

---

## AMENDED FILING EXPLANATION

---

Revised Page 19 - Notes #10.G Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties



# ANNUAL STATEMENT

For the Year Ended December 31, 2016

of the Condition and Affairs of the

## OHIO NATIONAL LIFE ASSURANCE CORPORATION

NAIC Group Code.....0704, 0704  
(Current Period) (Prior Period)

NAIC Company Code..... 89206

Employer's ID Number..... 31-0962495

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

Incorporated/Organized..... June 26, 1979

Commenced Business..... August 22, 1979

Statutory Home Office

One Financial Way..... Cincinnati .... OH .... US .... 45242  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office

One Financial Way..... Cincinnati .... OH .... US.... 45242  
(Street and Number) (City or Town, State, Country and Zip Code)

513-794-6100

Mail Address

Post Office Box 237..... Cincinnati .... OH .... US .... 45201  
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

(Area Code) (Telephone Number)

Primary Location of Books and Records

One Financial Way..... Cincinnati .... OH .... US .... 45242  
(Street and Number) (City or Town, State, Country and Zip Code)

513-794-6100-6015

Internet Web Site Address

N/A

(Area Code) (Telephone Number)

Statutory Statement Contact

Amber Dawn Roberts

513-794-6100-6015

(Name)  
amber\_roberts@ohionational.com

(Extension)  
513-794-4516

(E-Mail Address)

(Fax Number)

### OFFICERS

Name

Gary Thomas Huffman

Title

President, Chairman & Chief Executive Officer

Name

Therese Susan McDonough

Title

Secretary

Doris Lee Paul

Treasurer

Kush Vijay Kotecha

Senior Vice President & Chief Corporate Actuary

### OTHER

Thomas Abdo Barefield

Vice Chairman & Chief Distribution Officer

Christopher Allen Carlson #

Vice Chairman, Strategic Businesses

Harry Douglas Cooke, III #  
Paul Gerard #

Executive Vice President  
Senior Vice President & Chief  
Investment Officer

Ronald John Dolan  
Kristal Elaine Hambrick

Vice Chairman & Chief Risk Officer  
Executive Vice President & Chief  
Product Officer

Arthur James Roberts

Senior Vice President & Chief Financial Officer

Dennis Lee Schoff

Senior Vice President & General Counsel, Assistant Secretary, Chief Compliance Officer

Barbara Ann Turner #

Executive Vice President & Chief  
Administrative Officer

### DIRECTORS OR TRUSTEES

Thomas Abdo Barefield  
Barbara Ann Turner #

Christopher Allen Carlson #

Ronald John Dolan

Gary Thomas Huffman

State of..... Ohio  
County of.... Hamilton

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)  
Gary Thomas Huffman

(Signature)  
Therese Susan McDonough

(Signature)  
Doris Lee Paul

(Printed Name)

(Printed Name)

President, Chairman & Chief Executive Officer

(Printed Name)

(Printed Name)

Secretary

Treasurer

(Title)

(Title)

(Title)

Subscribed and sworn to before me

This \_\_\_\_\_ day of April 2017

a. Is this an original filing?

Yes [ ] No [ X ]

b. If no

1. State the amendment number

2

2. Date filed

5-10-17

3. Number of pages attached

27

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

The financial statements of Ohio National Life Assurance Corporation (the Company) are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

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

At December 31, 2016 and 2015 there were no permitted practices.

	SSAP #	F/S Page	F/S line#	December 31, 2016	December 31, 2015
<b>Net Income</b>					
(1) Net (Loss) Income	XXX	XXX	XXX	\$ 14,115,878	20,834,289
(2) State prescribed practices: NONE				-	-
(3) State permitted practices: NONE				-	-
(4) Net Income, NAIC SAP	XXX	XXX	XXX	\$ <u>14,115,878</u>	<u>20,834,289</u>
<b>Surplus</b>					
(5) Statutory capital and surplus	XXX	XXX	XXX	\$ 277,950,678	281,507,615
(6) State prescribed practices: NONE				-	-
(7) State permitted practices: NONE				-	-
(8) Statutory capital and surplus, NAIC SAP	XXX	XXX	XXX	\$ <u>277,950,678</u>	<u>281,507,615</u>

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

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

**C. Accounting Policy**

Life premiums are recognized as income over the premium-paying 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 and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition cost such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the modified scientific method.
- (3) Common stocks are stated at market.
- (4) Preferred stocks rated NAIC 1-3 are stated at cost. Preferred stocks rated NAIC 4-6 are stated at the lower of cost or market value.
- (5) Conventional Mortgage loans on real estate are stated at unpaid principal balances less unaccrued discount, not to exceed 80% of appraised value. Mortgage loans on real estate insured and guaranteed by U.S. Agencies are stated at unpaid principal balances less unaccrued discount.
- (6) Loan-backed securities are stated at amortized cost. The retrospective adjustment methodology is used for asset-backed, CMO, and Mortgage-backed securities.
- (7) The Company does not have subsidiaries or controlled and affiliated companies.
- (8) The Company has minor interest in joint ventures. The Company carries these interests based on the underlying audited GAAP equity of the investee.
- (9) The Company does not invest in derivatives.
- (10) The Company does not utilize the anticipated investment income as a factor in premium deficiency calculation.
- (11) Liabilities for losses for individual accident and health policies.
  - (a) Individual Disability Income policies represent 100% of the policies and 100% of the liabilities. Claim Reserves are calculated using the 1985 Commissioner's Individual Disability Table C of the 1964 Commissioner's Disability Table with various interest rates depending on the year of claim.
  - (b) An additional liability is established for any scheduled claim payments that are due but not yet paid as of the statement date.
  - (c) Incurred but not reported reserves are estimated by applying factors to the total amount of monthly income in-force.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) Pharmaceutical Rebates Receivable – Not applicable

**NOTES TO FINANCIAL STATEMENTS****2. Accounting Changes and Corrections of Errors**

During the year, the Company elected to change the valuation method for reserves on universal life products. The Company recorded a Change in reserve on account of change in valuation of \$18,441,224 on Page 4, Line 43 as a result.

The Company's December 31, 2016 financial statements reflect a prior period adjustment relating to the recording of universal life expense allowances. As of December 31, 2015, expense allowances were overstated by \$1,511,361. As a result, surplus was understated by \$982,385. The events contributing to the understatement of the expense allowance received impacts surplus as follows:

Commision and expense allowances on reinsurance assumed (P4, L22, C1)	\$ 1,511,361
Federal and foreign income taxes incurred (excluding taxes on capital gains) (P4, L32, C1)	(528,976)
Increase in surplus (P4,L53,C1)	<u>\$ 982,385</u>

The Company's December 31, 2016 financial statements reflect a prior period adjustment relating to the recording of immediate annuity reserves. As of December 31, 2015, reserves were overstated by \$2,066,480. As a result, surplus was understated by \$1,343,212. The events contributing to the reserve overstatement impact surplus as follows:

Increase in aggregate reserves for life and accident and health contracts (P4,L19,C1)	\$ 2,066,480
Federal and foreign income taxes incurred (excluding taxes on capital gains) (P4, L32, C1)	(723,268)
Increase in surplus (P4,L53,C1)	<u>\$ 1,343,212</u>

The Company's December 31, 2016 financial statements reflect a prior period adjustment relating to the recording of universal life reserves. As of December 31, 2015, reserves were understated by \$2,948,628. As a result, surplus was overstated by \$1,916,608. The events contributing to the reserve understatement impact surplus as follows:

Increase in aggregate reserves for life and accident and health contracts (P4,L19,C1)	\$ (2,948,628)
Federal and foreign income taxes incurred (excluding taxes on capital gains) (P4, L32, C1)	1,032,020
Decrease in surplus (P4,L53,C1)	<u>\$ (1,916,608)</u>

The Company's December 31, 2016 financial statements reflect a prior period adjustment relating to the recording of BOLI reinsurance ceded premium. As of December 31, 2015, ceded premiums were overstated by \$2,577,830. As a result, surplus was understated by \$1,675,590. The events contributing to the premium overstatement impact surplus as follows:

Premium and annuity considerations for life and health policies and contracts (P4,L1,C1)	\$ 2,577,830
Federal and foreign income taxes incurred (excluding taxes on capital gains) (P4, L32, C1)	(902,241)
Increase in surplus (P4,L53,C1)	<u>\$ 1,675,590</u>

The Company's December 31, 2016 financial statements reflect a prior period adjustment relating to the recording of universal life premium conversions. As of December 31, 2015, ceded premiums were understated by \$2,025,043 and reserves were overstated by \$136,747. As a result, surplus was overstated by \$1,227,392. The events contributing to the premium understatement impact surplus as follows:

Premium and annuity considerations for life and health policies and contracts (P4,L1,C1)	\$ (2,025,043)
Increase in aggregate reserves for life and accident and health contracts (P4,L19,C1)	136,747
Federal and foreign income taxes incurred (excluding taxes on capital gains) (P4, L32, C1)	660,904
Decrease in surplus (P4,L53,C1)	<u>\$ (1,227,392)</u>

**NOTES TO FINANCIAL STATEMENTS**

The Company's December 31, 2016 financial statements reflect a prior period adjustment relating to the recording of income taxes related to the dividends received deduction. The events contributing to the understatement of taxes impact surplus as follows:

Federal and foreign income taxes incurred (excluding taxes on capital gains) (P4, L32, C1)	(256,665)
Decrease in surplus (P4,L53,C1)	<u><u>\$ (256,665)</u></u>

The Company's December 31, 2016 financial statements reflect a prior period adjustment relating to the recording of universal life rider reserves. As of December 31, 2015, reserves were overstated by \$260,741. As a result, surplus was understated by \$169,482. The events contributing to the reserve overstatement impact surplus as follows:

Increase in aggregate reserves for life and accident and health contracts (P4,L19,C1)	\$ 260,741
Federal and foreign income taxes incurred (excluding taxes on capital gains) (P4, L32, C1)	(91,259)
Increase in surplus (P4,L53,C1)	<u><u>\$ 169,482</u></u>

The Company's December 31, 2016 financial statements reflect a prior period adjustment relating to the recording of disability income reserve data error. As of December 31, 2015, reserves were overstated by \$764,121. As a result, surplus was understated by \$496,679. The events contributing to the reserve overstatement impact surplus as follows:

Increase in aggregate reserves for life and accident and health contracts (P4,L19,C1)	\$ 764,121
Federal and foreign income taxes incurred (excluding taxes on capital gains) (P4, L32, C1)	(267,442)
Increase in surplus (P4,L53,C1)	<u><u>\$ 496,679</u></u>

The Company's December 31, 2016 financial statements reflect a prior period adjustment relating to the recording of BOLI reinsurance ceded surrender benefits and expense allowances. As of December 31, 2015, benefits ceded were understated by \$2,536,935 and commission and expense allowance was overstated by \$516,000. As a result, surplus was overstated by \$1,984,408. The events contributing to the understatement impact surplus as follows:

Surrender benefits and withdrawals for life contracts (P4, L15, C1)	\$ (2,536,935)
Commission and Expense allowance reinsurance ceded (P4, L6, C1)	(516,000)
Federal and foreign income taxes incurred (excluding taxes on capital gains) (P4, L32, C1)	1,068,527
Decrease in surplus (P4,L53,C1)	<u><u>\$ (1,984,408)</u></u>

The Company's December 31, 2015 financial statements reflect a prior period adjustment relating to the recording of universal life reserves. As of December 31, 2014, these reserves were overstated by \$1,673,372. As a result, surplus was understated by \$1,087,692. The events contributing to the reinsurance premiums and reserves overstatements impact surplus as follows:

Increase in aggregate reserves for life and accident and health contracts (P4, L19, C1)	1,673,372
Federal and foreign incomes taxes incurred (P4,L32,C1)	(585,680)
Increase in surplus (P4, L53, C1)	<u><u>\$ 1,087,692</u></u>

The Company's December 31, 2015 financial statements reflect a prior period adjustment relating to the recording of disability insurance reserves. As of December 31, 2014, these reserves were overstated by \$846,164. As a result, surplus was understated by \$550,007. The events contributing to reserves overstatement impact surplus as follows:

Increase in aggregate reserves for life and accident and health contracts (P4, L19, C1)	846,164
Federal and foreign incomes taxes incurred (P4,L32,C1)	(296,157)
Increase in surplus (P4, L53, C1)	<u><u>\$ 550,007</u></u>

**NOTES TO FINANCIAL STATEMENTS**

The Company's December 31, 2015 financial statements reflect a prior period adjustment relating to the recording of reinsurance premiums and reserves with an affiliate. As of December 31, 2014, these reinsurance premiums were overstated by \$86,377 and the reinsurance reserves were understated by \$6,385,596. As a result, surplus was understated by \$4,094,492. The events contributing to the reinsurance premiums and reserves overstatements impact surplus as follows:

Premiums and annuity considerations for life and accident and health contracts (P4, L1, C1)	\$ (86,377)
Increase in aggregate reserves for life and accident and health contracts (P4, L19, C1)	6,385,596
Federal and foreign incomes taxes incurred (P4, L32, C1)	(2,204,727)
Increase in surplus (P4, L53, C1)	<u>\$ 4,094,492</u>

**3. Business Combinations and Goodwill**

- A. Statutory Purchase Method – Not Applicable
- B. Statutory Merger – Not Applicable
- C. Assumption Reinsurance – Not Applicable
- D. Impairment Loss – Not Applicable

**4. Discontinued Operations – NONE****5. Investments**

- A. Mortgage Loans, including Mezzanine Real Estate Loans

- (1) The minimum and maximum lending rates for mortgage loans during 2016 were:

Farm loans N/A  
 Residential loans N/A  
 Commercial mortgages 4.00% to 4.85%

- (2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was 75%.

- (3) Assessments

	Current Year	Prior Year
Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$ -	\$ -

**(4) Age Analysis of Mortgage Loans**

	Residential			Commercial			Total
	Farm	Insured	All Other	Insured	All Other	Mezzanine	
(a) Current Year							
1. Recorded Investment (All)							
a. Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,643,872
b. 30-59 Days Past Due	-	-	-	-	-	-	-
c. 60-89 Days Past Due	-	-	-	-	-	-	-
d. 89-179 Days Past Due	-	-	-	-	-	-	-
e. 180+ Days Past Due	-	-	-	-	-	-	-
2. Accruing Interest 90-179 Days Past Due							
a. Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
a. Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
a. Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Number of Loans	-	-	-	-	-	-	-
c. Percent Reduced	-	-	-	-	-	-	-
(b) Prior Year							
1. Recorded Investment (All)							
a. Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383,523,479
b. 30-59 Days Past Due	-	-	-	-	-	-	-
c. 60-89 Days Past Due	-	-	-	-	-	-	-
d. 89-179 Days Past Due	-	-	-	-	-	-	-
e. 180+ Days Past Due	-	-	-	-	-	-	-
2. Accruing Interest 90-179 Days Past Due							
a. Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
a. Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
a. Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Number of Loans	-	-	-	-	-	-	-
c. Percent Reduced	-	-	-	-	-	-	-

- (5) Investment in Impaired Loans With or Without Allowances or Credit Losses - NONE

- (6) Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting – NONE

**NOTES TO FINANCIAL STATEMENTS**

(7) Allowance for Credit Losses – NONE

(8) Mortgage Loans Derecognized as a Result of Foreclosure – NONE

(9) The Company recognizes interest income on its impaired loans upon receipt.

B. Debt Restructuring – NONE

C. Reverse Mortgages – NONE

D. Loan-Backed Securities

(1) Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from broker dealer survey values or internal estimates.

(2) Recognized OTTI - NONE

(3) The following table represents each security that recognized other-than-temporary impairment due to the fact that the present value of the cash flows expected to be collected were less than the amortized cost basis of the securities:

CUSIP	Book/Adj Carry Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-than-temporary Impairment in Current Period	Amortized Cost After Other-than-temporary Impairment	Fair Value at Time of OTTI	Date of Financial Statement Where Reported
76110HQ77	239,549	212,214	27,335	212,214	239,148	12/31/2016
Total	\$ 239,549	\$ 212,214	\$ 27,335	\$ 212,214	\$ 239,148	

(4) All impaired securities (fair value is less than cost or amortized cost) for which a other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

(a) The aggregate amount of unrealized losses

(1) Less than 12 Months	\$ 6,793,084
(2) 12 Months or Longer	\$ 1,467,191

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

(1) Less than 12 Months	\$ 290,052,411
(2) 12 Months or Longer	\$ 34,251,079

(5) Cash flow modeling was performed on all of these securities using current and expected market based assumptions which showed that the investor will receive cash flow the percent of value of which is equal to the adjusted statement value. Therefore, any impairment is considered not other-than-temporary.

E. Repurchase Agreements and/or Securities Lending Transactions

(1) For Securities Lending Agreements, the Company requires a minimum of 102% and 105% of the fair value of the domestic and foreign securities' loaned at the outset of the contract as collateral. If at any time the fair value of collateral declines to less than 102% and 105% of the domestic and foreign securities purchase price, the counterparty is obligated to provide additional collateral to bring the total collateral held by the Company to at least 102% and 105% of the securities' purchase price.

(2) The Company has not pledged any of its assets as collateral.

**NOTES TO FINANCIAL STATEMENTS**

## (3) Collateral Received

## (a) Aggregate Amount of Cash Collateral Received

## (1) Repurchase Agreement – None

## (2) Securities Lending

	Fair Value
(a) Open	\$ 84,664,570
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater than 90 days	
(f) Sub-Total	<hr/> 84,664,570
(g) Securities Received	-
(h) Total Collateral Received	<hr/> \$ 84,664,570

## (3) Dollar Repurchase Agreement – None

(b) The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral is \$84,664,570.

(c) Cash collateral received from borrowers on the loaned securities is remitted to US Bank for investment in accordance with the Company's Reinvestment guidelines. Cash collateral, if any, is reinvestment in short-term investments.

## (4) N/A

## (5) Collateral Reinvestment

## (a) Aggregate Amount of Cash Collateral Reinvested

## (1) Repurchase Agreement – None

	(1)	(2)
	Amortized Cost	Fair Value
(a) Open	\$ 84,664,570	\$ 84,664,570
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater than 3 Years		
(k) Sub-Total	<hr/> 84,664,570	<hr/> 84,664,570
(l) Securities Received	-	-
(m) Total Collateral Reinvested	<hr/> \$ 84,664,570	<hr/> \$ 84,664,570

## (3) Dollar Repurchase Agreement – NONE

(6) Cash flow modeling was performed on all of these securities using current and expected market based assumptions, which showed that the investor will receive cash flow the percent of value of which is equal to the adjusted statement value. Therefore, any impairment is considered not other than temporary.

## (7) N/A

## F. Real Estate – NONE

## G. Investments in low-income housing tax credits (LIHTC) – NONE

**NOTES TO FINANCIAL STATEMENTS****H. Restricted Assets****(1)**

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year					6	7	8	9	Percentage	
	1 Total General Account	2 G/A Supporting S/A Restricted Assets (a)	3 Total Separate Account Restricted Assets	4 S/A Assets Supporting G/A Activity (b)	5 Total					Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Collateral held under security lending arrangements	84,664,570	-	-	-	-	84,664,570	65,582,865	19,081,705	84,664,570	2.11%	2.14%
c. Subject to repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
g. Placed under option contract	-	-	-	-	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-	-	-	-	-
i.	-	-	-	-	-	-	-	-	-	-	-
j. FHLB capital stock On deposit with state	6,426,300	-	-	-	6,426,300	-	6,426,300	6,426,300	6,426,300	0.16%	0.16%
k. On deposit with other regulatory bodies	3,226,959	-	-	-	3,226,959	3,232,851	(5,892)	3,226,959	3,226,959	0.08%	0.08%
l. Pledged as collateral to FHLB (including assets backing funding agreements)	122,093,338	-	-	-	122,093,338	-	122,093,338	122,093,338	122,093,338	3.04%	3.09%
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-	-	-	-	-
o. Total restricted assets	<u>\$ 216,411,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,411,167</u>	<u>\$ 68,815,716</u>	<u>\$ 147,595,451</u>	<u>\$ -</u>	<u>\$ 216,411,167</u>	<u>5.38%</u>	<u>5.47%</u>

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories - NONE

(3) Detail of Other Restricted Assets – NONE

(4) Collateral Received and Reflected as assets within the Reporting Entity's Financial Statements

	Book/Adjusted Carrying Value	Fair Value	% of BACV to Total Assets (Admitted & Nonadmitted)	% of BACV to Total Admitted Assets
a. Cash	-	-	0.00%	0.00%
b. Schedule D, Part 1	125,320,297	124,455,971	3.33%	3.38%
c. Schedule D, Part 2, Sec. 1	-	-	0.00%	0.00%
d. Schedule D, Part 2, Sec. 2	6,426,300	6,426,300	0.17%	0.17%
e. Schedule B	-	-	0.00%	0.00%
f. Schedule A	-	-	0.00%	0.00%
g. Schedule BA, Part 1	-	-	0.00%	0.00%
h. Schedule DL, Part 1	84,664,570	84,664,570	2.25%	2.29%
i. Other	-	-	0.00%	0.00%
J. Collateral Assets	216,411,167	215,546,841	5.75%	5.84%

	Amount	% of Liability to Total Liabilities
k. Recognized Obligation to Return Collateral Asset	-	0.00

I. Working Capital Finance Investments (WCFI) – NONE

J. Offsetting and Netting of Assets and Liabilities – NONE

K. Structured Notes – NONE

L. 5\*Securities - NONE

**NOTES TO FINANCIAL STATEMENTS****6. Joint Ventures, Partnerships and Limited Liability Companies**

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceeded 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

**7. Investment Income**

A. Due and accrued income was excluded from investment income on the following basis:

(1) Bonds - where collection of interest is uncertain, are placed on non-accrual status.

(2) Due and accrued income was excluded from surplus on the following basis: all investment income due and accrued on bonds in default as to principal and interest.

B. The total amount excluded: NONE

**8. Derivative Instruments – NONE****9. Income Taxes**

A. The components of the net deferred asset/ (liability) at December 31, 2016 and December 31, 2015 are as follows:

1.

	12/31/2016		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 161,931,018	\$ 3,325,093	\$ 165,256,111
(b) Statutory Valuation Allowance Adjustment	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	161,931,018	3,325,093	165,256,111
(d) Deferred Tax Assets Nonadmitted	62,455,810	-	62,455,810
(e) Subtotal Net Deferred Tax Assets (1c - 1d)	99,475,208	3,325,093	102,800,301
(f) Deferred Tax Liabilities	52,181,295	1,709,902	53,891,197
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liability) (1e-1f)	\$ 47,293,913	\$ 1,615,191	\$ 48,909,104

	12/31/2015		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 156,453,482	\$ 5,406,386	\$ 161,859,868
(b) Statutory Valuation Allowance Adjustment	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	156,453,482	5,406,386	161,859,868
(d) Deferred Tax Assets Nonadmitted	58,505,073	-	58,505,073
(e) Subtotal Net Deferred Tax Assets (1c - 1d)	97,948,409	5,406,386	103,354,795
(f) Deferred Tax Liabilities	50,772,781	1,775,773	52,548,554
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liability) (1e-1f)	\$ 47,175,628	\$ 3,630,613	\$ 50,806,241

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 5,477,536	\$ (2,081,293)	\$ 3,396,243
(b) Statutory Valuation Allowance Adjustment	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	5,477,536	(2,081,293)	3,396,243
(d) Deferred Tax Assets Nonadmitted	3,950,737	-	3,950,737
(e) Subtotal Net Deferred Tax Assets (1c - 1d)	1,526,799	(2,081,293)	(554,494)
(f) Deferred Tax Liabilities	1,408,514	(65,871)	1,342,643
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liability) (1e-1f)	\$ 118,285	\$ (2,015,422)	\$ (1,897,137)

**NOTES TO FINANCIAL STATEMENTS**

2.

12/31/2016		
(1)	(2)	(3)
Ordinary	Capital	(Col 1+2) Total

**Admission Calculation Components - SSAP 101**

(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 32,688,874	\$ 3,187,055	\$ 35,875,929
(b)	Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b) 1 and 2(b)2 below )	13,033,175	-	13,033,175
1.	Adjusted Gross Deferred Tax Assets Expected to be Realized Follow ing the Balance Sheet Date	13,033,175	-	13,033,175
2.	Adjusted Gross Deferred Tax Assets Allow ed per Limitation Threshold	XXX	XXX	34,356,236
(c)	Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2 (a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	53,753,159	138,038	53,891,197
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101			
	Total (2(a)+2(b)+(2c)	<u>\$ 99,475,208</u>	<u>\$ 3,325,093</u>	<u>\$ 102,800,301</u>

**NOTES TO FINANCIAL STATEMENTS**

12/31/2015		
(4)	(5)	(6)
Ordinary	Capital	(Col 4+5) Total

**Admission Calculation Components - SSAP 101**

(a)	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 32,053,960	\$ 5,267,286	\$ 37,321,246
(b)	Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b) 1 and 2(b)2 below )	13,484,995	-	13,484,995
1.	Adjusted Gross Deferred Tax Assets Expected to be Realized Follow ing the Balance Sheet Date	13,484,995	-	13,484,995
2.	Adjusted Gross Deferred Tax Assets Allow ed per Limitation Threshold	XXX	XXX	34,605,206
(c)	Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2 (a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	52,409,454	139,100	52,548,554
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101			
	Total (2(a)+2(b)+(2c)	<u>\$ 97,948,409</u>	<u>\$ 5,406,386</u>	<u>\$ 103,354,795</u>

**NOTES TO FINANCIAL STATEMENTS**

Change		
(7)	(8)	(9)
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total

**Admission Calculation Components - SSAP 101**

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 634,914	\$ (2,080,231)	\$ (1,445,317)
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b) 1 and 2(b)2 below )	(451,820)	-	(451,820)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	(451,820)	-	(451,820)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	(248,970)
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2 (a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	1,343,705	(1,062)	1,342,643
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101			
Total (2(a)+2(b)+(2c)	\$ 1,526,799	\$ (2,081,293)	\$ (554,494)

3.

Impact of Tax Planning Strategies	2016	2015
(a) Ratio Percentage Used To Determine Recovery Period and Threshold Limitation Amount	732%	779%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 above	261,211,548	260,496,407

**NOTES TO FINANCIAL STATEMENTS**

4.

12/31/2016		
(1)	(2)	(3) (Col 1+2) Total Percent
Ordinary Percent	Capital Percent	

**Impact of Tax Planning Strategies**

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage

1 Adjusted Gross DTAs amount from Note 9A1(c)	\$ 161,931,018	\$ 3,325,093	\$ 165,256,111
2 Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0%	0%	0%
3 Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 99,475,208	\$ 3,325,093	\$ 102,800,301
4 Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0%	1%	1%

12/31/2015		
(4)	(5)	(6) (Col 1+2) Total Percent
Ordinary Percent	Capital Percent	

**Impact of Tax Planning Strategies**

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage

1 Adjusted Gross DTAs amount from Note 9A1(c)	\$ 156,453,482	\$ 5,406,386	\$ 161,859,868
2 Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0%	1%	1%
3 Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 97,948,409	\$ 5,406,386	\$ 103,354,795
4 Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0%	1%	1%

Change		
(7) (Col 1-4) Ordinary Percent	(8) (Col 2-5) Capital Percent	(9) (Col 7-8) Total Percent

**Impact of Tax Planning Strategies**

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage

1 Adjusted Gross DTAs amount from Note 9A1(c)	\$ 5,477,536	\$ (2,081,293)	\$ 3,396,243
2 Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0%	-1%	-1%
3 Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 1,526,799	\$ (2,081,293)	\$ (554,494)
4 Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0%	0%	0%

(b) Does the Company's tax-planning strategies include the use of reinsurance? Yes    No X**B. Unrecognized deferred tax liabilities**

(1) There are no temporary differences for which deferred tax liabilities are not recognized.  
 (2) N/A  
 (3) N/A  
 (4) N/A

**NOTES TO FINANCIAL STATEMENTS**

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

		(1) 12/31/2016	(2) 12/31/2015	(3) (Col 1-2) Change
<b>(1)</b>	<b>Current Income Tax</b>			
(a)	Federal	\$ 10,680,041	\$ 6,831,490	\$ 3,848,551
(b)	Foreign	-	-	-
(c)	Subtotal	10,680,041	6,831,490	3,848,551
(d)	Federal Income tax on net capital gains	1,262,334	124,655	1,137,679
(e)	Utilization of capital loss carry-forward	-	-	-
(f)	Other	249,144	(3,142,662)	3,391,806
(g)	Federal and foreign income taxes incurred	<u>\$ 12,191,519</u>	<u>\$ 3,813,483</u>	<u>\$ 8,378,036</u>
<b>(2)</b>	<b>Deferred Tax Assets:</b>			
(a)	Ordinary			
(1)	Discounting of unpaid losses	\$ -	\$ -	\$ -
(2)	Unearned premium reserve	476,405	769,256	(292,851)
(3)	Policyholder reserves	102,635,366	99,665,314	2,970,052
(4)	Investments	-	-	-
(5)	Deferred acquisition costs	57,530,794	54,761,459	2,769,335
(6)	Policyholder dividends accrual	-	-	-
(7)	Fixed assets	-	-	-
(8)	Compensation and benefits accrual	-	-	-
(9)	Pension accrual	-	-	-
(10)	Receivables - nonadmitted	-	-	-
(11)	Net operating loss carry-forward	-	-	-
(12)	Tax credit carry-forward	-	-	-
(13)	Other (including items<5% of total ordinary tax assets)	1,288,453	1,257,453	31,000
(99)	Subtotal	<u>161,931,018</u>	<u>156,453,482</u>	<u>5,477,536</u>
(b)	Statutory valuation allowance adjustment	-	-	-
(c)	Nonadmitted	62,455,810	58,505,073	3,950,737
(d)	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	99,475,208	97,948,409	1,526,799
(e)	Capital:			
(1)	Investments	3,325,093	5,406,386	(2,081,293)
(2)	Net capital loss carry-forward	-	-	-
(3)	Real Estate	-	-	-
(4)	Other (including items<5% of total capital tax assets)	-	-	-
(99)	Subtotal	<u>3,325,093</u>	<u>5,406,386</u>	<u>(2,081,293)</u>
(f)	Statutory valuation allowances adjustment	-	-	-
(g)	Nonadmitted	-	-	-
(h)	Admitted capital deferred tax assets (2e99 - 2f - 2g)	3,325,093	5,406,386	(2,081,293)
(i)	Admitted deferred tax assets (2d + 2h)	<u>102,800,301</u>	<u>103,354,795</u>	<u>(554,494)</u>
<b>(3)</b>	<b>Deferred Tax Liabilities:</b>			
(a)	Ordinary			
(1)	Investments	-	-	-
(2)	Fixed assets	-	-	-
(3)	Deferred and uncollected premium	48,387,331	46,462,639	1,924,692
(4)	Policyholder reserves	-	-	-
(5)	Section 807(f) Adjustment	3,230,371	3,638,481	(408,110)
(6)	Other (including items<5% of total capital tax liabilities)	563,593	671,661	(108,068)
(99)	Subtotal	<u>52,181,295</u>	<u>50,772,781</u>	<u>1,408,514</u>
(b)	Capital:			
(1)	Investments	-	-	-
(2)	Real Estate	1,709,902	1,775,773	(65,871)
(3)	Other (including items<5% of total capital tax liabilities)	-	-	-
(99)	Subtotal	<u>1,709,902</u>	<u>1,775,773</u>	<u>(65,871)</u>
(c)	Deferred tax liabilities (3a99 + 3b99)	<u>53,891,197</u>	<u>52,548,554</u>	<u>1,342,643</u>
<b>(4)</b>	<b>Net deferred tax assets/liabilities (2i - 3c)</b>	<b>\$ 48,909,104</b>	<b>\$ 50,806,241</b>	<b>\$ (1,897,137)</b>

**NOTES TO FINANCIAL STATEMENTS**

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

	<b>December 31, 2016</b>	<b>Effective Tax Rate</b>
(1) Income before taxes	\$ 9,971,630	35%
(2) Surplus Adjustment for Reinsurance	(1,114,021)	-3.91%
(3) Dividends received deduction	(815,036)	-2.86%
(4) IMR	(1,091,696)	-3.83%
(5) Cost Allocation	(3,392,873)	-11.91%
(6) Other	(98,990)	-0.35%
(7) Prior period adjustment	6,658,366	23.37%
(8) Totals	<u>\$ 10,117,380</u>	<u>35.51%</u>

Federal and foreign taxes incurred	\$ 10,929,185
Realized capital gains (losses) tax	1,262,334
Change in net deferred income taxes	(2,074,139)
Total current statutory income taxes	<u>\$ 10,117,380</u>

E. (1) The Company has no net operating loss carryforward.

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net loss:

2016 (current year)	\$ 11,353,018
2015 (current year-1)	4,773,642
2014 (current year-2)	27,848,033
	<u>\$ 43,974,693</u>

(3) The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was \$0 as of December 31, 2016.

F. (1) The Company's federal income tax return is consolidated with the following entities:

Ohio National Life Insurance Company, National Security Life and Annuity Company, Kenwood Re. Inc., Camargo Re., and Montgomery Re, Inc. as part of the life/non-life consolidated return of the common parent, Ohio National Mutual Holdings, Inc.

(2) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. Allocations are based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled quarterly.

G. (1) Federal or Foreign Income Tax Loss Contingencies:

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting

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

- A. The Company participates in reinsurance transactions with its parent, The Ohio National Life Insurance Company (ONLIC), disclosed in Part G. The Company also has a shared services agreement with ONLIC, disclosed in Part F.
- B. & C. During 2016 and 2015, the Company paid dividends to its parent, The Ohio National Life Insurance Company (ONLIC), totaling \$28,000,000 and \$29,000,000, respectively.
- D. The Company had a receivable from parent, subsidiaries and affiliates of \$43,589,875 and \$69,862,168, as of December 31, 2016 and December 31, 2015, respectively. The Company had a payable to parent, subsidiaries and affiliates of \$891,336 and \$6,320,000 as of December 31, 2016 and 2015, respectively. The terms of settlement require those amounts to be settled within 30 days.
- E. The Company does not have guarantees or undertakings for the benefit of an affiliate, which results in a material contingent exposure of the Company's assets and liabilities
- F. The Company has an agreement to receive services for personnel, EDP equipment, and supplies from ONLI. This agreement was approved by the Ohio Department of Insurance. The terms call for a cash settlement at least quarterly. The Company had a payable of \$891,336 and \$6,320,000 to ONLI as of December 31, 2016 and December 31, 2015, respectively. Charges for all services totaled \$57,204,422 and \$66,248,000 for the years ended 2016 and 2015, respectively.

The Company is a party to an agreement with Ohio National Mutual Holdings, Inc. ("ONMH") and most of its direct and indirect subsidiaries whereby ONLI shall maintain a common checking account. It is ONLI's duty to maintain sufficient funds to meet the reasonable needs of each party on demand. ONLI must account for the balances of each party daily. Such funds are deemed to be held in escrow by ONLI for the other parties (e.g. the Company). Settlement is made daily for each party's needs from or to the common account. It is ONLI's duty to invest excess funds in an interest bearing account and/or short term highly liquid investments. ONLI will credit interest monthly at the average interest earned for positive cash balances during the period or charge interest on any negative balances. Interest credited for years ended December 31, 2016 and 2015 was \$99,884 and \$98,251, respectively. The parties agree to indemnify one another for any losses of any nature relating to a party's breach of its duties under the terms of the agreement. At December 31, 2016 and 2015, the Company had \$43,097,258 and \$68,665,721, respectively, in the common account agreement. This amount was included in total assets, Page 2, Line 23.

G. The Company is a wholly owned subsidiary of ONLIC.

Effective November 1, 2016, the Company ended its coinsurance reinsurance agreement on bank owned life insurance (BOLI) with Ohio National Life Insurance Company (ONLIC), its parent, for new business going forward.

**NOTES TO FINANCIAL STATEMENTS**

Effective December 31, 2015, the Company entered into a 100% coinsurance reinsurance agreement with Camargo Re Captive, Inc. (CMGO), an affiliate that covers newly issued Term policies in 2015-2017. CMGO is special purpose financial captive and an authorized reinsurer in the State of Ohio. CMGO maintains a trust for the benefit of the Company and also maintains other security in order for the Company to claim reserve credit for the ceded reserves. As of December 31, 2016, the Company had the following reserves and security related to CMGO and the Company.

Affiliated captive assuming company	Type of agreement	Agreement effective date	Required statutory reserves	Required primary security	PSL assets held	PSL assets held less required reserves	OS assets held	Surplus / (Shortfall)
CMGO	XXX (AG48)	12/31/2015	55,958,220	27,343,133	31,623,428	(24,334,792)	31,188,127	6,853,335

H., I., J., K., L., M., & N. The Company does not own any subsidiaries, controlled entities, or affiliates that exceed 10% of admitted assets.

**11. Debt**

A. As of December 31, 2016 and 2015, the Company has access to \$170,000,000 automatic revolving credit facilities. The automatic revolving credit facilities were not utilized in 2016 or 2015. As of December 31, 2016 and 2015, the Company's outstanding credit draw was \$0. Total interest and fees paid in 2016 and 2015 was \$0.

B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. Through its membership, and by purchasing FHLB stock, the Company can enter into deposit contracts. The Company had outstanding deposit contracts of \$100,000,000 and \$0 as of December 31, 2016 and December 31, 2015, respectively. The table below indicates the amount of FHLB of Cincinnati stock purchased, collateral pledged, and additional funding capacity available related to the agreement with FHLB of Cincinnati.

## (2) FHLB Capital Stock

## (a) Aggregate Totals

## 1. Current Year

	Total 2+3	General Account	Separate Accounts
(a) Membership Stock - Class A	-	-	-
(b) Membership Stock - Class B	4,426,232	4,426,232	-
(c) Activity Stock	2,000,068	2,000,068	-
(d) Excess Stock	-	-	-
(e) Aggregate Total	6,426,300	6,426,300	-
(f) Actual or estimated borrowing Capacity as Determined by the Insurer			
	100,003,380	100,003,380	-

## 2. Prior Year

	1	2	3
	Total 2+3	General Account	Separate Accounts
(a) Membership Stock - Class A	-	-	-
(b) Membership Stock - Class B	-	-	-
(c) Activity Stock	-	-	-
(d) Excess Stock	-	-	-
(e) Aggregate Total	-	-	-
(f) Actual or estimated borrowing Capacity as Determined by the Insurer	-	-	-

## (b) Membership Stock (Class A and B) Eligible for Redemption:

Membership Stock	Current Year Total	Not Eligible for Redemption	Less than 6 Months	6 Months to Less than 1 Year		1 to Less than 3 Years	3 to 5 Years
				Less than 1 Year	1 Year		
1 Class A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 Class B	\$ 4,426,232	\$ 4,426,232	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTES TO FINANCIAL STATEMENTS**

## (3) Collateral Pledged to FHLB

## (a) Amount Pledged as of Reporting Date

## 1. Current Year Total General and Separate Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	120,464,340	122,093,338	100,000,000

## 2. Current Year General Account

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	120,464,340	122,093,338	100,000,000

## 3. Current Year Separate Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	-	-	-

## 4. Prior Year-end Total General Separate Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	-	-	-

## (b) Maximum Amount Pledged During Reporting Year

## 1. Current Year Total General and Separate Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	128,217,882	124,370,656	100,000,000

## 2. Current Year General Account

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	128,217,882	124,370,656	100,000,000

## 3. Current Year Separate Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	-	-	-

## 4. Prior Year-end Total General and Separate Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	-	-	-

**NOTES TO FINANCIAL STATEMENTS**

## (4) Borrowing from FHLB.

## (a) Amount as of Reporting Date

## 1. Current Year

	1 Total 2+3	2 General Account	3 Separate Account	4 Funding Agreements Reserves Established
(a) Debt				
(b) Funding Agreements	100,000,000	100,000,000	-	100,000,000
(c) Other				
(d) Aggregate Total	100,000,000	100,000,000	-	100,000,000

## 2. Prior Year

	Total 2+3	General Account	Separate Account	Funding Agreements Reserves Established
(a) Debt				
(b) Funding Agreements	-	-	-	-
(c) Other				
(d) Aggregate Total	-	-	-	-

## (b) Maximum Amount during Reporting Period (Current Year)

	1 Total 2+3	2 General Account	3 Separate Accounts
(a) Debt			
(b) Funding Agreements	100,000,000	100,000,000	-
(c) Other			
(d) Aggregate Total	100,000,000	100,000,000	-

## (c) FHLB – Prepayment Obligations

Does the company have  
prepayment obligations under  
the following arrangements  
(YES/NO)?

1. Debt	NO
2. Funding Agreements	NO
3. Other	NO

**NOTES TO FINANCIAL STATEMENTS****12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans**

The Company uses the personnel of its parent and has no deferred compensation or retirement plans.

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

- (1) The Company has 10,000 shares authorized, 3,200 shares issued, and 3,200 outstanding. All shares are Class A shares with a \$3,000 per share par value.
- (2) The Company has no preferred stock outstanding.
- (3) The payment of dividends by the Company to ONLI, is limited by Ohio insurance Laws. The maximum dividend that may be paid without prior approval of the Director of Insurance is limited to the greater of statutory gain from operations of the preceding calendar year or 10% of statutory earned surplus as of the preceding December 31. Therefore, the maximum dividend that may be paid in 2017 without prior approval is approximately \$27,795,068.
- (4) Ordinary dividends in the amount of \$28,000,000 and \$29,000,000 were paid by the Company in 2016 and 2015, respectively.
- (5) Within the limitation of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) The Company has no restrictions on unassigned surplus funds.
- (7) The Company has no mutual surplus advances.
- (8) The Company held no stock for special purposes.
- (9) There are no special surplus funds.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$616.
- (11) The Company does not have surplus notes.
- (12) The Company has not restated surplus due to a quasi-reorganization.
- (13) The Company did not have a quasi-reorganization.

**14. Contingencies****A. Contingent Commitments**

- (1) The Company has committed to fund mortgage loans in the amount of \$16,750,000 and bonds in the amount of \$0 and has no other material contingent commitments.
- (2) NONE
- (3) NONE

**B. Assessments**

(1)	The Company received no notifications of insolvency during the year that impacted the financial statements. Asset activity based on prior assessments is as follows:	
(2)	(a)	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end
		\$ 1,919,034
	(b)	Decreases current year:
		Premium tax offset applied
		130,441
		Decrease in accrued fund assessments
		178,326
	(c)	Increases current year:
		Increase in accrued fund assessments
		-
	(d)	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end
		<u>\$ 1,610,267</u>

**C. Gain Contingencies – NONE****D. Claims Related to Extra-contractual Obligation and Bad Faith Losses Stemming from Lawsuits – NONE****E. Joint and Several Liabilities - NONE****F. All Other Contingencies**

The Company has no assets that it considers to be impaired.

**NOTES TO FINANCIAL STATEMENTS****15. Leases - NONE****16. Information about Financial Instruments with Off-balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

The Company is a party to financial instruments with off balance sheet risk in the normal course of business through management of its investment portfolio. The Company had outstanding commitments to fund mortgage loans and bonds of \$16,750,000 and \$6,300,000 as of December 31, 2016 and 2015, respectively. These commitments involve, in varying degrees, elements of credit and market risk in excess of amounts recognized in the statutory financial statements. The credit risk of all financial instruments, whether on or off balance sheet, is controlled through credit approvals, limits, and monitoring procedures.

(1) The following table summarizes the carrying value and notional amounts of the Company's derivative financial instruments as of December 31, 2016 and 2015:

	Assets		Liabilities	
	2016	2015	2016	2015
a. Swaps	\$ -	\$ -	\$ -	\$ -
b. Futures	\$ -	\$ -	\$ -	\$ -
c. Options	\$ -	\$ -	\$ -	\$ -
d. Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Schedule DB of the Company's annual statement for additional detail

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

- A. Transfer of Receivables Reported as Sales - NONE
- B. Transfer and Servicing of Financial Assets - NONE
- C. Wash Sales – NONE

**18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**

- A. ASO Plans - NONE
- B. ASC Plans - NONE
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract – NONE

**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

The Company has no premiums written/produced by managing general agents/third party administrators.

**NOTES TO FINANCIAL STATEMENTS****20. Fair Value Measurements****A.**

(1) Fair Value Measurements at December 31, 2016 are as follows:

(1) Description	(2) (Level 1)	(3) (Level 2)	(4) (Level 3)	(5) Total
a. Assets at fair value				
Cash	\$ (5,177,832)	\$ -	\$ -	\$ (5,177,832)
Short-term	-	-	-	-
Securities lending collateral	-	84,664,570	-	84,664,570
Perpetual Preferred stock				-
Industrial and Misc.	-	-	-	-
Parent, Subsidiaries and Affiliates	-	-	-	-
Total Perpetual Preferred Stocks	-	-	-	-
Bonds				
U.S. Governments	-	-	-	-
Industrial and Misc	-	-	-	-
Hybrid Securities	-	-	-	-
Parent, Subsidiaries and Affiliates	-	-	-	-
Total Bonds	-	-	-	-
Common Stock				
Industrial and Misc	-	6,430,681	-	6,430,681
Parent, Subsidiaries and Affiliates	-	-	-	-
Total Common Stocks	-	6,430,681	-	6,430,681
Derivative assets				
Interest rate contracts	-	-	-	-
Foreign exchange contracts	-	-	-	-
Credit contracts	-	-	-	-
Commodity futures contracts	-	-	-	-
Commodity forward contracts	-	-	-	-
Total Derivatives	-	-	-	-
Separate account assets	253,233,283	-	-	253,233,283
Total assets at fair value	\$ 248,055,451	\$ 91,095,251	\$ -	\$ 339,150,703
b. Liabilities at fair value				
Derivative liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

(2) Fair Value Measurements in (Level 3) of Fair Value Hierarchy – NONE

**B. Other Fair Value disclosures – NONE****C. Fair Values for all Financial Instruments**

(1) Type of Financial Instrument	(2) Aggregate Fair Value	(3) Admitted Assets	(4) Level 1	(5) Level 2	(6) Level 3	(7) Not Practicable (Carry Value)
Assets at fair value:						
Bonds	2,940,579,346	2,846,876,466	3,668,333	2,916,535,123	20,375,890	-
Cash	(5,177,832)	(5,177,832)	(5,177,832)	-	-	-
Common stock non-affiliate	6,430,681	6,430,681	-	6,430,681	-	-
Preferred stock	12,809,060	13,106,000	-	12,809,060	-	-
Mortgage loans	384,543,543	379,643,872	-	-	384,543,543	-
Separate account	253,233,283	253,233,283	253,233,283	-	-	-
Liabilities at fair value:						
Separate account	253,233,283	253,233,283	253,233,283	-	-	-

**D. Not Practicable to Estimate Fair Values - NONE**

**NOTES TO FINANCIAL STATEMENTS****21. Other Items**

- A. Extraordinary Items - NONE
- B. Troubled Debt Restructuring – NONE
- C. Other Disclosures

The table below provides additional detail and information regarding our annuity withdrawal characteristics which are briefly presented in note 32.

	Amount	Ceded	Net	% of Total
<b>Statement of Annuity Withdrawal Characteristics</b>				
A. Subject to discretionary withdrawal				
-with adjustment				
(1) -with market value adjustment	\$	-	\$	-
(2) -at book value less surrender charge				0.0%
Surrender charge >=9%	-	-	-	0.0%
Surrender charge >=8% but <9%	-	-	-	0.0%
Surrender charge >=7% but <8%	-	-	-	0.0%
Surrender charge >=6% but <7%	-	-	-	0.0%
Surrender charge >=5% but <6%	-	-	-	0.0%
(3) At fair value**	-	-	-	0.0%
(4) Total with adjustment or at market value	-	-	-	0.0%
(5) Subject to discretionary withdrawal-without adjustment at book value (minimal or no charge)				
Surrender charge >=4% but <5%	-	-	-	0.0%
Surrender charge >=3% but <4%	-	-	-	0.0%
Surrender charge >=2% but <3%	-	-	-	0.0%
Surrender charge >=1% but <2%	386,798	-	386,798	0.2%
Surrender charge >=0%	45,478,201	-	45,478,201	28.7%
Total at book value	45,864,999	-	45,864,999	28.9%
B. Not subject to discretionary withdrawal	112,867,446	-	112,867,446	71.1%
C. Total annuity actuarial reserves and deposit fund liabilities (gross)	158,732,445			
D. Less: reinsurance		-		
E. Total annuity actuarial reserves and deposit fund liabilities (net)*			158,732,445	100.0%
* <i>Reconciliation of total annuity actuarial reserves and deposit fund liabilities</i>				
F. Statutory Statement Values				
(1) Exhibit 5, Annuitites Section, Totals (net)	52,786,861	-	52,786,861	
(2) Exhibit 5, Supplementary Contracts, Totals (net)	776,759	-	776,759	
(3) Exhibit of Deposit Type Contracts Column 1, Line 14	105,168,825	-	105,168,825	
(4) Subtotal	158,732,445	-	158,732,445	
<b>Separate Accounts Annual Statement</b>				
(5) Exhibit 3, Line 0299999, Column 2	-	-	-	
(6) Exhibit 3, Line 0399999, Column 2	-	-	-	
(7) Policyholder Coupon & Div. Accum.	-	-	-	
(8) Policyholder Premiums	-	-	-	
(9) Guaranteed Interest Contracts	-	-	-	
(10) Other contract deposit funds	-	-	-	
(11) Subtotal		-	-	
(12) Combined Total	<u>\$ 158,732,445</u>	<u>\$ -</u>	<u>\$ 158,732,445</u>	

\*\* Includes \$0 of individual and group variable deferred Annuity held in Separate Accounts that are surrenderable at market value less a surrender charge.

**General Interrogatory 24.3**

The Company participates in an indemnified securities lending program administered by US Bank in which certain securities are made available for lending. Cash collateral received from borrowers on the loaned securities is remitted to US Bank for investment in accordance with the Company's Reinvestment guidelines. As of December 31, 2016, the Company had \$82,039,531 on loan and \$84,664,570 in collateral.

- D. Business Interruption Insurance Recoveries – NONE

**NOTES TO FINANCIAL STATEMENTS****E. State Transferable and Non-transferable Tax Credits**

(1) Carrying value of transferable and non-transferable state tax credits gross of any related tax liabilities and total unused transferable state tax credits by state and in total.

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Premium Tax Credits Guaranty Funds	CO	\$ 41,534	41,534
Premium Tax Credits Guaranty Funds	CT	1,354	1,354
Premium Tax Credits Guaranty Funds	DE	10	10
Premium Tax Credits Guaranty Funds	DC	33	33
Premium Tax Credits Guaranty Funds	FL	2,232	2,232
Premium Tax Credits Guaranty Funds	GA	1,404	1,404
Premium Tax Credits Guaranty Funds	ID	12	12
Premium Tax Credits Guaranty Funds	IN	4,456	4,456
Premium Tax Credits Guaranty Funds	IA	17,457	17,457
Premium Tax Credits Guaranty Funds	KS	17,171	17,171
Premium Tax Credits Guaranty Funds	KY	21,131	21,131
Premium Tax Credits Guaranty Funds	MA	102	102
Premium Tax Credits Guaranty Funds	MI	1,654	1,654
Premium Tax Credits Guaranty Funds	MN	500	500
Premium Tax Credits Guaranty Funds	MO	45,798	45,798
Premium Tax Credits Guaranty Funds	NE	2,191	2,191
Premium Tax Credits Guaranty Funds	NJ	54	54
Premium Tax Credits Guaranty Funds	NC	5,773	5,773
Premium Tax Credits Guaranty Funds	OH	6,510	6,510
Premium Tax Credits Guaranty Funds	OK	6,081	6,081
Premium Tax Credits Guaranty Funds	OR	44	44
Premium Tax Credits Guaranty Funds	PA	7,094	7,094
Premium Tax Credits Guaranty Funds	RI	4	4
Premium Tax Credits Guaranty Funds	SC	1,199	1,199
Premium Tax Credits Guaranty Funds	SD	346	346
Premium Tax Credits Guaranty Funds	TX	15,231	15,231
Premium Tax Credits Guaranty Funds	UT	105	105
Premium Tax Credits Guaranty Funds	VT	696	696
Premium Tax Credits Guaranty Funds	VA	1,367	1,367
Premium Tax Credits Guaranty Funds	WA	1,107	1,107
Premium Tax Credits Guaranty Funds	WI	138	138
Premium Tax Credits Guaranty Funds	WY	906	906
<b>Total</b>		<b>\$ 203,694</b>	<b>\$ 203,694</b>

(2) Method of Estimating Utilization of Remaining Transferable and Non-transferable State Tax Credits

The Company has \$16,586 of transferable state tax credits on December 31, 2016. The Company estimated the utilization of its remaining non-transferable state tax credits by projecting future premium tax liabilities based on current premiums, credits and tax rates in future years and comparing the projected tax liabilities against the remaining non-transferable state tax credits.

(3) Impairment Loss

The Company does not have any impairment losses related to the write down of non-transferable state tax credits.

(4) State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
a. Transferable	\$ 16,586	\$ -
b. Non-transferable	\$ 187,108	\$ -

**NOTES TO FINANCIAL STATEMENTS****F. Subprime Mortgage Related Risk Exposure**

(1) The Company has investments in residential mortgage-backed securities whose underlying collateral includes a significant component of subprime mortgage exposure. Subprime mortgage pools include mortgage loans that have characteristics such as high loan-to-value ratios on the underlying loans, borrowers with low credit ratings (FICO scores), loans with limited documentation of the borrowers' income, assets or debt, loans with monthly payments that start with low monthly payments based on a fixed introductory rate that expires after a short initial period and then adjusts significantly higher thereafter, and loans that are interest-only or negative amortization loans.

The exposure to subprime mortgage securities is monitored on a periodic basis with regard to market price versus book value, changes in credit ratings and changes in underlying credit support. The Company's exposure to subprime risk has been mitigated by limiting overall exposure to this asset class, and by having a portfolio that is composed primarily of older-vintage, senior tranches of subprime residential mortgage-backed securities.

Management utilized external vendor prices to determine fair value of the securities with significant subprime mortgage exposure. If at some point external vendor prices are not available, broker quotations will be used to determine fair value.

(2) The Company had no direct exposure through investments in subprime mortgage loans.

(3) Direct exposure through other investments.

	1 Actual Cost	2 Book/Adjusted Carrying Value (excluding interest)	3 Fair Value	4 Other Than Temporary Impairment Losses Recognized
a. Residential mortgage backed securities	\$ 12,661,612	\$ 12,883,411	\$ 13,072,253	\$ -
b. Commercial mortgage backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs*	-	-	-	-
f. Other assets	-	-	-	-
g. Total	<u>\$ 12,661,612</u>	<u>\$ 12,883,411</u>	<u>\$ 13,072,253</u>	<u>\$ -</u>

\* The Company does not have any subsidiary companies.

(4) The Company had no underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

**G. Retained Assets – NONE****H. Insurance-Linked Securities (ILS) Contracts - NONE****22. Events Subsequent – NONE****23. Reinsurance****A. Ceded Reinsurance Report****Section 1 - General Interrogatories**

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes ( ) No (X) If yes, give full details.

---

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

---

**NOTES TO FINANCIAL STATEMENTS**

## Section 2 - Ceded Reinsurance Report - Part A

(1) Does the Company have any reinsurance agreements in effect under which the insurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes ( ) No (X)

(a) 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 company to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

\$ \_\_\_\_\_

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

(2) Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts which, 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.

---

## Section 3 - Ceded Reinsurance Report - Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes ( ) No (X)

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

## B. Uncollectible Reinsurance

The Company has not written off any reinsurance balances in the current year.

## C. Commutation of Reinsurance Reflected in Income and Expenses.

The Company has not reported in its operations in the current year any commutation of reinsurance with other companies.

## D. Certified Reinsurer Downgraded or Status Subject to Revocation

The Company has no reinsurance agreements with certified reinsurers.

## E. &amp; F. Reinsurance of Variable Annuity Contracts with an Affiliated Captive Reinsurer

The Company does not reinsurance variable annuity contracts with affiliated captive reinsurers.

## G. Ceding Companies that Utilize a Captive to Reinsure XXX/AXXX Reserves

(1) Captive Reinsurers in Which a Risk-based Capital Shortfall Exists per the Risk-based Capital XXX/AXXX Captive Reinsurance Consolidated Exhibit

The Company does not have any RBC shortfalls.

(2) Captive Reinsurers in Which a Non-Zero Primary Shortfall is Shown on the Risk-based Capital XXX/AXXX Reinsurance Primary Security Shortfall by Cession Exhibit.

The Company does not have any RBC shortfalls.

**24. Retrospectively Rated Contracts & Contracts Subject to Redetermination – NONE****25. Change in Incurred Losses and Loss Adjustment Expenses**

Reserves and Loss Adjustment Expenses as of December 31, 2015 were \$70,230,591. As of December 31, 2016, \$ 9,864,519 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves and Loss Adjustment Expenses remaining for prior years are now \$63,647,030. The decrease is generally the result of the natural progression of a block of disability income claims and the increase or decrease in original estimates as additional information becomes known regarding individual claims.

**NOTES TO FINANCIAL STATEMENTS****26. Intercompany Pooling Arrangements - NONE****27. Structured Settlements – NONE****28. Health Care Receivables – NONE****29. Participating Policies – NONE****30. Premium Deficiency Reserves – NONE****31. Reserves for Life Contracts and Deposit-type Contracts**

(1) The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premiums beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.

(2) On current issues, reserves on substandard policies are standard mortality table reserves plus one-half the annual charge for extra mortality during the premium paying period.

(3) As of December 31, 2016, the Company had \$128,297,748,678 of Individual Life 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.

(4) The tabular interest, tabular less actual reserve released and tabular cost, have all been determined from the basic data for the calculation of policy reserves and the actual reserves released.

a. Tabular Interest: Involving Life Contingencies

For deferred annuities we use the interest that is credited to the account value.

For immediate pay-out annuities (on a seriatim basis) the valuation interest rate is applied to the beginning reserve. For new contracts, interest from the date of issue to the valuation date is calculated using an effective interest rate calculation. Interest is subtracted for interest on each benefit payment from its effective date to the valuation date.

b. Tabular Cost, and Tabular less Actual Reserves Released have been determined by formula as specified in the instructions given T-A+l and I.

(5) Tabular interest on funds not involving life contingencies:

a. For the determination of tabular interest on funds not involving life contingencies, Lines 1 and 8, Page 7, excepting column 7, are obtained by inventory on a case by case basis using the appropriate valuation interest rate. The difference between Lines 1 and 8 is adjusted for increases or decreases in Lines 2, 4, 5, 6, & 7. The remaining amount is entered on Page 7, Line 3. Column 7 for this line is obtained by inventory on a case by case basis.

b. Tabular interest on immediate cases not involving life contingencies is calculated by applying (on a seriatim basis) the valuation interest rate to the beginning reserve and for new contracts we calculate interest from the date of issue to the valuation date using an effective interest rate calculation. We subtract interest for each benefit payment from its effective date to the valuation date.

(6) Details for other reserve changes:

Item	Total	Industrial Life	ORDINARY			Credit Life Group and Individual	GROUP	
			Life Ins.	Individual Annuities	Supplementary Contracts		Life Ins.	Annuities
Net reserve transfers due to annuitizations	(68,064)	-	-	(68,064)	-	-	-	-
Supplemental Contract reserve transfers	(45,850)	-	-	-	(45,850)	-	-	-
Valuation model Corrections	(1,980,116)	-	-	(1,980,116)	-	-	-	-
Net change in UL deficiency reserves	(10,983,410)	-	(10,983,410)		-	-	-	-
Total:	(13,077,440)	-	(10,983,410)	(2,048,180)	(45,850)	-	-	-

**NOTES TO FINANCIAL STATEMENTS****32. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics**

	(1)	(2a)	(2b)	(3)	(4)
	General Account	Separate Account with Guarantees	Separate Account Non-guaranteed	Total	% of Total
A. Subject to discretionary withdrawal:					
(1) With market value adjustment	\$ -	\$ -	\$ -	\$ -	0.0%
(2) At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
(3) At fair value **	-	-	-	-	0.0%
(4) Total with market value adjustment or at fair value	-	-	-	-	0.0%
(5) At book value without adjustment (minimal or no charge or adjustment)	45,864,999	-	-	45,864,999	28.9%
B. Not subject to discretionary withdrawal:	112,867,446	-	-	112,867,446	71.1%
C. Total (gross direct + assumed)	158,732,445	-	-	158,732,445	100.0%
D. Reinsurance ceded	-	-	-	-	
E. Total	<u>\$ 158,732,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,732,445</u>	
F. Statutory Statement Values					
(1) Exhibit 5, Annuities Section, Totals (net)			\$ 52,786,861		
(2) Exhibit 5, Supplementary Contracts, Totals (net)			776,759		
(3) Exhibit of Deposit Type Con, Column 1, Line 14			105,168,825		
(4) Subtotal			<u>158,732,445</u>		
Separate Accounts Annual Statement					
(5) Exhibit 3, Line 0299999, Column 2			-		
(6) Exhibit 3, Line 0399999, Column 2			-		
(7) Policyholder Coupon & Div Accums			-		
(8) Policyholder Premiums			-		
(9) Guaranteed Interest Contracts			-		
(10) Other contract deposit funds			-		
(11) Subtotal			<u>-</u>		
(12) Combined Total			<u>\$ 158,732,445</u>		

\*\* Includes \$0 of individual and group variable deferred Annuity held in Separate Accounts that are surrenderable at market value less a surrender charge.

**33. Premium and Annuity Considerations Deferred and Uncollected**

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2016 were as follows:

	Gross	Net of Loading
(1) Industrial	\$ -	\$ -
(2) Ordinary New Business	5,368,989	6,436,572
(3) Ordinary renewal	61,203,305	132,097,548
(4) Credit Life	-	-
(5) Group Life	-	-
(6) Group Annuity	-	-
(7) Totals	<u>\$ 66,572,294</u>	<u>\$ 138,534,120</u>

**34. Separate Accounts**

A. Separate Account Activity:

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

## Variable Universal Life

In accordance with the state of Ohio procedures on approving items within the separate account, the separate account classification of the products are supported by the Ohio statute 3907.15.

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

As of December 31, 2016 and 2015, the Company separate account statement included legally insulated assets of \$253,233,283 and \$248,777,027, respectively.

**NOTES TO FINANCIAL STATEMENTS**

The assets legally insulated from the general account as of December 31, 2016 are attributed to the following products:

Products	<u>Legally Insulated Assets</u>	<u>S/A Assets (Not Legally Insulated)</u>
Variable Universal Life	\$ 253,233,283	\$ -
Totals	<u>\$ 253,233,283</u>	<u>\$ -</u>

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

As of December 31, 2016, the general account of the Company had a maximum guarantee for separate account liabilities of \$0.

To compensate the general account for the risk taken, the separate account has paid risk charges as follows for the past five (5) years:

(a) 2016	\$ 71,018
(b) 2015	72,769
(c) 2014	77,279
(d) 2013	78,347
(e) 2012	85,270

As of December 31, 2016, the general account of the Company had paid \$0 towards separate account guarantees.

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

**B. General Nature and Characteristics of Separate Accounts Business**

	(1) Indexed	(2) Nonindexed Guarantee less than/equal to 4%		(3) Nonindexed Guarantee More than 4%	(4) Nonguaranteed Separate Accounts	(5) Total
		\$	-			
(1) Premiums, considerations or deposits for year ended 12/31/2016	\$ -	\$ -	-	\$ -	\$ -	\$ -
Reserves at 12/31/2016						
(2) For accounts with assets at:						
a. Fair Value	\$ -	\$ -	-	\$ -	\$ 242,374,586	\$ 242,374,586
b. Amorized cost	\$ -	\$ -	-	\$ -	\$ 7,443,835	\$ 7,443,835
c. Total reserves*	\$ -	\$ -	-	\$ -	\$ 249,818,421	\$ 249,818,421
(3) By withdrawal characteristics:						
a. Subject to discretionary withdrawal						
b. With MV adjustment	\$ -	\$ -	-	\$ -	\$ -	\$ -
c. At book value without MV adjustment and with current surrender charge of 5% or more	\$ -	\$ -	-	\$ -	\$ -	\$ -
d. At fair Value	\$ -	\$ -	-	\$ -	\$ 249,818,421	\$ 249,818,421
e. At book value without MV adjustment and with current surrender charge of less than 5%	\$ -	\$ -	-	\$ -	\$ -	\$ -
f. Subtotal	\$ -	\$ -	-	\$ -	\$ 249,818,421	\$ 249,818,421
g. Not subject to discretionary withdrawal	\$ -	\$ -	-	\$ -	\$ -	\$ -
h. Total	\$ -	\$ -	-	\$ -	\$ 249,818,421	\$ 249,818,421

\* Line 2 (c) should equal Line 3(h)

(4) Reserves for Asset Default Risk in Lieu of AVR

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

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

a. Transfers to Separate Accounts (Page 4, Line 1.4)	\$ 12,810,302
b. Transfers from Separate Accounts (Page 4, Line 10)	\$ (24,970,120)
c. Net transfers to (from) Separate Accounts (a) - (b)	\$ (12,159,818)

(2) Reconciling Adjustments

a. Policyholder charges	\$ 11,594,158
b. Other net	\$ (1,116,445)

(3) Transfers as reported in the Summary of Operations of the Life Accident & Health Annual Statement (1c)+(2)=(Page 4, Line26)

\$ (1,682,105)

**35. Loss / Claim Adjustment Expenses**

The balance in the liability for unpaid accident and health claim adjustment expenses as of December 31, 2016 and December 31, 2015 was \$1,373,934 and \$1,388,190, respectively.

The company incurred \$117,538 and paid \$103,282 of claim adjustment expenses in the current year, of which \$94,446 of the paid amount was attributable to insured or covered events of prior years. The company did not increase or decrease the provision for insured events of prior years.

The company does not have any provision for salvage or subrogation.