AMENDED FILING EXPLANATION

Amending the following pages for updates to 2017 income taxes receivable and payable and intercompany receivables to mirror the 2017 Audited Financial Statment Balance Sheet and Statement of Cash Flows.

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ANNUAL STATEMENT

For the Year Ended December 31, 2017

of the Condition and Affairs of the

American Retirement Life Insurance Company

NAIC Group Code.....0901, 0901 (Current Period) (Prior Period) | NAIC Company Code..... 88366 | Employer's ID Number..... 59-2760189

Organized under the Laws of OH | State of Domicile or Port of Entry OH | Country of Domicile US

Incorporated/Organized..... May 12, 1978 | Commenced Business..... November 27, 1978

Statutory Home Office	1300 East Ninth Street….. Cleveland ..... OH ..... US ..... 44114 *(Street and Number) (City or Town, State, Country and Zip Code)*	
Main Administrative Office	11200 Lakeline Blvd., Suite 100….. Austin ..... TX ..... US..... 78717 *(Street and Number) (City or Town, State, Country and Zip Code)*	(512) 451-2224 *(Area Code) (Telephone Number)*
Mail Address	11200 Lakeline Blvd., Suite 100….. Austin ..... TX ..... US ..... 78717 *(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*	
Primary Location of Books and Records	11200 Lakeline Blvd., Suite 100….. Austin ..... TX ..... US ..... 78717 *(Street and Number) (City or Town, State, Country and Zip Code)*	(512) 451-2224 *(Area Code) (Telephone Number)*
Internet Web Site Address	CignaSupplementalBenefits.com	
Statutory Statement Contact	Renee Wilkins Feldman *(Name)*	(512) 531-1465 *(Area Code) (Telephone Number) (Extension)*
	CSBFinRpt@cigna.com *(E-Mail Address)*	512-467-1399 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Stephen Burnett Jones #	President	2. Byron Keith Buescher	Treasuer and Chief Accounting Officer
3. Anna Krishtul	Secretary	4. Susan Eadaoine Buck	Appointed Actuary

OTHER

Gregory John Czar #	Executive Vice President and Chief Financial Officer	David Lawrence Chambers	Vice President-Sales and Marketing
Mark Fleming	Vice President and Assistant Treasurer	Joanne Ruth Hart	Vice President and Assistant Treasurer
Scott Ronald Lambert	Vice President and Assistant Treasurer	Ryan Bruce McGoarty #	Vice President
Maureen Hardiman Ryan	Vice President and Assistant Treasurer	Man-Kit Simon Tang	Vice President and Chief Actuary

DIRECTORS OR TRUSTEES

Gregory John Czar #	Brian Case Evanko	Stephen Burnett Jones #	Ryan Bruce McGroarty #
Frank Sataline Jr.	James Burnett Yablecki		

State of........ Texas
County of..... Williamson

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Stephen Burnett Jones	Byron Keith Buescher	Anna Krishtul
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Treasuer and Chief Accounting Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This ________ day of ____________ 2018

a. Is this an original filing? Yes [ ] No [X]
b. If no
1. State the amendment number 1
2. Date filed
3. Number of pages attached 7

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	95,377,941		95,377,941	72,237,302
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $..........0 encumbrances)			0	
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)			0	
5. Cash ($.....(15,713,558), Schedule E-Part 1), cash equivalents ($..........0, Schedule E-Part 2) and short-term investments ($.....29,226,213, Schedule DA)	13,512,655		13,512,655	2,735,657
6. Contract loans (including $..........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	108,890,596	0	108,890,596	74,972,959
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	823,614		823,614	607,678
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	787,467	63,587	723,880	685,974
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums ($..........0) and contracts subject to redetermination ($..........0)			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	59,232		59,232	60,948
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon	8,803,293		8,803,293	
18.2 Net deferred tax asset			0	
19. Guaranty funds receivable or on deposit	1,658,488		1,658,488	129,999
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($..........0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	1,816		1,816	434,019
24. Health care ($..........0) and other amounts receivable	8,567,343	8,567,343	0	
25. Aggregate write-ins for other-than-invested assets	104,578	104,578	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	129,696,427	8,735,508	120,960,919	76,891,577
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTAL (Lines 26 and 27)	129,696,427	8,735,508	120,960,919	76,891,577

DETAILS OF WRITE-INS

	1	2	3	4
1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Premium Tax Refund Due	15,812	15,812	0	
2502. Returned Checks	11,519	11,519	0	
2503. Suspense	77,247	77,247	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)	104,578	104,578	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts $.....236,031 (Exhibit 5, Line 9999999) less $..........0 included in Line 6.3 (including $..........0 Modco Reserve)	236,031	152,031
2. Aggregate reserve for accident and health contracts (including $.........0 Modco Reserve)	8,262,135	6,302,771
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)	3,864	9,505
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)	32,069,740	23,554,493
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 $.....2,212,919 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14)	2,212,919	1,827,623
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including the liability of $..........0 accident and health experience rating refunds of which $..........0 is for medical loss ratio rebate per the Public Health Service Act		
9.3 Other amounts payable on reinsurance, including $..........0 assumed and $..........0 ceded		
9.4 Interest Maintenance Reserve (IMR, Line 6)	6,738	21,940
10. Commissions to agents due or accrued - life and annuity contracts $..........0, accident and health $..........0 and deposit-type contract funds $..........0	142,277	39,685
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6)	927,033	751,817
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)	2,898,981	1,349,963
15.1 Current federal and foreign income taxes, including $.....4,076,707 on realized capital gains (losses)		646,604
15.2 Net deferred tax liability		
16. Unearned investment income		
17. Amounts withheld or retained by company as agent or trustee		125
18. Amounts held for agents' account, including $..........0 agents' credit balances		
19. Remittances and items not allocated	604,149	484,168
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money $..........0 and interest thereon $..........0		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR Line 16, Col. 7)	455,478	327,981
24.02 Reinsurance in unauthorized and certified ($..........0) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified ($..........0) reinsurers		
24.04 Payable to parent, subsidiaries and affiliates	13,138,066	426,531
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	331,389	342,511
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	61,288,800	36,237,748
27. From Separate Accounts Statement		
28. Total liabilities (Line 26 and 27)	61,288,800	36,237,748
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock		
31. Aggregate write-ins for other-than-special surplus funds	0	0
32. Surplus notes		
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	174,731,601	114,231,601
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	(117,559,482)	(76,077,772)
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)	57,172,119	38,153,829
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	59,672,119	40,653,829
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	120,960,919	76,891,577

DETAILS OF WRITE-INS

2501. Escheat Liability	331,389	342,511
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)	331,389	342,511
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

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	345,446,494	254,847,412
2. Net investment income	2,716,481	2,396,287
3. Miscellaneous income	797,377	452,729
4. Total (Lines 1 through 3)	348,960,352	257,696,428
5. Benefit and loss related payments	281,059,733	197,332,263
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	103,613,920	87,606,621
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $..........0 tax on capital gains (losses)	646,603	(5,392,014)
10. Total (Lines 5 through 9)	385,320,256	279,546,870
11. Net cash from operations (Line 4 minus Line 10)	(36,359,904)	(21,850,442)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,967,620	
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,967,620	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	25,102,511	9,876,645
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	25,102,511	9,876,645
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(23,134,891)	(9,876,645)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	60,500,000	21,500,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	9,771,793	(1,322,521)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	70,271,793	20,177,479
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	10,776,998	(11,549,608)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,735,657	14,285,265
19.2 End of year (Line 18 plus Line 19.1)	13,512,655	2,735,657

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

20.0001		

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

On May 12, 2017, Cigna announced that the merger agreement between Cigna and Anthem had been terminated. See Note 14 for discussion of ongoing litigation related to the termination of the merger agreement.

a. Accounting Practices and Procedures

The financial statements of American Retirement Life Insurance Company ("ARLIC" or "the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

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

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio are shown below:

		SSAP#	F/S Page	F/S Line #	2017	2016
	Net Income					
1)	American Retirement Life Insurance Company state basis (Page 4, Line 35, Columns 1 & 2)	XXX	XXX	XXX	$ (38,075,260)	$ (26,447,936)
2)	State Prescribed Practices that increase/decrease NAIC SAP				-	-
3)	State Permitted Practices that increase/decrease NAIC SAP				-	-
4)	NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	$ (38,075,260)	$ (26,447,936)
	Surplus					
5)	American Retirement Life Insurance Company state basis (Page 3, line 38, Columns 1 & 2)	XXX	XXX	XXX	$ 59,672,119	$ 40,653,829
6)	State Prescribed Practices that increase/decrease NAIC SAP				-	-
7)	State Permitted Practices that increase/decrease NAIC SAP				-	-
8)	NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	$ 59,672,119	$ 40,653,829

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

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

c. Accounting Policy

Life premiums are recognized as income over the premium-paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. The Company has no participating business in force.

The company uses the following accounting policies:

(1) – (2) Bonds and Short-term Investments. Investments in bonds and short-term investments are carried at amortized cost, except those in or near default, which are carried at the lesser of cost or fair value. Amortization of bond premium or discount is calculated using the scientific (constant yield) interest method. Bonds containing call provisions are amortized to call date which produces the lowest asset value (yield to worst). Investments with original maturities of one year or less from the time of purchase are classified as short-term. Bonds are considered impaired and their cost basis is written down to fair value through an asset valuation reserve for credit-related losses or an interest maintenance reserve for interest-related losses, when management expects a decline in value to persist (i.e., the decline is other-than-temporary).

(3) – (5) Not applicable

(6) Loan-Backed Securities. Loan-backed bonds and structured securities are valued at amortized cost using the constant level yield method. Significant changes in estimated cash flows from the original purchase assumptions are accounted for generally using the retrospective adjustment method. Significant changes in estimated cash flows from the original purchase assumptions for loan-backed and structured securities that have potential for loss of a significant portion of the original investment are accounted for using the prospective method. These securities are presented on the balance sheet as bonds.

Prepayment assumptions for loan-backed and other structured securities were obtained from external financial data sources. These assumptions are consistent with the current interest rate and economic environment.

When the Company determines it does not expect to recover the amortized cost basis of loan-backed or structured securities with declines in fair value (even if it does not intend to sell and has the intent and ability to hold), the non-interest portion of the impairment loss is recognized in realized investment losses. The non-interest portion is the difference between the amortized cost basis of the loan-backed or structured security and the net present value of its expected future cash flows. Expected future cash flows are based on assumptions about the collateral attributes, including prepayment speeds, default rates and changes in value.

(7) – (9) Not applicable

(10) The company utilized anticipated investment income as a factor in the premium deficiency calculation.

NOTES TO FINANCIAL STATEMENTS

(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.

(12) – (13) -- Not applicable

d. Going Concern

In accordance with SSAP No. 1, "Accounting Policies, Risks and Uncertainties, and Other Disclosures," management has made an evaluation of the Company's ability to continue as a going concern, including such factors as its current financial position, recent earnings and cash flow trends and projections, liquidity and capital requirements, readily available sources of liquidity and such other factors deemed by management to be appropriate under the circumstances.

Over the past five years, ARLIC has written significant amounts of Medicare supplement insurance resulting in annual net losses and negative cash flows from operations mainly due to new business strain. To support the Company's operations during this time, ARLIC has received capital infusions of $171.0 million from its immediate parent, Loyal American Life Insurance Company ("LALIC"), some of which has been passed through from LALIC's parent, Cigna Health and Life Insurance Company. Based on the Company's current operating plan, new sales will continue into 2018, resulting in additional losses and negative cash flows thus requiring additional infusions of capital.

Because the Company's operating plan is approved by Cigna, it is highly probable that the Company's capital and liquidity needs will continue to be funded by its parent thus allowing the Company to continue as a going concern and, accordingly, the accompanying financial statements have been prepared on the going concern basis.

2. Accounting Changes and Corrections of Errors

On January 1, 2017, the Company adopted *SSAP No. 35R – Revised Guaranty Fund and Other Assessments (Ref #2016-38)* as later amended in April 2017 (Ref #2017-01). The revisions require discounting of guaranty fund assessment liabilities and the related accrued assets from insolvencies of insurers that wrote long-term care contracts. The Company adopted these revisions to SSAP No. 35R effective January 1, 2017. See note 14B for additional information and the new required disclosures.

3. Business Combinations and Goodwill -- Not applicable

4. Discontinued Operations –Not applicable

5. Investments

a.– c. – Not applicable

d. Loan Backed Securities

(1) Prepayment assumptions for loan-backed and other structured securities were obtained from external financial data sources. These assumptions are consistent with the current interest rate and economic environment.

(2) The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the Company had the intent to sell or does not have the intent and ability to retain the investment for a period of time sufficient to recover the amortized cost basis as of December 31, 2017.

(3) The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the present value of cash flow expected to be collected is less than the amortized cost basis as of December 31, 2017.

(4) There were no loan-backed and structured securities with a fair value lower than amortized cost as of December 31, 2017.

(5) Management reviews loan-backed and structured securities with a decline in fair value from cost for impairment based on criteria that include:

- Length of time and severity of decline.
- Financial and specific near term prospects of the issuer.
- Changes in the regulatory, economic or general market environment of the issuer's industry or geographic region.
- The Company's intent to sell or the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost.

e. – k. – Not applicable

NOTES TO FINANCIAL STATEMENTS

l. Restricted Assets

(1) Restricted Assets (Including Pledged)

	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year									Percentage	
	1	2	3	4	5	6	7	8	9	10	11
Restricted Asset Category	Total General Account (G/A)	G/A Supporting S/A Activity (a)	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)
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0%	0%
b. Collateral held under security lending agreements	-	-	-	-	-	-	-	-	-	0%	0%
c. Subject to repurchase agreements	-	-	-	-	-	-	-	-	-	0%	0%
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	-	-	0%	0%
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	-	-	0%	0%
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-	-	-	0%	0%
g. Placed under option contracts	-	-	-	-	-	-	-	-	-	0%	0%
h. Letter stock or securities restricted as to sale excluding FLBY capital stock	-	-	-	-	-	-	-	-	-	0%	0%
i. FHLB Capital Stock	-	-	-	-	-	-	-	-	-	0%	0%
j. On deposit with states	3,002,908	-	-	-	3,002,908	2,919,585	83,323	-	3,002,908	2%	2%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-	-	-	0%	0%
l. Pledged as collateral to FHLB (including assets backing funding agreements	-	-	-	-	-	-	-	-	-	0%	0%
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-	-	-	0%	0%
n. Other restricted assets	-	-	-	-	-	-	-	-	-	0%	0%
o. Total Restricted Assets	$ 3,002,908	$ -	$ -	$ -	$ 3,002,908	$ 2,919,585	$ 83,323	$ -	$ 3,002,908	2%	2%

(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 - Not applicable

(3) Detail of Other Restricted Assets – Not applicable

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements – Not applicable

m. – r. – Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies -- Not applicable

7. Investment Income

a. Investment income due and accrued is excluded from investment income on the following basis:

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

b. No income was excluded for the years ended December 31, 2017 and 2016.

8. Derivative Instruments – Not applicable

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

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

(1)

	December 31, 2017			December 31, 2016			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross DTA	15,263,135	-	15,263,135	16,741,526	-	16,741,526	(1,478,391)	-	(1,478,391)
(b) Valuation allowance	(15,043,265)	-	(15,043,265)	(16,472,357)	-	(16,472,357)	1,429,092	-	1,429,092
(c) Adjusted gross DTA (1a - 1b)	219,870	-	219,870	269,169	-	269,169	(49,299)	-	(49,299)
(d) Nonadmitted DTA	(0)	-	(0)		-	-	(0)	-	(0)
(e) Subtotal Net Admitted DTA (1c - 1	219,870	-	219,870	269,169	-	269,169	(49,299)	-	(49,299)
(f) DTL	(219,870)	-	(219,870)	(269,169)	-	(269,169)	49,299	-	49,299
(g) Net admitted DTA (1e - 1f)	-	-	-	-	-	-	-	-	-

(2)

	December 31, 2017			December 31, 2016			Change		
SSAP 101, paragraphs 11a, 11b, and 11c	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Admitted pursuant to ¶11.a. (loss carrybacks)	-	-	-	-	-	-	-	-	-
(b) Admitted pursuant to ¶11.b. (realization)	-	-	-	-	-	-	-	-	-
1. Realization per ¶11.b.i.	-	-	-	-	-	-	-	-	-
2. Limitation per ¶11.b.ii.		-	8,950,818	-	-	6,098,074	-	-	2,852,744
(c) Admitted pursuant to ¶11.c.	219,870	-	219,870	269,169	-	269,169	(49,299)	-	(49,299)
(d) Total admitted adjusted gross deferred tax asset (2a+2b+2c)	219,870	-	219,870	269,169	-	269,169	(49,299)	-	(49,299)

(3)

	2017 Percentage	2016 Percentage
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	564%	548%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	59,672,119	40,653,829

(4)

	December 31, 2017			December 31, 2016			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Impact of Tax Planning Strategies									
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b) Net admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(c) Do TPS include a reinsurance strategy?		No			No				

b. Unrecognized DTLs

All deferred tax liabilities have been properly recognized.

c. Current tax and change in deferred tax

(1) Current Income Tax

	2017	2016	Change
(a) Current federal income tax expense/(benefit)	(8,797,715)	(5,476,695)	(3,321,020)
(b) Foreign income tax expense/(benefit)	-	-	0
(c) Subtotal	(8,797,715)	(5,476,695)	(3,321,020)
(d) Tax expense/(benefit) on realized capital gains/(losses)	(5,579)	18,298	(23,877)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other, including prior year underaccrual/(overaccrual)	-	-	-
Federal and foreign income taxes incurred	(8,803,294)	(5,458,397)	(3,344,897)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

(2) Deferred tax assets

	December 31, 2017	December 31, 2016	Change
Other insurance & contract holder liability	443,291	347,896	95,395
Goodwill & Intangibles	263,900	485,333	(221,433)
Deferred acquisition costs	12,592,379	13,718,732	(1,126,353)
Nondeductible Liabilities	103,900	237,756	(133,856)
Nonadmitted assets	1,834,457	1,909,795	(75,338)
Net Operating Loss	25,208	42,014	(16,806)
Gross DTA	15,263,135	16,741,526	(1,478,391)
Valuation allowance	(15,043,265)	(16,472,357)	1,429,092
Adjusted gross DTA	219,870	269,169	(49,299)
Nonadmitted DTA	(0)	0	(0)
Admitted DTA	219,870	269,169	(49,299)

(3) Deferred tax liabilities

	December 31, 2017	December 31, 2016	Change
Other insurance & contract holder liability	197,920	244,660	(46,740)
Other	21,950	24,509	(2,559)
Gross DTL	219,870	269,169	(49,299)

(4) Net Deferred Tax Assets/Liabilities	0	0	0

NOTES TO FINANCIAL STATEMENTS

The change in net deferred income taxes is comprised of the following: (this analysis is exclusive of nonadmitted assets as the change in nonadmitted assets is reported separately from the change in net deferred income taxes in the surplus section of the annual statement):

	December 31, 2017	December 31, 2016	Change
Total deferred tax assets	15,263,135	16,741,526	(1,478,391)
Total deferred tax liabilities	(219,870)	(269,169)	49,299
Net Deferred tax asset/liabilities	15,043,265	16,472,357	(1,429,092)
Statutory valuation allowance adjustment	(15,043,265)	(16,472,357)	1,429,092
Net deferred tax assets/liabilities after SVA	(0)	-	0

d. Reconciliation of federal income tax rate to actual effective rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes including realized capital gains/losses. The significant items causing this difference are as follows:

	December 31, 2017	Effective Tax Rate
Provision computed at statutory rate (BFIT@35%)	(16,407,494)	35.00%
Change in nonadmitted assets	(1,147,633)	2.45%
Change in Statutory Valuation Allowance Adjustment	(1,429,092)	3.05%
IMR	(5,321)	0.01%
M&E	9,778	-0.01%
Other, net	147,624	-0.32%
Tax Reform Impact	10,028,844	-21.39%
Total	(8,803,294)	18.78%
Federal and foreign income taxes incurred	(8,803,294)	18.78%
Change in deferred income taxes	0	0.00%
Total statutory income taxes	(8,803,294)	18.78%

Major tax reform legislation was signed into law on December 22, 2017. The legislation is highlighted by a reduction in the corporate income tax rate from the current rate of 35% to 21% effective January 21, 2018. The remaining provisions of the law, most of which take effect on January 1, 2018, are not expected to have a material impact on the Company’s results of operations beginning in 2018. Deferred income tax balances as of December 31, 2017 have been adjusted to reflect the reduced statutory tax rate that took effect as of January 1, 2018 pursuant to the recently enacted U.S. tax reform legislation.

e. Operating loss and tax credit carryforwards

(1) At December 31, 2017, the Company has a $120,040 net operating loss forward, which originated in 2010, and no capital loss carryforward.

(2) With the signing of tax reform legislation on December 22, 2017, life insurance companies are no longer able to carryback future net operating losses effective with tax years beginning January 1, 2018. Capital losses were not impacted as a result of tax reform and may still be carried back. Capital taxes available for recoupment in the event of future losses include:

Year	Amount
2015	4,845
2016	18,298
2017	-

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

f. Federal or foreign income tax loss contingencies

The Internal Revenue Service has completed review of the Company’s consolidated income tax returns through 2012. The statute of limitations for 2013 has expired, but Cigna has filed an amended return for which the pending refund is subject to review. No material impacts are anticipated for the Company.

g. Consolidated Federal Income Tax Return

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

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

a. – c. – Related Party Transactions

On February 19, 2013, the Company entered into a line of credit agreement with Cigna Holdings, Inc. (“CHI”) under which ARLIC can borrow up to $10,000,000 from CHI. The agreement provides for two rate/maturity options; a) a variable rate payable on demand or b) a fixed rate with a stated maturity not to exceed 270 days. There were no amounts outstanding at December 31, 2017, and borrowings during the year were not material.

On February 19, 2013, the Company also entered into a line of credit agreement with Cigna under which Cigna can borrow up to $10,000,000 from ARLIC. Borrowing terms under this agreement are identical to the terms under the ARLIC/CHI agreement discussed above. Cigna did not borrow under this agreement in 2017.

d. At December 31, 2017, the Company reported $1,816 due from affiliated companies and $13,138,066 due to affiliated companies. The terms of the agreements require that these amounts be settled within 90 days.

e. Not applicable

NOTES TO FINANCIAL STATEMENTS

f. Management or service contracts and all cost sharing arrangements involving the Company:

(1) The Company's investment portfolio is managed by Cigna Investments, Inc. ("CII"). The Company paid $110,974 in 2017, related to those services

(2) The Company and certain related parties have entered into service contracts and cost-sharing arrangements, including an expense sharing agreement in which the parties share expenses for certain shared services. These arrangements include management services, computers, data processing and other services, as well as equipment, supplies and office space. Expenses incurred under these arrangements were $29,777,057 in 2017.

(3) Loyal American Life Insurance Company and its wholly owned domestic subsidiary American Retirement Life Insurance Company have entered into a Consolidated Federal Income Tax Agreement (the Agreement).The Agreement sets forth the method of allocation of federal income taxes for Loyal and ARLIC. The Agreement provides for immediate reimbursement to companies with net operating losses to the extent that their losses are utilized to reduce consolidated taxable income; while those companies with current taxable income as calculated under federal separate return provisions, are liable for payments determined as if they had each filed a separate return. However, current credit is given for any foreign tax credit, operating loss, or investment tax credit carryovers actually utilized in the current consolidated return.

(4) ARLIC entered into an agreement with Cigna Health Management ("CHM"), effective June 5, 2015 whereby CHM will provide consultative services with respect to demand management in conjunction with the administration of health benefit plans and health insurance policies; specifically CHM provides a 24-hour health information telephone line in which nurses answer questions, explain medical options and suggest resources. The Company paid CHM $281,024 and $398,413 in 2017 and 2016, related to these services.

(5) ARLIC entered into an agreement with Cigna Life and Health Insurance Company ("CHLIC") whereby CHLIC will provide ARLIC access to and support for the CignaPlus Savings dental discount program to be offered to ARLIC customers. This agreement was approved by the Ohio Department of Insurance on October 30, 2015 and will be effective November 1, 2015. The Company paid CHLIC $616,621 and $203,613 in 2017 and 2016, related to these services.

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

h – n. – Not applicable

11. Debt – Not applicable

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans.

a. – f. Not applicable.

g. Consolidated/Holding Company Plans:

(1) Employees' Retirement Plan:

(a) Effective January 1, 2013, the Company participates in the Cigna 401(k) Plan (the Savings Plan) that is sponsored by Cigna. Employees are eligible to participate in the Savings Plan immediately upon hire; however, a one-year service requirement must be met to receive company contributions. Expense allocated to the Company was $427,745 in 2017.

(b) Salaried officers and other key employees of the Company are eligible to be awarded shares of Cigna Common Stock in the form of stock options, restricted stock grants, dividend equivalent rights and grants of Cigna Common Stock in lieu of cash payable under various plans.

The People Resources Committee of the Board of Directors of Cigna (the Committee) determines awards under these plans, including grants of restricted stock and stock options and strategic performance shares to certain employees of Cigna and its indirect subsidiaries.

In 2013, the Committee awarded restricted stock and strategic performance shares to eligible officers and employees under various plans for which an expense of $138,536 was allocated to the Company under the plan in 2017.

(2) Deferred Compensation Plans:

(a) The Company offers the Cigna Deferred Compensation Plan to officers and key employees pursuant to which they may defer receipt of all or part of their compensation. The amount of compensation deferred is not funded but represents a general liability of Cigna and participating affiliates including the Company. Currently, deferred cash compensation is credited with interest at the rate paid on contributions to the Fixed Income Fund of the Savings Plan. Certain officers and key employees also have the option of selecting to have deferred cash compensation credited with interest at the rate paid under the Savings Plan's other investment funds. Deferred compensation which would have otherwise been payable in Cigna Common Stock is hypothetically invested in the same number of Common Stock equivalent units as the number of shares which would have been paid if such compensation had not been deferred. An amount equal to cash dividends that would have been paid on such hypothetically invested Common Stock is deemed to have been paid and hypothetically invested in the same way as deferred cash compensation. At a future date or dates selected by each participant, the aggregate of amounts deferred and hypothetical investment results is distributed either in a lump sum or in installments, in which case unpaid installments continue to be credited with interest. Compensation deferred by officers and key employees that was otherwise payable in Common Stock is distributed in Common Stock.

Effective January 25, 1995, the Committee approved a special program to postpone payments to senior executive officers as needed to avoid payments to these officers which would not qualify for a tax deduction because of the provisions of Internal Revenue Code section 162(m), which limits the deductibility of compensation paid to each officer to $1 million, unless certain exceptions apply.

The Company has not incurred any obligation under the plan as of December 31, 2017.

h. Post-Employment Benefits and Compensated Absences:

NOTES TO FINANCIAL STATEMENTS

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

I. The Medicare Modernization Act

(1) In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (“the Act”) became law. Under the Act, starting in 2006, retirees will have the ability to obtain prescription drug benefits through a new Medicare Part D program and companies that continue to provide postretirement prescription drug benefits to their retirees may be eligible to receive a new federal subsidy.

(2) The Medicare Modernization Act had no impact on the Company’s postretirement benefits.

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

a. The Company has 250,000 shares authorized, issued and outstanding. All shares are class A shares.

b. Not applicable

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

d. The Company received $17,500,000, $13,000,000, 15,000,000 and $15,000,000 cash capital contributions from its parent, Loyal American Life Insurance Company (“LALIC”), its wholly-owned parent on March 31, 2017, June 28, 2017, September 29, 2017 and December 15, 2017, respectively.

e. The amount available to dividend in 2018 without prior approval of the Ohio Department of Insurance is $0 based on earned surplus.

f. – m. Not applicable

14. Contingencies

a. Contingent Commitments – Not applicable

b. Assessments

The Company operates in a regulatory environment that may result in it being assessed by various state insurance guaranty funds to help pay for the cost of other insurance companies insolvencies. These assessments are generally recoverable in most states over a 3 to 10 year period through reduction in future premium tax liabilities. The Company periodically adjusts its accrual for future assessments utilizing information provided by the National Organization of Life and Health Insurance Guaranty Associations. At December 31, 2017, the Company held a liability for future assessments of $1,043,972. The Company also holds an asset for premium tax offsets related to guaranty fund assessments paid or accrued.
Assets recognized from paid and accrued tax offsets for the year ended December 31, 2017, are as follows:

Balance, beginning of year	$ 129,999
Premium tax offsets accrued	4,064,705
Premium tax offsets applied	(2,425,956)
Allowance for unrealizability	(110,260)
	$ 1,658,489

Penn Treaty. On March 1, 2017, the Commonwealth Court of Pennsylvania entered an order of liquidation of Penn Treaty Network America Insurance Company, together with its subsidiary American Network Insurance Company (collectively “Penn Treaty”, a long-term care insurance carrier), triggering guaranty fund coverage and accrual of a liability. For the twelve months ended December 31, 2017, the Company recorded $272,052 in taxes licenses and fees, including assessments paid and its estimate of future assessments net of future premium tax offsets on a discounted basis. This assessment is expected to be updated in future periods for changes in the estimate of the insolvency.

Undiscounted and discounted guaranty fund liabilities and assets as of December 31, 2017 are as follows:

Undiscounted Liability	$ 846,167
Discounted Liability	$ 977,925
Undiscounted Asset	$ 1,498,728
Discounted Asset	$ 1,343,713

Assessments billed or expected to be billed within one year of the insolvency are recorded at amounts billed or expected to be billed. A liability for future assessments (expected to be due after one year) and, assets related to billed and unbilled assessments have been recorded on a discounted basis. The rate used to discount guaranty fund assessments and the related assets was 3.5%.

The following table presents information related to the discounted guaranty fund liabilities and assets:

NOTES TO FINANCIAL STATEMENTS

Name of Insolvency	Payables			Recoverables		
	Number of Jurisdictions	Range of Years	Weighted Average Number of Years	Number of Jurisdictions	Range of Years	Weighted Average Number of Years
Penn Treaty Network America Insurance Company and American Network Insurance Company	8	2 - 59	14	29	2 - 64	8

c. – e. – Not applicable

f. Other Legal Matters.

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

Management does not believe that litigation or other matters currently pending against the Company, including the litigation between Cigna and Anthem discussed below, would have a material adverse effect on the Company's results of operations, financial condition or liquidity based on its current knowledge of those matters.

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

Also in February 2017, Anthem filed a lawsuit in the Chancery Court against Cigna seeking (i) a temporary restraining order to enjoin Cigna from terminating and taking any action contrary to the terms of the merger agreement, (ii) specific performance compelling Cigna to comply with the merger agreement and (iii) damages.

On February 15, 2017, the Chancery Court granted Anthem's motion for a temporary restraining order and temporarily enjoined Cigna from terminating the merger agreement. In May 2017, the Chancery Court denied Anthem's motion for a preliminary injunction to enjoin Cigna from terminating the merger agreement but stayed its ruling pending Anthem's determination as to whether to seek an appeal. Anthem subsequently notified Cigna and the Chancery Court that it did not intend to appeal the Chancery Court's decision. As a result, the merger agreement was terminated.

The litigation between the parties remains pending. Trial is scheduled for 2019. Cigna believes in the merits of their claims and disputes Anthem's claims, and intends to vigorously defend themselves and pursue their claims. The outcomes of lawsuits are inherently unpredictable, and Cigna may be unsuccessful in the ongoing litigation or any future claims or litigation.

15. Leases -- Not applicable

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk -- Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans -- Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators -- Not applicable

20. Fair Value Measurements

a. Fair Value Measurements

Fair value is defined as the price at which an asset could be exchanged in an orderly transaction between market participants at the balance sheet date. The Company's financial assets have been classified based upon a hierarchy defined by SAP. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a financial asset or liability carried at fair value would be classified in Level 3 if unobservable inputs were significant to the instrument's fair value, even though the measurement may be derived using inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

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

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

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

1. Fair Value Measurements at Reporting Date – None
2. Fair Value Measurements in Level 3 of the Fair Value Hierarchy – None
3. Level 3 Transfers – None
4. Valuation Techniques and Inputs – No financial instruments at fair value.

b. Other Fair Value Disclosures
The Company provides additional fair value information in Notes 1 and 5.

NOTES TO FINANCIAL STATEMENTS

c. Aggregate Fair Value of All Financial Instruments
The following tables provide the fair value, carrying value, and classification in the fair value hierarchy of the Company's financial instruments as of December 31, 2017 and 2016.

Financial Assets	Aggregate Fair Value	Admitted Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Practicable (Carrying Value)
December 31, 2017						
Bonds	$ 97,398,189	$ 95,377,941	$ 3,328,317	$ 94,069,872	$ -	$ -
Cash, Cash Equivalents, and Short-Term Investments	$ 13,512,655	$ 13,512,655	$ (15,713,558)	$ 29,226,213	$ -	$ -
Total	$ 110,910,844	$ 108,890,596	$ (12,385,241)	$ 123,296,085	$ -	$ -
December 31, 2016						
Bonds	$ 73,187,356	$ 72,237,302	$ 3,263,052	$ 69,924,304	$ -	$ -
Cash, Cash Equivalents, and Short-Term Investments	$ 2,735,657	$ 2,735,657	$ (9,662,862)	$ 12,398,519	$ -	$ -
Total	$ 75,923,013	$ 74,972,959	$ (6,399,810)	$ 82,322,823	$ -	$ -

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

Bonds
The Company estimates fair values using prices from third parties or internal pricing methods. Fair value estimates received from third-party pricing services are based on reported trade activity and quoted market prices when available, and other market information that a market participant may use to estimate fair value. Such other inputs include market interest rates and volatilities, spreads, and yield curves. The internal pricing methods are performed by the Company's investment professionals and generally involve using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality, as well as other qualitative factors. In instances where there is little or no market activity for the same or similar instruments, the fair value is estimated using methods, models, and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price.

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

d. Disclosures about Financial Instruments Not Practicable to Estimate Fair Value – None

21. Other Items

a. - b. Not applicable

c. Other Disclosures

Assets in the amount of $3,002,908 and $2,919,585 at December 31, 2017 and 2016, respectively, were on deposit with various state departments of insurance as required by law.

d . – h. Not applicable

22. Events Subsequent -- Management has evaluated the financial statements for subsequent events through February 26, 2018, the date financial statements were available to be issued.

23. Reinsurance

a. Ceded Reinsurance Report

(1) Section 1 – General Interrogatories

(a) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
Yes ( ) No (X)

If yes, give full details.

(b) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes ( ) No (X)

If yes, give full details.

(2) Section 2 – Ceded Reinsurance Report - Part A

NOTES TO FINANCIAL STATEMENTS

(a) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?
Yes ( ) No (X)

(i) If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. $________________

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

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

If yes, give full details.

(3) Section 3 – Ceded Reinsurance Report - Part B

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

(b) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes ( ) No (X)

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

b. Uncollectible Reinsurance – No reinsurance recoverables were written off.

c. – g. – Not applicable

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

25. Change in Incurred Losses and Loss Adjustment Expenses:

Reserves as of December 31, 2016 were $23,554,494. As of December 31, 2017, $23,065,620 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are now $175,276 as a result of re-estimation of unpaid claims principally on Medicare Supplement insurance. Therefore, there has been a $313,598 favorable prior year development since December 31, 2016 to December 31, 2017. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements -- Not applicable

27. Structured Settlements -- Not applicable

28. Health Care Receivables -- Not applicable

29. Participating Policies -- Not applicable

30. Premium Deficiency Reserves -- Not applicable

31. Reserves for Life Contracts and Annuity Contracts

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

b. During the calendar year 2017, the Company had no policies in force valued on a substandard basis.

c. As of December 31, 2017, the Company had no insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio.

d. The Tabular interest has been determined by formula as described in the instructions. The Tabular less Actual Reserve Released has been determined by formula as described in the instructions. The tabular Cost has been determined by formula as described in the instructions.

e. For the determination of tabular interest on funds not involving life for each valuation rate of interest, the tabular interest is calculated as one hundredth of the product of such valuation rate of interest times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.

NOTES TO FINANCIAL STATEMENTS

f. Nature of other reserve changes is not applicable.

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

		General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
a.	Subject to discretionary withdrawal:					
	(1) With fair value adjustment	$ -	$ -	$ -	$ -	-
	(2) At book value less current surrender charge of 5% or more	-	-	-	-	-
	(3) At fair value	-	-	-	-	-
	(4) Total with adjustment or at fair value (total of 1 through 3)	-	-	-	-	-
	(5) At book value without adjustment	10,242,230	-	-	-	100.00%
b.	Not subject to discretionary withdrawal	-	-	-	-	
c.	Total (gross: direct + assumed)	10,242,230	-	-	-	100.00%
d.	Reinsurance Ceded	(10,242,230)	-	-	-	
e.	Total Net	$ -	$ -	$ -	$ -	

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

f.

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

g. Not applicable

33. Premium and Annuity Considerations Deferred and Uncollected

		Type	Gross	Net of Loading
a.	1.	Industrial	$	$
	2.	Ordinary new business		
	3.	Ordinary renewal	1,277	427
	4.	Credit Life		
	5.	Group Life		
	6.	Group Annuity		
	7.	Totals	$ 1,277	$ 427

34. Separate Accounts -- Not applicable

35. Loss/Claim Adjustment Expenses

At December 31, 2017 and 2016, provision for LAE totaled $847,462 and $622,691, respectively.

The Company incurred $6,632,314 and paid $6,407,543 of loss adjustment expenses in the current year of which $626,067 of the paid amount was attributable to insured events of prior years.

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

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
	Life Insurance in Force (Exhibit of Life Insurance)					
1.	Ordinary - whole life and endowment (Line 34, Col. 4)	3,718	4,025	5,964	5,099	2,160
2.	Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4)	20	20	26	30	31
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)	3,738	4,045	5,990	5,129	2,191
7.1	Total in force for which VM-20 deterministic/stochastic reserves are calculated		XXX	XXX	XXX	XXX
	New Business Issued (Exhibit of Life Insurance)					
8.	Ordinary - whole life and endowment (Line 34, Col. 2)		66	1,457	3,377	1,189
9.	Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2)					(1)
10.	Credit life (Line 2, Col. 6)					
11.	Group (Line 2, Col. 9)					
12.	Industrial (Line 2, Col. 2)					
13.	Total (Line 2, Col. 10)	0	66	1,457	3,377	1,189
	Premium Income - Lines of Business (Exhibit 1-Part 1)					
14.	Industrial life (Line 20.4, Col. 2)					
15.1	Ordinary life insurance (Line 20.4, Col.. 3)	232,322	261,230	264,623	181,381	8,505
15.2	Ordinary individual annuities (Line 20.4, Col. 4)	(1)				
16.	Credit life (group and individual) (Line 20.4, Col. 5)					
17.1	Group life insurance (Line 20.4, Col. 6)					
17.2	Group annuities (Line 20.4, Col. 7)					
18.1	A&H - group (Line 20.4, Col. 8)					
18.2	A&H - credit (group and individual) (Line 20.4, Col. 9)					
18.3	A&H - other (Line 20.4, Col. 10)	344,946,010	255,239,063	191,968,190	120,190,802	16,737,377
19.	Aggregate of all other lines of business (Line 20.4, Col. 11)					
20.	Total	345,178,331	255,500,293	192,232,813	120,372,183	16,745,881
	Balance Sheet (Pages 2 and 3)					
21.	Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3)	120,960,919	76,891,577	77,437,356	55,701,547	18,042,401
22.	Total liabilities excluding Separate Accounts business (Page 3, Line 26)	61,288,800	36,237,748	30,133,573	24,690,202	9,615,714
23.	Aggregate life reserves (Page 3, Line 1)	236,031	152,031	63,674	7,673	318
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)	8,262,135	6,302,771	4,732,079	3,790,899	1,500,888
25.	Deposit-type contract funds (Page 3, Line 3)					
26.	Asset valuation reserve (Page 3, Line 24.01)	455,478	327,981	215,972	99,361	11,291
27.	Capital (Page 3, Lines 29 & 30)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
28.	Surplus (Page 3, Line 37)	57,172,119	38,153,829	44,803,783	28,511,345	5,926,687
	Cash Flow (Page 5)					
29.	Net cash from operations (Line 11)	(36,359,904)	(21,850,442)	(17,087,218)	(2,933,942)	4,790,224
	Risk-Based Capital Analysis					
30.	Total adjusted capital	60,127,597	40,981,810	47,519,755	31,110,706	8,437,978
31.	Authorized control level risk-based capital	10,653,972	7,473,154	5,655,778	3,403,171	516,057
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line No. /Page 2, Line 12, Col. 3) x 100.0					
32.	Bonds (Line 1)	87.6	96.4	81.3	101.5	19.7
33.	Stocks (Lines 2.1 and 2.2)					
34.	Mortgage loans on real estate (Lines 3.1 and 3.2)					
35.	Real estate (Line 4.1, 4.2 and 4.3)					
36.	Cash, cash equivalents and short-term investments (Line 5)	12.4	3.6	18.7	(1.5)	79.2
37.	Contract loans (Line 6)					
38.	Derivatives (Line 7)					
39.	Other invested assets (Line 8)					
40.	Receivables for securities (Line 9)					1.1
41.	Securities lending reinvested collateral assets (Line 10)					
42.	Aggregate write-ins for invested assets (Line 11)					
43.	Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0

FIVE-YEAR HISTORICAL DATA

(continued)

		1 2017	2 2016	3 2015	4 2014	5 2013
	Investments in Parent, Subsidiaries and Affiliates					
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					
	Total Nonadmitted and Admitted Assets					
52.	Total nonadmitted assets (Page 2, Line 28, Col. 2)	8,735,508	5,456,556	3,866,547	7,382,673	6,756,620
53.	Total admitted assets (Page 2, Line 28, Col. 3)	120,960,919	76,891,577	77,437,356	55,701,547	18,042,401
	Investment Data					
54.	Net investment income (Exhibit of Net Investment Income)	2,958,239	2,543,942	2,067,781	1,010,999	4,872
55.	Realized capital gains (losses) (Page 4, Line 34, Column 1)					
56.	Unrealized capital gains (losses) (Page 4, Line 38, Column 1)					
57.	Total of above Lines 54, 55 and 56	2,958,239	2,543,942	2,067,781	1,010,999	4,872
	Benefits and Reserve Increase (Page 6)					
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)	32,867	36,813	70,518	25,040	1,166
59.	Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11)	289,538,188	202,571,549	148,585,274	87,751,548	10,375,224
60.	Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3)	84,000	88,357	56,001	7,355	318
61.	Increase in A&H reserves (Line 19, Cols. 9, 10 & 11)	1,959,365	1,570,692	941,180	2,290,011	1,500,888
62.	Dividends to policyholders (Line 30, Col 1)					
	Operating Percentages					
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	27.6	31.1	34.9	42.5	61.8
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	5.0	3.8	8.3	8.9	0.5
65.	A&H loss percent (Schedule H, Part 1, Lines 5 & 6, Col. 2)	84.8	80.5	78.0	74.4	68.1
66.	A&H cost containment percent (Schedule H, Part 1, Line 4, Col. 2)	0.3	0.4	0.2		
67.	A&H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Col. 2)	29.8	33.4	37.5	45.8	68.1
	A&H Claim Reserve Adequacy					
68.	Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2)					
69.	Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2)					
70.	Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2)	23,240,896	16,610,111	11,876,417	3,030,948	
71.	Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2)	23,554,494	18,279,492	14,460,715	4,521,939	
	Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)					
72.	Industrial life (Col. 2)					
73.	Ordinary - life (Col. 3)	(4,793)	34,266	(47,801)	(126,532)	(117,651)
74.	Ordinary - individual annuities (Col. 4)	17,222	19,349	21,269	24,821	25,836
75.	Ordinary - supplementary contracts (Col. 5)					
76.	Credit life (Col. 6)					
77.	Group life (Col. 7)					
78.	Group annuities (Col. 8)					
79.	A&H - group (Col. 9)					
80.	A&H - credit (Col. 10)					
81.	A&H - other (Col. 11)	(38,087,688)	(26,501,551)	(22,088,556)	(17,334,793)	(3,861,623)
82.	Aggregate of all other lines of business (Col. 12)			8,013	(264,714)	(302,288)
83.	Total (Col. 1)	(38,075,259)	(26,447,936)	(22,107,075)	(17,701,218)	(4,255,726)

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: