



# ANNUAL STATEMENT

For the Year Ended December 31, 2017

of the Condition and Affairs of the

## Family Heritage Life Insurance Company of America

NAIC Group Code.....0290, 0290  
(Current Period) (Prior Period)

NAIC Company Code..... 77968

Employer's ID Number..... 34-1626521

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

Incorporated/Organized..... August 22, 1989

Commenced Business..... November 17, 1989

Statutory Home Office

6001 East Royalton Road, Suite 200..... Cleveland .... OH .... US .... 44147-3529  
(Street and Number) (City or Town, State, County and Zip Code)

Main Administrative Office

6001 East Royalton Road, Suite 200..... Cleveland .... OH .... US.... 44147-3529 440-922-5200  
(Street and Number) (City or Town, State, County and Zip Code) (Area Code) (Telephone Number)

Mail Address

P. O. Box 470608..... Cleveland .... OH .... US .... 44147-3529  
(Street and Number or P. O. Box) (City or Town, State, County and Zip Code)

Primary Location of Books and Records

6001 East Royalton Road, Suite 200..... Cleveland .... OH .... US .... 44147-3529 440-922-5200  
(Street and Number) (City or Town, State, County and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address

www.FamilyHeritageLife.com

Statutory Statement Contact

John A. Wise

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(Name)

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(Area Code) (Telephone Number) (Extension)

(E-Mail Address)

440-922-5120

(Fax Number)

### OFFICERS

Name	Title	Name	Title
1. J. Matthew Darden #	President	2. M. Shane Henrie #	Treasurer & CFO
3. Maria Burnett	Assistant Secretary	4. Kenneth J. Matson #	President & CEO, FHL Agency Division

David K. Carlson	Senior Vice President	David Cochrane	Senior Vice President
Seamus Fitzpatrick	Senior Vice President, FHL Agency Division	James "Bo" Gentile #	Senior Vice President, FHL Agency Division

Mary E. Henderson #	Senior Vice President	Corey Jones	Senior Vice President
Eric Lenz	Senior Vice President	Tony M. Martella	Senior Vice President, FHL Agency Division

Jeffrey S. Morris	Senior Vice President	Latrice Robinson #	Senior Vice President
Joel P. Scarborough #	Senior Vice President & Secretary	Jeremy King	Vice President
Travis W. Korth	Vice President	Bret D. Mottl	Vice President
W. Michael Pressley	Vice President	Robert Schmidt	Vice President, FHL Agency Division
Eric Shanaberger	Vice President, FHL Agency Division	Daniel T. Shelton	Vice President, FHL Agency Division
Duaine L. Styles	Vice President	Barbara Sue Emig	Appointed Actuary

### OTHER

J. Matthew Darden #	Joel Scarborough #	Jeffrey S. Morris	Ben W. Lutek
M. Shane Henrie #	Maria Burnett		

### DIRECTORS OR TRUSTEES

State of..... Ohio  
County of..... Cuyahoga

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) J. Matthew Darden	(Signature) M. Shane Henrie	(Signature) Maria Burnett
1. (Printed Name) President	2. (Printed Name) Treasurer & CFO	3. (Printed Name) Assistant Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This \_\_\_\_\_ day of \_\_\_\_\_ 2018

a. Is this an original filing?

Yes [X] No [ ]

b. If no 1. State the amendment number

2. Date filed

3. Number of pages attached

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	1,067,029,634		1,067,029,634	929,749,601
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.....	3,466,679		3,466,679	
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	670,000
5. Cash (\$....(3,962,365), Schedule E-Part 1), cash equivalents (\$....12,590,649, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	8,628,284		8,628,284	5,526,674
6. Contract loans (including \$.....0 premium notes).....	64,811		64,811	43,011
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	22,454,500		22,454,500	17,159,518
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,101,643,908	0	1,101,643,908	953,148,804
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	9,790,457		9,790,457	7,939,485
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	8,794,906		8,794,906	5,805,878
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	43,144,025		43,144,025	31,273,151
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	4,083,388		4,083,388	2,359,623
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....	106,539,105		106,539,105	85,703,513
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	1,701,848		1,701,848	1,024,455
18.2 Net deferred tax asset.....	37,479,000	24,405,000	13,074,000	21,167,000
19. Guaranty funds receivable or on deposit.....	1,498,621		1,498,621	266,906
20. Electronic data processing equipment and software.....	146,984	59,037	87,947	127,498
21. Furniture and equipment, including health care delivery assets (\$.....0).....	33,901	33,901	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 (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	6,784,169	6,784,169	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,321,640,312	31,282,107	1,290,358,205	1,108,816,313
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	1,321,640,312	31,282,107	1,290,358,205	1,108,816,313

**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. Agent Balances.....	6,318,428	6,318,428	0	
2502. Prepaid Expenses.....	425,244	425,244	0	
2503. Other Assets Non-Admitted.....	40,497	40,497	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	6,784,169	6,784,169	0	0

# Family Heritage Life Insurance Company of America

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$....133,670,851 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$....127,230,689 Modco Reserve).....	133,670,851	76,043,877
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....	918,756,792	814,110,199
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	5,625,388	3,602,216
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	22,626,947	19,585,983
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).....	52,175	35,441
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.....	53,204,023	40,583,975
9.3 Other amounts payable on reinsurance, including \$....413,474 assumed and \$....52,790,549 ceded.....	924,470	2,106,905
10. Commissions to agents due or accrued - life and annuity contracts \$....25,700, accident and health \$....1,568,900 and deposit-type contract funds \$.....0.....	1,594,600	942,200
11. Commissions and expense allowances payable on reinsurance assumed.....	41,437,019	36,227,603
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6).....	2,862,947	3,967,328
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	1,298,885	959,149
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....		
15.2 Net deferred tax liability.....		
16. Unearned investment income.....	7,589	
17. Amounts withheld or retained by company as agent or trustee.....	.26	6
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....	880,631	565,939
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....	426,718	366,038
22. Borrowed money \$.....0 and interest thereon \$....70,000.....	70,000	398,125
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR Line 16, Col. 7).....	5,315,180	3,928,304
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.....		
24.10 Payable for securities lending.....		
24.11 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	1,281,043	1,165,334
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	1,190,035,284	1,004,588,622
27. From Separate Accounts Statement.....		
28. Total liabilities (Line 26 and 27).....	1,190,035,284	1,004,588,622
29. Common capital stock.....	2,556,950	2,556,950
30. Preferred capital stock.....		
31. Aggregate write-ins for other-than-special surplus funds.....	0	0
32. Surplus notes.....	30,000,000	30,000,000
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....	32,646,050	32,646,050
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	35,119,921	39,024,691
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).....	97,765,971	101,670,741
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	100,322,921	104,227,691
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	1,290,358,205	1,108,816,313

### DETAILS OF WRITE-INS

2501. Unclaimed Property.....	1,281,043	1,165,334
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	1,281,043	1,165,334
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

# Family Heritage Life Insurance Company of America

## 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)	.284,266,981	.264,618,524
2. Considerations for supplementary contracts with life contingencies		
3. Net investment income (Exhibit of Net Investment Income, Line 17)	45,306,592	38,585,438
4. Amortization of Interest Maintenance Reserve (IMR) (Line 5)	.645,216	.948,180
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)	161,413,631	142,963,446
7. Reserve adjustments on reinsurance ceded	41,306,928	.27,106,285
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		
8.2 Charges and fees for deposit-type contracts		
8.3 Aggregate write-ins for miscellaneous income	3,029	.43,181
9. Totals (Lines 1 to 8.3)	.532,942,377	.474,265,054
10. Death benefits	.578,248	.583,165
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)		
13. Disability benefits and benefits under accident and health contracts	70,490,406	.59,903,413
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts	.119,149	.80,989
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds	.73	.7
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts	162,273,567	.140,350,686
20. Totals (Lines 10 to 19)	.233,461,443	.200,918,260
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	.59,280,992	.54,438,300
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	.159,147,108	.141,038,033
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	.26,526,139	.23,535,723
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	.6,069,100	.5,685,780
25. Increase in loading on deferred and uncollected premiums	12,653,827	.11,251,470
26. Net transfers to or (from) Separate Accounts net of reinsurance		
27. Aggregate write-ins for deductions	.0	.0
28. Totals (Lines 20 to 27)	.497,138,609	.436,867,566
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	.35,803,768	.37,397,488
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	.35,803,768	.37,397,488
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	13,078,197	.13,512,844
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)	22,725,571	.23,884,644
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$....(530,022) (excluding taxes of \$....394,432 transferred to the IMR)	.269,730	(66,528)
35. Net income (Line 33 plus Line 34)	.22,995,301	.23,818,116
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	.104,227,691	.78,318,392
37. Net income (Line 35)	.22,995,301	.23,818,116
38. Change in net unrealized capital gains (losses) less capital gains tax of \$....74,000	.136,732	.2,377
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax	(26,302,316)	.3,922,887
41. Change in nonadmitted assets	24,542,363	(11,507,527)
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	(1,386,876)	(992,629)
44. Change in asset valuation reserve		
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		.30,000,000
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	(23,818,000)	(19,096,000)
53. Aggregate write-ins for gains and losses in surplus	(71,974)	(237,925)
54. Net change in capital and surplus for the year (Lines 37 through 53)	(3,904,770)	.25,909,299
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	.100,322,921	.104,227,691

### DETAILS OF WRITE-INS

08.301. Misc Income	3,029	.43,181
08.302.		
08.303.		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	.0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	3,029	.43,181
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. change in executive benefit plans	(27,290)	(366,038)
5302. change in executive benefit plans - Def FIT	(44,684)	128,113
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)	(71,974)	(237,925)

# Family Heritage Life Insurance Company of America

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	256,787,905	239,327,096
2. Net investment income.....	29,999,781	23,982,273
3. Miscellaneous income.....	156,149,012	161,761,674
4. Total (Lines 1 through 3).....	442,936,698	425,071,043
5. Benefit and loss related payments.....	29,487,711	58,220,425
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	247,197,312	219,974,984
7. Commissions, expenses paid and aggregate write-ins for deductions.....	.....	.....
8. Dividends paid to policyholders.....	.....	.....
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	13,620,000	13,887,433
10. Total (Lines 5 through 9).....	290,305,023	292,082,842
11. Net cash from operations (Line 4 minus Line 10).....	152,631,675	132,988,201
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:	.....	.....
12.1 Bonds.....	24,877,426	15,496,604
12.2 Stocks.....	.....	.....
12.3 Mortgage loans.....	.....	.....
12.4 Real estate.....	655,000	570,000
12.5 Other invested assets.....	9,680	125,000
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).....	25,542,106	16,191,604
13. Cost of investments acquired (long-term only):	.....	.....
13.1 Bonds.....	149,259,048	145,912,421
13.2 Stocks.....	.....	.....
13.3 Mortgage loans.....	3,465,000	.....
13.4 Real estate.....	.....	1,346,795
13.5 Other invested assets.....	5,253,340	954,880
13.6 Miscellaneous applications.....	.....	.....
13.7 Total investments acquired (Lines 13.1 to 13.6).....	157,977,388	148,214,096
14. Net increase (decrease) in contract loans and premium notes.....	21,800	14,305
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(132,457,082)	(132,036,797)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):	.....	.....
16.1 Surplus notes, capital notes.....	.....	30,000,000
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.....	.....	.....
16.5 Dividends to stockholders.....	23,818,000	19,096,000
16.6 Other cash provided (applied).....	6,745,017	(9,042,348)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(17,072,983)	1,861,652
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	3,101,610	2,813,056
19. Cash, cash equivalents and short-term investments:	.....	.....
19.1 Beginning of year.....	5,526,674	2,713,618
19.2 End of year (Line 18 plus Line 19.1).....	8,628,284	5,526,674

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

20.0001 Non-cash bond exchanges - acquisitions (line 13.1).....	2,858,250	10,071,650
20.0002 Non-cash bond exchanges - disposals (line 12.1).....	2,858,250	10,071,650

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group			Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance(a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other		
1. Premiums and annuity considerations for life and accident and health contracts.....	284,266,981		28,341,465						11,753,852		244,171,664		
2. Considerations for supplementary contracts with life contingencies.....	0												
3. Net investment income.....	45,306,592		2,776,165										
4. Amortization of Interest Maintenance Reserve (IMR).....	645,216												
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	0												
6. Commissions and expense allowances on reinsurance ceded.....	161,413,631		160,110,605										
7. Reserve adjustments on reinsurance ceded.....	41,306,928		41,306,928										
8. Miscellaneous Income:													
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	0												
8.2 Charges and fees for deposit-type contracts.....	0												
8.3 Aggregate write-ins for miscellaneous income.....	3,029	0	0	0	0	0	0	0	0	0	3,029	0	
9. Totals (Lines 1 to 8).....	532,942,377	0	232,535,163	0	0	0	0	0	12,421,475	0	287,985,739	0	
10. Death benefits.....	578,248		578,248										
11. Matured endowments (excluding guaranteed annual pure endowments).....	0												
12. Annuity benefits.....	0												
13. Disability benefits and benefits under accident and health contracts.....	70,490,406												
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0												
15. Surrender benefits and withdrawals for life contracts.....	119,149		119,149										
16. Group conversions.....	0												
17. Interest and adjustments on contract or deposit-type contract funds.....	73		73										
18. Payments on supplementary contracts with life contingencies.....	0												
19. Increase in aggregate reserves for life and accident and health contracts.....	162,273,567		57,626,974							5,165,407		99,481,186	
20. Totals (Lines 10 to 19).....	233,461,443	0	58,324,444	0	0	0	0	0	6,585,622	0	168,551,377	0	
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	59,280,992		782,302							3,140,446		55,358,244	
22. Commissions and expense allowances on reinsurance assumed.....	159,147,108		159,147,108										
23. General insurance expenses.....	26,526,139		565,091								1,180,699	24,780,349	
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	6,069,100		73,196								272,691	5,723,213	
25. Increase in loading on deferred and uncollected premiums.....	12,653,827		12,653,827										
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	0												
27. Aggregate write-ins for deductions.....	0	0	0	0	0	0	0	0	0	0	0	0	
28. Totals (Lines 20 to 27).....	497,138,609	0	231,545,968	0	0	0	0	0	11,179,458	0	254,413,183	0	
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	35,803,768	0	989,195	0	0	0	0	0	1,242,017	0	33,572,556	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).....	35,803,768	0	989,195	0	0	0	0	0	1,242,017	0	33,572,556	0	
32. Federal income taxes incurred (excluding tax on capital gains).....	13,078,197		361,328								453,677	12,263,192	
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).....	22,725,571	0	627,867	0	0	0	0	0	788,340	0	21,309,364	0	

**DETAILS OF WRITE-INS**

08.301. Misc Income.....	3,029										3,029	
08.302. .....	0											
08.303. .....	0											
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Total (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above).....	3,029	0	0	0	0	0	0	0	0	0	3,029	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.....	76,043,877		76,043,877								
2. Tabular net premiums or considerations.....	122,743,571		122,743,571								
3. Present value of disability claims incurred.....	0				XXX.....						
4. Tabular interest.....	2,445,347		2,445,347								
5. Tabular less actual reserve released.....	0										
6. Increase in reserve on account of change in valuation basis.....	0										
6.1 Change in excess of VM-20 deterministic/stochastic reserve over net premium reserve.....	0	XXX.....		XXX.....	XXX.....	XXX.....	XXX.....	XXX.....			
7. Other increases (net).....	0										
8. Totals (Lines 1 to 7).....	201,232,795	0	201,232,795	0	0	0	0	0			
9. Tabular cost.....	57,074,447		57,074,447		XXX.....						
10. Reserves released by death.....	364,974		364,974	XXX.....	XXX.....			XXX.....			
11. Reserves released by other terminations (net).....	10,122,523		10,122,523								
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	0										
13. Net transfers to or (from) Separate Accounts.....	0										
14. Total deductions (Lines 9 to 13).....	67,561,944	0	67,561,944	0	0	0	0	0			
15. Reserve December 31, current year.....	133,670,851	0	133,670,851	0	0	0	0	0			

# Family Heritage Life Insurance Company of America

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....3,111,941	.....3,113,037
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....42,638,282	.....44,436,599
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....7,487	.....7,487
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....4,664	.....4,664
6. Cash, cash equivalents and short-term investments.....	(e).....28,094	.....28,094
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....905,729	.....899,108
9. Aggregate write-ins for investment income.....	.....670,929	.....670,929
10. Total gross investment income.....	.....47,367,126	.....49,159,918
11. Investment expenses.....	(g).....2,043,029	.....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g).....11,705	.....
13. Interest expense.....	(h).....1,730,128	.....
14. Depreciation on real estate and other invested assets.....	(i).....0	.....0
15. Aggregate write-ins for deductions from investment income.....	.....68,464	.....
16. Total deductions (Lines 11 through 15).....	.....3,853,326	.....
17. Net investment income (Line 10 minus Line 16).....	.....45,306,592	.....

### DETAILS OF WRITE-INS

0901. Agent Balances.....	.....670,915	.....670,915
0902. Policy Reinstatement Interest.....	.....14	.....14
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).....	.....670,929	.....670,929
1501. Amortization of Tax Credit Fund.....	.....	.....62,743
1502. Misc.....	.....	.....5,721
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....0	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....68,464	.....

- (a) Includes \$....14,267,367 accrual of discount less \$....1,070,482 amortization of premium and less \$....1,113,105 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 \$....1,679 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....(142,787)	.....(245,292)	.....(388,079)	.....89,605	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....(15,000)	.....	.....(15,000)	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....121,127	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....(157,787)	.....(245,292)	.....(403,079)	.....210,732	.....0

### DETAILS OF WRITE-INS

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

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	
<b>FIRST YEAR (other than single)</b>											
1. Uncollected.....	3,545,793		2,266,261					73,180		1,206,352	
2. Deferred and accrued.....	38,207,062		38,207,062								
3. Deferred, accrued and uncollected:											
3.1 Direct.....	1,668,538		.373,023					73,793		1,221,722	
3.2 Reinsurance assumed.....	40,100,300		40,100,300								
3.3 Reinsurance ceded.....	15,983							.613		.15,370	
3.4 Net (Line 1 + Line 2).....	41,752,855		.0	40,473,323		.0	.0	73,180	.0	1,206,352	.0
4. Advance.....	24,091			.24,091							
5. Line 3.4 - Line 4.....	41,728,764		.0	40,449,232		.0	.0	73,180	.0	1,206,352	.0
6. Collected during year:											
6.1 Direct.....	45,289,683		.754,669					.2,857,870		41,677,144	
6.2 Reinsurance assumed.....	76,119,401		76,119,401								
6.3 Reinsurance ceded.....	77,048,806		76,119,401					.40,554		.888,851	
6.4 Net.....	44,360,278		.0	.754,669		.0	.0	.2,817,316	.0	40,788,293	.0
7. Line 5 + Line 6.4.....	86,089,042		.0	41,203,901		.0	.0	.2,890,496	.0	41,994,645	.0
8. Prior year (uncollected + deferred and accrued - advance).....	37,810,600			37,126,788				.48,199		.635,613	
9. First year premiums and considerations:											
9.1 Direct.....	45,807,860		.673,713					.2,883,084		42,251,063	
9.2 Reinsurance assumed.....	79,522,801		79,522,801								
9.3 Reinsurance ceded.....	77,052,219		76,119,401					.40,787		.892,031	
9.4 Net (Line 7 - Line 8).....	48,278,442		.0	.4,077,113		.0	.0	.2,842,297	.0	41,359,032	.0
<b>SINGLE</b>											
10. Single premiums and considerations:											
10.1 Direct.....	0										
10.2 Reinsurance assumed.....	0										
10.3 Reinsurance ceded.....	0										
10.4 Net.....	0		.0	.0		.0	.0	.0	.0	.0	.0
<b>RENEWAL</b>											
11. Uncollected.....	8,693,375		.3,489,515					.248,547		.4,955,313	
12. Deferred and accrued.....	66,944,355		66,944,355								
13. Deferred, accrued and uncollected:											
13.1 Direct.....	6,552,147		.1,303,028					.250,768		.4,998,351	
13.2 Reinsurance assumed.....	69,131,921		69,131,921								
13.3 Reinsurance ceded.....	46,338		.1,079					.2,221		.43,038	
13.4 Net (Line 11 + Line 12).....	75,637,730		.0	70,433,870		.0	.0	.248,547	.0	.4,955,313	.0
14. Advance.....	28,084			.28,084							
15. Line 13.4 - Line 14.....	75,609,646		.0	70,405,786		.0	.0	.248,547	.0	.4,955,313	.0
16. Collected during year:											
16.1 Direct.....	214,405,035		.2,518,358					.8,865,498		.203,021,179	
16.2 Reinsurance assumed.....	116,532,517		116,532,517								
16.3 Reinsurance ceded.....	118,527,844		116,614,982					.66,996		.1,845,866	
16.4 Net.....	212,409,708		.0	.2,435,893		.0	.0	.8,798,502	.0	.201,175,313	.0
17. Line 15 + Line 16.4.....	288,019,354		.0	72,841,679		.0	.0	.9,047,049	.0	.206,130,626	.0
18. Prior year (uncollected + deferred and accrued - advance).....	52,030,815			.48,577,327				.135,494		.3,317,994	
19. Renewal premiums and considerations:											
19.1 Direct.....	216,374,266		.2,713,937					.8,980,040		.204,680,289	
19.2 Reinsurance assumed.....	138,165,398		138,165,398								
19.3 Reinsurance ceded.....	118,551,125		116,614,983					.68,485		.1,867,657	
19.4 Net (Line 17 - Line 18).....	235,988,539		.0	.24,264,352		.0	.0	.8,911,555	.0	.202,812,632	.0
<b>TOTAL</b>											
20. Total premiums and annuity considerations:											
20.1 Direct.....	262,182,126		.0	.3,387,650		.0	.0	.11,863,124	.0	.246,931,352	.0
20.2 Reinsurance assumed.....	217,688,199		.0	.217,688,199		.0	.0	.0	.0	.0	.0
20.3 Reinsurance ceded.....	195,603,344		.0	.192,734,384		.0	.0	.109,272	.0	.2,759,688	.0
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	284,266,981		.0	.28,341,465		.0	.0	.11,753,852	.0	.244,171,664	.0

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

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group & Individual)	10 Other	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums.....	0										
22. All other.....	0										
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded.....	130,473,378		129,637,490					36,255		799,633	
23.2 Reinsurance assumed.....	129,256,893		129,256,893								
23.3 Net ceded less assumed.....	1,216,485	0	380,597	0	0	0	0	36,255	0	799,633	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.....	30,940,253		30,473,115					16,348		450,790	
25.2 Reinsurance assumed.....	29,890,215		29,890,215								
25.3 Net ceded less assumed.....	1,050,038	0	582,900	0	0	0	0	16,348	0	450,790	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	161,413,631	0	160,110,605	0	0	0	0	52,603	0	1,250,423	0
26.2 Reinsurance assumed (Page 6, Line 22).....	159,147,108	0	159,147,108	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed.....	2,266,523	0	963,497	0	0	0	0	52,603	0	1,250,423	0
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single).....	35,630,591		545,098					2,156,332		32,929,161	
28. Single.....	0										
29. Renewal.....	23,650,401		237,204					984,114		22,429,083	
30. Deposit-type contract funds.....	0										
31. Totals (to agree with Page 6, Line 21).....	59,280,992	0	782,302	0	0	0	0	3,140,446	0	55,358,244	0

# Family Heritage Life Insurance Company of America

## EXHIBIT 2 - GENERAL EXPENSES

	Insurance				5	6		
	1 Life	Accident and Health		4 All Other Lines of Business				
		2 Cost Containment	3 All Other					
1. Rent.....	7,210		557,953			565,163		
2. Salaries and wages.....	183,230		14,187,668			14,370,898		
3.11 Contributions for benefit plans for employees.....	21,950		1,699,194			1,721,144		
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.....			387,468			387,468		
3.32 Other agent welfare.....						0		
4.1 Legal fees and expenses.....			102,721			102,721		
4.2 Medical examination fees.....						0		
4.3 Inspection report fees.....	57,087					57,087		
4.4 Fees of public accountants and consulting actuaries.....			289,816			289,816		
4.5 Expense of investigation and settlement of policy claims.....			233,459			233,459		
5.1 Traveling expenses.....			815,044			815,044		
5.2 Advertising.....			167,210			167,210		
5.3 Postage, express, telegraph and telephone.....	6,475		546,789			553,264		
5.4 Printing and stationery.....	92		780,924			781,016		
5.5 Cost or depreciation of furniture and equipment.....			12,982			12,982		
5.6 Rental of equipment.....			162,689			162,689		
5.7 Cost or depreciation of EDP equipment and software.....			714,198			714,198		
6.1 Books and periodicals.....	316		71,816			72,132		
6.2 Bureau and association fees.....			10,902			10,902		
6.3 Insurance, except on real estate.....			56,315			56,315		
6.4 Miscellaneous losses.....						0		
6.5 Collection and bank service charges.....					228,902	228,902		
6.6 Sundry general expenses.....	242		272,554			272,796		
6.7 Group service and administration fees.....						0		
6.8 Reimbursements by uninsured plans.....						0		
7.1 Agency expense allowance.....						0		
7.2 Agents' balances charged off (less \$.....0 recovered).....			(55,196)			(55,196)		
7.3 Agency conferences other than local meetings.....	15,430		1,194,167			1,209,597		
9.1 Real estate expenses.....					50,127	50,127		
9.2 Investment expenses not included elsewhere.....					1,764,000	1,764,000		
9.3 Aggregate write-ins for expenses.....	273,059	0	3,752,375	0		4,025,434		
10. General expenses Incurred.....	565,091	0	25,961,048	0	2,043,029	(a) 28,569,168		
11. General expenses unpaid December 31, prior year.....	23,300		3,919,028		25,000	3,967,328		
12. General expenses unpaid December 31, current year.....	22,000		2,813,547		27,400	2,862,947		
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).....	566,391	0	27,066,529	0	2,040,629	29,673,549		

## DETAILS OF WRITE-INS

09.301. Consultant Fees.....	33		95,871			.95,904
09.302. Recruiting Expenses.....			262,939			262,939
09.303. Donations.....			66,840			66,840
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	273,026	0	3,326,725	0	0	3,599,751
09.399. Totals (Lines 09.301 through 09.303 plus 09.398)(Line 9.3 above).....	273,059	0	3,752,375	0	0	4,025,434

(a) Includes management fees of \$....5,148,000 to affiliates and \$....0 to non-affiliates.

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

	Insurance			4	5
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes.....				11,705	11,705
2. State insurance department licenses and fees.....	3,918	466,006			469,924
3. State taxes on premiums.....	59,628	4,749,045			4,808,673
4. Other state taxes, including \$.....0 for employee benefits.....					0
5. U.S. Social Security taxes.....	7,900	624,676			632,576
6. All other taxes.....	1,750	156,177			157,927
7. Taxes, licenses and fees incurred.....	73,196	5,995,904	0	11,705	6,080,805
8. Taxes, licenses and fees unpaid December 31, prior year.....	11,500	947,649			959,149
9. Taxes, licenses and fees unpaid December 31, current year.....	12,400	1,286,485			1,298,885
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	72,296	5,657,068	0	11,705	5,741,069

## EXHIBIT 4 - DIVIDENDS OR REFUNDS

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

## DETAILS OF WRITE-INS

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

**Family Heritage Life Insurance Company of America**  
**EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS**

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
<b>Life Insurance:</b>					
0100001. 80 CSO 4.5% NLP IDB 01-06.....	119,852		119,852		
0100002. 2001 CSO 4.0% NLP IDB 07-12.....	256,931		256,931		
0100003. 2001 CSO 3.5% NLP IDB 13 - NB.....	116		116		
0100004. 01 CSO 4.0% CRVM, IDB 07-12.....	1,490,132		1,490,132		
0100005. 01 CSO 4.25% CRVM, IDB 07-12.....	961,069		961,069		
0100006. 01 CSO 3.5% CRVM, IDB NB.....	2,562,940		2,562,940		
0100007. 01 CSO 3.75% CRVM, IDB NB.....	995,460		995,460		
0100008. 80 CSO 4.5% CRVM ANB.....	403		403		
0100009. 01 CSO 3.50% CRVM ALB.....	113,839,130		113,839,130		
0100010. 01 CSO 3.50% NLP ALB.....	891,764		891,764		
0100011. 01 CSO 4.00% CRVM ALB.....	12,642		12,642		
0199997. Totals (Gross).....	121,130,439	0	121,130,439	0	0
0199998. Reinsurance ceded.....	14,556		14,556		
0199999. Totals (Net).....	121,115,883	0	121,115,883	0	0
<b>Accidental Death Benefits:</b>					
0400001. 59 ADB 4.50% NLP IDB 01-06.....	4,675		4,675		
0400002. 59 ADB 4.00% NLP IDB 07.....	14,343		14,343		
0400003. 59 ADB 3.00% ALB NLP IDB NB 07-NB.....	49,200		49,200		
0400004. 59 ADB & 58 CSO ANB 3.00% NLP.....	35		35		
0400005. 59 ADB & 80 CSO ANB 3.00% NLP.....	5,867,302		5,867,302		
0400006. UNEARNED PREMIUM.....	25,432		25,432		
0499997. Totals (Gross).....	5,960,987	0	5,960,987	0	0
0499999. Totals (Net).....	5,960,987	0	5,960,987	0	0
<b>Disability - Active Lives:</b>					
0500001. 52 INTERCOMPANY DISABILITY.....	2,666,099		2,666,099		
0599997. Totals (Gross).....	2,666,099	0	2,666,099	0	0
0599999. Totals (Net).....	2,666,099	0	2,666,099	0	0
<b>Miscellaneous Reserves:</b>					
0700001. DEFICIENCY RESERVES.....	244,214		244,214		
0700002. GIO.....	976,776		976,776		
0700003. NON-DEDUCTION RESERVE.....	665,679		665,679		
0700004. SUBSTANDARD.....	2,041,213		2,041,213		
0799997. Totals (Gross).....	3,927,882	0	3,927,882	0	0
0799999. Totals (Net).....	3,927,882	0	3,927,882	0	0
9999999. Totals (Net) - Page 3, Line 1.....	133,670,851	0	133,670,851	0	0

**Family Heritage Life Insurance Company of America**  
**EXHIBIT 5 - INTERROGATORIES**

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

Yes [ ] No [ X ]

1.2 If not, state which kind is issued

Non-Participating

2.1 Does the reporting entity at present issue both participating and non-participating contracts?

Yes [ ] No [ X ]

2.2 If not, state which kind is issued

Non-Participating

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

Yes [ ] No [ X ]

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



\* 7 7 9 6 8 2 0 1 7 3 7 0 0 0 0 0 0 \*

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

Yes [ ] No [ X ]

4.1 Amount of insurance:

\$.....

4.2 Amount of reserve:

\$.....

4.3 Basis of reserve:

4.4 Basis of regular assessments:

4.5 Basis of special assessments:

4.6 Assessments collected during year:

\$.....

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

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

Yes [ ] No [ X ]

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

\$.....

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

\$.....

Attach statement of methods employed in their valuation.

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

Yes [ ] No [ X ]

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

\$.....

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

7.3 State the amount of reserves established for this business:

\$.....

7.4 Identify where the reserves are reported in the blank.

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

Yes [ ] No [ X ]

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

\$.....

8.2 State the amount of reserves established for this business:

\$.....

8.3 Identify where the reserves are reported in the blank:

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

Yes [ ] No [ X ]

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

\$.....

9.2 State the amount of reserves established for this business:

\$.....

9.3 Identify where the reserves are reported in the blank:

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

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

**NONE**

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

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non- Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
<b>ACTIVE LIFE RESERVE</b>									
1. Unearned premium reserves.....	13,505,426	823,458			16,539	12,665,429			
2. Additional contract reserves (a).....	905,208,714	13,613,071			.231,838	.891,363,805			
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).....	918,714,140	14,436,529	0	0	.248,377	.904,029,234	0	0	0
8. Reinsurance ceded.....	2,654,974	79,559			.45,969	.2,529,446			
9. Totals (Net).....	916,059,166	14,356,970	0	0	.202,408	.901,499,788	0	0	0
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims.....	2,697,626	.149,203			.6,448	.2,541,975			
11. Additional actuarial reserves - Asset/Liability analysis.....	0								
12. Reserve for future contingent benefits.....	0								
13. Aggregate write-ins for reserves.....	0	0	0	0	0	0	0	0	0
14. Totals (Gross).....	2,697,626	.149,203	0	0	.6,448	.2,541,975	0	0	0
15. Reinsurance ceded.....	0								
16. Totals (Net).....	2,697,626	.149,203	0	0	.6,448	.2,541,975	0	0	0
17. TOTALS (Net).....	918,756,792	14,506,173	0	0	.208,856	.904,041,763	0	0	0
18. TABULAR FUND INTEREST.....	36,212,518	.436,656			.6,324	.35,769,538			

**DETAILS OF WRITE-INS**

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

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

**EXHIBIT 7 - DEPOSIT-TYPE CONTRACTS**

	1 Total	2 Guaranteed Interest Contracts	3 Annuities Certain	4 Supplemental Contracts	5 Dividend Accumulations or Refunds	6 Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance.....	0					
2. Deposits received during the year.....	0					
3. Investment earnings credited to the account.....	0					
4. Other net change in reserves.....	0					
5. Fees and other charges assessed.....	0					
6. Surrender charges.....	0					
7. Net surrender or withdrawal payments.....	0					
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).....	0	0	0	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).....	0	0	0	0	0	0

**NONE**

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

## PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct.....	3,873,314								9,234		3,864,080
1.2 Reinsurance assumed.....	4,083,388		4,083,388								
1.3 Reinsurance ceded.....	0										
1.4 Net.....	7,956,702	0	4,083,388	0	0	0	0	0	9,234	0	3,864,080
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.....	99,593										99,593
2.22 Reinsurance assumed.....	0										
2.23 Reinsurance ceded.....	0										
2.24 Net.....	99,593	0	(b).....0	(b).....0	0	(b).....0	(b).....0	0	(b).....0	(b).....0	(b).....99,593
3. Incurred but unreported:											
3.1 Direct.....	21,213,928		1,847,000						1,094,157		18,272,771
3.2 Reinsurance assumed.....	0										
3.3 Reinsurance ceded.....	1,017,888		305,000						25,000		687,888
3.4 Net.....	20,196,040	0	(b).....1,542,000	(b).....0	0	(b).....0	(b).....0	0	(b).....1,069,157	(b).....0	(b).....17,584,883
4. Totals:											
4.1 Direct.....	25,186,835	0	1,847,000	0	0	0	0	0	1,103,391	0	22,236,444
4.2 Reinsurance assumed.....	4,083,388	0	4,083,388	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	1,017,888	0	305,000	0	0	0	0	0	25,000	0	687,888
4.4 Net.....	28,252,335	(a).....0	(a).....5,625,388	0	0	0	(a).....0	0	1,078,391	0	21,548,556

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

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

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

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

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

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

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct.....	67,964,017		309,388						1,086,814		66,567,815
1.2 Reinsurance assumed.....	11,469,777		11,469,777								
1.3 Reinsurance ceded.....	11,705,511		11,500,324						1,395		203,792
1.4 Net.....	(d) 67,728,283	0	278,841	0	0	0	0	0	1,085,419	0	66,364,023
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	25,186,835	0	1,847,000	0	0	0	0	0	1,103,391	0	22,236,444
2.2 Reinsurance assumed.....	4,083,388	0	4,083,388	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded.....	1,017,888	0	305,000	0	0	0	0	0	25,000	0	687,888
2.4 Net.....	28,252,335	0	5,625,388	0	0	0	0	0	1,078,391	0	21,548,556
3. Amounts recoverable from reinsurers Dec. 31, current year.....	4,083,388		4,083,388								
4. Liability December 31, prior year:											
4.1 Direct.....	21,691,696		1,541,000						765,595		19,385,101
4.2 Reinsurance assumed.....	2,349,216		2,349,216								
4.3 Reinsurance ceded.....	852,713		288,000						22,000		542,713
4.4 Net.....	23,188,199	0	3,602,216	0	0	0	0	0	743,595	0	18,842,388
5. Amounts recoverable from reinsurers Dec. 31, prior year.....	2,359,623		2,359,623								
6. Incurred benefits:											
6.1 Direct.....	71,459,156	0	615,388	0	0	0	0	0	1,424,610	0	69,419,158
6.2 Reinsurance assumed.....	13,203,949	0	13,203,949	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded.....	13,594,451	0	13,241,089	0	0	0	0	0	4,395	0	348,967
6.4 Net.....	71,068,654	0	578,248	0	0	0	0	0	1,420,215	0	69,070,191

(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.

**Family Heritage Life Insurance Company of America**  
**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.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	24,405,000	42,733,000	18,328,000
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	.59,037	72,486	13,449
21. Furniture and equipment, including health care delivery assets.....	.33,901	46,883	12,982
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.....	6,784,169	12,972,101	6,187,932
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	31,282,107	55,824,470	24,542,363
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	31,282,107	55,824,470	24,542,363

**DETAILS OF WRITE-INS**

1101.....			0
1102.....			0
1103.....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	0	0
2501. Other Assets Non-Admitted.....	.40,497	40,497	0
2502. Agent Balances.....	6,318,428	12,653,802	6,335,374
2503. Prepaid Expenses.....	.425,244	.277,802	(147,442)
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).....	6,784,169	12,972,101	6,187,932

**NOTES TO FINANCIAL STATEMENTS****Note 1 – Summary of Significant Accounting Policies and Going Concern**

This is a statement of the accounting principles and methods applied in preparing these statutory financial statements.

**A. Accounting Practices**

	SSAP #	F/S Page	F/S Line #	2017	2016
<b>NET INCOME</b>					
(1) Family Heritage Life Insurance Company of America Company state basis (Page 4, Line 35, Columns 1 & 2)	XXX	XXX	XXX	\$ 22,995,301	\$ 23,818,116
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
None				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
None				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 22,995,301	\$ 23,818,116
<b>SURPLUS</b>					
(5) Family Heritage Life Insurance Company of America Company state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 100,322,921	\$ 104,227,691
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
None				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
None				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 100,322,921	\$ 104,227,691

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

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

**C. Accounting Policy**

Life premiums are recognized as income over the premium paying period of the related policies. Health premiums are earned ratably over the terms of the related insurance policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

**(1) Basis for Short-Term Investments**

Short-term investments are stated at amortized cost.

**(2) Basis for Bonds and Amortization Schedule**

Bonds not backed by other loans are stated at amortized cost using the yield to worst method.

**(3) Basis for Common Stocks**

Not applicable

**(4) Basis for Preferred Stocks**

Not applicable

**(5) Basis for Mortgage Loans**

Mortgage loans are reported at unpaid principal balances, net of any unamortized discount or premium and allowance for loan losses. The loans are secured by the underlying real estate.

**(6) Basis for Loan-Backed Securities and Adjustment Methodology**

Loan-backed securities and other structured securities are stated at amortized cost or the lower of amortized cost or fair value.

Anticipated prepayments are used at the time of purchase to determine the effective yield. Changes in the timing of expected cash flows after original acquisition are accounted for using the retrospective method. Securities that are determined to be other-than-temporarily impaired are accounted for using the prospective method.

**(7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities**

Not applicable

**(8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities**

The Company has a 50% interest in a joint venture which owns the Company's home office site. This investment is based on the underlying audited GAAP equity of the entity at December 31, 2017. The Company's liability is limited to its amount invested.

**(9) Accounting Policies for Derivatives**

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

(10) Anticipated Investment Income Used in Premium Deficiency Calculation  
Not applicable

(11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses for A&H Contracts  
Liabilities for losses and loss/claim adjustment expenses for accident and health contracts are estimated by the Company's valuation actuary using statistical claim development models and tabular reserves employing mortality/morbidity tables.

(12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period  
The Company has not modified its capitalization policy from the prior period.

(13) Method Used to Estimate Pharmaceutical Rebate Receivables  
Not applicable

**D. Going Concern**

After evaluating the entity's ability to continue as a going concern, management was not aware of any conditions or events which raised substantial doubts concerning the entity's ability to continue as a going concern as of the date of the filing of this statement.

**Note 2 – Accounting Changes and Correction of Errors**

Not applicable

**Note 3 – Business Combinations and Goodwill**

Not applicable

**Note 4 – Discontinued Operations**

Not applicable

**Note 5 – Investments****A. Mortgage Loans, including Mezzanine Real Estate Loans**

- (1) Maximum and Minimum Lending Rates  
During 2017, the minimum and maximum rate of interest received for new commercial mortgage loans was 5.43 percent.
- (2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgage was:  
During 2017, the maximum percentage of any one loan to the value of collateral at the time of the loan was 73.3 percent.

		Current Year		Prior Year	
(3)	Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$	0	\$	0

- (4) Age Analysis of Mortgage Loans and Identification of Mortgage Loans in which the Insurer is a Participant or Co-Lender in a Mortgage Loan Agreement:

	Farm	Residential		Commercial		Mezzanine	Total			
		Insured	All Other	Insured	All Other					
a. Current Year										
1. Recorded Investment (All)										
(a)	Current	\$	\$	\$	\$	\$ 3,466,679	\$ 3,466,679			
(b)	30-59 Days Past Due	\$	\$	\$	\$	\$	\$			
(c)	60-89 Days Past Due	\$	\$	\$	\$	\$	\$			
(d)	90-179 Days Past Due	\$	\$	\$	\$	\$	\$			
(e)	180+ Days Past Due	\$	\$	\$	\$	\$	\$			
2. Accruing Interest 90-179 Days Past Due										
(a)	Recorded Investment	\$	\$	\$	\$	\$	\$			
(b)	Interest Accrued	\$	\$	\$	\$	\$	\$			
3. Accruing Interest 180+ Days Past Due										
(a)	Recorded Investment	\$	\$	\$	\$	\$	\$			
(b)	Interest Accrued	\$	\$	\$	\$	\$	\$			
4. Interest Reduced										
(a)	Recorded Investment	\$	\$	\$	\$	\$	\$			
(b)	Number of Loans									

**NOTES TO FINANCIAL STATEMENTS**

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
(c) Percent Reduced	%	%	%	%	%	%	%
5. Participant or Co-Lender in a Mortgage Loan Agreement							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
b. Prior Year							
1. Recorded Investment (All)							
(a) Current	\$	\$	\$	\$	\$	\$	\$
(b) 30-59 Days Past Due	\$	\$	\$	\$	\$	\$	\$
(c) 60-89 Days Past Due	\$	\$	\$	\$	\$	\$	\$
(d) 90-179 Days Past Due	\$	\$	\$	\$	\$	\$	\$
(e) 180+ Days Past Due	\$	\$	\$	\$	\$	\$	\$
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	\$	\$	\$	\$	\$	\$	\$
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	\$	\$	\$	\$	\$	\$	\$
4. Interest Reduced							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Number of Loans							
(c) Percent Reduced	%	%	%	%	%	%	%
5. Participant or Co-Lender in a Mortgage Loan Agreement							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$

- (5) Investment in Impaired Loans With or Without Allowance for Credit Losses and Impaired Loans Subject to a participant or Co-Lender Mortgage Loan Agreement for which the Reporting Entity is Restricted from Unilaterally Foreclosing on the Mortgage Loan:  
NONE
- (6) Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:  
NONE
- (7) Allowances for Credit Balances:  
NONE
- (8) Mortgage Loans Derecognized as a Result of Foreclosure:  
NONE
- (9) Policy for Recognizing Interest Income on Impaired Loans  
Interest income on mortgage loans is accrued and recorded net of servicing fees. Interest that is 180 days past due but that is still deemed collectible is accrued but non-admitted. Any interest deemed uncollectible is written off as a charge against investment income.
- B. Debt Restructuring  
Not applicable
- C. Reverse Mortgages  
Not applicable
- D. Loan-Backed Securities

The Company does not own any residential or commercial mortgage-backed securities. Investments in other structured securities include whole business securitizations and other asset-backed securities.

- (1) Call, redemption, and sinking fund information for other structured securities were obtained from Bloomberg and bond prospectuses.
- (2) NONE
- (3) NONE

**NOTES TO FINANCIAL STATEMENTS**

(4) The following table shows loan-backed and other structured securities that have an unrealized loss as of the end of the current quarter:

a. The aggregate amount of unrealized losses:	1. Less than 12 Months	\$ (31,547)
	2. 12 Months or Longer	\$
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$ 4,634,497
	2. 12 Months or Longer	\$

(5) Several sources of information are considered when determining impairments are, or are not, other-than-temporary. These include, but are not limited to, the following. Credit rating agency information related to the security is reviewed, in addition to direct discussions with the rating analyst as needed. Reports from third party research providers and sell-side research analysts are reviewed. Market and trading information on the securities and other like-securities is monitored to assess trends impacting the securities. Market liquidity is analyzed to gauge how much it is impacting prices versus actual credit quality changes. Some sources of information will not be available for all securities. Where applicable, additional information is gathered for collateralized investments. This includes analysis of the individual underlying collateral and estimates of potential future collateral performance. Multiple cash flow scenarios are calculated based on various loss rate assumptions and used to assess the likelihood of future possible impairment.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions  
Not applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing  
Not applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing  
Not applicable

H. Repurchase Agreements Transactions Accounted for as a Sale  
Not applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale  
Not applicable

J. Real Estate

(1) Recognized Impairment Loss

The only real estate held by the Company is described in 2a below. Impairment Losses on real estate properties involve reducing the book value to match the current list price of the property. Total impairment losses for 2017 and 2016 was \$0 and \$51,795, respectively. Losses are included within the net realized capital gains (losses) caption in the summary of operations.

(2) Sold or Classified Real Estate Investments as Held for Sale

a. The Company may acquire the personal residence of employees who are relocating at the request of the Company. These properties are immediately listed for sale and are generally sold within a short period of time.

b. Total realized losses on real estate sold in 2017 and 2016 was \$15,000 and \$55,000, respectively. Losses are included within the net realized capital gains (losses) caption in the summary of operations.

(3) Changes to a Plan of Sale for an Investment in Real Estate  
NONE

(4) Retail Land Sales Operations  
NONE

(5) Real Estate Investments with Participating Mortgage Loan Features  
NONE

K. Low-Income Housing Tax Credits (LIHTC)

(1) Number of Remaining Years of Unexpired Tax Credits and Holding Period for LIHTC Investments

There are no years of remaining unexpired tax credits for low-income housing investments, with a required holding period of 5 years.

(2) Amount of LIHTC and Other Tax Benefits Recognized

The amount of LIHTC and other tax benefits recognized were \$34,678 and \$15,169 during 2017 and 2016, respectively.

(3) Balance of Investment Recognized

The balance of the investment recognized in the statement of financial position at December 31, 2017 and 2016 was \$0 and \$76,803, respectively.

(4) Regulatory Reviews

Currently the LIHTC property is not subject to any regulatory reviews.

(5) LIHTC investments which Exceed 10% of Total Admitted Assets

NONE

**NOTES TO FINANCIAL STATEMENTS**

(6) Recognized Impairment  
NONE

(7) Amount and Nature of Write-Downs or Reclassifications  
NONE

**L. Restricted Assets**

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted					Current Year					Percentage	
	Current Year		Total Separate Account (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 (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)	
	1	2										
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	
b. Collateral held under security lending arrangements											%	
c. Subject to repurchase agreements											%	
d. Subject to reverse repurchase agreements											%	
e. Subject to dollar repurchase agreements											%	
f. Subject to dollar reverse repurchase agreements											%	
g. Placed under option contracts											%	
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock											%	
i. FHLB capital stock											%	
j. On deposit with states	3,554,422				3,554,422	3,894,211	(339,789)		3,554,422	0.3%	0.3%	
k. On deposit with other regulatory bodies											%	
l. Pledged as collateral to FHLB (including assets backing funding agreements)											%	
m. Pledged as collateral not captured in other categories											%	
n. Other restricted assets											%	
o. Total Restricted Assets	\$ 3,554,422	\$	\$	\$	\$ 3,554,422	\$ 3,894,211	\$ (339,789)	\$	\$ 3,554,422	0.3%	0.3%	

- (a) Subset of column 1  
(b) Subset of column 3  
(c) Column 5 divided by Asset Page, Column 1, Line 28  
(d) Column 9 divided by Asset Page, Column 3, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)  
NONE

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)  
NONE

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements  
NONE

**M. Working Capital Finance Investments**  
Not applicable**N. Offsetting and Netting of Assets and Liabilities**  
Not applicable**O. Structured Notes**  
Not applicable**P. 5\* Securities**  
Not applicable**Q. Short Sales**  
Not applicable

**NOTES TO FINANCIAL STATEMENTS**

## R. Prepayment Penalty and Acceleration Fees

	General Account	Separate Account
(1) Number of CUSIPs	5	
(2) Aggregate Amount of Investment Income	\$ 1,260,883	\$

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

- A. The Company has no investment in joint ventures, partnerships, or limited liability companies that exceeds 10% of its admitted assets.
- B. There was no impairment to the Company's only investment in a joint venture.

**Note 7 – Investment Income**

No investment income due or accrued was nonadmitted as December 31, 2017.

**Note 8 – Derivative Instruments**

Not applicable

**Note 9 – Income Taxes**

## A. Deferred Tax Assets/(Liabilities)

## 1. Components of Net Deferred Tax Asset/(Liability)

	2017			2016			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 46,581,000	\$ 9,897,000	\$ 56,478,000	\$ 57,767,000	\$ 17,786,000	\$ 75,553,000	\$ (11,186,000)	\$ (7,889,000)	\$ (19,075,000)
b. Statutory valuation allowance adjustment	0	0	0	0	0	0	0	0	0
c. Adjusted gross deferred tax assets (1a-1b)	\$ 46,581,000	\$ 9,897,000	\$ 56,478,000	\$ 57,767,000	\$ 17,786,000	\$ 75,553,000	\$ (11,186,000)	\$ (7,889,000)	\$ (19,075,000)
d. Deferred tax assets nonadmitted	17,793,000	6,612,000	24,405,000	29,567,000	13,166,000	42,733,000	(11,774,000)	(6,554,000)	(18,328,000)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 28,788,000	\$ 3,285,000	\$ 32,073,000	\$ 28,200,000	\$ 4,620,000	\$ 32,820,000	\$ 588,000	\$ (1,335,000)	(747,000)
f. Deferred tax liabilities	18,978,000	21,000	18,999,000	11,653,000	0	11,653,000	7,325,000	21,000	7,346,000
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 9,810,000	\$ 3,264,000	\$ 13,074,000	\$ 16,547,000	\$ 4,620,000	\$ 21,167,000	\$ (6,737,000)	\$ (1,356,000)	\$ (8,093,000)

The company has not established a statutory valuation allowance in determining its adjusted gross deferred tax assets as management believes that it is more likely than not that all of its gross deferred tax assets will be realized.

**NOTES TO FINANCIAL STATEMENTS**

## 2. Admission Calculation Components SSAP No. 101

		2017			2016			Change	
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	0	0	0	16,547,000	3,996,000	20,543,000	(16,547,000)	(3,996,000)	(20,543,000)
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:	9,810,000	3,264,000	13,074,000	0	624,000	624,000	9,810,000	2,640,000	12,450,000
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	9,810,000	3,398,000	13,208,000	0	624,000	624,000	9,810,000	2,774,000	12,584,000
Adjusted gross deferred tax assets allowed per limitation threshold			13,074,000			12,440,000			634,000
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	18,978,000	21,000	18,999,000	11,653,000	0	11,653,000	7,325,000	21,000	7,346,000
d. Deferred tax assets admitted as the result of application of SSAP 101.									
Total (2(a)+2(b)+2(c))	28,788,000	3,285,000	32,073,000	28,200,000	4,620,000	32,820,000	588,000	(1,335,000)	(747,000)

## 3. Other Admissibility Criteria

		2017	2016
a. Ratio percentage used to determine recovery period and threshold limitation amount		1,210.0%	1,300.0%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above		92,564,101	86,988,995

## 4. Impact of Tax Planning Strategies

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

	12/31/2017		12/31/2016		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	46,581,000	9,897,000	57,767,000	17,786,000	(11,186,000)	(7,889,000)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0 %	2.0%	0 %	1.0%	0 %	1.0%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	28,788,000	3,285,000	28,200,000	4,620,000	588,000	(1,335,000)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	5.0%	36.0%	16.0%	14.0%	(11.0)%	22.0%

(b) Does the company's tax planning strategies include the use of reinsurance? NO

## B. There are no temporary differences for which deferred tax liabilities are not recognized.

**NOTES TO FINANCIAL STATEMENTS**

The change in deferred income taxes reported in surplus before consideration of nonadmitted asset is comprised of the following components

	12/31/2017			12/31/2016			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
Net deferred tax asset (liability)	27,603,000	9,876,000	37,479,000	46,114,000	17,786,000	63,900,000	(18,511,000)	(7,910,000)	(26,421,000)
- Tax - effect of unrealized gains and losses	0	1,000	1,000	0	75,000	75,000	0	(74,000)	(74,000)
- Tax - effect of other surplus gains and losses	83,429	0	83,429	128,113	0	128,113	(44,684)	0	(44,684)
- Prior period adjustment, unrealized gain and losses	0	0	0	0	0	0	0	0	0
Net tax effect without unrealized gains and losses and prior period adjustments	27,519,571	9,875,000	37,394,571	45,985,887	17,711,000	63,696,887	(18,466,316)	(7,836,000)	(26,302,316)

## C. Current and Deferred Income Taxes

## 1. Current Income Tax

	1 2017	2 2016	3 (Col 1-2) Change
a. Federal	13,078,197	13,512,844	(434,647)
b. Foreign	-	-	-
c. Subtotal	13,078,197	13,512,844	(434,647)
d. Federal income tax on net capital gains	(135,590)	(24,358)	(111,232)
e. Utilization of capital loss carry-forwards	-	-	-
f. Other	-	-	-
g. Federal and Foreign income taxes incurred	12,942,607	13,488,486	(545,879)

## 2. Deferred Tax Assets

	1 2017	2 2016	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	-	-	-
2. Unearned premium reserve	-	-	-
3. Policyholder reserves	24,642,000	21,592,000	3,050,000
4. Investments	-	-	-
5. Deferred acquisition costs	16,479,000	24,158,000	(7,679,000)
6. Policyholder dividends accrual	-	-	-
7. Fixed assets	-	-	-
8. Compensation and benefits accrual	90,000	128,113	(38,113)
9. Pension accrual	-	-	-
10. Receivables - nonadmitted	-	-	-
11. Net operating loss carry-forward	-	-	-
12. Tax credit carry-forward	-	-	-
13. Other (items <5% of total ordinary tax assets)	51,000	195,887	(144,887)
Other (items >=5% of total ordinary tax assets)			
14. Agent balances	1,327,000	4,429,000	(3,102,000)
15. Prepaid	89,000	97,000	(8,000)
16. Intangibles	3,903,000	7,167,000	(3,264,000)
99. Subtotal	46,581,000	57,767,000	(11,186,000)
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	17,793,000	29,567,000	(11,774,000)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	28,788,000	28,200,000	588,000
e. Capital:			
1. Investments	9,533,000	17,111,000	(7,578,000)
2. Net capital loss carry-forward	-	60,000	(60,000)
3. Real estate	-	-	-
4. Other (items <5% of total capital tax assets)	364,000	615,000	(251,000)
Other (items >=5% of total capital tax assets)			
5.	-	-	-
99. Subtotal	9,897,000	17,786,000	(7,889,000)
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	6,612,000	13,166,000	(6,554,000)
h. Admitted capital deferred tax assets (2e99-2f-2g)	3,285,000	4,620,000	(1,335,000)
i. Admitted deferred tax assets (2d+2h)	32,073,000	32,820,000	(747,000)

**NOTES TO FINANCIAL STATEMENTS**

## 3. Deferred Tax Liabilities

	1 2017	2 2016	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	-	-	-
2. Fixed assets	22,000	32,000	(10,000)
3. Deferred and uncollected premium	9,546,000	11,530,000	(1,984,000)
4. Policyholder reserves (basis change due to Tax Reform)	9,287,000	-	9,287,000
5. Other (items <5% of total ordinary tax liabilities)	123,000	91,000	32,000
Other (items >=5% of total ordinary tax liabilities)			
6.	-	-	-
99. Subtotal	18,978,000	11,653,000	7,325,000
b. Capital:			
1. Investments	-	-	-
2. Real estate	-	-	-
3. Other (items <5% of total capital tax liabilities)	21,000	-	21,000
Other (items >=5% of total capital tax liabilities)			
4.	-	-	-
99. Subtotal	21,000	-	21,000
c. Deferred tax liabilities (3a99+3b99)	18,999,000	11,653,000	7,346,000
4. Net Deferred Tax Assets (2i - 3c)	13,074,000	21,167,000	(8,093,000)

On December 22, 2017, the Tax Cuts and Jobs Act (Tax Legislation) was signed into law which significantly revises corporate income tax rates from 35% to 21%, among other modifications. Based on our analysis of the Tax Legislation, the Company was able to determine a reasonable estimate for the tax reform adjustment. The approximate change in the Company's net DTA caused by the tax rate change is \$(24,986,000), as illustrated below. However, we will continue to analyze relevant information to complete our accounting for income taxes which may result in an adjustment to our estimate in 2018. The accounting is expected to be complete when the 2017 U.S. corporate income tax return is filed in 2018.

	Deferred Taxes at 35%	Deferred Taxes at 21%	Tax Rate Impact
Operating Deferred Tax Items	\$ 62,326,000	\$ 37,395,000	\$ 24,931,000
Unrealized Deferred Tax Items	139,000	84,000	55,000
Net Deferred Taxes	\$ 62,465,000	\$ 37,479,000	\$ 24,986,000

## D.

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>Change</u>
(1) Current income taxes incurred	12,942,607	13,488,486	(545,879)
(2) Change in deferred income tax (without tax on unrealized gains and losses or foreign exchange gains and losses)	26,203,316	(3,922,887)	30,225,203
(3) Total income tax reported	<u>39,244,923</u>	<u>9,565,599</u>	<u>29,679,324</u>
(4) Net gain from operations before federal income tax and realized gains	35,803,768	37,397,488	(1,593,720)
(5) Realized capital gains (losses) before federal income tax, after transfer to IMR	<u>134,141</u>	<u>(90,888)</u>	<u>225,029</u>
(6) Income before taxes	35,937,909 35%	37,306,600 35%	(1,368,691) 35%
Expected income tax expense (benefit) at 35% statutory rate	<u>12,578,268</u>	<u>13,057,310</u>	<u>(479,042)</u>
Increase (decrease) in actual tax reported resulting from:			
a. Tax adjustment for IMR	(414,000)	(321,000)	(93,000)
b. Deferred tax benefit on nonadmitted assets	2,175,000	(3,223,000)	5,398,000
c. Change in deferred taxes due to tax reform	24,931,000	0	24,931,000
d. Prior year adjustments	1,000	(42,000)	43,000
e. Nondeductible expenses	46,000	105,000	(59,000)
f. Tax credits	(9,000)	(10,000)	1,000
g. Other - Miscellaneous	(63,345)	(711)	(62,634)
(7) Total income tax reported	<u>39,244,923</u>	<u>9,565,599</u>	<u>26,679,324</u>

**NOTES TO FINANCIAL STATEMENTS****E. Operating Loss Carryfowards and Income Taxes Available for Recoupment**

1. As of 12/31/2017, the Company has no net operating loss or tax credit carryforwards
2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2017	-
2016	-
2015	-

3. The Company's aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code is NONE.

**F. Consolidated Federal Income Tax Return - Not applicable****G. Federal or Foreign Federal Income Tax Loss Contingencies - Not applicable****Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- A. Common stock ownership of the Company and affiliates is shown in the chart on Schedule Y. All companies are 100% owned except where indicated otherwise
- B. During 2017, \$23,818,000 in dividends were paid to the Company's parent, TMK as detailed in note 13 below.

Effective January 1, 2014, the Company entered into reinsurance agreements with two affiliates:

- 1) Coinsurance agreement - The Company assumes from American Income Life, on a 50% quota share basis, the risks on life policies issued in the United States (excluding New York) on or after the effective date.
- 2) Modified coinsurance agreement - The Company cedes to Liberty National Life\*, on a 100% quota share basis, the life policies that were assumed from American Income Life as noted above. The company will retain, control, and own all assets for the modified coinsurance reserve.

\* - Liberty National Life replaced United American, both Company affiliates, effective 10/01/2015 through a novation agreement.

The Company borrowed \$10,000,000 from an affiliate, United American Insurance Company, on March 9, 2017 at an interest rate of 3.75%. \$5,000,000 was repaid on June 5, 2017 with interest paid of \$44,792. The remaining \$5,000,000 was repaid on July 17, 2017 with interest paid of \$66,667.

The Company borrowed \$5,000,000 from an affiliate, United American Insurance Company, on March 28, 2017 at an interest rate of 4.00%. The borrowing was repaid in full on May 2, 2017. Total interest paid was \$18,889.

The Company borrowed \$1,000,000 from an affiliate, United American Insurance Company, on March 31, 2017 at an interest rate of 4.00%. The borrowing was repaid in full on May 2, 2017. Total interest paid was \$3,556.

The Company borrowed \$3,000,000 from an affiliate, Globe Life and Accident Insurance Company, on April 4, 2017 at an interest rate of 4.00%. The borrowing was repaid in full on May 2, 2017. Total interest paid was \$9,333.

The Company borrowed \$1,000,000 from an affiliate, Liberty National Life Insurance Company, on May 12, 2017 at an interest rate of 4.00%. The borrowing was repaid in full on May 18, 2017. Total interest paid was \$667.

The Company borrowed \$1,100,000 from an affiliate, American Income Life Insurance Company, on October 27, 2017 at an interest rate of 4.25%. The borrowing was repaid in full on November 1, 2017. Total interest paid was \$519.

The Company paid a surplus note interest payment of \$557,812.50 to an affiliate, Globe Life and Accident Insurance Company, on June 15, 2017.

The Company paid a surplus note interest payment of \$557,812.50 to an affiliate, Liberty National Life Insurance Company, on June 15, 2017.

The Company paid a surplus note interest payment of \$393,750 to an affiliate, Globe Life and Accident Insurance Company, on December 15, 2017.

The Company paid a surplus note interest payment of \$393,750 to an affiliate, Liberty National Life Insurance Company, on December 15, 2017.

On December 15, 2017, Globe Life and Accident Insurance Company sold a \$15,000,000 Family Heritage Life Insurance Company of America surplus note to American Income Life Insurance Company for \$15,174,000. See Note 13 for more information on the surplus notes.

On December 22, 2017, the Company sold agent balances of \$9,760,456 to its ultimate parent, Torchmark Corporation.

**NOTES TO FINANCIAL STATEMENTS**

On December 31, 2017, Torchmark Corporation contributed 100% of its ownership in Family Heritage Life Insurance Company of America's common stock to Globe Life And Accident Insurance Company. Globe Life And Accident Insurance Company recorded the contribution as contributed surplus at the value of Family Heritage Life Insurance Company of America's December 31, 2017, capital and surplus of \$100,322,921. Globe Life And Accident Insurance Company is now the direct parent of Family Heritage Life Insurance Company of America, with Torchmark Corporation remaining the ultimate parent of each Company.

- C. Nothing to report
- D. Based on intercompany reinsurance agreements (described in section B above),
  - The Company reported \$6,705,954 as amounts due from American Income Life at December 31, 2017.
  - The Company reported \$5,342,823 as amounts due from Liberty National Life at December 31, 2017.
- E. There are no guarantees or undertakings for the benefit of affiliated party, other than that disclosed in these Notes.
- F. The Company's investment management function is managed by Torchmark Corp. under the master services agreement with Torchmark discussed below. The fee for these services is based on the total value of the securities managed. For the 2017 reporting period, Investment fees paid to Torchmark totaled \$1,764,000.

The Company has a separate service agreement with Torchmark Corporation to provide a wide variety of possible services. The Torchmark agreement is a master service agreement with the Company and the other insurance affiliates. The fee is based on the ratio of certain expenses at the affiliate level to comparable Torchmark consolidated expenses applied to Torchmark's total operating expenses for the prior year. For the 2017 reporting period, management fees paid to Torchmark Corp totaled \$3,384,000.

These fees are paid on a monthly basis

The Company is a party to a service agreement by and between American Income Life Insurance Company, Globe Life And Accident Insurance Company, Liberty National Life Insurance Company, Torchmark Corporation, and United American Insurance Company. The agreement establishes that all parties may, from time to time, act to furnish a particular service or services becoming a "Service Provider" or receive a particular service or services as a "Service Beneficiary" and provides for allocation of salary expense and other costs of providing such services to the appropriate Service Beneficiary

- G. All outstanding shares of the Company are held by Globe Life And Accident Insurance Company.

H, I, J, K, L, M, and N - Not applicable

**Note 11 – Debt**

Not applicable

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

- A. Defined Benefit Plan
  - Not applicable
- B. Investment Policies and Strategies
  - Not applicable
- C. Fair Value of Plan Assets
  - Not applicable
- D. Basis Used to Determine Expected Long-Term Rate-of-Return
  - Not applicable
- E. Defined Contribution Plans
  - The Company participates in a defined contribution thrift plan covering substantially all employees. The liability for the plan is maintained at the holding company level. The thrift plan is funded by employee contributions that are matched by the Company based on a percentage of such contributions. Company contributions approximated \$228,000 and \$217,000 for the years ended December 31, 2017 and 2016, respectively.
- F. Multiemployer Plans
  - Not applicable
- G. Consolidated/Holding Company Plans
  - In 2016, the Company began participating in a Supplemental Executive Retirement Plan (SERP) sponsored through Torchmark, which provides to a limited number of executives an additional supplemental defined pension benefit. The supplemental benefit is based on the participant's qualified plan benefit without consideration to regulatory limits on compensation and benefit payments applicable to qualified plans, except that eligible compensation is capped at \$1 million. The Company's liability for this plan was \$426,718 and \$366,038 at December 31, 2017 and 2016, respectively. Expense recognized in 2017 for the plan was \$33,000.

**NOTES TO FINANCIAL STATEMENTS**

- H. Postemployment Benefits and Compensated Absences  
Compensated absences/vacation pay is recorded in accordance with SSAP No. 11.
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)  
Not applicable

**Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

1. The Company's capital is common stock; 2,000 shares are authorized: 1,000 shares are Class A stock at \$12,000 per share and another 1,000 shares are Class B Stock at \$1 per share. 213 Class A shares (\$12,000 per share par value) and 950 Class B shares (\$1 per share par value) are issued and outstanding at 12/31/2017. There are no other classes of capital stock.
2. The Company has no preferred stock.
- 3, 4, and 5. Dividends on company stock are paid as declared by its Board of Directors and are subject to regulations of the State of Ohio.

	<u>DECLARED</u>	<u>PAID</u>
\$6,860,000 ordinary dividend	03/17/2017	03/29/2017
\$1,458,000 ordinary dividend	04/07/2017	04/20/2017
\$5,200,000 ordinary dividend	05/25/2017	06/07/2017
\$5,200,000 ordinary dividend	10/12/2017	10/25/2017
\$5,100,000 ordinary dividend	12/07/2017	12/20/2017

6, 7, 8 and 9 - Not applicable

10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and (losses) is:
- |                                  |                    |
|----------------------------------|--------------------|
| Unrealized gain on joint venture | \$100,464          |
| Unrealized loss on bonds         | <u>(\$105,191)</u> |
|                                  | (\$4,727)          |

11. The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note*	Principal and/or Interest Paid Current Period	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
09/30/2016	5.25%	\$ 15,000,000	\$ 15,000,000	\$ 951,563	\$ 951,563	\$	09/30/2046
09/30/2016	5.25%	\$ 15,000,000	\$ 15,000,000	\$ 951,563	\$ 951,563	\$	09/30/2046
Total	XXX	\$ 30,000,000	\$ 30,000,000	\$ 1,903,126	\$ 1,903,126	\$	XXX

On 09/30/2016, the Company issued \$30,000,000 in surplus notes to generate additional surplus funds to be used for general business purposes.

The surplus notes have the following repayment conditions and restrictions: 1) Payments of principal and interest can only be made from the issuer's available surplus when the amount of surplus remaining after repayment is equal to or greater than the surplus existing immediately after the issuance of the security. 2) Payments can only be made with the prior approval of the Ohio Insurance Director. Semi-annual interest payments are due June 15 and December 15, commencing June 15, 2017.

The surplus notes are direct, unsecured obligations of the Company. In the event of liquidation, the notes are subordinate to holders of policy claims, other indebtedness, and other creditor claims.

The surplus notes were issued pursuant to Rule 144A under the securities Act of 1933. All proceeds were received in cash. The notes are held by company affiliates: 1) American Income Life Insurance Company - \$15,000,000. 2) Liberty National Life Insurance Company - \$15,000,000.

12 and 13 - Not applicable

**NOTES TO FINANCIAL STATEMENTS****Note 14 – Liabilities, Contingencies and Assessments**

- A. Contingent Commitments  
None

B. Assessments

On March 1, 2017, the Commonwealth court of Pennsylvania issued orders placing Penn Treaty and American Network in liquidation. The Company has estimated its ultimate unrecoverable assessments related to the liquidation will be \$142,000, which has been charged to operations in the current period.

The Undiscounted and Discounted Amount of the Guaranty Fund Assessments and Related Assets by Insolvency

<u>Name of the Insolvency</u>	<u>Guaranty Fund Assessment</u>		<u>Related Assets</u>	
	<u>Undiscounted</u>	<u>Discounted</u>	<u>Undiscounted</u>	<u>Discounted</u>
Penn Treaty/American Network Ins. Co.	\$1,478,644	\$0	\$1,336,554	\$0

- C. Gain Contingencies  
None

- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits  
Not applicable

- E. Joint and Several Liabilities  
None

F. All Other Contingencies

Various liabilities arise in the normal course of the Company's business and have been recorded. We believe that any ultimate contingent losses will not have a material adverse effect on the Company's future results of operations and financial position.

**Note 15 – Leases**

- A. Lessee Operating Lease

The Company leases office space, furniture and equipment under various noncancelable operating leases that expire through 2021. Rental expense for 2017 and 2016 was approximately \$637,000 and \$773,000 respectively.

- a. At January 1, 2018 the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2018	\$ 538,000
2. 2019	\$ 522,000
3. 2020	\$ 346,000
4. 2021	\$ 346,000
5. 2022	\$
6. Total	\$ 1,752,000

- B. Lessor Leases - Not applicable

**Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

Not applicable

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

Not applicable

**Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans**

Not applicable

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

Not applicable

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

Fair values for securities are based on quoted market prices when available and otherwise are based on quoted market prices of comparable instruments in active markets, quotes in inactive markets, or other observable criteria.

- (1) The table below shows the balances of assets measured and reported at fair value on the statement of financial position:

	Level 1	Level 2	Level 3	Total	Net Asset Value (NAV) Included in Level 2
<b>Assets at Fair Value</b>					
Bonds - Municipals	\$	\$ 200,490	\$	\$ 200,490	\$
Total	\$	\$ 200,490	\$	\$ 200,490	\$
<b>Liabilities at Fair Value</b>					
None	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

During the year, the Company did not have any transfers between Levels 1 and 2 for assets measured and reported at fair value on the statement of financial position. Transfers between levels are recognized at the end of the reporting period in which they occur.

- (2) As of year-end, the Company did not have any securities categorized as Level 3 that are measured and reported at fair value on the statement of financial position.
- (3) During the year, the Company did not have any transfers into or out of Level 3 for assets measured and reported at fair value on the statement of financial position.
- (4) The majority of the Company's securities are not actively traded and direct quotes are not generally available. Management therefore determines the fair values of securities after consideration of data provided by third-party pricing services, independent broker/dealers, and other resources. Prices provided by third-party pricing services are not binding offers but are estimated exit values. They are based on observable market data inputs which can vary by security type. Such inputs include benchmark yields, available trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and other inputs that are corroborated in the market. All fair value measurements based on prices determined with observable market data are reported as Level 1 or Level 2 measurements. When third-party vendor prices are not available, the Company attempts to obtain valuations from other sources, including but not limited to broker/dealers, broker quotes, and prices on comparable securities.

When valuations have been obtained for all securities in the portfolio, management reviews and analyzes the prices to insure their reasonableness, taking into account available observable information. When two or more valuations are available for a security and the variance between the valuations is 10% or less, the close correlation suggests similar observable inputs were used in deriving the prices, and the average of the prices is used. Securities valued in this manner are classified as Level 2. When the variance exceeds 10%, further review is performed on the available valuations to determine if they can be corroborated within reasonable tolerance to any other observable evidence. If one of the valuations or the average of the available valuations can be corroborated with other observable evidence, then the corroborated value is used and reported as Level 2. The Company uses information and analytical techniques deemed appropriate for determining the point within the range of reasonable fair value estimates that is most representative of fair value under current market conditions. Valuations that cannot be corroborated within a reasonable tolerance are classified as Level 3.

- (5) Derivative assets and liabilities - NONE

**B. Other fair value disclosures - NONE****C. Fair Value Level**

The table below shows the fair values of all financial instruments by level within the fair value hierarchy.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)	Net Asset Value (NAV) Included in Level 2
Bonds	\$1,170,943,307	\$ 1,067,029,634	\$	\$ 1,117,989,388	\$ 52,953,919	\$	\$
Mortgage loans***	\$ 3,466,679	\$ 3,466,679	\$	\$	\$ 3,466,679	\$	\$
Other invested asset - Surplus Notes	\$ 24,360,130	\$ 22,116,536	\$	\$ 24,360,130	\$	\$	\$
Contract loans	\$ 64,811	\$ 64,811	\$	\$	\$	\$ 64,811	\$
Cash, cash equivalents, and short-term investments	\$ 8,628,284	\$ 8,628,284	\$ 8,628,284	\$	\$	\$	\$

\*\*\* The Company invests in mortgage loans with 1 month floating rates. For this reason, the fair value approximates book value

**D. Not Practicable to Estimate Fair Value**

Type of Class or Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Contract Loans	\$ 64,811	Various%	Various	Quoted market price not available

**NOTES TO FINANCIAL STATEMENTS****Note 21 – Other Items**

- A. Unusual or Infrequent Items  
Not applicable
- B. Troubled Debt Restructuring Debtors  
Not applicable
- C. Other Disclosures  
Not applicable
- D. Business Interruption Insurance Recoveries  
Not applicable
- E. State Transferable and Non-Transferable Tax Credits  
Not applicable
- F. Subprime Mortgage Related Risk Exposure  
Not applicable
- G. Retained Assets  
Not applicable
- H. Insurance-Linked Securities (ILS) Contracts  
Not applicable

**Note 22 – Events Subsequent**

- A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?

Yes [ ] No [ X ]

B. ACA fee assessment payable for the upcoming year	\$	\$
C. ACA fee assessment paid		
D. Premium written subject to ACA 9010 assessment		
E. Total adjusted capital before surplus adjustment (Five-Year Historical Line 30)	\$	105,638,101
F. Total adjusted capital (Five-Year Historical Line 30 minus 22B above)	\$	105,638,101
G. Authorized control level (Five-Year Historical Line 31)	\$	7,651,746

- H. Would reporting the ACA assessment as of December 31, 2017 have triggered an RBC action level (YES/NO)?

Yes [ ] No [ X ]

**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 )
- (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 )

**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 )
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?  
Yes ( ) No ( X )

**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 )

**NOTES TO FINANCIAL STATEMENTS**

- B. Uncollectible Reinsurance  
None
- C. Commutation of Ceded Reinsurance  
None
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation  
None
- E. Reinsurance of variable annuity contracts/certificates with an affiliated captive reinsurer  
Not applicable
- F. Reinsurance Agreement with Affiliated Captive Reinsurer  
Not applicable
- G. Ceding Entities That Utilize Captive Reinsurers to Assume Reserves Subject to the XXX/AXXX Captive Framework  
Not applicable

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

- A. Method Used by the Reporting Entity to Estimate Accrued Retrospective Premium Adjustments  
Not applicable
- B. Disclose Whether Accrued Retrospective Premiums are Recorded Through Written Premium or as an Adjustment to Earned Premium  
Not applicable
- C. Disclose the Amount of Net Premiums Written Subject to Retrospective Rating Features  
Not applicable
- D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act  
Not applicable
- E. Risk Sharing Provisions of the Affordable Care Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions

Yes [ ] No [ X ]

The Company was only subject to the Transitional Reinsurance Fee contributions which is no longer applicable in 2017.

- (2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

	AMOUNT
a. Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	
3. Premium adjustments payable due to ACA Risk Adjustment	
Operations (Revenue & Expenses)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	
b. Transitional ACA Reinsurance Program	AMOUNT
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	
5. Ceded reinsurance premiums payable due to ACA Reinsurance	
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	
Operations (Revenue & Expenses)	
7. Ceded reinsurance premiums due to ACA Reinsurance	
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	
9. ACA Reinsurance contributions – not reported as ceded premium	
c. Temporary ACA Risk Corridors Program	AMOUNT
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors	
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	
Operations (Revenue & Expenses)	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	
4. Effect of ACA Risk Corridors on change in reserves for rate credits	

**NOTES TO FINANCIAL STATEMENTS**

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

	Accrued During the Prior Year on Business Written Before Dec. 31 of The Prior Year		Paid as of the Current Year on Business Written Before Dec 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program									A	\$	\$
1. Premium adjustments receivable	\$	\$	\$	\$	\$	\$	\$	\$			
2. Premium adjustments (payable)	\$								B		
3. Subtotal ACA Permanent Risk Adjustment Program	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
b. Transitional ACA Reinsurance Program									C		
1. Amounts recoverable for claims paid											
2. Amounts recoverable for claims unpaid (contra liability)									D		
3. Amounts receivable relating to uninsured plans									E		
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums									F		
5. Ceded reinsurance premiums payable									G		
6. Liability for amounts held under uninsured plans		(6,750)		(6,750)					H		
6. Subtotal ACA Transitional Reinsurance Program		(6,750)		(6,750)							
c. Temporary ACA Risk Corridors Program									I		
1. Accrued retrospective premium											
2. Reserve for rate credits or policy experience rating refunds									J		
3. Subtotal ACA Risk Corridors Program											
d. Total for ACA Risk Sharing Provisions		(6,750)		(6,750)							

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

Reserves on accident and health contracts for incurred losses and loss adjustment expenses attributable to insured events or prior years developed as anticipated during 2017. See Schedule H - Part 3 and the Five Year Historical Data. Original estimates are increased or decreased as additional information becomes known regarding individual claims. However, no significant trends or unanticipated events were noted in 2017. None of the Company's accident and health contracts are subject to retrospective rating or experience refunds.

**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

**NOTES TO FINANCIAL STATEMENTS****Note 30 – Premium Deficiency Reserves**

As of December 31, 2017 the Company had liabilities of \$0 related to premium deficiency reserves. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

**Note 31 – Reserves for life contracts and deposit-type Contracts**

- (1) Reserve Practices  
The company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
- (2) Valuation of Substandard Policies  
The Company does not currently issue substandard policies, and does not have any substandard policies in force.
- (3) Amount of Insurance Where Gross Premiums are Less than the Net Premiums  
There are no policies where the gross premiums are less than the net premiums.
- (4) Method Used to Determine Tabular Interest, Reserves Released, and Cost  
Tabular Interest and Tabular Cost shown on Page 7 have been determined by formula as described in the instructions for Page 7.
- (5) Method of Determination of Tabular Interest on Funds not Involving Life Contingencies  
None
- (6) Details for Other Changes  
None

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

Not applicable

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

- A. Deferred and uncollected life insurance premiums and annuity considerations as of end of December 31, 2017 were:

	Gross	Net of Loading
(1) Industrial	\$	\$
(2) Ordinary new business	40,473,323	6,003,844
(3) Ordinary renewal	70,433,870	39,451,695
(4) Credit life		
(5) Group life		
(6) Group annuity		
(7) Totals	\$ 110,907,193	\$ 45,455,539

**Note 34 – Separate Accounts**

Not applicable

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

	2017
Liability for Future Claim Adjustment Expenses, Prior Year	1,063,036
Liability for Future Claim Adjustment Expenses, Current Year	1,219,028
Claim Payments - Current Year	67,654,629
Claim Adjustment Expense Percentage	5.5%
Claim Adjustment Expenses Paid	3,721,005
Claim Expense Incurred (Paid + Change in Liability)	3,876,997
Claim Payments Current Year for Prior Year Incurals	15,370,602
Claim Adjustment Expense Percentage	5.5%
Claim Adjustment Expenses Paid in Current Year for Prior Year Incurals	845,383

The balance in the liability for unpaid accident and health claim adjustment expenses as of December 31, 2017 and December 31, 2016 was \$1,219,028 and \$1,063,036 respectively.

The Company incurred \$3,876,997 and paid \$3,721,005 of claim adjustment expenses in the current year, of which \$845,383 of the paid amount was attributable to insured or covered events of prior years.

The Company does not anticipate any salvage or subrogated amounts and therefore no such amounts are reflected in the liability for unpaid claims or losses.

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

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  Yes [X]  No [ ]  
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?  Yes [X]  No [ ]  N/A [ ]

1.3 State regulating? Ohio

- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?  Yes [X]  No [ ]

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.

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.

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).

3.4 By what department or departments?

Ohio

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

3.6 Have all of the recommendations within the latest financial examination report been complied with?

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?

4.12 renewals?

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?

4.22 renewals?

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control

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

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board?  Yes [ ]  No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?  Yes [ ]  No [X]

8.4 If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche, LLP, 2200 Ross Avenue, Suite 1600, Dallas, TX 7520110.1 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 [X]  No [ ]  N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain:

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

11.	What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?	<u>Barbara S. Emig, Officer, Family Heritage Life Insurance Company of America, 6001 East Royalton Road Ste. 200, Broadview Heights OH 44147</u>								
12.1	Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ]								
12.11	Name of real estate holding company	<u>AVALONBAY COMMUNITIES, BROOKFIELD ASSET MGMT INC, ERP OPERATING LP, FEDERAL REALTY INVESTMENT, GOODMAN US FIN FOUR, HEALTH CARE REIT INC, HOSPITALITY PROP TRUST, KIMCO REALTY CORP, LTC PROPERTIES INC, NATIONAL RETAIL PROPERTIES INC, NATIONWIDE HEALTH PPTYS, PIEDMONT OPERATING PARTNERSHIP LP, RAMCO-GERSHENSON PROPERTIES LP, REALTY INCOME CORP, REGENCY CENTERS LP, SIMON PROPERTY GRP LP, SPIRIT REALTY LP</u>								
12.12	Number of parcels involved	0								
12.13	Total book/adjusted carrying value	\$ 50,896,660								
12.2	If yes, provide explanation	<u>The Company invests in securities of real estate holding companies and REITS. In addition, the Company has a 50% investment in a joint venture which owns the corporate home office.</u>								
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 [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ]								
13.3	Have there been any changes made to any of the trust indentures during the year?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ]								
13.4	If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] N/A [ <input type="checkbox"/> ]								
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 [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ]								
	(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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]								
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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]								
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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]								
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.									
	<table border="1"> <thead> <tr> <th>1 American Bankers Association (ABA) Routing Number</th> <th>2 Issuing or Confirming Bank Name</th> <th>3 Circumstances That Can Trigger the Letter of Credit</th> <th>4 Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td>\$</td> </tr> </tbody> </table>	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount				\$	
1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount							
			\$							

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [  ] 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 [  ] 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 [  ] No [  ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [  ] No [  ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- |   |      |
|---|------|
| 20.11 To directors or other officers              | \$ 0 |
| 20.12 To stockholders not officers                | \$ 0 |
| 20.13 Trustees, supreme or grand (Fraternal only) | \$ 0 |
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- |   |      |
|---|------|
| 20.21 To directors or other officers              | \$ 0 |
| 20.22 To stockholders not officers                | \$ 0 |
| 20.23 Trustees, supreme or grand (Fraternal only) | \$ 0 |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [  ] No [  ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- |                            |      |
|----------------------------|------|
| 21.21 Rented from others   | \$ 0 |
| 21.22 Borrowed from others | \$ 0 |
| 21.23 Leased from others   | \$ 0 |
| 21.24 Other                | \$ 0 |
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [  ] No [  ]
- 22.2 If answer is yes:
- |  |      |
|--|------|
| 22.21 Amount paid as losses or risk adjustment | \$ 0 |
| 22.22 Amount paid as expenses                  | \$ 0 |
| 22.23 Other amounts paid                       | \$ 0 |

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

- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ \_\_\_\_\_ 0

**INVESTMENT**

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No [ ]  
 24.02 If no, give full and complete information, relating thereto:  
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).  
 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes [ ] No [ ] N/A [X]  
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ \_\_\_\_\_ 0  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ \_\_\_\_\_ 0  
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]  
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]  
 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]  
 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:  
 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ \_\_\_\_\_ 0  
 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ \_\_\_\_\_ 0  
 24.103 Total payable for securities lending reported on the liability page: \$ \_\_\_\_\_ 0  
 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes [X] No [ ]  
 25.2 If yes, state the amount thereof at December 31 of the current year:  
 25.21 Subject to repurchase agreements \$ \_\_\_\_\_ 0  
 25.22 Subject to reverse repurchase agreements \$ \_\_\_\_\_ 0  
 25.23 Subject to dollar repurchase agreements \$ \_\_\_\_\_ 0  
 25.24 Subject to reverse dollar repurchase agreements \$ \_\_\_\_\_ 0  
 25.25 Placed under option agreements \$ \_\_\_\_\_ 0  
 25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ \_\_\_\_\_ 0  
 25.27 FHLB Capital Stock \$ \_\_\_\_\_ 0  
 25.28 On deposit with states \$ \_\_\_\_\_ 3,554,422  
 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 [X]  
 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
 If no, attach a description with this statement.  
 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]  
 27.2 If yes, state the amount thereof at December 31 of the current year: \$ \_\_\_\_\_ 0  
 28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No [ ]  
 28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:  

1 Name of Custodian(s)	2 Custodian's Address
The Northern Trust Company	50 South LaSalle Street Chicago, IL 60603

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

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

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

- 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
PRUDENTIAL PRIVATE PLACEMENT INVESTORS, LP	U
BLACKROCK INVESTMENT MANAGEMENT, LLC	U
TORCHMARK CORPORATION	A

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 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
106442	PRUDENTIAL PRIVATE PLACEMENT INVESTORS, LP		U.S. Securities & Exchange Commission	NO
108928	BLACKROCK INVESTMENT MANAGEMENT, LLC		U.S. Securities & Exchange Commission	NO
	TORCHMARK CORPORATION		NOT REGISTERED	DS

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

29.2 If yes, complete the following schedule:

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

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

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

30. 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	\$ 1,067,029,634	\$ 1,170,943,307	\$ 103,913,673
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 1,067,029,634	\$ 1,170,943,307	\$ 103,913,673

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

The Company primarily used IDC, Reuters and Hub Data (which are third party vendors), and certain private placements were valued by a broker.

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 [X] No [ ]

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

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

33. By self-designating 5\*GI securities, the reporting entity is certifying the following elements for each self-designation 5\*GI security:

- Documentation necessary to permit a full credit analysis of the security does not exist.
- Issuer or obligor is current on all contracted interest and principal payments.
- The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5\*GI securities? Yes [ ] No [X]

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

- 34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 10,455
- 34.2 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
Better Business Bureau	\$ 5,326

- 35.1 Amount of payments for legal expenses, if any? \$ 88,745
- 35.2 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
Spilman, Thomas, ans Battle, PLLC	\$ 23,123

- 36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0
- 36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$

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

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ ]	No [ X ]
1.2	If yes, indicate premium earned on U.S. business only.	\$	0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0
1.3	Reason for excluding:		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$	0
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$	0
1.62	Total incurred claims	\$	0
1.63	Number of covered lives	\$	0
	All years prior to most current three years:		
1.64	Total premium earned	\$	0
1.65	Total incurred claims	\$	0
1.66	Number of covered lives	\$	0
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$	0
1.72	Total incurred claims	\$	0
1.73	Number of covered lives	\$	0
	All years prior to most current three years:		
1.74	Total premium earned	\$	0
1.75	Total incurred claims	\$	0
1.76	Number of covered lives	\$	0
2.	Health Test:		
		1 Current Year	2 Prior Year
2.1	Premium Numerator	\$ 0	\$ 0
2.2	Premium Denominator	\$ 284,266,981	\$ 264,618,524
2.3	Premium Ratio (2.1/2.2)	0.0%	0.0%
2.4	Reserve Numerator	\$ 36,132,373	\$ 30,067,699
2.5	Reserve Denominator	\$ 1,076,752,096	\$ 910,371,013
2.6	Reserve Ratio (2.4/2.5)	3.4%	3.3%
3.1	Does the reporting entity have Separate Accounts?	Yes [ ]	No [ X ]
3.2	If yes, has a Separate Accounts statement been filed with this Department	Yes [ ]	No [ ]
3.3	What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account?	\$ \$	0
3.4	State the authority under which Separate Accounts are maintained:		
3.5	Was any of the reporting entity's Separate Accounts business reinsured as of December 31?	Yes [ ]	No [ ]
3.6	Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31?	Yes [ ]	No [ ]
3.7	If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)"?	\$	0
4.1	Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)?	Yes [ X ]	No [ ]
4.2	Net reimbursement of such expenses between reporting entities:		
4.21	Paid	\$ 11,228,792	
4.22	Received	\$ 0	
5.1	Does the reporting entity write any guaranteed interest contracts?	Yes [ ]	No [ X ]
5.2	If yes, what amount pertaining to these items is included in:		
5.21	Page 3, Line 1	\$ 0	
5.22	Page 4, Line 1	\$ 0	
6.	For stock reporting entities only:		
6.1	Total amount paid in by stockholders as surplus funds since organization of the reporting entity:	\$ 32,646,050	
7.	Total dividends paid stockholders since organization of the reporting entity:		
7.11	Cash	\$ 244,628,999	

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

7.12 Stock	\$ 0	Yes [ ] No [ X ]																								
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.																										
8.2 If yes, has the reporting entity completed the <i>Workers' Compensation Carve-Out Supplement</i> to the Annual Statement?	Yes [ ] No [ ]																									
8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:																										
	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">1 Reinsurance Assumed</th> <th style="text-align: center;">2 Reinsurance Ceded</th> <th style="text-align: center;">3 Net Retained</th> </tr> </thead> <tbody> <tr> <td>8.31 Earned premium</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>8.32 Paid claims</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>8.33 Claim liability and reserve (beginning of year)</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>8.34 Claim liability and reserve (end of year)</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>8.35 Incurred claims</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> </tbody> </table>		1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained	8.31 Earned premium	\$ 0	\$ 0	\$ 0	8.32 Paid claims	\$ 0	\$ 0	\$ 0	8.33 Claim liability and reserve (beginning of year)	\$ 0	\$ 0	\$ 0	8.34 Claim liability and reserve (end of year)	\$ 0	\$ 0	\$ 0	8.35 Incurred claims	\$ 0	\$ 0	\$ 0	
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8.34 Claim liability and reserve (end of year)	\$ 0	\$ 0	\$ 0																							
8.35 Incurred claims	\$ 0	\$ 0	\$ 0																							
8.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and 8.34 for Column (1) are:																										
	<table border="1"> <thead> <tr> <th style="text-align: center;">Attachment Point</th> <th style="text-align: center;">1 Earned Premium</th> <th style="text-align: center;">2 Claim Liability and Reserve</th> </tr> </thead> <tbody> <tr> <td>8.41 &lt;\$25,000</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>8.42 \$25,000 — 99,999</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>8.43 \$100,000 — 249,999</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>8.44 \$250,000 — 999,999</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>8.45 \$1,000,000 or more</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> </tbody> </table>	Attachment Point	1 Earned Premium	2 Claim Liability and Reserve	8.41 <\$25,000	\$ 0	\$ 0	8.42 \$25,000 — 99,999	\$ 0	\$ 0	8.43 \$100,000 — 249,999	\$ 0	\$ 0	8.44 \$250,000 — 999,999	\$ 0	\$ 0	8.45 \$1,000,000 or more	\$ 0	\$ 0							
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8.44 \$250,000 — 999,999	\$ 0	\$ 0																								
8.45 \$1,000,000 or more	\$ 0	\$ 0																								
8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools?	\$ 0																									
9. 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:																										
9.1 Amount of loss reserves established by these annuities during the current year:	\$ 0																									
9.2 List the name and location of the insurance company purchasing the annuities and the statement value on the purchase date of the annuities.	<table border="1"> <thead> <tr> <th style="text-align: center;">1 P&amp;C Insurance Company and Location</th> <th style="text-align: center;">2 Statement Value on Purchase Date of Annuities (i.e., Present Value)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>			1 P&C Insurance Company and Location	2 Statement Value on Purchase Date of Annuities (i.e., Present Value)																					
1 P&C Insurance Company and Location	2 Statement Value on Purchase Date of Annuities (i.e., Present Value)																									
10.1 Do you act as a custodian for health savings accounts?	Yes [ ] No [ X ]																									
10.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$ 0																									
10.3 Do you act as an administrator for health savings accounts?	Yes [ ] No [ X ]																									
10.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$ 0																									
11.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers?	Yes [ ] No [ ] N/A [ X ]																									
11.2 If the answer to 11.1 is yes, please provide the following:	<table border="1"> <thead> <tr> <th rowspan="2" style="text-align: center;">1 Company Name</th> <th rowspan="2" style="text-align: center;">2 NAIC Company Code</th> <th rowspan="2" style="text-align: center;">3 Domiciliary Jurisdiction</th> <th rowspan="2" style="text-align: center;">4 Reserve Credit</th> <th colspan="3" style="text-align: center;">Assets Supporting Reserve Credit</th> </tr> <tr> <th style="text-align: center;">5 Letters of Credit</th> <th style="text-align: center;">6 Trust Agreements</th> <th style="text-align: center;">7 Other</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">\$</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">\$</td> </tr> </tbody> </table>			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				\$	\$	\$	\$						
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																				
			\$	\$	\$	\$																				
12. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).																										
12.1 Direct premiums written	\$ 3,387,650																									
12.2 Total incurred claims	\$ 615,388																									
12.3 Number of covered lives	11,378																									
	<table border="1"> <thead> <tr> <th style="text-align: center;">*Ordinary Life Insurance Includes</th> </tr> </thead> <tbody> <tr> <td>Term (whether full underwriting, limited underwriting, jet issue, "short form app")</td> </tr> <tr> <td>Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")</td> </tr> <tr> <td>Variable Life (with or without secondary guarantee)</td> </tr> <tr> <td>Universal Life (with or without secondary guarantee)</td> </tr> <tr> <td>Variable Universal Life (with or without secondary guarantee)</td> </tr> </tbody> </table>			*Ordinary Life Insurance Includes	Term (whether full underwriting, limited underwriting, jet issue, "short form app")	Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")	Variable Life (with or without secondary guarantee)	Universal Life (with or without secondary guarantee)	Variable Universal Life (with or without secondary guarantee)																	
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Universal Life (with or without secondary guarantee)																										
Variable Universal Life (with or without secondary guarantee)																										

# Family Heritage Life Insurance Company of America

## FIVE-YEAR HISTORICAL DATA

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

\$000 omitted for amounts of life insurance

	1 2017	2 2016	3 2015	4 2014	5 2013
<b>Life Insurance in Force (Exhibit of Life Insurance)</b>					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....	8,970,385	7,018,717	5,744,280	3,923,421	95,489
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....	4,306,355	3,481,177	1,711,808	6	.....
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).....	13,276,740	10,499,894	7,456,088	3,923,427	95,489
7.1 Total in force for which VM-20 deterministic/stochastic reserves are calculated.....	.....	XXX	XXX	XXX	XXX
<b>New Business Issued (Exhibit of Life Insurance)</b>					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	83,988	103,967	118,478	131,970	43,460
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).....	83,988	103,967	118,478	131,970	43,460
<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).....	28,341,465	27,947,753	32,481,538	31,464,827	1,185,859
15.2 Ordinary individual annuities (Line 20.4, Col. 4).....	.....	.....	.....	.....	.....
16. Credit life (group and individual) (Line 20.4, Col. 5).....	.....	.....	.....	.....	.....
17.1 Group life insurance (Line 20.4, Col. 6).....	.....	.....	.....	.....	.....
17.2 Group annuities (Line 20.4, Col. 7).....	.....	.....	.....	.....	.....
18.1 A&H - group (Line 20.4, Col. 8).....	11,753,852	10,124,774	8,444,739	6,410,436	4,944,915
18.2 A&H - credit (group and individual) (Line 20.4, Col. 9).....	.....	.....	.....	.....	.....
18.3 A&H - other (Line 20.4, Col. 10).....	244,171,664	226,545,997	213,213,594	199,153,892	186,604,234
19. Aggregate of all other lines of business (Line 20.4, Col. 11).....	.....	.....	.....	.....	.....
20. Total.....	284,266,981	264,618,524	254,139,871	237,029,155	192,735,008
<b>Balance Sheet (Pages 2 and 3)</b>					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)....	1,290,358,205	1,108,816,313	921,028,255	775,235,289	641,538,774
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	1,190,035,284	1,004,588,622	842,709,863	707,828,523	574,634,072
23. Aggregate life reserves (Page 3, Line 1).....	133,670,851	76,043,877	32,979,901	7,191,809	1,837,436
23.1 Excess VM-20 deterministic/stochastic reserve over NPR related to Line 7.1.....	.....	XXX	XXX	XXX	XXX
24. Aggregate A&H reserves (Page 3, Line 2).....	918,756,792	814,110,199	716,823,489	625,782,538	543,598,121
25. Deposit-type contract funds (Page 3, Line 3).....	.....	.....	.....	.....	.....
26. Asset valuation reserve (Page 3, Line 24.01).....	5,315,180	3,928,304	2,935,675	2,376,040	1,860,460
27. Capital (Page 3, Lines 29 & 30).....	2,556,950	2,556,950	2,556,950	2,556,950	2,556,950
28. Surplus (Page 3, Line 37).....	97,765,971	101,670,741	75,761,442	64,849,816	64,347,752
<b>Cash Flow (Page 5)</b>					
29. Net cash from operations (Line 11).....	152,631,675	132,988,201	103,991,998	83,018,189	68,548,972
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital.....	105,638,101	108,155,995	81,254,067	69,782,806	68,765,162
31. Authorized control level risk-based capital.....	7,651,746	6,689,299	5,957,862	5,289,747	4,636,674
<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).....	96.9	97.5	97.6	98.9	99.3
33. Stocks (Lines 2.1 and 2.2).....	.....	.....	.....	.....	.....
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....	0.3	.....	.....	.....	.....
35. Real estate (Line 4.1, 4.2 and 4.3).....	.....	0.1	.....	.....	.....
36. Cash, cash equivalents and short-term investments (Line 5).....	0.8	0.6	0.3	0.0	0.7
37. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	0.0
38. Derivatives (Line 7).....	.....	.....	.....	.....	.....
39. Other invested assets (Line 8).....	2.0	1.8	2.0	1.1	0.0
40. Receivables for securities (Line 9).....	.....	.....	.....	.....	.....
41. Securities lending reinvested collateral assets (Line 10).....	.....	.....	.....	.....	.....
42. Aggregate write-ins for invested assets (Line 11).....	.....	.....	.....	.....	.....
43. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0

**Family Heritage Life Insurance Company of America**  
**FIVE-YEAR HISTORICAL DATA**

(continued)

	1 2017	2 2016	3 2015	4 2014	5 2013
<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).....	31,282,107	55,824,470	44,316,943	56,683,801	54,237,189
53. Total admitted assets (Page 2, Line 28, Col. 3).....	1,290,358,205	1,108,816,313	921,028,255	775,235,289	641,538,774
<b>Investment Data</b>					
54. Net investment income (Exhibit of Net Investment Income).....	45,306,592	38,585,438	33,304,471	29,174,877	26,097,364
55. Realized capital gains (losses) (Page 4, Line 34, Column 1).....	269,730	(66,528)	(71,037)	75,694	174,525
56. Unrealized capital gains (losses) (Page 4, Line 38, Column 1).....	136,732	2,377	(290,656)	(9,322)	(84,670)
57. Total of above Lines 54, 55 and 56.....	45,713,054	38,521,287	32,942,778	29,241,249	26,187,219
<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).....	697,397	664,154	664,829	435,298	161,497
59. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	70,490,406	59,903,413	55,039,976	49,874,848	51,443,816
60. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	57,626,974	43,063,976	25,788,092	5,354,373	410,276
61. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	104,646,593	97,286,710	91,040,951	82,184,417	70,427,987
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).....	29.4	28.7	29.1	29.8	33.4
64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.00.....	29.1	32.9	0.9	1.8	24.2
65. A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2).....	68.1	66.4	65.8	64.1	63.5
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).....	35.2	34.1	35.4	36.4	35.7
<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).....	541,733	439,220	365,825	188,019	329,554
69. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....	846,852	836,390	585,663	553,591	313,978
70. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	19,210,038	17,156,307	16,172,728	15,133,202	13,975,824
71. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	21,124,673	19,072,409	16,431,755	16,452,818	14,110,548
<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).....	627,867	931,728	162,582	632	34,866
74. Ordinary - individual annuities (Col. 4).....					
75. Ordinary - supplementary contracts (Col. 5).....					
76. Credit life (Col. 6).....					
77. Group life (Col. 7).....					
78. Group annuities (Col. 8).....					
79. A&H - group (Col. 9).....	788,340	972,525	665,563	437,448	894,235
80. A&H - credit (Col. 10).....					
81. A&H - other (Col. 11).....	21,309,364	21,980,391	18,338,951	17,543,804	15,854,922
82. Aggregate of all other lines of business (Col. 12).....					
83. Total (Col. 1).....	22,725,571	23,884,644	19,167,096	17,981,884	16,784,023

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [ ]

If no, please explain:

**EXHIBIT OF LIFE INSURANCE**

(\$000 Omitted for Amounts of Life Insurance)

	Industrial		Ordinary		Credit Life (Group and Individual)		Group		10 Total Amount of Insurance	
	1 Number of Policies	2 Amount of Insurance	3 Number of Policies	4 Amount of Insurance	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance	Number of			
							7 Policies	8 Certificates		
1. In force end of prior year.....			731,435	10,499,894					10,499,894	
2. Issued during year.....			3,219	83,988					83,988	
3. Reinsurance assumed.....			408,620	6,162,663					6,162,663	
4. Revived during year.....			4	.80					.80	
5. Increased during year (net).....									.0	
6. Subtotals, Lines 2 to 5.....	0	0	411,843	6,246,731	0	0	0	0	6,246,731	
7. Additions by dividends during year.....	XXX		XXX		XXX		XXX	XXX	.0	
8. Aggregate write-ins for increases.....	0	0	0	0	0	0	0	0	.0	
9. Totals (Lines 1 and 6 to 8).....	0	0	1,143,278	16,746,625	0	0	0	0	16,746,625	
<b>Deductions during year:</b>										
10. Death.....			2,121	11,966			XXX		11,966	
11. Maturity.....							XXX		.0	
12. Disability.....							XXX		.0	
13. Expiry.....				125					125	
14. Surrender.....			21,705	241,673					241,673	
15. Lapse.....			179,450	3,214,960					3,214,960	
16. Conversion.....							XXX	XXX	.0	
17. Decreased (net).....			40	1,161					1,161	
18. Reinsurance.....									.0	
19. Aggregate write-ins for decreases.....	0	0	0	0	0	0	0	0	.0	
20. Totals (Lines 10 to 19).....	0	0	203,316	3,469,885	0	0	0	0	3,469,885	
21. In force end of year (Line 9 minus Line 20).....	0	0	939,962	13,276,740	0	0	0	0	13,276,740	
22. Reinsurance ceded end of year.....	XXX		XXX	12,984,067	XXX		XXX	XXX	12,984,067	
23. Line 21 minus Line 22.....	XXX	0	XXX	292,673	XXX	(a) 0	XXX	XXX	292,673	

**DETAILS OF WRITE-INS**

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

(a) Group \$.00; Individual \$.00.

**Family Heritage Life Insurance Company of America****EXHIBIT OF LIFE INSURANCE**

(\$000 Omitted for Amounts of Life Insurance) (Continued)

**ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR**

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance	3 Number of Policies	4 Amount of Insurance
24. Additions by dividends.....	....XXX		....XXX	
25. Other paid-up insurance.....			....67	....498
26. Debit ordinary insurance.....	....XXX	....XXX		

**ADDITIONAL INFORMATION ON ORDINARY INSURANCE**

	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Number of Policies	2 Amount of Insurance	3 Number of Policies	4 Amount of Insurance
Term Insurance Excluding Extended Term Insurance				
27. Term policies-decreasing.....				
28. Term policies-other.....			....40,958	....4,302,470
29. Other term insurance-decreasing.....	....XXX		....XXX	
30. Other term insurance.....	....XXX		....XXX	
31. Totals (Lines 27 to 30).....	....0	....0	....40,958	....4,302,470
Reconciliation to Lines 2 and 21:				
32. Term additions.....	....XXX		....XXX	
33. Totals, extended term insurance.....	....XXX	....XXX	....444	....3,885
34. Totals, whole life and endowment.....	....3,219	....83,988	....898,560	....8,970,385
35. Totals (Lines 31 to 34).....	....3,219	....83,988	....939,962	....13,276,740

**CLASSIFICATION OF AMOUNT OF INSURANCE BY PARTICIPATING STATUS**

	Issued During Year (Included in Line 2)		In Force End of Year (Included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial.....				
37. Ordinary.....	....83,988		....13,276,740	
38. Credit Life (Group and Individual).....				
39. Group.....				
40. Totals (Lines 36 to 39).....	....83,988	....0	....13,276,740	....0

**ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE**

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	2 Amount of Insurance	3 Number of Certificates	4 Amount of Insurance
41. Amount of insurance included in Line 2 ceded to other companies.....	....XXX		....XXX	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis.....		....XXX		....XXX
43. Federal Employees' Group Life Insurance included in Line 21.....				
44. Servicemen's Group Life Insurance included in Line 21.....				
45. Group Permanent Insurance included in Line 21.....				

**ADDITIONAL ACCIDENTAL DEATH BENEFITS**

46. Amount of additional accidental death benefits in force end of year under ordinary policies.....	.....14,041,202
--	-----------------

**BASIS OF CALCULATION OF ORDINARY TERM INSURANCE**

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.
47.1
47.2

**POLICIES WITH DISABILITY PROVISIONS**

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance	3 Number of Policies	4 Amount of Insurance	5 Number of Policies	6 Amount of Insurance	7 Number of Certificates	8 Amount of Insurance
48. Waiver of Premium.....			....283,264	....784,667				
49. Disability Income.....								
50. Extended Benefits.....		....XXX	....XXX					
51. Other.....								
52. Total.....	....0	(a)....0	....283,264	(a)....784,667	....0	(a)....0	....0	(a)....0

(a) See the Annual Audited Financial Reports section of the Annual Statement Instructions.

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

**SUPPLEMENTARY CONTRACTS**

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

**ANNUITIES**

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

**ACCIDENT AND HEALTH INSURANCE**

	Group		Credit		Other	
	1 Certificates	2 Premiums in force	3 Policies	4 Premiums in force	5 Policies	6 Premiums in force
1. In force end of prior year.....	11,506	10,994,730			311,100	236,059,217
2. Issued during year.....	4,893	3,495,555			85,953	52,051,799
3. Reinsurance assumed.....						
4. Increased during year (net).....		XXX.....		XXX.....		XXX.....
5. Total (Lines 1 to 4).....	16,399	XXX.....	0	XXX.....	397,053	XXX.....
Deductions during year:						
6. Conversions.....		XXX.....	XXX.....	XXX.....	XXX.....	XXX.....
7. Decreased (net).....	2,269	XXX.....		XXX.....	49,107	XXX.....
8. Reinsurance ceded.....		XXX.....		XXX.....		XXX.....
9. Totals (Lines 6 to 8).....	2,269	XXX.....	0	XXX.....	49,107	XXX.....
10. In force end of year.....	14,130	(a).....12,521,701	0	(a).....	347,946	(a).....252,994,971

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

	1 Deposit Funds Contracts		2 Dividend Accumulations Contracts	
	1 Deposit Funds Contracts	2 Dividend Accumulations Contracts	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).....	(a).....

(a) See the Annual Audited Financial Reports section of the Annual Statement Instructions.

**SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**

Allocated by States and Territories

States, Etc.	Active Status	1	Direct Business Only				
		Life Contracts		4	5	6	7
		2	3	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 through 5	Deposit-Type Contracts
1. Alabama.....	.AL.....	L.....	32,746	2,864,741		2,897,487	
2. Alaska.....	.AK.....	L.....	140	41,358		41,498	
3. Arizona.....	.AZ.....	L.....	76,566	4,897,141		4,973,707	
4. Arkansas.....	.AR.....	L.....	155,715	8,019,018		8,174,733	
5. California.....	.CA.....	L.....	54,821	5,706,216		5,761,037	
6. Colorado.....	.CO.....	L.....	53,168	7,745,467		7,798,635	
7. Connecticut.....	.CT.....	L.....		18,722		18,722	
8. Delaware.....	.DE.....	L.....	1,928	452,539		454,467	
9. District of Columbia.....	.DC.....	L.....		10,362		10,362	
10. Florida.....	.FL.....	L.....	68,677	4,732,428		4,801,105	
11. Georgia.....	.GA.....	L.....	93,590	9,896,437		9,990,027	
12. Hawaii.....	.HI.....	L.....	221	59,657		59,878	
13. Idaho.....	.ID.....	L.....	2,820	1,127,334		1,130,154	
14. Illinois.....	.IL.....	L.....	72,963	11,894,379		11,967,342	
15. Indiana.....	.IN.....	L.....	18,062	8,563,002		8,581,064	
16. Iowa.....	.IA.....	L.....	31,318	5,739,773		5,771,091	
17. Kansas.....	.KS.....	L.....	46,335	8,517,657		8,563,992	
18. Kentucky.....	.KY.....	L.....	108,171	7,293,700		7,401,871	
19. Louisiana.....	.LA.....	L.....	16,534	4,961,931		4,978,465	
20. Maine.....	.ME.....	L.....		393,071		393,071	
21. Maryland.....	.MD.....	L.....	2,400	1,105,203		1,107,603	
22. Massachusetts.....	.MA.....	L.....	1,250	23,245		24,495	
23. Michigan.....	.MI.....	L.....	2,532	1,675,901		1,678,433	
24. Minnesota.....	.MN.....	L.....	30,156	11,610,460		11,640,616	
25. Mississippi.....	.MS.....	L.....	12,980	910,304		923,284	
26. Missouri.....	.MO.....	L.....	53,140	7,477,880		7,531,020	
27. Montana.....	.MT.....	L.....	13,418	2,170,987		2,184,405	
28. Nebraska.....	.NE.....	L.....	14,254	8,483,347		8,497,601	
29. Nevada.....	.NV.....	L.....	10,541	1,153,570		1,164,111	
30. New Hampshire.....	.NH.....	L.....	11,186	643,420		654,606	
31. New Jersey.....	.NJ.....	L.....	3,273	36,266		39,539	
32. New Mexico.....	.NM.....	L.....	16,396	1,727,514		1,743,910	
33. New York.....	.NY.....	N.....				0	
34. North Carolina.....	.NC.....	L.....	129,382	8,748,679		8,878,061	
35. North Dakota.....	.ND.....	L.....	4,889	1,341,338		1,346,227	
36. Ohio.....	.OH.....	L.....	87,054	20,526,729		20,613,783	
37. Oklahoma.....	.OK.....	L.....	62,072	4,039,683		4,101,755	
38. Oregon.....	.OR.....	L.....	10,539	1,278,614		1,289,153	
39. Pennsylvania.....	.PA.....	L.....	15,554	3,079,969		3,095,523	
40. Rhode Island.....	.RI.....	L.....		74,113		74,113	
41. South Carolina.....	.SC.....	L.....	48,766	2,725,762		2,774,528	
42. South Dakota.....	.SD.....	L.....	15,218	5,407,826		5,423,044	
43. Tennessee.....	.TN.....	L.....	140,856	5,468,905		5,609,761	
44. Texas.....	.TX.....	L.....	1,455,550	52,777,446		54,232,996	
45. Utah.....	.UT.....	L.....	857	4,019,987		4,020,844	
46. Vermont.....	.VT.....	L.....	3,934	40,455		44,389	
47. Virginia.....	.VA.....	L.....	104,219	5,043,513		5,147,732	
48. Washington.....	.WA.....	L.....	108,206	3,469,873		3,578,079	
49. West Virginia.....	.WV.....	L.....	61,835	3,008,474		3,070,309	
50. Wisconsin.....	.WI.....	L.....	7,427	2,825,010		2,832,437	
51. Wyoming.....	.WY.....	L.....	11,368	2,585,227		2,596,595	
52. American Samoa.....	.AS.....	N.....				0	
53. Guam.....	.GU.....	N.....				0	
54. Puerto Rico.....	.PR.....	L.....		7,058		7,058	
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	0	0	0	0
59. Subtotal.....		(a).....51	3,273,027	0	256,421,691	0	259,694,718
60. Reporting entity contributions for employee benefit plans.....		XXX.....				0	0
61. Dividends or refunds applied to purchase paid-up additions and annuities.....		XXX.....				0	0
62. Dividends or refunds applied to shorten endowment or premium paying period.....		XXX.....				0	0
63. Premium or annuity considerations waived under disability or other contract provisions.....		XXX.....				0	0
64. Aggregate other amounts not allocable by State.....		XXX.....	0	0	0	0	0
65. Totals (Direct Business).....		XXX.....	3,273,027	0	256,421,691	0	259,694,718
66. Plus reinsurance assumed.....		XXX.....	192,651,918			192,651,918	
67. Totals (All Business).....		XXX.....	195,924,945	0	256,421,691	0	452,346,636
68. Less reinsurance ceded.....		XXX.....	192,734,383		2,842,267		195,576,650
69. Totals (All Business) less reinsurance ceded.....		XXX.....	3,190,562	0	(b).....253,579,424	0	256,769,986

**DETAILS OF WRITE-INS**

58001.....		XXX.....					0
58002.....		XXX.....					0
58003.....		XXX.....					0
58998. Summ. of remaining write-ins for line 58 from overflow page.....		XXX.....	0	0	0	0	0
58999. Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....		XXX.....	0	0	0	0	0
9401.....		XXX.....					0
9402.....		XXX.....					0
9403.....		XXX.....					0
9498. Summ. of remaining write-ins for line 94 from overflow page.....		XXX.....	0	0	0	0	0
9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....		XXX.....	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.**

Allocation based on residence of the policyholder

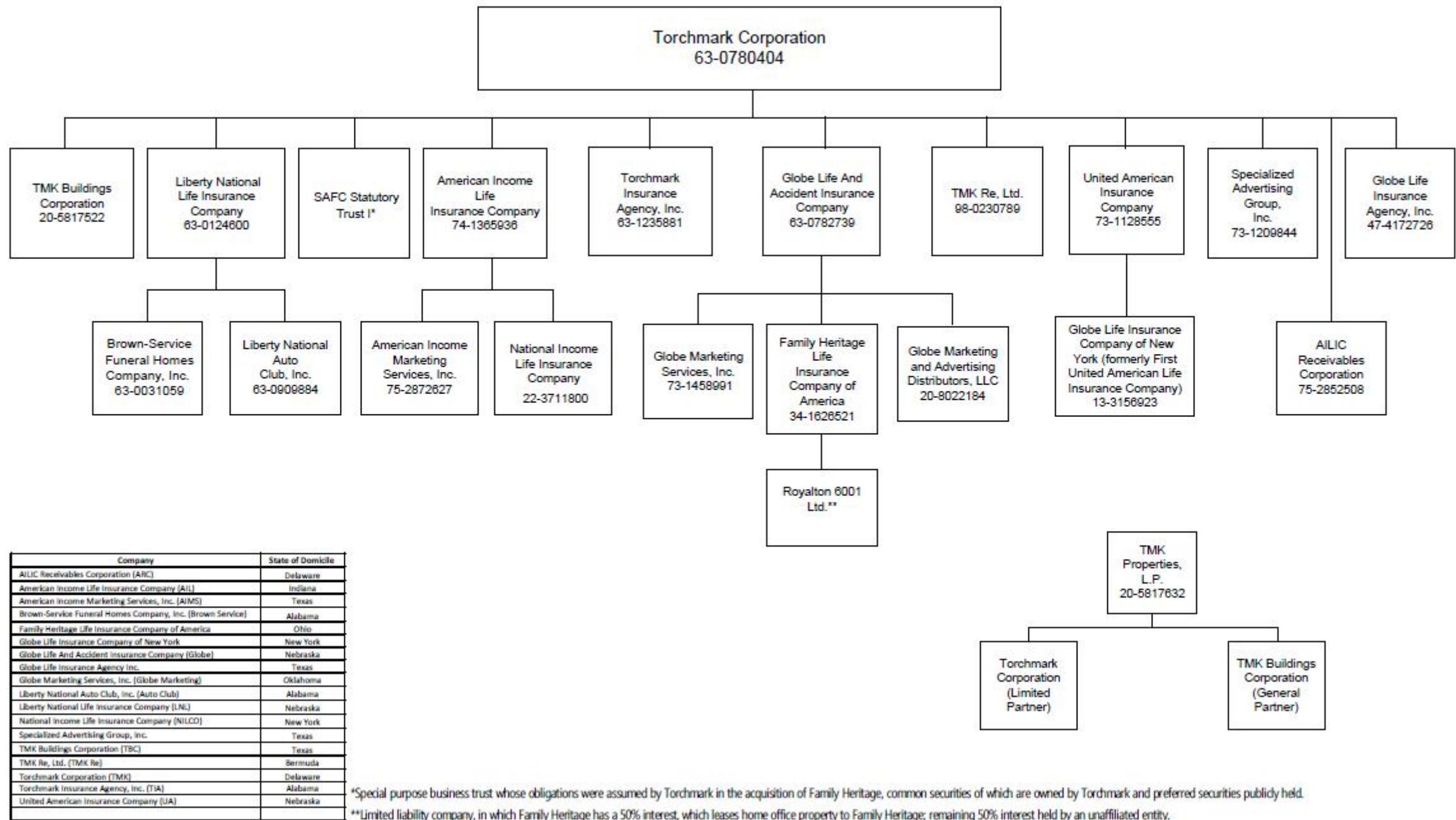
(a) Insert the number of "L" responses except for Canada and Other Alien.

(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



\*Special purpose business trust whose obligations were assumed by Torchmark in the acquisition of Family Heritage, common securities of which are owned by Torchmark and preferred securities publicly held.

\*\*Limited liability company, in which Family Heritage has a 50% interest, which leases home office property to Family Heritage, remaining 50% interest held by an unaffiliated entity.

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**LIFE ANNUAL STATEMENT BLANK**

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