         |                     |                              | 2,635   |                     |                |                     |                                     |             | 11,224   |
| 19.4 Net (Line 17 - Line 18).....                                  | 178,649,942 |                         | 0                   | 231,120                      | 0   | 0                   | 0              | 0                   | 0                                   |             | 178,418,822  |
| <b>TOTAL</b>   |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 20. Total premiums and annuity considerations:                     |             |                         |                     |                              |   |                     |                |                     |                                     |             |  |
| 20.1 Direct.....   | 255,514,152 |                         | 0                   | 261,230                      | 2,635   | 0                   | 0              | 0                   | 0                                   |             | 255,250,287  |
| 20.2 Reinsurance assumed.....                                      | 0           |                         | 0                   | 0                            | 0   | 0                   | 0              | 0                   | 0                                   |             | 0  |
| 20.3 Reinsurance ceded.....  | 13,859      |                         | 0                   | 0                            | 2,635   | 0                   | 0              | 0                   | 0                                   |             | 11,224   |
| 20.4 Net (Lines 9.4 + 10.4 + 19.4).....                            | 255,500,293 |                         | 0                   | 261,230                      | 0   | 0                   | 0              | 0                   | 0                                   |             | 255,239,063  |

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

|  | 1<br>Total | 2<br>Industrial<br>Life | Ordinary            |                              | 5<br>Credit Life<br>(Group and<br>Individual) | Group               |                | Accident and Health |                                     | 11<br>Aggregate of<br>All Other Lines<br>of Business |
|--|------------|-------------------------|---------------------|------------------------------|---|---------------------|----------------|---------------------|-------------------------------------|--|
|  |            |                         | 3<br>Life Insurance | 4<br>Individual<br>Annuities |   | 6<br>Life Insurance | 7<br>Annuities | 8<br>Group          | 9<br>Credit<br>(Group & Individual) |  |
| <b>DIVIDENDS AND COUPONS APPLIED<br/>(included in Part 1)</b>      |            |                         |                     |                              |   |                     |                |                     |                                     |  |
| 21. To pay renewal premiums.....                                   | .0         |                         |                     |                              |   |                     |                |                     |                                     |  |
| 22. All other.....   | .0         |                         |                     |                              |   |                     |                |                     |                                     |  |
| <b>REINSURANCE COMMISSIONS AND<br/>EXPENSE ALLOWANCES INCURRED</b> |            |                         |                     |                              |   |                     |                |                     |                                     |  |
| 23. First year (other than single):                                |            |                         |                     |                              |   |                     |                |                     |                                     |  |
| 23.1 Reinsurance ceded.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |  |
| 23.2 Reinsurance assumed.....                                      | .0         |                         |                     |                              |   |                     |                |                     |                                     |  |
| 23.3 Net ceded less assumed.....                                   | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0   |
| 24. Single:  |            |                         |                     |                              |   |                     |                |                     |                                     |  |
| 24.1 Reinsurance ceded.....  | 3,721      |                         |                     |                              | 3,721   |                     |                |                     |                                     |  |
| 24.2 Reinsurance assumed.....                                      | .0         |                         |                     |                              |   |                     |                |                     |                                     |  |
| 24.3 Net ceded less assumed.....                                   | 3,721      | .0                      | .0                  | 3,721                        | .0  | .0                  | .0             | .0                  | .0                                  | .0   |
| 25. Renewal:   |            |                         |                     |                              |   |                     |                |                     |                                     |  |
| 25.1 Reinsurance ceded.....  | 19,635     |                         |                     |                              | 19,635  |                     |                |                     |                                     |  |
| 25.2 Reinsurance assumed.....                                      | .0         |                         |                     |                              |   |                     |                |                     |                                     |  |
| 25.3 Net ceded less assumed.....                                   | 19,635     | .0                      | .0                  | 19,635                       | .0  | .0                  | .0             | .0                  | .0                                  | .0   |
| 26. Totals:  |            |                         |                     |                              |   |                     |                |                     |                                     |  |
| 26.1 Reinsurance ceded (Page 6, Line 6).....                       | 23,356     | .0                      | .0                  | 23,356                       | .0  | .0                  | .0             | .0                  | .0                                  | .0   |
| 26.2 Reinsurance assumed (Page 6, Line 22).....                    | .0         | .0                      | .0                  | .0                           | .0  | .0                  | .0             | .0                  | .0                                  | .0   |
| 26.3 Net ceded less assumed.....                                   | 23,356     | .0                      | .0                  | 23,356                       | .0  | .0                  | .0             | .0                  | .0                                  | .0   |
| <b>COMMISSIONS INCURRED<br/>(direct business only)</b>             |            |                         |                     |                              |   |                     |                |                     |                                     |  |
| 27. First year (other than single).....                            | 12,260,768 |                         | 33,259              |                              |   |                     |                |                     |                                     | 12,227,509   |
| 28. Single.....  | .0         |                         |                     |                              |   |                     |                |                     |                                     |  |
| 29. Renewal.....   | 31,640,375 |                         | 25,994              |                              |   |                     |                |                     |                                     | 31,614,381   |
| 30. Deposit-type contract funds.....                               | .0         |                         |                     |                              |   |                     |                |                     |                                     |  |
| 31. Totals (to agree with Page 6, Line 21).....                    | 43,901,143 | .0                      | 59,253              | .0                           | 0   | .0                  | .0             | .0                  | .0                                  | 43,841,890   |

Annual Statement for the year 2016 of the **American Retirement Life Insurance Company**  
**EXHIBIT 2 - GENERAL EXPENSES**

|   | 1<br>Life | Insurance             |                |                                     | 5<br>Investment | 6<br>Total     |  |  |
|---|-----------|-----------------------|----------------|-------------------------------------|-----------------|----------------|--|--|
|   |           | Accident and Health   |                | 4<br>All Other Lines<br>of Business |                 |                |  |  |
|   |           | 2<br>Cost Containment | 3<br>All Other |                                     |                 |                |  |  |
| 1. Rent.....  | 1,013     |                       | 613,149        |                                     |                 | .614,162       |  |  |
| 2. Salaries and wages.....  | 16,896    |                       | 15,637,801     |                                     |                 | 15,654,697     |  |  |
| 3.11 Contributions for benefit plans for employees.....               | 2,254     |                       | 1,875,621      |                                     |                 | 1,877,875      |  |  |
| 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.....                                      | 139       |                       | 134,040        |                                     |                 | 134,179        |  |  |
| 3.32 Other agent welfare.....   |           |                       |                |                                     |                 | 0              |  |  |
| 4.1 Legal fees and expenses.....                                      |           |                       | 191,825        |                                     |                 | 191,825        |  |  |
| 4.2 Medical examination fees.....                                     |           |                       |                |                                     |                 | 0              |  |  |
| 4.3 Inspection report fees.....                                       |           |                       |                |                                     |                 | 0              |  |  |
| 4.4 Fees of public accountants and consulting actuaries.....          | 237       |                       | 81,459         |                                     |                 | .81,696        |  |  |
| 4.5 Expense of investigation and settlement of policy claims.....     |           | 529,822               | 1,415,942      |                                     |                 | 1,945,764      |  |  |
| 5.1 Traveling expenses.....   | 253       |                       | 319,562        |                                     |                 | 319,815        |  |  |
| 5.2 Advertising.....  | 168       |                       | 372,689        |                                     |                 | .372,857       |  |  |
| 5.3 Postage, express, telegraph and telephone.....                    | 484       |                       | 2,787,704      |                                     |                 | 2,788,188      |  |  |
| 5.4 Printing and stationery.....                                      | -         |                       | 363,693        |                                     |                 | 363,693        |  |  |
| 5.5 Cost or depreciation of furniture and equipment.....              | 76        |                       | 37,134         |                                     |                 | .37,210        |  |  |
| 5.6 Rental of equipment.....  | 606       |                       | 425,002        |                                     |                 | 425,608        |  |  |
| 5.7 Cost or depreciation of EDP equipment and software.....           | 516       |                       | 457,840        |                                     |                 | .458,356       |  |  |
| 6.1 Books and periodicals.....  | 21        |                       | 15,770         |                                     |                 | 15,791         |  |  |
| 6.2 Bureau and association fees.....                                  | 3         |                       | 2,301          |                                     |                 | 2,304          |  |  |
| 6.3 Insurance, except on real estate.....                             |           |                       |                |                                     |                 | 0              |  |  |
| 6.4 Miscellaneous losses.....   | 11        |                       | 3,897          |                                     |                 | 3,908          |  |  |
| 6.5 Collection and bank service charges.....                          | 1,423     |                       | 490,091        |                                     |                 | .491,514       |  |  |
| 6.6 Sundry general expenses.....                                      | 8,535     | 398,413               | 5,004,178      |                                     |                 | 5,411,126      |  |  |
| 6.7 Group service and administration fees.....                        |           |                       |                |                                     |                 | 0              |  |  |
| 6.8 Reimbursements by uninsured plans.....                            |           |                       |                |                                     |                 | 0              |  |  |
| 7.1 Agency expense allowance.....                                     |           |                       |                |                                     |                 | 0              |  |  |
| 7.2 Agents' balances charged off (less \$..... 0 recovered).....      |           |                       |                |                                     |                 | 0              |  |  |
| 7.3 Agency conferences other than local meetings.....                 | 144       |                       | 455,906        |                                     |                 | .456,050       |  |  |
| 9.1 Real estate expenses.....   |           |                       |                |                                     |                 | 0              |  |  |
| 9.2 Investment expenses not included elsewhere.....                   |           |                       |                |                                     | 75,469          | .75,469        |  |  |
| 9.3 Aggregate write-ins for expenses.....                             | 358       | 0                     | 3,920,303      | 0                                   | 0               | 3,920,661      |  |  |
| 10. General expenses Incurred.....                                    | 33,137    | 928,235               | 34,605,907     | 0                                   | 75,469          | (a) 35,642,748 |  |  |
| 11. General expenses unpaid December 31, prior year.....              |           | 37,011                | 1,596,519      |                                     |                 | 1,633,530      |  |  |
| 12. General expenses unpaid December 31, current year.....            | 717       | 42,925                | 708,175        |                                     |                 | .751,817       |  |  |
| 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).....     | 32,420    | 922,321               | 35,494,251     | 0                                   | 75,469          | 36,524,461     |  |  |

**DETAILS OF WRITE-INS**

|   |     |   |           |   |   |           |
|---|-----|---|-----------|---|---|-----------|
| 09.301. TPA Service Fees.....   |     |   | 52,012    |   |   | 52,012    |
| 09.302. Outside Sales Expense.....  |     |   | 3,485,296 |   |   | 3,485,296 |
| 09.303. Consulting.....   | 9   |   | 26,797    |   |   | 26,806    |
| 09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....   | 349 | 0 | 356,198   | 0 | 0 | .356,547  |
| 09.399. Totals (Lines 09.301 through 09.303 plus 09.398)(Line 9.3 above)..... | 358 | 0 | 3,920,303 | 0 | 0 | 3,920,661 |

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

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

|  | 1<br>Life | Insurance                   |                                     |   | 4<br>Investment | 5<br>Total |
|--|-----------|-----------------------------|-------------------------------------|---|-----------------|------------|
|  |           | 2<br>Accident<br>and Health | 3<br>All Other Lines<br>of Business |   |                 |            |
| 1. Real estate taxes.....  |           |                             |                                     |   |                 | 0          |
| 2. State insurance department licenses and fees.....                 | 780       | 865,387                     |                                     |   |                 | .866,167   |
| 3. State taxes on premiums.....                                      | 5,579     | 4,883,685                   |                                     |   |                 | 4,889,264  |
| 4. Other state taxes, including \$..... 0 for employee benefits..... |           | 432                         |                                     |   |                 | 432        |
| 5. U.S. Social Security taxes.....                                   | 798       | 737,710                     |                                     |   |                 | .738,508   |
| 6. All other taxes.....  | 42        | 14,556                      |                                     |   |                 | 14,598     |
| 7. Taxes, licenses and fees incurred.....                            | 7,199     | 6,501,770                   | 0                                   | 0 |                 | 6,508,969  |
| 8. Taxes, licenses and fees unpaid December 31, prior year.....      |           | 1,125,206                   |                                     |   |                 | 1,125,206  |
| 9. Taxes, licenses and fees unpaid December 31, current year.....    | 1,493     | 1,348,470                   |                                     |   |                 | 1,349,963  |
| 10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)..... | 5,706     | 6,278,506                   | 0                                   | 0 |                 | 6,284,212  |

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

|  |  | 1<br>Life | 2<br>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 | 0 |
| 0899. Totals (Line 0801 through 0803 plus 0898) (Line 8 above).....     |  | 0 | 0 |

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

| 1<br>Valuation Standard   | 2<br>Total | 3<br>Industrial | 4<br>Ordinary | 5<br>Credit<br>(Group and<br>Individual) | 6<br>Group |
|---|------------|-----------------|---------------|--|------------|
| <b>Life Insurance:</b>  |            |                 |               |  |            |
| 0100001. 80 CSO ALB MALE 5.0 % NET LEVEL                                      | ..481,686  |                 | ..481,686     |  |            |
| 0100002. 80 CSO ALB MALE 5.5 % NET LEVEL                                      | 150,198    |                 | 150,198       |  |            |
| 0100003. 80 CSO ALB MALE 6.0 % NET LEVEL                                      | 783        |                 | 783           |  |            |
| 0100004. 80 CSO ALB FEMALE 4.0 % NET LEVEL                                    | 1,273      |                 | 1,273         |  |            |
| 0100005. 80 CET ALB MALE 5.0 % NET LEVEL                                      | 3,191      |                 | 3,191         |  |            |
| 0100006. 01 CSO ALB FEMALE 3.5% CRVM  | 109,448    |                 | 109,448       |  |            |
| 0100007. 01 CSO ALB MALE 3.5% CRVM  | 42,583     |                 | 42,583        |  |            |
| 0199997. Totals (Gross)   | 789,162    | 0               | 789,162       | 0  | 0          |
| 0199998. Reinsurance ceded  | 637,130    |                 | 637,130       |  |            |
| 0199999. Totals (Net)   | 152,032    | 0               | 152,032       | 0  | 0          |
| <b>Annuities (excluding supplementary contracts with life contingencies):</b> |            |                 |               |  |            |
| 0200001. 5.5% CARVM   | .2,834,536 | XXX             | .2,834,536    | XXX                                      |            |
| 0200002. 5.75% CARVM  | 3,089,792  | XXX             | 3,089,792     | XXX                                      |            |
| 0200003. 6.25% CARVM  | 2,133,565  | XXX             | 2,133,565     | XXX                                      |            |
| 0200004. 6.5% CARVM   | 1,147,584  | XXX             | 1,147,584     | XXX                                      |            |
| 0200005. 6.75% CARVM  | 1,585,592  | XXX             | 1,585,592     | XXX                                      |            |
| 0200006. 7% CARVM   | 244,274    | XXX             | 244,274       | XXX                                      |            |
| 0299997. Totals (Gross)   | 11,035,343 | XXX             | 11,035,343    | XXX                                      | 0          |
| 0299998. Reinsurance ceded  | 11,035,343 | XXX             | 11,035,343    | XXX                                      |            |
| 0299999. Totals (Net)   | 0          | XXX             | 0             | XXX                                      | 0          |
| <b>Miscellaneous Reserves:</b>  |            |                 |               |  |            |
| 0700001. IPC RESERVE  | 16,117     |                 | 16,117        |  |            |
| 0799997. Totals (Gross)   | 16,117     | 0               | 16,117        | 0  | 0          |
| 0799998. Reinsurance ceded  | 16,117     |                 | 16,117        |  |            |
| 0799999. Totals (Net)   | 0          | 0               | 0             | 0  | 0          |
| 9999999. Totals (Net) - Page 3, Line 1  | 152,032    | 0               | 152,032       | 0  | 0          |

Annual Statement for the year 2016 of the **American Retirement Life Insurance Company**  
**EXHIBIT 5 - INTERROGATORIES**

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

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

| 1<br>Description of Valuation Class | Valuation Basis   |                 | 4<br>Increase in Actuarial Reserve Due To Change |
|-------------------------------------|-------------------|-----------------|--|
|                                     | 2<br>Changed From | 3<br>Changed To |  |

**NONE**

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

|   | 1<br>Total | 2<br>Group<br>Accident<br>and Health | 3<br>Credit Accident<br>and Health<br>(Group and<br>Individual) | 4<br>Collectively<br>Renewable | Other Individual Contracts |                              |  |                             |                |
|---|------------|--------------------------------------|---|--------------------------------|----------------------------|------------------------------|--|-----------------------------|----------------|
|   |            |                                      |   |                                | 5<br>Non-<br>Cancelable    | 6<br>Guaranteed<br>Renewable | 7<br>Non-Renewable<br>for Stated<br>Reasons Only | 8<br>Other Accident<br>Only | 9<br>All Other |
| <b>ACTIVE LIFE RESERVE</b>  |            |                                      |   |                                |                            |                              |  |                             |                |
| 1. Unearned premium reserves.....                                 | 5,780,767  |                                      |   |                                |                            | 5,780,767                    |  |                             |                |
| 2. Additional contract reserves (a).....                          | 522,004    |                                      |   |                                |                            | 522,004                      |  |                             |                |
| 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).....  | 6,302,771  | 0                                    | 0   | 0                              | 0                          | 6,302,771                    | 0  | 0                           | 0              |
| 8. Reinsurance ceded.....   | 0          |                                      |   |                                |                            |                              |  |                             |                |
| 9. Totals (Net).....  | 6,302,771  | 0                                    | 0   | 0                              | 0                          | 6,302,771                    | 0  | 0                           | 0              |
| <b>CLAIM RESERVE</b>  |            |                                      |   |                                |                            |                              |  |                             |                |
| 10. Present value of amounts not yet due on claims.....           | 0          |                                      |   |                                |                            |                              |  |                             |                |
| 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).....   | 0          | 0                                    | 0   | 0                              | 0                          | 0                            | 0  | 0                           | 0              |
| 15. Reinsurance ceded.....  | 0          |                                      |   |                                |                            |                              |  |                             |                |
| 16. Totals (Net).....   | 0          | 0                                    | 0   | 0                              | 0                          | 0                            | 0  | 0                           | 0              |
| 17. TOTALS (Net).....   | 6,302,771  | 0                                    | 0   | 0                              | 0                          | 6,302,771                    | 0  | 0                           | 0              |
| 18. TABULAR FUND INTEREST.....                                    | 200,187    |                                      |   |                                |                            | 200,187                      |  |                             |                |

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

**NONE**

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

## PART 1 - Liability End of Current Year

|                               | 1<br>Total | 2<br>Industrial<br>Life | Ordinary               |                              |                                 | 6<br>Credit Life<br>(Group and<br>Individual) | Group                  |                | Accident and Health |   |                |
|-------------------------------|------------|-------------------------|------------------------|------------------------------|---------------------------------|---|------------------------|----------------|---------------------|---|----------------|
|                               |            |                         | 3<br>Life<br>Insurance | 4<br>Individual<br>Annuities | 5<br>Supplementary<br>Contracts |   | 7<br>Life<br>Insurance | 8<br>Annuities | 9<br>Group          | 10<br>Credit<br>(Group and<br>Individual) | 11<br>Other    |
| 1. Due and unpaid:            |            |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 1.1 Direct.....               | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 1.2 Reinsurance assumed.....  | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 1.3 Reinsurance ceded.....    | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 1.4 Net.....                  | 0          | 0                       | 0                      | 0                            | 0                               | 0   | 0                      | 0              | 0                   | 0   | 0              |
| 2. In course of settlement:   |            |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 2.1 Resisted:                 |            |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 2.11 Direct.....              | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 2.12 Reinsurance assumed..... | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 2.13 Reinsurance ceded.....   | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 2.14 Net.....                 | 0          | 0                       | (b) 0                  | (b) 0                        | (b) 0                           | (b) 0   | (b) 0                  | (b) 0          | (b) 0               | (b) 0                                     | 0              |
| 2.2 Other:                    |            |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 2.21 Direct.....              | 1,135,610  |                         | 4,900                  | 38,708                       |                                 |   |                        |                |                     |   | 1,092,002      |
| 2.22 Reinsurance assumed..... | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 2.23 Reinsurance ceded.....   | 38,708     |                         |                        | 38,708                       |                                 |   |                        |                |                     |   |                |
| 2.24 Net.....                 | 1,096,902  | 0                       | (b) 4,900              | (b) 0                        | (b) 0                           | (b) 0   | (b) 0                  | (b) 0          | (b) 0               | (b) 0                                     | (b) 1,092,002  |
| 3. Incurred but unreported:   |            |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 3.1 Direct.....               | 22,470,096 |                         | 7,605                  |                              |                                 |   |                        |                |                     |   | 22,462,491     |
| 3.2 Reinsurance assumed.....  | 0          |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 3.3 Reinsurance ceded.....    | 3,000      |                         | 3,000                  |                              |                                 |   |                        |                |                     |   |                |
| 3.4 Net.....                  | 22,467,096 | 0                       | (b) 4,605              | (b) 0                        | (b) 0                           | (b) 0   | (b) 0                  | (b) 0          | (b) 0               | (b) 0                                     | (b) 22,462,491 |
| 4. Totals:                    |            |                         |                        |                              |                                 |   |                        |                |                     |   |                |
| 4.1 Direct.....               | 23,605,706 | 0                       | 12,505                 | 38,708                       | 0                               | 0   | 0                      | 0              | 0                   | 0   | 23,554,493     |
| 4.2 Reinsurance assumed.....  | 0          | 0                       | 0                      | 0                            | 0                               | 0   | 0                      | 0              | 0                   | 0   | 0              |
| 4.3 Reinsurance ceded.....    | 41,708     | 0                       | 3,000                  | 38,708                       | 0                               | 0   | 0                      | 0              | 0                   | 0   | 0              |
| 4.4 Net.....                  | 23,563,998 | (a) 0                   | (a) 9,505              | 0                            | 0                               | 0   | (a) 0                  | 0              | 0                   | 0   | 23,554,493     |

(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<br>Total      | 2<br>Industrial<br>Life<br>(a) | Ordinary                      |                              |   | 6<br>Supplementary<br>Contracts | Group                         |                | Accident and Health |   |             |
|---|-----------------|--------------------------------|-------------------------------|------------------------------|---|---------------------------------|-------------------------------|----------------|---------------------|---|-------------|
|   |                 |                                | 3<br>Life<br>Insurance<br>(b) | 4<br>Individual<br>Annuities | 5 |                                 | 7<br>Life<br>Insurance<br>(c) | 8<br>Annuities | 9<br>Group          | 10<br>Credit<br>(Group and<br>Individual) | 11<br>Other |
| 1. Settlements during the year:                                   |                 |                                |                               |                              |   |                                 |                               |                |                     |   |             |
| 1.1 Direct.....   | 199,130,252     |                                | 99,469                        | 1,238,078                    |   |                                 |                               |                |                     |   | 197,792,705 |
| 1.2 Reinsurance assumed.....                                      | 0               |                                |                               |                              |   |                                 |                               |                |                     |   |             |
| 1.3 Reinsurance ceded.....  | 1,303,194       |                                | 36,309                        | 1,266,885                    |   |                                 |                               |                |                     |   |             |
| 1.4 Net.....  | (d) 197,827,058 | 0                              | 63,160                        | (28,807)                     | 0 | 0                               | 0                             | 0              | 0                   | 0   | 197,792,705 |
| 2. Liability December 31, current year from Part 1:               |                 |                                |                               |                              |   |                                 |                               |                |                     |   |             |
| 2.1 Direct.....   | 23,605,706      | 0                              | 12,505                        | 38,708                       | 0 | 0                               | 0                             | 0              | 0                   | 0   | 23,554,493  |
| 2.2 Reinsurance assumed.....                                      | 0               | 0                              | 0                             | 0                            | 0 | 0                               | 0                             | 0              | 0                   | 0   | 0           |
| 2.3 Reinsurance ceded.....  | 41,708          | 0                              | 3,000                         | 38,708                       | 0 | 0                               | 0                             | 0              | 0                   | 0   | 0           |
| 2.4 Net.....  | 23,563,998      | 0                              | 9,505                         | 0                            | 0 | 0                               | 0                             | 0              | 0                   | 0   | 23,554,493  |
| 3. Amounts recoverable from reinsurers Dec. 31, current year..... | 60,948          |                                |                               | 60,948                       |   |                                 |                               |                |                     |   |             |
| 4. Liability December 31, prior year:                             |                 |                                |                               |                              |   |                                 |                               |                |                     |   |             |
| 4.1 Direct.....   | 18,871,125      |                                | 41,219                        | 54,255                       |   |                                 |                               |                |                     |   | 18,775,651  |
| 4.2 Reinsurance assumed.....                                      | 0               |                                |                               |                              |   |                                 |                               |                |                     |   |             |
| 4.3 Reinsurance ceded.....  | 57,255          |                                | 3,000                         | 54,255                       |   |                                 |                               |                |                     |   |             |
| 4.4 Net.....  | 18,813,870      | 0                              | 38,219                        | 0                            | 0 | 0                               | 0                             | 0              | 0                   | 0   | 18,775,651  |
| 5. Amounts recoverable from reinsurers Dec. 31, prior year.....   | 89,755          |                                |                               | 89,755                       |   |                                 |                               |                |                     |   |             |
| 6. Incurred benefits:   |                 |                                |                               |                              |   |                                 |                               |                |                     |   |             |
| 6.1 Direct.....   | 203,864,833     | 0                              | 70,755                        | 1,222,531                    | 0 | 0                               | 0                             | 0              | 0                   | 0   | 202,571,547 |
| 6.2 Reinsurance assumed.....                                      | 0               | 0                              | 0                             | 0                            | 0 | 0                               | 0                             | 0              | 0                   | 0   | 0           |
| 6.3 Reinsurance ceded.....  | 1,258,840       | 0                              | 36,309                        | 1,222,531                    | 0 | 0                               | 0                             | 0              | 0                   | 0   | 0           |
| 6.4 Net.....  | 202,605,993     | 0                              | 34,446                        | 0                            | 0 | 0                               | 0                             | 0              | 0                   | 0   | 202,571,547 |

(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.

**American Retirement Life Insurance Company**  
**EXHIBIT OF NONADMITTED ASSETS**

|  | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|--|--|--|---|
| 1. Bonds (Schedule D).....   |  |  | 0   |
| 2. Stocks (Schedule D):  |  |  | 0   |
| 2.1 Preferred stocks.....  |  |  | 0   |
| 2.2 Common stocks.....   |  |  | 0   |
| 3. Mortgage loans on real estate (Schedule B):   |  |  | 0   |
| 3.1 First liens.....   |  |  | 0   |
| 3.2 Other than first liens.....  |  |  | 0   |
| 4. Real estate (Schedule A):   |  |  | 0   |
| 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.....  | 12,695   | 5,634  | (7,061)   |
| 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.....  |  |  | 0   |
| 16.2 Funds held by or deposited with reinsured companies.....  |  |  | 0   |
| 16.3 Other amounts receivable under reinsurance contracts.....   |  |  | 0   |
| 17. Amounts receivable relating to uninsured plans.....  |  |  | 0   |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....  |  |  | 0   |
| 18.2 Net deferred tax asset.....   |  |  | 0   |
| 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.....  |  |  | 0   |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....  |  |  | 0   |
| 23. Receivables from parent, subsidiaries and affiliates.....  |  |  | 0   |
| 24. Health care and other amounts receivable.....  | 5,381,045  | 3,819,313                                      | (1,561,732)   |
| 25. Aggregate write-ins for other-than-invested assets.....  | 62,816   | 41,600   | (21,216)  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)..... | 5,456,556  | 3,866,547                                      | (1,590,009)   |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....   |  |  | 0   |
| 28. TOTALS (Lines 26 and 27).....  | 5,456,556  | 3,866,547                                      | (1,590,009)   |

**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. Premium Tax Refund Due.....  | .31,202 | .1,916  | (29,286) |
| 2502. Disallowed IMR.....  |         | 10,724  | 10,724   |
| 2503. Reinstatement.....   |         | 28,960  | 28,960   |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .31,614 | .0      | (31,614) |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....    | .62,816 | .41,600 | (21,216) |

**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 American Retirement Life Insurance Company ("ARLIC" 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 Principles 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 are shown below:

|  | SSAP# | F/S Page | F/S Line # | 2016 | 2015                            |
|--|-------|----------|------------|------|---------------------------------|
| <b>Net Income</b>  |       |          |            |      |                                 |
| 1) American Retirement Life Insurance Company state basis (Page 4, Line 35, Columns 1 & 2) |       | XXX      | XXX        | XXX  | \$ (26,447,936) \$ (22,107,074) |
| 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  | \$ (26,447,936) \$ (22,107,074) |
| <b>Surplus</b>   |       |          |            |      |                                 |
| 5) American Retirement Life Insurance Company state basis (Page 3, line 38, Columns 1 & 2) |       | XXX      | XXX        | XXX  | \$ 40,653,829 \$ 47,303,783     |
| 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  | \$ 40,653,829 \$ 47,303,783     |

**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 has no participating business in force.

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, which 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) – (10) Not applicable
- (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 is continually reviewed and any adjustments are reflected in the period determined.
- (12) – (13) -- Not applicable

**NOTES TO FINANCIAL STATEMENTS****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.

Over the past four years, ARLIC has written significant amounts of Medicare supplement insurance resulting in annual net losses and negative cash flows from operations due to new business strain. To support the Company's operations during this time, ARLIC has received capital infusions of \$111.5 million from its immediate parent, Loyal American Life Insurance Company ("LALIC"), some of which has been passed through from LALIC's parent, Cigna Health and Life Insurance Company. Based on the Company's current operating plan, new sales will continue into 2017, resulting in additional losses and negative cash flows thus requiring additional infusions of capital.

Because the Company's operating plan is approved by Cigna, it is highly probable that the Company's capital and liquidity needs will continue to be funded by its parent thus allowing 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 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) There were no loan-backed and structured securities with a fair value lower than amortized cost as of December 31, 2016.
- (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:**

| Restricted Asset Category  | Gross (Admitted & Nonadmitted) Restricted |                                 |  |                                 |                  |                       |                                 | Current Year                 |                                       | Percentage  |  |
|--|---|---------------------------------|--|---------------------------------|------------------|-----------------------|---------------------------------|------------------------------|---------------------------------------|---|--|
|  | Current Year                              |                                 |  |                                 |                  |                       |                                 |                              |                                       |   |  |
|  | 1   | 2                               | 3  | 4                               | 5                | 6                     | 7                               | 8                            | 9                                     | 10  | 11   |
|  | Total General Account (G/A)               | G/A Supporting 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 FLBY capital stock | -   | -                               | -  | -                               | -                | -                     | -                               | -                            | -                                     | 0%  | 0%   |
| i. FHLB Capital Stock  | -   | -                               | -  | -                               | -                | -                     | -                               | -                            | -                                     | 0%  | 0%   |
| j. On deposit with states  | 2,919,585                                 | -                               | -  | -                               | 2,919,585        | 3,414,930             | (495,345)                       | -                            | 2,919,585                             | 4%  | 4%   |
| 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   | -   | -                               | -  | -                               | -                | -                     | -                               | -                            | -                                     | 0%  | 0%   |
| o. Total Restricted Assets   | \$ 2,919,585                              | \$ -                            | \$ -   | \$ -                            | \$ 2,919,585     | \$ 3,414,930          | \$ (495,345)                    | \$ -                         | \$ 2,919,585                          | 4%  | 4%   |

(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

**6. Joint Ventures, Partnerships and Limited Liability Companies -- Not applicable.****7. Investment Income****a. Investment income due and accrued is excluded from investment income on the following basis:**

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

b. No income was excluded for the years ended December 31, 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                           | 16,741,526        | -       | 16,741,526   | 10,336,812        | -       | 10,336,812   | 6,404,714   | -       | 6,404,714   |
| (b) Valuation allowance                 | (16,472,357)      | -       | (16,472,357) | (10,227,322)      | -       | (10,227,322) | (6,245,035) | -       | (6,245,035) |
| (c) Adjusted gross DTA (1a - 1b)        | 269,169           | -       | 269,169      | 109,490           | -       | 109,490      | 159,679     | -       | 159,679     |
| (d) Nonadmitted DTA                     | -                 | -       | -            | -                 | -       | -            | -           | -       | -           |
| (e) Subtotal Net Admitted DTA (1c - 1d) | 269,169           | -       | 269,169      | 109,490           | -       | 109,490      | 159,679     | -       | 159,679     |
| (f) DTL                                 | (269,169)         | -       | (269,169)    | (109,490)         | -       | (109,490)    | (159,679)   | -       | (159,679)   |
| (g) Net admitted DTA (1e - 1f)          | -                 | -       | -            | -                 | -       | -            | -           | -       | -           |

**NOTES TO FINANCIAL STATEMENTS**

(2)

| SSAP 101, paragraphs 11a, 11b, and 11c                          | December 31, 2016 |         |           | December 31, 2015 |         |           | Change   |         |           |
|---|-------------------|---------|-----------|-------------------|---------|-----------|----------|---------|-----------|
|   | Ordinary          | Capital | Total     | Ordinary          | Capital | Total     | Ordinary | Capital | Total     |
| (a) Admitted pursuant to ¶11.a. (loss carrybacks)               | -                 | -       | -         | -                 | -       | -         | -        | -       | -         |
| (b) Admitted pursuant to ¶11.b. (realization)                   | -                 | -       | -         | -                 | -       | -         | -        | -       | -         |
| 1. Realization per ¶11.b.i.                                     | -                 | -       | -         | -                 | -       | -         | -        | -       | -         |
| 2. Limitation per ¶11.b.ii.                                     | -                 | -       | 6,098,074 | -                 | -       | 7,095,589 | -        | -       | (997,515) |
| (c) Admitted pursuant to ¶11.c.                                 | 269,169           | -       | 269,169   | 109,490           | -       | 109,490   | 159,679  | -       | 159,679   |
| (d) Total admitted adjusted gross deferred tax asset (2a+2b+2c) | 269,169           | -       | 269,169   | 109,490           | -       | 109,490   | 159,679  | -       | 159,679   |

(3)

|  | 2016 Percentage | 2015 Percentage |
|--|-----------------|-----------------|
| (a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount                               | 548.39%         | 840.20%         |
| (b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above | 40,653,829      | 47,519,755      |

(4)

|  | 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)             | (5,476,695) | (4,866,859) | (609,836) |
| (b) Foreign income tax expense/(benefit)                     | -           | 4,845       | (4,845)   |
| (c) Subtotal   | (5,476,695) | (4,862,014) | (614,681) |
| (d) Tax expense/(benefit) on realized capital gains/(losses) | 18,298      | -           | 18,298    |
| (e) Utilization of capital loss carry-forwards               | -           | -           | -         |
| (f) Other, including prior year underaccrual/(overaccrual)   | -           | -           | -         |
| Federal and foreign income taxes incurred                    | (5,458,397) | (4,862,014) | (596,383) |

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 | 347,896           | 138,978           | 208,918     |
| Goodwill & Intangibles                      | 485,333           | 530,833           | (45,500)    |
| Deferred acquisition costs                  | 13,718,732        | 8,080,380         | 5,638,352   |
| Nondeductible Liabilities                   | 237,756           | 191,314           | 46,442      |
| Nonadmitted assets                          | 1,909,795         | 1,353,291         | 556,504     |
| Net Operating Loss                          | 42,014            | 42,016            | (2)         |
| Gross DTA                                   | 16,741,526        | 10,336,812        | 6,404,714   |
| Valuation allowance                         | (16,472,357)      | (10,227,322)      | (6,245,035) |
| Adjusted gross DTA                          | 269,169           | 109,490           | 159,679     |
| Nonadmitted DTA                             | 0                 | 0                 | 0           |
| Admitted DTA                                | 269,169           | 109,490           | 159,679     |

## (3) Deferred tax liabilities

|   | December 31, 2016 | December 31, 2015 | Change  |
|---|-------------------|-------------------|---------|
| Other insurance & contract holder liability | 244,660           | 97,046            | 147,614 |
| Other                                       | 24,509            | 12,444            | 12,065  |
| Gross DTL                                   | 269,169           | 109,490           | 159,679 |

## (4) Net Deferred Tax Assets/Liabilities

0 0 0

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):

|   | December 31, 2016 | December 31, 2015 | Change      |
|---|-------------------|-------------------|-------------|
| Total deferred tax assets                     | 16,741,526        | 10,336,812        | 6,404,714   |
| Total deferred tax liabilities                | (269,169)         | (109,490)         | (159,679)   |
| Net Deferred tax asset/liabilities            | 16,472,357        | 10,227,322        | 6,245,035   |
| Statutory valuation allowance adjustment      | (16,472,357)      | (10,227,322)      | (6,245,035) |
| Net deferred tax assets/liabilities after SVA | -                 | -                 | -           |

**NOTES TO FINANCIAL STATEMENTS**

## 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>      | <b>Effective<br/>Tax Rate</b> |
|--|-------------------------------|-------------------------------|
| Provision computed at statutory rate               | (11,167,268)                  | 35.00%                        |
| Change in nonadmitted assets                       | (556,504)                     | 1.74%                         |
| Change in Statutory Valuation Allowance Adjustment | 6,245,035                     | -19.57%                       |
| IMR  | 11,432                        | -0.04%                        |
| Other, net   | 8,908                         | -0.02%                        |
| <b>Total</b>                                       | <b><u>(5,458,397)</u></b>     | <b><u>17.11%</u></b>          |
| <br>Federal and foreign income taxes incurred      | <br>(5,458,397)               | <br>17.11%                    |
| Change in deferred income taxes                    | 0                             | 0.00%                         |
| <br>Total statutory income taxes                   | <br><b><u>(5,458,397)</u></b> | <br><b><u>17.11%</u></b>      |

## e. Operating loss and tax credit carryforwards

(1) At December 31, 2016, the Company has a \$120,040 net operating loss forward, which originated in 2012, and no capital loss carryforward.

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

| <b>Year</b> | <b>Amount</b> |
|-------------|---------------|
| 2015        | 4,845         |
| 2016        | 18,298        |

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

## f. Operating loss and tax credit carryforwards

The IRS 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

The Company elects to file a consolidated federal income tax return with its parent Loyal American Life Insurance Company.

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

## a. – c. – Not applicable

d. At December 31, 2016, the Company reported no amounts due from affiliated companies and \$426,531 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's investment portfolio is managed by Cigna Investments, Inc. ("CII"). The Company paid \$75,469 in 2016, related to those services
- (2) 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 management services, computers, data processing and other services, as well as equipment, supplies and office space. Expenses incurred under these arrangements were \$27,831,157 in 2016.
- (3) Loyal American Life Insurance Company and its wholly owned domestic subsidiary American Retirement Life Insurance Company have entered into a Consolidated Federal Income Tax Agreement (the Agreement). The Agreement sets forth the method of allocation of federal income taxes for Loyal 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 ARLIC can borrow up to \$10,000,000 from CHI. The agreement provides for two rate/maturity options; a) a variable rate payable on demand or b) a fixed rate with a stated maturity not to exceed 270 days. There were no amounts outstanding at December 31, 2016, and borrowings during the year were not material.
- (5) On February 19, 2013, the Company also entered into a line of credit agreement with Cigna under which Cigna can borrow up to \$10,000,000 from ARLIC. Borrowing terms under this agreement are identical to the terms under the ARLIC/CHI agreement discussed above. Cigna did not borrow under this agreement in 2016.
- (6) ARLIC 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

**NOTES TO FINANCIAL STATEMENTS**

answer questions, explain medical options and suggest resources. The Company paid CHM \$398,413 and \$83,048 in 2016 and 2015, related to these services.

(7) ARLIC entered into an agreement with Cigna Life and Health Insurance Company ("CHLIC") whereby CHLIC will provide ARLIC access to and support for the CignaPlus Savings dental discount program to be offered to ARLIC customers. This agreement was approved by the Ohio Department of Insurance on October 30, 2015 and will be effective November 1, 2015. The Company paid CHLIC \$203,613 in 2016 and incurred no expense in 2015 for these services.

g. All of the Company's outstanding common stock is directly owned by Loyal American Life Insurance Company, an Ohio domiciled insurance company, whose ultimate parent is Cigna Corporation, a Delaware domiciled insurance holding company.

h – i. Management or service contracts and all cost sharing arrangements involving the Company – 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 \$1,119,664 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 2013, the Committee awarded restricted stock and strategic performance shares to eligible officers and employees under various plans for which an expense of \$117,810 was allocated to the Company under the plan in 2016.

(2) Deferred Compensation Plans:

(a) 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.

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 250,000 shares authorized, issued and outstanding. All shares are class A shares.

b. – c. – Not applicable

**NOTES TO FINANCIAL STATEMENTS**

- d. The Company received \$500,000, \$10,000,000, 5,000,000 and \$6,000,000 cash capital contributions from its parent, Loyal American Life Insurance Company ("LALIC"), its wholly-owned parent on May 11, 2016, June 27, 2016, September 30, 2016 and December 16, 2016, respectively.

The company received a \$5,000,000 and \$10,000,000 and \$10,000,000 cash capital contribution from its parent, Loyal American Life Insurance Company ("LALIC"), its wholly-owned parent on March 30, 2015, June 24, 2015 and September 30, 2015 respectively.

- e. The maximum amount of dividends that can be paid to stockholders by life insurance companies domiciled in the State of Ohio without prior approval of the Insurance Commissioner is the greater of 10% of surplus as regards to policyholders or net income as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of dividends payable in 2017 without prior approval is \$0 based on negative earned surplus.

- f. – n. 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 companies insolvencies. These assessments are generally recoverable in most states over a 3 to 10 year period through reduction in future premium tax liabilities. Management is not aware of any insolvencies that would require accrual in the accompanying financial statements. At December 31, 2016, the Company held a receivable from guaranty funds of \$4,495 representing amounts previously paid which will be offset against future premium taxes.

Assets recognized from paid and accrued tax offsets for the year ended December 31, 2016, are as follows:

|                               |                   |
|-------------------------------|-------------------|
| Balance, beginning of year    | \$ 22,977         |
| Premium tax offsets accrued   | 130,080           |
| Premium tax offsets applied   | (23,059)          |
| Allowance for unrealizability | <u>\$ 129,998</u> |

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, 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 \$481,000 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.

**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 note 1) 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

**NOTES TO FINANCIAL STATEMENTS**

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 court approval 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.

15. Leases -- Not applicable
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.

**NOTES TO FINANCIAL STATEMENTS**

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 2015.

| 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  | \$ 73,187,356        | \$ 72,237,302        | \$ 3,263,052   | \$ 69,924,304        | \$ -  | \$ -                                      | \$ -                             |
| Cash, Cash Equivalents, and Short-Term Investments | \$ 2,735,657         | \$ 2,735,657         | \$ (9,662,862)   | \$ 12,398,519        | \$ -  | \$ -                                      | \$ -                             |
| <b>Total</b>                                       | <b>\$ 75,923,013</b> | <b>\$ 74,972,959</b> | <b>\$ (6,399,810)</b>  | <b>\$ 82,322,823</b> | <b>\$ -</b>                                   | <b>\$ -</b>                               | <b>\$ -</b>                      |
| <b>December 31, 2015</b>                           |                      |                      |  |                      |   |   |                                  |
| Bonds  | \$ 61,667,494        | \$ 62,282,433        | \$ 3,270,951   | \$ 58,396,543        | \$ -  | \$ -                                      | \$ -                             |
| Cash, Cash Equivalents, and Short-Term Investments | \$ 14,285,265        | \$ 14,285,265        | \$ (4,675,344)   | \$ 18,960,609        | \$ -  | \$ -                                      | \$ -                             |
| <b>Total</b>                                       | <b>\$ 75,952,759</b> | <b>\$ 76,567,698</b> | <b>\$ (1,404,393)</b>  | <b>\$ 77,357,152</b> | <b>\$ -</b>                                   | <b>\$ -</b>                               | <b>\$ -</b>                      |

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 \$2,919,585 and \$3,414,930 at December 31, 2016 and 2015, respectively, were on deposit with various state departments of insurance as required by law.

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.**

The Company does not write health insurance subject to Section 9010 of the Federal Affordable Care Act ("ACA") and thus is not subject to the annual fee under ACA.

**NOTES TO FINANCIAL STATEMENTS**

## 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 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. \$ 0 \_\_\_\_\_

- (b) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts 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? \$ \_\_\_\_\_

b. – d. Not applicable

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

## 25. Change in Incurred Losses and Loss Adjustment Expenses:

Reserves as of December 31, 2015 were \$18,279,492. As of December 31, 2016, \$16,460,912 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are now \$149,199 as a result of re-estimation of unpaid claims principally on Medicare Supplement insurance. Therefore, there has been a \$1,669,381 favorable 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.

See Note 35 below for analysis of loss adjustment expenses.

## 26. Intercompany Pooling Arrangements -- Not applicable

## 27. Structured Settlements -- Not applicable

## 28. Health Care Receivables -- Not applicable

**NOTES TO FINANCIAL STATEMENTS**

29. Participating Policies -- Not applicable
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. During the calendar year 2016, the Company had no policies in force valued on a substandard basis.
- c. As of December 31, 2016, the Company had no insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio.
- d. & e. Tabular interest, tabular less actual reserves released, and tabular cost are performed using standard formulas except for the Interest Sensitive products and funds not involving life contingencies used basic data roll-forwards.
- f. Nature of other reserve changes is not applicable.

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

|   | General Account | Separate Account with Guarantees | Separate Account Nonguaranteed | Total       | % of Total |
|---|-----------------|----------------------------------|--------------------------------|-------------|------------|
| a. Subject to discretionary withdrawal:                           |                 |                                  |                                |             |            |
| (1) With fair value adjustment                                    | \$ -            | \$ -                             | \$ -                           | \$ -        | -          |
| (2) At book value less current surrender charge of 5% or more     | -               | -                                | -                              | -           | -          |
| (3) At fair value   | -               | -                                | -                              | -           | -          |
| (4) Total with adjustment or at fair value (total of 1 through 3) | -               | -                                | -                              | -           | -          |
| (5) At book value without adjustment                              | 11,035,343      | -                                | -                              | -           | 100.00%    |
| b. Not subject to discretionary withdrawal                        | -               | -                                | -                              | -           | -          |
| c. Total (gross: direct + assumed)                                | 11,035,343      | -                                | -                              | -           | 100.00%    |
| d. Reinsurance Ceded  | (11,035,343)    | -                                | -                              | -           | -          |
| e. Total Net  | <u>\$ -</u>     | <u>\$ -</u>                      | <u>\$ -</u>                    | <u>\$ -</u> |            |

f. Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

|   | Amount      |
|---|-------------|
| Life & Accident & Health Annual Statement:<br>Exhibit 5, Annuities Section,           |             |
| 1. Total (net)<br>Exhibit 5, Supplementary Contracts with Life Contingencies Section, | \$ -        |
| 2. Total (net)<br>Exhibit 7, Deposit-Type Contracts, Line 14, Column                  | -           |
| 3. 1  | -           |
| 4. Subtotal<br>Exhibit 3, Line 0299999,   | -           |
| 5. Column2<br>Exhibit 3, Line 0399999,  | -           |
| 6. 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>\$ -</u> |

g. Not applicable

**NOTES TO FINANCIAL STATEMENTS**

## 33. Premium and Annuity Considerations Deferred and Uncollected

|       | Type                  | Gross           | Net of<br>Loading |
|-------|-----------------------|-----------------|-------------------|
| a. 1. | Industrial            |                 |                   |
| 2.    | Ordinary new business | \$ 1,570        | \$ 661            |
| 3.    | Ordinary renewal      | (358)           | (358)             |
| 4.    | Credit Life           |                 |                   |
| 5.    | Group Life            |                 |                   |
| 6.    | Group Annuity         |                 |                   |
| 7.    | Totals                | <u>\$ 1,212</u> | <u>\$ 303</u>     |

## 34. Separate Accounts -- Not applicable

## 35. Loss/Claim Adjustment Expenses

At December 31, 2016 and 2015, provision for LAE totaled \$622,691 and \$497,164, respectively.

The Company incurred \$4,832,512 and paid \$4,706,985 of loss adjustment expenses in the current year of which \$446,975 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<br>NAIC<br>Company<br>Code | 3<br>State of<br>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<br>Nationality | 2<br>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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>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 serves 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 Eadaoine 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 [X]
- 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<br>American Bankers Association (ABA)<br>Routing Number | 2<br>Issuing or Confirming Bank Name | 3<br>Circumstances That Can Trigger<br>the Letter of Credit | 4<br>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                  | \$ _____ 1,552 |
| 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: \$ \_\_\_\_\_ 434,019

**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 *Risk-Based Capital Instructions*?  Yes [ ]  No [ ]  N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs: \$ \_\_\_\_\_
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs: \$ \_\_\_\_\_
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?  Yes [ ]  No [ ]  N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?  Yes [ ]  No [ ]  N/A [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?  Yes [ ]  No [ ]  N/A [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ \_\_\_\_\_ 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   | \$ _____ 2,919,585 |
| 25.29 On deposit with other regulatory bodies                                      | \$ _____ 0         |
| 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<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
|                            |                  | \$ _____    |
- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?  Yes [ ]  No [X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  Yes [ ]  No [ ]  N/A [X]  
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?  Yes [ ]  No [X]
- 27.2 If yes, state the amount thereof at December 31 of the current year: \$ \_\_\_\_\_
28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?  Yes [X]  No [ ]
- 28.01 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:
- |                           |  |
|---------------------------|--|
| 1<br>Name of Custodian(s) | 2<br>Custodian's Address                     |
| JPMorgan Chase Bank, N.A. | 4 Chase MetroTech Center, Brooklyn, NY 11245 |
- 28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:
- |              |                  |                              |
|--------------|------------------|------------------------------|
| 1<br>Name(s) | 2<br>Location(s) | 3<br>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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>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<br>Name of Firm or Individual | 2<br>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 [X]

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 [X]

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<br>Central Registration Depository Number | 2<br>Name of Firm or Individual | 3<br>Legal Entity Identifier (LEI) | 4<br>Registered With | 5<br>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<br>CUSIP    | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
|               |                          |                                   |
| 29.2999 TOTAL |                          |                                   |

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

| 1<br>Name of Mutual Fund<br>(from above table) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of Mutual Fund's<br>Book/Adjusted Carrying<br>Value Attributable to the<br>Holding | 4<br>Date of Valuation |
|--|--|--|------------------------|
|  |  |  |                        |
| 30.1 Bonds                                     | 84,635,821   | 85,585,877   | 950,056                |
| 30.2 Preferred Stocks                          | 0  | 0  | 0                      |
| 30.3 Totals                                    | 84,635,821   | 85,585,877   | 950,056                |

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? \$ 0

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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           | \$               |

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<br>Name | 2<br>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<br>Name | 2<br>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.   | \$ 212,857,875        |                 |
| 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.   | \$ 170,379,396        |                 |
| 1.6  | Individual policies:   |                       |                 |
|      | Most current three years:  |                       |                 |
| 1.61 | Total premium earned   | \$ 212,857,875        |                 |
| 1.62 | Total incurred claims  | \$ 170,379,396        |                 |
| 1.63 | Number of covered lives  | \$ 132,602            |                 |
|      | All years prior to most current three years:   |                       |                 |
| 1.64 | Total premium earned   | \$ 0                  |                 |
| 1.65 | Total incurred claims  | \$ 0                  |                 |
| 1.66 | Number of covered lives  | \$ 0                  |                 |
| 1.7  | Group policies:  |                       |                 |
|      | Most current three years:  |                       |                 |
| 1.71 | Total premium earned   | \$ 0                  |                 |
| 1.72 | Total incurred claims  | \$ 0                  |                 |
| 1.73 | Number of covered lives  | \$ 0                  |                 |
|      | All years prior to most current three years:   |                       |                 |
| 1.74 | Total premium earned   | \$ 0                  |                 |
| 1.75 | Total incurred claims  | \$ 0                  |                 |
| 1.76 | Number of covered lives  | \$ 0                  |                 |
| 2.   | Health Test:   |                       |                 |
|      |  | 1<br>Current Year     | 2<br>Prior Year |
| 2.1  | Premium Numerator  | \$ 254,148,386        | \$ 191,085,175  |
| 2.2  | Premium Denominator  | \$ 255,500,292        | \$ 192,232,815  |
| 2.3  | Premium Ratio (2.1/2.2)  | 99.471                | 99.403          |
| 2.4  | Reserve Numerator  | \$ 29,335,260         | \$ 22,969,582   |
| 2.5  | Reserve Denominator  | \$ 30,018,800         | \$ 23,112,459   |
| 2.6  | Reserve Ratio (2.4/2.5)  | 97.723                | 99.382          |
| 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   | \$ 27,831,157         |                 |
| 4.22 | Received   | \$ 0                  |                 |
| 5.1  | Does the reporting entity write any guaranteed interest contracts?   | Yes [ ] No [X]        |                 |
| 5.2  | If yes, what amount pertaining to these items is included in:  |                       |                 |
| 5.21 | Page 3, Line 1   | \$ 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:  | \$ 114,231,601        |                 |
| 7.   | Total dividends paid stockholders since organization of the reporting entity:  |                       |                 |
| 7.11 | Cash   | \$ 13,887,480         |                 |

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

|   |   |                                     |                                    |                                 |  |                          |                      |                               |
|---|---|-------------------------------------|------------------------------------|---------------------------------|--|--------------------------|----------------------|-------------------------------|
| 7.12 Stock  | \$  | 1,500,000                           |                                    |                                 |  |                          |                      |                               |
| 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:  |   |                                     |                                    |                                 |  |                          |                      |                               |
|   | 1<br>Reinsurance<br>Assumed                   | 2<br>Reinsurance<br>Ceded           | 3<br>Net<br>Retained               |                                 |  |                          |                      |                               |
| 8.31 Earned premium   | \$ 0  | \$ 0                                | \$ 0                               |                                 |  |                          |                      |                               |
| 8.32 Paid claims  | \$ 0  | \$ 0                                | \$ 0                               |                                 |  |                          |                      |                               |
| 8.33 Claim liability and reserve (beginning of year)  | \$ 0  | \$ 0                                | \$ 0                               |                                 |  |                          |                      |                               |
| 8.34 Claim liability and reserve (end of year)  | \$ 0  | \$ 0                                | \$ 0                               |                                 |  |                          |                      |                               |
| 8.35 Incurred claims  | \$ 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:   |   |                                     |                                    |                                 |  |                          |                      |                               |
|   | 1<br>Earned<br>Premium                        | 2<br>Claim Liability<br>and Reserve |                                    |                                 |  |                          |                      |                               |
| 8.41 <\$25,000  | \$ 0  | \$ 0                                |                                    |                                 |  |                          |                      |                               |
| 8.42 \$25,000 — 99,999  | \$ 0  | \$ 0                                |                                    |                                 |  |                          |                      |                               |
| 8.43 \$100,000 — 249,999  | \$ 0  | \$ 0                                |                                    |                                 |  |                          |                      |                               |
| 8.44 \$250,000 — 999,999  | \$ 0  | \$ 0                                |                                    |                                 |  |                          |                      |                               |
| 8.45 \$1,000,000 or more  | \$ 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.  |   |                                     |                                    |                                 |  |                          |                      |                               |
|   | Type  | 3                                   | 4                                  | 5                               | 6  | 7                        | 8                    | 9                             |
| 1<br>Guaranteed<br>Death Benefit  | 2<br>Guaranteed<br>Living Benefit             | Waiting Period<br>Remaining         | Account Value<br>Related to Col. 3 | Total Related<br>Account Values | Gross Amount of<br>Reserve   | Location of<br>Reserve   | Portion<br>Reinsured | Reinsurance<br>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.  |   |                                     |                                    |                                 |  |                          |                      |                               |
|   | 1<br>P&C Insurance Company<br>and<br>Location |                                     |                                    |                                 | 2<br>Statement Value on<br>Purchase Date of Annuities<br>(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 [X] N/A [ ]                        |                                     |                                    |                                 |  |                          |                      |                               |
| 12.2 If the answer to 12.1 is yes, please provide the following:  |   |                                     |                                    |                                 |  |                          |                      |                               |
|   | 1<br>Company<br>Name                          | 2<br>NAIC<br>Company<br>Code        | 3<br>Domiciliary<br>Jurisdiction   | 4<br>Reserve<br>Credit          | Assets Supporting Reserve Credit   |                          |                      |                               |
|   |   |                                     |                                    |                                 | 5<br>Letters of<br>Credit  | 6<br>Trust<br>Agreements | 7<br>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  | \$  | 261,230                             |                                    |                                 |  |                          |                      |                               |
| 13.2 Total incurred claims  | \$  | 70,755                              |                                    |                                 |  |                          |                      |                               |
| 13.3 Number of covered lives  | 543   |                                     |                                    |                                 |  |                          |                      |                               |
| <b>*Ordinary Life Insurance Includes</b>  |   |                                     |                                    |                                 |  |                          |                      |                               |
| 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)   |   |                                     |                                    |                                 |  |                          |                      |                               |

Annual Statement for the year 2016 of the **American Retirement 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<br>2016    | 2<br>2015    | 3<br>2014   | 4<br>2013  | 5<br>2012 |
|---|--------------|--------------|-------------|------------|-----------|
| <b>Life Insurance in Force (Exhibit of Life Insurance)</b>  |              |              |             |            |           |
| 1. Ordinary - whole life and endowment (Line 34, Col. 4).....   | 4,025        | 5,964        | 5,099       | 2,160      | 968       |
| 2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....   | .20          | .26          | .30         | .31        | .50       |
| 3. Credit life (Line 21, Col. 6).....   |              |              |             |            |           |
| 4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....  |              |              |             |            |           |
| 5. Industrial (Line 21, Col. 2).....  |              |              |             |            |           |
| 6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....  |              |              |             |            |           |
| 7. Total (Line 21, Col. 10).....  | 4,045        | 5,990        | 5,129       | 2,191      | 1,018     |
| <b>New Business Issued (Exhibit of Life Insurance)</b>  |              |              |             |            |           |
| 8. Ordinary - whole life and endowment (Line 34, Col. 2).....   | .66          | 1,457        | 3,377       | 1,189      |           |
| 9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....  |              |              |             | (1)        |           |
| 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).....  | .66          | 1,457        | 3,377       | 1,189      | .0        |
| <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).....   | 261,230      | 264,623      | 181,381     | 8,505      | (694,052) |
| 15.2 Ordinary individual annuities (Line 20.4, Col. 4).....   |              |              |             |            |           |
| 16. Credit life (group and individual) (Line 20.4, Col. 5).....   |              |              |             |            |           |
| 17.1 Group life insurance (Line 20.4, Col. 6).....  |              |              |             |            |           |
| 17.2 Group annuities (Line 20.4, Col. 7).....   |              |              |             |            |           |
| 18.1 A&H - group (Line 20.4, Col. 8).....   |              |              |             |            |           |
| 18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....   |              |              |             |            |           |
| 18.3 A&H - other (Line 20.4, Col. 10).....  | 255,239,063  | 191,968,190  | 120,190,802 | 16,737,377 |           |
| 19. Aggregate of all other lines of business (Line 20.4, Col. 11).....  |              |              |             |            |           |
| 20. Total.....  | 255,500,293  | 192,232,813  | 120,372,183 | 16,745,881 | (694,052) |
| <b>Balance Sheet (Pages 2 and 3)</b>  |              |              |             |            |           |
| 21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....  | 76,891,577   | 77,437,356   | 55,701,547  | 18,042,401 | 5,669,908 |
| 22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....   | 36,237,748   | 30,133,573   | 24,690,202  | 9,615,714  | 233,104   |
| 23. Aggregate life reserves (Page 3, Line 1).....   | 152,031      | 63,674       | 7,673       | 318        |           |
| 24. Aggregate A&H reserves (Page 3, Line 2).....  | 6,302,771    | 4,732,079    | 3,790,899   | 1,500,888  |           |
| 25. Deposit-type contract funds (Page 3, Line 3).....   |              |              |             |            |           |
| 26. Asset valuation reserve (Page 3, Line 24.01).....   | 327,981      | 215,972      | 99,361      | 11,291     |           |
| 27. Capital (Page 3, Lines 29 & 30).....  | 2,500,000    | 2,500,000    | 2,500,000   | 2,500,000  | 2,500,000 |
| 28. Surplus (Page 3, Line 37).....  | 38,153,829   | 44,803,783   | 28,511,345  | 5,926,687  | 2,936,804 |
| <b>Cash Flow (Page 5)</b>   |              |              |             |            |           |
| 29. Net Cash from operations (Line 11).....   | (21,850,442) | (17,087,218) | (2,933,942) | 4,790,224  | (702,325) |
| <b>Risk-Based Capital Analysis</b>  |              |              |             |            |           |
| 30. Total adjusted capital.....   | 40,981,810   | 47,519,755   | 31,110,706  | 8,437,978  | 5,436,804 |
| 31. Authorized control level risk-based capital.....  | 7,473,154    | 5,655,778    | 3,403,171   | 516,057    | 62,573    |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets<br/>(Page 2, Col. 3) (Line No. /Page 2, Line 12, Col. 3) x 100.0</b> |              |              |             |            |           |
| 32. Bonds (Line 1).....   | .96.4        | .81.3        | .101.5      | .19.7      | .22.9     |
| 33. Stocks (Lines 2.1 and 2.2).....   |              |              |             |            |           |
| 34. Mortgage loans on real estate (Lines 3.1 and 3.2).....  |              |              |             |            |           |
| 35. Real estate (Line 4.1, 4.2 and 4.3).....  |              |              |             |            |           |
| 36. Cash, cash equivalents and short-term investments (Line 5).....   | 3.6          | 18.7         | (1.5)       | 79.2       | 77.1      |
| 37. Contract loans (Line 6).....  |              |              |             |            |           |
| 38. Derivatives (Line 7).....   |              |              |             |            |           |
| 39. Other invested assets (Line 8).....   |              |              |             |            |           |
| 40. Receivables for securities (Line 9).....  |              |              |             | 1.1        |           |
| 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     |

Annual Statement for the year 2016 of the **American Retirement Life Insurance Company**  
**FIVE-YEAR HISTORICAL DATA**

(continued)

|   | 1<br>2016    | 2<br>2015    | 3<br>2014    | 4<br>2013   | 5<br>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).....  |              |              |              |             |           |
| 47. Affiliated short-term investments (subtotal included in Sch. DA, Verif. Col. 5, Line 10).....   |              |              |              |             |           |
| 48. Affiliated mortgage loans on real estate .....  |              |              |              |             |           |
| 49. All other affiliated.....   |              |              |              |             |           |
| 50. Total of above Lines 44 to 49.....  | 0            | 0            | 0            | 0           | 0         |
| 51. Total investment in parent included in Lines 44 to 49 above.....  |              |              |              |             |           |
| <b>Total Nonadmitted and Admitted Assets</b>  |              |              |              |             |           |
| 52. Total nonadmitted assets (Page 2, Line 28, Col. 2).....   | 5,456,556    | 3,866,547    | 7,382,673    | 6,756,620   | 689,654   |
| 53. Total admitted assets (Page 2, Line 28, Col. 3).....  | 76,891,577   | 77,437,356   | 55,701,547   | 18,042,401  | 5,669,908 |
| <b>Investment Data</b>  |              |              |              |             |           |
| 54. Net investment income (Exhibit of Net Investment Income).....   | 2,543,942    | 2,067,781    | 1,010,999    | 4,872       | 91,468    |
| 55. Realized capital gains (losses) (Page 4, Line 34, Column 1).....  |              |              |              |             | 169,898   |
| 56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....  |              |              |              |             | (189,022) |
| 57. Total of above Lines 54, 55 and 56.....   | 2,543,942    | 2,067,781    | 1,010,999    | 4,872       | 72,344    |
| <b>Benefits and Reserve Increase (Page 6)</b>   |              |              |              |             |           |
| 58. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15<br>Col. 1 minus Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11).....                     | 36,813       | 70,518       | 25,040       | 1,166       | 26,422    |
| 59. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....  | 202,571,549  | 148,585,274  | 87,751,548   | 10,375,224  |           |
| 60. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....  | 88,357       | 56,001       | 7,355        | 318         | (632,141) |
| 61. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....   | 1,570,692    | 941,180      | 2,290,011    | 1,500,888   |           |
| 62. Dividends to policyholders (Line 30, Col 1).....  |              |              |              |             |           |
| <b>Operating Percentages</b>  |              |              |              |             |           |
| 63. Insurance expense percent (Page 6, Col. 1, Lines 21, 22, & 23 less Line<br>6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00.....          | 31.1         | 34.9         | 42.5         | 61.8        | (17.8)    |
| 64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15)<br>/ 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00..... | 3.8          | 8.3          | 8.9          | 0.5         |           |
| 65. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....   | .80.5        | 78.0         | 74.4         | 68.1        |           |
| 66. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....  | 0.4          | 0.2          |              |             |           |
| 67. A&H expense percent excluding cost containment expenses<br>(Schedule H, Part 1, Line 10, Col. 2).....   | 33.4         | 37.5         | 45.8         | 68.1        |           |
| <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).....   |              |              |              |             |           |
| 69. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....   |              |              |              |             |           |
| 70. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3,<br>Line 3.1, Col. 1 less Col. 2).....                                     | 16,610,111   | 11,876,417   | 3,030,948    |             |           |
| 71. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3,<br>Line 3.2, Col. 1 less Col. 2).....                                   | 18,279,492   | 14,460,715   | 4,521,939    |             |           |
| <b>Net Gains From Operations After Federal Income Taxes by Lines of Business<br/>(Page 6, Line 33)</b>  |              |              |              |             |           |
| 72. Industrial life (Col. 2).....   |              |              |              |             |           |
| 73. Ordinary - life (Col. 3).....   | 34,266       | (47,801)     | (126,532)    | (117,651)   | 1,303     |
| 74. Ordinary - individual annuities (Col. 4).....   | 19,349       | 21,269       | 24,821       | 25,836      | 258       |
| 75. Ordinary - supplementary contracts (Col. 5).....  |              |              |              |             |           |
| 76. Credit life (Col. 6).....   |              |              |              |             |           |
| 77. Group life (Col. 7).....  |              |              |              |             |           |
| 78. Group annuities (Col. 8).....   |              |              |              |             |           |
| 79. A&H - group (Col. 9).....   |              |              |              |             |           |
| 80. A&H - credit (Col. 10).....   |              |              |              |             |           |
| 81. A&H - other (Col. 11).....  | (26,501,551) | (22,088,556) | (17,334,793) | (3,861,623) |           |
| 82. Aggregate of all other lines of business (Col. 12).....   |              | 8,013        | (264,714)    | (302,288)   | (72,348)  |
| 83. Total (Col. 1).....   | (26,447,936) | (22,107,075) | (17,701,218) | (4,255,726) | (70,787)  |

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<br>Total<br>Amount<br>of<br>Insurance (a) |
|--|-------------------------------|------------------------------------|-------------------------------|------------------------------------|--|------------------------------------|----------------------------|-------------------|--|
|  | 1<br>Number<br>of<br>Policies | 2<br>Amount<br>of<br>Insurance (a) | 3<br>Number<br>of<br>Policies | 4<br>Amount<br>of<br>Insurance (a) | 5<br>Number<br>of<br>Individual Policies and<br>Group Certificates | 6<br>Amount<br>of<br>Insurance (a) | 7<br>Number of<br>Policies | 8<br>Certificates |  |
|  |                               |                                    |                               |                                    |  |                                    |                            |                   |  |
| 1. In force end of prior year.....                   |                               |                                    | .581                          | 5,990                              |  |                                    |                            |                   | 5,990  |
| 2. Issued during year.....                           |                               |                                    | 7                             | .66                                |  |                                    |                            |                   | .66  |
| 3. Reinsurance assumed.....                          |                               |                                    |                               |                                    |  |                                    |                            |                   | 0  |
| 4. Revived during year.....                          |                               |                                    |                               |                                    |  |                                    |                            |                   | 0  |
| 5. Increased during year (net).....                  |                               |                                    |                               | .22                                |  |                                    |                            |                   | .22  |
| 6. Subtotals, Lines 2 to 5.....                      | .0                            | 0                                  | 7                             | .88                                | 0  | 0                                  | 0                          | 0                 | .88  |
| 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                                  | .588                          | 6,078                              | 0  | 0                                  | 0                          | 0                 | 6,078  |
| <b>Deductions during year:</b>                       |                               |                                    |                               |                                    |  |                                    |                            |                   |  |
| 10. Death.....                                       |                               |                                    | 13                            | .99                                |  |                                    | XXX                        |                   | .99  |
| 11. Maturity.....                                    |                               |                                    |                               |                                    |  |                                    | XXX                        |                   | 0  |
| 12. Disability.....                                  |                               |                                    |                               |                                    |  |                                    | XXX                        |                   | 0  |
| 13. Expiry.....                                      |                               |                                    | 2                             | .6                                 |  |                                    |                            |                   | .6   |
| 14. Surrender.....                                   |                               |                                    | 20                            | 122                                |  |                                    |                            |                   | 122  |
| 15. Lapse.....                                       |                               |                                    | 10                            | .70                                |  |                                    |                            |                   | .70  |
| 16. Conversion.....                                  |                               |                                    |                               |                                    |  |                                    | XXX                        | XXX               | XXX  |
| 17. Decreased (net).....                             |                               |                                    |                               | 1,736                              |  |                                    |                            |                   | 1,736  |
| 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                                  | 45                            | 2,033                              | 0  | 0                                  | 0                          | 0                 | 2,033  |
| 21. In force end of year (Line 9 minus Line 20)..... | 0                             | 0                                  | 543                           | 4,045                              | 0  | 0                                  | 0                          | 0                 | 4,045  |
| 22. Reinsurance ceded end of year.....               | XXX                           |                                    | XXX                           | 990                                | XXX  |                                    | XXX                        | XXX               | .990   |
| 23. Line 21 minus Line 22.....                       | XXX                           | 0                                  | XXX                           | 3,055                              | 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.

**EXHIBIT OF LIFE INSURANCE (continued)**

## ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

|                                   | Industrial              |                              | Ordinary                |                              |
|-----------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
|                                   | 1<br>Number of Policies | 2<br>Amount of Insurance (a) | 3<br>Number of Policies | 4<br>Amount of Insurance (a) |
| 24. Additions by dividends.....   | XXX.....                |                              | XXX.....                |                              |
| 25. Other paid-up insurance.....  |                         |                              | 171.....                | 992.....                     |
| 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<br>Number of Policies                 | 2<br>Amount of Insurance (a) | 3<br>Number of Policies                    | 4<br>Amount of Insurance (a) |
| 27. Term policies-decreasing.....                |   |                              |  |                              |
| 28. Term policies-other.....                     |   |                              |  |                              |
| 29. Other term insurance-decreasing.....         | XXX.....                                |                              | XXX.....                                   |                              |
| 30. Other term insurance.....                    | XXX.....                                |                              | XXX.....                                   |                              |
| 31. Totals (Lines 27 to 30).....                 | 0.....                                  | 0.....                       | 0.....                                     | 0.....                       |
| Reconciliation to Lines 2 and 21:                |   |                              |  |                              |
| 32. Term additions.....                          | XXX.....                                |                              | XXX.....                                   |                              |
| 33. Totals, extended term insurance.....         | XXX.....                                | XXX.....                     | 4.....                                     | .20.....                     |
| 34. Totals, whole life and endowment.....        | 7.....                                  | .66.....                     | .539.....                                  | 4,025.....                   |
| 35. Totals (Lines 31 to 34).....                 | 7.....                                  | .66.....                     | .543.....                                  | 4,045.....                   |

## 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<br>Non-Participating                  | 2<br>Participating | 3<br>Non-Participating                     | 4<br>Participating |
| 36. Industrial.....                         |   |                    |  |                    |
| 37. Ordinary.....                           | .66.....                                |                    | .4,045.....                                |                    |
| 38. Credit Life (Group and Individual)..... |   |                    |  |                    |
| 39. Group.....                              |   |                    |  |                    |
| 40. Totals (Lines 36 to 39).....            | .66.....                                | 0.....             | .4,045.....                                | 0.....             |

## ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

|   | Credit Life   |                              | Group                       |                              |
|---|---|------------------------------|-----------------------------|------------------------------|
|   | 1<br>Number of Individual Policies and Group Certificates | 2<br>Amount of Insurance (a) | 3<br>Number of Certificates | 4<br>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.....                     |                             | 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)..... |  |
|--|--|

## 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   |

## POLICIES WITH DISABILITY PROVISIONS

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

(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<br>Involving Life<br>Contingencies | 2<br>Not Involving Life<br>Contingencies | 3<br>Involving Life<br>Contingencies | 4<br>Not Involving Life<br>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<br>Immediate | 2<br>Deferred | 3<br>Contracts | 4<br>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<br>Certificates | 2<br>Premiums in force | 3<br>Policies | 4<br>Premiums in force | 5<br>Policies | 6<br>Premiums in force |
| 1. In force end of prior year.....  |                   |                        |               |                        | 121,853       | 211,721,385            |
| 2. Issued during year.....          |                   |                        |               |                        | 47,616        | 82,695,967             |
| 3. Reinsurance assumed.....         |                   |                        |               |                        |               |                        |
| 4. Increased during year (net)..... |                   | XXX.....               |               | XXX.....               |               | XXX.....               |
| 5. Total (Lines 1 to 4).....        | 0                 | XXX.....               | 0             | XXX.....               | 169,469       | XXX.....               |
| Deductions during year:             |                   |                        |               |                        |               |                        |
| 6. Conversions.....                 |                   | XXX.....               | XXX.....      | XXX.....               | XXX.....      | XXX.....               |
| 7. Decreased (net).....             |                   | XXX.....               |               | XXX.....               | 16,536        | XXX.....               |
| 8. Reinsurance ceded.....           |                   | XXX.....               |               | XXX.....               |               | XXX.....               |
| 9. Totals (Lines 6 to 8).....       | 0                 | XXX.....               | 0             | XXX.....               | 16,536        | XXX.....               |
| 10. In force end of year.....       | 0                 | (a).....               | 0             | (a).....               | 152,933       | (a).....278,793,966    |

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

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

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

# American Retirement Life Insurance Company

## SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

| States, Etc.  | Active Status | Life Insurance Premiums | Direct Business Only |             |  |                           |                                |
|---|---------------|-------------------------|----------------------|-------------|--|---------------------------|--------------------------------|
|   |               |                         | Life Contracts       |             | 4<br>Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees | 5<br>Other Considerations | 6<br>Total Columns 2 through 5 |
|   |               |                         | 2                    | 3           |  |                           |                                |
| 1. Alabama.....   | AL            | 6,245                   | -                    |             | 5,277,184  |                           | 5,283,429                      |
| 2. Alaska.....  | AK            | N                       | -                    |             | 18,717   |                           | 18,717                         |
| 3. Arizona.....   | AZ            | L                       | 4,316                | -           | 3,513,179  |                           | 3,517,495                      |
| 4. Arkansas.....  | AR            | L                       | -                    | 58          | 1,886,835  |                           | 1,886,893                      |
| 5. California.....  | CA            | L                       | -                    |             | 250,321  |                           | 250,321                        |
| 6. Colorado.....  | CO            | L                       | 11,274               | -           | 12,911,659   |                           | 12,922,933                     |
| 7. Connecticut.....   | CT            | N                       | -                    |             | 27,768   |                           | 27,768                         |
| 8. Delaware.....  | DE            | L                       | -                    |             | 864,048  |                           | 864,048                        |
| 9. District of Columbia.....  | DC            | N                       | -                    |             | 6,587  |                           | 6,587                          |
| 10. Florida.....  | FL            | L                       | 3,896                | 525         | 6,338,367  |                           | 6,342,788                      |
| 11. Georgia.....  | GA            | L                       | 12,877               | 285         | 6,719,705  |                           | 6,732,867                      |
| 12. Hawaii.....   | HI            | N                       | -                    |             | 13,536   |                           | 13,536                         |
| 13. Idaho.....  | ID            | N                       | -                    |             | 54,944   |                           | 54,944                         |
| 14. Illinois.....   | IL            | L                       | 24,544               | -           | 8,477,513  |                           | 8,502,057                      |
| 15. Indiana.....  | IN            | L                       | 11,630               | -           | 18,360,473   |                           | 18,372,103                     |
| 16. Iowa.....   | IA            | L                       | 1,903                | -           | 2,433,153  |                           | 2,435,056                      |
| 17. Kansas.....   | KS            | L                       | 3,810                | -           | 11,941,154   |                           | 11,944,964                     |
| 18. Kentucky.....   | KY            | L                       | 9,916                | -           | 9,215,316  |                           | 9,225,232                      |
| 19. Louisiana.....  | LA            | L                       | 2,676                | -           | 4,288,892  |                           | 4,291,568                      |
| 20. Maine.....  | ME            | N                       | -                    |             | 38,518   |                           | 38,518                         |
| 21. Maryland.....   | MD            | L                       | -                    |             | 1,709,920  |                           | 1,709,920                      |
| 22. Massachusetts.....  | MA            | N                       | -                    |             | 52,372   |                           | 52,372                         |
| 23. Michigan.....   | MI            | N                       | -                    |             | 86,680   |                           | 86,680                         |
| 24. Minnesota.....  | MN            | L                       | -                    |             | 49,066   |                           | 49,066                         |
| 25. Mississippi.....  | MS            | MS                      | 4,987                | -           | 6,321,174  |                           | 6,326,161                      |
| 26. Missouri.....   | MO            | L                       | 1,283                | -           | 1,915,683  |                           | 1,916,966                      |
| 27. Montana.....  | MT            | L                       | 1,663                | -           | 2,418,498  |                           | 2,420,161                      |
| 28. Nebraska.....   | NE            | L                       | 5,220                | -           | 2,253,510  |                           | 2,258,730                      |
| 29. Nevada.....   | NV            | L                       | 2,401                | -           | 8,100,053  |                           | 8,102,454                      |
| 30. New Hampshire.....  | NH            | L                       | -                    |             | 807,087  |                           | 807,087                        |
| 31. New Jersey.....   | NJ            | N                       | -                    |             | 130,948  |                           | 130,948                        |
| 32. New Mexico.....   | NM            | L                       | 4,571                | -           | 1,330,369  |                           | 1,334,940                      |
| 33. New York.....   | NY            | N                       | -                    |             | 92,130   |                           | 92,130                         |
| 34. North Carolina.....   | NC            | NC                      | -                    |             | 7,448,762  |                           | 7,448,762                      |
| 35. North Dakota.....   | ND            | L                       | -                    |             | 51,435   |                           | 51,435                         |
| 36. Ohio.....   | OH            | L                       | 14,964               | -           | 12,567,001   |                           | 12,581,965                     |
| 37. Oklahoma.....   | OK            | L                       | 11,753               | -           | 7,494,936  |                           | 7,506,689                      |
| 38. Oregon.....   | OR            | L                       | -                    |             | 70,138   |                           | 70,138                         |
| 39. Pennsylvania.....   | PA            | L                       | 21,619               | -           | 33,560,984   |                           | 33,582,603                     |
| 40. Rhode Island.....   | RI            | L                       | -                    |             | 190,506  |                           | 190,506                        |
| 41. South Carolina.....   | SC            | L                       | 8,626                | -           | 13,614,492   |                           | 13,623,118                     |
| 42. South Dakota.....   | SD            | L                       | 654                  | -           | 458,571  |                           | 459,225                        |
| 43. Tennessee.....  | TN            | L                       | 8,421                | -           | 4,915,004  |                           | 4,923,425                      |
| 44. Texas.....  | TX            | L                       | 32,287               | 1,767       | 25,356,212   |                           | 25,390,266                     |
| 45. Utah.....   | UT            | L                       | 1,626                | -           | 1,517,688  |                           | 1,519,314                      |
| 46. Vermont.....  | VT            | N                       | -                    |             | 8,597  |                           | 8,597                          |
| 47. Virginia.....   | VA            | L                       | 44,876               | -           | 15,639,777   |                           | 15,684,653                     |
| 48. Washington.....   | WA            | N                       | -                    |             | 127,390  |                           | 127,390                        |
| 49. West Virginia.....  | WV            | L                       | 1,343                | -           | 3,776,958  |                           | 3,778,301                      |
| 50. Wisconsin.....  | WI            | L                       | 2,732                | -           | 7,349,103  |                           | 7,351,835                      |
| 51. Wyoming.....  | WY            | L                       | -                    |             | 2,537,986  |                           | 2,537,986                      |
| 52. American Samoa.....   | AS            | N                       | -                    |             | -  |                           | 0                              |
| 53. Guam.....   | GU            | N                       | -                    |             | 1,824  |                           | 1,824                          |
| 54. Puerto Rico.....  | PR            | N                       | -                    |             | 3,885  |                           | 3,885                          |
| 55. US Virgin Islands.....  | VI            | N                       | -                    |             | 1,064  |                           | 1,064                          |
| 56. Northern Mariana Islands.....   | MP            | N                       | -                    |             | -  |                           | 0                              |
| 57. Canada.....   | CAN           | N                       | -                    |             | -  |                           | 0                              |
| 58. Aggregate Other Alien.....  | OT            | XXX                     | 0                    | 0           | 0  | 0                         | 0                              |
| 59. Subtotal.....   |               | (a) 39                  | 262,113              | 2,635       | 254,597,672  | 0                         | 254,862,420                    |
| 60. Reporting entity contributions for employee benefit plans.....                              |               | XXX                     | -                    | -           | -  | -                         | 0                              |
| 61. Dividends or refunds applied to purchase paid-up additions and annuities.....               |               | XXX                     | -                    | -           | -  | -                         | 0                              |
| 62. Dividends or refunds applied to shorten endowment or premium paying period.....             |               | XXX                     | -                    | -           | -  | -                         | 0                              |
| 63. Premium or annuity considerations waived under disability or other contract provisions..... |               | XXX                     | -                    | -           | -  | -                         | 0                              |
| 64. Aggregate other amounts not allocable by State.....   |               | XXX                     | 0                    | 0           | 0  | 0                         | 0                              |
| 65. Totals (Direct Business).....   |               | XXX                     | 262,113              | 2,635       | 254,597,672  | 0                         | 254,862,420                    |
| 66. Plus reinsurance assumed.....   |               | XXX                     | -                    | -           | -  | -                         | 0                              |
| 67. Totals (All Business).....  |               | XXX                     | 262,113              | 2,635       | 254,597,672  | 0                         | 254,862,420                    |
| 68. Less reinsurance ceded.....   |               | XXX                     | -                    | 3,640       | 11,224   | -                         | 14,864                         |
| 69. Totals (All Business) less reinsurance ceded.....   |               | XXX                     | 262,113              | (1,005) (b) | 254,586,448  | 0                         | 254,847,556                    |

## DETAILS OF WRITE-INS

|  |     |   |   |   |   |   |   |
|--|-----|---|---|---|---|---|---|
| 58001.....   | XXX | - | - | - | - | - | 0 |
| 58002.....   | XXX | - | - | - | - | - | 0 |
| 58003.....   | XXX | - | - | - | - | - | 0 |
| 58998. Summ. of remaining write-ins for line 58 from overflow page.....  | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. Total (Lines 58001 through 58003 plus 58998) (Line 58 above)..... | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 9401.....  | XXX | - | - | - | - | - | 0 |
| 9402.....  | XXX | - | - | - | - | - | 0 |
| 9403.....  | XXX | - | - | - | - | - | 0 |
| 9498. Summ. of remaining write-ins for line 94 from overflow page.....   | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 9499. Total (Lines 9401 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 and annuity considerations are allocated to the resident state related to the policy or certificate holder at the time the transaction is generated.

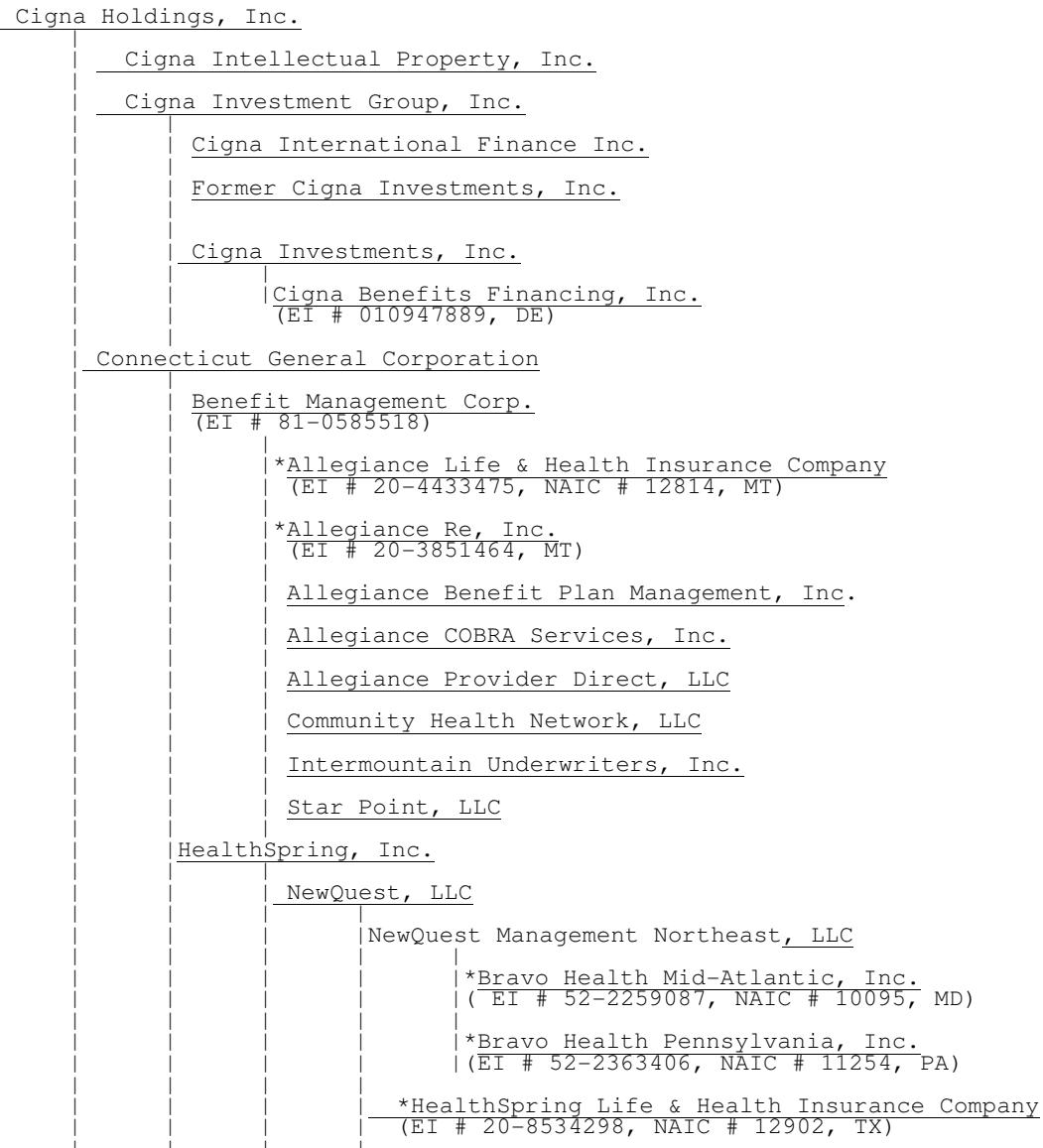
- (a) Insert the number of "L" responses except for Canada and Other Alien.  
 (b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9, and 10, or with Schedule H, Part 1, Column 1, Line 1. Indicate which:

Exhibit 1, Line 6.4, 10.4 and 16.4, Cols 8.9 and 10

**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:

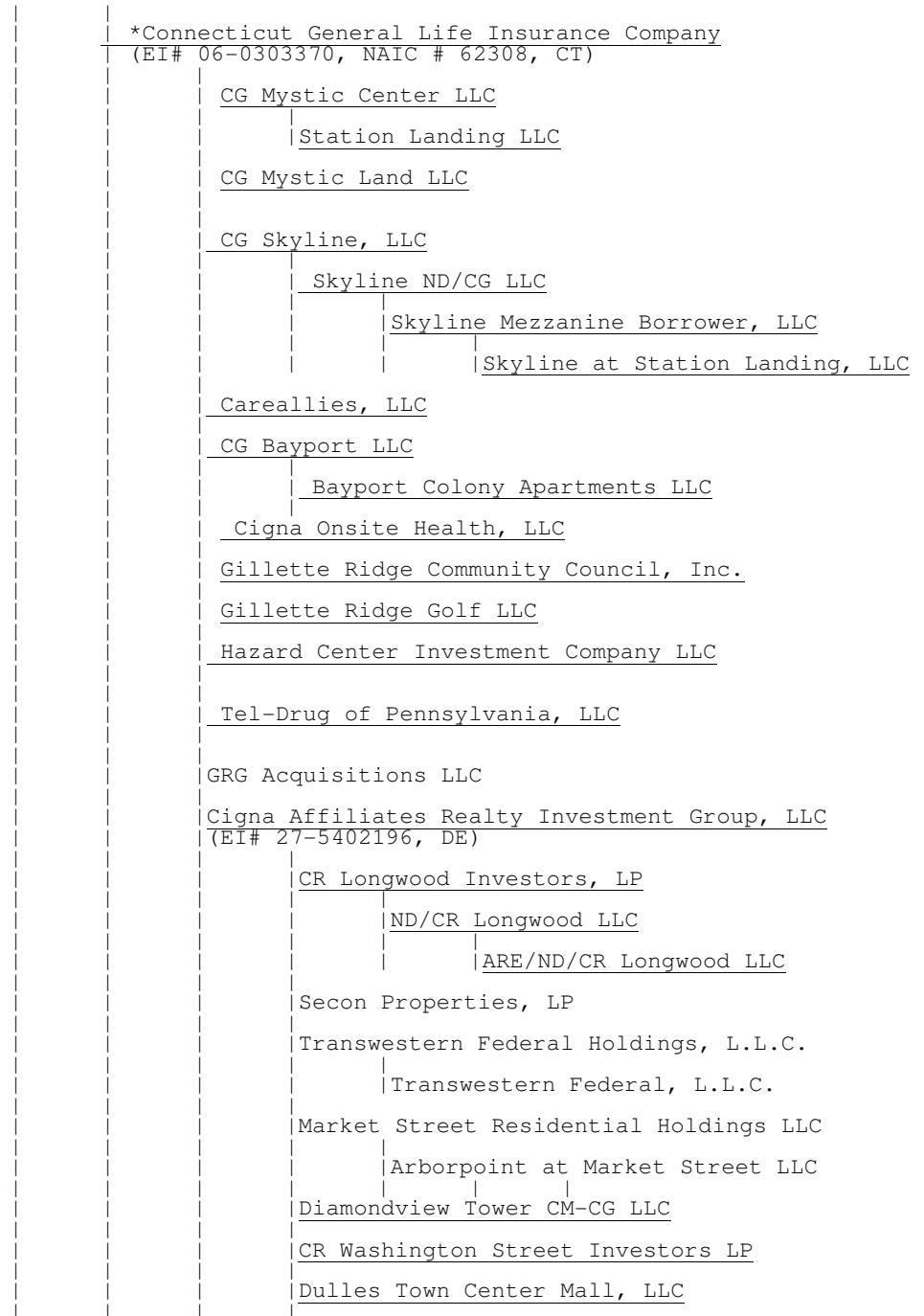
**Cigna CORPORATION**  
(A Delaware corporation and ultimate parent company)



|  |  |  |  |
|--|--|--|--|
|  |  |  | <p><u>*HealthSpring of Alabama, Inc.</u><br/>(EI # 63-0925225, NAIC # 95781, AL)</p>       |
|  |  |  | <p><u>*HealthSpring of Florida, Inc.</u><br/>(EI # 65-1129599, NAIC #11532, FL)</p>        |
|  |  |  | <p><u>NewQuest Management of Illinois, LLC</u></p>   |
|  |  |  | <p><u>NewQuest Management of Florida, LLC</u></p>  |
|  |  |  | <p><u>HealthSpring Management of America, LLC</u></p>                                      |
|  |  |  | <p><u>NewQuest Management of West Virginia, LLC</u></p>                                    |
|  |  |  | <p><u>TexQuest, LLC</u></p>  |
|  |  |  | <p><u>HouQuest, LLC</u></p>  |
|  |  |  | <p><u>GulfQuest, LP</u></p>  |
|  |  |  | <p><u>NewQuest Management of Alabama, LLC</u></p>  |
|  |  |  | <p><u>HealthSpring USA, LLC</u></p>  |
|  |  |  | <p><u>HealthSpring Management, Inc.</u></p>  |
|  |  |  | <p><u>HealthSpring of Tennessee, Inc.</u><br/>(EI # 62-1593150, NAIC # 11522, MD)</p>      |
|  |  |  | <p><u>Tennessee Quest, LLC</u></p>   |
|  |  |  | <p><u>HealthSpring Pharmacy Services, LLC</u></p>  |
|  |  |  | <p><u>HealthSpring Pharmacy of Tennessee, LLC</u></p>                                      |
|  |  |  | <p><u>Home Physicians Management, LLC</u></p>  |
|  |  |  | <p><u>Alegis Care Services, LLC</u></p>  |
|  |  |  | <p><u>*Cigna Arbor Life Insurance Company</u><br/>(EI # 03-0452349, NAIC # 13733, CT)</p>  |
|  |  |  | <p><u>Cigna Behavioral Health, Inc.</u></p>  |
|  |  |  | <p><u>Cigna Behavioral Health of California, Inc.</u><br/>(EI# 94-3107309)</p>             |
|  |  |  | <p><u>Cigna Behavioral Health of Texas, Inc.</u><br/>(EI# 75-2751090)</p>                  |
|  |  |  | <p><u>MCC Independent Practice Association of New York, Inc.</u></p>                       |
|  |  |  | <p><u>Cigna Dental Health, Inc.</u></p>  |
|  |  |  | <p><u>Cigna Dental Health of California, Inc.</u><br/>(EI# 59-2600475, CA)</p>             |
|  |  |  | <p><u>Cigna Dental Health of Colorado, Inc.</u><br/>(EI# 59-2675861, NAIC # 11175, CO)</p> |
|  |  |  | <p><u>Cigna Dental Health of Delaware, Inc.</u></p>  |

|  |                                 |   |
|--|---------------------------------|---|
|  |                                 | (EI# 59-2676987, NAIC # 95380, DE)  |
|  |                                 | <u>Cigna Dental Health of Florida, Inc.</u><br>(EI# 59-1611217, NAIC # 52021, FL)         |
|  |                                 | <u>Cigna Dental Health of Illinois, Inc.</u><br>(EI# 06-1351097, IL)                      |
|  |                                 | <u>Cigna Dental Health of Kansas, Inc.</u><br>(EI# 59-2625350, NAIC # 52024, KS)          |
|  |                                 | <u>Cigna Dental Health of Kentucky, Inc.</u><br>(EI# 59-2619589, NAIC # 52108, KY)        |
|  |                                 | <u>Cigna Dental Health of Missouri, Inc.</u><br>(EI#06-1582068, NAIC # 11160, MO)         |
|  |                                 | <u>Cigna Dental Health of New Jersey, Inc.</u><br>(EI# 59-2308062, NAIC # 11167, NJ)      |
|  |                                 | <u>Cigna Dental Health of North Carolina, Inc.</u><br>(EI# 56-1803464 , NAIC # 95179, NC) |
|  |                                 | <u>Cigna Dental Health of Ohio, Inc.</u><br>(EI# 59-2579774, NAIC # 47805, OH)            |
|  |                                 | <u>Cigna Dental Health of Pennsylvania, Inc.</u><br>(EI# 52-1220578, NAIC # 47041, PA)    |
|  |                                 | <u>Cigna Dental Health of Texas, Inc.</u><br>(EI# 59-2676977, NAIC # 95037, TX)           |
|  |                                 | <u>Cigna Dental Health of Virginia, Inc.</u><br>(EI# 52-2188914, NAIC # 52617, VA)        |
|  |                                 | <u>Cigna Dental Health Plan of Arizona, Inc.</u><br>(EI# 86-0807222, NAIC # 47013, AZ)    |
|  |                                 | <u>Cigna Dental Health of Maryland, Inc.</u><br>(EI#20-2844020, NAIC #48119, MD)          |
|  | <u>Cigna Health Corporation</u> |   |
|  |                                 | <u>Healthsource, Inc.</u>   |
|  |                                 |   |
|  |                                 | <u>Cigna HealthCare of Arizona, Inc.</u><br>(EI# 86-0334392, NAIC#95125, AZ)              |
|  |                                 |   |
|  |                                 | <u>Cigna HealthCare of California, Inc.</u><br>(EI# 95-3310115, CA)                       |
|  |                                 |   |
|  |                                 | <u>Cigna HealthCare of Colorado, Inc.</u><br>(EI# 84-1004500, NAIC # 95604, CO)           |
|  |                                 |   |
|  |                                 | <u>Cigna HealthCare of Connecticut, Inc.</u><br>(EI# 06-1141174, NAIC # 95660, CT)        |
|  |                                 |   |
|  |                                 | <u>Cigna HealthCare of Florida, Inc.</u><br>(EI# 59-2089259, NAIC # 95136, FL)            |
|  |                                 |   |
|  |                                 | <u>Cigna HealthCare of Illinois, Inc.</u><br>(EI# 36-3385638, NAIC # 95602, IL)           |

|  |
|--|
| <u>Cigna HealthCare of Maine, Inc.</u><br>(EI# 01-0418220, NAIC # 95447, ME)           |
| <u>Cigna HealthCare of Massachusetts, Inc.</u><br>(EI# 02-0402111, NAIC # 95220, MA)   |
| <u>Cigna HealthCare Mid-Atlantic, Inc.</u><br>(EI# 52-1404350, NAIC # 95599, MD)       |
| <u>Cigna HealthCare of New Hampshire, Inc.</u><br>(EI# 02-0387749, NAIC # 95493, NH)   |
| <u>Cigna HealthCare of New Jersey, Inc.</u><br>(EI# 22-2720890, NAIC # 95500, NJ)      |
| <u>Cigna HealthCare of Pennsylvania, Inc.</u><br>(EI# 23-2301807, NAIC # 95121, PA)    |
| <u>Cigna HealthCare of St. Louis, Inc.</u><br>(EI# 36-3359925, NAIC # 95635, MO)       |
| <u>Cigna HealthCare of Utah, Inc.</u><br>(EI# 62-1230908, NAIC # 95518, UT)            |
| <u>Cigna HealthCare of Georgia, Inc.</u><br>(EI# 58-1641057, NAIC # 96229, GA)         |
| <u>Cigna HealthCare of Texas, Inc.</u><br>(EI# 74-2767437, NAIC # 95383, TX)           |
| <u>Cigna HealthCare of Indiana, Inc.</u><br>(EI# 35-1679172, NAIC # 95525, IN)         |
| <u>Cigna HealthCare of Tennessee, Inc.</u><br>(EI# 62-1218053, NAIC # 95606, TN)       |
| <u>Cigna HealthCare of North Carolina, Inc.</u><br>(EI# 56-1479515, NAIC# 95132, NC)   |
| <u>Cigna HealthCare of South Carolina, Inc.</u><br>(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><br>(EI# 84-0985843)                             |
| <u>Great-West Healthcare of Illinois, Inc.</u><br>(EI# 93-1174749, NAIC 95388, IL)     |
| <u>Cigna Healthcare, Inc.</u>  |
| <u>*Cigna Life Insurance Company of New York</u><br>(EI# 13-2556568, NAIC # 64548, NY) |



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  
| 685 New Hampshire LLC  
CGGL 18301 LLC  
222 Main Street Caring GP LLC  
222 Main Street Investors LP  
Notch 8 Residential, L.L.C.  
UVL, LLC  
3601 North Fairfax Drive Associates, LLC  
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  
CORAC LLC

Bridgepoint Office Park Associates, LLC  
(EI# 27-3923999, DE)

Fairway Center Associates, LLC  
(EI# 27-3126102, DE)

Henry on the Park Associates, LLC  
(EI 27-3582688, DE)

\*Cigna Health and Life Insurance Company  
(EI # 59-1031071, NAIC # 67369, CT)

CarePlexus, LLC  
(EI# 45-2681649; DE)

Cigna Corporate Services, LLC  
(EI 27-3396038, DE)

Cigna Insurance Agency, LLC  
(EI # 27-1903785, CT)

Ceres Sales of Ohio, LLC  
(EI # 34-1970892, OH)

Central Reserve Life Insurance Company  
(EI # 34-0970995, NAIC # 61727, OH)

    |  
    |Provident American Life & Health Insurance Company  
    |(EI # 23-1335885, NAIC # 67903, OH)

    |  
    |United Benefit Life Insurance Company  
    |(EI # 75-2305400, NAIC # 65269, OH)

Loyal American Life Insurance Company  
(EI # 63-0343428, NAIC # 65722, OH)

    |  
    |American Retirement Life Insurance Company  
    |(EI # 59-2760189, NAIC # 88366, OH)

QualCare Alliance Networks, Inc.

    |  
    |QualCare, Inc.  
    |Scibal Associates, Inc.  
    |QualCare Captive Insurance Company Inc., PCC  
    |QualCare Management Resources Limited Liability Company  
    |Health-Lynx, LLC

Sterling Life Insurance Company  
(EI # 13-1867829. NAIC # 77399.IL)

    |  
    |Olympic Health Management Sytesms, Inc.  
    |Olympic Health Management Services, Inc.

WorldDoc, Inc.

Cigna Health Management, Inc.  
(EI# 23-1728483, DE)

Kronos Optimal Health Company  
(720-8064696, AZ)

|  |   |
|--|---|
|  | <u>*Life Insurance Company of North America</u><br>(EI# 23-1503749, NAIC # 65498, PA)                           |
|  | <u>*Cigna &amp; CMB Life Insurance Company Limited</u><br>  (remaining interest owned by an unaffiliated party) |
|  | <u>Cigna Direct Marketing Company, Inc.</u>   |
|  | <u>Tel-Drug, Inc.</u>   |
|  | <u>Cigna Global Wellbeing Holdings Limited</u>  |
|  | <u>Cigna Global Wellbeing Solutions Limited</u>   |
|  | <u>Vielife Services, Inc.</u>   |
|  | <u>CG Individual Tax Benefit Payments, Inc.</u>   |
|  | <u>CG Life Pension Benefits Payments, Inc.</u>  |
|  | <u>CG LINA Pension Benefits Payments, Inc.</u>  |
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|  | <u>Cigna Healthcare Benefits, Inc.</u>  |
|  | <u>Cigna Integratedcare, Inc.</u>   |
|  | <u>Cigna Managed Care Benefits Company</u>  |
|  | <u>Cigna Re Corporation</u>   |
|  | <u>Blodget &amp; Hazard Limited</u>   |
|  | <u>Cigna Resource Manager, Inc.</u>   |
|  | <u>Connecticut General Benefit Payments, Inc.</u>   |
|  | <u>Healthsource Benefits, Inc.</u>  |
|  | <u>IHN, Inc.</u>  |
|  | <u>LINA Benefit Payments, Inc.</u>  |
|  | <u>Mediversal, Inc.</u>   |
|  | <u>Universal Claims Administration</u>  |
|  | <u>CareAllies, Inc.</u>   |
|  | <u>Cigna Global Holdings, Inc.</u>  |
|  | <u>Cigna International Corporation, Inc.</u>  |
|  | <u>Cigna International Services, Inc.</u>   |
|  | <u>Cigna International Marketing (Thailand) Limited</u>   |
|  | <u>CGO Participatos LTDA</u>  |
|  | <u>YCFM Servicos LTDA</u>   |
|  | <u>*Cigna Global Reinsurance Company, Ltd.</u>  |
|  | <u>Cigna Holdings Overseas, Inc.</u>  |

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| Cigna Linden Holdings, Inc.  
| | Cigna Laurel Holdings, Ltd.  
| | Cigna Palmetto Holdings, Ltd.  
| | | Cigna Apac Holdings Limited  
| | | | Cigna Alder Holdings, LLC  
| | | | Cigna Walnut Holdings, Ltd.  
| | | | Cigna Chestnut Holdings, Ltd.  
| | | | | \*LINA Life Insurance Company of Korea  
| | | | | | Cigna Korea Foundation  
| | | | | | Cigna International Services Australia Pty Ltd.  
| | | | | Cigna Hong Kong Holdings Company Limited  
| | | | | | Cigna Data Services (Shanghai) Company Limited  
| | | | | | Cigna HLA Technology Services Limited  
| | | | | | \*Cigna Worldwide General Insurance Company Limited  
| | | | | | \*Cigna Worldwide Life Insurance Company Limited  
| | | | | | Cigna International Health Services Sdn Bhd.  
| | | | | | \*Cigna Life Insurance New Zealand Limited  
| | | | | | | Grown Ups New Zealand Limited  
| | | | | | \*Cigna Life Insurance Company of Canada (AA-1560515)  
| | | | | | Cigna Korea Chusik Heosa (A/K/A Cigna Korea  
| | | | | | Company Limited)  
| | | | | | | LINA Financial Service  
| | | | | RHP (Thailand) Limited  
| | | | | | \*Cigna Brokerage & Marketing (Thailand) Limited  
| | | | | | KDM (Thailand) Limited  
| | | | | | | \*Cigna Insurance Public Company Limited  
| | | | | Cigna Taiwan Life Assurance Company Limited  
| | | | | Cigna Myrtle Holdings, Ltd.  
| | | | | | Cigna Elmwood Holdings, SPRL  
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| | | | | | | | Cigna Willow Holdings, LTD.  
| | | | | | | | FirstAssist Administration Limited

|  |  |  |  |  |  |  |
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|  |  |  |  |  |  | <u>Cigna Saico Benefits Services W.L.L.</u>  |
|  |  |  |  |  |  | <u>*Cigna Worldwide Insurance Company</u><br>(EI# 23-2088429, NAIC # 90859, DE)                            |
|  |  |  |  |  |  | <u>*PT. Asuransi Cigna</u>   |
|  |  |  |  |  |  | <u>Cigna Teak Holdings, LLC</u>  |

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