



ANNUAL STATEMENT

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

ANNUITY INVESTORS LIFE INSURANCE COMPANY

NAIC Group Code.....0084, 0084 (Current Period) (Prior Period)	NAIC Company Code..... 93661	Employer's ID Number..... 31-1021738
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... November 13, 1981	Commenced Business..... December 21, 1981	
Statutory Home Office	301 East Fourth Street..... Cincinnati ..... OH ..... US ..... 45202 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	301 East Fourth Street..... Cincinnati ..... OH ..... US..... 45202 (Street and Number) (City or Town, State, Country and Zip Code)	513-357-3300 (Area Code) (Telephone Number)
Mail Address	Post Office Box 5423..... Cincinnati ..... OH ..... US ..... 45202 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	301 East Fourth Street..... Cincinnati ..... OH ..... US ..... 45202 (Street and Number) (City or Town, State, Country and Zip Code)	513-357-3300 (Area Code) (Telephone Number)
Internet Web Site Address	www.gaig.com	
Statutory Statement Contact	Robert Mayhew Earle II (Name) rearle@gaig.com (E-Mail Address)	513-412-1735 (Area Code) (Telephone Number) (Extension) 513-412-1673 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Stephen Craig Lindner	President	2. Mark Francis Muething	Secretary
3. Christopher Patrick Miliano	Treasurer		
OTHER			
Adrienne Susan Kessling	Senior Vice President	John Paul Gruber	Senior Vice President
Brian Patrick Sponaugle	Vice President	Rebecca Jane Schriml	Vice President
Michael Harrison Haney	Vice President	Eugene Michael Breen	Appointed Actuary

DIRECTORS OR TRUSTEES

Stephen Craig Lindner	Christopher Patrick Miliano	Mark Francis Muething	Michael James Prager
Jeffrey Gene Hester			

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) Mark Francis Muething	(Signature) Christopher Patrick Miliano	(Signature) John Paul Gruber
1. (Printed Name) Secretary	2. (Printed Name) Treasurer	3. (Printed Name) Senior Vice President
(Title)	(Title)	(Title)
Subscribed and sworn to before me This _____ day of February 2017	a. Is this an original filing? b. If no	Yes [ X ] No [ ] 1. State the amendment number 2. Date filed 3. Number of pages attached

Annual Statement for the year 2016 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	2,306,190,528		2,306,190,528	2,279,931,841
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	1,000,000		1,000,000	1,000,000
2.2 Common stocks.....	5,572,735		5,572,735	5,220,423
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....(4,563,049), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....45,716,534, Schedule DA).....	41,153,485		41,153,485	28,169,505
6. Contract loans (including \$.....0 premium notes).....	58,267,375		58,267,375	59,246,375
7. Derivatives (Schedule DB).....	13,410,710		13,410,710	7,113,747
8. Other invested assets (Schedule BA).....	10,991,476		10,991,476	
9. Receivables for securities.....	198,449		198,449	153,890
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).....	2,436,784,758	0	2,436,784,758	2,380,835,781
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	24,379,511		24,379,511	23,509,529
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	185,826	185,826	0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			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.....	847,886	13,788	834,098	183,372
19. Guaranty funds receivable or on deposit.....	152,647		152,647	
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.....	389,077		389,077	359,004
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	1,078,848	256,078	822,770	1,071,023
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,463,818,553	455,692	2,463,362,861	2,405,958,709
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	600,064,488		600,064,488	608,154,130
28. TOTAL (Lines 26 and 27).....	3,063,883,041	455,692	3,063,427,349	3,014,112,839
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. Accrued contractual fee income.....	545,323		545,323	411,896
2502. Receivable for marketing reallowance.....	215,947		215,947	247,627
2503. Funds held as collateral.....	40,000		40,000	390,000
2598. Summary of remaining write-ins for Line 25 from overflow page.....	277,578	256,078	21,500	21,500
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	1,078,848	256,078	822,770	1,071,023

Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

		1	2
		Current Year	Prior Year
1.	Aggregate reserve for life contracts \$.....2,144,628,572 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	2,144,628,572	2,110,059,566
2.	Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....		
3.	Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....	27,736,679	30,871,520
4.	Contract claims:		
4.1	Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	4,553,982	4,683,587
4.2	Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....		
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 \$.....0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....		
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).....	4,904,652	3,537,106
10.	Commissions to agents due or accrued - life and annuity contracts \$....461,842, accident and health \$.....0 and deposit-type contract funds \$.....0.....	461,842	55,854
11.	Commissions and expense allowances payable on reinsurance assumed.....		
12.	General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	858,348	656,049
13.	Transfers to Separate Accounts due or accrued (net) (including \$....(5,470,708) accrued for expense allowances recognized in reserves, net of reinsured allowances).....	(5,470,708)	(6,412,993)
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	688,771	470,529
15.1	Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....	1,213,895	1,938,811
15.2	Net deferred tax liability.....		
16.	Unearned investment income.....		
17.	Amounts withheld or retained by company as agent or trustee.....	70,202	74,142
18.	Amounts held for agents' account, including \$....221,218 agents' credit balances.....	221,218	540,818
19.	Remittances and items not allocated.....	822,860	1,079,711
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).....	11,826,055	10,030,925
24.02	Reinsurance in unauthorized and certified (\$.....0) companies.....		
24.03	Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers.....		
24.04	Payable to parent, subsidiaries and affiliates.....		
24.05	Drafts outstanding.....		
24.06	Liability for amounts held under uninsured plans.....		
24.07	Funds held under coinsurance.....		
24.08	Derivatives.....		
24.09	Payable for securities.....	1,006,435	2,052,853
24.10	Payable for securities lending.....		
24.11	Capital notes \$.....0 and interest thereon \$.....0.....		
25.	Aggregate write-ins for liabilities.....	392,923	752,825
26.	Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	2,193,915,726	2,160,391,303
27.	From Separate Accounts Statement.....	600,064,488	608,154,130
28.	Total liabilities (Line 26 and 27).....	2,793,980,214	2,768,545,433
29.	Common capital stock.....	2,500,000	2,500,000
30.	Preferred capital stock.....		
31.	Aggregate write-ins for other-than-special surplus funds.....	0	0
32.	Surplus notes.....		
33.	Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	171,550,000	171,550,000
34.	Aggregate write-ins for special surplus funds.....	0	0
35.	Unassigned funds (surplus).....	95,397,135	71,517,406
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).....	266,947,135	243,067,406
38.	Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	269,447,135	245,567,406
39.	Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	3,063,427,349	3,014,112,839
DETAILS OF WRITE-INS			
2501.	Unclaimed property.....	352,923	362,825
2502.	Liability for funds held as collateral.....	40,000	390,000
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).....	392,923	752,825
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

ANNUITY INVESTORS LIFE INSURANCE COMPANY

SUMMARY OF OPERATIONS

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	193,427,696	215,589,580
2. Considerations for supplementary contracts with life contingencies		
3. Net investment income (Exhibit of Net Investment Income, Line 17)	111,165,758	118,565,982
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5)	1,109,745	1,035,606
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	8,058,541	8,777,209
8.2 Charges and fees for deposit-type contracts	517,993	634,297
8.3 Aggregate write-ins for miscellaneous income	2,880,146	2,751,582
9. Totals (Lines 1 to 8.3)	317,159,879	347,354,256
10. Death benefits		
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	19,541,896	18,045,047
13. Disability benefits and benefits under accident and health contracts		
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts	235,999,120	241,045,879
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds	7,070,425	8,396,803
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts	34,569,006	55,543,054
20. Totals (Lines 10 to 19)	297,180,447	323,030,783
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	13,347,388	14,711,724
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)	15,007,518	14,846,972
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	1,072,187	951,036
25. Increase in loading on deferred and uncollected premiums		
26. Net transfers to or (from) Separate Accounts net of reinsurance	(40,826,803)	(41,792,426)
27. Aggregate write-ins for deductions	0	0
28. Totals (Lines 20 to 27)	285,780,737	311,748,089
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	31,379,142	35,606,167
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	31,379,142	35,606,167
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	12,582,665	8,738,349
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)	18,796,477	26,867,818
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$....(295,166) (excluding taxes of \$....1,333,925 transferred to the IMR)	44,111	(1,835,321)
35. Net income (Line 33 plus Line 34)	18,840,588	25,032,497
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	245,567,406	227,090,476
37. Net income (Line 35)	18,840,588	25,032,497
38. Change in net unrealized capital gains (losses) less capital gains tax of \$....200,599	6,149,655	(6,386,904)
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax	865,113	294,769
41. Change in nonadmitted assets	(180,497)	228,647
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	(1,795,130)	(692,079)
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		
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)	23,879,729	18,476,930
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	269,447,135	245,567,406
DETAILS OF WRITE-INS		
08.301. Marketing reallowance	1,405,905	1,505,944
08.302. Contractual rider fee income	1,101,798	849,292
08.303. Contractual annual maintenance and surrender charge fees	372,230	393,013
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	213	3,333
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	2,880,146	2,751,582
2701.		
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)	0	0
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

Annual Statement for the year 2016 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	193,427,696	215,589,580
2. Net investment income.....	113,074,275	119,363,640
3. Miscellaneous income.....	10,805,259	10,679,499
4. Total (Lines 1 through 3).....	317,307,230	345,632,719
5. Benefit and loss related payments.....	255,670,621	258,610,170
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	(41,769,088)	(42,615,909)
7. Commissions, expenses paid and aggregate write-ins for deductions.....	28,555,511	30,465,233
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.... 1,038,759 tax on capital gains (losses).....	14,346,340	8,159,315
10. Total (Lines 5 through 9).....	256,803,384	254,618,809
11. Net cash from operations (Line 4 minus Line 10).....	60,503,846	91,013,910
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	387,475,737	249,616,474
12.2 Stocks.....	198,449	
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).....	387,674,186	249,616,474
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	403,773,357	316,719,850
13.2 Stocks.....	133,206	1,000,000
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	10,999,070	
13.6 Miscellaneous applications.....	10,627,051	6,994,910
13.7 Total investments acquired (Lines 13.1 to 13.6).....	425,532,684	324,714,760
14. Net increase (decrease) in contract loans and premium notes.....	(979,000)	(1,149,812)
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(36,879,498)	(73,948,474)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	(9,687,273)	(10,097,960)
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(953,095)	(695,571)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(10,640,368)	(10,793,531)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	12,983,980	6,271,906
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	28,169,505	21,897,599
19.2 End of year (Line 18 plus Line 19.1).....	41,153,485	28,169,505
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Exchanges.....		4,072,154
20.0002 Capitalized Interest.....		(6)

Annual Statement for the year 2016 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	Ordinary		5	6	Group		Accident and Health			12
	Total	Industrial Life	3 Life Insurance	4 Individual Annuities			7 Life Insurance(a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts.....	193,427,696			168,499,979				24,927,717				
2. Considerations for supplementary contracts with life contingencies.....	0											
3. Net investment income.....	111,165,758			105,827,352				5,338,406				
4. Amortization of Interest Maintenance Reserve (IMR).....	1,109,745			1,056,962				52,783				
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0											
6. Commissions and expense allowances on reinsurance ceded.....	0											
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.....	8,058,541			6,462,921				1,595,620				
8.2 Charges and fees for deposit-type contracts.....	517,993			517,993								
8.3 Aggregate write-ins for miscellaneous income.....	2,880,146	0	0	2,427,691	0	0	0	452,455	0	0	0	0
9. Totals (Lines 1 to 8.3).....	317,159,879	0	0	284,792,898	0	0	0	32,366,981	0	0	0	0
10. Death benefits.....	0											
11. Matured endowments (excluding guaranteed annual pure endowments).....	0											
12. Annuity benefits.....	19,541,896			19,146,507				395,389				
13. Disability benefits and benefits under accident and health contracts.....	0											
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0											
15. Surrender benefits and withdrawals for life contracts.....	235,999,120			205,450,717				30,548,403				
16. Group conversions.....	0											
17. Interest and adjustments on contract or deposit-type contract funds.....	7,070,425			7,070,425								
18. Payments on supplementary contracts with life contingencies.....	0											
19. Increase in aggregate reserves for life and accident and health contracts.....	34,569,006			30,493,603				4,075,403				
20. Totals (Lines 10 to 19).....	297,180,447	0	0	262,161,252	0	0	0	35,019,195	0	0	0	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	13,347,388			11,972,336				1,375,052				
22. Commissions and expense allowances on reinsurance assumed.....	0											
23. General insurance expenses.....	15,007,518			14,167,347				840,171				
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	1,072,187			1,018,540				53,647				
25. Increase in loading on deferred and uncollected premiums.....	0											
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	(40,826,803)			(32,627,642)				(8,199,161)				
27. Aggregate write-ins for deductions.....	0	0	0	0	0	0	0	0	0	0	0	0
28. Totals (Lines 20 to 27).....	285,780,737	0	0	256,691,833	0	0	0	29,088,904	0	0	0	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	31,379,142	0	0	28,101,065	0	0	0	3,278,077	0	0	0	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).....	31,379,142	0	0	28,101,065	0	0	0	3,278,077	0	0	0	0
32. Federal income taxes incurred (excluding tax on capital gains).....	12,582,665			11,519,456				1,063,209				
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).....	18,796,477	0	0	16,581,609	0	0	0	2,214,868	0	0	0	0

DETAILS OF WRITE-INS												
08.301. Marketing reallocation.....	1,405,905			1,126,476				279,429				
08.302. Contractual rider fee income.....	1,101,798			1,002,771				99,027				
08.303. Contractual annual maintenance and surrender charge fees.....	372,230			298,248				73,982				
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	213	0	0	196	0	0	0	17	0	0	0	0
08.399. Total (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above).....	2,880,146	0	0	2,427,691	0	0	0	452,455	0	0	0	0
2701. ....	0											
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).....	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes the following amounts for FEGLI/SGLI: Line 1.....0    Line 10.....0    Line 16.....0    Line 23.....0    Line 24.....0.

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR**

	1  Total	2  Industrial Life	Ordinary			6  Credit Life (Group and Individual)	Group	
			3  Life Insurance	4  Individual Annuities	5  Supplementary Contracts		7  Life Insurance	8  Annuities
<b>Involving Life or Disability Contingencies (Reserves)</b>								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year.....	2,110,059,566			2,009,520,467				100,539,099
2. Tabular net premiums or considerations.....	192,459,877			167,532,160				24,927,717
3. Present value of disability claims incurred.....	0				XXX			
4. Tabular interest.....	50,584,344			48,676,611				1,907,733
5. Tabular less actual reserve released.....	104,427			104,427				
6. Increase in reserve on account of change in valuation basis.....	0							
7. Other increases (net).....	7,296,149			7,296,442				(293)
8. Totals (Lines 1 to 7).....	2,360,504,363	0	0	2,233,130,107	0	0	0	127,374,256
9. Tabular cost.....	0				XXX			
10. Reserves released by death.....	0			XXX	XXX			XXX
11. Reserves released by other terminations (net).....	0							
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	257,346,190			226,455,430				30,890,760
13. Net transfers to or (from) Separate Accounts.....	(41,470,399)			(33,339,393)				(8,131,006)
14. Total deductions (Lines 9 to 13).....	215,875,791	0	0	193,116,037	0	0	0	22,759,754
15. Reserve December 31, current year.....	2,144,628,572	0	0	2,040,014,070	0	0	0	104,614,502

Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....276,602	.....262,537
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....108,178,316	.....108,803,721
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....63,750	.....63,750
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....647,606	.....640,863
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....4,035,063	.....4,043,445
6. Cash, cash equivalents and short-term investments.....	(e).....75,314	.....84,644
7. Derivative instruments.....	(f).....6,792,162	.....(2,224,064)
8. Other invested assets.....	.....(156,996)	.....55,337
9. Aggregate write-ins for investment income.....	.....29,769	.....29,769
10. Total gross investment income.....	.....119,941,586	.....111,760,002
11. Investment expenses.....		(g).....594,244
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).....		.....594,244
17. Net investment income (Line 10 minus Line 16).....		.....111,165,758

**DETAILS OF WRITE-INS**

0901. Interest on agent debit balance.....	.....27,829	.....27,829
0902. Miscellaneous investment income.....	.....1,940	.....1,940
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).....	.....29,769	.....29,769
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 \$.....9,096,086 accrual of discount less \$.....2,850,765 amortization of premium and less \$.....808,166 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 \$.....9,213,216 amortization of premium.		
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.		
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.		

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....326,285	.....	.....326,285	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....3,636,013	.....(281,994)	.....3,354,019	.....35,442	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....65,243	.....(185,386)	.....(120,143)	.....537,698	.....
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	.....5,777,115	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....4,027,541	.....(467,380)	.....3,560,161	.....6,350,255	.....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



ANNUITY INVESTORS LIFE INSURANCE COMPANY  
EXHIBIT 1 - PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

		1	2	Ordinary		5	Group		Accident and Health			11
		Total	Industrial Life	3	4	Credit Life (Group and Individual)	6	7	8	9	10	Aggregate of All Other Lines of Business
				Life Insurance	Individual Annuities		Life Insurance	Annuities	Group	Credit (Group & Individual)	Other	
FIRST YEAR (other than single)												
1.	Uncollected.....	0										
2.	Deferred and accrued.....	0										
3.	Deferred, accrued and uncollected:											
3.1	Direct.....	0										
3.2	Reinsurance assumed.....	0										
3.3	Reinsurance ceded.....	0										
3.4	Net (Line 1 + Line 2).....	0	0	0	0	0	0	0	0	0	0	0
4.	Advance.....	0										
5.	Line 3.4 - Line 4.....	0	0	0	0	0	0	0	0	0	0	0
6.	Collected during year:											
6.1	Direct.....	7,050,320			6,705,737			344,583				
6.2	Reinsurance assumed.....	0										
6.3	Reinsurance ceded.....	0										
6.4	Net.....	7,050,320	0	0	6,705,737	0	0	344,583	0	0	0	0
7.	Line 5 + Line 6.4.....	7,050,320	0	0	6,705,737	0	0	344,583	0	0	0	0
8.	Prior year (uncollected + deferred and accrued - advance).....	0										
9.	First year premiums and considerations:											
9.1	Direct.....	7,050,320			6,705,737			344,583				
9.2	Reinsurance assumed.....	0										
9.3	Reinsurance ceded.....	0										
9.4	Net (Line 7 - Line 8).....	7,050,320	0	0	6,705,737	0	0	344,583	0	0	0	0
SINGLE												
10.	Single premiums and considerations:											
10.1	Direct.....	82,165,123			65,924,819			16,240,304				
10.2	Reinsurance assumed.....	0										
10.3	Reinsurance ceded.....	0										
10.4	Net.....	82,165,123	0	0	65,924,819	0	0	16,240,304	0	0	0	0
RENEWAL												
11.	Uncollected.....	0										
12.	Deferred and accrued.....	0										
13.	Deferred, accrued and uncollected:											
13.1	Direct.....	0										
13.2	Reinsurance assumed.....	0										
13.3	Reinsurance ceded.....	0										
13.4	Net (Line 11 + Line 12).....	0	0	0	0	0	0	0	0	0	0	0
14.	Advance.....	0										
15.	Line 13.4 - Line 14.....	0	0	0	0	0	0	0	0	0	0	0
16.	Collected during year:											
16.1	Direct.....	104,212,253			95,869,423			8,342,829				
16.2	Reinsurance assumed.....	0										
16.3	Reinsurance ceded.....	0										
16.4	Net.....	104,212,253	0	0	95,869,423	0	0	8,342,829	0	0	0	0
17.	Line 15 + Line 16.4.....	104,212,253	0	0	95,869,423	0	0	8,342,829	0	0	0	0
18.	Prior year (uncollected + deferred and accrued - advance).....	0										
19.	Renewal premiums and considerations:											
19.1	Direct.....	104,212,253			95,869,423			8,342,829				
19.2	Reinsurance assumed.....	0										
19.3	Reinsurance ceded.....	0										
19.4	Net (Line 17 - Line 18).....	104,212,253	0	0	95,869,423	0	0	8,342,829	0	0	0	0
TOTAL												
20.	Total premiums and annuity considerations:											
20.1	Direct.....	193,427,696	0	0	168,499,979	0	0	24,927,717	0	0	0	0
20.2	Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
20.3	Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
20.4	Net (Lines 9.4 + 10.4 + 19.4).....	193,427,696	0	0	168,499,979	0	0	24,927,717	0	0	0	0

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

10

	1  Total	2  Industrial Life	Ordinary		5  Credit Life (Group and Individual)	Group		Accident and Health			11  Aggregate of All Other Lines of Business
			3  Life Insurance	4  Individual Annuities		6  Life Insurance	7  Annuities	8  Group	9  Credit (Group & Individual)	10  Other	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums.....	0										
22. All other.....	0										
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded.....	0										
23.2 Reinsurance assumed.....	0										
23.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
24. Single:											
24.1 Reinsurance ceded.....	0										
24.2 Reinsurance assumed.....	0										
24.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded.....	0										
25.2 Reinsurance assumed.....	0										
25.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	0	0	0	0	0	0	0	0	0	0	0
26.2 Reinsurance assumed (Page 6, Line 22).....	0	0	0	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single).....	677,616			624,172			53,444				
28. Single.....	7,376,807			6,571,042			805,765				
29. Renewal.....	5,292,965			4,777,122			515,843				
30. Deposit-type contract funds.....	0										
31. Totals (to agree with Page 6, Line 21).....	13,347,388	0	0	11,972,336	0	0	1,375,052	0	0	0	0

Annual Statement for the year 2016 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

EXHIBIT 2 - GENERAL EXPENSES

		Insurance				5	6
		1	Accident and Health		4		
			2	3			
		Life	Cost Containment	All Other	All Other Lines of Business	Investment	Total
1.	Rent.....	1,134,911					1,134,911
2.	Salaries and wages.....	7,045,033					7,045,033
3.11	Contributions for benefit plans for employees.....	991,536					991,536
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.....	570,102					570,102
3.32	Other agent welfare.....	56,999					56,999
4.1	Legal fees and expenses.....	497,406					497,406
4.2	Medical examination fees.....	2,192					2,192
4.3	Inspection report fees.....	1,039					1,039
4.4	Fees of public accountants and consulting actuaries.....	410,907					410,907
4.5	Expense of investigation and settlement of policy claims.....	7,731					7,731
5.1	Traveling expenses.....	321,635					321,635
5.2	Advertising.....	346,676					346,676
5.3	Postage, express, telegraph and telephone.....	333,764					333,764
5.4	Printing and stationery.....	188,206					188,206
5.5	Cost or depreciation of furniture and equipment.....	346					346
5.6	Rental of equipment.....						.0
5.7	Cost or depreciation of EDP equipment and software.....	194,535					194,535
6.1	Books and periodicals.....	23,423					23,423
6.2	Bureau and association fees.....	381,641					381,641
6.3	Insurance, except on real estate.....	16,215					16,215
6.4	Miscellaneous losses.....	4,977					4,977
6.5	Collection and bank service charges.....	116,537					116,537
6.6	Sundry general expenses.....	696,285					696,285
6.7	Group service and administration fees.....	341,768					341,768
6.8	Reimbursements by uninsured plans.....						.0
7.1	Agency expense allowance.....	127,267					127,267
7.2	Agents' balances charged off (less \$.....0 recovered).....	(5,884)					(5,884)
7.3	Agency conferences other than local meetings.....	227,074					227,074
9.1	Real estate expenses.....						.0
9.2	Investment expenses not included elsewhere.....					594,244	594,244
9.3	Aggregate write-ins for expenses.....	975,197	.0	.0	.0	.0	975,197
10.	General expenses Incurred.....	15,007,518	.0	.0	.0	594,244	(a).....15,601,762
11.	General expenses unpaid December 31, prior year.....	656,049					656,049
12.	General expenses unpaid December 31, current year.....	858,348					858,348
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).....	14,805,219	.0	.0	.0	594,244	15,399,463
DETAILS OF WRITE-INS							
09.301.	PC & EDP Expenses.....	598,904					598,904
09.302.	Consulting.....	376,293					376,293
09.303.							.0
09.398.	Summary of remaining write-ins for Line 9.3 from overflow page.....	.0	.0	.0	.0	.0	.0
09.399.	Totals (Lines 09.301 through 09.303 plus 09.398)(Line 9.3 above)....	975,197	.0	.0	.0	.0	975,197

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

		Insurance			4	5
		1	2	3		
		Life	Accident and Health	All Other Lines of Business	Investment	Total
1.	Real estate taxes.....					0
2.	State insurance department licenses and fees.....	296,095				296,095
3.	State taxes on premiums.....	9,321				9,321
4.	Other state taxes, including \$.....0 for employee benefits.....	343,894				343,894
5.	U.S. Social Security taxes.....	418,877				418,877
6.	All other taxes.....	4,000				4,000
7.	Taxes, licenses and fees incurred.....	1,072,187	0	0	0	1,072,187
8.	Taxes, licenses and fees unpaid December 31, prior year.....	470,529				470,529
9.	Taxes, licenses and fees unpaid December 31, current year.....	688,771				688,771
10.	Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	853,945	0	0	0	853,945

EXHIBIT 4 - DIVIDENDS OR REFUNDS

		1	2
		Life	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

Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**  
**EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS**

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
<b>Annuities (excluding supplementary contracts with life contingencies):</b>					
0200001. A-2000 6.25% (IMM) 1999.....	39,187	XXX	39,187	XXX	
0200002. A-2000 7.00% (IMM) 2000.....	89,437	XXX	89,437	XXX	
0200003. A-2000 6.75% (IMM) 2001.....	126,016	XXX	126,016	XXX	
0200004. A-2000 6.50% (IMM) 2002.....	151,241	XXX	151,241	XXX	
0200005. A-2000 6.00% (IMM) 2003.....	133,349	XXX	133,349	XXX	
0200006. A-2000 5.50% (IMM) 2004.....	338,002	XXX	338,002	XXX	
0200007. A-2000 5.25% (IMM) 2005-2006.....	721,153	XXX	721,153	XXX	
0200008. A-2000 5.50% (IMM) 2007-2008.....	728,318	XXX	728,318	XXX	
0200009. A-2000 6.00% (IMM) 2009.....	399,522	XXX	399,522	XXX	
0200010. A-2000 5.25% (IMM) 2010.....	439,125	XXX	439,125	XXX	
0200011. A-2000 5.00% (IMM) 2011.....	897,161	XXX	897,161	XXX	
0200012. A-2000 4.25% (IMM) 2012.....	1,057,162	XXX	1,057,162	XXX	
0200013. A-2000 4.00% (IMM) 2013.....	586,940	XXX	586,940	XXX	
0200014. A-2000 4.50% (IMM) 2014.....	588,239	XXX	588,239	XXX	
0200015. A-2000 4.00% (IMM) 2015-2016.....	1,832,841	XXX	1,832,841	XXX	
0200016. 83IAM 5.50% (DEF CARVM) 1997.....	1,058,679	XXX	1,058,679	XXX	
0200017. 83IAM 5.25% (DEF CARVM) 1998.....	5,126,327	XXX	5,126,327	XXX	
0200018. A-2000 5.25% (DEF CARVM) 1999.....	2,651,195	XXX	2,651,195	XXX	
0200019. A-2000 5.75% (DEF CARVM) 2000.....	5,614,720	XXX	5,614,720	XXX	
0200020. A-2000 5.50% (DEF CARVM) 2001-2002.....	31,417,012	XXX	31,417,012	XXX	
0200021. A-2000 5.00% (DEF CARVM) 2003.....	62,174,805	XXX	62,174,805	XXX	
0200022. A-2000 4.75% (DEF CARVM) 2004.....	88,408,526	XXX	88,408,526	XXX	
0200023. A-2000 4.50% (DEF CARVM) 2005-2006.....	336,587,399	XXX	313,871,656	XXX	22,715,743
0200024. A-2000 4.75% (DEF CARVM) 2007-2008.....	543,939,979	XXX	511,187,892	XXX	32,752,087
0200025. A-2000 5.00% (DEF CARVM) 2009.....	331,844,225	XXX	319,331,467	XXX	12,512,758
0200026. A-2000 4.50% (DEF CARVM) 2010.....	151,252,040	XXX	149,212,777	XXX	2,039,263
0200027. A-2000 4.25% (DEF CARVM) 2011.....	93,478,307	XXX	92,141,809	XXX	1,336,498
0200028. A-2000 3.75% (DEF CARVM) 2012-2013.....	128,092,241	XXX	127,547,847	XXX	544,394
0200029. A-2000 4.00% (DEF CARVM) 2014.....	69,344,812	XXX	68,517,050	XXX	827,762
0200030. A-2000 3.75% (DEF CARVM) 2015.....	56,815,493	XXX	56,664,999	XXX	150,494
0200031. A-2000 4.00% (DEF CARVM) 2016.....	12,168,293	XXX	11,538,005	XXX	630,288
0200032. 2012 IAR 4.00% (DEF CARVM) 2016.....	30,287,258	XXX	30,287,258	XXX	
0200033. 1994 MGDB 6.00% 1996-1997.....	7,086,347	XXX	4,652,170	XXX	2,434,177
0200034. 1994 MGDB 5.75% 1998.....	11,590,918	XXX	10,221,250	XXX	1,369,668
0200035. 1994 MGDB 5.50% 1999.....	17,439,360	XXX	13,754,409	XXX	3,684,951
0200036. 1994 MGDB 5.75% 2000.....	23,692,845	XXX	22,219,734	XXX	1,473,111
0200037. 1994 MGDB 6.00% 2001-2002.....	42,109,478	XXX	37,881,991	XXX	4,227,487
0200038. 1994 MGDB 5.50% 2003.....	10,904,937	XXX	8,909,764	XXX	1,995,173
0200039. 1994 MGDB 5.00% 2004.....	13,058,928	XXX	11,436,917	XXX	1,622,011
0200040. 1994 MGDB 4.75% 2005-2007.....	21,239,103	XXX	17,585,239	XXX	3,653,864
0200041. 1994 MGDB 5.00% 2008.....	16,000,347	XXX	13,687,441	XXX	2,312,906
0200042. 1994 MGDB 5.25% 2009.....	11,117,494	XXX	7,771,370	XXX	3,346,124
0200043. 1994 MGDB 4.75% 2010.....	3,288,344	XXX	2,038,702	XXX	1,249,642
0200044. 1994 MGDB 4.50% 2011.....	3,099,706	XXX	1,480,066	XXX	1,619,640
0200045. 1994 MGDB 4.00% 2012.....	2,499,885	XXX	1,298,162	XXX	1,201,723
0200046. 1994 MGDB 3.75% 2013.....	1,466,511	XXX	967,574	XXX	498,937
0200047. 1994 MGDB 4.00% 2014.....	810,193	XXX	684,309	XXX	125,884
0200048. 1994 MGDB 3.75% 2015.....	499,910	XXX	303,065	XXX	196,845
0200049. 1994 MGDB 4.00% 2016.....	319,020	XXX	225,948	XXX	93,072
0200050. Guaranteed Minimum Income Benefit.....	16,242	XXX	16,242	XXX	
0299997. Totals (Gross).....	2,144,628,572	XXX	2,040,014,070	XXX	104,614,502
0299999. Totals (Net).....	2,144,628,572	XXX	2,040,014,070	XXX	104,614,502
9999999. Totals (Net) - Page 3, Line 1.....	2,144,628,572	.....0	2,040,014,070	.....0	104,614,502

Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**  
**EXHIBIT 5 - INTERROGATORIES**

1.1

Has the reporting entity ever issued both participating and non-participating contracts?

Yes [ ☐ ]

No [ ☒ ]

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 [ ☒ ]

2.2

If not, state which kind is issued

Non-participating

3.

Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?

Yes [ ☒ ]

No [ ☐ ]

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

4.

Has the reporting entity any assessment or stipulated premium contracts in force? If so, state:

Yes [ ☐ ]

No [ ☒ ]

4.1

Amount of insurance:

\$.....

4.2

Amount of reserve:

\$.....

4.3

Basis of reserve:

4.4

Basis of regular assessments:

4.5

Basis of special assessments:

4.6

Assessments collected during year:

\$.....

5.

If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.

6.

Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis?

Yes [ ☐ ]

No [ ☒ ]

6.1

If so, state the amount of reserve on such contracts on the basis actually held:

\$.....

6.2

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

\$.....

7.

Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year?

Yes [ ☐ ]

No [ ☒ ]

7.1

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

\$.....

7.2

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

7.3

State the amount of reserves established for this business:

\$.....

7.4

Identify where the reserves are reported in the blank.

8.

Does the reporting entity have any Contingent Deferred Annuity contracts or agreements in effect as of December of the current year?

Yes [ ☐ ]

No [ ☒ ]

8.1

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

\$.....

8.2

State the amount of reserves established for this business:

\$.....

8.3

Identify where the reserves are reported in the blank:

9.

Does the reporting entity have any Guaranteed Lifetime Income Benefit contracts, agreements or riders in effect as of December 31 of the current year?

Yes [ ☒ ]

No [ ☐ ]

9.1

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

\$.....77,916,957

9.2

State the amount of reserves established for this business:

\$.....78,676,471

9.3

Identify where the reserves are reported in the blank:

The reserves for the Guaranteed Lifetime Income Benefit are included in the deferred annuity reserves shown in the Annuities section of Exhibit 5.

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

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

NONE

EXHIBIT 6 - AGGREGATE RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	Other Individual Contracts				
					5	6	7	8	9
	Total	Group Accident and Health	Credit Accident and Health (Group and Individual)	Collectively Renewable	Non- Cancelable	Guaranteed Renewable	Non-Renewable for Stated Reasons Only	Other Accident Only	All Other
ACTIVE LIFE RESERVE									
1. Unearned premium reserves.....	0								
2. Additional contract reserves (a).....	0								
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).....	0	0	0	0	0	0	0	0	0
8. Reinsurance ceded.....	0								
9. Totals (Net).....	0	0	0	0	0	0	0	0	0
CLAIM RESERVE									
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
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).....	0	0	0	0	0	0	0	0	0
18. TABULAR FUND INTEREST.....	0								

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	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Annuities Certain	Supplemental Contracts	Dividend Accumulations or Refunds	Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance.....	30,871,520		30,871,520			
2. Deposits received during the year.....	48,300		48,300			
3. Investment earnings credited to the account.....	1,278,577		1,278,577			
4. Other net change in reserves.....	5,791,848		5,791,848			
5. Fees and other charges assessed.....	517,993		517,993			
6. Surrender charges.....	0					
7. Net surrender or withdrawal payments.....	9,735,573		9,735,573			
8. Other net transfers to or (from) Separate Accounts.....	0					
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	27,736,679	0	27,736,679	0	0	0
10. Reinsurance balance at the beginning of the year.....	0					
11. Net change in reinsurance assumed.....	0					
12. Net change in reinsurance ceded.....	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).....	27,736,679	0	27,736,679	0	0	0

Annual Statement for the year 2016 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other
1. Due and unpaid:											
1.1 Direct.....	0										
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net.....	0	0	0	0	0	0	0	0	0	0	0
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	0										
2.12 Reinsurance assumed.....	0										
2.13 Reinsurance ceded.....	0										
2.14 Net.....	0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	0	0	0
2.2 Other:											
2.21 Direct.....	4,553,982			4,553,982							
2.22 Reinsurance assumed.....	0										
2.23 Reinsurance ceded.....	0										
2.24 Net.....	4,553,982	0	(b).....0	(b).....4,553,982	0	(b).....0	(b).....0	0	(b).....0	(b).....0	(b).....0
3. Incurred but unreported:											
3.1 Direct.....	0										
3.2 Reinsurance assumed.....	0										
3.3 Reinsurance ceded.....	0										
3.4 Net.....	0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	(b).....0
4. Totals:											
4.1 Direct.....	4,553,982	0	0	4,553,982	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	4,553,982	(a).....0	(a).....0	4,553,982	0	0	(a).....0	0	0	0	0

(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).



Annual Statement for the year 2016 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life (a)	Life Insurance (b)	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (c)	Annuities	Group	Credit (Group and Individual)	Other
1. Settlements during the year:											
1.1 Direct.....	19,671,501			19,276,112				395,389			
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net.....	(d) 19,671,501	0	0	19,276,112	0	0	0	395,389	0	0	0
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	4,553,982	0	0	4,553,982	0	0	0	0	0	0	0
2.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
2.4 Net.....	4,553,982	0	0	4,553,982	0	0	0	0	0	0	0
3. Amounts recoverable from reinsurers Dec. 31, current year.....	0										
4. Liability December 31, prior year:											
4.1 Direct.....	4,683,587			4,683,587							
4.2 Reinsurance assumed.....	0										
4.3 Reinsurance ceded.....	0										
4.4 Net.....	4,683,587	0	0	4,683,587	0	0	0	0	0	0	0
5. Amounts recoverable from reinsurers Dec. 31, prior year.....	0										
6. Incurred benefits:											
6.1 Direct.....	19,541,896	0	0	19,146,507	0	0	0	395,389	0	0	0
6.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0
6.4 Net.....	19,541,896	0	0	19,146,507	0	0	0	395,389	0	0	0

(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.

Annual Statement for the year 2016 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	185,826	240,781	54,955
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.....	13,788		(13,788)
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.....			0
25. Aggregate write-ins for other-than-invested assets.....	256,078	34,414	(221,664)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	455,692	275,195	(180,497)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	455,692	275,195	(180,497)

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. Accounts receivable.....	256,078	34,414	(221,664)
2502. ....			0
2503. ....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	256,078	34,414	(221,664)

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Summary of Significant Accounting Policies**

A. Accounting Practices

The financial statements of the Annuity Investors Life Insurance Company (the “Company”) are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the State of Ohio. The Company has no prescribed or permitted practices that would result in differences between NAIC Statutory Accounting Principles (“NAIC SAP”) and the State of Ohio basis, as shown below:

Net Income	2016	2015
(1) State basis	\$ 18,840,588	\$ 25,032,497
(2) State prescribed practices that increase/(decrease) NAIC SAP	-	-
(3) State permitted practices that increase/(decrease) NAIC SAP	-	-
(4) NAIC SAP	<u>\$ 18,840,588</u>	<u>\$ 25,032,497</u>
Surplus		
(5) Statutory surplus state basis	\$ 269,447,135	\$ 245,567,406
(6) State prescribed practices that increase/(decrease) NAIC SAP	-	-
(7) State permitted practices that increase/(decrease) NAIC SAP	-	-
(8) NAIC SAP	<u>\$ 269,447,135</u>	<u>\$ 245,567,406</u>

B. Use of Estimates in 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

Annuity considerations are recognized as revenue when received. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at cost.
- (2) Bonds with a NAIC rating of 1 through 5 are stated at amortized cost using the interest method; all others are stated at the lower of amortized cost or fair value.
- (3) Common stocks are stated at fair value.
- (4) Redeemable preferred stocks rated RP1 through RP3 and perpetual preferred stocks rated P1 through P3 are stated at book value; all others are stated at the lower of book value or fair value.
- (5) The Company has no mortgage loans or real estate.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value. For residential mortgage-backed securities (“MBS”), commercial MBS and loan-backed and structured securities (“LBASS”), the NAIC has retained third-party investment management firms to assist in the determination of the appropriate NAIC designations and Book Adjusted Carrying Values based not only on the probability of loss, but also the severity of loss. Those residential MBS, commercial MBS and LBASS securities that are not modeled but receive a current year Acceptable Rating Organizations rating are subject to the Modified Filing Exempt process which determines the appropriate NAIC designations and Book Adjusted Carrying Values. Mortgage-backed securities are amortized over a period based on estimated future principal payments, including prepayments. Prepayment assumptions are reviewed periodically and adjusted to reflect actual prepayments and changes in expectations.
- (7) The Company has no investments in a parent, subsidiary or affiliate.
- (8) Other invested assets are stated at the lower of cost or fair value, except investments in limited partnerships and limited liability companies. Investments in limited partnerships and limited liability companies are stated at the underlying audited GAAP equity.
- (9) Derivatives to hedge the Company’s fixed indexed annuities are valued at fair value consistent with the hedged items. The change in the fair value is recorded as an unrealized gain or loss to surplus.
- (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) The Company has no accident and health contracts.
- (12) The Company has not modified its capitalization policy from the prior period.

D. Going Concern

After review of the Company’s financial condition, management has no doubts about the Company’s ability to continue as a going concern.

**Note 2 - Accounting Changes and Corrections of Errors**

The Company had no material changes in accounting principles and/or corrections of errors.

**NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Business Combinations and Goodwill**

- A. The Company has no business combinations accounted for under the statutory purchase method.
- B. The Company was not involved in any statutory mergers.
- C. The Company did not enter into any assumption reinsurance agreements.
- D. The Company did not recognize any impairment losses related to business combinations or goodwill.

**Note 4 - Discontinued Operations**

The Company has no discontinued operations.

**Note 5 - Investments**

- A. The Company has no mortgage loans or mezzanine real estate loans.
- B. The Company has no restructured debt.
- C. The Company has no investment in reverse mortgages.
- D. Loan-Backed Securities
  - (1) The Company uses dealer-modeled prepayment assumptions for mortgage-backed and asset-backed securities at the date of purchase to determine the effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis.
  - (2) The Company does not currently hold any aggregate loan-backed securities with a recognized other-than-temporary impairment ("OTTI") in which the Company has the intent to sell or the inability or lack of intent to retain the investment in the security for a period of time to recover the amortized cost basis.
  - (3) The following table shows each security with a credit-related OTTI charge recognized during the period:

CUSIP	Amortized Cost Before OTTI	Present Value of Projected Cash Flows	OTTI Charge Recognized in Income Statement	Amortized Cost After OTTI	Fair Value at Time of OTTI	Date Reported
12669GR45	1,151,555	1,093,328	17,472	1,134,083	1,134,083	3/31/16
16162XAD9	76,994	64,841	2,026	74,968	74,968	3/31/16
47232DBA9	93,434	82,705	10,730	82,705	51,216	3/31/16
47232DBB7	50,574	8,800	41,774	8,800	76,898	3/31/16
47232VDX7	147,736	142,196	5,539	142,196	130,220	3/31/16
47232VDY5	13,897	6,016	7,880	6,016	17,168	3/31/16
76110HJ67	1,453,199	1,415,850	16,949	1,436,250	1,436,250	9/30/16
Total			<u>\$ 102,370</u>			

- (4) The following table shows all loan-backed securities with an unrealized loss.
  - a. The aggregate amount of unrealized losses:
    - 1. Less than 12 months \$ 2,694,076
    - 2. 12 months or longer 1,356,266
  - b. The aggregate related fair value of securities with unrealized losses:
    - 1. Less than 12 months \$ 139,234,117
    - 2. 12 months or longer 42,719,144
- (5) Based on cash flow projections received from independent sources (which reflect loan to collateral values, subordination, vintage and geographic concentration), implied cash flows inherent in security ratings and analysis of historical payment data, management believes that the Company will recover its cost basis in all securities with unrealized losses. The Company has the intent to hold securities in an unrealized loss position until they recover in value or mature.
- E. Repurchase Agreements and/or Securities Lending Transactions – Not applicable.
- F. Real Estate – Not applicable.
- G. Low Income Housing Tax Credits – Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

H. Restricted Assets

(1) Restricted Assets (including pledged):

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted									Percentage	
	Current Year					6	7	Current Year			
	1	2	3	4	5			8	9	10	11
	Total General Account (GA)	G/A Supporting Separate Account (S/A) Activity (a)	Total S/A Restricted Assets	S/A Assets 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 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 FHLB capital stock	-	-	-	-	-	-	-	-	-	0%	0%
i. FHLB capital stock	-	-	-	-	-	-	-	-	-	0%	0%
j. On deposit with states	7,182,403	-	-	-	7,182,403	7,188,546	(6,143)	-	7,182,403	0.2%	0.2%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-	-	-	0%	0%
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-	-	-	0%	0%
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-	-	-	0%	0%
n. Other restricted assets	-	-	-	-	-	-	-	-	-	0%	0%
o. Total restricted assets	\$ 7,182,403	\$ -	\$ -	\$ -	\$ 7,182,403	\$ 7,188,546	\$ (6,143)	\$ -	\$ 7,182,403	0.2%	0.2%

(2) Details of Assets Pledged as Collateral Not Captured in Other Categories – Not applicable.

(3) Details of Other Restricted Assets – Not applicable.

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

	1	2	3	4
Collateral Assets	Book/Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted) *	% of BACV to Total Admitted Assets **
a. Cash	\$ 40,000	\$ 40,000	0.001%	0.001%
b. Schedule D, Part 1	-	-	0.000%	0.000%
c. Schedule D, Part 2, Section 1	-	-	0.000%	0.000%
d. Schedule D, Part 2, Section 2	-	-	0.000%	0.000%
e. Schedule B	-	-	0.000%	0.000%
f. Schedule A	-	-	0.000%	0.000%
g. Schedule BA, Part 1	-	-	0.000%	0.000%
h. Schedule DL, Part 1	-	-	0.000%	0.000%
i. Other	-	-	0.000%	0.000%
Total Collateral Assets j. (a+b+c+d+e+f+g+h+i)	\$ 40,000	\$ 40,000	0.001%	0.001%

\* Column 1 divided by Asset Page, Line 26 (Column 1)

\*\* Column 1 divided by Asset Page, Line 26 (Column 3)

	1	2
	Amount	% of Liability to Total Liabilities *
k. Recognized Obligation to Return Collateral Asset	\$ 40,000	0.001%

\* Column 1 divided by Liability Page, Line 26 (Column 1)

I. Working Capital Finance Investments – Not applicable.

J. Offsetting and Netting of Assets and Liabilities – Not applicable.

K. Structured Notes – Not applicable.

L. 5\* Securities

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds - AC	-	-	\$ -	\$ -	\$ -	\$ -
(2) LB&SS - AC	1	1	-	-	5	96,852
(3) Preferred Stock - AC	-	-	-	-	-	-
(4) Preferred Stock - FV	-	-	-	-	-	-
(5) Total (1+2+3+4)	1	1	\$ -	\$ -	\$ 5	96,852

AC - Amortized Cost

FV - Fair Value

**Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

The Company has no investments in joint ventures, partnerships or limited liability companies.

**NOTES TO FINANCIAL STATEMENTS**

**Note 7 - Investment Income**

- A. Due and accrued income is excluded from surplus on the following bases:  
  
All investment income due and accrued with amounts that are over 90 days past due.
- B. The amount of investment income due and accrued that is excluded from surplus is \$0.

**Note 8 - Derivative Instruments**

The Company uses S&P 500 equity index call options purchased in the over-the-counter market as economic hedging transactions for financial accounting, regulatory and tax purposes for the S&P 500 index liabilities of its fixed indexed annuity products. Under the fixed indexed annuity products, the crediting rate is linked to changes in the S&P 500 index at specified periods and participation rates. The prices of the call options purchased are calculated with reference to the participation rates, caps, durations and notional amounts of the underlying contracts. The Company pays cash at the beginning of the contract and may receive cash at expiration of the option as calculated in the option contract. The credit exposure of the options is represented by the fair value (market value) of contracts at the reporting date. The Company recognized an unrealized gain of \$5.8 million during the period.

Counterparties to financial instruments expose the Company to credit-related losses in the event of nonperformance, but the Company does not expect any counterparties to fail to meet their obligations.

**Note 9 - Income Taxes**

- A. Deferred Tax Assets and Deferred Tax Liabilities

(1) The components of the net deferred tax asset/(liability) at December 31 are as follows:

	2016			2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross deferred tax assets	\$ 1,298,725	\$ -	\$ 1,298,725	\$ 1,271,104	\$ 196,227	\$ 1,467,331	\$ 27,621	\$ (196,227)	\$ (168,606)
b. Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
c. Adjusted gross deferred tax assets	1,298,725	-	1,298,725	1,271,104	196,227	1,467,331	27,621	(196,227)	(168,606)
d. Deferred tax assets nonadmitted	430,860	(417,072)	13,788	558,791	(558,791)	-	(127,931)	141,719	13,788
e. Subtotal net admitted deferred tax asset	867,865	417,072	1,284,937	712,313	755,018	1,467,331	155,552	(337,946)	(182,394)
f. Deferred tax liabilities	33,767	417,072	450,839	35,017	1,248,942	1,283,959	(1,250)	(831,870)	(833,120)
g. Net admitted deferred tax assets/(net deferred tax liability)	\$ 834,098	\$ -	\$ 834,098	\$ 677,296	\$ (493,924)	\$ 183,372	\$ 156,802	\$ 493,924	\$ 650,726

(2) Admission calculation components, SSAP No. 101:

	2016			2015			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 834,098	\$ -	\$ 834,098	\$ 677,296	\$ 196,227	\$ 873,523	\$ 156,802	\$ (196,227)	\$ (39,425)
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)	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	39,168,069	XXX	XXX	35,736,169	XXX	XXX	3,431,900
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	33,767	417,072	450,839	35,017	558,791	593,808	(1,250)	(141,719)	(142,969)
d. Deferred tax assets admitted as the result of application of SSAP No. 101	\$ 867,865	\$ 417,072	\$ 1,284,937	\$ 712,313	\$ 755,018	\$ 1,467,331	\$ 155,552	\$ (337,946)	\$ (182,394)

(3) Other admissibility criteria:

	2016	2015
a. Ratio percentage used to determine recovery period and threshold limitation amount	1553%	1475%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 261,120,463	\$ 238,241,128

(4) Impact of tax planning strategies:

	2016		2015		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
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)	\$ 1,298,725	\$ -	\$ 1,271,104	\$ 196,227	\$ 27,621	\$ (196,227)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0%	0%	0%	0%	0%	0%
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	867,865	417,072	712,313	755,018	155,552	(337,946)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0%	0%	0%	0%	0%	0%
b. Does the company's tax planning strategies include the use of reinsurance? Yes [ ] No [ X ]						

- B. The Company has recognized all of its deferred tax liabilities.

**NOTES TO FINANCIAL STATEMENTS**

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

(1) Current income tax expense (benefit):

	2016	2015	Change
a. Federal	\$ 12,582,665	\$ 8,738,349	\$ 3,844,316
b. Foreign	-	-	-
c. Subtotal	12,582,665	8,738,349	3,844,316
d. Federal income tax on net capital gains	1,038,759	986,624	52,135
e. Utilization of capital loss carry-forwards	-	-	-
f. Other	-	-	-
g. Federal and foreign income taxes incurred	<u>\$ 13,621,424</u>	<u>\$ 9,724,973</u>	<u>\$ 3,896,451</u>

(2) Deferred tax assets:

	2016	2015	Change
a. Ordinary			
1 Discounting of unpaid losses	\$ -	\$ -	\$ -
2 Unearned premium reserve	-	-	-
3 Policyholder reserve	242,667	283,792	(41,125)
4 Investments	-	-	-
5 Deferred acquisition costs	482,875	537,343	(54,468)
6 Policyholder dividends accrual	-	-	-
7 Fixed assets	-	-	-
8 Compensation and benefits accrual	-	-	-
9 Pension accrual	-	-	-
10 Receivables - nonadmitted	25,541	11,688	13,853
11 Net operating loss carry-forward	-	-	-
12 Tax credit carry-forward	-	-	-
13 Other	70,842	5,707	65,135
14 Accruals	-	-	-
15 Amortization of intangibles	-	-	-
16 Underwriting expenses	-	-	-
17 Accrued expenses	380,611	302,801	77,810
18 Agent balances	65,039	84,273	(19,234)
19 Bad debt expense	31,150	45,500	(14,350)
99 Subtotal	<u>\$ 1,298,725</u>	<u>\$ 1,271,104</u>	<u>\$ 27,621</u>
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	430,860	558,791	(127,931)
d. Admitted ordinary deferred tax assets	<u>\$ 867,865</u>	<u>\$ 712,313</u>	<u>\$ 155,552</u>
e. Capital			
1 Investments	\$ -	\$ 196,227	\$ (196,227)
2 Net capital loss carry-forward	-	-	-
3 Real estate	-	-	-
4 Other	-	-	-
99 Subtotal	<u>\$ -</u>	<u>\$ 196,227</u>	<u>\$ (196,227)</u>
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	<u>(417,072)</u>	<u>(558,791)</u>	<u>141,719</u>
h. Admitted capital deferred tax assets	<u>\$ 417,072</u>	<u>\$ 755,018</u>	<u>\$ (337,946)</u>
i. Admitted deferred tax assets	<u><u>\$ 1,284,937</u></u>	<u><u>\$ 1,467,331</u></u>	<u><u>\$ (182,394)</u></u>

(3) Deferred tax liabilities:

	2016	2015	Change
a. Ordinary			
1 Investments	\$ -	\$ -	\$ -
2 Fixed assets	-	-	-
3 Deferred and uncollected premium	-	-	-
4 Policyholder reserves	-	-	-
5 Other	33,767	35,017	(1,250)
99 Subtotal	<u>\$ 33,767</u>	<u>\$ 35,017</u>	<u>\$ (1,250)</u>
b. Capital			
1 Investments	\$ 417,072	\$ 1,248,942	\$ (831,870)
2 Real estate	-	-	-
3 Other	-	-	-
99 Subtotal	<u>\$ 417,072</u>	<u>\$ 1,248,942</u>	<u>\$ (831,870)</u>
c. Deferred tax liabilities	<u><u>\$ 450,839</u></u>	<u><u>\$ 1,283,959</u></u>	<u><u>\$ (833,120)</u></u>

(4) Net deferred tax assets/(liabilities)

	<u><u>\$ 834,098</u></u>	<u><u>\$ 183,372</u></u>	<u><u>\$ 650,726</u></u>
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**NOTES TO FINANCIAL STATEMENTS**

D. The provision for federal income taxes incurred on operations is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	2016	2015
Provision for expense computed at statutory rate (operations and realized gains/losses)	\$ 11,840,345	\$ 12,327,958
Permanent differences:		
Dividend received deduction	(1,048,964)	(917,174)
Interest expense	(8,904)	(28,352)
Other	(15,031)	(22,236)
Total permanent differences	(1,072,899)	(967,762)
Timing adjustments:		
Investment differences	861,686	481,066
Reserves	(41,130)	(40,685)
Guaranty fund adjustment	-	-
DAC tax adjustment	(54,467)	(71,987)
Accrued expenses	77,811	23,599
Other	(11,912)	(31,523)
Total timing adjustments	831,988	360,470
Other adjustments:		
Unrealized on options	2,021,990	(1,995,693)
Total other adjustments	2,021,990	(1,995,693)
Federal income tax expense (benefit) on operations and realized gains/losses	<u>\$ 13,621,424</u>	<u>\$ 9,724,973</u>
Gross change in deferred tax asset		
Timing adjustments	\$ (831,988)	\$ (360,470)
Impact of nonadmitted assets	(58,349)	80,026
Unrealized gains/losses	200,599	(368,805)
Other	25,224	(14,324)
Total change in deferred tax asset recorded directly to surplus	(664,514)	(663,573)
Total statutory income tax expense	<u>\$ 12,956,910</u>	<u>\$ 9,061,400</u>

- E.
- (1) The Company does not have any operating loss carry-forwards or capital loss carry-forwards available to offset future net income subject to federal income taxes.
- (2) The following are income taxes on operations and realized gains incurred in the current and prior years that will be available for recoupment in the event of future net losses:

Period	Ordinary	Capital	Total
2016	\$ 12,570,329	\$ 2,017,979	\$ 14,588,308
2015	4,915,393	-	4,915,393
2014	10,516,009	1,287,069	11,803,078

- (3) The Company had no deposits to disclose under Section 6603 of the Internal Revenue Service Code.



**NOTES TO FINANCIAL STATEMENTS**

F. The Company's federal income tax return is consolidated.

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

AAG Insurance Agency, Inc.	Great American Protection Insurance Company
American Empire Insurance Company	Great American Re Inc.
American Empire Surplus Lines Insurance Company	Great American Security Insurance Company
American Empire Underwriters, Inc.	Great American Spirit Insurance Company
American Financial Enterprises, Inc.	Great Southwest Corporation
American Financial Group, Inc.	Hangar Acquisition Corp.
American Highways Insurance Agency, Inc.	Hudson Indemnity, Ltd.
American Money Management Corporation	Indianapolis Union Railway Company (The)
American Premier Underwriters, Inc.	Key Largo Group, Inc.
American Signature Underwriters, Inc.	Lehigh Valley Railroad Company
Annuity Investors Life Insurance Company	Magnolia Alabama Holdings, Inc.
APU Holding Company	Manhattan National Holding Corporation
Associates of the Jersey Company (The)	Manhattan National Life Insurance Company
Bridgefield Casualty Insurance Company	Mid-Continent Assurance Company
Bridgefield Employers Insurance Company	Mid-Continent Casualty Company
Brothers Pennsylvanian Corporation	Mid-Continent Excess and Surplus Insurance Company
Brothers Property Corporation	Mid-Continent Specialty Insurance Services, Inc.
Brothers Property Management Corporation	National Interstate Corporation
Cal Coal, Inc.	National Interstate Insurance Agency, Inc.
Ceres Group, Inc.	National Interstate Insurance Company
Continental General Corporation	National Interstate Insurance Company of Hawaii, Inc.
Crop Managers Insurance Agency, Inc.	Oklahoma Surety Company
Dempsey & Siders Agency, Inc.	One East Fourth, Inc.
Dixie Terminal Corporation	Owasco River Railway, Inc. (The)
Eden Park Insurance Brokers, Inc.	PCC Maryland Realty Corp.
Explorer RV Insurance Agency, Inc.	PCC Real Estate, Inc.
Farmers Crop Insurance Alliance, Inc.	PCC Technical Industries, Inc.
FCIA Management Company, Inc.	Penn Central Energy Management Company
GAI Insurance Company, Ltd.	Penn Towers, Inc.
GAI Mexico Holdings, LLC	Pioneer Carpet Mills, Inc.
GAI Warranty Company	Pittsburgh and Cross Creek Railroad Company
GAI Warranty Company of Florida	Premier Lease & Loan Services Insurance Agency, Inc.
GALIC Brothers, Inc.	Premier Lease & Loan Services of Canada, Inc.
Global Premier Finance Company	Professional Risk Brokers, Inc.
Great American Advisors, Inc.	QQAgency of Texas, Inc.
Great American Agency of Texas, Inc.	Republic Indemnity Company of America
Great American Alliance Insurance Company	Republic Indemnity Company of California
Great American Assurance Company	Risico Management Corporation
Great American Casualty Insurance Company	Safety Claims & Litigation Services, LLC
Great American Contemporary Insurance Company	Safety, Claims and Litigation Services, LLC
Great American E & S Insurance Company	Skipjack Marina Corp.
Great American Fidelity Insurance Company	Summit Consulting, LLC
Great American Financial Resources, Inc.	Summit Holding Southeast, Inc.
Great American Holding, Inc.	TEJ Holdings, Inc.
Great American Insurance Agency, Inc.	Terminal Realty Penn Co.
Great American Insurance Company	Three East Fourth, Inc.
Great American Insurance Company of New York	TransProtection Service Company
Great American Life Insurance Company	Triumphe Casualty Company
Great American Lloyd's Insurance Company	Vanliner Insurance Company
Great American Lloyd's, Inc.	Waynesburg Southern Railroad Company
Great American Management Services, Inc	

(2) Pursuant to the tax allocation agreement, the Company's tax expense will be determined based upon its inclusion in the consolidated tax return of American Financial Group, Inc. and its includable subsidiaries. Estimated payments are to be made quarterly during the year. Following year-end, additional settlements will be made on the original due date of the return and, when extended, at the time the return is filed. The method of allocation among the companies under the agreement is based upon separate return calculations with current credit for net losses to the extent the losses provide a benefit in the consolidated tax return.

G. Federal or Foreign Income Tax Loss Contingencies

The Company does not have any tax loss contingencies.

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

A.,B. & C.

The Company is an indirect subsidiary of Great American Financial Resources, Inc. ("GAFRI"), which is a subsidiary of American Financial Group ("AFG"); 100% of the Company's outstanding common stock is directly owned by Great American Life Insurance Company ("GALIC"). See Schedule Y, Part 1, Organizational Chart.

**NOTES TO FINANCIAL STATEMENTS**

During 2016, the Company paid (received) federal income tax payments in cash to (from) GALIC:

3/31/2016	\$	1,938,816
4/14/2016	\$	2,666,000
6/10/2016	\$	3,504,000
9/13/2016	\$	3,511,000
9/22/2016	\$	(1,048,915)
10/17/2016	\$	25,439
12/12/2016	\$	3,750,000

The Company received no capital contributions from GALIC.

- D. The Company reported \$389,077 due from the parent and affiliated companies. The terms of the agreement require that any outstanding amounts are settled within 90 days.
- E. The Company has no material guarantees or undertakings for the benefit of an affiliate.
- F. Management or service contracts and all cost sharing arrangements including the Company:
  - (1) The Company has an agreement with GAFRI, subject to the direction of the Finance Committee of the Company, whereby GAFRI, along with services provided by American Money Management Corporation (an affiliate), provides for money management and accounting services related to the investment portfolio.
  - (2) The Company has an agreement with Great American Advisors, Inc. ("GAA"), a wholly owned subsidiary of GAFRI, whereby GAA is the principal underwriter and distributor of the Company's variable contracts. The Company pays GAA for acting as underwriter under a distribution agreement.
  - (3) Certain administrative, management, accounting, data processing, collection, and investment services are provided under agreements between the Company and affiliates at charges not unfavorable to the Company or the affiliate.
- G. The Company's outstanding shares are 100% owned by GALIC.
- H. The Company does not own shares of any upstream intermediate entity or its ultimate parent.
- I. The Company has no investment in a subsidiary.
- J. The Company did not recognize any impairment or write down for its investments in subsidiary, controlled or affiliated companies during the statement period.
- K. The Company has no investment in a foreign insurance subsidiary.
- L. The Company does not hold an investment in a downstream non-insurance holding company.
- M. Valuation of Subsidiary, Controlled and Affiliated Entities (excluding U.S. Insurance Entities) – Not applicable.
- N. The Company has no investments in insurance subsidiary, controlled, or affiliated entities.

**Note 11 - Debt**

- A. The Company has no outstanding debt instruments.
- B. The Company has no Federal Home Loan Bank agreements.

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

A., B., C. & D.

The Company does not participate in a defined benefit plan.

- E. Defined Contribution Plan – See item G below.
- F. The Company does not participate in multiemployer plans.
- G. Consolidated/Holding Company Plans:
  - (1) Employees' Retirement Plan

AFG has established the AFG 401(k) Retirement and Savings Plan (the "Plan") for the benefit of employees of AFG and its participating subsidiaries. Substantially all employees meeting minimum requirements regarding service are eligible to participate in this Plan. The Plan is a defined contribution plan in which participating employees are entitled to share in contributions made by the Company on their behalf. The Plan has three types of contributions, including (1) Retirement Contributions made by the Company, (2) 401(k) Contributions made by participating employees, and (3) Matching Contributions made by the Company. The benefits for the Retirement Contributions are based on eligible compensation as defined by the Plan for each year of participation. Funding is determined annually. Each company contributes an amount for the Retirement Contributions based upon the relationship of its total eligible compensation to total eligible compensation under the Plan for all participating subsidiaries. In addition, participating employees are permitted to make 401(k) Contributions to the Plan. Matching Contributions may be made by the Company based on the amount of 401(k) Contributions made by the participating employees. Plan costs are funded as they accrue and vested benefits are fully funded. Both Retirement Contributions and Matching Contributions to the Plan are subject to the discretion of the Board of Directors of AFG, and the Company has no liability for future contributions to the Plan. At December 31, 2016, the fair market value of the Plan's Retirement Contributions assets was \$447,339,127 and the fair market value of the Plan's Matching Contributions assets was \$220,256,966. GAFRI's share of the expense for the Plan during 2016 was \$3,169,704.

**NOTES TO FINANCIAL STATEMENTS**

(2) Deferred Compensation Plans

Effective October 1, 1994, GAFRI offered to its officers and selected employees the opportunity to defer receipt of a specific percentage of the employee's compensation. Amounts deferred were credited either with a fixed rate of interest or a rate based on the performance of GAFRI's common stock, based on the participant's election. Effective November 1, 2007, this plan was merged into a similar plan maintained by AFG and existing balances were transferred to that plan. The AFG plan offers additional options into which participants may elect to invest their balances.

(3) Postretirement Benefits

GAFRI provides postretirement health care and life insurance benefits to employees meeting age and service requirements through plans sponsored by AFG. The retiree medical care plan is a contributory plan covering all eligible employees hired prior to 1993; employees hired after 1992 pay the full cost of retiree medical coverage. GAFRI has established a cap on the total amount of health care costs that are subsidized for the majority of current retirees. All eligible future retirees receive a flat dollar amount contributed to a Retiree Health Reimbursement Arrangement Account. GAFRI currently pays the full cost of life insurance coverage for past retirees, but no coverage is provided for new retirees after 2005. The medical plan is funded by monthly payments to a trust. Life insurance benefits are provided by insurance contracts. AFG has the right to modify or terminate either of these plans in the future. GAFRI has the right to terminate its participation at any time in the future.

GAFRI accrues its postretirement benefits over the period the employees qualify for such benefits. At December 31, 2016, GAFRI's accumulated postretirement benefit obligation was \$583,991 using a discount rate of 3.25% of which all is currently accrued. Net postretirement benefits costs for the year ended December 31, 2016 was a \$31,390 credit which includes service cost, interest cost, and amortization of the transition obligation.

The weighted average annual assumed rate of increase in the health care cost trend rate is 6.75% for 2017 and is assumed to decrease gradually to 5% over 7 years and to remain at that level thereafter. The effect of a 1% increase in the assumed health care cost trend rate for each year would have an immaterial impact on the postretirement benefit obligation at December 31, 2016.

H. Postemployment Benefits and Compensated Absences

The Company accrues obligations for postemployment 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) & (3) The Medicare Modernization Act had no impact on the Company's postretirement benefits.

**Note 13 - Capital And Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

(1) The Company's capital is common stock. There are 25,000 shares authorized and 20,000 shares issued and outstanding, with a per share par value of \$125.00. There are no other classes of capital stock.

(2) The Company has no preferred stock outstanding.

(3) The maximum amount of dividends which 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 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 \$26,694,714, based on policyholders surplus. At December 31, 2016, surplus as regards policyholders was \$266,947,135, earned surplus was \$95,397,135, and net income was \$18,840,588.

(4) The Company paid no dividends.

(5) Within the limitations 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 placed no restrictions on unassigned surplus funds.

(7) The total amount of advances to surplus not repaid is \$0. The Company is not organized as a mutual insurer or similar entity.

(8) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes are:

a. For conversion of preferred stock:	0 shares
b. For employee stock options:	0 shares
c. For stock purchase warrants:	0 shares

(9) The Company has no special surplus funds.

(10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a. Unrealized gains and losses:	\$	3,887,126
b. Nonadmitted asset values:	\$	(455,692)
c. Separate account business:	\$	5,470,708
d. Asset valuation reserves:	\$	(11,826,055)
e. Provision for reinsurance:	\$	-

(11) The Company has not issued any surplus debentures or similar obligations.

(12) & (13) There has been no restatement of surplus due to quasi-reorganization.

**Note 14 - Contingencies**

A. The Company is not aware of any material contingent liabilities and has no reserves to cover any contingent liabilities.

B. At December 31, 2016, the Company held a guaranty fund assessment liability for future assessments of \$14,877. The Company also holds a premium tax offset asset related to guaranty fund assessments paid or accrued.

NOTES TO FINANCIAL STATEMENTS

- C. The Company has no gain contingencies to report.
- D. The Company is not aware of any claims related to extra contractual obligations and bad faith losses stemming from lawsuits.
- E. The Company has no joint and several liabilities.
- F. The Company is not aware of any other material loss contingencies as of the Balance Sheet date, or any date subsequent up to the filing of this statement.

Note 15 - Leases

Not applicable.

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

The Company does not have financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk, except as described in Note 8 – Derivative Instruments.

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

The Company has no reportable transactions.

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

Not applicable.

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

Not applicable.

Note 20 – Fair Value Measurements

- A.
- (1) Fair Value Measurements at Reporting Date

The Company has categorized its assets and liabilities measured at fair value into the three-level fair value hierarchy as reflected in the following table. See item (4) below for a discussion of each of these three levels.

	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds:				
U.S. Government and government agencies	\$ -	\$ -	\$ -	\$ -
States, municipalities and political subdivisions	-	-	-	-
Foreign government	-	-	-	-
Residential MBS	-	-	-	-
Commercial MBS	-	-	-	-
All other bonds	-	208,480	-	208,480
Total bonds	-	208,480	-	208,480
Non-affiliated preferred stock	-	-	-	-
Non-affiliated common stock	5,572,735	-	-	5,572,735
Equity index call options	-	13,410,710	-	13,410,710
Variable annuity assets (separate accounts) (a)	-	600,064,488	-	600,064,488
Total assets at fair value	\$ 5,572,735	\$ 613,683,678	\$ -	\$ 619,256,413

(a) Separate account liabilities equal the fair value for separate account assets.

There were no transfers between Level 1 and Level 2.

- (2) Fair Value Measurements in the Fair Value Hierarchy

	Beginning Balance at 1/1/2016	Transfers into Level 3	Transfers out of Level 3	Total Gains and (losses) included in Net Income	Total Gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2016
States, municipalities and political subdivisions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential MBS	12	-	-	(3,586)	3,574	-	-	-	-	-
All other bonds	-	-	-	(188)	188	-	-	-	-	-
Non-affiliated common stock	-	-	-	-	-	-	-	-	-	-
Non-affiliated preferred stock	-	-	-	-	-	-	-	-	-	-
Total	\$ 12	\$ -	\$ -	\$ (3,774)	\$ 3,762	\$ -	\$ -	\$ -	\$ -	\$ -

- (3) Fair Value Recognition of Transfers Between Levels

The Company recognizes and records the transfer of securities into and out of Level 3 due to changes in availability of market observable inputs.

**NOTES TO FINANCIAL STATEMENTS**

(4) Inputs and Techniques Used in Estimating Fair Value

Level 1 - Quoted prices for identical assets or liabilities in active markets (markets in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis). The Company's Level 1 financial instruments consist primarily of publicly traded equity securities for which quoted market prices in active markets are available.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar assets or liabilities in inactive markets (markets in which there are few transactions, the prices are not current, price quotations vary substantially over time or among market makers, or in which little information is released publicly); and valuations based on other significant inputs that are observable in active markets. Level 2 inputs include benchmark yields, reported trades, corroborated broker/dealer quotes, issuer spreads and benchmark securities. When non-binding broker quotes can be corroborated by comparison to similar securities priced using observable inputs, they are classified as Level 2.

Level 3 - Valuations derived from market valuation techniques generally consistent with those used to estimate the fair value of Level 2 financial instruments in which one or more significant inputs are unobservable or when the market for a security exhibits significantly less liquidity relative to markets supporting Level 2 fair value measurements. The unobservable inputs may include management's own assumptions about the assumptions market participants would use based on the best information available in the circumstances.

The Company's investment manager, American Money Management Corporation ("AMMC"), an affiliate, is responsible for the valuation process and uses data from outside sources (including nationally recognized pricing services and broker/dealers) in establishing fair value. Valuation techniques utilized by pricing services and prices obtained from external sources are reviewed by AMMC's internal investment professionals who are familiar with the securities being priced and the markets in which they trade to ensure the fair value determination is representative of an exit price. To validate the appropriateness of the prices obtained, the investment manager considers widely published indices (as benchmarks), recent trades, changes in interest rates, general economic conditions and the credit quality of the specific issuers. In addition, AMMC communicates directly with the pricing service regarding the methods and assumptions used in pricing, including verifying, on a test basis, the inputs used by the service to value specific securities.

(5) Derivative Assets and Liabilities

- a. The Company's derivative assets/liabilities are reported on a gross basis (see 20-A-(1)).
- b. The Company has no gross or net derivative assets/liabilities measured at fair value in the Level 3 category.

- B. The Company has no additional fair value disclosures.
- C. The Company has categorized all the financial assets in the financial statements into the three-level fair value hierarchy as reflected in the following table. See item (4) above for a discussion of each of these three levels.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3
Financial Assets:					
Bonds:					
U.S. Government and government agencies	\$ 7,262,910	\$ 6,909,319	\$ 1,493,428	\$ 5,769,482	\$ -
States, municipalities and political subdivisions	378,087,205	368,400,914	-	378,087,205	-
Foreign government	-	-	-	-	-
Residential MBS	199,774,746	178,317,440	-	190,974,374	8,800,372
Commercial MBS	132,089,999	128,065,268	-	130,694,899	1,395,100
Asset-backed securities	282,540,072	283,806,409	-	268,938,452	13,601,620
All other bonds	1,376,617,790	1,340,691,178	-	1,358,933,917	17,683,873
Total bonds	\$ 2,376,372,722	\$ 2,306,190,528	\$ 1,493,428	\$ 2,333,398,329	\$ 41,480,965
Non-affiliated preferred stock	992,500	1,000,000	992,500	-	-
Non-affiliated common stock	5,572,735	5,572,735	5,572,735	-	-
Variable annuity assets (separate accounts)	600,064,488	600,064,488	-	600,064,488	-
Other investments	10,968,291	10,991,476	-	10,968,291	-
Equity index call options	13,410,710	13,410,710	-	13,410,710	-
Policy loans	58,267,375	58,267,375	-	-	58,267,375
Total financial assets	\$ 3,065,648,821	\$ 2,995,497,312	\$ 8,058,663	\$ 2,957,841,818	\$ 99,748,340

- D. Not Practicable to Estimate Fair Value – The Company has no financial instruments that fall under this classification.

**Note 21 - Other Items**

- A. The Company had no unusual events or infrequent transactions.
- B. The Company had no troubled debt restructuring.
- C. The Company had no other disclosures.
- E. The Company has no business interruption insurance recoveries.
- F. The Company has no state transferable or nontransferable tax credits.



**NOTES TO FINANCIAL STATEMENTS**

G. Subprime Mortgage Related Risk Exposure

- (1) Included in determining the Company's exposure to subprime mortgage loans are the debt and equity securities of companies whose principal business includes the origination, securitization, providing of mortgage insurance on, investment in or management of subprime mortgage loans. Also included in such determination are those residential MBS and collateral debt obligations in which the ultimate collateral supporting anticipated cash flows are subprime mortgage loans. In general, we limit the Company's purchases of subprime residential MBS to those securities with AAA ratings and whose underlying collateral is fixed-rate (as opposed to adjustable rate).
- (2) The Company does not have any investments with direct exposure in subprime mortgage loans.
- (3) Direct exposure to subprime mortgage risk through investments in the following securities:

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential MBS	\$ 25,108,051	\$ 25,186,529	\$ 26,670,707	\$ 2,764,531
b. Commercial MBS	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investments in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	<u>\$ 25,108,051</u>	<u>\$ 25,186,529</u>	<u>\$ 26,670,707</u>	<u>\$ 2,764,531</u>

- (4) The Company has no net underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty coverage.

H. The Company does not have retained asset accounts.

I. The Company is not an issuer, ceding issuer, or counterparty of insurance-linked securities.

**Note 22 - Events Subsequent**

Management has evaluated the financial statements for subsequent events through February 24, 2017, the date the financial statements were available to be issued. There have been no subsequent events that have a material financial effect on the Company.

**Note 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) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?  
Yes ( ) No ( x ) If yes, give full details

Section 2 – Ceded Reinsurance Report – Part A

- (1) 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 )
- 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. \$0
- b. 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? \$0
- (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 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

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 that were in force or which had existing reserves established by the Company as of the effective date of the agreement?  
Yes ( ) No ( x )
- If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$0

B. Uncollectible Reinsurance

The Company did not write off any uncollectible reinsurance.

**NOTES TO FINANCIAL STATEMENTS**

C. Commutation of Ceded Reinsurance

The Company was not involved in any commutation of ceded reinsurance.

D. Certified Reinsurer Rating Downgrade or Status Subject to Revocation

The Company has no reinsurance contracts with certified reinsurers.

E., F., G. The Company has no captive reinsurance agreements.

**Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Not applicable.

**Note 25 - Change in Incurred Losses and Loss Adjustment Expenses**

The Company had no changes in the provision for incurred loss or loss adjustment expense attributable to insured events of prior years.

**Note 26 - Intercompany Pooling Arrangements**

Not applicable.

**Note 27 - Structured Settlements**

Not applicable.

**Note 28 - Health Care Receivables**

Not applicable.

**Note 29 - Participating Policies**

Not applicable.

**Note 30 - Premium Deficiency Reserves**

Not applicable.

**Note 31 - Reserves for Life Contracts and Annuity Contracts**

- (1) The Company has no life insurance business in force. Surrender values are not promised in excess of the legally computed reserves.
- (2) The Company has no substandard policies in force.
- (3) The Company had no insurance in force for which the gross premiums are less than the net premiums according to the valuation standard.
- (4) The tabular interest has been determined by the formula as described in the instructions. The tabular less actual reserve released has been determined by the formula as described in the instructions. The tabular cost has been determined by the formula as described in the instructions.
- (5) Tabular interest on funds not involving life contingencies is calculated as the product of such valuation rate of interest times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.
- (6) The Company has no reserve changes not captured elsewhere.

**NOTES TO FINANCIAL STATEMENTS**

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

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

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
A. Subject to discretionary withdrawal:					
(1) With fair value adjustment	\$ -	\$ -	\$ -	\$ -	0.0%
(2) At book value less current surrender charge of 5% or more	618,707,419	-	-	618,707,419	22.4%
(3) At fair value	-	-	594,593,780	594,593,780	21.5%
(4) Total with adjustment or at fair value (total of 1 through 3)	618,707,419	-	594,593,780	1,213,301,199	43.9%
(5) At book value without adjustment (minimal or no charge or adjustment)	1,527,520,433	-	-	1,527,520,433	55.2%
B. Not subject to discretionary withdrawal	26,137,399	-	-	26,137,399	0.9%
C. Total (gross: direct + assumed)	2,172,365,251	-	594,593,780	2,766,959,031	100.0%
D. Reinsurance ceded	-	-	-	-	
E. Total (net)* (C) - (D)	<u>\$ 2,172,365,251</u>	<u>\$ -</u>	<u>\$ 594,593,780</u>	<u>\$ 2,766,959,031</u>	

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

F.	Amount
Life & Accident & Health Annual Statement:	
1. Exhibit 5, Annuities Section, Total (net)	\$ 2,144,628,572
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	-
3. Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	27,736,679
4. Subtotal	<u>2,172,365,251</u>
Separate Accounts Annual Statement:	
5. Exhibit 3, Line 02999999, Column 2	594,593,780
6. Exhibit 3, Line 03999999, Column 2	-
7. Policyholder dividend and coupon accumulations	-
8. Policyholder premiums	-
9. Guaranteed interest contracts	-
10. Other contract deposit funds	-
11. Subtotal	<u>594,593,780</u>
12. Combined Total	<u>\$ 2,766,959,031</u>

**Note 33 - Premium and Annuity Considerations Deferred and Uncollected**

Not applicable.

**Note 34 - Separate Accounts**

A. Separate Account Activity

- The Company utilizes separate accounts to record and account for assets and liabilities for individual and group variable annuities. The separate accounts are registered under the Investment Company Act of 1940, as amended, as a unit investment trust. In accordance with the State of Ohio procedures for approving items within the separate accounts, the separate accounts classification of the individual and group variable annuities are supported by Section 3907.15 of the Ohio Revised Code.
- In accordance with the products and transactions recorded within the separate accounts, all assets are considered legally insulated from the general account and are not chargeable with liabilities incurred in any other business operation of the Company. As of December 31, 2016 and 2015, the Company's separate account statement included legally insulated variable annuity assets of \$600,064,488 and \$608,154,130, respectively.
- In accordance with the products/transactions recorded within the separate accounts, some separate account liabilities are guaranteed by the general account. To compensate the general account for the risk taken, the separate account has paid risk charges for guaranteed withdrawal benefits for variable annuity contracts as follows for the past five years:
  - 2016 \$ 378,739
  - 2015 381,949
  - 2014 399,630
  - 2013 373,380
  - 2012 355,366

As of December 31, 2016, the general account of the Company had a maximum guarantee for separate account liabilities of \$20,404,626 for the guaranteed minimum death benefit of the variable annuity contracts. The total separate account guarantees paid by the general account for the past five years are as follows:

- 2016 \$ 496,266
- 2015 319,292
- 2014 163,757
- 2013 180,219
- 2012 468,359

- The Company does not engage in securities lending transactions with the separate accounts.



**NOTES TO FINANCIAL STATEMENTS**

B. General Nature and Characteristics of Separate Accounts Business

The separate and variable accounts held by the Company relate to individual and group variable annuities of a nonguaranteed return nature. The net investment experience of the separate accounts is credited directly to the policyholder and can be positive or negative. These variable annuities generally provide a death benefit of the greater of account value or premium paid, accumulated at 0% to 5%. A minimum guaranteed death benefit is also provided on some contracts which is the highest account value (reduced for partial withdrawals) on a prior contract anniversary. The minimum guaranteed death benefit reserve is held in Exhibit 5. The assets and liabilities of these accounts are carried at fair value.

Information regarding the separate accounts of the Company is as follows:

	Index	Nonindexed Guarantee Less than/equal to 4%	Nonindexed Guarantee More than 4%	Nonguaranteed Separate Accounts	Total
(1) Premiums, considerations or deposits for year ended 12/31/2016	\$ -	\$ -	\$ -	\$ 29,501,833	\$ 29,501,833
Reserves at 12/31/2016					
(2) For accounts with assets at:					
a. Fair value	\$ -	\$ -	\$ -	\$ 594,593,780	\$ 594,593,780
b. Amortized cost	-	-	-	-	-
c. Total reserves	\$ -	\$ -	\$ -	\$ 594,593,780	\$ 594,593,780
(3) By withdrawal characteristics:					
a. Subject to discretionary withdrawal	\$ -	\$ -	\$ -	\$ -	\$ -
b. With fair value adjustment	-	-	-	-	-
c. At book value without fair value adjustment and with current surrender charge of 5% or more	-	-	-	-	-
d. At fair value	-	-	-	594,593,780	594,593,780
e. At book value without fair value adjustment and with current surrender charge less than 5%	-	-	-	-	-
f. Subtotal	-	-	-	594,593,780	594,593,780
g. Not subject to discretionary withdrawal	-	-	-	-	-
h. Total	\$ -	\$ -	\$ -	\$ 594,593,780	\$ 594,593,780
(4) Reserves for asset default risk in lieu of AVR	\$ -	\$ -	\$ -	\$ -	\$ -

C. The following is a reconciliation of the net transfer to (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)	\$ 29,501,833
b. Transfers from Separate Accounts (Page 4, Line 10)	70,328,636
c. Net transfers to or (from) Separate Accounts (a) - (b)	<u>\$ (40,826,803)</u>
(2) Reconciling Adjustments	\$ -
(3) Transfers as reported in the Summary of Operations of the Life, Accident & Health Annual Statement	
(1c) + (2) = (Page 4, Line 26)	\$ (40,826,803)

**Note 35 - Loss/Claim Adjustment Expenses**

Not applicable.

Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [ X ]    No [   ]

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.

12/31/2016

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity.  
This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2011

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/26/2012

3.4

By what department or departments?  
State of 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	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [   ]    No [ X ]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [   ]    No [ X ]

7.2

If yes,

7.21

State the percentage of foreign control

7.22

State the nationality(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	2
Nationality	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 [ X ]    No [   ]

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	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC
Great American Advisors	Cincinnati, OH	NO	NO	NO	YES
American Money Management Corporation	Cincinnati, OH	NO	NO	NO	YES

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young LLP, 1900 Scripps Center, 312 Walnut Street, Cincinnati, OH 45202

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:

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? <u>Eugene Michael Breen, 301 East Fourth Street, Cincinnati, OH 45202, Appointed Actuary</u>		
12.1	Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?	Yes [ ]	No [ X ]
12.11	Name of real estate holding company		
12.12	Number of parcels involved		
12.13	Total book/adjusted carrying value		
12.2	If yes, provide explanation		
13.	<b>FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:</b>		
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 [ X ]
13.3	Have there been any changes made to any of the trust indentures during the year?	Yes [ ]	No [ X ]
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 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

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 [ ]

19.	Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
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 [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
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 <i>Annual Statement Instructions</i> other than guaranty fund or guaranty association assessments?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
22.2	If answer is yes:		
22.21	Amount paid as losses or risk adjustment		
22.22	Amount paid as expenses		
22.23	Other amounts paid		
23.1	Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]
23.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount:	\$	339,615

Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**

**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 ☒ 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 ☒

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 ☒

24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes ☐ No ☐ N/A ☒

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 ☒

24.10

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

24.101

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

24.102

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

24.103

Total payable for securities lending reported on the liability page:

25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)

Yes ☒ 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

\$7,182,403

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 Nature of Restriction	2 Description	3 Amount
		\$

26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes ☒ No ☐

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.

Yes ☒ No ☐ N/A ☐

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 ☒

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 ☒ No ☐

28.01

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon	One Wall Street, New York, NY 10286

28.02

For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation

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

28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes ☐ No ☒

28.04

If yes, give full and complete information relating thereto:

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

28.05

Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
American Money Management Corporation	A

Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**

**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	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
161853	American Money Management Corporation	54930048Y5YTQDRCSM84	SEC	NO

29.1

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

Yes [ ☐ ]    No [ ☒ X ]

29.2    If yes, complete the following schedule:

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

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

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3  Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation

30.    Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1  Statement (Admitted) Value	2  Fair Value	3  Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	2,351,907,061	2,422,089,256	70,182,195
30.2	Preferred Stocks	1,000,000	992,500	(7,500)
30.3	Totals	2,352,907,061	2,423,081,756	70,174,695

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

Fair values for Bonds are determined by internal investment professionals at American Money Management Corporation (the manager of the Company's investment portfolio) using data from nationally recognized pricing services, broker quotes and available trade information. When data from these sources is not available (typically less than 1% of the portfolio), prices are developed internally by the investment professionals using widely published indices (as benchmarks), interest rates, issuer spreads, credit quality of the specific issuer and general economic conditions.

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 [ ☒ X ]    No [ ☐ ]

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 [ ☒ X ]

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:  
For the securities that were priced using broker prices, the Company obtains data from brokers that are familiar with securities being priced and the markets in which they trade.

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 Name	2 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 Name	2 Amount Paid
	\$

35.1

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

\$ 2,913

35.2

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

1 Name	2 Amount Paid
American Council of Life Insurers	\$ <u>2,913</u>

Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**

**GENERAL INTERROGATORIES**

**PART 2 – LIFE INTERROGATORIES**

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ☐ ]    No [ ☒ ]

1.2

If yes, indicate premium earned on U.S. business only.

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

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.

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

1.62

Total incurred claims

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

1.65

Total incurred claims

1.66

Number of covered lives

1.7

Group policies:

Most current three years:

1.71

Total premium earned

1.72

Total incurred claims

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

1.75

Total incurred claims

1.76

Number of covered lives

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

\$

2.2

Premium Denominator

\$

193,427,696

\$

215,589,580

2.3

Premium Ratio (2.1/2.2)

0.000

0.000

2.4

Reserve Numerator

\$

\$

2.5

Reserve Denominator

\$

2,149,182,554

\$

2,114,743,153

2.6

Reserve Ratio (2.4/2.5)

0.000

0.000

3.1

Does the reporting entity have Separate Accounts?

Yes [ ☒ ]    No [ ☐ ]

3.2

If yes, has a Separate Accounts statement been filed with this Department

Yes [ ☒ ]    No [ ☐ ]    N/A [ ☐ ]

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?

\$

5,470,708

3.4

State the authority under which Separate Accounts are maintained:  
State of Ohio Department of Insurance. Also, registered with the Securities and Exchange Commission

3.5

Was any of the reporting entity's Separate Accounts business reinsured as of December 31?

Yes [ ☐ ]    No [ ☒ ]

3.6

Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31?

Yes [ ☐ ]    No [ ☒ ]

3.7

If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)?"

4.1

Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)?

Yes [ ☒ ]    No [ ☐ ]

4.2

Net reimbursement of such expenses between reporting entities:

4.21

Paid

\$

15,388,321

4.22

Received

\$

0

5.1

Does the reporting entity write any guaranteed interest contracts?

Yes [ ☐ ]    No [ ☒ ]

5.2

If yes, what amount pertaining to these items is included in:

5.21

Page 3, Line 1

5.22

Page 4, Line 1

6.

For stock reporting entities only:

6.1

Total amount paid in by stockholders as surplus funds since organization of the reporting entity:

\$

171,550,000

7.

Total dividends paid stockholders since organization of the reporting entity:

7.11

Cash

\$

3,800,000

21

Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**

**GENERAL INTERROGATORIES**

**PART 2 – LIFE INTERROGATORIES**

7.12

Stock

\$

0

8.1

Does the reporting entity reinsure any Workers’ Compensation Carve-Out business defined as:  
  
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.

Yes [ ] No [ X ]

8.2

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

Yes [ ] No [ X ]

8.3

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

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

8.4

If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and 8.34 for Column (1) are:

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

8.5

What portion of earned premium reported in 8.31, Column 1 was assumed from pools?

9.1

Does the reporting entity have variable annuities with guaranteed benefits?

Yes [ X ] No [ ]

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 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Col. 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit
Return of premium	None	N/A	N/A	285,447,855		N/A	None	
Ratchet/MAV	None	N/A	N/A	229,210,061		N/A	None	
Greater of 5 yr Ratchet and 3% Roll-up	None	N/A	N/A	241,209,665		N/A	None	
Ratchet/MAV	GMB-- MAV, 10 yr. Waiting period	0 years	820097	820,097	16,242	Exhibit 5	None	
Greater of Ratchet and 5 yr 5% Roll-up	GLWB, 0 yr. Waiting period	N/A	N/A	566,657		N/A	None	
Ratchet/MAV	GMWB, 0 yr Waiting period	N/A	N/A	3,214,087		N/A	None	
Greater of ratchet and 10 yr 6% Roll-up	GLWB, 0 yr Waiting period	N/A	N/A	24,518,249		N/A	None	

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

11.1

Do you act as a custodian for health savings accounts?

Yes [ ] No [ X ]

11.2

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

11.3

Do you act as an administrator for health savings accounts?

Yes [ ] No [ X ]

11.4

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

12.1

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

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

12.2

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

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

13.

Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

13.1

Direct premiums written

\$

0

13.2

Total incurred claims

\$

0

Annual Statement for the year 2016 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

GENERAL INTERROGATORIES

PART 2 – LIFE INTERROGATORIES

13.3    Number of covered lives

\$

0

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



Annual Statement for the year 2016 of the **ANNUITY INVESTORS LIFE INSURANCE COMPANY**  
**FIVE-YEAR HISTORICAL DATA**

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

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

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Life Insurance in Force (Exhibit of Life Insurance)</b>					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....					
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....					
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).....	0	0	0	0	0
<b>New Business Issued (Exhibit of Life Insurance)</b>					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....					
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....					
10. Credit life (Line 2, Col. 6).....					
11. Group (Line 2, Col. 9).....					
12. Industrial (Line 2, Col. 2).....					
13. Total (Line 2, Col. 10).....	0	0	0	0	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).....					
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....	168,499,979	189,806,128	203,347,963	204,630,294	234,008,064
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).....	24,927,717	25,783,452	25,868,913	27,781,637	33,741,060
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).....					
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....					
20. Total.....	193,427,696	215,589,580	229,216,876	232,411,931	267,749,124
<b>Balance Sheet (Pages 2 and 3)</b>					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....	2,463,362,861	2,405,958,709	2,332,871,831	2,228,349,739	2,114,118,232
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	2,193,915,726	2,160,391,303	2,105,781,355	2,025,107,060	1,935,613,188
23. Aggregate life reserves (Page 3, Line 1).....	2,144,628,572	2,110,059,566	2,054,516,512	1,972,362,587	1,883,390,710
24. Aggregate A&H reserves (Page 3, Line 2).....					
25. Deposit-type contract funds (Page 3, Line 3).....	27,736,679	30,871,520	33,206,974	34,474,490	35,057,515
26. Asset valuation reserve (Page 3, Line 24.01).....	11,826,055	10,030,925	9,338,846	7,413,111	5,091,036
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).....	266,947,135	243,067,406	224,590,476	200,742,679	176,005,044
<b>Cash Flow (Page 5)</b>					
29. Net Cash from operations (Line 11).....	60,503,846	91,013,910	115,842,472	118,970,155	138,105,167
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital.....	281,273,190	255,598,331	236,429,322	210,655,790	183,596,080
31. Authorized control level risk-based capital.....	18,116,665	17,312,191	16,244,632	15,364,653	15,747,874
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line No. /Page 2, Line 12, Col. 3) x 100.0</b>					
32. Bonds (Line 1).....	94.6	95.8	95.6	95.3	95.4
33. Stocks (Lines 2.1 and 2.2).....	0.3	0.3	0.3	0.3	0.0
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....					
35. Real estate (Line 4.1, 4.2 and 4.3).....					
36. Cash, cash equivalents and short-term investments (Line 5).....	1.7	1.2	0.9	1.1	1.3
37. Contract loans (Line 6).....	2.4	2.5	2.6	2.7	2.9
38. Derivatives (Line 7).....	0.6	0.3	0.5	0.6	0.4
39. Other invested assets (Line 8).....	0.5				
40. Receivables for securities (Line 9).....	0.0	0.0	0.0		
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 **ANNUITY INVESTORS LIFE INSURANCE COMPANY**

**FIVE-YEAR HISTORICAL DATA**

(continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
44. Affiliated bonds (Sch. D Summary, Line 12 Col. 1).....					
45. Affiliated preferred stocks (Sch. D Summary, Line 18 Col. 1).....					
46. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1).....					
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).....	455,692	275,195	503,843	303,458	1,392,311
53. Total admitted assets (Page 2, Line 28, Col. 3).....	3,063,427,349	3,014,112,839	2,994,759,275	2,892,880,955	2,693,806,433
<b>Investment Data</b>					
54. Net investment income (Exhibit of Net Investment Income).....	111,165,758	118,565,982	122,409,048	121,441,142	115,302,249
55. Realized capital gains (losses) (Page 4, Line 34, Column 1).....	44,111	(1,835,321)	3,904	(481,509)	6,345,935
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	6,149,655	(6,386,904)	(1,182,268)	3,641,589	417,038
57. Total of above Lines 54, 55 and 56.....	117,359,524	110,343,757	121,230,684	124,601,222	122,065,222
<b>Benefits and Reserve Increase (Page 6)</b>					
58. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15 Col. 1 minus Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11).....	255,541,016	259,090,926	247,082,708	232,049,284	242,535,594
59. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....					
60. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....					
61. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....					
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 6)/(Page 6 Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.00.....	14.7	13.7	13.2	13.3	13.0
64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00.....					
65. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....					
66. A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2).....					
67. A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2).....					
<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, Line 3.1, Col. 1 less Col. 2).....					
71. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....					
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
72. Industrial life (Col. 2).....					
73. Ordinary - life (Col. 3).....					
74. Ordinary - individual annuities (Col. 4).....	16,581,609	24,366,275	24,607,472	21,116,489	19,882,192
75. Ordinary - supplementary contracts (Col. 5).....					
76. Credit life (Col. 6).....					
77. Group life (Col. 7).....					
78. Group annuities (Col. 8).....	2,214,868	2,501,543	2,977,682	2,583,376	3,271,760
79. A&H - group (Col. 9).....					
80. A&H - credit (Col. 10).....					
81. A&H - other (Col. 11).....					
82. Aggregate of all other lines of business (Col. 12).....					
83. Total (Col. 1).....	18,796,477	26,867,818	27,585,154	23,699,865	23,153,952

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?

If no, please explain:

The Company was not party to a merger.

Yes [ ] No [X]

**Ex. of Life Ins.**  
**NONE**

**Ex. of Life Ins.**  
**NONE**

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

SUPPLEMENTARY CONTRACTS

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

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	1,370	113,296	648	7,444
2. Issued during year.....	144	2,953	6	139
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....	1,514	116,249	654	7,583
Deductions during year:				
6. Decreased (net).....	185	6,957	14	578
7. Reinsurance ceded.....				
8. Totals (Lines 6 and 7).....	185	6,957	14	578
9. In force end of year.....	1,329	109,292	640	7,005
Income now payable:				
10. Amount of income payable.....	(a) 11,153,799	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance.....	XXX	(a) 153,461,555	XXX	(a)
Deferred not fully paid:				
12. Account balance.....	XXX	(a) 2,414,464,344	XXX	(a) 222,841,261

ACCIDENT AND HEALTH INSURANCE

	Group		Credit		Other	
	1 Certificates	2 Premiums in force	3 Policies	4 Premiums in force	5 Policies	6 Premiums in force
1. In force end of prior year.....						
2. Issued during year.....						
3. Reinsurance assumed.....						
4. Increased during year (net).....		XXX		XXX		XXX
5. Total (Lines 1 to 4).....	0	XXX	0	XXX	0	XXX
Deductions during year:						
6. Conversions.....		XXX	XXX	XXX	XXX	XXX
7. Decreased (net).....		XXX		XXX		XXX
8. Reinsurance ceded.....		XXX		XXX		XXX
9. Totals (Lines 6 to 8).....	0	XXX	0	XXX	0	XXX
10. In force end of year.....	0	(a)	0	(a)	0	(a)

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1 Deposit Funds Contracts	2 Dividend Accumulations 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.....	0	0
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.

Annual Statement for the year 2016 of the

ANNUITY INVESTORS LIFE INSURANCE COMPANY

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

			1	Direct Business Only					
				Life Contracts		4	5	6	7
				2	3				
States, Etc.			Active Status	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 through 5	Deposit-Type Contracts
1.	Alabama.....	AL	L		437,370			437,370	
2.	Alaska.....	AK	L		103,596			103,596	
3.	Arizona.....	AZ	L		1,806,879			1,806,879	
4.	Arkansas.....	AR	L		215,157			215,157	
5.	California.....	CA	L		33,529,137			33,529,137	
6.	Colorado.....	CO	L		269,130			269,130	
7.	Connecticut.....	CT	L		3,448,046			3,448,046	
8.	Delaware.....	DE	L		204,660			204,660	
9.	District of Columbia.....	DC	L		100,424			100,424	
10.	Florida.....	FL	L		24,117,815			24,117,815	
11.	Georgia.....	GA	L		883,900			883,900	
12.	Hawaii.....	HI	L		1,446,057			1,446,057	
13.	Idaho.....	ID	L		946,458			946,458	
14.	Illinois.....	IL	L		3,962,984			3,962,984	
15.	Indiana.....	IN	L		1,892,526			1,892,526	
16.	Iowa.....	IA	L		1,010,847			1,010,847	
17.	Kansas.....	KS	L		369,690			369,690	
18.	Kentucky.....	KY	L		1,712,358			1,712,358	
19.	Louisiana.....	LA	L		440,429			440,429	
20.	Maine.....	ME	L		1,314,213			1,314,213	
21.	Maryland.....	MD	L		613,011			613,011	
22.	Massachusetts.....	MA	L		7,054,830			7,054,830	
23.	Michigan.....	MI	L		8,442,642			8,442,642	
24.	Minnesota.....	MN	L		2,254,969			2,254,969	
25.	Mississippi.....	MS	L		217,756			217,756	
26.	Missouri.....	MO	L		514,447			514,447	
27.	Montana.....	MT	L		478,635			478,635	
28.	Nebraska.....	NE	L		212,501			212,501	
29.	Nevada.....	NV	L		3,324,379			3,324,379	
30.	New Hampshire.....	NH	L		1,178,894			1,178,894	
31.	New Jersey.....	NJ	L		9,531,812			9,531,812	
32.	New Mexico.....	NM	L		475,388			475,388	
33.	New York.....	NY	N		77,681			77,681	
34.	North Carolina.....	NC	L		16,772,266			16,772,266	
35.	North Dakota.....	ND	L		436,226			436,226	
36.	Ohio.....	OH	L		19,602,038			19,602,038	
37.	Oklahoma.....	OK	L		201,436			201,436	
38.	Oregon.....	OR	L		360,689			360,689	
39.	Pennsylvania.....	PA	L		4,008,214			4,008,214	
40.	Rhode Island.....	RI	L		2,605,987			2,605,987	
41.	South Carolina.....	SC	L		1,863,546			1,863,546	
42.	South Dakota.....	SD	L		43,647			43,647	
43.	Tennessee.....	TN	L		3,347,222			3,347,222	
44.	Texas.....	TX	L		22,146,090			22,146,090	
45.	Utah.....	UT	L		2,995,350			2,995,350	
46.	Vermont.....	VT	N		116,288			116,288	
47.	Virginia.....	VA	L		1,375,733			1,375,733	
48.	Washington.....	WA	L		3,824,842			3,824,842	48,300
49.	West Virginia.....	WV	L		98,588			98,588	
50.	Wisconsin.....	WI	L		788,448			788,448	
51.	Wyoming.....	WY	L		86,775			86,775	
52.	American Samoa.....	AS	N					0	
53.	Guam.....	GU	N					0	
54.	Puerto Rico.....	PR	N					0	
55.	US Virgin Islands.....	VI	N					0	
56.	Northern Mariana Islands.....	MP	N					0	
57.	Canada.....	CAN	N					0	
58.	Aggregate Other Alien.....	OT	XXX	0	165,690	0	0	165,690	0
59.	Subtotal.....	(a) 49		0	193,427,696	0	0	193,427,696	48,300
90.	Reporting entity contributions for employee benefit plans.....	XXX						0	
91.	Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX						0	
92.	Dividends or refunds applied to shorten endowment or premium paying period.....	XXX						0	
93.	Premium or annuity considerations waived under disability or other contract provisions.....	XXX						0	
94.	Aggregate other amounts not allocable by State.....	XXX		0	0	0	0	0	0
95.	Totals (Direct Business).....	XXX		0	193,427,696	0	0	193,427,696	48,300
96.	Plus reinsurance assumed.....	XXX						0	
97.	Totals (All Business).....	XXX		0	193,427,696	0	0	193,427,696	48,300
98.	Less reinsurance ceded.....	XXX						0	
99.	Totals (All Business) less reinsurance ceded.....	XXX		0	193,427,696	(b) 0	0	193,427,696	48,300
DETAILS OF WRITE-INS									
58001.	Other Alien.....	XXX			165,690			165,690	
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	165,690	0	0	165,690	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 on the residences of policyholders.

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

**Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group**  
**Part 1 - Organizational Chart**

	Domiciliary Location	FEIN	NAIC Co. Code
American Financial Group, Inc.	OH	31-1544320	
American Financial Capital Trust II	DE	31-6549738	
American Financial Capital Trust III	DE	16-6543606	
American Financial Capital Trust IV	DE	16-6543609	
American Financial Enterprises, Inc.	CT	31-0996797	
American Money Management Corporation	OH	31-0828578	
American Real Estate Capital Company, LLC	OH	27-1577326	
Mid-Market Capital Partners, LLC	DE	27-2829629	
APU Holding Company	OH	41-2112001	
American Premier Underwriters, Inc.	PA	23-6000765	
The Associates of the Jersey Company	NJ	23-6297584	
Cal Coal, Inc.	IL	37-1094159	
Great Southwest Corporation	DE	95-2802826	
The Indianapolis Union Railway Company	IN	35-6001691	
Lehigh Valley Railroad Company	PA	13-6400464	
Pennsylvania Lehigh Oil & Gas Holdings LLC	PA	46-1665396	
Magnolia Alabama Holdings, Inc.	DE	20-1548213	
Magnolia Alabama Holdings LLC	AL	20-1574094	
Michigan Oil & Gas Holdings, LLC	MI	46-1852532	
Ohio Oil & Gas Holdings, LLC	OH	46-1480078	
The Owasco River Railway, Inc.	NY	13-6021353	
PCC Real Estate, Inc.	NY	31-1236926	
PCC Technical Industries, Inc.	DE	76-0080537	
PCC Maryland Realty Corp.	MD	31-1388401	
Penn Central Energy Management Company	DE	06-1209709	
Penn Towers, Inc.	PA	23-1537928	
Pennsylvania Oil & Gas Holdings, LLC	PA	46-3246684	
Pennsylvania-Reading Seashore Lines (66.67%)	NJ	23-6000766	
Pittsburgh and Cross Creek Railroad Company (83%)	PA	23-6207599	
Terminal Realty Penn Co.	DC	23-1707450	
Waynesburg Southern Railroad Company	PA	23-1675796	
GAI Insurance Company, Ltd. *	BMU	98-1073776	
Great American Specialty & Affinity Limited	GBR		
Hangar Acquisition Corp.	OH	31-1446308	
Premier Lease & Loan Services Insurance Agency, Inc.	WA	91-1242743	
Premier Lease & Loan Services of Canada, Inc.	WA	91-1508644	
Risiko Management Corporation	DE	31-1262960	
Dixie Terminal Corporation	OH	31-0823725	
GAI Holding Bermuda Ltd. ^	BMU	98-0606803	
GAI Indemnity, Ltd. #	GBR	98-0556144	
Neon Capital Limited (fka Marketform Group Limited)	GBR		
Neon Holdings (U.K.) Limited (fka Marketform Holdings Limited)	GBR		
Lavenham Underwriting Limited #	GBR	98-0412245	
Marketform Hong Kong Limited	HKG		
Neon Management Services Limited (fka Marketform Management Services Limited)	GBR		
Neon Service Company (U.K.) Limited (fka Marketform Limited)	GBR		
Marketform Australia Pty Limited	AUS		
Studio Marketform SRL	ITA		
Neon Underwriting Bermuda Limited	BMU		
Neon Underwriting Limited (fka Marketform Managing Agency Limited)	GBR		
Sampford Underwriting Limited #	GBR	98-0431601	
Spectrum Agency Limited	GBR		

\* Denotes insurer  
@ Company affiliated but not owned  
# Participant in Lloyd's Syndicate 2468  
Subsidiaries 100% owned by respective parent unless otherwise stated  
^ Total percentage owned by respective parent and other affiliated companies

**Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group**  
**Part 1 - Organizational Chart**

	Domiciliary Location	FEIN	NAIC Co. Code
American Financial Group, Inc.	OH	31-1544320	
Great American Financial Resources, Inc. ^	DE	06-1356481	
AAG Insurance Agency, Inc.	KY	31-1422717	
Ceres Group, Inc.	DE	34-1017531	
Continental General Corporation	NE	47-0717079	
QQAgency of Texas, Inc.	TX	34-1947042	
Great American Advisors, Inc.	OH	31-1395344	
Great American Life Insurance Company *	OH	13-1935920	63312
Annuity Investors Life Insurance Company *	OH	31-1021738	93661
Bay Bridge Marina Hemingway's Restaurant, LLC (85%)	MD	27-4078277	
Bay Bridge Marina Management, LLC (85%)	MD	27-0513333	
Brothers Management, LLC (99%)	FL	20-1246122	
Charleston Harbor Fishing, LLC	SC	81-3737639	
GA Key Lime, LLC ^	OH	47-5618395	
GALIC - Bay Bridge Marina, LLC	MD	20-4604276	
GALIC - Sorrento, LLC ^	FL	45-5565693	
GALIC Brothers, Inc. (80%)	OH	31-1391777	
GALIC Pointe, LLC ^	FL	45-1144095	
Manhattan National Holding Corporation	OH	26-3260520	
Manhattan National Life Insurance Company *	OH	45-0252531	67083
Skipjack Marina Corp.	MD	52-2179330	
Great American Holding, Inc.	OH	42-1575938	
Agricultural Services, LLC	OH	27-3062314	
American Empire Surplus Lines Insurance Company *	DE	31-0912199	35351
American Empire Insurance Company *	OH	31-0973761	37990
American Empire Underwriters, Inc.	TX	59-1671722	
GAI Australia Pty Ltd	AUS		
Great American International Insurance Designated Activity Company *	IRL		
Mid-Continent Casualty Company *	OH	73-0556513	23418
Mid-Continent Assurance Company *	OH	73-1406844	15380
Mid-Continent Excess and Surplus Insurance Company *	DE	38-3803661	13794
Mid-Continent Specialty Insurance Services, Inc.	OK	30-0571535	
Oklahoma Surety Company *	OH	73-0773259	23426
Republic Indemnity Company of America *	CA	95-2801326	22179
Republic Indemnity Company of California *	CA	31-1054123	43753
Summit Consulting, LLC	FL	59-1683711	
Heritage Summit Healthcare, LLC	FL	59-3385208	
Summit Holding Southeast, Inc.	FL	59-3409855	
Bridgefield Employers Insurance Company*	FL	59-1835212	10701
Bridgefield Casualty Insurance Company*	FL	59-3269531	10335

\* Denotes insurer  
@ Company affiliated but not owned  
# Participant in Lloyd's Syndicate 2468  
Subsidiaries 100% owned by respective parent unless otherwise stated  
^ Total percentage owned by respective parent and other affiliated companies

**Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group**  
**Part 1 - Organizational Chart**

	Domiciliary Location	FEIN	NAIC Co. Code
American Financial Group, Inc.	OH	31-1544320	
Great American Insurance Company *	OH	31-0501234	16691
American Signature Underwriters, Inc.	OH	31-1463075	
Brothers Property Corporation (80%)	OH	59-2840291	
Brothers Pennsylvanian Corporation	PA	25-1754638	
Brothers Property Management Corporation	OH	59-2840294	
Crescent Centre Apartments ^	OH	20-4498054	
Crop Managers Insurance Agency, Inc.	KS	31-1277904	
Dempsey & Siders Agency, Inc.	OH	31-0589001	
Eden Park Insurance Brokers, Inc.	CA	31-1341668	
El Aguila, Compañía de Seguros, S.A. de C.V. *	MEX		
Financiadora de Primas Condor, S.A. de C.V. (99%)	MEX		
Farmers Crop Insurance Alliance, Inc.	KS	39-1404033	
FCIA Management Company, Inc.	NY	13-3628555	
Foreign Credit Insurance Association @	NY		
GAI Mexico Holdings, LLC	DE	81-0814136	
GAI Warranty Company	OH	31-1753938	
GAI Warranty Company of Florida	FL	31-1765544	
GAI Warranty Company of Canada Inc.	CAN		
Global Premier Finance Company	OH	61-1329718	
Great American Agency of Texas, Inc.	TX	74-2693636	
Great American Alliance Insurance Company *	OH	95-1542353	26832
Great American Assurance Company *	OH	15-6020948	26344
Great American Casualty Insurance Company *	OH	61-0983091	39896
Great American Contemporary Insurance Company *	OH	36-4079497	10646
Great American E & S Insurance Company *	DE	31-0954439	37532
Great American Fidelity Insurance Company *	DE	31-1036473	41858
Great American Insurance Agency, Inc.	OH	31-1652643	
Great American Insurance Company of New York *	NY	13-5539046	22136
Great American Lloyd's Insurance Company * @	TX	31-0974853	38024
Great American Lloyd's, Inc.	TX	31-1073664	
Great American Management Services, Inc.	OH	31-0856644	
Great American Protection Insurance Company *	OH	31-1288778	38580
Great American Re Inc.	DE	31-0918893	
Great American Security Insurance Company *	OH	31-1209419	31135
Great American Spirit Insurance Company *	OH	31-1237970	33723
Insurance (GB) Limited *	GBR		
Key Largo Group, Inc.	FL	59-1263251	
National Interstate Corporation	OH	34-1607394	
American Highways Insurance Agency, Inc.	OH	34-1899058	
Explorer RV Insurance Agency, Inc.	OH	31-1548235	
Hudson Indemnity, Ltd. *	CYM	98-0191335	
Hudson Management Group, Ltd.	VIR	66-0660039	
National Interstate Insurance Agency, Inc.	OH	34-1607396	
Commercial For Hire Transportation Purchasing Group @	SC		
National Interstate Insurance Company *	OH	34-1607395	32620
National Interstate Insurance Company of Hawaii, Inc. *	OH	99-0345306	11051
TransProtection Service Company	MO	43-1254631	
Triumphe Casualty Company *	OH	95-3623282	41106
Vanliner Insurance Company *	MO	86-0114294	21172
Safety Claims & Litigation Services, LLC	MT	20-5546054	
Safety, Claims and Litigation Services, LLC	OH	46-4570914	
PLLS Canada Insurance Brokers Inc. (49%)	CAN	871850814	
Professional Risk Brokers, Inc.	IL	31-1293064	
One East Fourth, Inc.	OH	31-0686194	
Pioneer Carpet Mills, Inc.	OH	31-0883227	
TEJ Holdings, Inc.	OH	31-1119320	
Three East Fourth, Inc.	OH	31-0728327	

\* Denotes insurer  
@ Company affiliated but not owned  
# Participant in Lloyd's Syndicate 2468  
Subsidiaries 100% owned by respective parent unless otherwise stated  
^ Total percentage owned by respective parent and other affiliated companies



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